

## Pharmaceuticals & Biotechnology



Source: Refinitiv

### Market data

|                    |          |
|--------------------|----------|
| EPIC/TKR           | CIZ      |
| Price (p)          | 1.65     |
| 12m high (p)       | 5.25     |
| 12m low (p)        | 1.30     |
| Shares (m)         | 278.4    |
| Mkt cap (£m)       | 4.6      |
| EV (£m)            | 3.7      |
| Free float         | 73%      |
| Country of listing | UK       |
| Currency           | GBP      |
| Market             | LSE Main |

### Description

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

### Company information

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

[www.cizzlebiotechnology.com](http://www.cizzlebiotechnology.com)

### Key shareholders

|                           |       |
|---------------------------|-------|
| Directors                 | 4.8%  |
| Yorkshire Cancer Research | 11.6% |
| University of Leeds       | 4.0%  |
| University of Sheffield   | 4.0%  |

### Diary

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|--------|-----------------|
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|--------|-----------------|

### Analyst

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# CIZZLE BIOTECHNOLOGY

## Interim results – due September

Cizzle, focused on cancer diagnostics, was spun out of the University of York to exploit the biomarker, variant CIZ1b, for the early detection of different forms of lung cancer. While implementing this strategy over the past year, Cizzle's interest has been broadened to include early detection of other cancers and companion diagnostic tests that can assist in the development and use of personalised medicines. During the past 18 months, despite its limited resources, Cizzle has secured key partners to generate monoclonal antibodies (mAb) and reagents for a commercial test, and signed licensing and royalty deals.

- **Strategy:** Cizzle is a diagnostic company that is progressing a biomarker diagnostic assay, which aims to deliver a simple blood test for lung cancer that can pick up the disease earlier to improve the chances of survival, and to greatly reduce the need for unnecessary follow-up tests and tissue biopsies.
- **Progress:** Over the past 18 months, Cizzle has generated mAbs with key suppliers, developed reagents, optimised assay conditions needed for a commercial test, and signed development and commercial deals in the key markets of China and the US. It has also signed potential long-term income streams through royalty deals.
- **1H'22 results:** The interim results announcement, due by the end of September, is unlikely to contain anything major. Management is continuing to carefully control costs, which is largely the corporate overhead, in order to preserve its cash runway for as long as possible.
- **Risks:** Cizzle is a small company with limited resources. Development of a commercial test kit for lung and other cancers is dependent on the optimisation of the mAbs and reagents, and validation, in a small trial. Development and commercial deals in key territories have greatly reduced R&D costs and risks.
- **Investment summary:** Since listing, Cizzle has delivered a stream of positive news, particularly the collaborations and strategic partnerships that accelerate the number and magnitude of potential income streams. Delivery of the detector mAbs and reagents for the commercial test was a significant milestone, and triggers the development in China and the US. Despite this news, the shares appear underappreciated, leaving the company trading on an EV of just £3.7m.

### Financial summary and valuation

| Year-end Dec (£000) | 2019  | 2020  | 2021    | 2022E | 2023E   | 2024E   |
|---------------------|-------|-------|---------|-------|---------|---------|
| Sales               | 0     | 0     | 0       | 0     | 0       | 0       |
| SG&A                | (22)  | (15)  | (391)   | (500) | (550)   | (605)   |
| R&D                 | 0     | 0     | (161)   | (350) | (1,100) | (650)   |
| Other income        | 0     | 0     | 0       | 400   | 600     | 0       |
| Underlying EBIT     | (22)  | (15)  | (851)   | (500) | (1,300) | (1,518) |
| Reported EBIT       | (22)  | (15)  | (3,958) | (500) | (1,300) | (1,518) |
| Underlying PBT      | (22)  | (15)  | (851)   | (500) | (1,300) | (1,518) |
| Statutory PBT       | (22)  | (15)  | (3,958) | (500) | (1,300) | (1,518) |
| Underlying EPS (p)  | (6.9) | (4.8) | (0.5)   | (0.2) | (0.4)   | (0.5)   |
| Statutory EPS (p)   | (6.9) | (4.8) | (2.4)   | (0.2) | (0.4)   | (0.5)   |
| Net (debt)/cash     | 13    | (3)   | 875     | 510   | (420)   | (1,387) |
| Equity issues       | 0     | 0     | 2,200   | 1,000 | 880     | 0       |

Source: Hardman &amp; Co Life Sciences Research