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THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF THE MARKET ABUSE REGULATION (EU) 596/2014 AS IT FORMS PART OF UK DOMESTIC LAW BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018 ("MAR"), AND IS DISCLOSED IN ACCORDANCE WITH THE COMPANY'S OBLIGATIONS UNDER ARTICLE 17 OF MAR.

## Sareum Holdings PLC

("Sareum" or the "Company")

### Equity Prepayment Facility of up to £5 million

**Cambridge, UK, 3rd August 2023** - Sareum Holdings plc (AIM: SAR), a clinical-stage biotechnology company developing next generation kinase inhibitors for autoimmune diseases and cancer, is pleased to announce that it has agreed terms on an Equity Prepayment Facility of up to £5 million (the "Facility") with RiverFort Global Opportunities PCC Ltd (the "Investors" or "RiverFort") as arranged by RiverFort Global Capital Ltd, with an initial deposit of £2 million (the "First Deposit"), expected to be received by the Company on 4<sup>th</sup> August 2023 (the "Execution Date"), net of associated costs.

The Company intends to use the Facility, if fully drawn, together with the receipt of anticipated tax credits to the amount of £1.6 million, to complete the Phase 1a/b clinical development of the Company's lead candidate SDC-1801, which is expected to be a primary catalyst for driving shareholder value, and for general working capital to Q4 2024.

SDC-1801 is a dual TYK2/JAK1 kinase inhibitor being developed as a potential new therapeutic for a range of autoimmune diseases with an initial focus on psoriasis, an autoimmune condition affecting the skin.

#### Dr Tim Mitchell, CEO of Sareum, commented:

*"Our lead candidate SDC-1801 is progressing well in its development. This agreement with RiverFort provides important support for the trial and general working capital."*

*"This funding, if fully drawn, alongside anticipated tax credits, allows us to complete plans for the Phase 1b portion of the trial once the Phase 1a part is concluded, and provides cash runway into Q4 2024."*

*"We're delighted to have this commitment, which will be critical for us in advancing this promising candidate through clinical development and supporting our broader portfolio of TYK2/JAK1 kinase inhibitors."*

*"The Company expects to provide a further update on the trial of SDC-1801 once initial safety and pharmacokinetic data observed in the single ascending dose part of the study provide sufficient support for progression to Part 2 of the study, the multiple ascending dose, expected in H2 2023."*

#### The key terms of the Facility:

- RiverFort has committed to providing an Equity Prepayment Facility of up to £5 million.
- The First Deposit of £2 million.
- Two further committed deposits of £0.3 million each on the 3-month and 6-month anniversaries of the First Deposit (the "Further Deposits")
- A fourth deposit, on the 6-month anniversary of the date of the First Deposit, of up to £1.4 million (the "Fourth Deposit") subject to the Customary Conditions (defined below) and the following trading conditions:

a) the maximum amount deposited and outstanding being not greater than 10% of the market capitalisation

- a) the maximum amount deposited and outstanding being not greater than 10% of the market capitalisation of the Company at the time of the deposit.
  - b) the maximum amount drawn and outstanding being not greater than a 15x multiple to the 10-day and 20-day Average Daily Traded Value of the Company's ordinary shares.
  - c) maximum amount deposited and outstanding being not greater than £1 million prior to the deposit.
- Future deposits, to the balance of up to £1 million (the "Future Deposits"), may be mutually agreed between the Company and RiverFort.
- All deposits will be subject to customary conditions precedent (including sufficient authority to allot shares and grant warrants to the Investors and disapply pre-emption rights, and no material adverse change to the Company or its group since the Execution Date) (the "Customary Conditions").
- In respect of the First Deposit, RiverFort will be issued 1,953,543 ordinary shares of 1.25p each ("Ordinary Shares"), based on a reference price of 102.3781 pence (the "Initial Reference Price") (the "Initial Placing Shares").
- In respect of any subsequent deposits, RiverFort will be issued, at the time of each relevant deposit, such number of new Ordinary Shares as determined by the quantum of the deposit divided by the average of the 5 daily VWAPs preceding the date of the relevant deposit being made (the "Reference Price") (the "Placing Shares"). The Initial Placing Shares and any subsequent Placing Shares will be issued at nominal value.
- The term of the Facility (other than the Future Deposits) is two years from the Execution Date (the "Maturity Date"), the term of any Future Deposits may be mutually agreed between the Company and RiverFort, provided that it is not more than two years from the date thereof.
- The Facility automatically terminates once the Facility is redeemed in full.
- During the Term of the Facility, RiverFort may from time to time, to settle the amounts drawn and outstanding with respect to the deposits, interest, default interest and/or any fees specified, elect to dispose of the Initial Placing Shares and any subsequently issued Placing Shares. The amount outstanding under the Facility deemed to be redeemed by such disposals will be equivalent to the number of ordinary shares disposed of multiplied by the lower of: (a) the lower of 130% of the Reference Price applicable to the relevant deposit, and the price at which the Company has issued any Shares in an equity fundraising whilst any balance is outstanding (if the placing price for such equity fundraising is below the Reference Price) (the "Fixed Premium Placing Price"); or (b) 10% discount to the average of the lowest 4 daily VWAPs in the 15 trading days preceding each relevant subscription notice (the "Adjusted Placing Price") (together, the "Placing Subscription Price").
- If the Investors have disposed of all the Initial Placing Shares or subsequent Placing Shares during the term of the Facility and amounts remain outstanding, the Investors can issue subscription notices to the Company to receive further subscription shares (the "Subscription Shares"). The subscription price payable by the Investors will be applied to reduce the principal amount of Deposits (and any associated interest) outstanding pursuant to the Facility. The number of Subscription Shares to be issued would be calculated at the lower of the Fixed Premium Placing Price and the Adjusted Placing Price.
- If disposals and/or subscriptions at the Placing Subscription Prices have not been completed so as to fully settle the principal amount of Deposits (and any associated interest) outstanding during the term, the amounts drawn and outstanding shall be redeemed on the Maturity Date. In the event the principal amount of Deposits outstanding (and any associated interest) has been fully repaid at the Maturity Date and the Investors still hold any Placing or Subscription Shares, such shares will be disposed of in consultation with the Company and 95% of the net sale proceeds will be remitted to the Company.
- No interest is payable on the First Deposit, the Further Deposits and the Fourth Deposit. Interest on any Future Deposit shall be mutually agreed between the Company and RiverFort.
- A 4.5% placing fee will be deducted from any deposit that is made to the Company.
- A £50,000 implementation fee will be payable by the Company, which is to be satisfied by the issue of new Ordinary Shares at the Initial Reference Price as an implementation fee for the Facility.
- The Investors will also be granted a number of warrants equal to 45% of each deposit divided by the relevant Reference Price. The exercise price of the warrants payable to the Company will be a 40% premium to the relevant Reference Price (the "Warrant Price") and with a 48-month term ("Warrant Term"). Accordingly, RiverFort will be granted 879,094 warrants at the time of the First Deposit, exercisable at 143.33 pence each.
- Should the Company undertake a share placing during each relevant Warrant Term, the Warrant Price will be reset to the placing price if the resultant Warrant Price would be lower.

#### **Background to and reasons for the Equity Prepayment Facility**

On 11 November 2024, the Company announced that it had entered into a £100 million Equity Prepayment Facility with RiverFort, a subsidiary of River Capital Limited, to provide it with a flexible source of funding to support its operations and growth.

Sareum is a clinical stage, small molecule drug development company developing next generation kinase inhibitors for autoimmune diseases and cancer. The Company's pipeline is focused on the JAK kinase cell signalling family, which is important for maintaining a healthy immune system. This is an area of growing commercial focus with good scientific validation.

The Company's lead candidate, SDC-1801, simultaneously inhibits the TYK2 and JAK1 signalling pathways. SDC-1801 is a potential treatment for a range of autoimmune diseases and is currently in Phase 1a/b clinical development with an initial focus on psoriasis, a disease affecting more than 125 million people worldwide<sup>[1]</sup> and with a potential market value of \$48 billion.

A Phase 1a clinical study is underway in Australia investigating the safety and pharmacokinetics of an oral formulation of SDC-1801 in ascending doses administered to healthy subjects.

Full safety data from this trial are expected to be available during the first half of 2024 and, provided satisfactory results are obtained and funding is available under the Facility or otherwise, a Phase 1b clinical study is expected to commence as soon as possible thereafter in psoriasis patients.

The Directors have assessed a number of financing options for the Company including an equity raise and believe that the Facility is the best option available to the Company at the present time in order to further fund its progress.

The First Deposit, Further Deposits and anticipated tax credits during the remainder of 2023 are expected to be sufficient to enable the Company to complete the Phase 1a part of the SDC-1801 clinical study, and to provide funding through to Q1 2024.

In the event that the Company is unable to draw down the majority of the additional £2.4 million potentially available under the Facility as and when expected, the Company will require alternative funding to complete the Phase 1b clinical developments activities being progressed and to provide working capital.

#### **General Meeting**

The Initial Placing Shares and the Placing Shares to be issued in connection with the committed deposit of £0.3 million on the 3-month anniversary of the First Deposit, and the relevant Warrants to be granted, to RiverFort pursuant to the Facility will be allotted pursuant to the Company's existing general authority to issue shares on a non pre-emptive basis, as granted by the Company's shareholders at the Company's Annual General Meeting on 16 December 2022. The Company will seek approval from shareholders to renew this general authority at its next annual general meeting in order to allot additional Placing Shares in connection with subsequent deposits, and to grant the relevant Warrants, to RiverFort in respect of future prepayments where draw down is effected following such next annual general meeting.

If the resolutions are not passed, the Company will not be able to draw down any further amounts under the Facility. This would materially and adversely affect the Company's business plans and severely impact its ability to meet its intended timeline for the development of SDC-1801 and SDC-1802.

#### **Application for admission to trading**

Application will be made to the London Stock Exchange plc for the admission of 2,002,382 new Ordinary Shares, being the Initial Placing Shares and the new Ordinary Shares issued to RiverFort as an implementation fee, to trading on AIM ("Admission").

It is expected that Admission of the Initial Placing Shares and the new Ordinary Shares issued to RiverFort as an implementation fee will occur at 8.00 a.m. (London time) on Tuesday 8th August 2023.

Immediately following Admission, the Company will have 70,071,797 ordinary shares of 1.25 pence each in issue; therefore the total voting rights in the Company will be 70,071,797. This figure may be used by shareholders in the Company as the denominator for the calculations by which they may determine if they are required to notify their interest in, or a change to their interest in, the share capital of the Company under the FCA's Disclosure Guidance and Transparency Rules.

Sareum's investor presentation can be found at the following link:

<https://sareum.com/wp-content/uploads/2023/08/Sareum-Company-July-2023.pdf>

**-Ends-**

**For further information, please contact:**

**Company Secretary:**

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#### About Sareum

Sareum Holdings (AIM:SAR) is a clinical-stage biotechnology company developing next generation kinase inhibitors for autoimmune disease and cancer.

The Company is focused on developing next generation small molecules which modify the activity of the JAK kinase family and have best-in-class potential. Its lead candidate, SDC-1801, simultaneously inhibits TYK2 and JAK1. SDC-1801 is a potential treatment for a range of autoimmune diseases and has entered Phase 1a/b clinical development with an initial focus on psoriasis.

Sareum has an economic interest in SRA737, a clinical-stage Chk1 inhibitor which it originally developed in collaboration with several Cancer Research UK-related organisations. SRA737 has shown promising safety and efficacy in two Phase 1/2 clinical trials.

Sareum is also developing SDC-1802, a TYK2/JAK1 inhibitor with a potential application for cancer immunotherapy.

Sareum Holdings plc is based in Cambridge, UK, and is listed on the AIM market of the London Stock Exchange, trading under the ticker SAR. For further information, please visit the Company's website at [www.sareum.com](http://www.sareum.com)

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[1] <https://www.psoriasis.org/psoriasis-statistics/>

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