RNS Number : 5917L
N4 Pharma PLC
23 April 2024

23 April 2024

N4 Pharma plc

("N4 Pharma" or the "Company")

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 2023.

Highlights:

Oncology

- *In vitro* results for Nuvec® loaded with two different clinically relevant siRNA, EGFR and BCL-2, show comparable cellular apoptosis to two commercially available products
- Further work has demonstrated that Nuvec® can bind not only single, but dual siRNAs aimed at simultaneously targeting pathways responsible for cancer progression and that there is an improved reduction in cell viability from treatment with dual loaded siRNA
- Results suggest that the dual loading of Nuvec® has the potential to be a hugely useful tool for combination therapy treatments

Oral Delivery

- Completion of *in vivo* studies demonstrating that Nuvec® loaded with OVA m-cherry DNA and encapsulated within an acid protective polymer can be dosed orally, penetrate the mucus layer, and successfully express the OVA m-cherry locally in the intestine epithelial cells
- Studies show that administering enteric coated PEGylated Nuvec® capsules with a subsequent dose 3 days later can produce and maintain protein expression
- Post period end, results of further testing show that administering enteric coated PEGylated Nuvec® capsules, on a staged basis over a period of 21 days, can maintain the protein expression for even longer and produce antibodies

Patents

- Patents on using Nuvec® to enhance the performance of viral vectors granted in Europe, Australia, Japan, China, the U.S. and India

Nanogenics

- Placing of £350,000 to fund the acquisition of a controlling stake in Nanogenics Limited, a company with a complementary lipid and peptide-based delivery system (Liptide®) that is developing a novel product (ECP105) for the prevention of scarring following surgery for the treatment of glaucoma
- Work underway with the University of Strathclyde on the formulation of the product needed to begin *in vivo* studies with Kings College London, studies expected to commence in May 2024
- Investigating potential for orphan drug designation for ECP105

- Non-viral, non-lipid delivery systems are high in demand in the gene therapy space and the Company now has two such delivery systems and expect considerable technical synergies in developing programmes using both Nuvec® and Liptide®

Collaborations

- Company continues to seek partners to develop its Nuvec® technology and is in the advanced stages of finalising a collaboration with an independent global R&D leader based in the US with the aim of securing a co-marketing agreement following initial studies

Financial

- Total comprehensive loss for the year was £1,276,778 (2022: £1,029,261)
- Cash at period end of approximately £1.0m (2022: £1.9m)

Nigel Theobald, Chief Executive Officer of the Company, commented:

"2023 was a year of good progress for the Company with material advancements in the capabilities of Nuvec® both in its ability to dual load and in its potential for oral delivery. We achieved our objective of expanding our portfolio through our interest in Nanogenics which brings us a clear path for taking a product to market and the potential for orphan drug designation.

"Our IP position has strengthened and we believe we are closer than ever before to agreeing a collaboration which would see Nuvec® being applied to other technologies with a view to co-marketing the resultant technology to big pharma and I look forward to making further announcements on this in the near future.

"We continue to manage our cash position tightly and look forward to the rest of 2024 with great optimism."

Enquiries:

N4 Pharma plc
Nigel Theobald, CEO
Luke Cairns, Executive Director
Via N4 Pharma Investor Hub

Engage with us directly at N4 Pharma Investor Hub
Sign up at investors.n4pharma.com

To hear more, visit
https://investors.n4pharma.com/link/DP429e

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About N4 Pharma

N4 Pharma is a specialist pharmaceutical company developing a novel delivery system for oncology, gene therapy and vaccines using its unique silica nanoparticle delivery system called Nuvec®.

N4 Pharma's business model is to partner with companies developing novel antigens in these fields to use Nuvec® as the delivery vehicle for these antigens. 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.

For further information on the Company visit www.n4pharma.com or sign up at investors.n4pharma.com.

Chairman's Report

N4 Pharma Plc ("N4 Pharma" or the "Company"), is the Parent Company for N4 Pharma UK Limited ("N4 UK") and Nanogenics Limited ("Nanogenics"), and together form the group (the "Group").

N4 UK is a specialist pharmaceutical company engaged in the development of silica nanoparticle delivery systems to improve the cellular delivery of cancer treatments, gene therapy and vaccines.

Nanogenics is a specialist pharmaceutical company engaged in the development of a Liptide@ platform to deliver a proprietary siRNA sequence to silence a fibrotic gene for the treatment of glaucoma.

Review of operations for the financial year ended 31 December 2023

During the year to 31 December 2023 £1,953 of revenue was generated by the Group (31 December 2022: £nil).

The operating loss for the year increased to £1,276,778 (31 December 2022: £1,029,261 loss). Expenditure was broadly in line with budget and increased compared to prior year as more work was undertaken on in vivo vaccine and oncology studies in 2023.

Cash at the year-end was £1,027,112 (31 December 2022: £1,919,529) having raised £350,000 towards the end of 2023 primarily to fund the investment into Nanogenics. Our cash position remains sufficient to continue our current work streams albeit further funds may be required to expand our activities as set our further in the Directors' Report.

Section 172 Disclosures

In discharging their duties, the Directors of the Group give due regard to their duties to promote the success of the Group under Section 172(1) of the Companies Act 2006.

Given the size and nature of the Group all key decisions in the promotion of the success of the Group are taken at board level with delegation to the Executive Directors for the execution of such decisions.

All actions and decisions taken are in good faith with the long-term success of the Group in mind and in doing so the Directors have considered (amongst other matters):

- the likely consequences of any decision in the long term - all key decisions are taken at board level and are focussed on what is required to achieve commerciality for the Group's core projects, Nuvec® and ECP105, the glaucoma product being developed by Nanogenics;

- the interests of the Group's employees - save for the Directors, the Company has no other employees. The interests of the Directors are very much aligned with the success of the Group and Company;
- the need to foster the Group's business relationships with suppliers, customers and others - the Group is reliant on third party providers such as clinical research organisations ("CROs") to progress the business and maintains good work relationships with all its counterparties;
- the impact of the Group's operations on the community and the environment - all CROs are required to adhere to strict ethical standards particularly in the use of animals in studies;
- the desirability of the Group maintaining a reputation for high standards of business conduct; and
- the need to act fairly between stakeholders of the Group.

Where or to the extent that the purposes of the Group consist of or include purposes other than the benefit of its members, subsection (1) has effect as if the reference to promoting the success of the Group for the benefit of its members were to achieve those purposes.

The duty imposed by this section has effect subject to any enactment or rule of law requiring Directors, in certain circumstances, to consider or act in the interests of creditors of the Group.

Key Operational Events and Opportunities

The Company has continued to add further pre-clinical proof of concept data to the significant data accumulated in the prior periods in respect of the potential for the use of Nuvec®. For 2023, the Company's focus for Nuvec® was threefold:

- to expand its knowledge around Nuvec® in oncology and gene therapy using siRNA to silence genes;
- to continue to investigate the oral delivery of Nuvec® to the intestine; and
- to further investigate the use of Nuvec® to improve the performance of viral vectors.

In parallel to this ongoing work, we continued to explore potential collaborations to find appropriate partners with whom to develop Nuvec® in a way that could lead to it being marketed to pharma companies with commercialisation in mind. As stated previously, the Company has always been open to adding further, complimentary assets and this was achieved through investment resulting in a controlling stake in Nanogenics.

siRNA

The Company is focusing its research on the ability of Nuvec® nanoparticles to be loaded with, and deliver at the same time, two different siRNA known to inhibit relevant oncology targets. This is cutting edge research in the use of nanoparticles as delivery systems in oncology and consequently the Company is proceeding carefully to ensure that it gains the maximum understanding of the cellular processes involved.

Through the use of multiple different siRNA constructs, the Company has demonstrated that two separate siRNA molecules can be loaded onto Nuvec® without changing the size or charge of Nuvec®, both parameters being essential for successful cellular uptake.

The initial work on cell growth involved investigating the combination of inhibition of EGFR (epidermal growth factor receptor) and *BCL-2:* (B-cell lymphoma 2) using PC-9 cancer cells. Each siRNA when separately loaded onto Nuvec® achieved cell inhibition. The work identified that the expression level of BCL-2 in PC9 cells was low even though cellular inhibition was observed. The Company then began investigating alternative cellular pathways that may be inhibited using siRNA loaded alongside EGFR. The first was BRD4 (Bromodomain-containing-protein 4) a

target for which inhibitors are currently being evaluated in clinical trials for the treatment of uveal melanoma, leukemia and carcinoma. The second target was PLK1 (Polo Like Kinase 1), inhibitors of which are in early clinical development for lymphoma and pancreatic cancer.

As with the other siRNAs explored to date, Nuvec® can be loaded with the individual siRNA, as above, and cause knockdown of the respective targets and reduce cell viability in a dose-related manner.

Having confirmed dual loading of Nuvec®, the Company subsequently tested the effect of both BRD4 combined with EGFR and PLK1 combined with EGFR on knockdown and cell viability. Although individually both siRNA had demonstrated the expected results of a dose-dependent inhibition of cell growth and target knockdown, critically when loaded together there was a synergistic effect which resulted in a reduction in knockdown of EGFR receptor but importantly the reduction on cell viability was retained. These findings give Nuvec® a unique position in using siRNA to treat oncology and other diseases as multiple siRNA molecules can be loaded onto Nuvec® and different cellular pathways inhibited at the same time, a hugely useful tool for combination therapy treatments.

Oncology Strategy

It is likely that the precise combinations of siRNA, both in terms of target and concentration of siRNA, will vary depending on which cell type they are tested in. Both these elements will be determined by the clinical outcome desired.

Chemotherapy treatments for cancers are broad stroked and have very high toxicity which has led to the emergence of alternative immuno-oncology treatments. These have had remarkable success for some cancers but have proved ineffective in curbing the progression of numerous cancers.

Single pathway treatments can have an initial effect but many see the post treatment emergence of cancer cells that have developed "immune escape" pathways leaving retreatment as futile.

Novel approaches to the treatment of cancer that do not rely on the immune response, nor incur the general toxicity induced by chemotherapy or radiotherapy, but rather rely on targeting the well-known growth factor pathways spurring tumour growth are key to addressing the shortfalls of immunotherapeutic and chemotherapeutic approaches. Although some monoclonal antibody treatments (mAbs) do target tumour growth dependent pathways, they have highly significant off-target effects, must be dosed repeatedly, can be immunogenic, and target only one pathway at a time, allowing for emergence of tumour populations that proliferate by other growth pathways. None have been curative.

The work the Company is doing shows that Nuvec® can bind not only single, but multiple siRNAs aimed at simultaneously targeting identified pathways responsible for cancer progression after initial treatments. Knocking down both (or more) pathways will give a greater chance that tumours will not develop resistance, escape and again proliferate by the emergence of a significant alternative growth pathway, which is common in treatments blocking just one growth factor pathway.

Oral Studies at the University of Queensland ("UQ")

During the period UQ has, utilising the grant funding obtained by N4 Pharma and the Australian Research Council, made considerable progress in the longer-term study on oral applications for Nuvec®. We have demonstrated via

in vivo pre-clinical studies that an enterically-coated capsule containing Nuvec® loaded with DNA encoding ovalbumin is able to pass through the lining of the stomach to successfully transfect the upper intestine. Using a single dose, ovalbumin expression was observed after 3 days. In a second study a second capsule was administered on day 3 and a much higher sustained level of expression was observed on days 4-7.

This work clearly shows that Nuvec® can be successfully used as an oral delivery system with many potential applications such as a vaccine, a product for gastrointestinal disorders (e.g. Inflammatory Bowel Disease, Ulcerative Colitis etc) or to treat colon cancer among many possible examples.

As recently announced further studies at UQ show that administering capsules on subsequent days can maintain the protein expression for even longer and produce antibodies. The Company is in active discussions with UQ as to the appropriate next steps and likely costings to maximise this opportunity.

Viral vectors

Viral vectors remain the go to delivery vehicle for use in gene therapy but they remain fraught with problems, most notably they are expensive to make and cause side effects due to their inflammatory nature.

The Company has taken a novel approach to how Nuvec® might initially be used in this area. The Company has shown that Nuvec® can be combined with the viral vector to significantly improve its efficiency. This could mean products formulated with viral vectors could achieve their same efficacy but from a reduced amount thereby significantly reducing the cost of manufacture and potentially reducing the unwanted side effects from the viral vector.

Post the year end, The Company announced that it had also shown through its research programme with the University of Brunel, that Nuvec® can deliver increased transduction efficacy, when complexed with Adeno-Associated virus 8 ("AAV8"). AAV8 was chosen for investigation as this virus is currently being used for products already in clinical development.

The number of approvals of new gene therapies and the need for appropriate delivery systems have reached unprecedented highs and demand is growing exponentially. For in vivo gene therapy, the Adenovirus (AV) and Adeno-Associated virus (AAV) are acknowledged as the most used delivery vehicles. However relatively high amounts of AV and AAV are needed to be clinically efficient and this appears directly correlated with adverse events in patients such as unwanted immunogenicity and potential safety implications. The incorporation of Nuvec® into the treatment protocol has the potential to both increase efficacy and reduce side effects.

These three work streams are the focus of the Company in demonstrating both the viability and the flexibility of Nuvec® as a unique delivery system in this space. It remains a key priority for the Company to present this data to third parties developing novel products in this space with a view to licensing Nuvec® to use as part of their developments.

Collaborations

The Company is at advanced stages of finalising a collaboration with an independent global leader in R&D based in the US which, on the back of successful initial studies utilising our combined technologies, would lead to a co-marketing agreement to allow both parties to promote the resultant combined technology. We anticipate being able to make a further announcement on this in the coming weeks.

Additional Assets

We have been investigating potential assets to add to the Company for some time and after seeing a number of opportunities, we were delighted to take a controlling stake in Nanogenics in September 2023. The RNA sector is an exciting one with a lot of investor and commercial interest. The addition of the Liptide® delivery system and siRNA sequence adds significant potential value to our business. As well as glaucoma, the MRTF-B gene is also responsible for fibrosis of the liver and lung, two large areas into which Nanogenics could develop its portfolio.

Non-viral, non-lipid delivery systems are high in demand in the gene therapy space and we now have two such delivery systems and expect considerable technical synergies in developing programmes using both Nuvec® and Liptide®.

Since the investment Nanogenics has been working with the University of Strathclyde on the formulation to take into in vivo studies with Kings College London. These studies are expected to commence in May 2024. In parallel we have been looking into the preparatory work required to undertake safety and toxicology testing and move into clinical trials, achieving pre-IND approval from the FDA and what is required to obtain orphan designation for the product which, if achieved, would potentially give 7 years exclusivity to market our product upon FDA approval which, in itself, would be hugely value enhancing.

Intellectual Property

The Company has the exclusive worldwide rights for therapeutic uses in humans and animals for technology developed by The University of Queensland ("UQ"). 2023 now sees this technology having patents granted in Europe, Australia, Japan, China and the US and post year end the patent was also granted in India.

The Company has also filed its own patent on using Nuvec® to enhance the performance of viral vectors which is now entering the national phases of patent execution.

Future Prospects

As the Company looks forward, we are consolidating our efforts on Nuvec® and actively seeking commercial solutions for the product. Future development of the product as a drug delivery vehicle requires significant capital so we are seeking a suitable partner to work with us to deliver Nuvec@'s potential. Through the

investment in Nanogenics, the Company has an additional exciting development candidate and we will be looking to progress this opportunity towards clinical trials as quickly as possible.

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

Chris Britten
Chairman

22 April 2024

N4 Pharma Plc
Consolidated Statement of Comprehensive Income for the year ended 31 December 2023

	Notes	2023	2022
		£	£
Revenue		1,953	-
Gross Profit		**1,953**	**-**
Research and development costs		(619,392)	(577,525)
General and administration costs		(717,980)	(615,735)
Costs of purchase of investments	15	(89,175)	-
Operating loss for the year		(1,424,594)	(1,193,260)
Net finance income	4	-	1
Loss for the year before tax	5	(1,424,594)	(1,193,259)
Taxation	6	147,816	163,998
Loss for the year after tax		(1,276,778)	(1,029,261)

Other comprehensive income net of tax		-	-
Total comprehensive loss for the year		**(1,276,778)**	**(1,029,261)**
Total comprehensive loss for the year is attributable to:			
Equity owners of N4 Pharma Plc		(1,269,331)	(1,029,261)
NCI		(7,447)	-
		(1,276,778)	**(1,029,261)**
Loss per share attributable to owners of the parent	12		
Weighted average number of shares:			
Basic		242,889,938	186,422,541
Diluted		242,889,938	186,422,541
Basic loss per share		**(0.52)**	**(0.55)**
Diluted loss per share		**(0.52)**	**(0.55)**

All results were derived from continuing operations.

The notes are an integral part of the Consolidated Financial Statements

N4 Pharma Plc

Consolidated Statement of Financial Position as at 31 December 2023

	Notes	2023 £	2022 £
Assets			
Non-current assets			
Goodwill	15	61,210	-
		61,210	-
Current assets			
Trade and other receivables	8	187,045	246,518
Cash and cash equivalents		1,027,112	1,919,529
		1,214,157	2,166,047
Total assets		1,275,367	2,166,047
Liabilities			
Current liabilities			
Trade and other payables	9	(26,224)	(40,722)
Accruals and deferred income		(55,502)	(37,167)
Total liabilities		(81,726)	(77,889)
Net current assets		1,132,431	2,088,158

Total assets less current liabilities		1,203,080	2,088,158
Net assets		**1,193,641**	**2,088,158**
Equity			
Share capital	11	9,345,946	9,205,946
Share premium	11	14,874,469	14,698,569
Share option reserve	11	107,385	103,954
Reverse acquisition reserve	11	(14,138,244)	(14,138,244)
Merger reserve	11	279,347	279,347
Retained earnings	11	(9,341,267)	(8,061,414)
Non Controlling interest	16	66,005	-
Total equity		**1,193,641**	**2,088,158**

The Consolidated Financial Statements were approved by the Board of Directors on _____ 2024 and signed on its behalf:

Nigel Theobald

N4 Pharma Plc

Company Statement of Financial Position as at 31 December 2023

	Notes	2023 £	2022 £
Assets			
Non-current assets			
Investments	7	478,843	1,094,747
Intercompany loan receivable	14	-	5,659,000
		478,843	6,753,747
Current assets			
Trade and other receivables	8	20,625	992,325
Cash and cash equivalents		697,850	1,761,330
		718,475	2,753,655
Total assets		1,197,318	9,507,402
Liabilities			
Current liabilities			
Trade and other payables	9	(2,146)	(13,381)
Accruals and deferred income		(38,835)	(20,465)
Total liabilities		(40,981)	(33,846)

Total assets less current liabilities		1,156,337	9,473,556
Net assets		**1,156,337**	**9,473,556**
Equity			
Share capital	11	9,345,946	9,205,946
Share premium	11	14,874,469	14,698,569
Share option reserve	11	107,385	103,954
Merger reserve	11	279,347	279,347
Retained earnings	11	(23,450,810)	(14,814,260)
Total equity		**1,156,337**	**9,473,556**

The Company recorded a loss of £8,636,650 for the year (31 December 2022: £7,226 loss) primarily attributable to impairment of the intra company loan and investment as set out in the Company Statement of Cash Flows for the year ended 31 December 2023. The policy on impairment is dealt with in 1.14 of the Accounting Policies.

The Company Financial Statements were approved by the Board of Directors on 7 March 2024 and signed on its behalf:

Nigel Theobald

N4 Pharma Plc

Consolidated Statement of Changes in Equity for the year ended 31 December 2023

(i) Year ended 31 December 2023	**Share capital**	**Share premium**	**Share option reserve**	**Reverse acquisition reserve**	**Merger reserve**	**R e**
	£	**£**	**£**	**£**	**£**	
Balance at 1 January 2023	**9,205,946**	**14,698,569**	**103,954**	**(14,138,244)**	**279,347**	**(**
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	
Shares in subsidiary issued to NCI	-	-	-	-	-	
Total comprehensive loss for the year	-	-	-	-	-	(

Share issue	140,000	210,000	-	-	-	
Share issue costs	-	(34,100)	-	-	-	
Share based payment charge	-	-	3,431	-	-	
	9,345,946	**14,874,469**	**107,385**	**(14,138,244)**	**279,347**	**(**
At 31 December 2023						

(ii) Year ended 31 December 2022	**Share capital**	**Share premium**	**Share option reserve**	**Reverse acquisition reserve**	**Merger reserve**	**R e**
	£	**£**	**£**	**£**	**£**	
Balance at 1 January 2022	**8,995,146**	**13,945,602**	**79,955**	**(14,138,244)**	**279,347**	**(7,**
Total comprehensive loss for the year	-	-	-	-	-	(1
Share issue	210,800	843,200	-	-	-	
Share issue costs	-	(90,233)	-	-	-	
Share based payment charge	-	-	23,999	-	-	
At 31 December 2022	**9,205,946**	**14,698,569**	**103,954**	**(14,138,244)**	**279,347**	**(8,**

N4 Pharma Plc

Company Statement of Changes in Equity for the year ended 31 December 2023

(i) Year ended 31 December 2023	**Share capital**	**Share premium**	**Share option reserve**	**Merger reserve**	**Retaine earning**
	£	**£**	**£**	**£**	**£**
Balance at 1 January 2023	**9,205,946**	**14,698,569**	**103,954**	**279,347**	**(14,814**
Total comprehensive loss for the year	-	-	-	-	(8,636
Share issue	140,000	210,000	-	-	
Share issue costs	-	(34,100)	-	-	
Share based payment charge	-	-	3,431	-	
At 31 December 2023	**9,345,946**	**14,874,469**	**107,385**	**279,347**	**(23,450**

(ii) Year ended 31 December 2022	**Share capital**	**Share premium**	**Share option reserve**	**Merger reserve**	**Retaine earning**
	£	**£**	**£**	**£**	**£**
Balance at 1 January 2022	**8,995,146**	**13,945,602**	**79,955**	**279,347**	**(14,807**
Total comprehensive loss for the year	-	-	-	-	(7
Share issue	210,800	843,200	-	-	
Share issue costs	-	(90,233)	-	-	
Share based payment charge	-	-	23,999	-	
At 31 December 2022	**9,205,946**	**14,698,569**	**103,954**	**279,347**	**(14,814**

N4 Pharma Plc

Consolidated Statement of Cash Flows for the year ended 31 December 2023

	Notes	2023 £	2022 £
Operating activities			
Loss after tax		(1,276,778)	(1,029,261)
Finance expenditure and other income		-	(1)
Share based payment charge		3,431	23,999
Taxation credit		(147,816)	(163,998)
Operating loss before changes in working capital		**(1,421,163)**	**(1,169,261)**
Movements in working capital:			
Decrease/(increase) in trade and other receivables		44,230	(37,312)
Increase/decrease in trade, other payables and accruals		3,838	(134,841)
Cash used in operations		(1,373,095)	(1,341,414)
Taxation credit received		163,997	513,151
Net cash flows used in operating activities		**(1,209,098)**	**(828,263)**
Investing activities			
Net cash on acquisition of Subsidiary		781	-
Net cash flows from investing activities		**781**	**-**
Financing activities			
Finance expenditure and other income		-	1
Proceeds of ordinary share issue		350,000	1,054,000
Costs of share issue		(34,100)	(90,233)
Net cash flows from financing activities		**315,900**	**963,768**
Net (decrease)/increase in cash and cash equivalents		**(892,417)**	**135,505**
Cash and cash equivalents at beginning of the year		1,919,529	1,784,024
Cash and cash equivalents at year end		**1,027,112**	**1,919,529**

N4 Pharma Plc

Company Statement of Cash Flows for the year ended 31 December 2023

	2023 £	2022 £
Operating activities		
Loss before tax	(8,636,650)	(7,226)
Interest	(305,416)	(271,772)
Share based payment charge	3,431	23,999
Impairment of investment	866,004	-
Impairment of Loan	6,459,000	-
Operating loss before changes in working capital	**(1,613,631)**	**(254,999)**
Movements in working capital:		
Decrease/(increase) in trade and other receivables	1,277,116	(91,440)
Increase in trade and other payables	7,135	5,387
Cash used in operations	(329,380)	(341,052)
Net cash flows used in operating activities	**(329,380)**	**(341,052)**
Investing activities		
Acquisition of investment	(250,000)	-
Loan receivable advancements	(800,000)	(400,000)
Net cash flows used in investing activities	**(1,050,000)**	**(400,000)**
Financing activities		
Net proceeds of ordinary share issue	350,000	1,054,000
Costs of share issue	(34,100)	(90,233)
Net cash flows from financing activities	**315,900**	**963,767**
Net (decrease)/increase in cash and cash equivalents	**(1,063,480)**	**222,715**
Cash and cash equivalents at beginning of the year	1,761,330	1,538,615
Cash and cash equivalents at year end	**697,850**	**1,761,330**

1. Accounting policies

1.1 Reporting entity

N4 Pharma Plc (the "Company"), is the holding Company for N4 Pharma UK Limited ("N4 UK"), and Nanogenics Limited ("Nanogenics"), 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.

Nanogenics is a specialist pharmaceutical company engaged in the development of a Liptide platform to deliver a proprietary siRNA sequence to silence a fibrotic gene. 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 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 Consolidated Financial Statements have been prepared in accordance with International Financial Reporting Standards and applied to the Parent Company Accounts in accordance with the provisions of the Companies Act 2006.

The Consolidated Financial Statements are presented in Great British Pounds ("GBP" or "£"), rounded to the nearest £.

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 Statement of Comprehensive Income. 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-based payments related to share issue costs are measured at fair value shown in Share Premium.
- The associated Share Options and Warrants are measured at fair value using the Black Scholes model (see note 10).

1.3 Going concern

These Consolidated Financial Statements have been prepared on the basis of accounting principles applicable to a going concern.

The Group currently has no source of operating cash inflows, other than interest, grant income and license fees, and has incurred net operating cash outflows before tax for the year ended 31 December 2023 of £1,209,098 (2022: £828,263 outflow). At 31 December 2023, the Group had cash balances of £1,027,112 (2022: £1,919,529) and a surplus in net working capital (current assets, including cash, less current liabilities) of £1,132,430 (2022: £2,088,158).

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. Notwithstanding such different scenarios and mitigation options available to the Board it is highly probable that, in the absence of a commercial deal bringing in immediate revenue, further funding will need to be raised from third parties prior to the year-end in order for the Company to meaningfully fund operations and continue as a going concern. At this point in time the Board plans to raise funds against delivery of further milestones and to fund specific, value enhancing studies ideally in collaboration with partners with the ability to then commercialise the outcomes of such studies. Any fundraising will be done on the advice of its professional advisers and in such a way as to minimise dilution taking into account the prevailing market conditions and the share price at the time. Any such fundraising would also rely on shareholders authorising the Board to issue such shares as it deemed appropriate in order to raise sufficient funds for the Group.

Whilst the Board remains confident that necessary funds will be available as and when required, as at the date of this report the future funding requirements are not secured and, accordingly, there is material uncertainty that casts doubt over the Group's ability to continue as a going concern. Whilst the financial statements have been prepared on a going concern basis they do not include the adjustments that would result if the Group was unable to continue as a going concern.

1.4 Basis of consolidation

The consolidated Group financial statements consist of the financial statements of the Company together with the entities controlled by the parent company (its subsidiaries), N4 UK and Nanogenics.

The financial statements for N4 UK are made up to 31 December 2023. Nanogenics prepares individual financial statements to 31 May 2023. These consolidated financial statements for N4 Pharma include the

results of Nanogenics from the date of acquisition to 31 December 2023 based on interim management accounts. Where necessary, adjustments are made to the financial statements of N4 UK and Nanogenics to bring the accounting policies used into line with those used by the Group.

All intra-group transactions, balances and unrealised gains on transactions between Group companies are eliminated on consolidation. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred.

Subsidiaries are consolidated in the Group's financial statements from the date that control commences until the date that control ceases. Nanogenics was acquired by the Company on 27 September 2023.

1.5 Revenue

The Group recognises revenue based on the consideration specified in a contract with a customer and excludes amounts collected on behalf of third parties. The Group follows a 5 steps process in recognising revenue:

1. Identifying the contract with a customer.
2. Identifying the performance obligations.
3. Determining the transaction price.
4. Allocating the transaction price to the performance obligations.
5. Recognising revenue when/as performance obligation(s) are satisfied.

Revenue is recognised over time, when (or as) the Group satisfies the performance obligations by transferring the promised services to its customers.

If the Group satisfies a performance obligation before it received the consideration, the Group recognises either a contract asset or a receivable in its Consolidation Statement of Financial Position.

The Group generates license fees for the licencing of its products. Fee income is recognised on the accruals basis.

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, and against the associated cost.

1.7 Expenses

Financing income and expenses

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

Financing income and expenses are 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.

To date, the criteria for recognition of an internally generated intangible asset have not been met as explained in note 1.17.

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 the 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 Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into Sterling at the rate of exchange ruling at the Consolidated Statement of Financial Position date. Transactions in foreign currencies are translated at the rate of exchange ruling at the date of the transaction. Foreign exchange gains and losses are included in the Consolidated Statement of Comprehensive Income.

1.10 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 of share options granted.

1.11 Operating segments

The Group operated in one business segment, that of the development and commercialisation of medicines via its delivery system called Nuvec® and its liptide platform called ECP105.

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.

1.12 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.

1.13 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 less provision for impairment 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 of cash at bank. Any overdrafts are shown within borrowings in current liabilities.

1.14 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 Consolidated 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.

1.15 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 payment 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. Accounting policies

1.16 Adoption of new and revised International Financial Reporting Standards

The following IFRS standards, amendments or interpretations became effective during the year ended 31 December 2023 but have not had a material effect on this Consolidated Financial Information:

Standard		Effective date
Amendments to IAS 1	Disclosure of accounting policies	1 January 2023
Amendments to IAS 8	Definition of accounting estimates	1 January 2023
Amendments to IAS 12	Deferred tax related to assets and liabilities arising from a single transaction	1 January 2023

All new standards and amendments to standards and interpretations effective for annual periods beginning on or after 1 January 2023 that are applicable to the Group have been applied in preparing these Consolidated Financial Statements.

The standards and interpretations that are issued and relevant to the Group, 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 IFRS	Leases on sale and leaseback	1 January 2024
Amendments to IAS 1	Non-current liabilities with covenants	1 January 2024

Amendments to IAS 7 and IFRS 7	Supplier finance	1 January 2024

At the date of authorisation of these financial statements, the following standards and interpretations relevant to the Group and which have not been applied in these financial statements, have not been endorsed for use in the UK and will not be adopted until such time as endorsement is confirmed.

Standard	Effective date
Amendments to IAS 21 Lack of Exchangeability	1 January 2025

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 2023.

1.17 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, the Directors have 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 judgements surrounding the 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. The recoverability of the intercompany debtor and the cost of investment is dependent on the future profitability and success of the entity, which is in a research phase and has not therefore generated any revenue to date. Having considered research progress during the year and future prospects of N4 UK, the Directors consider that there are indicators of impairment in respect of these balances. This is a significant judgement.

1. 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 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 13 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 to the Company, but not to the Group.

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.

Regulatory and legislative risk will become more significant once the current research generates revenue.

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® and ECP105. 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.

1. Employees and directors

The average monthly number of employees during the year was 5 (2022: 5). The Directors of the Group are employed by both the Company and N4 UK and as such are included in the employee figure. Total Directors' remuneration is detailed in Note 14 of these Consolidated Financial Statements.

	2023 £	2022 £
Wages and Salaries	214,000	213,333
Social security costs	17,778	17,562
	231,778	230,895

4. Net finance income and (expenditure)

	2023 £	2022 £
Interest received on financial assets measured at amortised cost	-	1

5. Loss before tax

	2023 £	2022 £

Loss before taxation is arrived after charging:		
Fees payable to the Group's auditors for the audit of the Group's Consolidated Financial Statements	26,985	28,640
Fee payable for audit of subsidiaries	10,015	5,940

6. Taxation

	2023 £	2022 £
Current tax		
Research and development tax credit receivable for the current period	(147,816)	(163,998)
Adjustments in respect of prior periods	-	-
	(147,816)	(163,998)
Deferred tax		
Origination and reversal of temporary differences	-	-
Tax in Statement of Comprehensive Income	(147,816)	(163,998)

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

	2023 £	2022 £
Loss before taxation	(1,276,778)	(1,029,261)
Tax at the UK corporation tax rate of 25% (2022: 19%)	(319,195)	(195,560)
Net Research and development tax credits	(147,816)	(163,998)
Changes in unrecognised deferred tax	319,195	195,560
Adjustments in respect of prior periods	-	-
Tax charge for the year	(147,816)	(163,998)

At the year end the Group had trading losses carried forward of £11,357,986 (2022: £9,969,504) for use against future profits. There are no other factors which may impact future tax charges. A deferred tax asset has not been recognised on unrelieved trading losses as the timing, extent and availability of future profits is not yet certain.

7. Investments

Investment in subsidiaries

Company

Cost	2023 £	2022 £
Balance at 1 January	1,094,747	1,094,747
Impairment of investment in subsidiary	(866,004)	-
Investment in Nanogenics Limited	250,000	-
Balance at 31 December	478,843	1,094,747

The Directors have considered the carrying amount for the investment in N4 UK and decided to impair this to £228,743 in accordance with the accounting policies.

In 2023 the Company acquired 75% (subsequently diluted to 70.82% following the issuance of management shares) of the issued shares of Nanogenics Limited. The information related to this acquisition is stated in the note 15.

Details of the Company's subsidiaries at 31 December 2023 are as follows:

	Registered Office	Principal activity	Proportion of ownership and voting rights held
N4 Pharma UK Limited	The Mills, Canal Street, Derby, DE1 2RJ	Delivery of vaccines and therapeutics	100%
Nanogenics Limited	6th Floor 60 Gracechurch Street, London, United Kingdom, EC3V 0HR	Research and experimental development on biotechnology	70.82%

8. Trade and other receivables

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £
Prepayments	10,613	36,888	9,916	36,029
VAT due	24,972	18,632	10,709	13,352
R&D tax credits receivable	147,816	163,998	-	-
Interest receivable	-	-	-	883,610
Other debtors	3,644	27,000	-	59,334
	187,045	246,518	20,625	992,325

Loan interest receivable relates to the intra-group loan disclosed in Note 14.

9. Trade and other payables

	Group 2023 £	Group 2022 £	Company 2023 £	Company 2022 £

Trade payables	20,202	35,756	961	12,196
Other payables	6,022	4,966	1,185	1,185
	26,224	40,722	2,146	13,381

10. Share-based payments

Options

The Company has the ability to issue options to Directors to compensate them for services rendered and incentivize 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 Consolidated Statement of Comprehensive Income on a straight-line basis over the vesting period based on the Group's estimate of the number of shares that will vest.

The vesting period is defined as the period in which the options are unable to be exercised. The period commences on the date the options are issued. For the options to vest, the holder must remain an employee of the group throughout the vesting period. Once the vesting period is complete the options may be exercised on any date up to the lapse date.

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 at the grant date were adjusted based on management's best estimate for the effects of non-transferability, exercise restrictions and behavioural considerations.

As at 31 December 2023, there were 7,046,513 (2022: 7,046,513) options in existence over ordinary shares of the Company. Options in existence during the current and/or previous financial year are as follows:

Name	Date of Grant	Ordinary shares under option	Vesting Date	Expiry Date	Exercise Price £
2015 Options					
Gavin Burnell	14.10.15	1,351,210	14.10.15	14.10.25	0.0280
Luke Cairns	14.10.15	675,302	14.10.15	14.10.25	0.0280
2017 Options					
Luke Cairns	03.05.17	717,143	03.05.20	03.05.27	0.0700
David Templeton	03.05.17	717,143	03.05.20	03.05.27	0.0700
Paul Titley	03.05.17	717,143	03.05.20	03.05.27	0.0700
2019 Options					
John Chiplin	21.05.19	717,143	21.05.22	21.05.29	0.0355
Christopher Britten	21.05.19	717,143	21.05.22	21.05.29	0.0355
2020 Options					
David Templeton	18.05.20	717,143	18.05.23	18.05.30	0.0480

Luke Cairns	18.05.20	717,143	18.05.23	18.05.30	0.0480
Total options		7,046,513			

The weighted average remaining contractual life of the share options outstanding as at 31 December 2023 was 3.93 years (2022: 4.93 years).

Weighted average exercise price of options outstanding as at 01 January 2023 and as at 31 December 2023 was £0.05 (as at 01 January 2022 and as at 31 December 2022: £0.05).

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

An amount of £3,431 has been recognised in the Consolidated Statement of Comprehensive Income and in the Share Option Reserve in relation to the share options (2022: £12,006).

The aggregate fair value of the share options in issue was £95,391 (2022 £91,961), with amounts recorded at each reporting date being as follows:

	2023	2022
	£	£
2015 Options	18,492	18,492
2017 Options	26,884	26,884
2019 Options	22,793	22,793
2020 Options	27,222	23,792
	95,391	91,961

Warrants

As part of the placing in November 2022 which raised £1,054,000 before fees and expenses, the Company issued 3,162,000 warrants at an exercise price of 2p per warrant to the Company's brokers on the transaction as part of their fees.

The warrants entitle holders to subscribe for new ordinary shares at any time in the period of three years following the grant of the warrants. The expiry date for the warrants is 23 November 2025.

Fair value is measured using a Black Scholes pricing model.

An amount of £11,993 was recognised in the year ended 31 December 2022 in the Share Premium and in the Share Option Reserve in relation to the warrants. There was no amount in the year ended 31 December 2023 in the Share Premium and in the Share Option Reserve in relation to the warrants.

11. Capital and reserves

Issued, allotted and fully paid	2023	2022
	£	£
268,780,349 Ordinary Shares of 0.4p each *(2022:*	1,075,121	935,121

233,780,349*)*		
137,674,431 Deferred Shares of 4p each *(2022: 137,674,431)*	5,506,977	5,506,977
279,176,540 Deferred Shares of 0.99p each *(2022: 279,176,540)*	2,763,848	2,763,848
	9,345,946	9,205,946

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.

Authorised ordinary shares at 31 December 2023 totalled 334,682,497 (2022:334,682,497).

During the year 35,000,000 new ordinary shares of 0.4p each were issued through a placing in September 2023 at a share price of 1p per share.

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

The equity structure presented in the Consolidated Financial Statements reflects the equity structure of the Group, including the equity instruments issued as part of the Reverse Takeover transaction which occurred in 2017 and followed accounting treatment in accordance with IFRS 2.

The reverse acquisition reserve and the merger reserve are derived as part of the Reverse Takeover transaction and the balances within these reserves have had no movement since the point of the Reverse takeover in 2017.

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 options granted, less the fair value of lapsed and expired options.

Retained earnings

Retained earnings comprises of accumulated results to date.

12. Earnings per share

The calculation of basic loss per share at 31 December 2023 was based on the loss of £1,269,331 (2022: £1,029,261), and a weighted average number of ordinary shares outstanding of 242,889,938 (2022: 186,422,541), calculated as follows:

	2023 £	2022 £
Losses attributable to ordinary shareholders	**(**1,269,331**)**	**(1,029,261)**
Weighted average number of ordinary shares		
Issued ordinary shares at 1 January	233,780,349	181,080,349
Effect of shares issued during the year	9,109,589	5,342,192
Weighted average number of shares at 31 December	242,889,938	186,422,541

	2023 pence per share	*2022 pence per share*
Basic loss per share	(0.52)	(0.55)

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 and warrants which could be bought for less than a market price. The calculation of diluted loss per share at 31 December 2023 was based on the loss of £1,269,331 (31 December 2022: £1,029,261), and a weighted average number of ordinary shares outstanding of 242,889,938 (2022: 186,422,541).

	2023 pence per share	*2022 pence per share*
Diluted loss per share	(0.52)	(0.55)

13. Risk management and analysis

(a) 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 by S&P at least A-2.

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 to the Company, but not to the Group.

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 £1,214,157 (2022: £2,166,047), being the total of the carrying amount of financial assets, shown in the Consolidated Statement of Financial Position.

(b) 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 2023					
Trade and other payables	25,024	25,024	25,024	-	-
31 December 2022					
Trade and other payables	40,722	40,722	40,722	-	-

Company:

Financial liabilities	**Carrying amount**	**Contractual cash flows**	**6 months or less**	**6-12 months**	**1 -2 years**
	£	£	£	£	£
31 December 2023					
Trade and other payables	2,146	2,146	2,146	-	-
31 December 2022					
Trade and other payables	13,381	13,381	13,381	-	-

(c) 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.

(d) Interest rate risk

Profile

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

Group:	**Carrying amount 2023**

	£	2022 £
Variable rate instruments		
Cash and cash equivalents	1,027,112	1,919,529

	Carrying amount	
Company:	**2023** **£**	**2022** **£**
Variable rate instruments		
Cash and cash equivalents	697,850	1,761,330

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 A-2 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 2022.

Group:	**2023** **Profit or loss**		**2022** **Profit or loss**	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	10,271	(10,271)	19,195	(19,195)

Company:	**2023** **Profit or loss**		**2022** **Profit or loss**	
	100 bp increase	100 bp decrease	100 bp increase	100 bp decrease
Variable rate instruments	6,979	(6,979)	17,613	(17,613)

14. Related parties

Key management personnel

The below remuneration relates to key management personnel, there are no key management personnel employed by the Group in addition to the Directors.

	2023	2022
	£	£
Short-term employee benefits	231,778	230,895
Share based payments	3,431	12,006
	235,209	242,901

Directors' remuneration and interests

The below remuneration relates to the Directors of the Group.

2023	Remuneration			Interests	
Director	**Cash-based payments**	**Share-based payments**	**Totals**	**Shares**	**Options**
	£	£	£	No.	No.
Nigel Theobald (Chief Executive Officer)	82,500	-	82,500	16,981,319	-
David Templeton	49,500	1,715	51,215	-	1,434,286
Luke Cairns	44,000	1,716	45,716	142,857	2,109,588
Christopher Britten	24,000	-	24,000	-	717,143
John Chiplin (resigned on 1 August 2023)	14,000	-	14,000	-	717,143
	214,000	3,431	217,431	17,124,176	4,978,160

2022	Remuneration			Interests	
Director	**Cash-based payments**	**Share-based payments**	**Totals**	**Shares**	**Options**
	£	£	£	No.	No.
Nigel Theobald (Chief Executive Officer)	77,500	-	77,500	16,981,319	-
David Templeton	46,500	4,537	51,037	-	1,434,286
Luke Cairns	41,333	4,537	45,870	142,857	2,109,588
Christopher Britten	24,000	1,466	25,466	-	717,143
John Chiplin (resigned on 1 August 2023)	24,000	1,466	25,466	-	717,143
	213,333	12,006	225,339	17,124,176	4,978,160

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

Nigel Theobald is the Group's highest paid director (2022: Nigel Theobald). His remuneration in each year is disclosed above.

N4 Pharma Plc has a loan receivable from N4 Pharma UK Limited at 31 December 2023 of £6,459,000 (2022: £5,659,000). It is repayable in December 2025, accrues interest at a rate of 5% and is unsecured.

The Directors have considered the carrying amount for the loan to subsidiary and decided to impair this loan together with the accrued interest balance to £nil in accordance with the accounting policies.

There are no further related parties identified. There is no ultimate controlling party of the Company or Group.

15. Interests in other entities

The Group's principal subsidiaries at 31 December 2023 are set out below. Unless otherwise stated, they have share capital consisting solely of ordinary shares that are held directly by the Group, and the proportion of ownership interests held equals the voting rights held by the Group. The country of incorporation or registration is also their principal place of business.

Name of entity	Place of business/country of incorporation	Ownership interest held by the group		Ownership interest held by non-controlling interests		Principal activities
		2023 %	2022 %	2023 %	2022 %	
Nanogenics Limited	UK	70.82	-	29.18	-	Research and experimental development on biotechnology
N4 Pharma UK Limited	UK	100	100	-	-	Delivery of vaccines and therapeutics

On 27 September 2023 the Company acquired 75% of the issued shares of Nanogenics Limited. The fair value of assets and liabilities acquired were equal to the net book value therefore no fair value adjustments are required. In connection with the subsequent issue of shares the Company's ownership interest was reduced to 70.82%.

Below is a financial information for Nanogenics and calculation of Non-controlling interest and Goodwill on acquisition date 27 September 2023.

	£
Current assets	252,470
Current liabilities	(750)
Net assets	251,720
Consideration paid	(250,000)
Non-Controlling Interest, 25% of Net assets	(62,930)
Goodwill	61,210

The Goodwill represents the knowledge of ECP105.

Below is the information about the costs incurred that related to the investment in Nanogenics.

	£
Broker commission	21,000
Advisory fee	12,500
Settlement fees	600
Survey of designated patent rights	8,075
Exclusivity payment	25,000
Legal services	22,000
	89,175

Nanogenics is exempt from audit under s479a of the companies act (parental guarantee).

16. Non-controlling interest

Below is financial information for Nanogenics given that it has non-controlling interest that is material to the group. The amounts disclosed are before inter-company eliminations and relate to results after 27 September 2023.

Statement of Financial Position	2023	2022
	£	£
Current Assets	239,833	-
Current liabilities	(13,633)	-
Current Net assets	226,200	-
Accumulated NCI	66,005	-

Statements of Comprehensive Income	2023	2022
	£	£
Revenue	1,953	-
Expenses	(27,475)	-
Loss for the period	(25,522)	-
Loss allocated to NCI	(7,447)	-

17. 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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