

**Stock Data**

Share Price:	18.7p
Market Cap:	£7.35m
Shares in issue:	39.3m

**Company Profile**

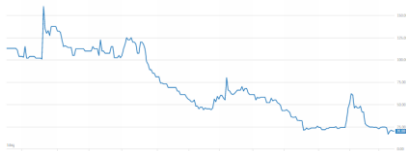
Sector:	Biotechnology
Ticker:	MTPH
Exchanges:	AIM, NASDAQ <sup>1</sup>

<sup>1</sup>Note: 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.**

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# Midatech Pharma plc

**This morning, Midatech released its Preliminary results for its year ended 31 December 2019. The financial and operational details contained in the release were very much as had been anticipated by shareholders, with focus having since moved to post-period news, in particular the wide-ranging strategic review announced on 31 March 2020 which included termination of lead development MTD201, closure of the Group's Bilbao operations and a re-alignment of the Board.**

Subsequent to this, Midatech announced that it had appointed an adviser and started of a ['Formal Sale Process'](#) under the rules of the [Takeover Code](#). Given its then limited financial resources, and with a view to extending its 'negotiating window' in the best interests of shareholders, on 18 May 2020 the Group announced it had [raised £4.3m \(gross\) through a UK Placing and Registered Direct Offering in the US](#).

This was followed by two further key news releases; the first detailing a potentially significant research collaboration with pharmaceutical giant [Dr Reddy's Laboratories](#) (BSE:500124, NSE:DRREDDY, NYSE:RDY); the second being the surprise receipt of a purported legal termination of its MTX110 Licence Agreement between [Secura Bio Inc.](#) (Secura Bio') and Group subsidiary, Midatech Limited. While TPI expect this to be withdrawn given the apparent [absence of legal grounds](#), the near-term effect has nevertheless been to 'muddy the waters' of continuing sale negotiations. Midatech's Board expects to complete its strategic review in 2H 2020, although it notes there can be no guarantee it will result in a successful transaction(s).

## Deployment of proprietary delivery technologies

The restructured Board under CEO & CFO, Stephen Stamp, cites its near-term goal as deployment of Midatech's proprietary drug delivery technologies to formulate a compelling portfolio of novel first-in-class sustained release formulations of products with significant commercial potential for licensing to pharmaceutical company partners at proof-of-concept stage. Despite the cost-cutting measures announced, limited cash resources and in the absence of certainty that it will be able to secure milestone payments from licensee partners and/or raise additional funds before its [cash runway runs out in early 2021](#), the Board is considering all possible strategies to optimise outcomes for stakeholders.

## Seeking the best possible outcome for shareholders

Midatech's market capitalisation is presently only slightly above [TPI's currently estimated cash position](#) of c.£6m. Based on Midatech's opinion that the purported legal termination has no legal grounds, along with the potential contained in its MTX110 development and the exciting collaboration with Dr. Reddy's Laboratories, TPI considers that the real value contained in the Group's technologies and development assets remains far from reflected in its share price and expects this to be recognised in forthcoming negotiations.

\*GBP=1.16US\$

## Financial results for year ended 31 December 2019

Midatech reported total gross revenue for the year of £0.7m (2018: £1.9m), along with statutory revenue of £0.3m (2018: £0.1m).

February 2019's Subscription, Placing and Open Offer, together with subsequent receipt of €3.6m (£3.1m\*) non-dilutive Reindus loan and award of Guazatu loan of €1.5m and the provisional award of a GlioKIDS grant of €2.7m (£2.3m\*), took Group period-end cash/near-cash to £10.9m (2018: £2.3m).

Accounting for tax credit receivables of £1.8m (2018: £1.9m), the net loss from continuing operations amounted to £9.1m (2018: £10.4m loss) with a 2019 net cash inflow of £8.4m (2018: £10.9m outflow). For continuing operations, the Group's basic and diluted loss/share was 50p (2018: 339p).

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