

## Redx Pharma

### £25.5m placing extends runway to end-2022

2 December 2020

- Redx Pharma has conditionally raised £25.5m (gross) in a placing of 45.6m new shares at 56.0p per share (c2.6% discount to the prior day closing price of 57.5p) to new and existing institutional investors. Respected London-based specialist fund Polar Capital will join the register.
- A further up to £2.2m (gross) could be raised through an Open Offer, also priced at 56.0p, to existing shareholders on the basis of one new share for each 50 existing shares held, with up to 3.9m shares available. Any share allocation not taken up in the Open Offer will be offered to other qualifying investors. A General Meeting will be held on December 21, with admission of new shares expected on December 22.
- The £25.5m of new funds, coupled with the existing resources, increases cash to c £47m, which extends the cash runway to end-2022. The potential proceeds of the Open Offer are not included in this sum and would further supplement these resources.
- Use of funds is broken down as follows: (1) £14m on porcupine inhibitor RXC004, to complete the existing Phase I monotherapy study, the scheduled Phase I immuno-oncology combination study, and the planned Phase II proof-of concept trials; (2) £11m on ROCK2 inhibitor RXC007, to complete the preclinical work, complete the Phase I study, and initiate the Phase II programme; (3) £16m on earlier development work on the oncology and fibrosis programmes; and (4) the remaining £12m for general working capital purposes through to end-2022.
- Cornerstone investors Redmile and Sofinnova are taking 19.6m and 9.2m new shares in the Placing but have agreed to not subscribe in the Open Offer. Both Redmile and Sofinnova are also converting part of their June 2020 convertible loan notes (CLN), at 15.5p a share, and will receive 21.5m and 11.3m new shares respectively. Following these transactions, Redmile and Sofinnova will each own 217.9m shares and 25.8m shares, which equates to c 78.5% and c 9.3% of the proposed enlarged share capital.

Price	57.6p
Market Cap	£107m
Primary exchange	AIM
Sector	Healthcare
Company Codes	REDX
Corporate client	Yes

#### Company description:

Redx Pharma specialises in the discovery and early clinical development of small molecule therapeutics, with an emphasis on oncology and fibrotic disease. Typically, these are progressed through proof-of-concept studies and then partnered for further development. The strategy has been validated by several collaborations.

#### Analysts

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**Trinity Delta view:** We believe Redx Pharma has an attractive, and well balanced, clinical portfolio; an enviable track record of delivery; and well-respected management. In our [September 2020 Initiation](#) we described Redx's strategy of developing either "first in class" or "best in class" compounds and how the two lead assets, the porcupine inhibitor RXC004 in oncology and ROCK2 inhibitor RXC007 for fibrosis indications, are set to progress to key proof of concept trials. The new funds provide the resources to maintain the momentum of the existing clinical pipeline, in particular allowing for completion of the RXC004 Phase II programme, and to progress earlier stage assets. Our prior Redx valuation of £296m, or 152p per share (92p fully diluted), and our published forecasts will be updated to reflect the fundraise as soon as practicable.

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