

CORPORATE

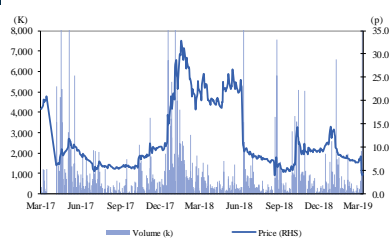
Current price 4.4p

Sector Healthcare

Code (N4P.L)

Listing AIM

SHARE PERFORMANCE



1m 3m 12m
N4P -39.2% -58.7% -79.8%

Source: Thomson Reuters, Allenby Capital

SHARE DATA

Market cap (£) 4.5m

Shares in issue (m) 101.5

52 weeks High Low

26.75 4.00

Financial year end December

Source: Company Data, Allenby Capital

LARGEST SHAREHOLDERS

Nigel Theobald 16.6%

David Farrier 11.5%

First Equity Ltd 3.45%

Source: Company Data, Allenby Capital

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N4PHARMA (N4P.L)

Room for improved outcomes

N4 Pharma is developing Nuvec®, a potentially ground-breaking nanoparticle drug delivery technology as an alternative to prevailing technologies, with possible applications across cancer therapy and immunology. Initial results of recent formulation work carried out *in vivo* have demonstrated inconsistencies compared to earlier *in vitro* studies. In our view, these results are not yet conclusive and the scope of ongoing testing in conjunction with original licensor of the technology provides scope for revision.

- Recent testing outcomes:** include Nuvec® studies conducted in collaboration with the University of Adelaide using two DNA antigens and with the Company's Contract Research Organisation (CRO). Initial results from these studies show inconsistent outcomes between the *in vitro* data generated in earlier tests and the results of initial *in vivo* studies. The *in vitro* tests for both antigens produced a positive response, however these results have not so far been replicated in *in vivo* tests. Further, Nuvec® dosing studies done by the Company using gold standard antigen Ovalbumin mRNA, have to-date produced inconsistencies between *in vitro* data and *in vivo* studies.
- Next steps:** formulation work routinely involves testing a range of key parameters which can have a significant impact on outcomes and with individual interactions multiplying the potential variations. The methods used in the recent tests could have varied from the original protocols in earlier successful testing. N4P will commission further experiments in collaboration with the original Nuvec® licensor the University of Queensland. These could more clearly define the protocols and methodology used to ensure close replication of the parameters used in original successful *in vivo* testing.
- Scope for positive outcomes:** the Company will prioritise these studies and anticipates that they will be completed along with analysis of the results over the next three to four months. On our forecasts, N4P has enough funding by means of the recent £1m net raise, to cover this work together with the planned efficacy and scale up work. So, while the inconsistencies seen are a setback, in our view these results do not provide conclusive evidence on Nuvec® efficacy. The scope of the ongoing testing gives us comfort for more positive outcomes as seen in earlier *in vivo* work by the University of Queensland.
- Conclusion:** the share price fell more than 40% on the news of the recent test results, which appears to assume that these outcomes point to a conclusive negative result whereas ongoing testing could still lead to positive efficacy outcomes. Such an event would lead to a more appropriate share price valuation.

Year End: 31 December

(£'000)	2017A	2018E	2019E	2020E
GRANT REVENUE	0.1	0.1	0.1	0.1
OPERATING LOSS	(0.9)	(1.5)	(1.8)	(1.5)
NET CASH YEAR END	1.3	0.8	0.2	0.3

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RESEARCH RECOMMENDATION DISCLOSURE

Emma Ulker is the author of this research recommendation. Emma is employed by Equity Development as an Equity Analyst.

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