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N4 Pharma PLC
08 February 2019

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 ("MAR"). With the publication of this announcement via a Regulatory Information Service, this inside information is now considered to be in the public domain.

08 February 2019

N4 Pharma Plc

("**N4 Pharma**" or the "**Company**")

Placing to raise £1.05 million

N4 Pharma Plc (AIM: N4P), the specialist pharmaceutical company developing a novel delivery system for vaccines and cancer treatments, announces that it has raised £1.05 million before expenses (approximately £1.0 million net of expenses) through a placing of 10,500,000 new ordinary shares of 0.4p each in the Company (the "**Placing Shares**") at an issue price of 10 pence per Placing Share (the "**Placing**").

Highlights

- The Placing Shares will represent approximately 10.35 per cent. of the enlarged issued share capital of the Company and have been subscribed for by a combination of new investors and existing shareholders
- The net proceeds of the Placing will be applied to:
    - fund Nuvec® process improvement and moving towards GMP manufacture readiness;
    - fund further biological research to demonstrate Nuvec® capability; and
    - fund research into additional potential applications of Nuvec®

Nigel Theobald, Chief Executive of N4 Pharma, said: *"We have made continued progress with Nuvec® and believe that it has the potential to significantly improve patient outcomes and generate value for investors and partners. I would like to thank investors, new and existing, for their support which will enable us to further develop this exciting opportunity."*

Background to and reasons for the Placing

Since the publication of its interim results in September 2018, and notification of its decision to close its generics division, the Company has been focussed on undertaking research studies on the pharmacology and pharmacokinetics of its Nuvec® delivery system for vaccines and cancer therapeutics. This has involved improving the manufacturing of the particles to make them more effective and capable of being easily scaled up to commercial manufacturing requirements. The Directors of the Company view this as essential work to enable the Company to successfully conclude, in due course, commercial research collaboration agreements with its target partners.

As announced on 29 October 2018, the results have shown that the Nuvec® particles themselves have a clear adjuvant effect to help deliver a level of immune response for the standard test antigen Ovalbumin ("**OVA**"). The type of response observed is consistent with that required for a vaccine. The Company also started working with EUNCL (European Nanomedicine Characterisation Laboratory) in September 2018, to fully characterise the Nuvec® particle, which has strengthened the Company's intellectual property position, through the patent application for an improvement in the particle manufacturing process. In addition, and as announced on 20 December 2018, the Company extended its license to the original patent from University of Queensland, and now has an exclusive global licence for the commercialisation of Nuvec® in all human therapeutic treatments (and licenced back certain defined fields that are of no commercial interest to the Company).

During the second half of 2018, N4 Pharma added to its team with the appointments of Dr Allen Hey as Head of Nuvec® CMC Program Development and Dr Melody Janssen as a Consultant for the Nuvec® biological research program. During this period, the Company has also identified further essential pre-clinical research to be undertaken, focussing on demonstrating actual immune efficacy of the particles in combination with an alternative tool antigen as well as OVA. It has also established the work that will be needed for both scaling up and getting the Nuvec® particle ready for GMP manufacture.

In preparing its work programme for the next 12 months, the Directors have fully considered the likely data requirements and expectations of potential collaboration and commercial partners, including MedImmune which, in recent discussions with the Company, has provided its input to the scope and

targets of various studies N4 Pharma should undertake prior to MedImmune committing further resource on the back of the results of those studies. This approach ensures that the work being done remains relevant to the progression of Nuvec® towards achieving its commercial objectives whilst giving maximum flexibility on multiple potential partners.

The Directors believe that the Placing provides the funds required to complete this research, putting the Company in a strong position to carry out detailed commercial discussions with multiple potential research collaboration partners on opportunities in the fields of vaccines and cancer therapeutics.

Use of proceeds

The net funds raised from the Placing will be used to fund the program in the following areas:

Process improvement and move to GMP manufacture readiness
In order for Nuvec® to be ready to enter clinical studies with any partner molecule, it must be capable of being provided at the required scale and under GMP manufacturing conditions. The Directors believe it is prudent to develop Nuvec® towards this level of readiness to provide comfort to potential collaboration partners. This work will focus on: improving the particle resuspendability; investigating formulation stability with research DNA; transferring the manufacturing process to a GMP capable partner; and ensuring N4 Pharma can make the required quantum at that partners facility. Subject to achieving this, the technology transfer would be expected to start in Q3 2019.

Further pharmacokinetic/pharmacodynamic ("PK/PD") research to demonstrate capability
Having established the level of immune response using the antigen OVA, the Company will seek to demonstrate whether this level of immune response is sufficient to produce an effective level of immunity or cancer destroying effect. The Company will undertake efficacy work using pDNA and mRNA with OVA and also look to complete additional work using other tool antigens. OVA is the industry standard research tool, and the Board considers that using additional tools will further demonstrate Nuvec®'s capability beyond the industry standard. OVA efficacy work with pDNA is expected to commence in Q2 2019, with other model antigen work commencing in the second half of 2019.

Additional Nuvec® versions and applications
Having extended its licence agreement with the University of Queensland, the Company will investigate alternative linkers in addition to than the existing PEI it uses and investigate which alternative molecule such as peptides or small molecules, should be the next area of development for Nuvec® to follow.

Details of the Placing and Total Voting Rights

A total of 10,500,000 Placing Shares are to be issued pursuant to the Placing at a price of 10 pence per Ordinary Share. The Placing has been conducted utilising the Company's existing share authorities. Allenby Capital acted as the Company's sole broker. The Placing is conditional, *inter alia*, admission of the Placing Shares to trading on AIM ("**Admission**") becoming effective.

Application has been made to the London Stock Exchange for the Placing Shares to be admitted to trading on AIM. It is expected that Admission will become effective and that dealings in the Placing Shares on AIM will commence on or around 14 February 2019.

On Admission, the Company's issued ordinary share capital will consist of 101,462,537 ordinary shares of 0.4p each ("**Ordinary Shares**"), with one vote per Ordinary Share. The Company does not hold any Ordinary Shares in treasury. Therefore, on Admission, the total number of Ordinary Shares and voting rights in the Company will be 101,462,537. With effect from Admission, this figure may be used by shareholders in the Company as the denominator for the calculations by which they will 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.

Information to Distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("MiFID II"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "Product Governance Requirements"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the Product Governance Requirements) may otherwise have with respect thereto, the Placing Shares have been subject to a product approval process, which has determined that the Placing Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "Target Market Assessment"). Notwithstanding the Target Market Assessment, investors should note that: the price of the Placing Shares may decline and investors could lose all or part of their investment; Placing Shares offer no guaranteed income and no capital protection; and an investment in Placing Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Placing. Furthermore, it is noted that, notwithstanding the Target Market Assessment, only investors

who have met the criteria of professional clients and eligible counterparties have been procured. For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to Placing Shares.

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About N4 Pharma plc

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

Nuvec® has already shown to be capable of loading and delivering mRNA and pDNA into cells to the required level needed to generate an immune response capable of strong antibody production.

N4 Pharma's business model is to partner with companies developing novel antigens for vaccines and cancer treatments to use Nuvec® as the delivery vehicle to deliver 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 upfront payments, milestone payments and ultimately royalty payments once products reach the market.

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