RNS Number : 3278F
N4 Pharma PLC
24 September 2024

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N4 Pharma Plc

("N4 Pharma" or the "Company")

Interim Results

N4 Pharma Plc (AIM: N4P),the specialist pharmaceutical company developing Nuvec®, a novel delivery system for vaccines and cancer treatments, announces its unaudited interim results for the six months ended 30 June 2024.

Highlights:

- Two exciting therapeutic areas identified for the development of products utilising Nuvec® and Liptide®.
- Positive results from collaboration with SRI International ("SRI") demonstrating the ability forNuvec® to target cells and maintain efficacy in the target gene cell.
- Further positive *in vivo* results from ongoing oral studies at the University of Queenslandto show the successful delivery of a Nuvec® capsule into the intestine where it released its plasmid DNA payload to produce localised protein expression.
- Application made to FDA for orphan drug designation in respect of ECP105, for the prevention of scarring following glaucoma surgery.
- Reduced operating loss for the period£491,705 (30 June 2023: £646,150) and R&D and general expenditure in line with budget.
- Cash position remains strong whichat 30 June 2024 was£1,204,946(31 June 2023: £1,289,769),following a successful placing in June to raise gross proceeds of £630,000.
- Post period end strengthening of the board with the appointment of Mike Palfreyman as an independent Non-Executive Director.

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

"We have made excellent progress in the period and have continued to focus our efforts to deliver the best opportunities to progress Nuvec® into the clinic with a shift in emphasis towards product development with our first two potential products now identified. In parallel our collaboration with SRI continues to generate positive results and improves our data set to bring us closer to commercial collaborations across multiple applications dependent on any partner's needs.

"Cash expenditure continues to be tightly controlled to allow us to maximise outcomes whilst preserving our cash resource as far as possible. I look forward with optimism to the continuing the work and crystalising the pathway towards commercially viable and clinically relevant products whilst presenting our data alongside SRI to potential collaborators."

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 which has been incorporated into UK law by the European Union (Withdrawal) Act 2018. Upon the publication of this announcement via Regulatory Information Service, this inside information is now considered to be in the public domain.

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 find out more and see a video discussing the results and submit your questions visit us at:	https://investors.n4pharma.com/link/qy1YAy
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About N4 Pharma

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®.

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 get their antigen into cells to express the protein needed for the required immunity. As these products progress through pre clinical and clinical programs, N4 Pharma will seek to receive upfront payments, milestone payments and ultimately royalty payments once products reach the market.

Chairman's Statement

Half year results

I am pleased to report that in the six months ended 30 June 2024, £3,906 of revenue was generated by the Group (30 June 2023: £nil).

The loss for the period was £491,705 (30 June 2023: £646,150) and in line with planned expenditure.

Our cash balance at 30 June 2024 was £1,204,946 (30 June 2023: £1,289,769), following a placing to raise gross proceeds of £630,000.

Operational update

After spending a significant amount of time investigatingNuvec® and understanding its potential, we are pleased to report meaningful progress in the development of Nuvec® as a delivery system for therapeutics. We have previously reported on the development of a monodisperse formulation, crucial for intravenous delivery, and the ability to load multiple siRNA molecules onto the same Nuvec® particle. We are pleased to report that Nuvec® delivery can be targeted to individual tissue types and that there is the potential to use Nuvec® as an oral drug delivery approach for the treatment of gastrointestinal ("GI") disorders. These new data have led to the prospect of delivering two exciting lead products designed to address unmet clinical needs.

The first, using Nuvec® has the potential to delivery an oral inflammation inhibitor for the treatment of GI disorders including Inflammatory Bowel Disease ("IBD") and Ulcerative Colitis ("UC"). The second product opportunity, via our investment in Nanogenics Ltd, is exploring the use of Liptide® to deliver a product for the prevention of scarring following surgery to treat glaucoma. In parallel to shifting our focus towards product development, we continue to explore other applications, particularly through our work with SRI which, in turn, and through our marketing agreement with SRI, could lead to further collaborations.

Nuvec®

We are now clear on a number of benefits ofNuvec® including the following:

- Its unique spikey surface structure allowing the binding of DNA/RNA;
- It is relatively straightforward to manufacture and scale up;
- In contrast to Lipid Nanoparticles which are known to evoke an immune response, the inert nature of nanosilica particles makes this an unlikely (subject to confirmation) feature ofNuvec®;
- The addition of specific peptides and other ligands enables cellular targeting;
- Any payload is protected from enzymatic digestion and pH exposure;
- It is a simple process to load multiple siRNAs onto the same nanoparticle for combination therapies;
- There is quick and efficient cellular uptake and endosomal release enabling delivery of large numbers of siRNA copies into each cell; and
- It is capable of oral delivery or oligonucleotides including siRNA and DNA.

Liptide®

Liptide's® benefits include:

- The encapsulation of the payload by the lipid element to protect it;
- The peptide element allows efficient take up by the target cell;
- Higher delivery rates and specificity than traditional liposomal vectors;
- High tolerability making it suitable for regular, repeat dosing;
- Improved safety profile compared to viral vectors; and
- Like a virus, Liptide® can bind to specific cell surface.

Oral Delivery

In April 2024, we announced thatthe Company had, through its research program with the University of Queensland ("UQ"), undertaken further testing, *in vivo*, to show the successful delivery of a Nuvec® capsule into the intestine where it released its plasmid DNA payload to produce localised protein expression. This work has reinforced the potential of Nuvec® as an oral delivery system for multiple nucleotide payloads.

In this experiment, an enterically-coated capsule containing PEGylated Nuvec® loaded with plasmid DNA expressing ovalbumin was administered on day 0 and subsequent capsules on day 3, day 6, day 9 with a booster capsule at day 21. Protein expression was measured to be significantly higher in the upper gastrointestinal tract of the subject than controls (DNA alone and non-PEGylated DNA loaded Nuvec®) up until day 25. In addition, a significantly higher ovalbumin antibody response was measured at day 36 in the PEGylated Nuvec® sample compared to control.

The work at UQ will now focus on combining the oral delivery work we have done with our ability to multiple load Nuvec® with more than one RNA. The aim for this is to show how an oral product can both reduce the unwanted inflammation in the gut associated with IBD whilst simultaneously helping the body's anti-inflammatory response fight back. *In vitro* testing of this has begun and we hope to have *in vivo* testing underway before the end of the year.

We believe the market for such an oral product to treat GI inflammation to be significant. Current therapies for immune-medicated inflammatory diseases, such as IBD, are sub-optimal requiring regular, painful, injections which can result in reduced patient compliance. Injectable products to treat these disorders represented 78% of a market worth$20.4bn in 2023 and is expected to grow by a CAGR of 3.9% to over $27.6nn by 2030[1]. The ability to deliver an oral medication targeting the same mechanism as the antibody-based therapeutics would represent a preferable form of treatment. With 5 million sufferers of the two main types of IBD (Crohn's disease and ulcerative colitis) there is huge potential for a product to address this market and it is estimated that the oral segment of this market could be worth $7bn by 2030. There is a huge market opportunity for such a product, mainly as an oral substitute for the largest sector already of TNF inhibitors and to compete with the inhibitor drugs being developed. If such a product could take 50% share of the existing TNF inhibitor market and 25% of the oral market, it would potentially be worth $12bn. Even achieving just 10% of this at $1.2bn would give the product significant potential.

([1] 2023 Grand View Research, Inc. Inflammatory Bowel Disease Treatment. MARKET ANALYSIS, 2018-2030).

Liptide® Glaucoma product - ECP105

ECP105 represents a simple and effective anti-fibrotic therapeutic approach which maximises and increases surgical success in the treatment of Glaucoma by reducing post-surgical scarring whilst avoiding exposing patients to the risk of cytotoxic medication. Using Liptide® as a delivery system, ECP105 contains a siRNA sequence to silence the fibrotic gene MRTF-B without cytotoxic side effects.

During the period and year to date, the work at Nanogenics has progressed positively despite being a little slower than we would have liked. The *in vitro* proof of concept work carried out at the University of Strathclyde demonstrated siRNA inhibition of proteins related to fibrosis in ophthalmic indications. Delays in providing the formulation of the product to Kings College London has resulted in an initial pilot *in vivo* study. The results of the pilot have shown that the new formulation made using microfluidics is stable and is not toxic when administered *in vivo*.

One of the strategic decisions taken during the period was to apply for orphan drug designation in respect of ECP105 for which we submitted an application to the U.S. Food and Drug Administration ("FDA") in early July, for the prevention of scarring following glaucoma surgery. Obtaining orphan drug status in the USA is expected to bring substantial cost and time savings on the development work and once approved, seven years of exclusivity. The result of the orphan drug application is expected in the next six to eight weeks.

Nanogenics has also filed a patent application in the UK for novel siRNA sequences that can be used as part of the ECP105 development work.

Glaucoma currently affects 80 million people worldwide and the incidence of the disease is estimated to grow to nearly 112 million by 2040. Trabeculectomy is the current principal approach to glaucoma filtration surgery with an estimated 300,000 surgeries a year worldwide. Fibrosis following surgery can result in significant failure rates as high as 50% after five years. Current treatment for this involves using Mitomycin C off label to prevent surgery failure but this is a highly toxic solution and one which ideally should be avoided. With ECP105 designed to get approval for this approach but without all the associated side effects, we believe it could represent a significant market opportunity and one that we are in the process of seeking to define though consultation with market practitioners.

SRI International

As announced in August 2024, SRI has successfully completed its chemistry work to show that a Fox Three Molecular Guidance System ("MGS") can be linked toNuvec® without altering its loading capacity. siRNA molecules can then be attached to the combined Nuvec®/Fox Three MGS and SRI has demonstrated that this molecular complex is internalised only by the targeted cell type. Further testing of the targeted modified Nuvec® has shown efficacy can be maintained in the target cell. These two sets of data indicate that Nuvec® can be modified to target individual tissue types with no loss of function with respect to delivery of its payload. This ability to target different tissue types, using a modified Nuvec®, represents a key differentiator to competing nucleic acid delivery approaches

On the back of this data we have begun work on a combined marketing pitch deck allowing SRI and N4 Pharma to present this data and its implications to major pharma and biotech companies who may be seeking a targeting delivery system for their nucleic acid programs.

Going Forward

As outlined above, whilst we continue to seek partners to work with based on the data accumulated to date and with the work undertaken with SRI, our focus is very much on gearing our studies towards two initial products utilising N4's Nuvec® and Nanogenics' proprietary LipTide® technologies.

The addition of Mike Palfreyman to our board is, we consider, a real coup for a company of our size and a fantastic endorsement of our assets. His experience is second to none in our space and we believe he will prove invaluable in assisting us in the advancement and commercialisation of Nuvec® and LipTide® both in Europe and the US.

Outlook and strategy

Whilst our core strategy remains unchanged - to generate sufficient proof-of-concept data to attract larger pharmaceutical and biotechnology partners to enter into collaborations with us to explore using Nuvec® as their chosen delivery system for therapeutic agents - it has evolved. The collaboration with SRI has served to enhance this data pool for our core strategy with the significant ability of Nuvec® now being able to target cells. Through our investment in Nanogenics and the successful oral work we are now in a position to focus some of our resources on the development of products with clearly addressable and potentially material markets, these initially being IBD and Glaucoma.

We believe that this is the right strategy for the Company given where we sit today and increasingly are able to attract the right partners and personnel to help us achieve our goals.

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

Chris Britten
Chairman
24 September 2024

	Six months to 30 June 2024 (Unaudited)	Six months to 30 June 2023 (Unaudited)	Twelve months to 31 December 2023 (Audited)
	£	£	£
Revenue	3,906	-	1,953
Gross profit	**3,906**	**-**	**1,953**
Expenses			
Research and development costs	(114,030)	(192,630)	(619,392)
General and administration costs	(379,924)	(452,276)	(717,980)
Costs of purchase of investments	-	-	(89,175)
Operating loss for the period	(490,048)	(644,906)	(1,424,594)
Finance (expenditure)/income	(1,657)	(1,244)	-
Loss for the period before tax	(491,705)	(646,150)	(1,424,594)
Taxation	-	-	147,816
Loss for the period after tax	(491,705)	(646,150)	(1,276,778)
Other comprehensive income net of tax	-	-	-
Total comprehensive loss for the period	**(491,705)**	**(646,150)**	**(1,276,778)**
Total comprehensive loss for the year is attributable to:			
Equity owners of N4 Pharma Plc	(454,867)	(646,150)	(1,269,331)
NCI	(36,838)	-	(7,447)
	(491,705)	**(646,150)**	**(1,276,778)**
Loss per share attributable to owners of the parent			
Weighted average number of shares:			
Basic	285,395,734	233,780,349	242,889,938
Diluted	285,395,734	233,780,349	242,889,938

Basic loss per share	**(0.16p)**	**(0.28p)**	**(0.52p)**
Diluted loss per share	**(0.16p)**	**(0.28p)**	**(0.52p)**

All activities derive from continuing operations.

The notes below form an integral part of these financial statements.

	Notes	30 June 2024 (Unaudited) £	30 June 2023 (Unaudited) £	31 December 2023 (Audited) £
Assets				
Non-current assets				
Goodwill		61,210	-	61,210
		61,210		61,210
Current assets				
Trade and other receivables		69,021	209,447	187,045
Cash and cash equivalents		1,204,946	1,289,769	1,027,112
		1,273,967	1,499,216	1,214,157
Total Assets		1,335,177	1,499,216	1,275,367
Liabilities				
Current liabilities				
Trade and other payables		(11,613)	(14,856)	(26,224)
Accruals and deferred income		(44,428)	(38,921)	(55,502)
Total liabilities		(56,041)	(53,777)	(81,726)
Net current assets		1,217,926	1,445,439	1,132,431
Net Assets		**1,279,136**	**1,445,439**	**1,193,641**
Equity				
Share capital	4	9,849,946	9,205,946	9,345,946
Share premium	5	14,940,829	14,698,569	14,874,469
Share option reserve	6	114,225	107,385	107,385
Reverse acquisition reserve	5	(14,138,244)	(14,138,244)	(14,138,244)
Merger relief reserve	5	279,347	279,347	279,347
Retained earnings		(9,796,134)	(8,707,564)	(9,341,267)
Non Controlling interest	9	29,167	-	66,005
Total Equity		**1,279,136**	**1,445,439**	**1,193,641**

(i) Six months ended 30 June 2024 - Unaudited

	Share Capital	Share Premium	Share Option Reserve	Reverse Acquisition Reserve	Merger Relief Reserve	Retai Earni
	£	£	£	£	£	£
Balance at 1 January 2024	**9,345,946**	**14,874,469**	**107,385**	**(14,138,244)**	**279,347**	**(9,341**
Total comprehensive loss for the period	-	-	-	-	-	(454
Share issue	504,000	126,000	-	-	-	
Share issue cost	-	(59,640)	-	-	-	
Share based payment charge	-	-	6,840	-	-	
At 30 June 2024	**9,849,946**	**14,940,829**	**114,225**	**(14,138,244)**	**279,347**	**(9,796**

(ii) Six months ended 30 June 2023 - Unaudited

	Share Capital	Share Premium	Share Option Reserve	Reverse Acquisition Reserve	Merger Relief Reserve	Retai Earni
	£	£	£	£	£	£
Balance at 1 January 2023	**9,205,946**	**14,698,569**	**103,954**	**(14,138,244)**	**279,347**	**(8,061**
Total comprehensive loss for the period	-	-	-	-	-	(646
Share based payment charge	-	-	3,431	-	-	
At 30 June 2023	**9,205,946**	**14,698,569**	**107,385**	**(14,138,244)**	**279,347**	**(8,707**

(iii) Twelve months ended 31 December 2023 - Audited

	Share Capital	Share Premium	Share Option Reserve	Reverse Acquisition Reserve	Merger Relief Reserve	Retain Earnin
	£	£	£	£	£	£
Balance at 1 January 2023	**9,205,946**	**14,698,569**	**103,954**	**(14,138,244)**	**279,347**	**(8,061,4**
Non-controlling interest on acquisition of subsidiary	-	-	-	-	-	
Shares in subsidiary issued to NCI	-	-	-	-	-	(10,5
Total comprehensive loss for the year	-	-	-	-	-	(1,269,3
Share issue	140,000	210,000	-	-	-	
Share issue cost	-	(34,100)	-	-	-	
Share based payment charge	-	-	3,431	-	-	
At 31 December 2023	**9,345,946**	**14,874,469**	**107,385**	**(14,138,244)**	**279,347**	**(9,341,2**

The notes below form an integral part of these financial statements.

	Six months to 30 June 2024 (Unaudited) £	Six months to 30 June 2023 (Unaudited) £	Twelve months to 31 December 2023 (Audited) £
Operating activities			
Loss after tax	(491,705)	(646,150)	(1,276,778)
Finance expenditure	1,657	1,244	3,674
Share based payments to employees	-	3,431	3,431
Share based payment charge	6,840	-	-
Taxation credit	-	-	(147,816)
Operating loss before changes in working capital	**(483,208)**	**(641,475)**	**(1,417,489)**
Movements in working capital:			
Decrease/ (increase) in trade and other receivables	118,024	37,070	44,230
(Decrease)/increase in trade payables and accruals	(25,685)	(24,111)	3,838
Cash used in operations	**(390,869)**	**(628,516)**	**(1,369,421)**
Taxation credit received	-	-	163,997
Net cash flows used in operating activities	**(390,869)**	**(628,516)**	**(1,205,424)**
Investing activities			
Net cash on acquisition of Subsidiary	-	-	781
Net cash flows from investing activities	**-**	**-**	**781**
Financing activities			
Finance (expenditure)/income	(1,657)	(1,244)	(3,674)
Proceeds of ordinary share issue	630,000	-	350,000
Costs of share issue	(59,640)	-	(34,100)
Net cash flows generated by/ (used in) from financing activities	**568,703**	**(1,244)**	**312,226**
Netdecrease/increase in cash and cash equivalents	**177,834**	**(629,760)**	**(892,417)**
Cash and cash equivalents at beginning of the period/ year	1,027,112	1,919,529	1,919,529
Cash and cash equivalents at 30 June/ 31 December	**1,204,946**	**1,289,769**	**1,027,112**

The notes below form an integral part of these financial statements.

1. Corporate Information

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.

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 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.

2. Accounting Policies

Adoption of New and Revised International Financial Reporting Standards

There are no new standards or amendments effective in the period ended 30 June 2024 which have had a material impact.

Basis of Preparation:

The Group's condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting".

The annual consolidated financial statements for the year ended 31 December 2023 were prepared in accordance with International Financial Reporting Standards ("IFRS") as adopted by the United Kingdom.

The condensed consolidated interim financial information for the six months ended 30 June 2024 are unaudited. In the opinion of the Directors, the condensed consolidated interim financial information presents fairly the financial position, and results from operations and cash flows for the period.

These condensed consolidated interim financial statements been prepared on the basis of accounting principles applicable to a going concern.

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.

The financial statements are presented in Sterling, which is the Group's functional currency as the UK is the primary environment in which it operates.

Basis of Consolidation:

These condensed consolidated interim financial statements have been prepared in accordance with IFRS 10, as a result of the consolidation of the Company, N4 UK and Nanogenics, for the comparative six month period ended 30 June 2023 and the comparative twelve month period to 31 December 2023 and the current six month period ended 30 June 2024.

Significant Accounting Policies:

The condensed consolidated interim financial statements have been prepared under the historical cost convention, as modified for the following items, in accordance with International Financial Reporting Standards ('IFRS') as adopted by the United Kingdom:

- 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.
- The associated Share Options are measured at fair value using the Black Scholes model (see note 6).

All accounting policies are consistent with those applied in the Annual Report and there have been no amendments or changes in accounting policies during the period.

Segmental reporting:

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.

Seasonality
The nature of the business is not deemed to be impacted by seasonal fluctuations and as such performance is expected to be consistent.

3. Critical Accounting Judgements and Estimates

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires management to make certain estimates, assumptions and judgements that affect the application of accounting policies and the reported amounts of assets and liabilities and the reported amounts of income and expenses during the reporting period.

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

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

condensed consolidated interim 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.

4. Share Capital

Allotted, called up and fully paid	**30 June 2024 (Unaudited)**	**30 June 2023 (Unaudited)**	**31 Dec 2023 (Audited)**
	£	£	£
394,780,379 Ordinary Shares of 0.4p each (30 June 2023: 233,780,379 and 31 December 2023: 268,780,349 Ordinary shares of 0.4p each)	1,579,121	935,121	1,075,121
137,674,431 Deferred Shares of 4p each	5,506,977	5,506,977	5,506,977
279,176,540 Deferred Shares of 0.99p each	2,763,848	2,763,848	2,763,848
	9,849,946	**9,205,946**	**9,345,946**

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.

During the period 118,000,000 new ordinary shares of 0.4p each were issued through a placing and 8,000,000 new ordinary shares of 0.4p each were issued through a subscription in June 2024 at a share price of 0.5p per share generating gross proceeds of £630,000.

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 the sum of £1,000,000 for each ordinary share held by them.

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 0.99 pence per share after the holders of the Ordinary Shares and the Deferred Shares of 4p have received their return on capital.

5. Reserves

The share premium account represents the amount received on the issue of ordinary shares by the Company in excess
of their nominal value less issue costs and is non-distributable.

The merger relief reserve arose on the Company's acquisition of N4 UK and consists of both the consideration shares and deferred consideration amounting to £279,347. There is no legal share premium on the shares issued as consideration as section 612 of the Companies Act 2006, which deals with merger relief, applies in respect of the acquisition.

The reverse acquisition reserve arises due to the elimination of the Company's investment in N4 UK. Since the shareholder in N4 UK became a shareholder of the Company, the acquisition is accounted for as though the legal acquiree (N4 UK) is the accounting acquirer.

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.

6. Share-based Payments and Share Option Reserve

Options

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

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

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

	2017 Options	2018 Options	2019 Options	2020 Options
Share price	6.375p	6.6p	3.55p	4.8p
Exercise price	7p	6.6p	3.55p	4.8p
Expected volatility	27.2%	45.2%	37.4%	29.9%
Expected option life	3 years	6.5 years	6.5 years	6.5 years
Risk free rate	4.75%	5.00%	5.00%	5.00%

As at 30 June 2024, there were 7,046,513 (30 June 2023: 7,046,513, 31 December 2023: 7,046,513) options in existence over ordinary shares of the Company.

Options in existence during the current and previous periods and year are as follows:

Name	Date of Grant	Ordinary shares under option	Expiry Date	Exercise Price £
2015 Options				
Gavin Burnell	14.10.15	1,351,210	14.10.25	2.8p
Luke Cairns	14.10.15	675,302	14.10.25	2.8p
2017 Options				
Luke Cairns	03.05.17	717,143	03.05.27	7p
David Templeton	03.05.17	717,143	03.05.27	7p
Paul Titley	03.05.17	717,143	03.05.27	7p
2019 Options				
John Chiplin	21.05.19	717,143	21.05.29	3.55p
Christopher Britten	21.05.19	717,143	21.05.29	3.55p
2020 Options				
David Templeton	18.05.20	717,143	18.05.30	4.8p
Luke Cairns	18.05.20	717,143	18.05.30	4.8p
Total options		**7,046,513**		

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

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

	30 June 2024 (Unaudited) £	30 June 2023 (Unaudited) £	31 Dec 2023 (Audited) £
2015 Options	18,492	18,492	18,492
2017 Options	26,884	26,884	26,884
2019 Options	22,793	22,793	22,793
2020 Options	27,223	27,223	27,223
	95,392	95,392	95,392

Warrants

Warrants in existence during the current and previous year are as follows:

Date of Grant	Ordinary shares under option	Expiry Date	Exercise Price £	Fair value at 30 June 2024 £
25.11.22	3,162,000	24.11.25	0.02	11,993
07.06.24	7,560,000	06.06.27	0.005	6,840

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 24 November 2025 and 6 June 2024.

Fair value is measured using a Black Scholes pricing model.

An amount of £6,840 has been recognised in the Share Premium and in the Share Option Reserve in relation to the warrants (30 June 2023: £nil).

7. Earnings per Share

Basic earnings per share is calculated by dividing the loss after tax attributable (excluding the deemed cost of acquisition) to the equity holders of the Company by the weighted average number of shares in issue during the period.

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.

8. Interest in other entities

The Group's principal subsidiaries at 30 June 2024 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
		30 June 2024 %	30 June 2023 %	30 June 2024 %	30 June 2023 %	
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

9. Non-controlling interest

Below is financial information for Nanogenics given that it has non-controlling interest that is material to the Group.

Statement of Financial Position	30 June 2024 £	30 June 2023 £	31 Dec 2023 £
Current Assets	106,805	-	239,833
Current liabilities	(6,849)	-	(13,633)
Current Net assets	99,956	-	226,200
Accumulated NCI	29,167	-	66,005

Statements of Comprehensive Income	30 June 2024 £	30 June 2023 £	31 Dec 2023 £
Revenue	3,906	-	1,953
Expenses	(130,151)	-	(27,475)
Loss for the period	(126,245)	-	(25,522)
Loss allocated to NCI	(36,838)	-	(7,447)

10. Subsequent Events

Mike Palfreyman has been appointed as a Non-Executive Director as of 9 September 2024.

There were no further significant subsequent events that require adjustment or disclosure in these condensed consolidated interim financial statements.

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