Cizzle Biotechnology Holdings PLC

Annual Report for the year ended 31 December 2023

Company registered number: 06133765

Cizzle Biotechnology Holdings PLC

Annual Report for the year ended 31 December 2023

Contents

Cizzle Biotechnology Holdings PLC

Company Information

Directors

Allan Syms	Executive Chair
Nigel Lee	Finance Director
Prof. Dawn Coverley	Non-Executive
John Treacy	Non- Executive

Company Secretary
SGH Company Secretaries Limited

Registered Number
06133765

Registered Office
6th floor, 60 Gracechurch Street
London,EC3V 0HR

Financial Public Relations
IFC Advisory Limited
Birchin Court, 20 Birchin Lane
London
EC3V 9DU

Joint Broker and Financial Adviser
Allenby Capital Limited
5 St. Helen's Place
London,
EC3A 6AB

Joint Broker
Novum Securities Limited
2nd floor, Lansdowne House
57 Berkeley Square
London
W1J 6ER

Solicitors
Cooley (UK) LLP
22 Bishopsgate
London
EC2N 4BQ

Shakespeare Martineau
No 1 Colmore Square
Birmingham
B4 6AA

Independent Auditor
PKF Littlejohn LLP
Statutory Auditor
15 Westferry Circus
London
E14 4HD

Registrar
Neville Registrars Limited
Neville House
Steelpark Road
Halesowen
B62 8HD

Bankers
National Westminster Bank PLC,
27, Market Place,
Romsey, SO51 8ZH

Cizzle Biotechnology Holdings PLC

Chair's Statement

The Group continued throughout 2023 to develop a blood test to measure the CIZ1B cancer biomarker. CIZ1B is a variant of CIZ1,a naturally occurring cell nuclear protein involved in ensuring normal DNA replication, and the targeted CIZ1B variant has been shown to be highly correlated with early-stage lung cancer.

Based on the original published research by Professor Coverley and her team at the University of York, it has been shown that CIZ1B can be measured with high sensitivity that should allow for testing in a high-throughput, hospital-friendly format. The Directors believe that this development addresses an important unmet clinical need for a simple test that can help with the early detection of lung cancer, which is essential to improve a patient's chance of survival.

The Board intends that the Group's initial commercial product will be based on a platform that can be readily performed by hospitals and reference laboratories. To address the wider high volume global market, it is also envisaged that potential follow-on products could be immunoassay kits and a point of care test provided by primary health care providers.

Research and Development

Throughout 2023, the Group 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. This strategic approach is intended to enable the Group to produce different assay formats with optimised reagents using a range of specific antibodies and to ensure resilience in critical supply chains.

On 24 April 2023 the Group announced a new 12 month agreement with the University of York, running until 25 September 2024, that builds on successful outcomes from the current research programme and meeting key milestones for monoclonal antibody characterisation and assay platform optimisation. This agreement extended access to state of the art facilities and world leading scientists to support new solutions for early cancer diagnostics and therapeutic tools.

On 10 August 2023 the Group announced an expansion of its research programme with the University of York to further develop its CIZ1B biomarker technology for early stage cancer diagnosis, and other potential applications in cancer therapy. This followed significant further progress in isolating additional new and specific monoclonal antibodies to the CIZ1B biomarker and incorporating these into a new high-throughput clinical diagnostic immunoassay platform. The recent developments meet key milestones for required for commercial clinical trials.

On 19 September 2023 the Group and Bio-Techne Corporation, a NASDAQ Tech listed company, announced progress evaluating specific monoclonal antibodies for Cizzle's CIZ1B cancer biomarker. Cizzle has successfully completed an evaluation programme aimed at assessing the feasibility of using the Simple Western platform from ProteinSimple (a Bio-Techne brand) for high throughput detection of the CIZ1B cancer biomarker which may be useful in the detection of early-stage lung cancer.

It was announced on 26 March 2024 that the Group has successfully completed a further monoclonal antibody development programme with ProteoGenix, a France-based antibody development and production contract research organisation (CRO), with a track record in generating antibodies from development to production for therapeutic, diagnostic and research use.

The Directors believe that it now has a developed a range of monoclonal antibodies to optimise its current and future product formats which in additional extend important proprietary rights that the Group has for detecting the CIZ1B Biomarker.

The Group is now well placed to meet key milestones planned for the launch of its first commercial product. This includes the manufacturing and scale up of key antibodies and reagents, that following performance testing in clinical trials are intended to become the core components of the Group's commercial test for the CIZ1B biomarker.

Reaching Global Markets

The Group has continued its discussions with existing partners in the USA and China to develop its future opportunities in Global Markets.

The Group announced on 2 April 2024 a non-binding Memorandum of Understanding ("MoU") for a strategic and exclusive licensing agreement to develop and offer its proprietary test for the CIZ1B biomarker which is highly associated with early-stage lung cancer, throughout the USA and Canada ("North America"). The new partnership is intended to incorporate the Group's existing relationship with Corepath Laboratories, a full-service cancer reference laboratory, as announced on 6 May 2022, through a dedicated, recently incorporated, US based company Cizzle Bio Inc ("BIO").

Subject to binding documentation, the proposed royalty arrangements with CorePath will be restructured to enable the Group to gain significant cash flows from new royalty payments and significant cost savings. All planned expenditure related to clinical trials and the commercialization of diagnostic tests for the CIZ1B biomarker in the USA are expected to be funded directly by BIO.

The Group will receive minimum advance royalty payments of US$2.3 million over a period of 30 months, payable as to US$0.3 million on signing the binding agreement and a further US$1.0 million on each of the fifteenth and thirtieth month anniversaries of signing as part of annual royalty fees of 10% of net sales.

In addition, the Group will benefit from the free issue of shares in BIO.

BIO is paying a non-refundable upfront fee of US$100,000 within 30 days of signing the MoU for a 120-day exclusivity period to complete the formal legally binding agreement.

Funding

In June 2023 the Group raised net proceeds, before expenses, of £305,000 (gross proceeds: £350,000).

On 26 September 2023 the Company exercised the option to acquire £3,250,000 payable in shares in Conduit Pharmaceuticals Inc, a company that was subsequently listed on NASDAQ during December 2023. The Company were not able to have these shares registered with its custodian until January 2024.

On 26 March 2024 the Group announced that it had undertaken a conditional placing of 31,050,000 new ordinary shares of 0.01p each ("Ordinary Shares") in the Company (the "Placing") at a price of 2 pence per share (the "Issue Price") raising approximately £0.62 million before expenses for the Group. The net proceeds of the Placing will be utilised towards completing the Group's first proposed commercial test to detect CIZ1B, further protect the Group's Intellectual Property (IP), progress the Group's research with the University of York and for general corporate purposes.

Upon completion of the Placing, the Group terminated the £500,000 loan facility agreement with E3 Fund SP entered into on 20 September 2022. This facility has not been drawn down.

The Group also agreed to issue 1,500,000 new Ordinary Shares at 2p per new Ordinary Share in satisfaction of a payment of £30,000 for professional advisory services to Novum Securities Limited.

Financial overview

The financial results for the year ended 31 December 2023 are summarized below:

- Corporate expenses, before share option charge and exceptional items: £669,000 (2022: £823,000);
- Share option charge: £307,000 (2022: £140,000);
- Exceptional corporate expenses relating to net measurement losses on the current asset investment and the transfer of intangible asset: £787,000 (2022: £Nil);
- Total comprehensive loss: £1,717,000 (2022 Loss £912,000); and
- Loss per share 0.5 p (2022: Loss 0.3 p).

Allan Syms
Executive Chair
29 April 2024

Board of directors

Dr Allan Syms (Executive Chair), appointed 21 May 2019

Allan is an experienced international life sciences and technology senior executive, with over 30 years of experience at Board level often as founder or chief executive officer in creating, funding and building emerging technology businesses through to trade sale and IPO. After gaining a PhD in cancer biology at the Tenovus Institute of Cancer Research and postdoctoral fellowships at Baylor College of Medicine in Houston and Oxford University, he began his corporate career at GE Healthcare (formerly Amersham International PLC) to develop novel diagnostic detection systems. He then worked with a number of UK leading universities to spin out and develop technology businesses. Allan has extensive experience in M&A, licensing and managing strategic change, becoming corporate marketing director at Integra Biosciences AG a leading Swiss laboratory and diagnostics supplies company. He was previously a specialist adviser on China to the Department of International Trade.

Allan was appointed Non-Executive Chair on 21 May 2019 and was appointed Executive Chair with effect from 14 May 2021.

John Treacy (Non-Executive Director), appointed 29 January 2019

John is a London-based experienced financier who specialises in working with growing companies. He qualified as a solicitor in the London office of a major international law firm where he specialised in Capital Markets and Mergers & Acquisitions. From there he moved to practice corporate finance in the advisory teams of several prominent UK brokerages where he acted as an adviser to a number of AIM companies and advised on numerous IPOs, acquisitions, debt restructurings and placings.

John is also the Chair of the Audit and Risk Committee and the Chair of the Remuneration Committee.

Professor Dawn Coverley (Non-Executive Director), appointed 14 May 2021

Dawn is a cell biologist with over 20 years' experience in cancer-related research. After a first degree in Genetics (Leicester), and a PhD in biochemistry (Cancer Research UK), she completed postdoctoral training at the University of Cambridge, then moved to the University of York to establish an independent research group in 2002, supported by the Lister Institute of Preventive Medicine. Her research exploits experimental systems that reconstitute fundamental processes associated with genome and epigenome stability, and their contribution to the earliest stages of human cancers. She founded Cizzle Biotechnology Limited and raised early-stage funding in 2006 to begin development of her research findings into clinically useful products, focused on CIZ1B and the early detection of lung cancer. She is currently principal investigator of an academic research laboratory at the University of York and Scientific Director of Cizzle Biotechnology.

Dawn is also a member of the Audit and Risk Committee and Remuneration Committee.

Nigel Lee (Finance Director), appointed 14 May 2021

Nigel has been a director of CFO Solutions Limited since 2003 which has provided financial advisory services to the Group since 2010, as well as company secretarial services since 2012. CFO Solutions Limited ceased providing these services to the Group on 14 May 2021. He is also a part-time Finance Director of Kent Surrey Sussex AHSN Limited. He was financial director/controller in two IT services and software companies between 1999 to 2003 and prior to that had 11 years of audit and business advisory experience at PricewaterhouseCoopers. Nigel qualified as a Chartered Accountant in 1988.

Strategic Report for the year ended 31 December 2023

The directors present their strategic report for the year ended 31 December 2023.

Business review

The review of the Group is detailed in the Chair's Statement on pages 2 to 3.

Principal risks and uncertainties

The principal risks and uncertainties of the Group are as follows:

Pre-revenue business
The Group is still at an early stage of its development cycle, has not generated revenues from its operations to date and has a history of operating losses. The generation of revenues is difficult to predict and there is no guarantee that the Group will generate significant or any revenues in the foreseeable future. There are a number of operational, strategic and financial risks associated with early-stage companies. The Group will face risks frequently encountered by pre-revenue companies looking to bring new medical devices to the market. For the foreseeable future, the Group will have significant reliance upon the success of the CIZ1B biomarker in the detection of lung cancer. There is no guarantee that the Group's intellectual property will ultimately result in a commercially viable test for the detection of lung cancer. It is also possible that technical and/or regulatory hurdles could lengthen the time required for the delivery of such a testing product.

The Group's prospects, inter alia, rest initially upon the rate of consumer penetration for its test for the early detection of lung cancer, once fully developed. The Group's future growth and prospects will also depend on its ability to secure commercialisation partnerships on appropriate terms, to manage growth and to expand and improve operational, financial and management information, quality control systems and its commercialisation function on a timely basis, whilst at the same time maintaining effective cost controls. Any failure to expand and improve operational, financial and management information and quality control systems in line with the Group's growth could have a material adverse effect on the Group's business, financial condition and results of operations.

Regulatory environment and the process for obtaining regulatory clearance
The Group's prospective future products will be subject to various laws, regulations and standards in each of the jurisdictions in which products are to be manufactured and distributed. The Board intends to launch its first commercial product in the USA with clinical trials and operating protocols for the CIZ1B biomarker test to be delivered through its partnership with Cizzle Bio Inc as a Laboratory Developed Test (LDT).

Verifying Accurate Leading-edge IVCT Development (VALID) Act

On September 29, 2023, the Food and Drug Administration (FDA) announced the publication of a proposed rule to "clarify" that LDTs are medical devices subject to FDA regulation. LDTs are diagnostic tests that are developed and offered by high-complexity laboratories certified under the Clinical Laboratory Improvement Amendments of 1988 (CLIA). While FDA has asserted that it has authority to regulate LDTs as medical devices, it has never broadly exercised that authority. In the proposed rule, FDA seeks to amend its regulation defining "in vitro diagnostic products" (IVDs) to add the words "including when the manufacturer of these products is a laboratory" which would mean LDT's would be treated as medical devices and require FDA approval. Currently the VALID Act bill has not been enacted to enable Congress to work with key stakeholders on legislative proposals for regulating diagnostics, including LDTs especially those within the laboratory community and others have long taken the position that FDA does not have authority under the FDCA to regulate LDTs.

The Group's future products are likely to require UKCA, CE Marking, or FDA 510(k) clearance , There can be no guarantee that the Group's products will obtain UKCA, CE marking, LDT or FDA 510(k) clearance. There can also be no guarantee that future UKCA, CE marking, LDT or FDA 510(k) clearance can be obtained within the timescales or the budgets anticipated by the Directors.

Principal risks and uncertainties (continued)

The Group intends to pursue UKCA, CE marking approval, LDT accreditation or FDA 510(k) clearance via the use of retrospective testing data. However, if retrospective testing data is not sufficient to obtain UKCA, CE marking approval, LDT accreditation and/or FDA 510(k) clearance, then the Group may need to complete a prospective study, which it is anticipated would be more expensive and would take longer.

Any other potential delays in obtaining the UKCA CE marking approval, LDT accreditation or potentially FDA 510(k) clearance would adversely affect the timing of the Group's future product sales into the EU (or the USA in the case of a LDT or FDA 510(k) clearance). There is no guarantee that there will not be an extended period of requests for information or supporting data that could add to the timing for receiving the UKCA/CE mark (or potentially a LDT or FDA 510(k) clearance).

There are significant uncertainties associated with the exit by the UK from its membership of the European Union. Since 1 January 2021, there have been a number of changes, introduced through secondary legislation, to how medical devices are placed on the market in Great Britain (England, Wales and Scotland). On 9 January 2024, the MHRA released a Roadmap towards the future regulatory framework for medical devices. This provides an update on the intended timelines to implement the future core regulations.

• UK Notified Bodies are not able to issue CE certificates (other than for the purposes of the "CE UKNI" marking, which is valid in Northern Ireland) – and have become UK Approved Bodies.
• a new route to market and product marking is available for manufacturers wishing to place a device on the Great Britain market;
• since 1 January 2021, all medical devices, including in vitro diagnostic medical devices (IVDs), placed on the Great Britain market need to be registered with the MHRA. There is a grace period for registering:
  - Class IIIs and Class IIb implantables, and all active implantable medical devices and IVD List A products must be registered from 1 May 2021;
  - other Class IIb and all Class IIa devices and IVD List B products and Self-Test IVDs must be registered from 1 September 2021;
  - Class I devices, custom-made devices and general IVDs (that do not currently need to be registered) must be registered from 1 January 2022; and
• manufacturers of Class I devices, custom-made devices and general IVDs that, prior to 1 January 2021, were required to register their devices with the MHRA (i.e. UK-based manufacturers or third country manufacturers with Northern Ireland-based Authorised Representatives) must continue to register their devices from 1 January 2021 on the same basis as they do now rather than in line with the above dates.

The Group's lung cancer blood test may be classed as an IVD List B product.

It is anticipated that the MHRA wishes to strengthen regulation to protect patients post-Brexit. Changes to regulation could lead to potential delays in obtaining the UKCA CE marking approval, LDT accreditation or potentially FDA 510(k) clearance and there can be no guarantee that the Group's future products will ultimately obtain UKCA, CE marking, LDT or FDA 510(k) clearance or that future UKCA, CE marking, LDT or FDA 510(k) clearance can be obtained within the timescales or the budgets anticipated by the Directors. The Group will closely monitor changes to regulation brought about by the MHRA and work with the MHRA to try to ensure that the Group's products meet any changes in the standards.

On 21 October 2022, the MHRA announced a 12 month extension of the standstill period on the future Medical Device regime which is a substantial reform of the current framework. This is to ensure that the future regime is robust and reflects the detail required to avoid disruption to supplies, support innovation and enable safe access to Medical Devices for UK patients. It is anticipated that the new regulations will come into force in July 2024. This will provide additional time to develop the legislation and support system readiness.

There are possible further uncertainties as to the current and future fiscal, monetary and regulatory landscape in the UK. There is also uncertainty as to how, when and to what extent the continuing impact of Brexit, the COVID-19 pandemic, the ongoing armed conflict in Ukraine, the Middle East and potential low levels of economic growth, will have an impact more generally on the economy of the UK and the growth of various industries, consumer confidence, levels of investor activity and confidence in market performance.

Principal risks and uncertainties (continued)

The UK's exit from the EU may yet lead to a more complicated and uncertain process for obtaining regulatory clearance to market the Group's future products in the UK and the EU. In the event of such complications or delays in obtaining regulatory clearance for marketing in the UK or the EU, the Group will consider giving higher priority to compliance with the LDT and FDA 510(k) clearance process.

Following Brexit, the Group will need to comply with the Medical Devices (Amendment etc.) (EU Exit) Regulations 2019 if it is to market its future products in the UK.

Failure to comply with additional requirements as a result of regulatory change and/or failure to receive regulatory clearance may adversely impact the Group's ability to develop and market its products which in turn may have an adverse impact on the business of the Group.

Complex research and development processes
Certain elements of the reagents and other components which are planned to be used in the Group's test for lung cancer are complex and bespoke in their nature and may be difficult to reproduce in an optimised manner. Any unexpected delays or issues with this process may have an impact on the Group's anticipated development and commercialisation strategy and its timeline.

Competition and the pace of development in the healthcare industry
The Directors are aware of a number of competitor companies which are seeking to develop, commercialise or market alternative types of tests for the detection of cancer, including lung cancer. Certain competitors already have UKCA, CE of FDA 510K marking or LDT accreditation for lung cancer detection products. Existing or new competitors may have larger resources, greater market presence, economies of scale or a lower cost base than the Group. Diagnosis of lung cancer needs to be made at a much earlier stage through the availability of an accurate in vitro diagnostic test. This is being addressed by a number of different technologies to the Group, for example autoantibody technology and tests on circulating DNA including those based on single nucleotide polymorphisms (SNPs) and gene panels. It is therefore possible that the market may evolve and other tests and companies may provide alternative solutions. Few tests are aimed at early detection (cancer stages 1 and 2) or on reducing significantly the number of false positives achieved via X-Ray and chest CT scans. While many blood tests to detect tumour markers are available or under development, many are hampered as markers may also be produced by normal cells. In contrast, the Group's test is based on technology to find a biomarker in early -stage tumours..

The Group operates within the biotechnology sector, a complex area of the healthcare industry. Rapid scientific and technological change within the biotechnology sector could lead to other market participants creating approaches, products and services equivalent or superior to the diagnostic testing products and services than those to be offered by the Group, which could adversely affect the Group's performance and success. Better resourced competitors may be able to devote more time and capital towards the research and development process, which, in turn, could lead to scientific and/or technological breakthroughs that may materially alter the outlook or focus for markets in which the Group will operate.

If the Group is unable to keep pace with the changes in the biotechnology sector and in the wider healthcare industry, the demand for its prospective future testing platforms and associated products and services could fall, which may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations. In addition, certain of the Group's competitors may have significantly greater financial and human resource capacity and, as such, better manufacturing capability or sales and marketing expertise. New companies with alternative technologies and products may also emerge. Any of these events may have a material adverse effect on the Group's business, financial condition, capital resources, results and/or future operations.

Attraction and retention of key management and employees
The successful operation of the Group will depend partly upon the performance and expertise of its current and future management and employees. The loss of the services of certain of these members of the Company's key management, particularly Professor Dawn Coverley and Dr Allan Syms or the inability to identify, attract and retain a sufficient number of suitably skilled and qualified employees may have a material adverse effect on the Group.

Principal risks and uncertainties (continued)

Complex research and development processes
Certain elements of the reagents and other components which are planned to be used in the Group's test for lung cancer are complex and bespoke in their nature and may be difficult to reproduce in an optimised manner. Any unexpected delays or issues with this process may have an impact on the Group's anticipated development and commercialisation strategy and its timeline.

Ownership and protection of intellectual property rights
The Group's ability to compete will depend in part upon the successful protection of its intellectual property, in particular its patents and know-how. The Group seeks to protect its intellectual property through the filing of patent applications, as well as robust confidentiality obligations on its employees. Filing, prosecuting and defending patents in all countries throughout the world would be prohibitively expensive. It is possible that competitors will use the technologies in jurisdictions where the Group has not yet obtained patent protection in order to develop its own products which will then directly compete against the Group's product.

Future product liability risks
The Group's future business may expose it to potential product liability and indemnity risks. There can be no assurance that the necessary insurance cover will be available to the Group at a commercially acceptable cost or that, in the event of any claim, the level or extent of insurance carried by the Group now or in the future will be adequate, or that a product liability or other claim would not materially and adversely affect the business of the Group.

Lack of manufacturing process
The Group currently has no manufacturing process. Future manufacturing process will be outsourced to a partner specialising in manufacture. These arrangements usually provide for an adequate volume of manufacturing capability. No assurance can be given that a future manufacturing partner (i) can be found to provide a product on commercially acceptable terms and (ii) will achieve and sustain the production yields required to meet the Group's future customers' demand for the Group's products; in either case this could have a material and adverse effect on the Group's business.

Future funding requirements
The Company has raised approximately £0.62m of funds through the issue of new shares in April 2024 and announced the signing of a MOU with Cizzle Bio Inc which would guarantee reduced research and developed costs in the UK as well as guaranteeing a minimum royalty payment of $2.3m over a period of 30 months from the signing of a binding agreement. If these royalty payments did not arise then alternative sources of funding would need to be sought which could delay the activities planned under the Group's business plan. If the Company is unable to raise additional capital when needed or on suitable terms, the Group could be forced to delay, reduce or eliminate future plans or aspirations should the current activity deliver potentially commercially viable results in the future. Any additional equity fundraising to finance opportunities arising may be dilutive for Shareholders. Any debt-based funding, should it be achievable, may bind the Group to restrictive covenants and curb its operating activities and ability to pay potential future dividends even when profitable. Finally, changes in interest rates could have an adverse impact on the Group's business by increasing the cost of capital and may negatively impact the Group's ability to secure financing on favourable terms.

Timely completion of project milestones to commercialise the Group's technology
The Group must meet project milestones in order to commercialise its technology in line with market expectations and to ensure that its first product reaches the market at the most appropriate time to maximise the market opportunity. The Directors continually review project milestones and action to be undertaken at monthly operational and board meetings but no guarantee can be given that such milestones shall be achieved on time or at all. Material delays to project delivery may, among other things, damage relationships with key suppliers and other business partners and may risk other market entrants building market share which may have an adverse effect of the Group's business. Delays in meeting project milestones may also delay the Group from generating potential revenue from licensing and current royalty deals.

Principal risks and uncertainties (continued)

Economic uncertainty

There are significant uncertainties as to the current and future fiscal, monetary and regulatory landscape in the UK. Economic and global political uncertainty, including the continuing impact of Brexit, post COVID-19 pandemic economic correction , the ongoing armed conflict in Ukraine and potential low levels of economic growth, are likely to put cost pressures on services which the Group requires for both research, development and professional advisory. The Group will continue to negotiate fixed price contracts with its professional advisors, however such contracts will need to be renewed and renegotiated periodically. In addition new adviser contracts may need to be entered into from time to time, most likely on a project to project basis. In each case, fixed prices may be higher than those prices paid by the Group in the past.

Key performance indicators (KPI's)

The directors have identified the following KPI's that they feel are the most vital measurements for the Group to monitor given its current stage of development. These KPI's are considered at each board and monthly operational meeting.

Cash management

The directors consider the cash flows for the previous month and the updated rolling cash flow forecast for the Group. At 31 December 2023 the Group had cash balances amounting to £144,000 (2022: £478,000) and no borrowings.

Intellectual Property

Each month the directors review the Group's Intellectual Property Portfolio and the applications and renewals required to maintain this portfolio. The Group's patent portfolio currently includes:

- CIZ1 Replication Protein
- Methods and Compounds for diagnosis and treatment of cancer; and
- Use of a Fibrinogen Capture Agent to detect a CIZ1B variant.

Diversity

The Group is aware of the importance of workplace diversity which includes but is not limited to gender, age, ethnicity and cultural background. The Group's only employees are the directors, which consists of three men and one woman.

Under the FCA's Listing Rule 14, as a Standard Listed entity, the Group is subject to certain Diversity and Inclusion targets. These include: i) at least 40% of the individuals on its board of directors are women; (ii) at least one senior position (chair, chief executive, senior independent director or chief financial officer) on its board of directors is held by a woman; and (iii) at least one individual on its board of directors is from a minority ethnic background. Unfortunately the Group has been unable to meet these targets during the period, largely due to the small, early stage nature of the business and the short time since its formation. The Group recognises the benefits of diversity across all areas and believes that a diverse Board is a positive factor in business success, brings a broader, more rounded perspective to decision making, and makes the Board more effective. When recruiting, the Board will endeavour to consider a wide and diverse talent pool whilst also taking into account the optimum make-up of the Board, including the benefits of differences in skills, industry experience, business model experience, gender, race, disability, age, nationality, background and other attributes that individuals may bring.

Corporate Responsibility

The Group consists of four directors who all work from their homes and one director also works at the University of York. As we undertake our research and development activities and manage the affairs of the business and develop our plans for the future our business practices focus on the following areas:

- Health and Safety, and ensuring that all of our employees operate in a safe environment;
- Environment, managing our environmental impact in areas of waste, energy and water;
- Employee support, to ensure that all employees flourish;
- Ethical Standards, operating at the highest level in all business dealings.

Whist our current levels of engagement do not enable much engagement with the local community, we wish, as our business grows, to have positive interaction with the communities in which we operate.

Strategic Report for the year ended 31 December 2023 (continued)

Climate-Related matters

There is limited scope for the Group to have a major impact on environmental manners at the current phase of the Group but we do undertake and take actions to undertake recycling and energy conservation in our daily activities.

We have considered the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD) recommendations and have reported below our status against the following pillars:

- Governance – the governance around climate- related risks and opportunities;
- Strategy – the actual and potential impacts of climate-related risks and opportunities for the business, strategy, and financial planning;
- Risk Management – the processes for identifying, assessing and managing climate-related risks; and
- Metrics and Targets – the metrics and targets used to assess and manage relevant climate-related risks and opportunities.

a. Governance

The Boards oversight of climate-related risks and opportunities – due to the research and development stage of the business the Group's operations are at a relatively small scale and so therefore its environmental impact. The Group consists of four directors with most of its research and development activity outsourced to third party organisations. The Group recognises its responsibility to protect the environment now and as the business scales up into its next phase.

Managements role in assessing and managing climate-related risks and opportunities – The Board is responsible for the oversight of climate-related matters and for keeping under review the adequacy and effectiveness of the Group's internal control and risk management systems, which include climate-related risks. It is also supported by the work undertaken by our Audit Committee.

b. Strategy

Climate-related risks and opportunities identification – The Group is committed to a net-zero planet and undertaking sustainable research.

Climate-related risks and opportunities impacts – the Board is committed to conserving its natural resources and engaging with those partners and suppliers that have similar objectives. The main part of our research and development activity is undertaken at the University of York and overseen by Professor Dawn Coverley. This work is governed by strict policies on climate-related matters, outlined in its Sustainability Plan (https://www.york.ac.uk/about/sustainability/strategy/). In particular, excessive use of single-use plastics is an issue that concerns the Coverley laboratory. They have adopted a rigorous recycling regime for polypropylene and polystyrene items, which involves decontamination and partitioning of almost all cell culture consumables. This feeds into a department-wide drive and is part of a wider sustainability strategy for a range of items from batteries to equipment. Some of the Group's at the University of York involves mammalian cell culture which uses single-use plastic items, all now recycled.

During 2024 we anticipate that clinical trials will be undertaken by one of our partners. We will seek to ensure that Environmental, Social and Governance ("ESG") will be an important consideration as part of this work.

Resilience of the organisations strategy – the information collected during its work will allow the Board to challenge the Group's strategy to ensure that it is as resilient as possible.

c. Risk Management

Identifying and assessing climate-related risks – the main current risk on environmental matters is to ensure that we undertake our research in a sustainable way. This can be done through our partners to whom this work is outsourced.

Strategic Report for the year ended 31 December 2023 (continued)

Climate-Related matters (continued)

In the future, we recognise that when we develop a 'Point of Care test', perhaps similar to the Covid-19 tests, that such products are likely to be regarded as 'Bio Waste' and therefore difficult to recycle. It will also be important one day to ensure that such products are packaged and distributed in an environmentally sustainable manner.

Managing climate-related risks – these risks will continue to be managed by the Board as part of its Risk Management Procedures.

Integration into overall risk management – as operations scale up in the future the identification, assessment and effective management of climate-related risks and opportunities will be discussed at board meetings.

d. <u>Metrics and targets</u>

Climate-related metrics - as the Group's operations scale up we will seek to collect, structure and effectively disclose related performance data for material climate-related risks and opportunities identified where relevant.

Scope 1, Scope 2 and Scope 3 emissions -the board will consider adopting Sustainability Accounting Standards Board (SASB) recommended disclosures but this may be dependent upon the business model that the Group adopts in order to seek to maximise shareholder value. E.g. it may be that the Group pursues a licensing model.

Climate-related targets – we have already mentioned that all directors mainly work from home apart from one that is based at the University of York, so business travel is already minimised. This means that energy use and emissions, through remote working, are already minimised. Consequently, no separate disclosures relating to energy consumption and efficiency have been made as the entity consumed less than 40,000 kWh of energy during the period.

Promotion of the Company for the benefit of the Members as a whole

S172 of the Companies Act 2006 requires the Board to promote the Company for the benefit of the members as a whole. In particular, the requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between the members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interests of the Company's employees;
- Foster the Company's relationships with suppliers, customers and others; and
- Consider the impact of the Company's operations on the community and the environment.

The directors have strived to ensure that these considerations are embedded within its decision-making process.

Decision-making

The day to day operation decisions of the Group have been made by the executive directors. All key decisions of the Group have been made at board meetings involving all directors. The Directors believe that during the year they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole and have adhered to the requirements set out above that are applicable to the Company given its scope of operations. For example, the Company, does not have any employees other than the directors, so considering employee interests is not currently relevant.

The principal decisions taken by the Group during the year ended 31 December 2023 and since the year end have been summarised in the Chair's Statement on pages 2 to 4 and are summarised as follows:

Decision-making (continued)

Decision: to raise new monies for the Company to ensure a sound financial base.
Context In June 2023 the Company completed a fund raising providing gross proceeds of £350,000 by way of a subscription for its shares. 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 taking the Company's proprietary CIZ1B biomarker blood test for use in the early detection of lung cancer and through to UKCA, CE marking and/or FDA 510(k) clearance. On 21 Sept 2023 the Group announced an update on its Option with Conduit and noted shareholder approval for Conduit-Murphy merger and NASDAQ listing. The Company has a put option to sell its 5% economic interest and royalty sharing agreement in the AZD 1656 asset to treat inflammatory pulmonary and cardiovascular disease to Conduit for a total consideration of £3.25 million, to be satisfied through the issuance of new shares in Conduit (the "Option"). The merger completed and Conduit became a publicly traded company on NASDAQ in the USA on 25 September 2023. Cizzle exercised its Option on 26 September 2023 and the Company as at 31 December 2023 held 395,460 shares in the NASDAQ listed business with no restrictions. On 26 March 2024 the Company announced that it has undertaken a conditional placing of 31,050,000 new ordinary shares of 0.01p each ("Ordinary Shares") in the Company (the "Placing") at a price of 2 pence per share (the "Issue Price") raising approximately £0.62 million before expenses for the Company. The net proceeds of the Placing will be utilised towards completing the Company's first proposed commercial test to detect CIZ1B, further protect the Company's Intellectual Property (IP), progress the Company's research with the University of York and for general corporate purposes. Upon completion of the Placing, the Company intends to terminate the £500,000 loan facility agreement with E3 Fund SP entered into on 20 September 2022. This facility has not been drawn down. The Company also agreed to issue 1,500,000 new Ordinary Shares at 2p per new ordinary share in satisfaction of a payment of £30,000 for professional advisory services to Novum Securities Limited. Stakeholder considerations (Shareholders) The raising of new finance ensures that the Company has a sound financial platform from which to develop the Group's activities.

Strategic Report for the year ended 31 December 2023 (continued)

Decision-making (continued)

Decision: to continue the enhancement of its research and development capabilities

Context

The Group has continued throughout 2023 in developing a blood test to measure the CIZ1B cancer biomarker. CIZ1B is a variant of CIZ1,a naturally occurring cell nuclear protein involved in ensuring normal DNA replication, and the targeted CIZ1B variant has been shown to be highly correlated with early-stage lung cancer.

Based on the original published research by Professor Coverley and her team at the University of York, it has been shown that CIZ1B can be measured with high sensitivity that should allow for testing in a high-throughput, hospital-friendly format. The Directors believe that this development addresses an important unmet clinical need for a simple test that can help with the early detection of lung cancer, which is essential to improve a patient's chance of survival.

The Board intends that the Group's initial commercial product will be based on a platform that can be readily performed by hospitals and reference laboratories. To address the wider high volume global market, it is also envisaged that potential follow-on products could be immunoassay kits and a point of care test provided by primary health care providers.

On 24 April 2023 the Group announced a new 12 month agreement with the University of York, running until 25 September 2024, that builds on successful outcomes from the current research programme and meeting key milestones for monoclonal antibody characterisation and assay platform optimization. This agreement extended access to state of the art facilities and world leading scientists to support new solutions for early cancer diagnostics and therapeutic tools.

On 10 August 2023 the Group announced an expansion of its research programme with the University of York to. This followed significant further progress in isolating additional new and specific monoclonal antibodies to the CIZ1B biomarker and incorporating these into a new high-throughput clinical diagnostic immunoassay platform. The recent developments meet key milestones to begin commercial clinical trials. The Group is now engaged in clinical trials design to support the validation and accreditation of the CIZ1B test prior to commercial launch.

On 19 September 2023 the Group and Bio-Techne Corporation, a NASDAQ Tech listed company, announced progress evaluating specific monoclonal antibodies for Cizzle's CIZ1B cancer biomarker. Cizzle has successfully completed an evaluation programme aimed at assessing the feasibility of using the Simple Western platform from ProteinSimple (a Bio-Techne brand) for high throughput detection of the CIZ1B cancer biomarker which may be useful in the detection of early-stage lung cancer.

Stakeholder considerations (Shareholders)

The decisions taken have enhanced the Group's research and development capabilities.

This report was approved by the board on 29 April 2024 and was signed on its behalf by:

Allan Syms
Director

Directors' Report for the year ended 31 December 2023

The directors present the annual report and audited financial statements for the year ended 31 December 2023.

Principal activity, business review and future developments

On 14 May 2021, the Company's ordinary shares were admitted to the Standard-Listing of the London Stock Exchange. Also on that date, the Company completed the reverse acquisition of CBL.

The Group's principal activity since 14 May 2021 has been the early detection of lung cancer via the development of an immunoassay test for the CIZ1B biomarker. For the period to 14 May 2021 the Company was a holding company that was an AIM Rule 15 cash shell seeking a new investment.

The Statement of Group Comprehensive Income is set out on page 38. A review of the Group's trading during the year, its position at the year-end, post balance sheet events, and its prospects for the future are set out in the Chair's Statement and the Strategic Report.

Dividends

No dividend is proposed in respect of the year (2022: £Nil).

Financial risk management

Information in respect of financial risk management objectives and policies, exposure to price, credit, liquidity and cash flow risks, and current trading and trading outlook for the Group are outlined in Note 4.

Directors

The directors of the Company who served during the year are listed below:

Directors	Function
Allan Syms	Executive Chair
Nigel Lee	Finance Director
Dawn Coverley	Non-Executive Director
John Treacy	Non-Executive Director

Board Responsibility and Corporate Governance Statement

The Board is responsible for approving the interim and annual financial statements, formulating and monitoring the Group's strategy, approving financial plans and reviewing performance, as well as complying with legal, regulatory and corporate governance matters. The Board is committed to maintaining appropriate standards of corporate governance and, as detailed below on page 18, has concluded that it will adopt the Quoted Companies Alliance's Corporate Governance Code.

Employees

At 31 December 2023 the total number of employees in the Company comprised of 4 employees (2022: 4), who were all directors.

The Group's employment policies are designed to attract, retain and motivate the very best staff for each role in the Group, recognising that this can only be achieved through equal opportunities regardless of gender, race, religion or disability. Regular meetings were held by the directors to discuss the performance of the Group as a whole. Financial and economic factors were dealt with in this context. Information concerning employees and their remuneration is given in Note 8.

Climate-related matters

We believe that the Company has made climate-related financial disclosures consistent with the TCFD recommendations and recommended disclosures within its Strategic Report on pages 10 and 11.

Capital structure

Details of the issued share capital are set out in Note 15. On recognition of the reverse takeover of CBL on 14 May 2021 the Group had 3 classes of share:

- New Ordinary Shares of 0.01p each.
- Deferred 'A' shares of 0.01p each.
- Deferred 'A' Shares of 0.99p each.

None of these shares have any rights to fixed income and only new ordinary shares carry the right to one vote per share at general meetings of the Company.

There are no specific restrictions on the size of a holding or on the transfer of New Ordinary Shares, which are both governed by the general provisions of the Articles of Association and prevailing legislation. The directors are not aware of any agreements between holders of the Company's shares that may result in restrictions on the transfer of securities or on voting rights.

Details of employee share option schemes are set out in Note 15. No share options were exercised during the year (2022: 3,689,096 options were exercised).

No person has any special right of control over the Company's share capital and all issued shares are fully paid.

The appointment and replacement of directors of the Company is governed by its Articles of Association, the Companies Act 2006 and related legislation. The Articles themselves may be amended by special resolution of the shareholders. The current Articles have been in place for some years and are in the process of being reviewed and updated. It is anticipated that updated articles will be proposed for approval at the forthcoming Annual General Meeting.

Donations

No charitable or political donations were made during the year (2022: £Nil).

Share issues

Details of shares issued during the year are set out in Note 15.

Going concern

The Directors have adopted the going concern basis in preparing the financial statements for the year to 31 December 2023 (see Note 2.2). In reaching this conclusion, the Directors have considered for the Group, current trading and the current and projected funding position for the period of approximately 20 months from the date of approval of the financial statements through to 31 December 2025. The forecasts have been prepared using a number of scenarios – a base case assumes receipt of minimum royalty payments as explained in Note 24 and an extended research scenario into other cancers that is financed by the part sale of a current asset investment. These scenarios show that the Group continues to be a going concern. The directors have concluded that the Group has sufficient funds in order to meet its committed liabilities as they fall due for the foreseeable future. Should funding from these scenarios not arise, then the Group would manage its working capital according to its needs through the orderly divestment of its current asset investment in a NASDAQ-listed company. This would ensure that the Group has sufficient cash resources for at least 12 months from the date of signing these accounts, as well as meeting the goals within its business plan.

Post balance sheet events

On 26 March 2024 the Company announced that it has undertaken a conditional placing of 31,050,000 new ordinary shares of 0.01p each ("Ordinary Shares") in the Company (the "Placing") at a price of 2 pence per share (the "Issue Price") raising approximately £0.62 million before expenses for the Company. The net proceeds of the Placing will be utilised towards completing the Group's first proposed commercial test to detect CIZ1B, further protect the Group's Intellectual Property (IP), progress the Group's research with the University of York and for general corporate purposes.

Upon completion of the Placing, the Company intends to terminate the £500,000 loan facility agreement with E3 Fund SP entered into on 20 September 2022. This facility has not been drawn down.

The Company also agreed to issue 1,500,000 new Ordinary Shares at 2p per new ordinary share in satisfaction of a payment of £30,000 for professional advisory services to Novum Securities Limited.

The total issue of 32,550,000 new Ordinary Shares were admitted to the Main Market of the London Stock Exchange on 11 April 2024.

The Group announced on 2 April 2024 a non-binding Memorandum of Understanding ("MoU") for a strategic and exclusive licensing agreement to develop and offer its proprietary test for the CIZ1B biomarker which is highly associated with early-stage lung cancer, throughout the USA and Canada ("North America"). The new partnership is intended to incorporate the Group's existing relationship with Corepath Laboratories, a full-service cancer reference laboratory, as announced on 6 May 2022, through a dedicated, recently incorporated, US based company Cizzle Bio Inc ("BIO").

Subject to binding documentation, the proposed royalty arrangements with CorePath will be restructured to enable the Group to gain significant cash flows from new royalty payments and significant cost savings. All planned expenditure related to clinical trials and the commercialization of diagnostic tests for the CIZ1B biomarker in the USA are expected to be funded directly by BIO.

The Group will receive minimum advance royalty payments of US$2.3 million over a period of 30 months, payable as to US$0.3 million on signing the binding agreement and a further US$1.0 million on each of the fifteenth and thirtieth month anniversaries of signing as part of annual royalty fees of 10% of net sales.

In addition, the Group will benefit from the free issue of shares in BIO.

BIO is paying a non-refundable upfront fee of US$100,000 within 30 days of signing the MoU for a 120-day exclusivity period to complete the formal legally binding agreement.

Disclosure of information to auditor

The directors who held office at the date of approval of this Directors' report confirm that, so far as they are aware, there is no relevant audit information of which the Company's auditor is unaware; and each Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Company's auditor is aware of that information.

Auditor

The existing auditors of the Company are PKF Littlejohn LLP and a resolution for their re-appointment will be put to the Annual General Meeting.

Annual General Meeting

The Annual Report is made available to shareholders at least 21 clear days' notice before the Annual General Meeting ("AGM") along with the notice of the AGM. Shareholders are given the opportunity to vote on each separate resolution proposed at the AGM. The Company counts all proxy votes and will indicate the level of proxies lodged for each resolution, after it has first been dealt with by a show of hands.

Directors' Report for the year ended 31 December 2023 (continued)

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Group's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Group's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Approved by the Board of Directors and signed by order of the Board

Allan Syms
Director, 29 April 2024

Statement of Directors' Responsibilities

The directors are responsible for preparing the strategic report, the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Group and Company financial statements in accordance with UK-adopted international accounting standards. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group and Company for that period.

In preparing these financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with UK-adopted international accounting standards, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Group and Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

They are also responsible to make a statement that they consider that the Annual Report and Financial Statements, taken as a whole is fair, balanced and understandable and provides the information necessary for the shareholders to assess the Group and Company's position and performance, business model and strategy.

Directors' Responsibility Statement Pursuant to Disclosure and Transparency Rules

Each of the Directors, whose names and functions are listed on page 1, confirm that, to the best of their knowledge and belief:

- the financial statements prepared in accordance with UK-adopted international accounting standards, give a true and fair view of the assets, liabilities, financial position and loss of the Group and Company; and
- The Annual Report and financial statements, including the Business review, includes a fair review of the development and performance of the business and the position of the Group and Parent Company, together with a description of the principal risks and uncertainties that they face.

Corporate Governance Statement

The Directors recognise the importance of sound corporate governance. The directors continue to adopt the Quoted Companies Alliance's Corporate Governance Code ("the QCA Code"). In addition, the Directors have adopted a code of conduct for dealings in the shares of the Company by directors and employees and are committed to maintaining the highest standards of corporate governance. During 2023 Allan Syms has continued as Executive Chair of the Company.

The corporate governance arrangements that the Board has adopted are designed to ensure that the Company delivers long term value to its shareholders and that shareholders have the opportunity to express their views and expectations for the Company in a manner that encourages open dialogue with the Board. The Board recognises that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave.

The Company's activities have been focussed on taking forward the research and development activities of the Group that have been developed over many years by Professor Dawn Coverley and her team at The University of York. The Company is committed to respectful dialogue with its suppliers, partners and potential customers. It is a crucial part of the Company to have sound ethical values and behaviours in its undertakings to successfully achieve its corporate objectives.

The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does.

The Board currently consists of two executive and two non-executive directors and does not have a CEO. The Board continues to consider whether it would be appropriate to seek to appoint additional non-executive and/or executive directors but at this time believes that appropriate oversight of the Company is provided by the currently constituted Board. This view will continue to be reviewed by the Board.

John Treacy
Non-Executive Director

Corporate Governance Statement (continued)

The QCA Code sets out 10 principles which should be applied. These are listed below together with a short explanation of how the Company applies each of the principles. Where the Company does not fully apply each principle an explanation as to why has also been provided:

Principle One–- Business Model and Strategy
The Board's strategy during 2023 has been able to continue with its research and development activity and in particular had adopted a strategy of developing CBL's prototype test into a commercial, CE marked and/or FDA 510(k) cleared diagnostic immunoassay that can be readily performed as a sufficiently reliable test in a hospital setting.

Principle Two–- Understanding Shareholder Needs and Expectations
The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company though its website, https://cizzlebiotechnology.com and via Allan Syms, Non-Executive Chair who is available to answer investor relations enquiries through IFC Advisory Limited (cizzle@investor-focus.co.uk).

Principle Three–- Stakeholder Responsibilities
The Board recognises that the long-term success of the Company is reliant upon the efforts of the employees of the Company and its contractors, suppliers and regulators. The Board has put in place a range of processes and systems to ensure that there is close Board oversight and contact with its key resources and relationships. Currently the directors of the Company are the Group's only employees but it has systems in place whereby the effectiveness of the board is reviewed and discussed.

Principle Four–- Risk Management
In addition to its other roles and responsibilities the Audit and Compliance Committee is responsible to the Board for ensuring that procedures are in place, and are being effectively implemented to identify, evaluate and manage the significant risks faced by the Company. The risk assessment matrix below sets out those risks, and identifies their ownership and the controls that are in place. This matrix is updated as changes arise in the nature of risks or the controls that are implemented to mitigate them. The Audit Committee reviews the risk matrix and the effectiveness of scenario testing on a regular basis. The following principal risks, and controls to mitigate them, have been identified during 2023:

Activity	**Risk**	**Impact**	**Control(s)**
Financial	Pre-revenue business	Revenues are not generated to support the development and commercialisation of the Group's technology.	Regular appraisal of project milestones.
Healthcare Industry	Pace of development in the healthcare industry	The Group's technology may be superseded by other competitor technologies.	Continual monitoring of competitor products and alternative solutions.
Management and employees	Retention of key staff	The loss of key members of staff could have an adverse impact on the pace of development.	Ensuring that key employees have incentives to ensure that they do not wish to leave.
Research and Development	Complex processes .	Additional costs if development takes longer than anticipated.	Regular appraisal of project milestones and consideration of a variety of strategies.
Patents and other intellectual property rights (IPR)	Infringement of other patents, IPR	Additional costs of defending any IPR claims and/or delays/ additional costs in current programme of research and development.	Regular monitoring of third party patents/ IPR with patent advisers.

Corporate Governance Statement (continued)

Principle Four–- Risk Management (continued)

The Company has already established procedures, as represented by this and previous years' statements, for the purpose of providing a system of internal control. In addition, there were a range of Company policies that were reviewed at least annually by the Board and a programme of training and then confirmation of understanding that all employees of the Company were required to undertake each year. These Company policies covered matters such as share dealing, insider legislation and expenses. The directors consider that an internal audit function is not considered necessary or practical due to the size of the Company and the close day to day control exercised by the directors. The directors will continue to monitor the need for new systems of internal control and an internal audit function.

The annual review of internal control and financial reporting procedures did not highlight any issues warranting the introduction of an internal audit function.

Principle Five–- A Well-Functioning Board of Directors

During 2023 the composition of the board has been two executive directors and two non-executive directors. Allan Syms is Executive Chair and Nigel Lee is the Finance Director. The non-executive directors have continued to be John Treacy and Professor Dawn Coverley. The time commitment formally required by the Company is an overriding principal that each director will devote as much time as is required to carry out the roles and responsibilities that the director has agreed to take on. All directors of the Company are part-time. Biographical details of the current directors are set out on page 4.

Executive and non-executive directors are subject to re-election intervals as prescribed in the Company's Articles of Association. At each Annual General Meeting one-third of the Directors, who are subject to retirement by rotation shall retire from office. They can then offer themselves for re-election. The letters of appointment of all directors are available for inspection at the Company's registered office during normal business hours.

The Executive Chair and Finance Director both receive a salary for their services as a director which is approved by the Board, being mindful of the time commitment and responsibilities of their roles and of current market rates for comparable organisations and appointments. They are also reimbursed for travelling and other incidental expenses incurred on Group business.

The Non-Executive Directors receive payments under appointment letters which are terminable by three months' notice by either party.

The Board encourages the ownership of shares in the Company by Executive and Non-Executive Directors alike and in normal circumstances does not expect Directors to undertake dealings of a short-term nature. The Board considers ownership of Company shares by Non-Executive Directors as a positive alignment of their interest with shareholders. The Board will periodically review the shareholdings of the Non-Executive Directors and will seek guidance from its advisors if, at any time, it is concerned that the shareholding of any Non-Executive Director may, or could appear to, conflict with their duties as an independent Non-Executive Director of the Company or their independence itself. Directors' emoluments, including Directors' interest in share options over the Company's share capital, are set out in Note 15.

The Board has established that it will meet on at least 6 times throughout the year. It has established an Audit Committee and a Remuneration Committee, particulars of which appear hereafter. The Board agreed that appointments to the Board are made by the Board as a whole and so has not created a Nominations Committee.

Corporate Governance Statement (continued)

Principle Five–- A Well-Functioning Board of Directors (continued)

Attendance at Board and Committee Meetings
The Board retains full control of the Company with day-to-day operational control delegated to Executive Directors. The full Board meets at least every other month and on any other occasions it considers necessary. During 2023 there were fourteen Board meetings, one Remuneration Committee meeting and one Audit Committee meeting.

Principle Six–- Appropriate Skills and Experience of the Directors

Directors who served during 2023:

Throughout 2023 the executive directors have been Allan Syms (Executive Chair) and Nigel Lee (Finance Director). The Non-Executive directors have been John Treacy (specialising in corporate governance, capital markets, legal matters) and Professor Dawn Coverley (cell biologist and expert in cancer related research).

As a small business, the Group does not have a formal diversity policy. The Group recognises the benefits of diversity across all areas and believes that a diverse Board is a positive factor in business success, brings a broader, more rounded perspective to decision making, and makes the Board more effective. When recruiting, the Board will endeavour to consider a wide and diverse talent pool whilst also taking into account the optimum make-up of the Board, including the benefits of differences in skills, industry experience, business model experience, gender, race, disability, age, nationality, background and other attributes that individuals may bring.

The current directors of the Company are as follows are detailed on page 4.

Principle Seven–- Evaluation of Board Performance

Internal evaluation of the Board, the Committee and individual directors is seen as an important step in the development of the Board. During December 2023 separate meetings were held with the Chair and each director to review the effectiveness of the board. Evaluation criteria take into account business planning and financial reporting together with performance against key milestones, board composition, constitution, diversity and succession planning. As we further progress the commercialisation of the Group's technology, the Company recognises the need to draw further expertise into the board when appropriate. This will be undertaken on an annual basis in the form of peer appraisal, questionnaires and discussions to determine the effectiveness and performance in various areas as well as the directors' continued independence.

Principle Eight–- Corporate Culture

During 2023, the Board recognised that their decisions regarding strategy and risk will impact the corporate culture of the Company as a whole and that this will impact the performance of the Company. The Board is very aware that the tone and culture set by the Board will greatly impact all aspects of the Company as a whole and the way that employees behave. A large part of the Company's activities was centred upon addressing customer and market needs. Therefore, the importance of sound ethical values and behaviours is crucial to the ability of the Company to successfully achieve its corporate objectives. The Board places great importance on this aspect of corporate life and seeks to ensure that this flows through all that the Company does. The Board assessment of the culture within the Company at the present time is one where there is respect for all individuals and there is open dialogue within the Company.

Principle Nine–- Maintenance of Governance Structures and Processes

Ultimate authority for all aspects of the Company's activities rests with the Board. The Board has adopted a Financial Position and Prospects Board Memorandum which summarises financial reporting procedures and establishes procedures to ensure that it meets all regulatory requirements for accounting, financial reporting and related obligations. This includes matters which are reserved to the Board and the division of responsibilities between the executive and non-executive directors. The Chair is responsible for the effectiveness of the Board.

Corporate Governance Statement (continued)

Audit Committee

During 2023 the Audit Committee has consisted of John Treacy (Chair) and Professor Dawn Coverley. It meets as required and specifically to review the Interim Report and Annual Report, and to consider the suitability and monitor the effectiveness of internal control processes. There was one meeting of the Audit Committee during 2023. The Audit Committee also reviews the findings of the external auditor and reviews accounting policies, material accounting judgements and risk and control framework.

The independence and effectiveness of the external auditor is reviewed annually. The possibility of undertaking an audit tender process is considered on a regular basis. The Company's policy is to ensure that the Company's audit is put out to tender at least once in every 10 years. The Current auditors were appointed in respect of the Company's audit for the year ended 31 December 2018. At each Annual General Meeting a resolution is proposed for the re-appointment of auditors. There are no contractual restrictions existing on the choice of auditors. The Audit Committee meets at least once a year with the auditor to discuss their independence and objectivity, the Annual Report, any audit issues arising, internal control processes, appointment and fee levels and any other appropriate matters. The fees in respect of audit services are set out in Note 7.

Remuneration Committee

During 2023 the Remuneration Committee has consisted of John Treacy (Chair) and Professor Dawn Coverley. The purpose of the Remuneration Committee is to ensure that the Executive Directors and other employees are fairly rewarded for their individual contribution to the overall performance of the Company. The Committee considers and recommends to the Board the remuneration of the Executive Directors and is kept informed of the remuneration packages of senior staff and invited to comment on these. There was one Remuneration Committee meeting during 2023. The Board retains responsibility for overall remuneration policy. The Remuneration Committee recommends to the Board the remuneration packages by reference to individual performance and uses the knowledge and experience of the Committee members, published surveys relating to similar companies and market changes generally. The Remuneration Committee has responsibility for recommending any long-term incentive schemes.

The Board determines whether or not Executive Directors are permitted to serve in roles with other companies. Such permission would only be granted on a strictly limited basis, where there are no conflicts of interest or competing activities and providing there is not an adverse impact on the commitments required to the Company. Earnings from such roles would be required to be disclosed to the Chair.

During 2023 there were two main elements of the remuneration package for Executive and Non-Executive Directors and former employees:

1. Basic salaries: Basic salaries are recommended to the Board by the Remuneration Committee, taking into account the performance of the individual and the rates for similar positions in comparable companies. No benefits in kind are currently available to Executive Directors. The directors agreed to freeze their remuneration for two years until March 2025 as noted in the Directors Remuneration Report on page 29.
2. Share options: The Company operates unapproved share option schemes for Executive Directors and some non-executive directors to motivate those individuals through equity participation. Exercise of share options under the schemes is subject to specified exercise periods and compliance with the Scheme Rules and the rules of the London Stock Exchange. The schemes are overseen by the Remuneration Committee which recommends to the Board all grants of share options based on the Remuneration Committee's assessment of personal performance and specifying the terms under which eligible individuals may be invited to participate. It is intended that the performance related elements of remuneration form a significant proportion of the total remuneration package of Executive Directors and be designed to align their interests with those of shareholders. In this development phase of the Company the Remuneration Committee currently considers that the best alignment of these interests is through the continued use of incentives for performance through the award of share options.

Corporate Governance Statement (continued)

Non-executive Directors

The Board has adopted guidelines for the appointment of non-executive directors which have been in place and which have been observed throughout the year. These provide for the orderly and constructive succession and rotation of the non-executive directors insofar as they will be appointed for an initial term of three years and may, at the Board's discretion believing it to be in the best interests of the Company, be appointed for subsequent terms. In accordance with the Companies Act 2006, the Board complies with: a duty to act within their powers; a duty to promote the success of the Company; a duty to exercise independent judgement; a duty to exercise reasonable care, skill and diligence; a duty to avoid conflicts of interest; a duty not to accept benefits from third parties and a duty to declare any interest in a proposed transaction or arrangement.

Principle Ten–- Shareholder Communication

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders. Institutional shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting. Investors also have access to current information on the Company though its website, https://cizzlebiotechnology.com and via Allan Syms, non-executive Chair who is available to answer investor relations enquiries through IFC Advisory Limited (cizzle@investor-focus.co.uk).

Directors' Remuneration Report for the year ended 31 December 2023

The Company has established a remuneration committee. The Committee reviews the scale and structure of the Directors' fees, taking into account the interests of shareholders and the performance of the Group and directors.

The items included in this report are unaudited unless otherwise stated.

Statement of Cizzle Biotechnology Holdings PLC Policy on Directors' Remuneration by the Chair of the Remuneration Committee

As Chair of the Remuneration Committee, I have pleasure in introducing our Directors' Remuneration Report. One of the Remuneration Committee's aims is to provide clear, transparent remuneration reporting for our shareholders which adheres to the best practice corporate governance principles that are required for listed companies.

A key focus of the Directors' Remuneration Policy is to align the interests of the Directors to the long-term interests of the shareholders and aims to support a high-performance culture with appropriate rewards for meeting the Group's objectives without unnecessary risk-taking. This is underpinned through the operation of incentive plans.

Key activities of the Remuneration Committee

The key activities of the Remuneration Committee are to:

- determine and agree with the board the framework or broad policy for the remuneration of the Company's Chair and the executive directors including pension rights and compensation payments. The remuneration of non-executive directors shall be a matter for the board or the shareholders (within the limits set in the articles of association). No director or senior manager shall be involved in any decisions as to their own remuneration;

- recommend and monitor the level and structure of remuneration for senior management taking into account all factors which it deems necessary including relevant legal and regulatory requirements and the provisions and recommendations of the UK Corporate Governance Code (insofar as it applies to the Company) and other relevant guidance. These will be subject to annual review. The objective of such policy shall be to attract, retain and motivate the executive management of the Company without paying more than necessary. The remuneration policy bears in mind the Company's appetite for risk and be aligned to the Company's long term strategic goals. A significant proportion of remuneration should be structured so as to link rewards to corporate and individual performance and be designed to promote the long term success of the Company;

- review and have regard to the pay and employment conditions across the Company or Group, especially when determining salary increases;

- review the ongoing appropriateness and relevance of the remuneration policy;

- approve the design of, and determine targets for, any performance related pay schemes operated by the Company and approve the total annual payments made under such schemes;

- review the Company's arrangements for its employees to raise concerns, in confidence, about possible wrongdoing in financial reporting or other matters. The Committee shall ensure that these arrangements allow proportionate and independent investigation of such matters and appropriate follow up action;

- review the design of all share incentive plans for approval by the board and shareholders. For any such plans, determine each year whether awards will be made, and if so, the overall amount of such awards, the individual awards to executive directors, Company Secretary and other senior executives and the performance targets to be used;

- determine the policy for, and scope of, pension arrangements for each executive director and other senior executives;

Key activities of the Remuneration Committee (cont’d)

- determine the total individual remuneration package of the Chair, each executive director, the Company Secretary and other senior executives including bonuses, incentive payments and share options or other share awards;
- ensure that contractual terms on termination and any payments made are fair to the individual and the Company; that failure is not rewarded and the duty to mitigate loss is fully recognised; oversee any major changes in employee benefits structures throughout the Company or Group; and agree the policy for authorising claims for expenses from the directors;
- be responsible for establishing the selection criteria, selecting, appointing and setting the terms of reference for any remuneration of consultants who advise the Committee;
- obtain reliable, up-to-date information about remuneration in other companies of comparable scale. The Committee shall have full authority to appoint remuneration consultants and to commission or purchase any reports, surveys or information which it deems necessary to help it fulfil its obligations within any budgetary restraints imposed by the board;
- consider such other matters as may be requested by the board of directors; and
- work and liaise as necessary with all other board committees.

Members

The Remuneration Committee comprises the following independent Non-Executive Directors:

Name	**Position**	**Date of appointment to Committee**
John Treacy	Chair	14 May 2021
Prof. Dawn Coverley	Member	14 May 2021

Remuneration Components

The Company remunerates directors in line with best market practice in the industry in which it operates. As the Group is currently a pre-revenue business the components of Director’s Remuneration consists of:

- Base salaries
- Pension benefits
- Share incentive arrangements

These remuneration components will be reviewed at least annually by the Committee.

It is anticipated that once the Group becomes a revenue generating business that the following components of Directors Remuneration are likely to be appropriate:

- Other benefits
- Annual bonus

Recruitment policy

Base salaries take into account market data for the relevant role, internal relativities, their individual experience and their current base salary. Where an individual is recruited at below market rates of remuneration, they may be re-aligned over a period of time, subject to their performance in their role.

Service Agreements and Letters of Appointment

The Executive Directors' service agreements are summarised below:

Executive Director	Date of service agreement	Initial term	Notice period by Company (Months)	Notice period by Director (Months)
Allan Syms	14 May 2021	6 months	6	6
Nigel Lee	14 May 2021	N/a	6	6

The Non-Executive Directors' service agreements are summarised below:

Non-Executive Director	Date of service agreement	Initial term	Notice period by Company (Months)	Notice period by Director (Months)
John Treacy	14 May 2021	3 years	3	3
Dawn Coverley	14 May 2021	3 years	3	3

Non-Executive directors are typically expected to serve two three-year terms but may be invited by the Board to serve for an additional period. Any term renewal is subject to Board review and AGM re-election.

Remuneration of Executive Directors (audited)

The remuneration of the Executive Directors for the year ended 31 December 2023 was as follows:

	Year ended 31 December 2023			Year ended 31 December 2022		
Executive Director	**Basic salary £'000**	**Pension £'000**	**Total £'000**	**Basic salary £'000**	**Pension £'000**	**Total £'000**
Allan Syms	90	3	93	90	3	93
Nigel Lee	36	1	37	36	1	37
TOTAL	**126**	**4**	**130**	**126**	**4**	**130**

Directors' Remuneration Report for the year ended 31 December 2023 (cont'd)

Share scheme interests of executive directors (audited)

The interests of the executive directors in share schemes are shown in the table below:

Executive Director	Type of scheme	Share options at 31 Dec 2022	Granted during the year	Share options at 31 Dec 2023	Date from which exercisable	Expiry date
Allan Syms	CSOP 23	-	8,868,096	8,868,096	****	28 Jun 2033
	CSOP 21	5,068,956	-	5,068,956	**	2 Nov 2031
Nigel Lee *	CSOP 23	-	6,224,233	6,224,233	****	28 Jun 2033
	CSOP 21	2,000,000	-	2,000,000	**	2 Nov 2031
	CSOP 17	500	-	500	9 Nov 2018 ***	8 Nov 2027
	CSOP 16	800	-	800	27 Oct 2017 ***	26 Oct 2026
	CSOP 15	300	-	300	25 May 2016 ****	25 Aug 2025
TOTAL		**7,070,556**	**15,092,329**	**22,162,885**		

* Includes brought forward 1,600 beneficial interests in share options as director of CFO Solutions Limited.

** subject to achievement of certain Group objectives.

*** One-third of the total options vest on first, second and third anniversary from date of grant.

**** One third of the options vest on 25 May 2016, 25 February 2017 and 25 August 2017.

**** Granted in respect of salary freeze for 2 years to 3 March 2025 – 50% exercisable on both 3 March 2024 and 3 March 2025.

Remuneration of Non-Executive Directors (audited)

The remuneration of the Non-Executive Directors for the year ended 31 December 2023 was as follows:

	Year ended 31 December 2023					Year ended 31 December 2022				
Non-Executive Director	**Basic salary £'000**	**Bonus £'000**	**Fees £'000**	**Pension £'000**	**Total £'000**	Basic salary £'000	Bonus £'000	Fees £'000	Pension £'000	Total £'000
John Treacy	30	-	-	-	30	30	-	-	-	30
Dawn Coverley *	40	-	-	1	41	40	104	-	1	145
TOTAL	**70**	**-**	**-**	**1**	**71**	70	104	-	1	175

* As mentioned in the Company's prospectus that was published on 23 April 2021, Dawn Coverley was granted options over 3,689,096 options in lieu of options that existed in Cizzle Biotechnology Limited prior to the reverse takeover by the Company on 14 May 2021.

In addition, in consideration of the waiver of outstanding salary so as to conserve cash for patent maintenance costs in Cizzle Biotechnology Ltd, it was agreed that Dawn Coverley would be entitled to a cash bonus from the Company equal to the exercise price of the share options (£56,588, together with any tax payable thereon). The £104,000 bonus noted above in 2021 relates to the grossing up of the exercise price of £56,588 for income tax and national insurance so that the exercise could be accounted for and taxed through the Company's payroll.

Share scheme interests of non- executive directors (audited)

The interests of the Non-Executive directors in share schemes are shown in the table below:

Non-executive Director	Type of scheme	Share options at 31 Dec 2022	Granted during the year	Exercised in year	Share options at 31 Dec 2023	Date from which exercisable	Expiry date
Dawn Coverley	CSOP 23	-	7,614,540	-	7,614,540	**	28 Jun 2033
	CSOP 21	12,672,389	-	-	12,672,389	*	2 Nov 2031
John Treacy	CSOP 23	-	6,235,629	-	6,235,629	**	28 Jun 2033
TOTAL		**12,672,389**	**13,850,169**	**-**	**26,522,558**		

* subject to achievement of certain Group objectives.
** Granted in respect of salary freeze for 2 years to 3 March 2025 – 50% exercisable on both 3 March 2024 and 3 March 2025.

Review of remuneration for all directors

On 7 March 2023 the Company announced director salary waivers and the award of share options. 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 Group 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.

Relative importance of total remuneration

The table below illustrates total employee remuneration compared to distributions to shareholders and operational cash outflow, excluding proceeds from the issue of ordinary shares (before issue costs):

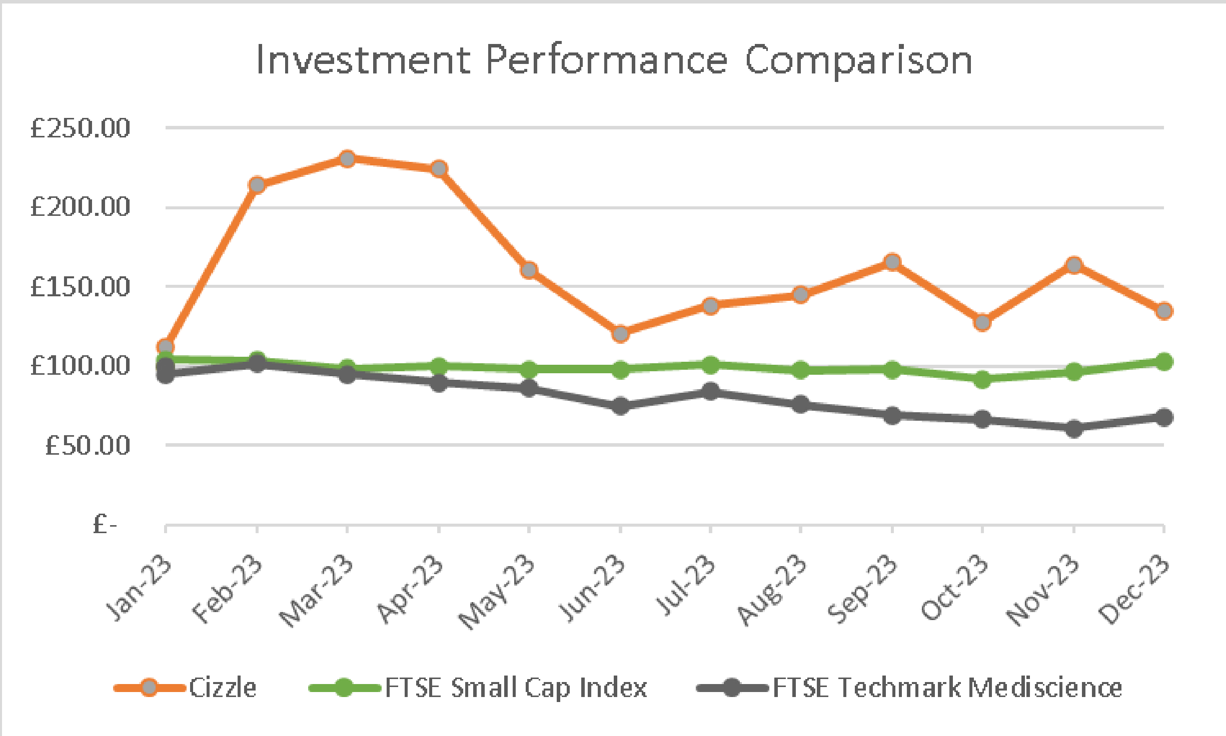
	Distributions to shareholders	Total employee pay (£'000)	Group Operational cash outflow (£'000)
Year ended 31 December 2023	-	201	639

Operational cash outflow has been shown in the table above as cash flow monitoring and forecasting are an important consideration for the Remuneration Committee and Board of Directors when determining cash-based remuneration for directors and employees.

Directors' Remuneration Report for the year ended 31 December 2023 (cont'd)

Historical share price performance comparison

The table below compares the share price performance (based on notional investment of £100) of Cizzle Biotechnology Holdings PLC against the FTSE SmallCap and FTSE Techmark Mediscience based on prices/indices at close of business from 1 January 2023 to 31 December 2023. Note that month end prices are based on the last day of trading of each month. The FTSE SmallCap has been chosen to provide a wider market comparator and the FTSE Techmark Mediscience chosen due to sector relevance:



Consideration of shareholder views

The Board considers shareholder feedback received and guidance from shareholder bodies. This feedback is considered as part of the Company's policy on remuneration.

Approved on behalf of the Board of Directors

John Treacy

Director and Chair of the Remuneration Committee

29 April 2024

Independent Auditor's Report to the Members of Cizzle Biotechnology Holdings PLC

Opinion

We have audited the financial statements of Cizzle Biotechnology Holdings PLC (the 'company') and its subsidiaries (the 'group') for the year ended 31 December 2023 which comprise the Consolidated Statement of Comprehensive Income, the Consolidated and Company Statements of Financial Position, the Consolidated and Company Statements of Cash Flows, the Consolidated and Company Statements of Changes in Equity, and notes to the financial statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the company's affairs as at 31 December 2023 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the directors' assessment of the group's and company's ability to continue to adopt the going concern basis of accounting included:

- Testing the mathematical accuracy of the base case and downside scenarios forecasts;
- Evaluating and challenging the appropriateness of the forecasting method by using our understanding of the group and company and by considering past historical accuracy of the management's forecasting and comparing the actual post year end results with the forecasts;
- Understanding the forecasts including the key assumptions and inputs used and sources of the key inputs through inquiries with the directors and management and, where possible, obtaining supporting documentation for such key inputs;
- Testing the main assumptions used as well as validating the drawdown of the facility and receipt of research and development income;
- Reviewing the reasonableness of downside scenarios; and
- Assessing the appropriateness and adequacy of the group's and company's going concern disclosures included in the financial statements.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the group's or company's ability to continue as a going concern for a period of at least twelve months from when the financial statements are authorised for issue.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Our application of materiality

The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole. Based on our professional judgement, we determined the materiality thresholds for the financial statements as follows:

	Group Financial Statements	**Parent company financial statements**
Material for the financial statements as a whole	£73,300 (2022: £132,000)	£69,600 (2022: £127,000)
Performance materiality	£51,300 (2022: £92,400)	£48,700 (2021: £88,900)
Basis for materiality for the financial statements as a whole	5% (2022:5%) of the group's net assets	5% (2022:5%) of the company's net assets (capped at 95% of group materiality).
Rationale	The group is still at an early stage of development and is not revenue generating. Its principal activity is driven by the development of an immunoassay test for the CIZ1B biomarker. As such, the performance and success of the group is measured by the existence, development and success of its net assets. The percentage applied to the benchmark has been selected to bring into scope all significant classes of transactions, account balances and disclosures relevant for the members, and also to ensure that matters that would have a significant impact on the results were appropriately considered. Performance materiality has been set at 70% (2022: 70%) of materiality for the financial statements as a whole, for both the group and company. The percentage applied was determined based on our risk assessment of the control environment and our cumulative knowledge of the group and company.	

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. For each component of the group, we allocated a materiality that is less than our overall group materiality. The materiality applied to the audit of the subsidiary undertaking was £3,600 (2022: £4,000). We agreed with the audit committee that we would report to them misstatements identified during our audit above £3,600 (2022: £6,600) for the group audit and £3,400 (2022: £6,350) for the company audit, as well as misstatements below those amounts that, in our view, warranted reporting for qualitative reasons.

Independent Auditor's Report to the Members of Cizzle Biotechnology Holdings PLC (continued)

Our approach to the audit

In designing our audit approach, we determined materiality, as above, and assessed the risk of material misstatement in the financial statements. In particular, we looked at significant risk areas being the classification of the investment held in Conduit Pharmaceuticals Inc (Conduit) – (group) as well as the valuation of the investment in subsidiary undertakings (company only) and areas involving significant accounting estimates and judgement by the directors, being the valuation of the share-based options issued in the year. As part of our work on going concern we considered future events that are inherently uncertain such as future research and development expenditure and the benefits expected to be derived from the partnership agreement entered into with third party.

We also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by management that represented a risk of material misstatement due to fraud.

There are three components in the group being the company and two subsidiary undertakings, one of which is dormant. Of the trading components, both were considered significant and accordingly, a full scope audit was performed. Our audit was performed from our London office with regular contact with management and the directors throughout the audit. This, in conjunction with additional procedures performed, gave us sufficient and appropriate evidence for our opinion on the group and company financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key Audit Matter	**How our scope addressed this matter**
Classification of the investment held in Conduit (group) (Note 12) In the current year the company exercised their option to sell its investment in Intangible assets relating to the: • 5% economic interest in the commercialisation of the AZD 1656 asset; and • royalty sharing agreement with SGCS. The consideration was in the form of shares in Conduit Pharmaceuticals Inc for which the fair value of the shares was £2,124,207 at date of transfer. At year end the investment is held as a current asset. There is a risk that the investment has been incorrectly classified and presented in terms of the requirements of IAS 32 Presentation of the financial instruments and IFRS 9 Financial Instruments, specifically: • the designation of the fair value movement on the investment as either through profit or loss or other comprehensive income; and • the classification of the gain or loss on transfer of the intangible asset to the investment held. There is also a risk that the company may not be able to sell the investment within 12 months after year end and as such the investment is incorrectly classified as current. As a result of these significant risks we have determined that the classification of the investment in Conduit is a key audit matter.	**Our work in this area included:** - Obtaining and reviewing the exercise notice and share certificate of the investment held to assess whether the investment was correctly classified at initial recognition and at year end in accordance with IAS 32 and IFRS 9; - Ensuring that at initial recognition the transfer of the intangible asset to the investment held in Conduit is appropriate and in line with the requirement of IFRS 9; - Reviewing minutes of meetings, regulatory news announcements (RNS) and holding discussions with management to ascertain the classification of the investment at initial recognition and at year end between current and non-current; and - Ensuring that adequate disclosures and accounting policies have been included in line with IFRS 9 and IAS 32. Based on the procedures performed the classification of the investment as current assets was appropriate and in line with the requirements of IAS 32 and IFRS 9.

Independent Auditor's Report to the Members of Cizzle Biotechnology Holdings PLC (continued)

Key Audit Matter	How our scope addressed this matter
Valuation of the investment in subsidiary undertakings (company) (Note 11) The company carries a material 'Investment in subsidiary undertakings' balance in its Statement of Financial Position. There is a risk that the carrying value of the investments is greater than the recoverable amount and is therefore impaired. As the estimated recoverable amount of investments is subjective due to the inherent uncertainty involved in ascertaining whether any impairment indicators are met and if so, forecasting and discounting future cash flows, there is a significant risk and a key audit matter that the carrying value of investments are overstated.	**Our work in this area included:** Considering the existence of impairment indicators per IAS 36 Impairment of Assets, which included but were not limited to considering the external and internal sources of information. This included: - Reviewing the key assumptions and inputs made by management's expert in the valuation of the subsidiary in previous years and ascertaining whether there have been any changes to the basis of these key assumptions and inputs that would indicate an impairment; - Reviewing and discussing the development timelines of the Biomarker and the key milestones that were estimated to be reached since the acquisition of the subsidiary; - Assessing the changes to the biotechnology market and the technological and legal environment and the implications to the expected prices and costs included in the valuation; and - Reviewing the progress of the underlying research and development of the Biomarker since the acquisition and assessing the future plans of the group and company as part of our work on going concern. Based on the procedures performed, we found the investments to be reasonable and in line with IAS 36.

Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

Opinions on other matters prescribed by the Companies Act 2006 In our opinion the part of the directors' remuneration report to be audited has been properly prepared in accordance with the Companies Act 2006. In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the company, or returns adequate for our audit have not been received from branches not visited by us; or
- the company financial statements and the part of the directors' remuneration report to be audited are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the statement of directors' responsibilities, the directors are responsible for the preparation of the group and company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and company financial statements, the directors are responsible for assessing the group's and the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained our understanding in this regard through discussions with management, industry research, application of cumulative audit knowledge and experience of the biotechnology sector.

- We determined the principal laws and regulations relevant to the group and company in this regard to be those arising from:

    - Listing Rules and Disclosure Guidance and Transparency Rules;
    - UK-adopted international accounting standards;
    - Companies Act 2006;
    - Anti-bribery and anti-money laundering regulations; and
    - UK taxation law.

- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and company with those laws and regulations. These procedures included, but were not limited to:

    - Holding discussions with management and the directors and considering whether there were any known or suspected instances of non-compliance with laws and regulations or fraud;
    - Reviewing board meeting minutes;
    - Reviewing Regulatory News Service (RNS) announcements; and
    - Reviewing legal and regulatory correspondence and legal expenses.

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the valuation of investments in conduit (group) and valuation of investment in subsidiary undertakings (company) (detailed in the key audit matters section of this report) and share-based payment transactions. We addressed this by challenging the assumptions and judgements made by management when auditing these accounting estimates and ensuring that there were adequate disclosures included in the respective notes.

- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business.

- Compliance with laws and regulations at the subsidiary level was ensured through conducting enquiries of management and reviewing correspondence for any instances of non-compliance.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's Report to the Members of Cizzle Biotechnology Holdings PLC (continued)

Other matters which we are required to address

We were appointed by the directors on 13 February 2019 to audit the financial statements for the period ending 31 December 2018 and subsequent financial periods. Our total uninterrupted period of engagement is 6 years, covering the periods ending 31 December 2018 to 31 December 2023.

The non-audit services prohibited by the FRC's Ethical Standard were not provided to the group or the company and we remain independent of the group and the company in conducting our audit.

Our audit opinion is consistent with the additional report to the audit committee.

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone, other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Hannes Verwey (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

29 April 2024

Consolidated Statement of Comprehensive Income
for the year ended 31 December 2023

	Notes	**Group Year ended 31 December 2023 £'000**	Group Year ended 31 December 2022 £'000
Administrative expenses			
- on-going administrative costs	6	**(669)**	(823)
- cost associated with put option	6	**(120)**	-
- share option charge	6	**(307)**	(140)
- gain on transfer of intangible asset	6	**44**	-
- net fair value loss on financial asset measured at fair value through profit or loss	6	**(711)**	-
Total administrative expenses		**(1,763)**	(963)
Operating loss and loss before income tax		**(1,763)**	(963)
Income tax	9	**46**	51
Loss and total comprehensive income for the year attributable to the equity shareholders of the parent		**(1,717)**	(912)
Earnings per ordinary share (pence) attributable to the equity shareholders:			
Continued operations basic and diluted	10	**(0.5p)**	(0.3p)
Earnings per ordinary share (pence) attributable to the equity shareholders of the parent	10	**(0.5p)**	(0.3p)

The above results relate entirely to continuing activities. 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 on pages 45 to 60 are an integral part of these financial statements.

Consolidated Statement of Financial Position
As at 31 December 2023

	Notes	Group 2023 £'000	Group 2022 £'000
Non-current assets			
Intangible asset	11	**-**	2,080
		-	2,080
Current assets			
Investment held at fair value through profit or loss	12	**1,413**	-
Trade and other receivables	13	**136**	227
Cash and cash equivalents	14	**144**	478
		1,693	705
Total assets		**1,693**	2,785
Equity			
Capital and reserves attributable to equity holders of the Company			
Ordinary shares	15	**3,504**	3,502
Share premium		**35,335**	34,917
Shares to be issued		**-**	115
Reverse acquisition reserve		**(40,021)**	(40,021)
Share capital reduction reserve		**10,081**	10,081
Share option reserve		**478**	199
Retained losses		**(7,870)**	(6,153)
Total equity		**1,507**	2,640
Liabilities			
Current liabilities			
Trade and other payables	16	**186**	145
Total liabilities		**186**	145
Total equity and liabilities		**1,693**	2,785

The notes on pages 45 to 60 are an integral part of these financial statements.

The financial statements were approved and authorised for issue by the board on 29 April 2024 and were signed on its behalf by:

Nigel Lee
Director

Registered number: 06133765 (England and Wales)

Company Statement of Financial Position
As at 31 December 2023

	Notes	2023 £'000	2022 £'000
Non-current assets			
Intangible asset	11	**-**	2,080
Investments	11	**21,803**	21,803
		21,803	23,883
Current assets			
Investment held at fair value through profit or loss	12	**1,413**	-
Trade and other receivables	13	**830**	726
Cash and cash equivalents	14	**70**	464
		2,313	1,190
Total assets		**24,116**	25,073
Equity			
Capital and reserves attributable to equity holders of the company			
Ordinary shares	15	**3,504**	3,502
Share premium		**35,335**	34,917
Share capital to be issued		**-**	115
Share capital reduction reserve		**10,081**	10,081
Share option reserve		**478**	199
Accumulated losses		**(25,407)**	(23,867)
Total equity		**23,991**	24,947
Liabilities			
Current liabilities			
Trade and other payables	16	**125**	126
Total liabilities		**125**	126
Total equity and liabilities		**24,116**	25,073

The notes on pages 45 to 60 are an integral part of these financial statements. The loss for the year of the Company was £1,540,000 (2022: loss of £627,000).

The financial statements were approved and authorised for issue by the board on 29 April 2024 and were signed on its behalf by:

Nigel Lee
Director

Consolidated Statement of Cash Flows for the year ended 31 December 2023

	Notes	Group 2023 £'000	Group 2022 £'000
Cash flows from operating activities			
Operating (loss) before tax		**(1,763)**	(963)
Movement on put option		**120**	-
Gain on transfer of intangible asset		**(44)**	-
Net fair value loss on financial assets measured at fair value through profit or loss		**711**	-
Share option charge		**307**	140
Share based adjustment to former director		**-**	8
Operating cash flow before working capital movements		**(669)**	(815)
(Increase) / Decrease in trade and other receivables	13	**(24)**	16
Increase / (Decrease) in trade and other payables	16	**13**	(73)
Cash used in operations		**(680)**	(872)
Tax received		**41**	-
Net cash used in operating activities		**(639)**	(872)
Cash flows from investing activities			
Purchase of a Put Option*	13	**-**	(120)
Net cash used in investing activities		**-**	(120)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares (net of issue costs)	15	**305**	480
Proceeds from shares to be issued		**-**	115
Net cash generated from financing activities		**305**	595
Net increase / (decrease) in cash and cash equivalents		**(334)**	(397)
Cash and cash equivalents at the start of the year	14	**478**	875
Cash and cash equivalents at the end of the year	14	**144**	478

The notes on pages 45 to 60 are an integral part of these financial statements.

* Included in the movements in investing activities is a non-cash movements of £2,080,000 explained further in note 11 and 12 related to the transfer of the intangible assets to the investment in Conduit Pharmaceuticals Limited.

Company Statement of Cash Flows for the year ended 31 December 2023

	Notes	2023	2022
		£'000	£'000
Cash flows from operating activities			
Loss before tax		**(1,540)**	(627)
Share option charge		**307**	140
Movement on put option		**120**	-
Gain on transfer of intangible asset		**(44)**	-
Net fair value loss on financial assets measured at fair value through profit or loss		**711**	-
Operating cash flow before working capital movements		**(446)**	(487)
Change in trade and other receivables	13	**(14)**	10
Change in trade and other payables	16	**(27)**	(8)
Net cash used in operating activities		**(487)**	(485)
Cash flows from investing activities			
Purchase of Put Option*	13	**-**	(120)
Change in intra group funding		**(212)**	(374)
Net cash used in investing activities		**(212)**	(494)
Cash flows from financing activities			
Proceeds from the issue of ordinary shares (net of issue costs)	15	**305**	480
Proceeds from shares to be issued		**-**	115
Net cash generated from financing activities		**305**	595
Net (decrease) /increase in cash and cash equivalents		**(394)**	(384)
Cash and cash equivalents at the start of the year	14	**464**	848
Cash and cash equivalents at the end of the year	14	**70**	464

The notes on pages 45 to 60 are an integral part of these financial statements.

* Included in the movements in investing activities is a non-cash movements of £2,080,000 explained further in note 11 and 12 related to the transfer of the intangible assets to the investment in Conduit Pharmaceuticals Limited.

Consolidated statement of Changes in Equity for the year ended 31 December 2023

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 2022	**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**
Registration of shares to be issued	-	115	(115)	-	-	-	-	-
Issue of shares for cash	2	348	-	-	-	-	-	350
Costs of share issue	-	(45)	-	-	-	-	-	(45)
Share option charge	-	-	-	-	279	-	-	279
	3,504	35,335	-	10,081	478	(40,021)	(6,153)	3,224
Comprehensive Loss for the year	-	-	-	-	-	-	(1,717)	(1,717)
At 31 December 2023	**3,504**	**35,335**	**-**	**10,081**	**478**	**(40,021)**	**(7,870)**	**1,507**

The notes on pages 45 to 60 are an integral part of these financial statements.

Company statement of Changes in Equity for the year ended 31 December 2023

	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 2022	**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 2022	**3,502**	**34,917**	**115**	**10,081**	**199**	**(23,867)**	**24,947**
Registration of shares to be issued	-	115	(115)	-	-	-	-
Issue of shares cash	2	348	-	-	-	-	350
Costs of share issue	-	(45)	-	-	-	-	(45)
Share option charge for year	-	-	-	-	279	-	279
	3,504	35,335	-	10,081	478	(23,867)	25,531
Comprehensive Loss for the year	-	-	-	-	-	(1,540)	(1,540)
At 31 December 2023	**3,504**	**35,335**	**-**	**10,081**	**478**	**(25,407)**	**23,991**

The notes on pages 45 to 60 are an integral part of these financial statements.

Notes to the financial statements for the year ended 31 December 2023

1 General information

Cizzle Biotechnology Holdings PLC ("the Company" of "the Group") 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 2023 are the Group results.

(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 2023.

i) New standards and amendments – applicable 1 January 2023

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**
Amendments to IAS 1: Presentation of Financial Statements and IFRS 2: Disclosure of Accounting Policies	1 January 2023	None
Amendments to IAS 8: Accounting policies. Changes in Accounting Estimates and Errors – Definition of Accounting Estimates	1 January 2023	None
Amendments to IAS 12: Income Taxes – Deferred Tax related to Assets and Liabilities arising from a Single Transaction	1 January 2023	None
Amendments to IAS 12 International Tax Reform: Pillar Two Model Rules	1 January 2023	None

Notes to the financial statements for the year ended 31 December 2023

2 Accounting policies (continued)

ii) Forthcoming requirements
As at 31 December 2023, the following standards and interpretations had been issued but were not mandatory for annual reporting periods ending on 31 December 2023 and not early adopted.

	Effective for accounting periods beginning on or after	Impact
Amendments to IAS 1: Presentation of Financial Statements: Classification of Liabilities as Current or Non-current	1 January 2024	None
Amendments to IFRS 16 Leases: Lease Liability in a Sale and Leaseback	1 January 2024	None
Amendments to IAS1 Presentation of Financial Statements: Non-current Liabilities with Covenants	1 January 2024	None
Amendments to IAS 7 Statement of Cash Flows and IFRS 7 Financial Instruments: Disclosures: Supplier Finance Arrangements	1 January 2024	None
Amendments to IAS 21 The Effects of Changes in Foreign Exchange: Lack of Exchangeability	TBC	None

2.2 Going concern

The Directors have adopted the going concern basis in preparing the financial statements for the year ended 31 December 2023. In reaching this conclusion, the Directors have considered current trading and the current and projected funding position for approximately 20 months from the date of approval of the financial statements through to 31 December 2025. The forecasts have been prepared using a number of scenarios – a base case assumes receipt of minimum royalty payments as explained in Note 24 and an extended research scenario into other cancers that is financed by the part sale of a current asset investment. These scenarios show that the Group continues to be a going concern. The directors have concluded that the Group has sufficient funds in order to meet its committed liabilities as they fall due for the foreseeable future. Should funding from these scenarios not arise, then the Group would manage its working capital according to its needs through the orderly divestment of its current asset investment in a NASDAQ-listed company. This would ensure that the Group has sufficient cash resources for at least 12 months from the date of signing these accounts, as well as meeting the goals within its business plan.

Current funding
The Group's cash balance as at 31 December 2023 was £144,000 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.

On 26 March 2024 the Group announced that it has undertaken a conditional placing of 31,050,000 new ordinary shares of 0.01p each ("Ordinary Shares") in the Company (the "Placing") at a price of 2 pence per share (the "Issue Price") raising approximately £0.62 million before expenses for the Company. The net proceeds of the Placing will be utilised towards completing the Company's first proposed commercial test to detect CIZ1B, further protect the Company's Intellectual Property (IP), progress the Company's research with the University of York and for general corporate purposes.

Upon completion of the Placing, the Company intends to terminate the £500,000 loan facility agreement with E3 Fund SP entered into on 20 September 2022. This facility has not been drawn down.

The Company also agreed to issue 1,500,000 new Ordinary Shares at 2p per new ordinary share in satisfaction of a payment of £30,000 for professional advisory services to Novum Securities Limited.

Notes to the financial statements for the year ended 31 December 2023

2 Accounting policies (continued)

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 Group and Company have 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 and its subsidiaries 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.

2.6 Investments classified as current assets
Assets that do not meet the criteria for amortised cost or fair value through other comprehensive income ("FVOCI") are measured at fair value through profit or loss ("FVPL"). A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in profit or loss and presented net within other gains / (losses) in the period in which it arises.

2.7 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.

2.8 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. Note 23 describes all equity categories in further detail.

2.9 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 Accounting policies (continued)

2.10 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.

2.11 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.

2.11 Financial instruments (continued)

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.

2.12 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)

Notes to the financial statements for the year ended 31 December 2023

3 Reverse acquisition (continued)

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 Level One investment risk, 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. The credit risk on the current asset investment arises from the investment in a Nasdaq quoted company. The Group reviews the market price of this investment on a daily basis.

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

Notes to the financial statements for the year ended 31 December 2023

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 Company's principal judgement in 2023 relate to its impairment review of its investment in its subsidiary company, CBL. In 2022 relate to its impairment review of its's intangible assets (AZD 1656). Following the review of these assets at 31 December 2023 the directors considered that no impairment loss is required to be made.

b) Accounting estimate

Share based payments

See Note 15 which explains the methods used to estimate the fair value of share options granted.

6 Operating expenses

	Group 2023 £'000	Group 2022 £'000
Research and development	**214**	280
Professional advisers	**173**	180
Staff costs	**146**	154
Intellectual property renewal fees	**22**	38
Regulatory fees	**13**	68
Share based payment	**-**	8
Audit fees (Note 7)	**36**	31
Other expenditure	**65**	64
On-going administrative costs	**669**	823
Share option charge	**307**	140
Cost associated with put option	**120**	-
Gain on transfer of intangible asset	**(44)**	-
Net fair value loss on financial asset measured at fair value through profit or loss	**711**	-
Total administrative expenses	**1,763**	963

7 Auditor's remuneration

	Group 2023 £'000	Group 2022 £'000
Fees payable to the Company's auditor for the audit of the Group, Company and subsidiary financial statements	**36**	31
	36	31

8 Directors' emoluments

	Group 2023 £'000	Group 2022 £'000	**Company 2023 £'000**	Company 2022 £'000
Wages and salaries	**196**	300	**133**	143
Social Security Costs	**22**	39	**15**	17
Pension Contributions	**5**	5	**3**	3
Share based payments*	**307**	140	**307**	140
	530	484	**458**	303

Notes to the financial statements for the year ended 31 December 2023

Directors' emoluments (continued)

*****Included in the share based payment charge is £28,000 related to the employee contribution of the national insurance which has been accrued for as the Company has taken on the obligation on the employee's behalf.

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 2023 £'000	Group 2022 £'000
Research and development tax credits		
- Current year	**(47)**	(47)
- Prior year	**1**	(4)
	(46)	(51)

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 2023 £'000	Group 2022 £'000
Loss before tax on continuing operations	**(1,763)**	(963)
Tax calculated at the domestic rate applicable of 19%* (2022: 19%)	**(335)**	(183)
Expenses not deductible for tax purposes	**209**	27
Tax losses for which no deferred tax credit was recognised	**126**	156
Research and development tax credit	**(46)**	(51)
Total income tax credit	**(46)**	(51)

19% has been used as the Company generates profits of less than £50k

10 Earnings per share

Basic loss per share

	Group 2023	Group 2022
Loss for the year	**(1,717,000)**	(912,000)
Weighted average number of ordinary shares	**355,861,445**	291,322,970
Basic loss per share	**(0.5p)**	(0.3p)

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.

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 2023 and 31 December 2022 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 2023, there were share options outstanding over 48,685,443 shares (2022: 19,742,945 shares), which could potentially have a dilutive impact in the future.

11 Non- Current assets

	Group 2023 £'000	Group 2022 £'000	Company 2023 £'000	Company 2022 £'000
Investment in subsidiary undertakings	**-**	-	**21,803**	21,803
Intangible assets	**-**	2,080	**-**	2,080
Total investments	**-**	2,080	**21,803**	23,883

a. Investments in subsidiary undertakings - Company

	2023 £'000	2022 £'000
Opening balance	**21,803**	21,803
Acquisition during the year	**-**	-
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

	2023 £'000	2022 £'000
Opening balance	**2,080**	200
Acquisition during the year	**-**	1,880
Disposal (traded for investment measured at fair value through profit or loss)*	**(2,080)**	-
Closing balance	**-**	2,080

* During the current year the Company exercised a put option which meant that the intangible asset was traded for an investment in Conduit Pharmaceuticals Limited ("Conduit") as set out in Note 12 resulting in a gain of £44,000.

On 14 February 2022, the Company entered into a definitive agreement (the "Agreement") with 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").

Notes to the financial statements for the year ended 31 December 2023

11 Non- Current assets (continued)

b. Intangible assets – Group and Company (continued)

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 expected value of £3.25 million to be satisfied through the issuance of new shares in Conduit (the "Option"). On transfer of the shares to the Company, the shares were worth £2.12 million (refer to note 12). 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 in 2022 was accounted for under prepayments (see Note 13).

On 26 September 2023 the Company exercised the option to acquire £3,250,000 payable in shares in Conduit Pharmaceuticals Inc, a company that was subsequently listed on NASDAQ during December 2023. The Company were not able to have these shares registered with its custodian until January 2024.

b. Intangible assets – Group (continued)

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.

Notes to the financial statements for the year ended 31 December 2023

12. Current asset investment

	Group 2023 £'000	Group 2022 £'000	**Company 2023 £'000**	Company 2022 £'000
Investment	**1,413**	-	**1,413**	-
Total investments	**1,413**	-	**1,413**	-

Investment – Group and Company

	2023 £'000	2022 £'000
Transfer from intangible asset*	**2,124**	-
Measurement loss of level1 investment at year end	**(711)**	-
Market value of Investment at 31 December 2023	**1,413**	-

* During the current year the Company exercised a put option which meant that the intangible asset was traded for an investment in Conduit Pharmaceuticals Limited ("Conduit") as set out in Note 11 resulting in a gain of £44,000.

The investment noted above represents shares held in Conduit Pharmaceuticals Inc, a NASDAQ-listed company as mentioned in Note 11. The investment is a level 1 investment and has been valued at its market value on 31 December 2023.

13 Trade and other receivables

	Group 2023 £'000	Group 2022 £'000	**Company 2023 £'000**	Company 2022 £'000
Amounts due from subsidiaries	**-**	-	**801**	590
Social security and other taxes	**14**	7	**6**	8
Corporation tax recoverable	**95**	88	**-**	-
Prepayments and other receivables	**27**	132	**23**	128
	136	227	**830**	726

Prepayments include £Nil (2022: £120,000) for a Put Option that was acquired during the year and paid in cash. During 2023 the Put Option was exercised in order to obtain the current asset investment (Note 12). Amounts due from subsidiary undertakings at 31 December 2023 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 2023, trade and other receivables of £Nil (2022: £Nil) were impaired.

Notes to the financial statements for the year ended 31 December 2023

14 Cash and cash equivalents

	Group 2023 £'000	Group 2022 £'000	**Company 2023 £'000**	Company 2022 £'000
Cash on hand and balances with banks	**144**	478	**70**	464
	144	478	**70**	464

15 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 1 January 2023	339,804	12,383,626	225,158
Issued	24,038	-	-
At 31 December 2023	**363,842**	**12,383,626**	**225,158**

The above table reflects the full authorised and fully paid shares of the Company at 31 December 2023. There are no shares issued that are partly paid. 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 2023	35	1,238	2,229	3,502
Issued during the year	2	-	-	2
At 31 December 2023	**37**	**1,238**	**2,229**	**3,504**

During the year ended 31 December 2023, the following shares were issued:

	No of shares issued 000s	**Issue price per share Pence**
5 Jan 2023 – Subscription (cash)	7,371	1.6p
23 June 2023 – Subscription (cash)	16,667	2.1p
Total issued	**24,038**	

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 in 2021 was accounted for as a cost to the Company and a reduction of the share premium account. In June 2023 the Group raised net proceeds, before expenses, of £305,000 (gross proceeds: £350,000).

On 11 April 2024 32,550,000 new Ordinary Shares were admitted to the Main Market of the London Stock Exchange due to a share placing that raised gross proceeds of approximately £0.62m (before expenses) and the settlement of £30,000 of professional fees. This is further explained in Note 24.

Notes to the financial statements for the year ended 31 December 2023

15 Share capital (continued)

Employee share scheme

The Company has an Executive Share Option Scheme. The exercise terms of all granted options as at 31 December 2023 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	19,741,345	10.00	2021 (based on performance)
2023	28,942,498	2.19376p	2024

The number and weighted average exercise price of the options that were exercisable at 31 December 2023 were 19,742,945 and 10.0p respectively. The share based payment charge for the year was £307,000 (2021: £140,000). Included in the share based payment charge is £28,000 related to the employee contribution of the national insurance which has been accrued for as the Company has taken on the obligation on the employee's behalf. 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 2022	10.00	19,742,945
Granted during year	2.19	28,942,498
At 31 December 2023	**5.35**	**48,685,443**

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 2023
2025	**5.02**	**300**
2026	**1.85**	**800**
2027	**1.00**	**500**
2031	**10.00**	**19,741,345**
2033	**2.19**	**28,942,498**
		48,685,443

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
2023	1.95p	2.19p	10 years	58.4%	0%	4.93%	1.32p

Notes to the financial statements for the year ended 31 December 2023

16 Trade and other payables

	Group 2023 £'000	Group 2022 £'000	**Company 2023 £'000**	Company 2022 £'000
Trade payables	**92**	41	**41**	40
Social security and other taxes	**7**	8	**7**	8
Accruals and other payables	**87**	96	**77**	78
	186	145	**125**	126

	Group 2023 £'000	Group 2022 £'000	**Company 2023 £'000**	Company 2022 £'000
Due or due in less than one month	**68**	16	**17**	15
Due between one and three months	**17**	25	**17**	25
Due in more than three months	**7**	-	**7**	-
	92	41	**41**	40

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 2023 £'000	Group 2022 £'000	**Company 2023 £'000**	Company 2022 £'000
Amounts due from subsidiaries (Note 13)	**-**	-	**801**	590
Other receivables (Note 13)	**5**	132	**-**	128
Cash and cash equivalents (Note 14)	**144**	478	**70**	464
Financial assets at amortised cost	**149**	610	**871**	1,182
Financial assets at fair value through profit or loss (Note12)	**1,413**	**-**	**1,413**	-

	Group 2023 £'000	Group 2022 £'000	**Company 2023 £'000**	Company 2022 £'000
Trade payables (Note 16)	**92**	41	**41**	40
Accruals and other payables (Note 16)	**87**	96	**77**	78
Financial liabilities at amortised cost	**179**	137	**118**	118

18 Deferred income tax

There is an un-provided deferred tax asset arising on taxable losses of £0.72m (2022: £0.64m). 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 2023 there was no deferred tax liability (2022: £Nil).

19 Commitments

The Group has no commitments as at 31 December 2023 (2022: £Nil).

20 Related party transactions

Transactions with directors

At 31 December 2023 there were no balances owed to directors other that recent expense claims totalling £6,120 which were paid during January 2024. 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. During 2023 the group paid £10,000 to Dr Justin Ainscough for research and development consultancy work. Dr Ainscough is a shareholder and husband to Professor Dawn Coverley, a director of the Company.

21 Controlling party

The directors consider there to be no ultimate controlling party.

22 Capital management

In managing its capital structure, the Group and Company's objective is to safeguard the Group and 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 2023 £'000	Group 2022 £'000	**Company 2023 £'000**	Company 2022 £'000
Total debt	**-**	-	**-**	-
Total equity	**1,507**	2,640	**23,991**	24,947
Debt-to-equity ratio	**0.0%**	0.0%	**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 Post balance sheet events

Funding
On 26 March 2024 the Company announced that it has undertaken a conditional placing of 31,050,000 new ordinary shares of 0.01p each ("Ordinary Shares") in the Company (the "Placing") at a price of 2 pence per share (the "Issue Price") raising approximately £0.62 million before expenses for the Company. The net proceeds of the Placing will be utilised towards completing the Company's first proposed commercial test to detect CIZ1B, further protect the Company's Intellectual Property (IP), progress the Company's research with the University of York and for general corporate purposes.

Upon completion of the Placing, the Company intends to terminate the £500,000 loan facility agreement with E3 Fund SP entered into on 20 September 2022. This facility has not been drawn down.

The Company also agreed to issue 1,500,000 new Ordinary Shares at 2p per new ordinary share in satisfaction of a payment of £30,000 for professional advisory services to Novum Securities Limited.

The total issue of 32,550,000 new Ordinary Shares were admitted to the Main Market of the London Stock Exchange on 11 April 2024.

Research & development
Since the release of the Group's interim results to 30 June 2023 on 28 September 2023, Cizzle has continued to make progress in the development of the Company's proprietary assay for the CIZ1B biomarker, which is highly associated with early-stage lung cancer. In particular, the Company has successfully completed an antibody development programme with ProteoGenix, a France-based antibody development and production contract research organisation (CRO), with a track record in generating antibodies from development to production for therapeutic, diagnostic and research use. The Directors believe that the new antibodies from this development programme should extend the range and proprietary rights that the Company has for detecting the CIZ1B Biomarker.

Strategic Licensing and Partnership Memorandum of Understanding for North America

The Company announced on 2 April 2024 a non-binding Memorandum of Understanding ("MoU") for a strategic and exclusive licensing agreement to develop and offer its proprietary test for the CIZ1B biomarker which is highly associated with early-stage lung cancer, throughout the USA and Canada ("North America").

The new partnership is intended to incorporate the Company's existing relationship with Corepath Laboratories, a full-service cancer reference laboratory, as announced on 6 May 2022, through a dedicated, recently incorporated, US based company Cizzle Bio Inc ("BIO").

The Key highlights of the MoU are as follows:

- The MoU envisages Cizzle providing an exclusive licence to BIO to develop and market clinical diagnostic assays based on the CIZ1B biomarker to facilitate the early detection of lung cancer in North America ;
- Cizzle will receive an up-front payment of US$100,000 within 30 days as a non-refundable fee to grant BIO an exclusive negotiating period of 120 days;
- Subject to entering binding documentation, Cizzle will receive minimum advance royalty payments of US$2.3 million over a period of 30 months, payable as to US$0.3 million on signing the binding agreement and a further US$1.0 million on each of the fifteenth and thirtieth month anniversaries of signing as part of annual royalty fees of 10% of net sales
- BIO intends to fully fund all expenditure on development, clinical trials, accreditation and marketing of diagnostic tests for the CIZ1B Biomarker in North America which would represent a significant saving on current planned expenditure by the Company;
- Cizzle will participate in the ownership of BIO through a grant of a 10% equity stake in BIO for no cash consideration; and
- Cizzle will benefit from inventions and improvements to CIZ1B technology for sale in the rest of the world.