

Proposed financing of \$30 million via issue of convertible loan notes and share subscription and notice of General Meeting

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For immediate release

REDX PHARMA PLC

(“Redx” or “the Company” or “the Group”)

Proposed financing of \$30 million via issue of convertible loan notes and share subscription and notice of General Meeting

Funds will be used to progress pipeline to key value inflection points

Alderley Park, 30 June 2020 Redx (AIM: REDX), the drug discovery and development Group focused on cancer and fibrosis, today announces a proposed financing package to raise \$30 million through the issue of \$29 million of sterling denominated convertible loan notes (the “Loan”) to funds managed or advised by Redmile Group (“**Redmile**”) and Sofinnova Partners (through its investment fund

Sofinnova Crossover I SLP) (“**Sofinnova**”), two specialist healthcare and life sciences investment firms (the “**Lenders**”) and a direct share subscription by Sofinnova of £812,000 for new ordinary shares.

The Company is today separately announcing its Interim Results for the six months to 31 March 2020.

This financing follows the recent successful close of a mandatory offer for Redx by RM Special Holdings 3 LLC, a special purpose vehicle wholly-owned by funds managed or advised by Redmile, which resulted, on 1 May 2020, in Redmile owning 91.77 per cent. of the existing issued share capital of Redx. Prior to the offer, Redmile had already provided Redx with funding through an initial share subscription of £1.3 million and £5 million of short-term debt funding.

\$19 million of loan notes will be issued to Redmile and \$10 million loan notes will be issued to Sofinnova. The net proceeds of the Loan and share subscription announced today will be used to repay the £5 million short-term debt owed to Redmile and to progress the Company’s drug development programmes in oncology and fibrosis to key value inflection points, including its lead oncology asset, RXC004, which continues to progress as planned in an ongoing phase 1 clinical study. The remaining funds will augment general working capital, serving to extend the Company’s cash runway into the third quarter of 2021.

The Loan and share subscription are subject to the Company obtaining shareholder approval to issue the requisite number of new ordinary shares, to increase the Company’s borrowing limits and to disapply pre-emption rights. A circular is being sent to shareholders today to convene a General Meeting at which these approvals will be sought and which will be held at 11am on 20 July 2020.

Sofinnova will subscribe for 5,238,710 ordinary shares at 15.5p per share (the “Subscription”), which will equate to approximately 2.68% of the Company’s share capital as enlarged by the Subscription.

Lisa Anson, Chief Executive of Redx Pharma, commented: *“We have continued to make significant progress in delivering our strategy of discovering and developing novel drugs with the potential to transform the treatment of cancer and fibrosis. This financing will markedly strengthen the Group’s balance sheet and enable us to progress our exciting pipeline of drug development projects. We have also gained the support of two established specialist healthcare and life sciences investors, Redmile Group and Sofinnova Partners, who will be instrumental in*

assisting the Company in raising further funds and executing our business plan to key value inflection points.”

As Redmile, prior to the transaction, hold 92.02 per cent. of the Company's issued ordinary shares, the Loan from, and issue of loan notes to, Redmile constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules. The Board consider that the terms of the Loan from, and issue of loan notes to, Redmile are fair and reasonable insofar as the Company's shareholders are concerned, having consulted with Spark Advisory Partners, the Company's nominated adviser.

The principal terms of the Loan are as follows:

- \$29 million will be borrowed in full in a single drawdown after the conditions, primarily shareholder approval, to drawdown are satisfied.
- The Loan is secured by fixed and floating charges over all assets of the Group and its subsidiaries, with the exception of the RXC006, GI-Targeted ROCK and certain early stage research programmes.
- The Loan (together with all unpaid interest) is repayable in full on the third anniversary of the initial notes issue (the “Initial Maturity Date”), but may become payable earlier in the event, inter alia, of default by the Group. If the Loan remains outstanding on the Initial Maturity Date, the Lenders can extend the maturity date to the fourth anniversary of the initial notes issue and can, prior to each new maturity date, further extend the maturity date to the next anniversary of the initial notes issue. Any maturity date beyond the tenth anniversary of the initial notes issue requires the consent of the Company.
- The Company cannot repay the Loan early.
- Interest is payable at zero per cent. per annum from the date of signing, up until the Initial Maturity Date and thereafter at a rate no higher than the US prime rate.
- Each Lender has the right, at any time, to convert all of part of its Loan into new ordinary shares in the Company at a conversion price per ordinary share of 15.5p.
- Customary positive and negative covenants, representations and warranties have been provided to the Lenders upon signing of agreements for the Loan.

As part of the terms of the Subscription, it has been agreed that, upon completion of the issue of the loan notes, Sofinnova may nominate one individual who will be appointed to the Board of the Company as a non-executive director.

-Ends-

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About Redx Pharma Plc

Redx is a UK biotechnology Group whose shares are traded on AIM (AIM:REDX). Redx is focused on creating and developing first, or potentially best in class drugs, in specific areas of cancer and fibrosis that address significant unmet medical need. Redx has an in-house discovery team with proven world-class chemistry capabilities.

Notes

The \$29 million committed by the Lenders will be converted to pounds sterling on the business day prior to the issue of the loan notes at the dollar: pound exchange rate published by Bloomberg on that day. Consequently, the Company will receive pounds sterling and the loan notes will be denominated in pounds sterling.