

# Short-term Debt Funding Secured

10 Jun 2019

**Alderley Park, 10 June 2019** Redx (AIM: REDX), the drug discovery and development company focused on cancer and fibrosis, is today providing an update on its ongoing plans to strengthen the Group's balance sheet.

Further to the announcement released on 3 May 2019, the Board is pleased to announce that the Company has signed an agreement with Moulton Goodies Ltd. ("MGL") for a fixed rate secured loan note facility of up to £2.5 million (the "Loan").

The Loan will serve to further extend the Company's cash runway into the fourth quarter of 2019 and will be used to augment general working capital. The Company intends to immediately draw down £1 million of the Loan, and has the option to draw the remainder in up to two further tranches of no less than £500,000 each.

As previously highlighted, the Board continues to be in active discussions with shareholders and third-party healthcare specialist investors regarding longer-term funding of the Group and to pursue potential value realisation opportunities for the pan-RAF research programme. The Company will provide further updates in due course.

As MGL holds 18.16% of the Company's issued ordinary shares the Loan constitutes a related party transaction for the purposes of Rule 13 of the AIM Rules. The Board consider that the terms of the Loan are fair and reasonable insofar as the Company's shareholders are concerned, having consulted with Cantor Fitzgerald Europe, the Company's nominated adviser.

The principal terms of the Loan are as follows:

- Up to £2.5 million may be borrowed;
- 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, but may become payable earlier in the event, *inter alia*, of default;
- 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) (“Financing Round”). 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. Any capitalisation would be subject, *inter alia*, to the Company obtaining shareholder approval to issue the requisite number of new ordinary shares and to disapply pre-emption rights;
- The Company has undertaken to draw the facility in full upon any Financing Round taking place. In the event that the Loan is capitalised on a Financing Round, it would do so at discounts of 30 per cent. to the issue price of the new ordinary shares in the Financing Round for those amounts drawn prior to the Financing Round and 13 per cent. to the issue price of the new ordinary shares in the Financing Round for those amounts drawn upon the Financing Round;
- In the event that the Loan is capitalised on maturity, such capitalisation would be at the lower of the volume-weighted average price per ordinary share over the 10 business day period immediately prior to either (a) the date of signing the agreements for the Loan; or (b) the 31<sup>st</sup> December 2019 (or by reference to changes in the Group’s net asset value over the same period if no ordinary shares were to remain publicly traded at maturity);
- In the event of any sale of all, or substantially all, of the assets or ordinary shares of the Company, or a merger or similar reorganisation of the Company, the Loan is repayable with a 30 per cent. repayment premium on amounts drawn, together with any interest due;
- Standard representations and warranties have been provided to MGL upon signing the Loan agreements and will be repeated at each subsequent draw down.

**For further information, please contact:**

Redx Pharma Plc

T: +44 1625 469  
920

Lisa Anson, Chief Executive Officer

James Mead, Chief Financial Officer

Cantor Fitzgerald Europe (Nominated Advisor & Joint Broker)

T: +44 20 7894  
7000

Phil Davies

WG Partners LLP (Joint Broker)

T: +44 20 3705  
9330

Claes Spång/ Chris Lee/ David Wilson

FTI Consulting

T: +44 20 3727  
1000

Simon Conway/Ciara Martin

## **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/>