Final Audited Results for the Year Ended 30 September 2019 and operational update

11 Mar 2020

REDX PHARMA PLC

("Redx" or "the Company")

Final Audited Results for the Year Ended 30 September 2019 and operational update

Strong progress in delivering pipeline in cancer and fibrosis assets

Lead programme, a novel orally-bioavailable porcupine inhibitor, on track to report phase 1/2a clinical study results H2 2020

Post period, funding package agreed with Redmile Group and Sofinnova Partners

Alderley Park, 11 March 2020 Redx Pharma (AIM:REDX), the drug discovery and development Company focused on oncology and fibrosis, today announces its audited financial results for the year ended 30 September 2019 as well as an operational update.

In a year of strong strategic and scientific progress, Redx is delivering on its strategy of discovering and developing novel drugs with the potential to transform the treatment of cancer and fibrosis.

Operational Highlights

- In March 2019 Redx successfully re-commenced the phase 1/2a trial of its lead oncology asset, RXC004, a potentially best-in-class, orally bioavailable, porcupine inhibitor

  - Dosing of the first two patient cohorts has successfully been completed;
  - The third cohort is ongoing and results continue to be expected H2 2020

- The management team has been completed with the appointment of Dr James Mead as Chief Financial Officer from 1 February 2019

- Redx progressed its promising anti-fibrotic portfolio towards the clinic, by selecting two new development candidates which the Group intends to develop for clinical programmes, commencing in 2021
  - The first development candidate in fibrosis, RXC006, a porcupine inhibitor, was selected in November 2018 with the intention to target the treatment of idiopathic pulmonary fibrosis (IPF)
  - Post period, in January 2020, Redx nominated a second fibrosis development candidate, RXC007, a ROCK 2 (Rho Associated Coiled-Coil Containing Protein Kinase 2) selective inhibitor with potential for development in multiple fibrotic conditions

- In July 2019, Redx announced the sale of its pre-clinical Pan Raf programme to Jazz Pharmaceuticals for $3.5m upfront and up to $203m in milestone payments as well as royalty payments and simultaneously signed a research collaboration agreement

- Redx secured grant funding from Innovate UK in a joint project with the Medicines Development Catapult (MDC) to develop biomarkers in fibrosis recognising Redx's scientific strength in this area

Financial Highlights

- Total revenue for the year, £3.1m (2018: £0.1m)
- Loss for the year, £4.3m (2018: £8.8m)

- Total operating expenditure, £10.2m (2018: £10.6m)
- Cash balance at 30 September 2019 of £3.7m (30 September 2018: £6.5m)

During the year, the Company underwent a significant restructuring, continuing to reduce its cost base, whilst expanding clinical expenditure. In June 2019, as part of the Board's efforts to strengthen the balance sheet, the Company secured a fixed rate £2.5million short-term loan, from Moulton Goodies Limited (MGL), the company's largest shareholder of which £1m was drawn down in the period. Post period, the full loan was drawn down and at the 21 January General Meeting shareholders approved the Company's proposal to fully capitalize this Loan.

On 28 February 2020 the Company announced that Redmile Group, LLC a large and well-funded US based specialist healthcare and life sciences investment firm, is willing to provide funding to Redx comprising an initial equity investment of £1.3 million and £5 million of short-term debt funding. Furthermore, the Company announced that Redmile and Sofinnova Partners, a leading European life sciences venture capital firm, also intend to commit further investment into the Company which is expected to take the form of a c.£20 million convertible loan.

Iain Ross, Non-Executive Chairman of Redx Pharma, commented; "This set of results and operational update demonstrates that the Redx management team has made considerable strategic and scientific progress during the year against our commitment to create high value drugs that treat significant unmet need in cancer and fibrosis. Progress on the lead asset, RXC004 is promising and the nomination of two new fibrosis development compounds demonstrates, yet again, the team's prowess in medicinal chemistry.

The Board is committed to strengthening the Group's balance sheet in the short term and following active discussions with shareholders, advisers, third party sector specialist investment groups and potential industry partners regarding funding we were pleased to recently announce a proposed funding package with two established specialist healthcare and life sciences investors, Redmile Group and Sofinnova Partners. We will be making further announcements on this in due course."

Lisa Anson, Chief Executive Officer of Redx Pharma, **added**, "I am pleased to report on the progress made by Redx. The phase 1/2a clinical trial of our promising lead cancer asset, RXC004, an oral porcupine inhibitor, remains on track to deliver results in H2 2020. We remain confident that this programme can unlock the potential of the Wnt pathway as a means to tackle unmet needs in a number of cancers. We have also built a leading position in fibrosis with the nomination of two

development candidates: RXC006, a novel porcupine inhibitor, and RXC007 a selective ROCK2 inhibitor. Both are on track to enter the clinic in 2021 as potential treatments for idiopathic pulmonary disease, a progressive, orphan disease with limited treatment options with subsequent potential to treat a much broader range of fibrotic conditions, including liver fibrosis."

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About Redx Pharma Plc

Redx is a UK based biotechnology company whose shares are traded on AIM (AIM:REDX). Redx's vision is to become a leading biotech focused on the

development of novel precision medicines that have the potential to transform treatment in oncology and fibrotic diseases.

If you would like to sign up to regular alerts from Redx Pharma, please follow this link https://www.redxpharma.com/investors/email-alerts/

Chairman's Statement

Dear Shareholder

The financial year ending 30 September 2019 was a year of strong progress for the Company – strategically and scientifically. In challenging circumstances the Redx team has continued to deliver programmes that are the basis of creating long term shareholder value.

The new management team is now well established with the appointment of James Mead as Chief Financial Officer and Board Director on 1 February 2019. This team, under the leadership of our very experienced and high-profile Chief Executive Officer, Lisa Anson, has pursued a clear and focused strategy aimed at enhancing shareholder value.

Clear Focused Strategy – Redx's ambition is to become a leading biotech company focused on the development of precision medicines in oncology and fibrosis by progressing prioritised programmes to deliver clinical proof of concept. Redx's core strengths of medicinal chemistry expertise and proven ability to design molecules against a validated target, continue to be leveraged to discover the next generation of clearly differentiated drug candidates. The Company aims to partner additional programmes to drive further value, as and when the Board feels that such a course will be in the best interests of shareholders.

2019 has seen significant delivery against this strategy with the following notable achievements:

- **Clinical Progress**: In oncology, 2019 saw the Company achieve its aim to take its lead molecule, RXC004, into Phase 1 trials at a significantly lower dose than previously. Importantly, the first two patient cohorts (0.5mg and

1mg) have been successfully dosed such that a third cohort (1.5mg) has been initiated in October 2019. RXC004 is on track to move into a Phase 1b/2 clinical study in 2020.

- **New fibrosis programmes**: In fibrosis, Redx's 2019 goal was to select development candidates from the Company's portfolio of three promising fibrosis assets and invest in work to enable subsequent clinical development. The first of these selections, a Wnt inhibitor, was made in November 2018 and a second nomination, a ROCK2 selective inhibitor was made in January 2020. The intention is to initiate Phase 1 studies for both in early 2021. This is a strong outcome in terms of success rates.
- **Commercial Partnerships**: The Company has also demonstrated its ability to deliver commercial partnerships with the sale of the research stage Pan-RAF inhibitor programme to Jazz Pharmaceuticals plc on 10 July 2019, with $3.5 million cash received on signing of the agreement, as the first stage in a contract potentially worth up to $203 million in deferred development, regulatory and commercial milestone payments. This is our second such deal, following the sale of Redx's BTK inhibitor programme in 2017 to Loxo Oncology (recently bought by Eli Lilly), which is now progressing well through clinical trials, and further demonstrates the strength and depth of our chemistry expertise.

Financial Prudence – During the period under review, the Board and management have continued to adopt a robust set of financial and governance controls to maintain the highest standards throughout the Company; more details on this can be found in the Corporate Governance Statement. The Board remained committed to strengthening the Group's balance sheet during 2019 and has achieved this by securing a short-term loan from Moulton Goodies Ltd, our largest shareholder, and by completing the Jazz Pharmaceuticals deal.

Outlook – The last 12 months have been encouraging in terms of delivery on our strategy in that we have demonstrated our clinical and scientific capabilities and the ability to execute commercial deals. However, we remain faced with the ongoing and underlying challenge of securing sufficient investment – a common challenge for many early-stage listed biotech companies – to enable the full pursuit of the potential evident in our pipeline. 2019 has shown that there is not sufficient demand in the UK public market to deliver a successful transaction of the quantum required. As a consequence, the Board undertook active discussions with shareholders, advisers, third party sector specialist investment groups, private equity groups and potential industry partners regarding funding and/or monetisation of early stage programme assets. We announced very recently the successful outcome of this process with the introduction of two well established and well funded investment partners in Redmile

Group LLC and Sofinnova Partners. We will continue to provide further details and updates on these funding plans in the near future.

On behalf of the Board, I would like to thank our Management team and employees for their hard work and dedication as well as our suppliers, business partners and shareholders for their continued support over the last year.

Iain G Ross,

Chairman of the Board of Directors

Chief Executive's Report

I am pleased to report on the substantial progress we are making in delivering our strategy to create high value precision medicines that aim to treat clear unmet needs in cancer and fibrosis, and thereby create significant shareholder value.

The key strength of Redx remains a distinctive expertise in medicinal chemistry and target selection that sets it apart from many other small biotech companies. This has been evident in our operational achievements for the year – including progress in the clinic with our lead cancer agent RXC004, nomination of two development programmes in fibrosis and delivery of a meaningful commercial partnership. The most significant challenge for the Company was to secure sufficient investment capital to fully realise the potential now evident in these programmes and the innovative science in our Company.

I was delighted to appoint Dr James Mead as Chief Financial Officer (CFO) in February 2019 to complete the Company's new senior leadership team. Together with myself, Dr Richard Armer (CSO) and Dr Andrew Saunders (CMO), I am confident that this team has the appropriate experience, expertise and focus to continue to deliver our strategy and progress our pipeline.

A Clear and Focused Strategy

Redx
Discovering Targeted Medicines

On appointment as your CEO in 2018, and following a business review, I put in place a clear, focused strategy aimed at driving shareholder value. Redx's ambition is to become a leading biotech Company focused on the development of novel precision medicines that have the potential to transform the treatment of oncology and fibrosis. Within these areas of focus, the organisation's strategy is first to **progress the lead programmes to deliver clinical proof of concept,** a key value inflection milestone.

The second part of the strategy is to leverage Redx's core strength of medicinal chemistry expertise and proven ability to design molecules in order to generate value. We will therefore continue to invest our resources in **discovering the next generation of differentiated drug candidates** against biologically validated targets in our areas of therapeutic focus.

Finally **partnering** will remain a critical part of the Redx strategy to enable additional development and to drive further shareholder value.

Oncology: Into the Clinic with Porcupine

Our lead programme, RXC004, is a potential best-in-class porcupine inhibitor which is currently in Phase 1 clinical development to treat cancer. Redx is developing RXC004 as a precision oncology treatment for Wnt driven tumours both as a monotherapy (direct tumour targeting) and as an immuno-oncology combination agent, representing a large commercial opportunity. RXC004 has shown compelling animal efficacy data through highly targeted impact on the Wnt pathway and has now demonstrated a safe dose in the first two patient cohorts, with a third cohort initiated at 1.5mg in October 2019. RXC004 is expected to move into the Phase 1b/2 part of the study during 2020.

Oncology is a crowded area for drug development, however, it is also one where there remains significant unmet need. In particular, we believe that precision medicines are the key to unlocking the full potential of modulating critical pathways such as the Wnt pathway. Aberrations in this pathway have been shown to drive tumour growth and are increasingly implicated in shaping the immune environment around the tumour. In particular, the Wnt pathway is implicated in a range of hard-to-treat cancers with poor prognosis such as colorectal, pancreatic, biliary and gastric cancers. At the molecular level, the Wnt pathway has long been viewed as containing potentially "druggable" cancer targets. **Porcupine,** a key enzyme in the pathway, is one such target. It is very encouraging to see that the first-in-class drug

that targets Porcupine (WNT974, Novartis), is in phase 2 clinical development, and that the class overall apparently has a viable therapeutic window, with over 110 patients now treated across the class in Phase 1 trials. We believe that the full potential of targeting porcupine as an anticancer therapy will require the generation of efficacy data in **genetically selected patients** (those with upstream Wnt pathway aberrations driving tumour growth, whose tumors are addicted to Wnt) and understanding the clinical effects of longer duration of treatment.

RXC004, is a potent and selective inhibitor of Porcupine and therefore the Wnt pathway which results in strong **direct tumour growth inhibitory effect** in a variety of cancer models. When RXC004 is administered either alone or together with an anti-PD1 immune checkpoint inhibitor (ICI), RXC004 **enhances anti-tumour immune effects**[1]. Redx data are in keeping with the external strong scientific evidence for a role of the Wnt pathway in resistance to ICI[2,3]. This evidence supports Redx's view that **RXC004 has the potential to be used to treat Wnt driven cancers both as a monotherapy and in combination with immuno-oncology** treatments such as ICIs to enhance the response rate of ICIs and to overcome resistance to ICIs in a range of solid tumour types including colorectal cancer (CRC).

RXC004 re-entered the clinic in the first half of 2019 at a significantly lower starting dose of 0.5mg, following reformulation work (NCT03447470). Initial results from this unblinded study are encouraging. The drug was well tolerated in both 0.5mg and 1mg patient cohorts treated so far, and no serious adverse events have been reported. Measured pharmacokinetic parameters were compatible with once daily dosing and importantly, there was strong target engagement detected in markers in skin tissue. The pre-specified protocol of this phase 1a drug safety and tolerability study in cancer 'all comers' dictates continued incremental dose escalation up to 3mg and Redx anticipates full safety and tolerability results from this phase 1a study will be available during 2020. Redx's development plan for RXC004 has been reviewed with leading experts in this field, and is expected to continue in 2020, once safety data and dose selection is available from the ongoing monotherapy phase 1a trial.

Fibrosis: Two exciting Development Compounds Nominated

In fibrosis, the goal for fiscal year ending 30 September 2019 was to select one to two development candidates from the portfolio of three promising fibrosis assets. The first of these selections was made in November 2018 with the

announcement of **RXC006 in idiopathic pulmonary fibrosis (IPF)** and a second nomination of RXC007, our **Rho associated protein Kinase 2 (ROCK2) candidate,** post period, in January 2020 for multiple disease indications. This is a strong outcome in terms of success rate.

Fibrosis is an area where there are few treatments and a large and growing unmet need. Redx's medicinal chemistry strengths combined with its depth of biology expertise, make it competitive to develop novel precision therapies to tackle the underlying fibrosis in major diseases of the lung, liver, kidney and bowel. Fibrosis is an internal scarring process, which can occur in response to injury, where excess connective tissue is deposited in an organ or tissue, thereby impairing its function. Most chronic inflammatory diseases will result in fibrosis, with progressive injury resulting in organ failure. Fibrotic disease can occur in nearly any tissue in the body and is a contributory factor in up to 45% of deaths in the developed world[4]. Solid organ fibrosis can occur as a result of many different diseases and current therapeutic options are limited for these chronic and often life-threatening illnesses.

RXC006 is a porcupine inhibitor being developed as a treatment for the orphan disease **IPF**, a life-threatening and progressive lung condition with a prognosis worse than many cancers. RXC006 has demonstrated excellent antifibrotic activity in a range of fibrosis disease models including fibrosis of the kidney, liver and lung. There is considerable evidence supporting a pathogenic role for Wnt signalling in IPF and increased Wnt pathway expression is associated with poor patient prognosis in IPF. RXC006 has progressed through preclinical manufacturing and safety studies in 2019 with the aim to enter first in man clinical trials in early 2021 once funding is secured. This programme has been delayed due to funding constraints and priorities.

Redx are also invested in targeting the **ROCK signalling pathway**, a key enzyme in the development of tissue fibrosis. The Redx selective **ROCK2 inhibitor programme** is designed to overcome the systemic limitations of pan-ROCK inhibitors (which inhibit both ROCK1 and ROCK2 and can induce systemic hypotension) enabling potential use in the treatment of systemic fibrotic conditions such as liver fibrosis, IPF and diseases with an element of fibrosis such as Pulmonary Arterial Hypertension (PAH) or chronic graft versus host disease (cGVHD). Developing a selective ROCK2 inhibitor has been a particular technical challenge as evidenced by the lack of competitor programmes behind Kadmon's ROCK2 inhibitor (KD025), which leads the field and is in registration studies for cGVHD. Redx has developed highly selective ROCK2 compounds that have an improved profile compared to this competitor. Our lead compounds have demonstrated good pharmacokinetic and pharmacodynamic profiles in preclinical

models as well as strong proof of concept data in a range of fibrosis disease models during the reporting period. As a result, **RXC007** was nominated as a development candidate, post period, in January 2020 with the aim of entering the clinic in early 2021 with a view to developing in IPF and then more broadly into systemic fibrotic conditions.

Significant Commercial Partnering Deal Secured with Jazz Pharmaceuticals

As a result of the portfolio prioritization, Redx made the decision to out-license the pan-RAF inhibitor programme in order to prioritise internal resources on the core Wnt and ROCK pathways. Redx's pan-RAF inhibitor program aims to overcome both resistance mechanisms and safety concerns associated with clinically approved BRAF selective drugs.

On 10 July 2019, the Company signed a deal with Jazz Pharmaceuticals Plc under which Jazz acquired the rights to Redx's pan-RAF inhibitor programme for the potential treatment of RAF and RAS mutant tumours. Jazz will be responsible for all future development, regulatory, manufacturing and commercialisation activities. Redx received a $3.5 million upfront cash payment and is eligible for up to $203 million in development, regulatory and commercial milestone payments as well as incremental tiered royalty payments in mid-single digit percentage, based on future net sales. As part of a separate collaboration agreement, signed in parallel, Jazz will pay Redx to perform research and preclinical development services with the goal of completing IND-enabling studies. This transaction validates Redx's excellence in drug design and its business partnering capability as the company's second oncology deal in the last two years, following the sale of our BTK inhibitor programme (RXC005) to Loxo Oncology in 2017 – which is now being successfully developed by Eli Lilly.

Research into Next Generation Therapies

Redx is committed to continuing research against biologically validated targets in oncology and fibrosis to maintain the pipeline. The Company has focused its research activities on highly selected targets in research, although not all these targets have been publicly disclosed. As a result of financial constraints, a number of our research projects have been de-prioritised or paused.

The **gastrointestinal (GI) targeted ROCK inhibitor project** is aimed at treating intestinal fibrosis associated with Crohn's disease which leads to strictures and resection surgery for patients. There is currently no pharmaceutical therapy available to treat this condition and we believe that Redx's compounds would be first-in-class agents. GI-targeted ROCK inhibitors are restricted to the gut due to their limited absorption profile and rapid enzymatic metabolism of any absorbed material. The compounds have demonstrated very strong anti-fibrotic effects in GI fibrosis disease models along with a good general and cardiovascular safety profile. Redx is now ready to develop a full Candidate Nomination package and having taken the decision to do this in partnership, we are currently seeking a partner with the relevant development expertise, relevant formulation experience and resources to take this programme forward.

As a result of decisions to focus research investment, we have made a number of stop decisions, one of which was, by mutual agreement, the research collaboration with AstraZeneca for technical reasons. The anti-infectives business was closed in 2017 for strategic reasons resulting in the Novel Bacterial Topoisomerase Inhibitor (NBTI) programme, which is primarily focused upon combating multi-drug resistant Gram-negative bacteria, being licensed to Deinove in March 2018 as an option and license agreement. Following a nine-month option period to assess the NBTI programme the rights were returned to Redx. These rights were subsequently partnered with the Anti Microbial Research Centre (AMRC) in October 2019.

Redx has both intellectual property filings and owns granted patents for its programmes, and management are confident of obtaining patent protection in relevant chemical spaces.

Financial strategy

Throughout the year we have continued to manage our costs carefully and ensured that our resources are allocated to maximum effect in line with our strategy. Following some further headcount reductions, we now have in place an organisation that is operationally stronger and leaner than in prior years. Our operating expenses of £10.2 million in 2019 are 35 percent lower than 2017 and 4 percent lower than 2018. The reductions seen in 2019 reflect a continuing decrease in overhead expenditure, and were partially offset by increased investment in our research and development activities – particularly on RXC004 as it re-entered the clinic. Despite an agreement with Alderley Park, we are aware that our financial commitments under our historic long term lease remain relatively high and we

continue to work with our landlord, now Bruntwood SciTech (a joint venture between Bruntwood and Legal and General) to find ways to reduce and mitigate accommodation costs through sub-lease of excess space.

The last 12 months have been encouraging in terms of delivering on our strategy and demonstrating our clinical and scientific capabilities as well as an ability to deliver commercial partnerships. Throughout the year we faced the underlying challenge of securing sufficient investment to realise the full potential now evident in our pipeline and this impacted some of our programmes. Our Board stated that we would move to strengthen the balance sheet and during the period we extended our operating runway into 2020 through the repayment of the Redag loan, adjusted R&D tax credit to reflect the absence of Regional Growth Fund (RGF) support, receipt of the Jazz upfront payment, securing a grant from Innovate UK and securing a short term loan from Moulton Goodies Ltd., our major shareholder. However, the public markets remain challenging to raise sufficient capital for the Company as a result of the early stage pipeline, the small market capitalisation and broader market conditions. The Board and Executive team held numerous discussions with shareholders, and third-party sector specialist investment groups including private equity with the intention of crystallizing an investment syndicate around the core business plan. These discussions concluded with the recent announcement of Redmile Group and Sofinnova partners committing to the Company and its business plan. In parallel the team continue to talk to potential industry partners regarding funding and/or monetisation of early stage programme assets.

I continue to be excited by the differentiated programmes in our pipeline. Taken together, I believe that with the strength of our science, the proprietary position of our assets and their commercial potential now combined with strong investment partners, we are in a position to deliver against our ambition of delivering meaningful results in the clinic which will drive value for shareholders. I would like to thank our employees for their hard work and commitment to Redx and congratulate them on the scientific and partnering progress achieved.

Lisa Anson

Chief Executive Officer

References In CEO Report:

1 Bhamra I, Armer R, Bingham M, Eagle C, Edmenson Cook A, Phillips C, Woodcock S. Porcupine inhibitor RXC004 enhances immune response in pre-clinical models of cancer. 2018 July, Cancer Research 78 (13 Supplement): 3764-3764

2 Spranger S, Gajewski TF. Impact of oncogenic pathways on evasion of antitumour immune responses. Nat Rev Cancer. 2018 Mar;18(3):139-147

3 Wang B, Tian T, Kalland KH, Ke X, Qu Y. Targeting Wnt/β-Catenin Signaling for Cancer Immunotherapy.Trends Pharmacol Sci. 2018 Jul;39(7):648-658.

4 Bollong M. et al, Small molecule-mediated inhibition of myofibroblast trans-differentiation for the treatment of fibrosis PNAS,May 2, 2017,vol. 114,no. 18,4683

Operational Review

The Directors present this Operational Review for the year ended 30 September 2019 and cover issues not covered elsewhere in their Strategic review, namely: Key Performance Indicators, Financial Review and the Principal Risks and Uncertainties.

The principal activities of the business continue to be the discovery and development of proprietary, small molecule drugs to address areas of high, unmet medical need.

Management Team

Lisa Anson has continued as Chief Executive officer throughout the year, and was elected to serve on the Board of the UK BioIndustry Association from 1 January 2019.

Dr James Mead was appointed Chief Financial Officer on 1 February 2019, taking over from Mr Dominic Jackson. He is an experienced finance professional in the sector, having held a variety of senior roles over a 16-year career at AstraZeneca, including Chief Financial Officer of AstraZeneca Netherlands, Finance Director for multiple clinical development project teams and Director of Investor Relations.

Dr Richard Armer and **Dr Andrew Saunders** continue as Chief Scientific Officer and Chief Medical Officer respectively.

Key Performance Indicators (KPIs)

The Group's key performance indicators include a range of financial and non-financial measures. The Board considers pipeline progress, and in particular progress towards the clinic, to be the main KPI, and updates about the progress of our research programmes are included in the CEO Report and in more detail in the Science Report. Below are the Financial KPIs considered pertinent to the business.

	2019	2018	2017	2016
	£m	£m	£m	£m
Cash at year end	3.7	6.5	23.8	5.8

Operating expenditure during the year has been offset by significant tax refunds, the recovery of a previously derecognised loan and the issue of a loan note. A further $3.5m was received as a result of the sale of the pan-RAF programme. The Board works to ensure that the Group has access to sufficient funding to enable it to carry out its full business plan in order to maximise shareholder value, and as such will be seeking additional funding during the coming year. Included in the balance is £500k held by the Group as security for the MGL loan in a blocked account. This amount returned to the sole control of the Group on the capitalisation of the loan on 21 January 2020.

	2019	2018	2017	2016
	£m	£m	£m	£m
Total operating expenditure	10.2	10.6	15.8	16.5

The Group has again achieved the reduced levels of operating expenditure seen in the prior year, despite an increase in clinical spend due to positive pipeline progress. Continued efforts will be made to maintain rigorous cost control, whilst seeking to prioritise resources for scientific programmes.

	2019	2018	2017	2016
	£m	£m	£m	£m
Net cash flow (including certain one-off payments)	(2.8)	(17.3)	18.0	(3.7)

Early 2018 saw significant outflow as legacy issues from the Administration were unwound. Operating cashflows have been bolstered in the current year by significant tax credits received (£2.7m), the recovery of the derecognised loan (£0.9m), $3.5m revenue from the sale of the pan-RAF programme and the issue of £1m loan notes.

With the legacy issue cash flows now settled, the Group continues to make cash conservation a priority and the reduced cash outflow, whilst maintaining a full scientific programme, bears testament to this.

	2019	2018	2017	2016
	%	%	%	%
R & D expenditure (as a proportion of total operating expenditure)	82	70	76	84

The Group’s continuing focus is to maximise the amount of operating expenditure spent on research and development activities, defined as direct R&D expenditure plus scientific staff costs (excluding Board and key management). The above is prepared on a comparable basis to prior years, and as anticipated last year, the percentage has risen favourably.

Redx
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Financial Review

Financial position

At 30 September 2019, the Group had cash resources of £3.7m (2018: £6.5m). The Group issued £1m of loan notes during the year, and subsequent to the year end has issued a further £1.5m under the facility agreed with Moulton Goodies Ltd ("MGL"). All loan notes (£2.5m) and accrued interest were capitalised on 21 January 2020. Further funding will be required to enable the Group to continue to progress its business plan.

Cost management

Operating expenses continue to be tightly controlled in line with the reductions achieved in the prior year.

Recovery of derecognised asset

As stated in previous Annual reports, the Board have continued to seek full repayment of the loan to Redag Crop Protection Ltd under its terms. As a result of a significant sale of assets by that company, the full loan amount plus all accrued interest was recovered in February 2019, generating a cash inflow of £869k.

Accommodation (Alderley Park)

As noted last year, the Group also set itself the target of re-aligning its accommodation with its reduced headcount, with a view to further reduce costs. Agreement was reached this year with the landlord to reduce the footprint occupied through the historic lease, without cash penalty through a warrant agreement, from 72,000 sq ft to 31,000 sq ft., a 57% reduction. The Board continues to seek ways to manage remaining accommodation costs.

Sale of pan-RAF programme

In July 2019, the Group announced it had reached agreement to sell its pan-RAF programme to Jazz Pharmaceuticals plc. This sale generated an upfront payment of $3.5m (gross) together with the potential for up to $203m in development, regulatory and commercial milestone payments in the future. In addition a revenue generating collaboration agreement was signed for Redx to provide research and preclinical development services for the programme.

Cash flows

Overall negative net cash flow for the year was £2.8m, (2018: £17.3m inflow). See KPI's for details.

Going concern

See the accounting policy (note 2) for further details.

Taxation

As a result of no longer being supported by Regional Growth funding, the Group was able to successfully return to claiming R&D tax credits on most of its expenditure, rather than the less favourable Research and Development expenditure credits, with £2.7m received in the year and with a further £0.9m due at 30 September 2019 (2018: £1.2m).

Consolidated Statement of Comprehensive Income

For the year ended 30 September 2019

	Note	Year ended	Year ended

		30 September 2019 £'000	30 September 2018 £'000
Continuing operations			
Revenue	5	3,131	129
Costs of sale of programme	5	(350)	–
Operating expenses		(10,170)	(10,606)
Onerous lease charge	10	146	(752)
Derivative financial instrument	9	(67)	–
Administration costs	4	–	(177)
Non-recurring reorganisation costs	6	–	(215)
Recovery of derecognised asset	7	869	–
Release of accrued accommodation expenses	11	–	548

	(45)	(282)
Share based compensation		
	241	1,186
Other operating income		
Loss from operations	(6,245)	(10,169)
Finance costs	(102)	(1)
Finance income	12	24
(Loss)/profit before taxation	(6,335)	(10,146)
Income tax	2,017	1,301
Total comprehensive (loss)/profit for the year attributable to owners of Redx Pharma plc	(4,318)	(8,845)
Loss per share (pence)		
From continuing operations		

Basic	12		(3.4)	(7.0)
Diluted	12	(3.4)		(7.0)

Consolidated Statement of Financial Position

At 30 September 2019
Company No. 07368089

	Note	2019	2018
		£'000	£'000
Assets			
Non-current assets			
Property, plant and equipment		134	191
Intangible assets		417	423
Total non-current assets		551	614
Current assets			
Trade and other receivables		1,232	2,023

Current tax		871	1,211
Cash and cash equivalents		3,704	6,471
Total current assets		5,807	9,705
Total assets		6,358	10,319
Liabilities			
Current liabilities			
Trade and other payables		3,445	3,803
Borrowings	8	468	–
Derivative financial instrument	9	648	–
Provisions	10	306	147
Total current liabilities		4,867	3,950
Non-current liabilities			
Provisions	10	–	605
Total liabilities		4,867	4,555
Net assets		1,491	5,764

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Equity		
Share capital	1,265	1,265
Share premium	33,263	33,263
Share-based compensation	1,104	1,162
Capital redemption reserve	1	1
Retained deficit	(34,142)	(29,927)
	_____	_____
Equity attributable to shareholders	1,491	5,764
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Consolidated Statement of Changes in Equity

For the year ended 30 September 2019

	Share capital	Share premium	Share based payment	Capital Redemption Reserve	Retained Deficit	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000

At 1 October 2017	1,265	33,263	880	1	(21,082)	14,327
Transactions with owners in their capacity as owners						
Loss and total comprehensive income for the year	–	–	–	–	(8,845)	(8,845)
Share based compensation	–	–	282	–	–	282
Movement in year	–	–	282	–	(8,845)	(8,563)
At 30 September 2018	1,265	33,263	1,162	1	(29,927)	5,764
Transactions with owners in their capacity as owners						
Loss and total comprehensive income for the period	–	–	–	–	(4,318)	(4,318)
Share based compensation						

	–	–	45	–	–	45
Release of share options lapsed in the year						
	–	–	(103)	–	103	–
Movement in year	–	–	(58)	–	(4,215)	(4,273)
At 30 September 2019	1,265	33,263	1,104	1	(34,142)	1,491

Consolidated Statement of Cash Flows

For the year ended 30 September 2019

	Year ended 30 September 2019 £'000	Year ended 30 September 2018 £'000
Net cash flows from operating activities		
Loss for the year	(4,318)	(8,845)
Adjustments for:		
Income tax	(2,017)	(1,301)

Finance costs	102	1
Finance income	(12)	(24)
Depreciation and amortisation	91	164
Share based compensation	45	282
Derivative financial instrument	67	–
Onerous lease provision	(146)	752
Release of accrued accommodation expenses	–	(548)
Recovery of derecognised asset	(869)	–
Profit on disposal of assets	(60)	(17)
Movements in working capital		
Decrease in trade and other receivables	446	572
Decrease in trade and other payables	(711)	(8,963)
Cash used in operations	(7,382)	(17,927)
Tax credit received	2,701	727
Interest received	13	23
Net cash used in operations	(4,668)	(17,177)
Cash flows from investing activities		
Sale of property, plant and equipment	60	23
Purchase of property, plant and equipment	(28)	(132)
Net cash generated by/ (used in) investing activities	32	(109)

Cash flows from financing activities		
Derecognised asset recovered	869	–
MGL loan	1,000	–
Interest paid	–	(49)
Net cash generated by / (used in) financing activities	1,869	(49)
Net decrease in cash and cash equivalents	(2,767)	(17,335)
Cash and cash equivalents at beginning of the year	6,471	23,806
Cash and cash equivalents at end of the year	3,704	6,471

Reconciliation of liabilities arising from financing activities

MGL loan	£'000	£'000
Balance b/fwd	–	–
Cash flows	1,000	–
Fair value adjustment of derivative element	67	–

Accrued interest	49	–
Balance c/fwd (disclosed as current borrowings and derivative financial instrument in notes 8 and 9)	1,116	–

Notes to the financial information

1. **Basis of preparation**

The financial information set out herein does not constitute statutory accounts as defined in Section 434 of the Companies Act 2006. The financial information for the year ended 30 September 2019 has been extracted from the Group's audited financial statements which were approved by the Board of Directors on 10 March 2020 and which, if adopted by the members at the Annual General Meeting, will be delivered to the Registrar of Companies for England and Wales.

The financial information for the year ended 30 September 2018 has been extracted from the Group's audited financial statements which were approved by the Board of Directors on 18 November 2018 and which have been delivered to the Registrar of Companies for England and Wales. The report of the auditor on these financial statements was unqualified, did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006. The report of the auditor did include a matter to which the auditors drew attention by way of emphasis without qualifying their report.

The report of the auditor on the 30 September 2019 financial statements was unqualified, did not contain a statement under Section 498(2) or Section 498(3) of the Companies Act 2006 but did include a matter to which the auditors drew attention by way of emphasis without qualifying their report relating to the basis of preparation which is reproduced below:

Redx
Discovering Targeted Medicines

‘Material uncertainty related to going concern

We draw attention to the Going concern policy on page 51 in the financial statements, which indicates that the Group incurred a net loss of £4.3m during the year ended 30 September 2019 and, as of that date, the Group had total equity of £1.5m including an accumulated deficit of £34.1m. The Directors estimate that the cash held by the Group together with known receivables and the equity injection detailed on page 51 will be sufficient to support the current level of activities to the end of April 2020. The Directors have agreed draft heads of terms with a group of investors to provide financial resource to the Group in the form of short-term debt funding, and a convertible loan, and are also in ongoing discussions in respect of other business development opportunities. The short-term debt funding and the convertible loan, including its subsequent conversion, along with ongoing business opportunities are not committed at the date of approval of these financial statements. As stated in the going concern policy on page 51, these events or conditions along with other matters as set forth in the policy, indicate that a material uncertainty exists that may cast significant doubt on the Group’s ability to continue as a going concern. Our opinion is not modified in respect of this matter.‘

The information included in this preliminary announcement has been prepared on a going concern basis under the historical cost convention, and in accordance with the accounting policies adopted in the financial statements for the year ended 30 September 2019 which have been prepared in accordance with International Financial Reporting Standards (IFRSs) as adopted by the EU and the International Financial Reporting Interpretations Committee (IFRIC) interpretations issued by the International Accounting Standards Board (“IASB”) that are effective or issued and early adopted as at the date of these financial statements and in accordance with the provisions of the Companies Act 2006.

The information in this preliminary statement has been extracted from the audited financial statements for the year ended 30 September 2019 and as such, does not contain all the information required to be disclosed in the financial statements prepared in accordance with the International Financial Reporting Standards (‘IFRS’).

The Company is a public limited company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange.

2. Going concern

As part of their going concern review the Directors have followed the guidelines published by the Financial Reporting Council entitled ‘‘Guidance on the Going Concern Basis of Accounting and Reporting on Solvency Risks – Guidance for directors of companies that do not apply the UK Corporate Governance Code’’.

The Group and Parent Company are subject to a number of risks similar to those of other development stage pharmaceutical companies. These risks include, amongst others, generation of revenues in due course from the development portfolio and risks associated with research, development, testing and obtaining related regulatory approvals of its pipeline products. Ultimately, the attainment of profitable operations is dependent on future uncertain events which include obtaining adequate financing to fulfil the Group’s commercial and development activities and generating a level of revenue adequate to support the Group’s cost structure.

The Group made a net loss of £4.3 million during the year, and at 30 September 2019 had total equity of £1.5 million including an accumulated deficit of £34.1 million. As at that date, the Group had cash and cash equivalents of £3.7 million.

At 30 September 2019, the Group’s balance sheet included liabilities relating to a capitalisable loan from Moulton Goodies Ltd. totalling £1,116,000 and a further £1.5 million was drawn down under this facility in November 2019. Whilst it was repayable in full on 31 December 2019, MGL exercised during November 2019 its right to request that the Company capitalise the whole of the loan (including, inter alia, all unpaid interest) into new ordinary shares in the Company. This capitalisation duly took place following the passing by shareholders of a number of resolutions at a General Meeting on 21st January 2020.

For a considerable time, the Company has been in discussions with a number of specialist healthcare investors who have a greater understanding of the potential value of the programmes as well as the funding and likely timing of delivering clinical proof of concept data. As announced on 28th February 2020 Redmile Group LLC, a large and well-funded US based specialist healthcare and life sciences investment firm, confirmed to the Board that it is willing to provide funding to Redx comprising (1) an initial equity investment of £1.3 million through an issue of 11,500,000 ordinary shares; (2) a £5,000,000 short-term debt funding; and (3) together with Sofinnova Partners, a £20,100,000 convertible loan. The £5,000,000 short-term debt funding is repayable prior to the issuance of the £20,100,000 convertible loan. The issue of shares was completed on 4th March 2020 whilst heads of terms for the two

loans were signed on 28th February 2020. The Directors' expectation is that conversion of the £20.1 million loan would take place before 31st December 2020.

The Directors have prepared detailed financial forecasts and cash flows looking beyond 12 months from the date of the approval of these financial statements. In developing these forecasts, the Directors have made assumptions based upon their view of the current and future economic conditions that are expected to prevail over the forecast period. The Directors estimate that the cash held by the Group, which includes the initial equity investment from Redmile, and known receivables will be sufficient to support the current level of activity to the end of April 2020. To further extend the cash runway, the Directors are looking to put in place the two aforementioned loans as soon as possible and secure conversion of the relevant portion of debt into equity by the end of 2020. In addition, the Directors are continuing to explore alternative sources of finance available to the Group through business development opportunities. Based upon all ongoing discussions, the Directors have a reasonable expectation that they will be able to secure sufficient cash inflows for the Group to continue its activities for not less than 12 months from the date of approval of these financial statements; they have therefore prepared the financial statements on a going concern basis.

Although the Board is greatly encouraged by the positive discussions to date, in particular with Redmile and Sofinnova, there can be no certainty that the Board will reach satisfactory agreement regarding the short-term debt funding, the convertible loan and its conversion into ordinary shares, or ongoing business development opportunities. Because these matters are not therefore concluded at the date of approval of these financial statements, these circumstances represent a material uncertainty as to the Group's ability to continue as a going concern. Should the Group be unable to obtain alternative finance such that the going concern basis of preparation were no longer appropriate, adjustments would be required including to reduce balance sheet values of assets to their recoverable amounts and to provide for further liabilities that might arise.

3. Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Board of Directors and the Chief Financial Officer are together considered the chief operating decision-maker and as such are responsible for allocating resources and assessing performance of operating segments.

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. Therefore, the Directors have determined that there is only one reportable segment under IFRS8.

4. Administration

Residual costs related to the exit from Administration of two group companies, Redx Pharma Plc and Redx Oncology Limited in November 2017 have been separately disclosed on the face of the Consolidated Statement of Comprehensive Income, and total £177k. There were no further costs in 2018/19.

5. Revenue

In July 2019, the Group sold its pan-RAF inhibitor drug development programme and related IP to Jazz Pharmaceuticals plc for $3.5m. In parallel, a separate collaboration agreement was signed for Redx to perform research and provide preclinical development services for the programme. Associated costs of sale of £0.35m are disclosed separately on the face of the Consolidated Statement of Comprehensive Income.

In March 2018, the Group granted an option for a license agreement on its NBTI programme to Deinove, a French drug discovery company.

	2019	2018
	£'000	£'000
Sale of scientific programme and related IP	2,790	–
Revenue from collaboration agreement	341	–
Option fees	–	129

	3,131	129

6. **Reorganisation costs**

In 2018, the Group incurred non- recurring costs relating to Directors, as a result of the restructuring of the Board of £215k.

7. **Recovery of derecognised asset**

At 30 September 2017, the Group derecognised as an asset a loan due from Redag Crop Protection Ltd “Redag”, on the grounds of the conditionality attached to repayment. The loan was in the sum of £715k and accrued interest at 5% per annum. In February 2019, a sale of assets by Redag triggered the conditions necessary for the repayment of the loan, and an amount of £869k was recovered, representing the full amount of the original loan and all interest due up to the date of repayment.

8. **Borrowings**

9.

	2019	2018
	£’000	£’000
Current		
Capitalisable loan due within one year	468	–

(after recognition of embedded derivative)		
	468	–

In June 2019 a capitalisable loan note facility of up to £2.5m was agreed with Moulton Goodies Ltd ("MGL"). As of 30 September 2019, £1m had been drawn down with associated further liabilities of £116k. The loan is secured by fixed and floating charges over all assets of the Group and its subsidiaries, with the exception of the pan-RAF research programme. Interest is payable at 10 per cent. per annum, with such interest to be paid at the same time as the loan is repaid. The loan (together with all unpaid interest) is repayable in full on 31 December 2019.

MGL can request that the Company capitalise the Loan into new ordinary shares in the Company, either at maturity or in the event that the Company completes an equity financing to raise at least £10 million (or such lesser amount as MGL may determine at its discretion, providing such amount is at least £1 million). In addition, the Company has the right to require MGL to capitalise the Loan on a Financing Round which, inter alia, raises gross proceeds of at least £20 million.

As a result of the terms of capitalisation, the number of shares issued may vary, leading to the recognition of an embedded derivative liability in respect of the capitalisation element in line with IFRS 9 (see note 9). The remainder of the original loan note of £1m is classified as borrowings.

The Loan, together with all associated interest, was capitalised at the request of the lender on 21 January 2020 (see note 14).

9. **9. Derivative financial liability**

10.

	2019 £'000	2018 £'000
Current		
Fair value at recognition	581	–
Recognised in the year	67	–
Carried forward	648	–

Financial instruments that are measured subsequent to initial recognition at fair value are grouped into three levels based on the degree to which the fair value is observable as defined by IFRS 13:

Level 1 fair value measurements are those derived from unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2 fair value measurements are those derived from inputs, other than quoted prices included within Level 1, that are observable either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The derivative financial instrument included in the Statement of financial position, which is classified as a Level 3 derivative financial instrument, is the fair value of the conversion option element of the £1m loan note issued to Moulton Goodies Ltd.

The fair value has been determined using an Option pricing model and is determined at the initial recognition of the liability and then at each subsequent reporting date, using an estimated volatility of 125% and a risk free rate of 1%. Changes to the fair value are recognised in the Consolidated Statement of Comprehensive Income.

The Loan giving rise to the derivative financial instrument, together with all associated interest, was capitalised at the request of the lender on 21 January 2020 (see note 8). At this point the derivative financial liability was extinguished.

10. **10. Onerous lease provision**

11.

	2019	2018
	£'000	£'000
Brought forward	752	–
(Released)/recognised in the year	(146)	752
Unwinding of discount	53	–
Amount utilised	(353)	–
Carried forward	306	752
Current	306	147
Non-current	–	605
	306	752

As at 30 September 2018, the Group no longer occupied the premises at Block 3 Alderley Park, Macclesfield, having relocated all its activities to Block 33. On this basis the Director's believe the lease for Block 3 fulfils the criteria to be regarded as onerous under IAS 37 "*Provisions, Contingent liabilities and Contingent assets".*

Total potential costs relating to the remaining portion of this lease (rent & service charges) amounted to £1.47m. The Directors estimated that £0.72m of this expenditure could be recovered via existing sub-leases and licenses. Accordingly, a provision of £0.75m was recognised. At 30 September 2019 the directors estimate that the total potential costs remaining are £0.31m. There will be no contractual liability beyond 30 September 2020.

11. Release of accrued accommodation expenses

As a result of a positive outcome from negotiations regarding legacy accommodation costs, an accrual for potential expenses of £548k was released in 2017/18.

12. Loss per share

Basic loss per share is calculated by dividing the total comprehensive loss for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

In the case of diluted amounts, the denominator also includes ordinary shares that would be issued if any dilutive potential ordinary shares were issued following exercise of share options.

The basic and diluted calculations are based on the following:

	2019	2018
	£'000	£'000

Loss for the period attributable to the owners of the Company	(4,318)	(8,845)
	Number	Number
Weighted average number of shares – basic	126,447,914	126,447,914
Weighted average number of shares – diluted	126,447,914	126,447,914
	Pence	Pence
Loss per share – basic	(3.4)	(7.0)
Loss per share – diluted	(3.4)	(7.0)

The loss and the weighted average number of shares used for calculating the diluted loss per share are identical to those for the basic loss per share. This is because the outstanding share options would have the effect of reducing the loss per share and would therefore not be dilutive under IAS 33 "*Earnings per Share"*.

13. **Related Parties**

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties are disclosed below:

Trading transactions

As a result of the restructuring of the Board in November 2017, a number of previously related parties no longer met that criteria. Where this was the case, transactions have been disclosed to the date that the criteria failed to be met, and outstanding balances are shown as of that date.

The Group purchased services, in the prior year, in the normal course of business from the following companies related to individuals who were Directors of the Group at that time:

- Acceleris Capital Ltd – of which Mr N. Molyneux is a Director. (Mr Molyneux ceased to be a Director of Redx Pharma on 3 November 2017, at which point Acceleris Capital Ltd ceased to meet the criteria of a related party.)

- The Group had purchased administration services from Mrs. J. Murray, who is the wife of Dr N. Murray. (Dr Murray ceased to be a Director of Redx Pharma on 3 November 2017, at which point Mrs. Murray ceased to meet the criteria of a related party.)

The Group provided services in the prior year in the normal course of business to the following companies related to individuals who were Directors of the Group:

- Redag Crop Protection Ltd – of which Mr N. Molyneux is a Director. (Mr Molyneux ceased to be a Director of Redx Pharma on 3 November 2017, at which point Redag Crop Protection Ltd ceased to meet the criteria of a related party.)

In June 2019 the Group issued a loan note of £1m to Moulton Goodies Limited, a significant shareholder in Redx Pharma Plc. Full details of the transaction can be found in note 8. Interest accruing on this loan note is included in finance costs.

	2019	2018

Purchases from/(charges to) related parties	£'000	£'000
Moulton Goodies Ltd – loan interest	49	–
Redag Crop Protection Ltd (to 3 November 2017)	–	(20)
Acceleris Capital Ltd (to 3 November 2017)	–	6
Mrs J Murray (to 3 November 2017)	–	2
	49	(12)

	2019	2018
Amounts owed to/(by) related parties	£'000	£'000
Moulton Goodies Ltd	1,116	–
Redag Crop Protection Ltd (at 3 November 2017)	–	(73)

Acceleris Capital Ltd (at 3 November 2017)		
	–	15
Mrs J Murray (at 3 November 2017)	–	14

2018 balances relate to 3 November 2017.

Amounts owed to/by related parties were disclosed in other receivables, borrowings, trade creditors and accruals and derivative financial liabilities.

14. Events after the reporting period

On 13 November 2019 The Group drew down the remaining £1.5m available to it under the loan note agreement with Moulton Goodies Ltd (“MGL”).

On 31 December the Group announced that it had received written notice on 29 November 2019 from MGL requesting that it capitalise the entire outstanding loan and accrued interest pursuant to the terms of the loan notes. The capitalisation price was set at 5.25 pence per share.

The capitalisation was approved at a General meeting of shareholders on 21 January 2020 at which date the amount outstanding was £2,731,616. Accordingly, 52,030,789 new ordinary shares were issued. These were admitted to trading on 22 January 2020. AS MGL would hold greater than 30% of the issued share capital post capitalisation, and with the agreement of the Takeover Panel, shareholders also approved a waiver from the necessity to make an offer for the entire issued share capital of the Company.

On 31 December 2019 the Group further announced that it was in discussions with Yesod Bio-Sciences Ltd in relation to a possible cash offer for the entire issued share capital of Redx Pharma plc. In accordance with the Takeover Code A deadline of 28 January 2020 was set by which time the bidder was obliged to announce either

a firm intention to make an offer for Redx or confirm that it does not intend to do so. With the Agreement of the Takeover Panel, extensions were granted to 14 February 2020 and then further to 28 February 2020. On 28 February 2020 it was announced that Yesod Bio-Sciences Ltd did not intend to make such an offer.

On 28 February 2020, the Company also announced that it had agreed a funding package with Redmile Group LLC and Sofinnova Partners, under the terms of which Redmile had agreed to immediately subscribe for 11,500,000 ordinary shares at 11.2p. These shares were duly issued and admitted to trading on 4 March 2020. In addition, terms had been agreed in principle for Redmile Group LLC to provide a £5m term loan and together with Sofinnova Partners a £20.1m convertible loan to the Company.

15. **Report and accounts**

A copy of the Annual Report and Accounts will be sent to all shareholders with notice of the Annual General Meeting shortly and will also be available to download from the Group's website at www.redxpharma.com in due course.