

**Preliminary Results for the Year
Ended 31 December 2014**



MIDATECH PHARMA

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2014 Highlights

Operational

- Awarded a €7.9m Horizon 2020 European Union grant (€3.4m direct to the Group) to fund manufacturing scale-up – September 2014
- Acquisition of Q Chip Limited (“Q Chip”) bringing complementary technology and products, enabling the sustained release of therapeutics over extended periods of time – December 2014
- Positive results achieved in proof-of-concept OpsiSporin study with sustained release treatment for uveitis (ocular inflammation) – February 2015
- Research collaboration agreement signed with unnamed global pharmaceutical company in field of diabetes – March 2015
- Appointment of Nick Robbins-Cherry, Finance Director in February 2014 and Dr Craig Cook, Chief Operating Officer in January 2014
- Research collaboration agreement signed with Dana-Farber Cancer Institute – April 2015

Financial

- Oversubscribed flotation on the AIM market of the London Stock Exchange in December 2014 raising £32.0m (before expenses)
- Combined pro forma revenue ahead of expectations at £0.73m
- Strong balance sheet with £30.33m cash and deposits at 31 December 2014 (2013: £2.39m)
- Net loss after tax of £7.38m (2013: £4.08m) with net cash inflow in the year of £27.94m (2013: £2.25m)
- Tax credit receivable of £0.84m (2013: £0.80m)

Emerging specialty pharma company

Midatech intends to generate value from its nanoparticle technology

New patented medicines created using its platforms to enhance well known therapeutics

Midatech business model has 3 components:

1

Partner Products

Diabetes / Oncology / Neuroscience
(Including Eye disease)

Selected contracted partners



Alongside two top 10 and two specialty pharma companies

2

Own Products

Orphan Oncology

Key collaborative partner



3

Acquisitions

Late stage strategic synergistic and complementary assets

Key acquisition



RAPID GROWTH STRATEGY AND COMMERCIAL BUILD-OUT

Recap of IPO in December 2014

- Listed on 8th December 2014
- Raised £32.0m (net £29.8m)
 - Attracted key new investors resulting in an oversubscribed IPO
- Current pre-clinical and clinical trial commitments fully funded taking the business towards profitability
- Price on Admission £2.67 – market cap £74.2m (8 December 2014)
- Trading consistently above this, currently at £3.05 – market cap £84.8m (+14%) (15 April 2015)

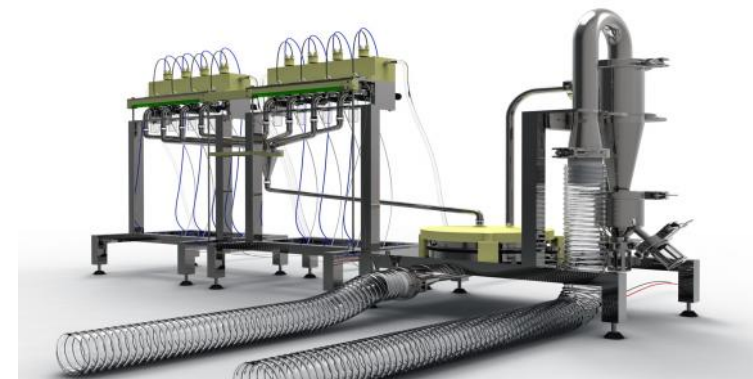
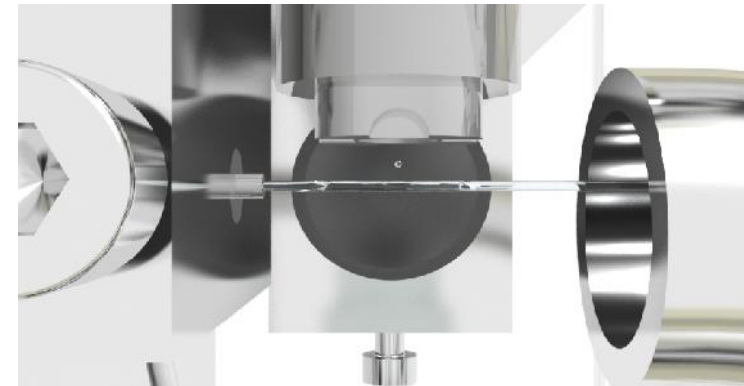
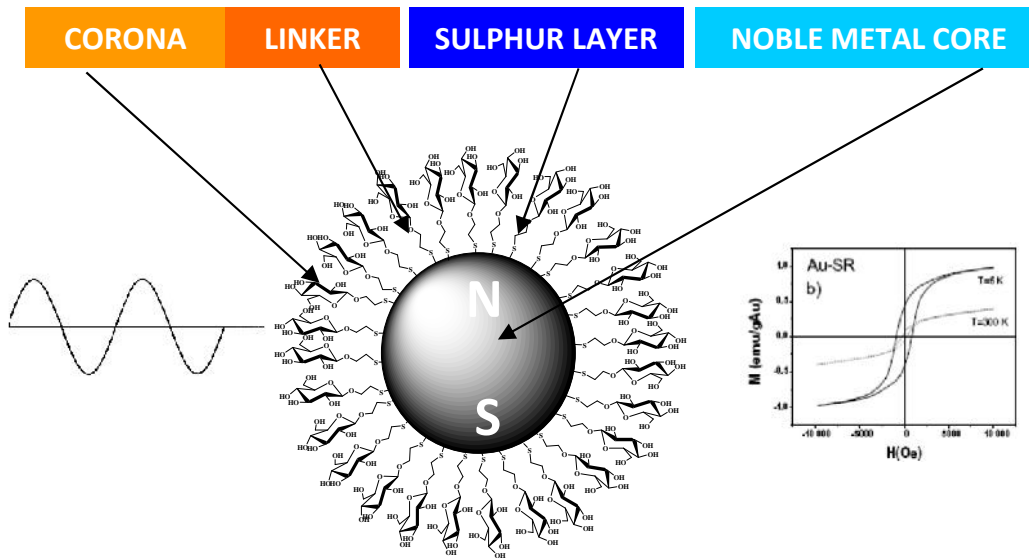
Acquisition of Q Chip in December 2014

- Acquisition completed on IPO for paper consideration of £14.4m
- Integration completed within 90 day period
- Fastrack investment in Q-Octreotide & Opsisporin has produced compelling data already
- These two products could be some of first to licencing events
- Q-Sphera platform delivery system is bringing new revenue opportunities
- Management continue to believe the acquisition will deliver significant value

Novel technologies – ‘Right Place, Right Time’

- Gold nanoparticles (“GNPs”) consist of passive gold core, a linker & a sugar corona
- Payloads conjugated to form small (~5nm) medicines for targeted delivery

- Q-Sphera formulation platform produces monodisperse microparticles (20-70mm) for delivery from 1-6 months
- Control of release profile
- Manufacture for clinical supply



Therapeutic areas & key collaborators

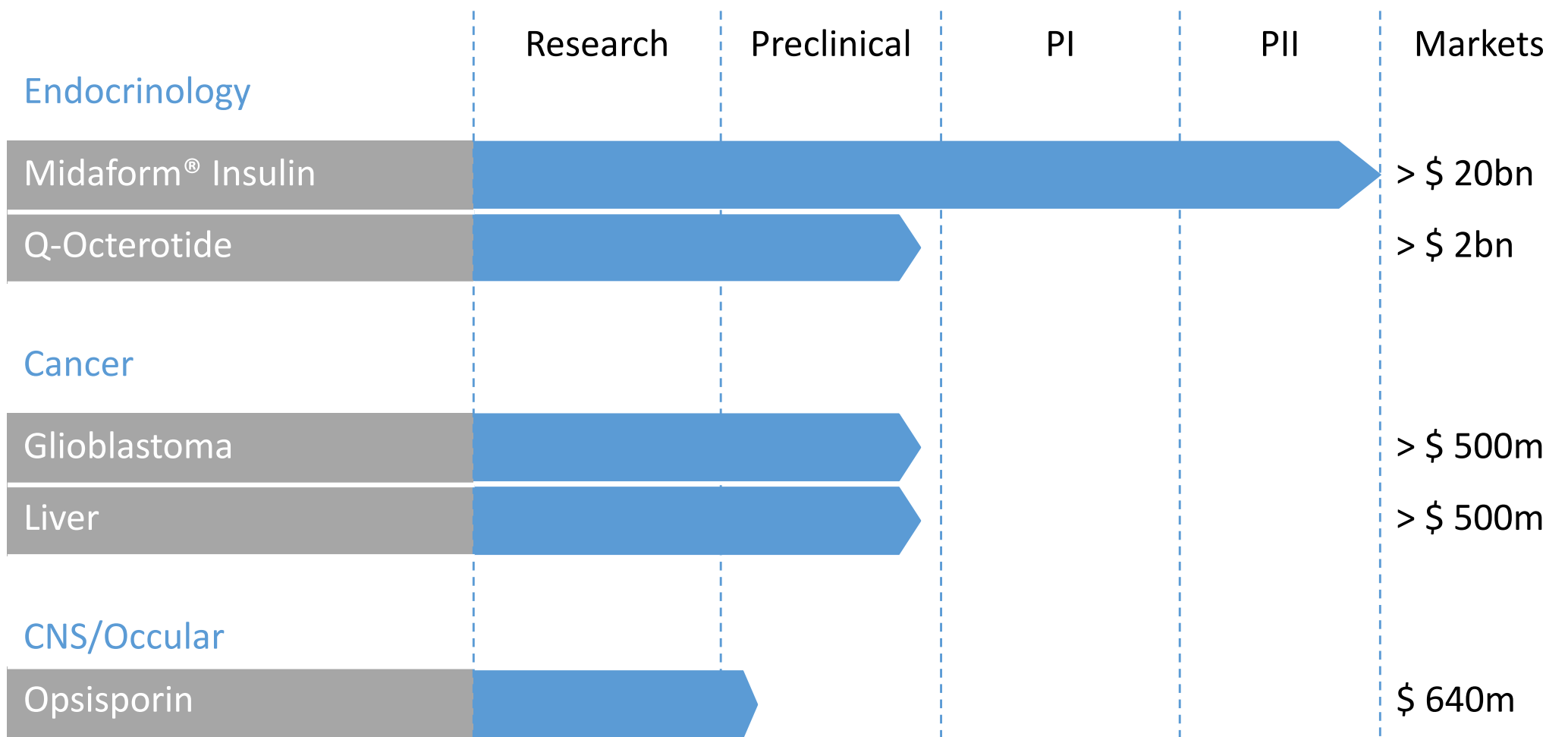
THERAPEUTIC AREA	COLLABORATOR	PROGRAMME	PROJECT	CURRENTLY REVENUE EARNING	MARKET SIZE**
Endocrinology	MonoSol Rx	MidaSol JV	Transbuccal Insulin	No (50:50 JV)	>\$20bn
	MonoSol Rx	MidaSol JV	Transbuccal GLP1	No (50:50 JV)	>\$6bn
	Top 6 US Pharma*	MidaSol JV	Transbuccal Insulin	Yes	>\$2bn
	Multiple / EU Funded	FP7	Diabetes Vaccine	Yes	n/a
	Funded in-house	Carcinoid Syndrome	Q-Octreotide	No	>\$2bn
Oncology	Dana Farber Cancer Institute	Orphan	Glioblastoma	No	>\$500m
	European Specialty Pharma*	Orphan	Liver Cancer	Yes	>\$500m
	Open University	Skin / Lung	Squamous Cell Cancers	No	>\$2bn
	Dana Farber Cancer Institute	Orphan	Liver / Pancreatic Cancer	No	>\$500m
Neuro / Ophthalmology	Funded in-house	Eye disease	Uveitis (Opsiporin)	No	\$640m
	Top Ophthalmology Pharma*	Eye disease	Controlled Release	Yes	n/a
	Ophthalmology Biotech*	Eye disease	Controlled Release	Yes	n/a
	Open University	BBB	Brain delivery of Cytokines	No	n/a
Other	Biotech arm of Top 10 Pharma*	Various	Peptides	Yes	n/a
	Eurostars Consortium	Dermatology	Psoriasis	Yes	>\$500m

Leading Insulins are Lantus \$6bn, NovoRapid \$3bn, Humalog \$2.6bn (sales 2013)

* Undisclosed

** Market sizes are management estimates derived from Global Data and other sources

Internal Pipeline



- Five partnerships with blue chip pharma & specialty pharma in diabetes, cancer & ophthalmology
- Licensing revenue opportunities from 2015/6

Case study

Endocrinology - diabetes

- Diabetes market growing rapidly ~\$40bn
- Prevalence forecast to hit 500m people by 2025
- Insulins proven to control glucose despite need for injections
- **JV with MonosolRx - Midasol – combining proven strip film and GNP technologies in novel T1/2DM treatments**
- Goal – develop a non-injection, fast acting insulin
- Will enhance effectiveness, compliance, ensure absorption & avoid side effects
- PI study successful – bioavailability up to 25% & up to 33% faster than NovoRapid
- PIIa clinical study in 2015
- Conditional ethics approval received
- Study start expected in Q2 2015
- Additional programmes in GLP-1 & GLP-1 combo

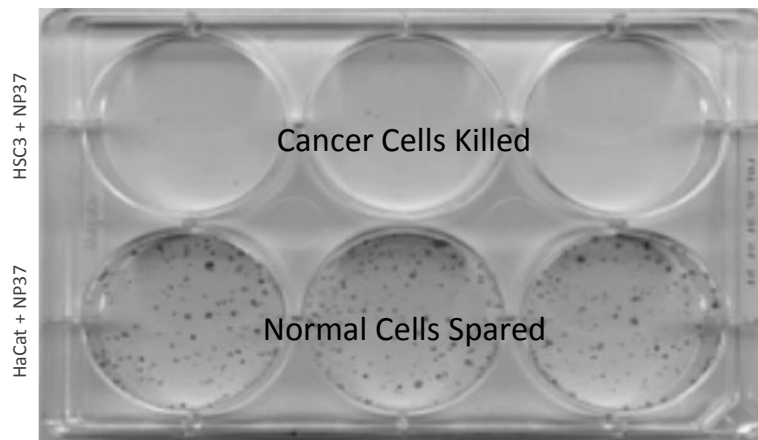
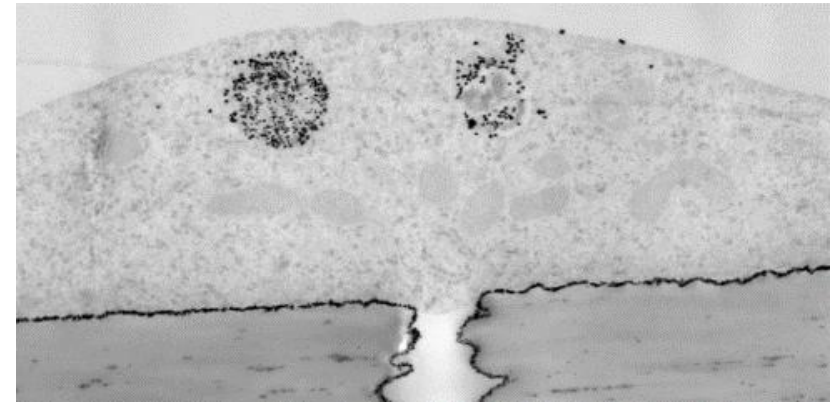


TREATMENT	GLUCOSE CONSUMED (g) Per IU Insulin Administered
TB Insulin	12 +/- 4 (0 - 600mins)
SC Injected Novorapid	20 +/- 10

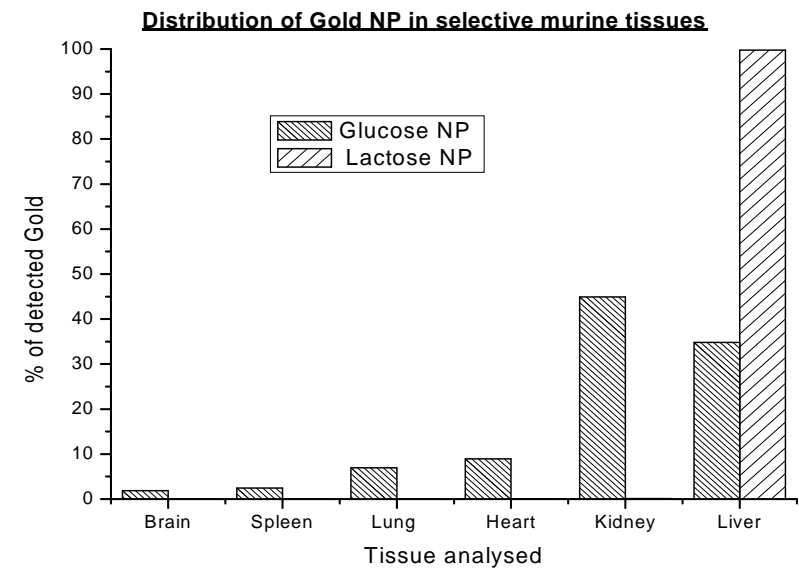
Case study

Cancer therapies

- GNPs' unique ability to deliver therapies to specific cancer cell types
 - Ultra small size of nanoparticles
 - Crossing membranes incl. blood brain barrier, blood vessels
 - Multivalent binding of therapeutic and targeting agents
 - Configurable chemistry for preferential uptake and offload
 - Free excretion post payload delivery
- Case Study – Liver Cancer
 - Demonstrated ability for preferential uptake in liver
 - Lactose, peptides, etc enable targeted delivery
 - Pancreatic cancer cells exhibit preferential uptake of proteins (macropinocytosis), glutamine etc.



Triplicate repeats. 1000 cells/well seeded for 24hr.
Then \pm NP37 (15ug/ml 3hr). Washout, then normal medium 7 days



Our “Vertical Integration” captures more of the value chain

- 1st known licensed nanoAPI cGMP nanoparticle manufacturing facility in Europe
- Manufacturing Capabilities - in-house QP, QA/QC & cGMP capability
- Chemistry Capabilities - lead synthesis & process optimization and scaling
- **€7.9m EU grant awarded to a consortium including Midatech for commercial scale-up (Dec 2014)**



Corporate objectives for 2015/6

- Increased Base Revenue Target 2015
- Acquisition of another value add product or business
- Product Development
 - TB Insulin enters and completes PIIa (2015)
 - Q-Octreotide programme completes readiness for pre-registration studies
 - OpsiSporin is ready for human trials by end 2015
 - Two of our lead cancer programmes are readied for patient testing in 2016

Strategic objectives to 2019

- To have >1 own product marketed
- To have >2 products licensed to partners
- To be breaking-even (currently early phase and loss making)
- To be growing top-line revenue each year by minimum 50%
 - Current revenue largely fee for service
 - Moving forward will add licence income, royalties and ultimately product sales
- To have acquired at least 2 other value enhancing businesses
- To be recognised as a leading emerging specialty pharma company globally

Anticipated growth through acquisitions

- Acquisition Criteria 2015-2017
 - Preferably oncology or other orphan indications
 - Must be revenue earning or in pivotal pre-registration studies
 - Brings sales and marketing infrastructure
 - Maximum size deal for 2015 c£50m/\$75m

Audited financials – consolidated income statement

Year ended 31 December 2014

	2014 £'000	2013 £'000
Revenue	157	147
Research and development costs	(3,639)	(1,925)
Administrative costs	(4,405)	(2,721)
Loss from operations	<u>(7,887)</u>	<u>(4,499)</u>
Finance income	8	1
Finance expense	(161)	(385)
Loss before tax	<u>(8,040)</u>	<u>(4,883)</u>
Taxation	658	799
Loss after tax attributable to the owners of the parent	<u>(7,382)</u>	<u>(4,084)</u>
Other comprehensive income:		
<i>Items that will or may be reclassified subsequently to profit or loss when specific conditions are met:</i>		
Exchange (losses)/gains arising on translation of foreign operations	(151)	5
Total other comprehensive income, net of tax	<u>(151)</u>	<u>5</u>
Total comprehensive loss attributable to the owners of the parent	<u>(7,533)</u>	<u>(4,079)</u>
Loss per share		
Basic and diluted loss per ordinary share - pence	<u>(82p)</u>	<u>(71p)</u>

Audited financials – consolidated balance sheet

As at 31 December 2014

	2014	2013
	£'000	£'000
Assets		
Non-current assets		
Property, plant and equipment	1,516	684
Intangible assets	17,000	4
Investment in equity accounted joint venture	-	12
Other receivables due in greater than one year	425	379
	<u>18,941</u>	<u>1,079</u>
Current assets		
Taxation	841	799
Trade and other receivables	462	909
Cash and cash equivalents	30,325	2,387
	<u>31,628</u>	<u>4,095</u>
Total assets	<u>50,569</u>	<u>5,174</u>
Liabilities		
Non-current liabilities		
Borrowings	1,488	2,119
Deferred tax liability	2,820	-
	4,308	2,119
Current liabilities		
Trade and other payables	2,341	1,047
Borrowings	491	1,248
	<u>2,832</u>	<u>2,295</u>
Total liabilities	<u>7,140</u>	<u>4,414</u>
Net Assets	<u>43,429</u>	<u>760</u>

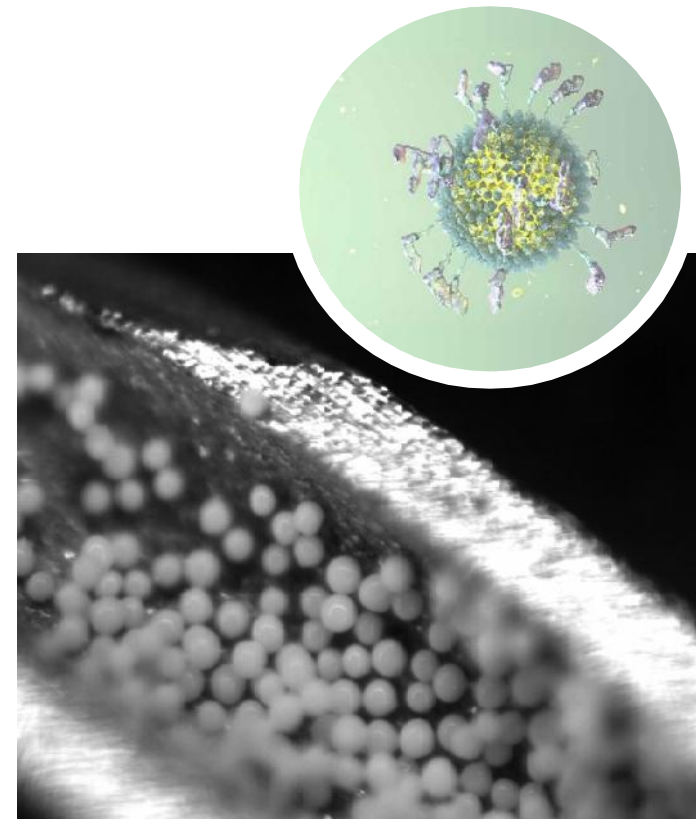
Audited financials – consolidated cash flow

Year ended 31 December 2014

	2014 £'000	2013 £'000
Cash flows from operating activities		
Loss for the year before tax	(8,040)	(4,883)
<i>Adjustments for:</i>		
Depreciation of property, plant and equipment	321	246
Amortisation of intangible fixed assets	1	1
Loss on disposal of fixed assets	89	
Foreign exchange loss	(119)	
Net Interest expense/(income)	153	384
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Cash flows from operating activities before changes in working capital	(7,595)	(4,252)
Decrease/(Increase) in trade and other receivables	547	(442)
Increase/(decrease) in trade and other payables	799	(330)
	<hr/>	<hr/>
Cash generated from/(used in) operations	1,346	(772)
Taxes received	794	588
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Net cash used in operating activities	(5,455)	(4,436)
Investing activities		
Purchases of property, plant and equipment	(1,030)	(47)
Purchase of intangibles	-	(3)
Cash equivalents acquired with subsidiary	115	-
Interest received	8	-
	<hr/>	<hr/>
Net cash used in investing activities	(907)	(50)
Financing activities		
Interest paid	(48)	(15)
Payments to finance lease creditors	(48)	(93)
Repayment of borrowings	(346)	(200)
Issue of convertible debt	-	1,251
Loan finance raised	890	-
Share issues net of costs	33,852	5,797
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Net cash generated/ (used in) financing activities	34,300	6,740
Net increase in cash and cash equivalents	27,938	2,254
Cash and cash equivalents at beginning of year	2,387	133
	<hr/>	<hr/>
Cash and cash equivalents at end of year	30,325	2,387

Summary & outlook

- Midatech Pharma is an emerging specialty pharma company
- Leading nanomedicine technologies
 - GNP's small size and capability of targeting e.g. tumour cells
 - Q Sphera platform produces monodisperse microparticles at clinical scale
- Products target unmet need in diabetes, cancer and CNS/ophthalmology
- Leveraging competitive advantages to develop products for patients, payors and physicians
- On-track execution of three-pronged strategy
 - Driving revenue growth
 - Developing clinical portfolio
 - Seeking attractive acquisition targets



Top – Representation of a gold nanoparticle

Main – Photograph of section through needle showing microspheres

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Thank you