EDISON

Sareum Holdings

AGM update

AGM produces key highlights

Healthcare

Sareum's annual general meeting (AGM) on 16 December provided key updates on its upcoming business plans. Final toxicology and safety studies for lead asset SDC-1801 (which is essential in applying for an exploratory clinical trial authorisation, CTA) have been completed, with study data expected to be finalised by Q122. CTA filing remains on track for mid-2022. The funding situation has been bolstered with the most recent fund-raising (£1.63m on 16 December) and Sareum estimates the pro forma cash balance (c £6m) to be sufficient to take SDC-1801 through Phase Ia clinical trials and complete preclinical studies for SDC-1802. A key highlight of the AGM was the board's decision to consider undertaking a share consolidation in 2022 (terms of the consolidation will be discussed at an extraordinary general meeting (EGM) planned for early 2022). The intention is to reduce the number of shares outstanding (currently 3.37bn) with the objective of generating interest from institutional investors.

Year end	Revenue (£m)	PBT (£m)	EPS (p)	DPS (p)	P/E (x)	Yield (%)
06/18	0.0	(1.7)	(0.06)	0.0	N/A	N/A
06/19	0.0	(1.7)	(0.05)	0.0	N/A	N/A
06/20	0.04	(1.1)	(0.03)	0.0	N/A	N/A
06/21	0.0	(1.7)	(0.05)	0.0	N/A	N/A

Source: Company data

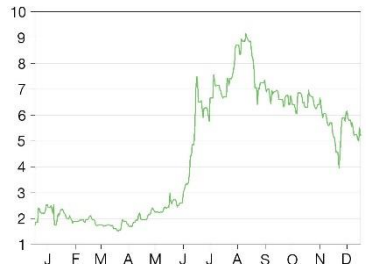
We are encouraged to see final preclinical toxicology and safety studies for SDC-1801 being completed, but see the results from the study (data analysis underway) as crucial to Sareum's plans for a CTA filing, particularly in light of increasing toxicity concerns around the JAK class of assets (see our previous update for more details). Sareum intends to use these data to determine the appropriate first-in-human dose and identify which organs/tissues are susceptible to high-dose toxicity. It has disclosed that although data analysis is ongoing, the initial results are encouraging and support SDC-1801's progression to the clinic. As indicated in our previous note, the exploratory study will assess the safety of SDC-1801 in healthy volunteers (trial design being finalised), during which time Sareum will explore initial target indications for SDC-1801. Importantly, the company expects SDC-1801's clinical development to support the asset's advancement as a potential treatment for COVID-19-related respiratory symptoms, for which it is seeking funding from the UK government's AGILE platform/equivalent platforms. We also anticipate faster progression in the development of SDC-1802 (currently undergoing translational studies to identify an optimal cancer indication and patient population) once SDC-1801 enters the clinic. The funding situation appears satisfactory with the most recent fund-raise (32.6m shares issued at 5p to high-net-worth individuals) taking the pro forma cash balance to c £6m. Sareum expects this capital pool to be adequate to complete Phase Ia trials for SDC-1801 and conclude preclinical studies for SDC-1802 (expected to complete in 2023).

A key takeaway from the AGM was Sareum's decision to consider a share consolidation in 2022. The motivation is to reduce the number of shares outstanding (currently 3.37bn) to help improve the company's attractiveness to institutional investors. The proposed terms of a share consolidation will be put to shareholders for approval at an EGM planned for early 2022.

17 December 2021

Price	**5.2p**
Market cap	**£175m**
Net cash (£m) at 30 September 2021	4.4
Shares in issue	3.37bn
Free float	96.7%
Code	SAR
Primary exchange	AIM
Secondary exchange	N/A

Share price performance



Business description

Sareum Holdings is a UK-based drug development company, specialising in small molecule kinase inhibitors. Its lead programmes are its preclinical TYK2/JAK1 inhibitors, SDC-1801 for autoimmune diseases and SDC-1802 for cancer. SDC-1801 is undergoing advanced toxicology studies with a target to file a CTA in mid-2022. Other programmes include the CHK1 inhibitor SRA737, out-licensed to Sierra Oncology (Sareum holds a 27.5% stake of the economics of the licence agreement) and the de-prioritised FLT3+Aurora kinase.

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Edison profile page

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