

Stock Data

Share Price:	16.5p
Market Cap:	£6.48m
Shares in issue:	39.3m

Company Profile

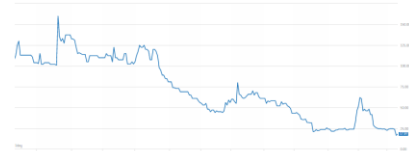
Sector:	Biotechnology
Ticker:	MTPH
Exchanges:	AIM, NASDAQ ¹

¹Note: Ratio 1 ADS : 5 Ord. Shares

Activities

Midatech Pharma ('Midatech', 'MTPH', 'the Group') is a developer of therapeutic platform technologies and also focuses on the Research and Development ('R&D') of medicines for the treatment of rare cancers and other lethal diseases through in-house as well as partnered programmes while seeking to license its technologies.

1-year share price performance chart



Source: [LSE](#)

Past performance is not an indication of future performance.

Turner Pope contact details

Turner Pope Investments ('TPI')
8 Frederick's Place
London EC2R 8AB

Tel: 0203 657 0050

Email: info@turnerpope.com

Web: www.turnerpope.com

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Barry Gibb

Research Analyst

Tel: 0203 657 0050

barry.gibb@turnerpope.com

Andrew Thacker

Corporate Broking & Sales

Tel: 0203 657 0050

andy.thacker@turnerpope.com

Midatech Pharma plc

Yesterday afternoon Midatech announced receipt of a purported legal termination of its MTX110 Licence Agreement between [Secura Bio Inc.](#) (Secura Bio') and its subsidiary, Midatech Limited. Midatech considers this to be wholly incorrect and entirely without merit. Indeed, Midatech presently has three ongoing clinical trials of MTX110 in accordance with this Agreement and has specifically stated its plans to use the proceeds of the [£4.3 million fundraising announced on 18 May 2020](#) to continue to fund its clinical programme in diffuse intrinsic pontine glioma ('DIPG'). In response, the Group has invited Secura Bio to immediately withdraw its unsupported letter and indicated that it will vigorously pursue any and all remedies available to it, including claims for monetary damages based on and resulting from its action. Whilst this potentially could become an unwanted distraction for Midatech's Board, we have otherwise been encouraged in the implementation of its new, lower-risk, less capital-intensive strategy in which it seeks to fully exploit its proprietary therapeutic technologies, while also continuing partnered or sponsored drug trials, such as MTX110. Whilst disappointing to see any company embroiled in potential legal proceedings, it does serve to highlight the potential contained in this orphan development, especially in its treatment of aggressive and fatal brainstem tumours in children and the resultant data generated from the molecule's clinical programme that Secura Bio would be party to.

Background to the Licence Agreement

Midatech Limited entered into the Licence Agreement with [Novartis AG](#), the inventor and owner of certain patent rights relating to panobinostat, to develop MTX110 for the treatment of DIPG and other brain cancers. Following the molecule's sale to Secura Bio, however, the Licence Agreement was novated to them effective as of 18 February 2019. Secura Bio presently markets panobinostat as a combination therapy for multiple myeloma under the brand Farydak®.

Midatech strongly refutes all grounds for termination

The [terms of the Licence Agreement](#) remain in place while Midatech Pharma (and its subsidiaries) remain legal, solvent entities and are able to continue research and development of the molecule. This would appear to be the case, having raised additional capital to fund its continuing operations within the last month while the Board also formally states that MTX110 is an important and valuable Group asset into which it continues to invest.

Seeking the best possible outcome for shareholders

Not surprisingly, yesterday's news hit the shares very hard. Indeed, the Group's market cap. at the close was roughly the same as its [estimated cash position](#). Based on Midatech's position that the purported legal termination has no legal grounds, along with the potential contained in the MTX110 platform and the recently announced collaboration with Dr. Reddy's Laboratories, TPI considers that the true capability of Midatech and the true value of the groups assets to be considerably undervalued. Midatech's [Formal Sale Process](#) is still underway, and its newly strengthened balance sheet provides it with time to negotiate a best outcome for shareholders. That said, they may now recognise that the new Board's revised strategy, which has resulted in a lower-risk, less capital intensive operation focused on exploitation of its proprietary assets while only participating in sponsored drug-developments, is ultimately better positioned to continue independent operation rather than succumb to a bit-part sale.

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