RNS Number : 0952Q
N4 Pharma PLC
24 February 2021

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N4 Pharma plc
("**N4 Pharma**", the "**Company**" or the "**Group**")

Final Results

N4 Pharma Plc (AIM: N4P), the specialist pharmaceutical company developing Nuvec®, a novel delivery system for cancer treatments and vaccines, is pleased to announce its audited results for the year ended 31 December 2020.

Nigel Theobald, Chief Executive Officer of N4 Pharma Plc, commented:

"The last 12 months have seen us make considerable progress in the dispersion and formulation work for Nuvec® which will put us in a stronger position for our collaboration discussions as we continue to present our data to potential licensing partners. The next few months will generate further important in vivo antibody response data using a SARS COV-2 plasmid both with our original and optimised Nuvec® formulations.

We have also recently announced that the European Patent Office has notified The University of Queensland of the intention to grant the patent that we have licensed the exclusive rights to. This has been followed more recently by the Australian patent office confirming its intention to grant a patent and we expect other key territories to follow suit in 2021. This again strengthens our commercial discussions.

This is a pivotal time for the Company, we are now finalising the data we feel will give third parties the confidence to explore testing of Nuvec® with their own constructs and we continue to expand that dataset all the time.

We are continuing work on other applications for Nuvec® both for cancer treatment and also to explore the potential for oral delivery of vaccines. This work on oral delivery will continue in the background as there is much that needs doing to establish the potential for Nuvec® in this area as no one experiment will provide a definitive conclusion either way on this potential."

The information contained within this announcement is deemed by the Company to constitute inside information as stipulated under the Market Abuse Regulations (EU) No. 596/2014.

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About N4 Pharma

N4 Pharma is a specialist pharmaceutical company developing a novel delivery system for cancer and vaccine treatments using its unique silica nanoparticle delivery system called Nuvec®.

N4 Pharma's business model is to partner with companies developing novel antigens for cancer and vaccine treatments to use Nuvec® as the delivery vehicle to get their antigen into cells to express the protein needed for the required immunity. As these products progress through pre clinical and clinical programs, N4 Pharma will seek to receive up front payments, milestone payments and ultimately royalty payments once products reach the market.

N4 Pharma plc

Chairman's Report

N4 Pharma Plc (the "Company"), is the holding company and Parent Company for N4 Pharma UK Limited ("N4 UK"), and together form the Group (the "Group").

In the comparative year results N4 Biotech also forms part of the Group. N4 Biotech was dissolved on 14 January 2020.

N4 UK is a specialist pharmaceutical company engaged in the development of mesoparticulate silica delivery systems to improve the cellular delivery and potency of vaccines.

The Board has not presented a Strategic Report for the year. All relevant information on the strategy and performance of the Group is included in the Chairman's report below and the Directors' Report on page 9 of the annual report.

Review of operations for the financial year ended 31 December 2020

During the year to 31 December 2020, as anticipated, no revenue was generated by the Group (31 December 2019: £nil).

The operating loss for the year was £1,564,421 (31 December 2019: £947,340 loss). Expenditure was broadly in line with budget and increased in line with study results determining the next expenditure requirements to progress work streams.

During the course of the year the Company raised in excess of £4.15m, through a placing of 50,731,250 new ordinary shares in May and a further 25,000,000 shares in December with the remainder being through the exercise of warrants and options. In total the Company issued 79,617,812 new ordinary shares of 0.4p in 2020.

Cash at the year-end stood at £3,555,579 (31 December 2019: £965,752). Our cash position is the strongest it has ever been and leaves us well positioned to complete our current work streams, plan for follow on work and fund our costs in any initial collaboration work.

Key Operational Events and Opportunities

The first part of 2020 saw the Group focus on the optimisation of Nuvec® starting with the improved manufacture and dispersion of the particle. In parallel, we entered into a research collaboration agreement with Nanomerics Limited ("Nanomerics") to focus on the stability of a number of different formulations of Nuvec® using both a well characterised plasmid DNA and a novel small interfering RNA (siRNA). Whilst these work streams remained ongoing, the advent of the Covid-19 pandemic presented significant local and global challenges but also created an opportunity as to how Nuvec® may be applied as a potential delivery technology to any of the multiple Covid-19 vaccines recently approved and in development across the world.

Whilst we did not initially envisage a material disruption to our studies, the scale of lockdown created minor but inevitable delays to our optimisation work. As working practices have evolved against the backdrop of the pandemic, these work streams are now very much on track and continue to expand our data set for Nuvec®. With such attention on Covid-19 and potential vaccines, we took the decision to undertake a proof of concept study prior to a full *in vivo* study to assess the efficacy of Nuvec® loaded with the Coronavirus plasmid DNA. This work was undertaken by an experienced contract research organisation, Evotec, and concluded having demonstrated the successful *in vitro* transfection of HEK cells resulting in the decision to move to a full *in vivo* study as set out further below.

As announced previously our current strategy has been divided across three work streams:

1. Completion of the optimisation work including the establishment of optimal dispersion, loading ratios and the tech transfer for consistent manufacture of naked nanosilica particles;

2. The scoping and implementation of our most comprehensive *in vivo* study to date; and

3. Feasibility studies on other applications for Nuvec® such as for oral vaccines and in oncology.

Updates on each stream are as follows:

Optimisation and tech transfer

Over the last 12 months, our program of optimisation work has been undertaken to further characterise Nuvec® nanoparticulate silica with the objective of developing a colloidally stable monodisperse formulation suitable for scaled manufacture. This work has been successful, and a process has been developed which results in a monodisperse nanoparticulate formulation which can be freeze dried and reconstituted without loss of colloidal stability. Importantly this formulation also retains *in vitro* transfection activity when stored dry for up to 14 days at 0-4C and room temperature, before reconstitution. Longer term stability assessment will be conducted in due course.

Other studies have also been conducted to optimise the PEI content, determine need for phosphonation and to assess the optimal pH and buffer capacity of the medium in which Nuvec® is dissolved.

In September we appointed Ardena as our contract development and manufacturing organisation ('CDMO') partner for the technology transfer and upscaling manufacturing of Nuvec®. Work has been on schedule and Ardena is currently working on the process optimisation and scale-up resulting in the manufacture and analysis of a non-GMP 50g batch of Nuvec® prior to moving towards the manufacture, testing and product certification of Nuvec® for GMP status.

In Vivo study plans and implementation

The *in vivo* study to compare the reactions of the original Nuvec® loaded with the Coronavirus plasmid and another generic plasmid in generating relevant antibodies, has recently commenced at the University of Queensland. The commencement of this work is a little later than originally envisaged, following delays in obtaining the relevant customs clearance to transport the Coronavirus plasmid expressing the spike protein into Australia.

Having optimised Nuvec® as described above, we are now planning the commencement of further *in vivo* studies to determine whether the improved properties noted *in vitro* can also be seen *in vivo*. These studies will be undertaken by Evotec with study initiation expect by early March.

The optimised Nuvec® *in vivo* studies in mice are planned to assess the following points:

(1) to determine antibody production following dosing with optimised Nuvec®;
(2) To explore dose relationship to determine minimum and maximum plasmid dose required for effect. This information may also provide information on dose-sparing i.e. reduced DNA use; and
(3) to confirm activity is retained after freeze drying and reconstitution at different intervals.

These studies will again involve the Coronavirus plasmid and another generic plasmid. Results from both studies should be known during the first half of 2021.

Oral and oncology applications

In November we announced the launch of our Nuvec® oncology treatment programme with Nanomerics Limited. The programme will explore the role of Nuvec® as a delivery system for DNA and SiRNA in a proof of concept preclinical tumour model. The two-stage programme will focus initially on the formulation of Nuvec® with a therapeutic DNA plasmid, whilst stage two will see the candidate formulation evaluated *in vivo* in a subcutaneous tumour model to examine tumour regression following multiple local or systemic injections.

Our work to understand the viability of Nuvec® in oral delivery remains ongoing and is currently focussed on extensive *in vitro* work. In particular we are assessing the ability to transfect epithelial cells in the gut as well as the impact of mucus and other variables. Whilst the commercial potential of successfully demonstrating Nuvec's® efficacy in oral delivery would be huge we are still at the early stages of establishing whether it is feasible. As this work continues in the background our primary focus remains Nuvec's® potential use to improve the cellular delivery and potency of vaccines.

The strengthening of our balance sheet through the funds raised in May of this year, means that we are well funded to complete all our currently planned work streams whilst the recent placing in December means we can plan for more supplementary studies whilst being able to budget for the next stage of work following the current *in vivo* studies and the oral and oncology work.

Intellectual Property

As announced on 11 February the University of Queensland ("UQ") has been notified by the European Patent Office ("EPO") of its intention to grant a European Patent in relation to Nuvec® specifically in respect of its composition, particulate materials and methods for making the particulate materials (the "Patent"). N4 Pharma has the exclusive worldwide rights to Nuvec® for therapeutic uses in humans and animals.

Having received the notification, the next steps prior to formal grant will require UQ to confirm the particulars and translations with the EPO prior to publication of the grant after which the Patent will be validated on a country by country basis throughout Europe as determined by UQ and the Company. This process, resulting in the full grant of the Patent in each chosen territory, should take six to eight months.

The Patent application process for other jurisdictions remains on course and the board is optimistic that now the Patent has successfully been processed by the EPO other jurisdictions should follow suit in due course. In line with this optimism I am delighted to announce that the Australian patent office has also notified UQ of its intention to grant an Australian Patent.

Board Changes

On 15 July 2020 Luke Cairns, previously a Non-Executive Director, became an Executive Director, overseeing the Group's finance, corporate and investor relations activities allowing Nigel Theobald, Chief Executive Officer, more time to focus on driving the Group's development programmes and potential commercial collaborations.

Future Prospects

What is increasingly clear with the ongoing Coronavirus pandemic is that even with the great success of the recently approved vaccines, as the virus evolves, so will the vaccines and there will be multiple iterations in the years to come. Cost effective storage, transportation and effective delivery are areas where any improvements could have a material impact on the successful role out of vaccines, particularly in emerging markets where wide scale accessibility to vaccines remains challenging. It is our hope that as we look to conclude our most comprehensive Nuvec® studies to date, we will be able to present Nuvec® as a viable delivery solution to vaccine developers.

It is important to stress that we see Nuvec® as a platform delivery technology and whilst it may suit some plasmids better than others it is our intention that it be used across multiple vaccines and not just those addressing Coronavirus. Through our oral studies we are also examining how Nuvec® could simplify the way vaccines are administered. Whilst the majority of our data has been gathered using plasmid DNA we are increasing our work with mRNA. Together with our oncology programme, 2021 could turn out to be a pivotal year for N4 Pharma, as our various applications for Nuvec® advance to the point where we can engage further with potential collaborators and partners. In parallel we are also exploring other assets that could be complimentary to Nuvec®.

On behalf of the Board, I would like to thank all of our shareholders for their continued patient support and look forward to providing further updates on our progress.

By order of the Board

John Chiplin
Chairman

N4 Pharma Plc
Consolidated Statement of Comprehensive Income for the year ended 31 December 2020

	Notes	2020	2019
		£	£
Research and development costs		(900,410)	(216,948)
General and administration costs		(664,011)	(730,392)
Operating loss for the year		(1,564,421)	(947,340)
Finance expenditure		(1,963)	(1,385)
Loss for the year before tax	4	(1,566,384)	(948,725)
Taxation	5	261,541	72,352
Loss for the year after tax		(1,304,843)	(876,373)
Other comprehensive income net of tax		-	-
Total comprehensive loss for the year attributable to equity owners of N4 Pharma Plc		**(1,304,843)**	**(876,373)**
Loss per share attributable to owners of the parent			
Weighted average number of shares:			
Basic		136,303,141	100,168,016
Diluted		139,432,226	100,168,016
Basic loss per share		**(0.96)**	**(0.87p)**
Diluted loss per share		**(0.94)**	**(0.87p)**

All activities derive from continuing operations.

N4 Pharma Plc
Consolidated Statement of Financial Position as at 31 December 2020

	Notes	2020 £	2019 £
Current assets			
Trade and other receivables	6	270,837	99,269
Cash and cash equivalents		3,555,579	965,752
		3,826,416	1,065,021
Total assets		3,826,416	1,065,021
Liabilities			
Current liabilities			
Trade and other payables	7	(142,484)	(51,547)
Accruals and deferred income		(26,598)	(26,136)
		(169,082)	(77,683)
Total assets less current liabilities		3,657,334	987,338
Net assets		**3,657,334**	**987,338**
Equity			
Share capital	9	8,995,146	8,676,675
Share premium	9	13,945,602	10,327,258
Share option reserve	9	63,290	25,266
Reverse acquisition reserve		(14,138,244)	(14,138,244)
Merger reserve		279,347	279,347
Retained earnings		(5,487,807)	(4,182,964)
Total equity		**3,657,334**	**987,338**

N4 Pharma Plc
Consolidated Statement of Changes in Equity for the year ended 31 December 2020

(i) Year ended 31 December 2020	**Share capital**	**Share premium**	**Share option reserve**	**Reverse acquisition reserve**	**Merger reserve**	**Retained earnings**	**Total equity**
	£	**£**	**£**	**£**	**£**	**£**	**£**
Balance at 1 January 2020	**8,676,675**	**10,327,258**	**25,266**	**(14,138,244)**	**279,347**	**(4,182,964)**	**987,338**
Total comprehensive loss for the year	-	-	-	-	-	(1,304,843)	(1,304,843)
Share issue	318,471	3,618,344	-	-	-	-	3,936,815
Share option reserve	-	-	38,024	-	-	-	38,024
At 31 December 2020	**8,995,146**	**13,945,602**	**63,290**	**(14,138,244)**	**279,347**	**(5,487,807)**	**3,657,334**

(ii) Year ended 31 December 2019	**Share capital**	**Share premium**	**Share option reserve**	**Reverse acquisition reserve**	**Merger reserve**	**Retained earnings**	**Total equity**
	£	**£**	**£**	**£**	**£**	**£**	**£**
Balance at 1 January 2019	**8,634,675**	**9,328,848**	**81,909**	**(14,138,244)**	**279,347**	**(3,306,591)**	**879,944**

Total comprehensive loss for the year	-	-	-	-	-	(876,373)	(876,373)
Share issue	42,000	998,410	-	-	-	-	1,040,410
Share option reserve	-	-	(56,643)	-	-	-	(56,643)
At 31 December 2019	**8,676,675**	**10,327,258**	**25,266**	**(14,138,244)**	**279,347**	**(4,182,964)**	**987,338**

N4 Pharma Plc
Consolidated Statement of Cash Flow for the year ended 31 December 2020

	2020 £	2019 £
Operating activities		
Loss before tax	(1,566,384)	(948,725)
Finance expenditure	1,963	1,385
Share based payments to employees	3,977	5,713
Operating loss before changes in working capital	**(1,560,444)**	**(941,627)**
Movements in working capital:		
(Increase)/Decrease in trade and other receivables	(30,534)	29,441
Decrease in trade, other payables and accruals	91,399	(112,440)
Taxation	120,507	220,568
Cash used in operations	(1,379,072)	(804,058)
Net cash flows used in operating activities	**(1,379,072)**	**(804,058)**
Financing activities		
Finance expenditure	(1,963)	(1,385)
Net proceeds of ordinary share issue	3,970,862	978,054
Net cash flows from financing activities	**3,968,899**	**976,669**
Net increase in cash and cash equivalents	**2,589,827**	**172,611**
Cash and cash equivalents at beginning of the year	965,752	793,141
Cash and cash equivalents at 31 December	**3,555,579**	**965,752**

Notes to the Consolidated Financial Statements for the year ended 31 December 2020

1. Accounting policies

1.1 Reporting entity

N4 Pharma Plc (the "Company"), is the holding Company for N4 Pharma UK Limited ("N4 UK"), and together form the Group (the "Group"). N4 Pharma UK Limited is a specialist pharmaceutical company engaged in the development of mesoparticulate silica delivery systems to improve the cellular delivery and potency of vaccines. The nature of the business is not deemed to be impacted by seasonal fluctuations and as such performance is expected to be consistent.

The Company is domiciled in England and Wales and was incorporated and registered in England and Wales on 6 July 1979 as a public limited company and its shares are admitted to trading on AIM (LSE: N4P). The Company's registered office is located at 6th Floor, 60 Gracechurch Street, London, EC3V 0HR.

The Accounts have been prepared in accordance with International accounting standards in conformity with the requirements of the Companies Act 2006 and applied to the Parent Company Accounts in accordance with the provisions of the Companies Act 2006.

The accounting policies set out below have, unless otherwise stated, been applied consistently to all periods presented in these Consolidated Financial Statements.

The Company has taken advantage of the exemption granted by Section 408 of the Companies Act 2006 from presenting its own Income Statement. The loss generated by the Company is disclosed under the Company Statement of Financial Position.

1.2 Measurement convention

The Consolidated Financial Statements are prepared on the historical cost basis, except for the following items:

- Share-based payments related to investment acquisition are measured at fair value shown in the Merger Reserve.
- Share-based payments related to employee costs are measured at fair value shown in the Statement of Comprehensive Income.
- Share Warrants and Options are measured at fair value using the Black Scholes model (see note 9).

The Consolidated Financial Statements are presented in Great British Pounds ("GBP" or "£").

1.3 Going concern

These Consolidated Financial Statements have been prepared on the basis of accounting principles applicable to a going concern. The Directors consider that the Group will have access to adequate resources, as set out below, to meet the operational requirements for at least 12 months from the date of approval of these Consolidated Financial Statements. For this reason, they continue to adopt the going concern basis in preparing the Consolidated Financial Statements.

The Group currently has no source of operating cash inflows, other than interest and grant income, and has incurred net operating cash outflows for the year ended 31 December 2020 of £1,379,072 (2019: £804,058 outflow). At 31 December 2020, the Group had cash balances of £3,555,579 (2019: £965,752) and a surplus in net working capital (current assets, including cash, less current liabilities) of £3,657,334 (2019: £987,338).

The Group prepares regular business forecasts and monitors its projected cash flows, which are reviewed by the Board. Forecasts are adjusted for reasonable sensitivities that address the principal risks and uncertainties to which the Group is exposed, thus creating a number of different scenarios for the Board to challenge. In those cases, where scenarios deplete the Group's cash resources too rapidly, consideration is given to the potential actions available to management to mitigate the impact of one or more of these sensitivities, in particular the discretionary nature of costs incurred by the Group, in order to ensure the continued availability of funds.

As the Group did not have access to bank debt and future funding is reliant on issues of shares in the Parent Company, the Board has derived a mitigation plan for the scenarios modelled as part of the going concern review.

The Group has considered COVID-19 and the impact it will have on its operations. COVID-19 has not had any material negative impact on the operations of the Group during the year and it is anticipated that the Group will remain a going concern despite the unknown developments of COVID-19.

On the basis of this analysis, the Board has concluded that there is a reasonable expectation that the Company will have adequate resources to continue in operational existence for the foreseeable future being a period of at least twelve months from the Consolidated Statement of Financial Position date.

1.4 Basis of consolidation

Intra-Group balances and transactions, and any unrealised income and expenses arising from intra-Group transactions, are eliminated in preparing the Consolidated Financial Statements.

1.5 Revenue

Revenue is recognised to the extent this it is probable that economic benefit will flow to the Group and the revenue can be reliably measured. Revenue is measured at the lower of value of the consideration received or receivable for the sale of goods or services, excluding discounts, rebates, VAT and other sales taxes and duties.

The Group has not recognised any revenue to date.

1.6 Government grant income

Government grants are recognised only when there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in the Consolidated Statement of Comprehensive Income on a systematic basis over the periods in which the Group recognises and expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognised in Consolidated Statement of Comprehensive Income in the period in which they become receivable.

1.7 Expenses

Financing income and expenses
Financing expenses comprise interest expense and finance charges. Financing income comprises interest receivable on funds invested.

Interest income and interest payable is recognised in the Consolidated Statement of Comprehensive Income as it accrues, using the effective interest method.
Research and development
Research costs are charged against the Consolidated Statement of Comprehensive Income as they are incurred. Certain development costs will be capitalised as intangible assets when it is probable that the future economic benefits will flow to the Group. Such intangible assets will be amortised on a straight-line basis from the point at which the assets are ready for use, over the period of the expected benefit, and are reviewed for impairment at each year end date. Other development costs are charged against income as incurred since the criteria for their recognition as an asset is not met.

The criteria for recognising expenditure as an asset are:

§ It is technically feasible to complete the product;

§ Management intends to complete the product and use or sell it;

§ There is an ability to use or sell the product;

§ It can be demonstrated how the product will generate probable future economic benefits;
§ Adequate technical, financial and other resources are available to complete the development, use and sale of the product; and
§ Expenditure attributable to the product can be reliably measured.

The costs of an internally generated intangible asset comprise all directly attributable costs necessary to create, produce and prepare the asset to be capable of operating in the manner intended by management. Directly attributable costs include employee costs incurred on technical development, testing and certification, materials consumed and any relevant third-party cost. The costs of internally generated developments are recognised as intangible assets and are subsequently measured in the same way as externally acquired intangible assets. However, until completion of the development project, the assets are subject to impairment testing only.

1.8 Taxation

Taxation
Taxation for the year comprises current and deferred tax. Tax is recognised in the Consolidated Statement of Comprehensive Income, except to the extent that it relates to items recognised directly in equity.

Current or deferred taxation assets and liabilities are not discounted.

Current tax
Current tax is recognised at the amount of tax payable using the tax rates and laws that have been enacted or substantively enacted by the Consolidated Statement of Financial Position date.

Deferred tax
Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the Consolidated Statement of Financial Position date.

Timing differences arise from the inclusion of income and expenses in tax assessments in periods different from those in which they are recognised in Consolidated Financial Statements. Deferred tax is measured using tax rates and laws that have been enacted or substantively enacted by the year end and that are expected to apply to the reversal of the timing difference.

Unrelieved tax losses and other deferred tax assets are recognised only to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits.

1.9 Earnings per share

The Group presents basic and diluted earnings or loss per share data for its ordinary shares. Basic earnings/loss per share is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held. Diluted earnings/loss per share is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise share options granted.

1.10 Operating segments

Segment results that are reported to the Chief Executive Officer include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, head office expenses, and income tax assets and liabilities.

Segment capital expenditure is the total cost incurred during the period to acquire plant and equipment, and intangible assets other than goodwill.

The Group operated in one business segment, that of the development and commercialisation of medicines via its delivery system called Nuvec®. No revenue has yet been generated by any of the work undertaken by the Group.

The Directors consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the Directors, for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the Group.

1.11 Presentation and classification of financial instruments issued by the Group

In accordance with IAS 32, financial instruments issued by the Group are treated as equity only to the extent that they meet the following two conditions:

(a) they include no contractual obligations upon the Group to deliver cash or other financial assets or to exchange financial assets or financial liabilities with another party under conditions that are potentially unfavourable to the Group; and

(b) where the instrument will or may be settled in the Company's own equity instruments, it is either a non-derivative that includes no obligation to deliver a variable number of the Company's own equity instruments or is a derivative that will be settled by the Company exchanging a fixed amount of cash or other financial assets for a fixed number of its own equity instruments.

To the extent that this definition is not met, the proceeds of issue are classified as a financial liability. Where the instrument so classified takes the legal form of the Company's own shares, the amounts presented in these Consolidated Financial Statements for called up share capital and share premium account exclude amounts in relation to those shares.

Where a financial instrument that contains both equity and financial liability components exists these components are separated and accounted for individually under the above policy.

1.12 Non-derivative financial instruments

Non-derivative financial instruments comprise investments, trade and other receivables, cash and cash equivalents and trade and other payables.

Investments
Investments are investments held in subsidiaries accounted for at cost under IAS 27.

Trade and other receivables
Trade and other receivables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost less impairment.

Trade and other payables
Trade and other payables are recognised initially at fair value. Subsequent to initial recognition they are measured at amortised cost using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents are basic financial assets and comprise cash in hand, deposits held at call with banks, other short-term liquid investments with original maturities of three months or less, and bank overdrafts. Any overdrafts are shown within borrowings in current liabilities.

1.13 Impairment

A financial asset not carried at fair value through profit or loss is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if objective evidence indicates that a loss event has occurred after the initial recognition of the asset, and that

the loss event had a negative effect on the estimated future cash flows of that asset that can be estimated reliably.

An impairment loss in respect of a financial asset measured at amortised cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Interest on the impaired asset continues to be recognised through the unwinding of the discount. When a subsequent event causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through the Statement of Comprehensive Income.

The carrying amounts of the Group's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest Group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or Groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash generating unit exceeds its estimated recoverable amount. Impairment losses are recognised in profit or loss. Impairment losses recognised in respect of cash generated units are allocated first to reduce the carrying amount of any goodwill allocated to the units, and then to reduce the carrying amounts of the other assets in the unit (Group of units) on a pro rata basis.

Impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

1.14 Share based payment arrangements

Share-based payment arrangements in which the Group receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions, regardless of how the equity instruments are obtained by the Group.

Share-based transactions, other than those with employees, are measured at the value of goods or services received where this can be reliably measured. Where the services received are not identifiable, their fair value is determined by reference to the grant date fair value of the equity instruments provided. Should it not be possible to measure reliably the fair value of identifiable goods and services received, their fair value shall be determined by reference to the fair value of the equity instruments provided measured over the period of time that the goods and services are received.

The expense is recognised in the Consolidated Statement of Comprehensive Income or capitalised as part of an asset when the goods are received or as services are provided, with a corresponding increase in equity.

The grant date fair value of share-based payment awards granted to employees is recognised as an employee expense, with a corresponding increase in equity, over the period that the employees become unconditionally entitled to the awards. The fair value of the options granted is measured using an option valuation model, taking into account the terms and conditions upon which the options were granted. The amount recognised as an expense is adjusted to reflect the actual number of awards for which the related service and non-market vesting conditions are expected to be met, such that the amount ultimately recognised as an expense is based on the number of awards that do meet the related service and non-market performance conditions at the vesting date. For share-based payment awards with non-vesting conditions, the grant date fair value of the share-based payment is measured to reflect such conditions and there is no "true-up" for differences between expected and actual outcomes.

Share-based payment transactions in which the Group receives goods or services by incurring a liability to transfer cash or other assets that is based on the price of the Group's equity instruments are accounted for as cash-settled share-based payments. The fair value of the amount payable to recipients is recognised as an expense, with a corresponding increase in liabilities, over the period in which the recipients become unconditionally entitled to payment. The liability is re-measured at each Consolidated Statement of Financial Position date and at settlement date. Any changes in the fair value of the liability are recognised in the Consolidated Statement of Comprehensive Income.

1.15 Adoption of new and revised International Financial Reporting Standards

The following IFRS standards, amendments or interpretations became effective during the year ended 31 December 2020 but have not had a material effect on this Consolidated Financial Information:

Standard
Amendments to References to the Conceptual Framework in IFRS Standards
Amendments to IFRS 3 Business Combinations (Definition of a Business)
Amendments to IAS 1 and IAS 8: Definition of Material
Amendments to IFRS 9, IAS 39 and IFRS 7: Interest Rate Benchmark Reform
Amendments to IFRS 16: Leases (Covid-19-Related Rent Concessions)

All new standards and amendments to standards and interpretations effective for annual periods beginning on or after 1 January 2020 that are applicable to the Group have been applied in preparing these Consolidated Financial Statements.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Consolidated Financial Statements are disclosed below. The Group intends to adopt these standards, if applicable, when they become effective.

Standard		Effective date
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022
Amendments to IAS 16	Property Plant and Equipment (Proceeds before intended use)	1 January 2022
Amendments to IAS 37	Onerous Contracts (Cost of fulfilling a contract)	1 January 2022
Annual Improvements to IFRS Standards 2018-2020		1 January 2022
IFRS 17 - Insurance Contracts		1 January 2023

The Directors are continuing to assess the potential impact that the adoption of the standards listed above will have on the Consolidated Financial Statements for the year ended 31 December 2021.

1.16 Use of estimates and judgements

The preparation of Consolidated Financial Statements in conformity with IFRSs requires management to make certain judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses during the period. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

In the process of applying the Group's accounting policies, management has decided the following estimates and assumptions are material to the carrying amounts of assets and liabilities recognised in the Consolidated Financial Statements.

Critical judgements

Research and development expenditure
The key estimates and judgements surrounding the capitalisation of Research & Development expenditure is whether the expenditure meets the criteria for capitalisation. Expenditure will only be capitalised when the recognition criteria is met and is otherwise written off to the Consolidated Statement of Comprehensive Income. The recognition criteria include the identification of a clearly defined project with separately identifiable expenditure where the outcome of the project, in terms of its technical feasibility and commercial viability, can be measured or assessed with reasonable certainty and that sufficient resources exist to complete a profitable project. In the event that these criteria are met, and it is probable that future economic benefit attributable to the product will flow to the Group, then the expenditure will be capitalised.

Impairment of investments and intercompany debtors
N4 UK has sustained losses and the Statement of Financial position is in deficit. This is a potential indicator of impairment. The recoverability of intercompany debtor and the cost of investment is dependent on the future profitability of the entity. No provision for impairment has been made in these accounts and this is a significant judgement.

2. Risk management

Overview
The Group has exposure to the following risks:

- Credit risk;
- Liquidity risk;
- Tax risk;
- Market risk; and
- Operational risk
- Regulatory and legislative risk

This note presents information about the Group's exposure to each of the above risks, its objectives, policies and processes for measuring and managing risk, and its management of capital. Further quantitative disclosures are included throughout these Consolidated Financial Statements.

Risk management framework
The Board of Directors has overall responsibility for the establishment and oversight of the risk management framework and developing and monitoring the Group's risk management policies. Key risk areas have been identified and the Group's risk management policies and systems will be reviewed regularly to reflect changes in market conditions and the Group's activities.

The Audit Committee oversees how management monitors compliance with the Group's risk management policies and procedures and reviews the adequacy of the risk management framework in relation to the risks faced by the Group.

Credit risk
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's bank deposits and receivables. See note 12 for further detail. The risk of non-collection is considered to be low. This risk is deemed low at present due to the Group not yet trading and generating revenue but is a consideration for future risks.

There is an intercompany debtor balance between the Company and N4 UK. The recoverability of this debtor is dependent on the future profitability of the entity. As N4 UK has sustained losses and the Statement of Financial position is in deficit it is currently not in a position to repay this amount and this therefore poses a credit risk.

Liquidity risk
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial liabilities that are settled by delivering cash or another financial asset. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group monitors cash flow on a monthly basis through forecasting to help mitigate this risk.

Tax risk
Any change in the Group's tax status or in taxation legislation or its interpretations could affect the value of the investments held by the Group or the Group's ability to provide returns to shareholders or alter post-tax returns to shareholders.

Market risk and competition

The Group operates as a specialist pharmaceutical Company engaged in the development of mesoparticulate silica delivery systems to improve the cellular delivery and potency of vaccines. The Group is entering into a market with existing competitors and the prospect of new entrants entering the current market. There is no guarantee that current competitors or new entrants to the market will not appeal to a wider portion of the Group's target market or command broader band awareness.

In addition, the Group's future potential revenues from product sales will be affected by changes in the market price of pharmaceutical drugs and could also be subject to regulatory controls or similar restrictions.

Market risk is monitored continuously by the Group and the Board reacts to any changes in market conditions as and when they arise.

Operational risk
The Group is at an early stage of development and is subject to several operational risks. The commencement of the Group's material revenues is difficult to predict and there is no guarantee the Group will generate material revenues in the future. The Group has a limited operational history upon which its performance and prospects can be evaluated and faces the risks frequently encountered by developing companies. The risks include the uncertainty as to which areas of pharmaceuticals to target for growth.

Operational risk is managed by adapting the future plans of the Group based on results and feedback from employees, suppliers and contractors.

Regulatory and legislative risk
The operations of the Group are such that it is exposed to the risk of litigation from its suppliers, employees and regulatory authorities. Exposure to litigation or fines imposed by regulatory authorities may affect the Group's reputation even though monetary consequences may not be significant.

Any changes to regulations or legislation are reviewed by the Board on a regular basis and the Group applies any that are relevant accordingly.

Changes to legislation, regulations, rules and practices may change and is often the case in the pharmaceutical industry which is highly regulated and susceptible to regular change. Any changes may have an adverse effect on the Group's operations.

Protection of intellectual property
The Group's ability to compete significantly relies upon the successful protection of its intellectual property, in particular its licenced and owned patent applications for Nuvec®. The Group seeks to protect its intellectual property through the filing of worldwide patent applications, as well as robust confidentiality obligations on its employees. However, this does not provide assurance that a third party will not infringe on the Group's intellectual property, release confidential information about the intellectual property or claim technology which is registered to the Group.

Capital management
The Group has no loans or borrowings and has sufficient resources, in the view of the Directors, to meet its working capital requirements for the next 12 months.

The Group manages its capital through the preparation of detailed forecasts, and tracks actual receipts and outlays against the forecasts on a regular basis, to ensure that the Group will be able to continue as a going concern while maximising the return to shareholders.

The capital structure of the Group consists of cash and cash equivalents and equity comprising, capital, reserves and accumulated losses.

3. Employees and directors

The average monthly number of employees during the year was 5 (2019: 5). The Directors of the Group are employed by both the Company and N4 Pharma UK Limited UK and as such are included in the employee figure. Total Directors remuneration is detailed in note 13 of these Consolidated Financial Statements.

	Year to 31 December 2020 £	Year to 31 December 2019 £
Wages and Salaries	204,768	276,752
Social security costs	20,370	34,956
Pension costs	219	1,209
	225,357	312,917

4. Loss before tax

	Year to 31 December 2020	Year to 31 December 2019
	£	£
Loss before taxation is arrived after charging:		
Fees payable to the Group's auditors for the audit of the Group's financial statements	21,600	21,200
Other fees payable to auditors:		
- Other assurance services	4,500	700

5. Taxation

	2020 £	2019 £
Current tax		
Research and development tax credit receivable for the current period	(214,884)	(72,352)
Adjustments in respect of prior periods	(46,657)	-
	(261,541)	(72,352)
Deferred tax		
Origination and reversal of temporary differences	-	-
Tax in income statement	(261,541)	(72,352)

The tax charge for the year can be reconciled to the loss in the Consolidated Statement of Comprehensive Income as follows:

	2020 £	2019 £
Loss before taxation	(1,566,384)	(948,725)
Tax at the UK corporation tax rate of 19% (2019: 19%)	(297,613)	(180,258)
Expenses not deductible	-	-
Net Research and development tax credits	(214,884)	(72,352)
Changes in unrecognized deferred tax	297,613	180,258
Prior year adjustment	(46,657)	-
Tax charge for the year	(261,541)	(72,352)

At the year end the Group had trading losses carried forward of £8,084,975 (2019: £6,868,627) for use against future profits.

6. Trade and other receivables

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Prepayments	16,009	11,758	15,320	10,478
VAT due	39,944	13,660	14,677	3,575
Corporation tax due	214,884	73,851	-	-
Loan interest receivable	-	-	382,916	229,492
Other debtors	-	-	4,400	3,500
	270,837	99,269	417,313	247,045

7. Trade and other payables

	Group 2020 £	Group 2019 £	Company 2020 £	Company 2019 £
Trade creditors	116,871	27,157	-	7,512
Employee creditors	3,439	8,152	1,219	1,230
Loan due to directors	-	16,000	-	-
Other creditors	22,174	238	22,129	-
	142,484	51,547	23,348	8,742

8. Share-based payments

a) Options

The Company has the ability to issue options to Directors to compensate them for services rendered and incentivise them to add value to the Group's longer-term share value. Equity settled share-based payments are measured at fair value at the date of grant. The fair value determined is charged to the Comprehensive Income Statement on a straight-line basis over the vesting period based on the Group's estimate of the number of shares that will vest.

Cancellations of equity instruments are treated as an acceleration of the vesting period and any outstanding charge is recognised in full immediately.

Fair value is measured using a Black Scholes pricing model. The key assumptions used in the model have been adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioral considerations. The inputs into model for the current year were as follows:

	2020 Options
Share price	4.800p
Exercise price	4.800p
Expected volatility	29.9%
Expected option life	6.5 years
Risk free rate	5.00%

As at 31 December 2020, there were 7,046,513 (2019: 7,679,370) options in existence over ordinary shares of the Company allocated as follows:

Name	Date of Grant	Ordinary shares under option	Lapse Date	Exercise Price £
2015 Options				
Gavin Burnell	14.10.15	1,351,210	14.10.25	0.0280
Luke Cairns	14.10.15	675,302	14.10.25	0.0280
2017 Options				
Luke Cairns	03.05.17	717,143	03.05.20	0.0700
David Templeton	03.05.17	717,143	03.05.20	0.0700
Paul Titley	03.05.17	717,143	03.05.20	0.0700
2019 Options				
John Chiplin	21.05.19	717,143	21.05.29	0.0355
Christopher Britten	21.05.19	717,143	21.05.29	0.0355
2020 Options				
David Templeton	18.05.20	717,143	18.05.30	0.0480
Luke Cairns	18.05.20	717,143	18.05.30	0.0480
Total options		7,046,513		

Share options outstanding:

	Number of shares
At 1 January 2019	7,249,084
Lapse of options	(1,004,000)
Options granted	1,434,286
At 31 December 2019	7,679,370
Exercise of options	(1,350,000)
Lapse of options	(717,143)
Options granted	1,434,286
At 31 December 2020	7,046,513

Each option entitles the holder to subscribe for one ordinary share in N4 Pharma Plc. Options do not confer any voting rights on the holder.

An amount of £3,977 has been recognised in the Statement of Comprehensive Income in relation to the share options (2019: £5,713).

On 18 May 2020 717,143 options over ordinary shares were granted to both David Templeton and Luke Cairns under the Company's share option scheme and are exercisable at a price of 4.8p per share.

On 8 September 2020 the Company received a notification to exercise 1,350,000 options from Gavin Burnell a former director representing 1,350,000 ordinary shares of 0.4 pence each, for a total consideration of £37,800. At the date of exercise, the options had a fair value of £12,319. The 1,350,000 ordinary shares issued following the exercise of options were admitted to trading on AIM on 14 September 2020. Gavin Burnell now has 1,351,210 options remaining in issue.

Options exercised in the year ended 31 December 2020 had a weighted average fair value per share of £0.0571 (2019: £0.0522).

The aggregate fair value of the share options issued is as follows:

	2020	2019
	£	£
2015 Options	18,493	17,831
2017 Options	26,884	3,037
2018 Options	-	2,999
2019 Options	12,270	1,399
2020 Options	5,643	-
	63,290	25,266

a) Warrants

A total of 2,536,562 placing warrants were issued as part of the Placing on 20 May 2020 which raised £2,029,250 before fees and expenses.

The warrants entitled holders to subscribe for new ordinary shares at any time in the period of two years following the grant of the warrants. The expiry date of the placing warrants was 20 May 2022.

2020

Date of Grant	Warrant balance at 1 January 2020	Expiry Date	Exercise Price £	Exercised Warrants	Number of Shares issued (1:1)	Remaining Warrants at 31 December 2020
20.05.2020	-	20.05.2022	0.04	2,536,562	2,536,562	-

2019

Date of Grant	Warrant balance at 1 January 2019	Expiry Date	Exercise Price £	Exercised Warrants	Number of Shares issued (1:1)	Remaining Warrants at 31 December 2019
03.05.2017	11,054,071	03.05.2019	0.085	-	-	-

During the year ended 31 December 2020 the full amount of the warrants issued on 20 May 2020 were exercised on 14 August and 26 August respectively. The total consideration for the warrants was £101,462 and resulted in the issue of 2,536,562 ordinary shares. At the date of exercise, the warrants had a fair value of £28,758.

The fair value of the warrants in issue and not yet exercised was determined using the Black Scholes model. The fair value of the warrants at 31 December 2020 is £Nil (2019: £Nil).

9. Capital and reserves

	2020	2019
	£	£
181,080,349 Ordinary Shares of 0.4p each *(2019: 101,462,537 Ordinary Shares of 0.4p each)*	724,321	405,850
137,674,431 Deferred Shares of 4p each *(2019: 137,674,431 Deferred Shares of 4p each)*	5,506,977	5,506,977
279,176,540 Deferred Shares of 0.99p each *(2019: 279,176,540 Deferred Shares of 0.99p each)*	2,763,848	2,763,848
	8,995,146	8,676,675

All ordinary shares rank equally in all respects, including for dividends, shareholder attendance and voting rights at meetings, on a return of capital and in a winding-up.

During the year 79,617,812 (2019:10,500,000) new ordinary shares of 0.4p each were issued through two placings and the exercise of warrants and options.

The first placing for 50,731,250 ordinary shares on 21 May 2020 for a total consideration of £2,029,250 and the second placing for 25,000,000 ordinary shares on 9 December 2020 for a total consideration of £2,000,000 had total placing costs of £221,755.

The 137,674,431 deferred shares of 4p, have no right to dividends nor do the holders thereof have the right to receive notice of or to attend or vote at any general meeting of the Company. On a return of capital or on a winding up of the Company, the holders of the deferred shares shall only be entitled to receive the amount paid up on such shares after the holders of the ordinary shares have received their return on capital.

The 279,176,540 deferred shares of 0.99p shall be entitled to receive a special dividend, which is payable upon the repayment to the Company of any amount owed under certain loan agreements, after which the Company shall, in priority to any distribution to any other class of share, pay to the holders of the Special Deferred Shares an aggregate amount equal to the amount repaid pro rata according to the number of such shares paid up as to their nominal value held by each shareholder. They shall be entitled to no other distribution save for a special dividend and shall not be entitled to receive notice of or attend or vote at a general meeting of the Company. On a return of capital on a winding up of the Company, they shall only be entitled to receive the amount paid up on such shares up to a maximum of 0.9 pence per share after the holders of the Ordinary Shares and the Deferred Shares have received their return on capital.

Reserves
Share premium reserve
The share premium reserve comprises the excess of consideration received over the par value of the shares issued, plus the nominal value of share capital at the date of redesignation at no par value.

Share option reserve
The share option reserve comprises the fair value of warrants and options granted, less the fair value of lapsed and expired warrants and options.

Reserves in the Consolidated Statement of Financial Position comprise the share option reserve, reverse acquisition reserve and the merger reserve.

10. Earnings per share

The calculation of basic loss per share at 31 December 2020 was based on the loss of £1,304,843 (2019: £876,373), and a weighted average number of ordinary shares outstanding of 136,303,141 (2019: 100,168,016), calculated as follows:

	2020	2019
	£	£
Losses attributable to ordinary shareholders	**1,304,843**	**876,373**
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	100,168,016	89,440,373
Effect of shares issued during the year	36,135,125	10,727,643
Weighted average number of shares at 31 December	136,303,141	100,168,016

	2020 pence per share	*2019 pence per share*
Basic loss per share	(0.96)	(0.87)

Diluted loss per share
Diluted earnings per share is calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive shares, namely share options. In 2019 options existing at 31 December 2019 had an exercise price greater than the market price of the shares and as a result were excluded from the diluted loss per share calculation.The calculation of diluted loss per share at 31 December 2020 was based on the loss of £1,304,843 (31 December 2019: £876,373), and a weighted average number of ordinary shares outstanding of 139,432,226 (2019: 100,168,016).

	2020 pence per share	*2019 pence per share*
Diluted loss per share	(0.94)	(0.87)

11. Financial instruments

(a) Fair values of financial instruments

The fair values of all financial assets and financial liabilities are equal to their carrying amounts shown in the Consolidated Statement of Financial Position.

Trade and other receivables
The fair value of trade and other receivables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date if the effect is material.

Trade and other payables
The fair value of trade and other payables is estimated as the present value of future cash flows, discounted at the market rate of interest at the reporting date if the effect is material.

Cash and cash equivalents
The fair value of cash and cash equivalents is estimated as its carrying amount where the cash is repayable on demand. Where it is not repayable on demand then the fair value is estimated at the present value of future cash flows, discounted at the market rate of interest at the reporting date.

(b) Credit risk

Financial risk management
Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Group's receivables and cash and cash equivalents. The carrying amount of cash, cash equivalents and term deposits represents the maximum credit exposure on those assets. The cash and cash equivalents are held with UK bank and financial institution counterparties which are rated at least A.

Exposure to credit risk
The carrying amount of financial assets represents the maximum credit exposure. Therefore, the maximum exposure to credit risk at the reporting date of the Group was £3,810,407 (2019: £1,053,263), being the total of the carrying amount of financial assets, shown in the Consolidated Statement of Financial Position.

(c) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due.
The following are the contractual maturities of financial liabilities, including estimated interest payments and excluding the impact of netting agreements.

Group: Financial liabilities	Carrying amount £	Contractual cash flows £	6 months or less £	6-12 months £	1 -2 years £
31 December 2020					
Trade and other payables	142,484	142,484	142,484	-	-
31 December 2019					
Trade and other payables	51,547	51,547	51,547	-	-

(d) Currency risk

The Group does not have significant exposure to foreign currency risk at present. The Group does not have any monetary financial instruments which are held in a currency that differs from that entity's functional currency.

(e) Interest rate risk

Profile
At the reporting date the interest rate profile of interest-bearing financial instruments was:

	Carrying amount	
Group:	**2020 £**	**2019 £**
Variable rate instruments		
Cash and cash equivalents	3,555,579	965,752

Cash flow sensitivity analysis for variable rate instruments
The Group's interest-bearing assets at the reporting date were invested with financial institutions in the United Kingdom with a S&P rating of A2 and comprised solely of bank accounts.

A change in interest rates would have increased/(decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant. This analysis is performed on the same basis for 2019.

Group:	2020 Profit or loss		2019 Profit or loss	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	35,555	(35,555)	9,658	(9,658)

12. Related parties

Key management personnel

As at the year end, there are no key management personnel employed by the Group in addition to the Directors.

Directors' remuneration and interests

The below remuneration relates to the Directors of the Group. There is no other Key Management Personnel remuneration.

2020	Remuneration			Interests	
Director	**Cash-based payments**	**Share-based payments**	**Totals**	**Shares**	**Options**
	£	£	£	No.	No.
Nigel Theobald (Chief Executive Officer)	71,538	-	71,538	16,981,319	-
David Templeton	41,538	3,836	45,374	-	1,434,286
Luke Cairns	32,000	3,836	35,836	142,857	2,109,588
Christopher Britten	24,000	3,806	27,806	-	717,143
John Chiplin	24,000	3,806	27,806	-	717,143
	193,076	15,284	208,360	17,124,176	4,978,160

2019	Remuneration			Interests	
Director	**Cash-based payments**	**Share-based payments**	**Totals**	**Shares**	**Options**
	£	£	£	No.	No.
Nigel Theobald (Chief Executive Officer)	70,000	-	70,000	16,981,319	-
Paul Titley (resigned 20 May 2019)	15,282	1,330	16,612	142,857	717,143
David Templeton	38,310	1,330	39,640	-	717,143
Luke Cairns	24,000	1,330	25,330	142,857	1,392,445
Christopher Britten (appointed 20 May 2019)	14,923	2,329	17,252	-	717,143
John Chiplin (appointed 20 May 2019)	14,667	2,329	16,996	-	717,143

177,182	8,648	185,830	17,267,033	4,261,017

No contributions are paid by the Group to a pension scheme on behalf of the Directors.

N4 Pharma PLC has a loan receivable from N4 Pharma UK Limited at 31 December 2020 of £3,659,000 (2019: £2,659,000). It is repayable in December 2025 and interest is receivable at 5%.

Amounts owed to the Directors of the Group was nil at the year-end (2019: £16,000).

There are no further related parties identified.

13. Subsequent events

There have been no material events subsequent to the Consolidated Statement of Financial Position date that require adjustment or disclosure in these Consolidated Financial Statements.

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