

CORPORATE

Current price 3.9p

Sector Healthcare

Code (N4P.L)

Listing AIM

SHARE PERFORMANCE



Source: Fidessa, Allenby Capital

SHARE DATA

Market cap (£) 4.0

Shares in issue (m) 101.5

52 weeks	High	Low
	14.45	3.55

Financial year end December

Source: Company Data, Allenby Capital

LARGEST SHAREHOLDERS

Nigel Theobald 16.6%

David Farrier 11.5%

First Equity Ltd 3.4%

Source: Company Data, Allenby Capital

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N4PHARMA (N4P.L)

FY 2018 - Focus on building the Nuvec® dataset

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. The Company is focused on building a strong dataset for Nuvec to facilitate licensing discussions and collaborations. It is also evaluating the prospect of in-licensing new complementary assets.

- **Nuvec® moved to the fore:** During 2018, the Company switched focus onto its nanoparticle drug delivery technology Nuvec® following unsuccessful outcomes in its generics business. Post period end, N4P commissioned follow-on studies in conjunction with the University of Adelaide and its Contract Research Organisation (CRO), as well as conducting further in-house studies. However, initial *in vivo* results from these studies showed inconsistent outcomes. This was despite earlier positive *in vitro* outcomes with Nuvec® that produced positive responses using different antigens demonstrating an adjuvant effect.
- **Focus on generating data:** N4P is conducting further experiments in collaboration with original Nuvec® licensor the University of Queensland. These studies will be used define the protocols and methodology used to ensure close replication of the parameters used in original successful *in vivo* testing. N4P is developing the Nuvec® data package alongside chemistry, manufacturing and controls (CMC) scale up work and is also working on confirming Nuvec’s safety profile and achieving good manufacturing practise (GMP) ready manufacture ahead of clinical trials. The outcomes of this work will support technology transfer in future collaborations with pharmaceutical and biotech companies. Notably the potential applications of Nuvec® could be to improve the efficacy of DNA and mRNA vaccines in development.
- **Financials and forecasts:** In FY18, the N4P received £0.1m in government grant revenue. Total Opex of £1.5m, including £0.6m of admin expenses and £0.8m of R&D, took pre-tax loss to £1.4m (vs our estimate of £1.5m). Following an R&D tax credit of £0.2m, end of 2018 net cash stood at £0.8m. Post year end, the Company raised £1m net, providing a cash reach to cover ongoing Nuvec® studies through 2019 on our forecasts – reducing our FY19 R&D estimate from £1m to £0.8m to account for the timing of research activities.
- **Conclusion:** The shares have fallen more than 50% since the most recent research outcomes were reported, leaving scope for a rerating if future efficacy outcomes are positive. We look forward to hearing news on the outcomes of ongoing preclinical studies, on research or commercial collaborations as well as further detail on the type of assets to be acquired.

Year End: 31 December

(£'000)	2018A	2019E	2020E	2021E
GRANT REVENUE	0.1	0.1	0.1	0.1
OPERATING LOSS	(1.4)	(1.6)	(1.4)	(1.5)
NET CASH YEAR END	0.8	0.6	0.7	0.1

Please refer to the last page of this communication for all required disclosures and risk warnings.

EXHIBIT 1: FINANCIAL STATEMENTS

Year-end: December 31	£'000s	2018	2019E	2020E	2021E
INCOME STATEMENT					
Grant income		73	76	80	85
Cost of goods sold		0	0	0	0
Gross Profit		73	76	80	85
Administrative expenses		-644	-837	-879	-887
R&D expenses		-846	-835	-620	-651
EBITDA		-1,417	-1,595	-1,418	-1,453
Operating loss		-1,417	-1,595	-1,418	-1,453
Interest income		-1	-1	0	1
Other financing costs/income		28	0	0	0
Loss Before Taxes		-1,390	-1,596	-1,418	-1,452
Current tax income		206	80	71	73
Net result		-1,185	-1,517	-1,347	-1,379
EPS (p)		-1.3	-1.6	-1.2	-1.2
BALANCE SHEET					
Current assets		1,070	678	845	150
Cash and cash equivalents		793	563	735	127
Short-term investments		0	0	0	0
Accounts receivable		277	115	110	23
Non-current assets		0	0	0	0
Property, plant & equipment		0	0	0	0
Intangible assets		0	0	0	0
Current liabilities		-190	-306	-319	-1,003
Short-term debt		0	0	0	0
Accounts payable		-160	-275	-289	-973
Non-current liabilities		0	0	0	0
Long-term debt		0	0	0	0
Equity		880	364	517	-862
Share capital		17,964	18,964	20,464	20,464
Other		-17,084	-18,600	-19,946	-21,325
CASH FLOW STATEMENTS					
Operating cash flow		-1,344	-1,230	-1,328	-608
Loss before tax		-1,390	-1,596	-1,418	-1,452
Non-cash adjustments		-26	49	41	23
Change in working capital		2	277	19	770
Interest		0	0	0	0
Investing cash flow		28	0	0	0
CAPEX on tangible assets		0	0	0	0
Financing cash flow		783	1,000	1,500	0
Net increase in cash		-533	-230	172	-608
Exchange rate effects		0	0	0	0
Cash at start of year		1,326	793	563	735
Cash at end of year		793	563	735	127

Source: Company data, Equity Development

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

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