RNS Number : 9532A
Redx Pharma plc
07 June 2021

REDX PHARMA PLC

("Redx" or "the Company" or "the Group")

Interim results for the six months ended 31 March 2021

RXC004 Clinical development progressed

First-in-human clinical study initiated for selective ROCK2 inhibitor, RXC007

Company Balance Sheet strengthened following £25m Fundraising

Alderley Park, 7 June 2021 Redx (AIM: REDX), the drug discovery and development Group focused on cancer and fibrosis, today announces unaudited results for the six months ended 31 March 2021.

Operational Highlights

- Successfully completed dosing of the first four patient cohorts in the Phase 1 clinical trial of lead oncology asset, RXC004 (porcupine inhibitor)
  - Final patient cohort, at 3 mg initiated and ongoing, following recruitment delays of around six months arising from COVID-19.
  - Company remains on track to report the Phase 1 clinical study results at a scientific meeting, as well as initiate multiple Phase 2 studies in H2 2021.
  - Post-period, in April 2021, initiated dosing of the first patient cohort with a combination of RXC004 and nivolumab (OPDIVO® - Bristol Myers Squibb, an anti-PD-1 antibody immune checkpoint inhibitor).
- Post period, on 3 June 2021, initiated second clinical programme, the first programme from our fibrosis portfolio to enter the clinic
  - A healthy volunteer, Phase 1 safety study for RXC007, a selective Rho Associated Coiled-Coil Containing Protein Kinase 2 (ROCK2) inhibitor for development in idiopathic pulmonary fibrosis and potentially other fibrotic conditions. Results from the study are expected to be available in H1 2022.
- Significantly progressed our partnered programs with Jazz Pharmaceuticals
  - Generated revenue of £0.8m during the period from the ongoing research collaboration on the pan-RAF programme, announced in July 2019.
  - A further £1.3 million of revenue recognised from the collaboration deal to conduct an oncology research collaboration designed to discover new medicines targeted at two specified targets on the MAPK pathway.
- Dr Jane Robertson appointed Chief Medical Officer on 1 March 2021.
- On 1 May 2021, Peter Collum was appointed as Chief Financial Officer and will be US-based, in the New York area; he succeeds Dr James Mead who has transitioned to the role of Chief Operating Officer.
- On 19 May 2021, Natalie Berner was appointed as a Non-Executive Director representing RM Special Holdings 3 LLP, an affiliate of Redmile Group, LLC.
- On 31 May 2021, Iain Ross stepped down from his role as Director and Non-Executive Chairman of the Company.
- On 4 June 2021, the Company announced the appointment of Ernst & Young LLP as auditor for the financial year ending 30 September 2021.

Financial Highlights

- Cash balance at 31 March 2021 of £39.9 million (31 March 2020 £1.9 million) providing cash runway through 2022.
- Financing completed in December 2020, raising £25.7 million (gross), in addition to £5.1 million of the £22.2 million outstanding loan note liability converted to Ordinary shares.
- Increasing investment in research and development by £6.2 million, reflecting the strong progress in our pipeline, led to increased operating expenses of £12.6 million (H1 2020 £5.2 million).
- Loss for the period of £12.7 million (H1 2020 £4.0 million)

Lisa Anson, Chief Executive of Redx Pharma, commented; "*We continue to make strong progress with our pipeline, with drug candidates from both our oncology and fibrosis programmes now in the clinic following RXC007, our ROCK2 selective inhibitor, initiating clinical trials. Furthermore, we expect to progress RXC004, our lead oncology asset, into Phase 2 studies in the second half of 2021, once we complete the Phase 1 study currently in the final patient cohort. We continue to be excited by the differentiated programmes in our growing pipeline and look forward to further progress at Redx.*"

For the purposes of MAR, the person responsible for arranging for the release of this announcement on behalf of Redx is Andrew Booth, Company Secretary.

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About Redx Pharma Plc

Redx Pharma (AIM:REDX) is focused on the discovery and development of novel targeted medicines for the treatment of cancer and fibrotic diseases, aiming initially to progress them to clinical proof of concept, before evaluating options for further development and potential value creation. Redx's lead oncology asset, RXC004, is currently in a Phase 1 study in patients with advanced malignancies and Redx intends to report the Phase 1 clinical study results at a scientific meeting, as well as initiate multiple Phase 2 studies in H2 2021. The Company's selective ROCK2 inhibitor, RXC007, is in development for idiopathic pulmonary fibrosis and commenced a Phase 1 clinical study in June 2021 for which results are expected in 2022.

The Company has a strong track record of discovering new drug candidates through its core capability of converting medicinal chemistry insights into differentiated and commercially attractive drug candidates, and has previously completed preclinical asset transactions with Loxo Oncology (now Eli Lilly), AstraZeneca and Jazz Pharmaceuticals.

Chief Executive's Statement

I am pleased to report a strong six months for the Company as we work to create an exciting future focused on our differentiated medicinal chemistry capabilities and progression of selected clinical drug development programmes.

The interim results for the six-month period ended 31 March 2021 demonstrate delivery of key milestones in the progression of our pipeline with further critical milestones due over the next 12-18 months. The Company has made tangible progress in its portfolio. RXC004, its promising lead oncology asset is currently completing a Phase 1 study with preparations afoot to commence a Phase 2 study in H2 2021. Dosing of the first patient cohort with a combination of RXC004, the Company's lead drug candidate, and nivolumab (OPDIVO® - Bristol Myers Squibb, an anti-PD-1 antibody) has been initiated and RXC007, the Company's exciting new development compound for fibrosis has entered the clinic following the initiation of a Phase 1 study.

The Company has also made strong progress in securing sufficient investment capital to fully realise the potential in these programmes and the innovative science in our Company. With the continued support from our specialist investors, including Redmile Group LLC, we have the financial stability to execute our business plan, and with the talented team of scientists that we have retained, our committed leadership team and our exciting assets, I believe we now have the key ingredients to successfully execute our strategy.

A Clear and Focused Strategy

Redx's ambition is to become a leading biotech company focused on the development of novel targeted medicines that have the potential to transform the treatment of cancer and fibrosis. Within these areas of focus, the organisation's strategy is to progress our lead programmes to deliver clinical proof of concept, a key value inflection milestone for the company.

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

Partnering will remain a critical option within our strategy to enable additional development and to drive further shareholder value.

Research & Development

RXC004
Redx's lead programme, **RXC004**, is a potential best-in-class porcupine inhibitor which is currently in Phase 1 monotherapy and combination studies (NCT03447470) to treat cancer. Redx is developing RXC004 as a targeted oncology treatment for Wnt-driven tumours both as a monotherapy (through direct tumour targeting) and as an immuno-oncology combination agent, each of which represents a potentially large commercial opportunity. RXC004 has shown compelling animal efficacy data demonstrating its highly targeted impact on the Wnt pathway. Initial results from the unblinded clinical study are encouraging. The drug has been well tolerated in the patient cohorts treated so far, with no dose limiting toxicities (DLTs) reported to date. Measured pharmacokinetic parameters were compatible with once daily dosing and importantly, there was strong target engagement detected in markers in skin tissue. Following recruitment delays of around six months resulting from COVID-19, the final patient cohort at 3mg was initiated in January 2021 and is ongoing to determine the recommended dose for the planned Phase 2 programme. Redx anticipates that full safety and tolerability results from this Phase 1 monotherapy study will be presented at a scientific meeting in the second half of 2021. Phase 2 studies are expected to initiate in H2 2021 once safety and dose selection data are available from the ongoing monotherapy Phase 1 trial.

Post-period the Company initiated dosing of the first patient cohort with a combination of RXC004 and nivolumab (OPDIVO® - Bristol Myers Squibb, an anti-PD-1 antibody). The primary objective of the Phase 1 combination study is to evaluate the safety and tolerability of RXC004 in combination with nivolumab in patients with advanced malignancies. The results from the combination study are expected to read out in H2 2021 and will be used to define a dose of RXC004 to be used in combination with standard dose nivolumab in a Phase 2 study in patients with genetically selected microsatellite stable (MSS) metastatic colorectal cancer (MSS mCRC), which is planned to start to recruit patients in H2 2021.

We remain confident that this programme can unlock the potential of the Wnt pathway as a means to tackle high unmet need in a number of cancers, both as a monotherapy and in combination.

RXC007
In June 2021, Redx reached an important milestone in our fibrosis portfolio with the entry into clinic of our exciting new development compound, **RXC007**. RXC007 is a selective inhibitor of Rho associated protein Kinase 2 (ROCK2), believed to be central to fibrosis. RXC007 has the potential to address a number of fibrotic conditions and is initially being developed as a treatment for idiopathic pulmonary fibrosis (IPF), an orphan disease and a severe and life-threatening chronic lung condition. Following this we will look at developing the drug more broadly as a systemic treatment for fibrotic conditions, such as liver fibrosis (NASH). Developing a selective ROCK2 inhibitor is technically challenging, as evidenced by the limited number of competitor programmes in clinical development. However, our development candidate has demonstrated good pharmacokinetic and pharmacodynamic profiles in preclinical models as well as strong proof of concept data in fibrosis disease models.

Partnered Programmes
In July 2019, we announced the decision to partner our **pan-RAF inhibitor** programme for the potential treatment of RAF and RAS mutant tumours, with Jazz Pharmaceuticals. The associated collaboration, under which Redx performs research and preclinical development services with the goal of completing IND-enabling studies, continues to progress well, and has resulted in significant new revenue generation for the Company beyond the partnership milestones. **RXC006**, a porcupine inhibitor, was partnered with AstraZeneca in August 2020 and also continues to progress through preclinical development and safety studies ahead of entering clinical trials.

The Company continues to develop a portfolio of high value wholly owned discovery programmes as well as the partnered research

prorgrammes with Jazz Pharmaceuticals working from our state-of-the-art laboratories at Alderley Park, Cheshire in the UK.

With respect to intellectual property, we have now been granted US patents that claim composition of matter covering RXC004 and our GI-targeted ROCK compounds.

Finance

During the period we increased investment in research and development activities significantly, in line with strategy and reflecting the strong progress in the pipeline. Operating expenses increased to £12.6 million (H1 2020 £5.2 million) driven by the rise in external scientific and clinical expenses (including internal headcount) to nearly £10.3 million from £3.2 million in same period in 2020. Overheads remained broadly flat.

In December 2020, a general meeting authorised the issue of 45.6 million Ordinary shares by way of a Placing, and 0.2 million Ordinary shares via an Open Offer to existing shareholders, raising £25.7 million (gross) of funds to be used to further support and augment the Group's research pipeline. In addition, £5.1 million of the £22.2 million loan notes issued to Redmile and Sofinnova were converted into equity at their request. The Group finished the period with a strong cash balance of £39.9 million, compared to £1.9 million at the same time in the previous year.

As part of an ongoing reorganisation of the Group structure to better position it going forward, a new wholly owned subsidiary, Redx Inc., was incorporated in the United States, and the process to formally wind up two inactive legacy subsidiary companies, Redx Anti-Infectives Ltd and Redx MRSA Ltd., was initiated.

Outlook

During the period, we have benefited from our increased financial strength. This has allowed us to make tangible progress with RXC004 in the clinic, while also completing preclinical development for RXC007. Subsequently, post period, we were delighted to announce dosing of the first subject in our Phase 1 safety study of RXC007. We also expect to successfully complete the Phase 1 study of RXC004 very soon, which will enable us to select an appropriate dose[s] to begin Phase 2 studies, as expected, in H2 2021.

On a personal note, I want to thank the board, the management team, all staff and shareholders for their resilience and support during what has been a challenging period in the Company's history. I now look forward to getting on with the job I came here to do, which is to build a world-class biotech company.

I continue to be excited by the differentiated programmes in our pipeline and 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 meaningful results in the clinic which will drive benefits for patients and value for shareholders.

Lisa Anson
Chief Executive Officer

Consolidated Statement of Comprehensive Income

		Unaudited	Unaudited	Audited
		Half Year to 31 March 2021	Half Year to 31 March 2020	Year to 30 September 2020
	Note	**£000**	£000	£000
Revenue	2	**2,101**	1,172	5,685
Operating expenses		**(12,616)**	(5,185)	(14,203)
Onerous lease credit	8	**-**	2	6
Derivative financial instrument		**-**	67	67
Share based compensation	3	**(1,644)**	(26)	(568)
Other operating income		**498**	382	812
Loss from operations		**(11,661)**	(3,588)	(8,201)
Finance costs	4	**(1,000)**	(374)	(974)
Finance income	4	**1**	7	7
Loss before taxation		**(12,660)**	(3,955)	(9,168)
Income tax	5	**(55)**	(27)	(45)
Total comprehensive loss for period attributable to owners of Redx Pharma plc		**(12,715)**	(3,982)	(9,213)
		Pence	Pence	Pence
Loss per share - basic & diluted	6	**(5.3)**	(2.7)	(5.4)

Consolidated Statement of Financial Position

	Note	**Unaudited** **31 March 2021** **£000**	Unaudited 31 March 2020 £000	Audited 30 September 2020 £000
Assets				
Property, plant and equipment		**598**	121	136
Right of use asset - property lease	7	**3,272**	3,874	3,573
Intangible assets		**408**	415	411
Total non-current assets		**4,278**	4,410	4,120
Trade and other receivables		**2,270**	1,371	1,923
Cash and cash equivalents		**39,862**	1,895	27,513
Current tax		**32**	849	32
Total current assets		**42,164**	4,115	29,468
Total assets		**46,442**	8,525	33,588
Liabilities				
Current liabilities				
Trade and other payables		**3,385**	2,206	3,362
Contract liabilities		**5,748**	-	7,069
Lease liabilities		**525**	482	503
Provisions	8	**-**	156	-
Total current liabilities		**9,658**	2,844	10,934
Non-current liabilities				
Lease liabilities		**2,941**	3,466	3,209
Borrowings	9	**12,526**	-	16,758
Total liabilities		**25,125**	6,310	30,901
Net assets		**21,317**	2,215	2,687
Equity				
Share capital	9	**2,739**	1,900	1,952
Share premium		**66,098**	36,647	37,184
Share-based compensation		**2,835**	1,009	1,191
Capital redemption reserve		**1**	1	1
Convertible note reserve		**4,572**	-	4,572
Retained deficit		**(54,928)**	(37,342)	(42,213)
Equity attributable to shareholders		**21,317**	2,215	2,687

Consolidated Statement of Changes in Equity

	Unaudited Share capital	Unaudited Share premium	Unaudited Share-based payment	Unaudited Capital redemp'n reserve	Unaudited Convertible note reserve	Unaudited Retained deficit	Unaudited Total equity
	£000	£000	£000	£000	£000	£000	£000
Movements by half year							
As at 30 September 2019	1,265	33,263	1,104	1	-	(34,142)	1,491
IFRS 16 transition	-	-	-	-	-	661	661
Loss and total comprehensive income for the period	-	-	-	-	-	(3,982)	(3,982)
Transactions with owners in their capacity as owners							
Share issue	635	3,384	-	-	-	-	4,019
Share-based compensation	-	-	26	-	-	-	26
Release of share options lapsed in the period	-	-	(121)	-	-	121	-
As at 31 March 2020	1,900	36,647	1,009	1	-	(37,342)	2,215
Loss and total comprehensive income for the period	-	-	-	-	-	(5,231)	(5,231)
Transactions with owners in their capacity as owners							
Share issue	52	760	-	-	-	-	812
Share issue costs	-	(223)	-	-	-	-	(223)
Recognition of equity element of loan notes	-	-	-	-	4,572	-	4,572
Share-based compensation	-	-	542	-	-	-	542
Release of share options lapsed in the year	-	-	(360)	-	-	360	-
As at 30 September 2020	1,952	37,184	1,191	1	4,572	(42,213)	2,687
Loss and total comprehensive income for the period	-	-	-	-	-	(12,715)	(12,715)
Transactions with owners in their capacity as owners							
Share issues	787	29,965	-	-	-	-	30,752
Share issue costs	-	(1,051)	-	-	-	-	(1,051)
Share-based compensation	-	-	1,644	-	-	-	1,644
Release of share options lapsed in period	-	-	-	-	-	-	-
As at 31 March 2021	2,739	66,098	2,835	1	4,572	(54,928)	21,317

Consolidated Statement of Cash Flows

	Unaudited Half Year to 31 March 2021	Unaudited Half Year to 31 March 2020	Audited Year to 30 September 2020
	£000	£000	£000
Net cash flow from operating activities			
Loss for the period	**(12,715)**	(3,982)	(9,213)
Adjustments for:			
Income tax	**55**	27	45
Finance costs (net)	**999**	367	967
Depreciation and amortisation	**376**	337	665
Share based compensation	**1,644**	26	568
Derivative financial instrument	**-**	(67)	(67)
Onerous lease provision	**-**	(2)	(6)
Profit on disposal of assets	**-**	(4)	(4)
Movements in working capital			
(Increase)/decrease in trade and other receivables	**(402)**	(184)	(905)
Decrease in trade and other payables	**(1,298)**	(738)	7,330
Cash used in operations	**(11,341)**	(4,220)	(620)
Tax credit received	**-**	40	1,008
Interest received	**1**	6	7
Net cash used in operations	**(11,340)**	(4,174)	395
Cash flows from investing activities			
Sale of property plant and equipment	**-**	4	4
Purchase of property, plant and equipment	**(534)**	(21)	(59)
Net cash used in investing activities	**(534)**	(17)	(55)
Cash flows from financing activities			
Proceeds of share issues	**25,667**	1,287	2,099
Share issue costs	**(1,051)**	-	(223)
Short term loan	**-**	-	5,000
Loan notes issued	**-**	1,500	23,680
Loan note costs	**-**	-	(1,117)
Repayment of short term loan	**-**	-	(5,000)
Interest paid	**-**	(12)	(182)
Payment of lease liabilities	**(393)**	(393)	(788)
Net cash from financing activities	**24,223**	2,382	23,469
Net decrease in cash and equivalents	**12,349**	(1,809)	23,809
Cash and cash equivalents brought forward	**27,513**	3,704	3,704
Cash and cash equivalents carried forward	**39,862**	1,895	27,513

Reconciliation of liabilities arising from financing activities

	Unaudited Half Year to 31 March 2021	Unaudited Half Year to 31 March 2020	Audited Year to 30 September 2020
	£000	£000	£000
MGL loan			
Balance b/fwd	**-**	1,116	1,116
Cash flows	**-**	1,500	1,500
Fair value adjustment of derivative element	**-**	(67)	(67)
Accrued interest	**-**	183	183
Amount capitalised into ordinary shares	**-**	(2,732)	(2,732)
Balance c/fwd (disclosed as current borrowings, and derivative financial instrument)	**-**	-	-
IFRS16 Lease liability			
Balance b/fwd	**3,712**	-	-
Recognised on adoption of IFRS16	**-**	4,175	4,175
Cash flows	**(393)**	(393)	(788)
Unwinding of interest	**147**	166	325

Balance c/fwd (disclosed as current and non-current lease liabilities)	**3,466**	3,948	3,712
Convertible loan notes			
Balance b/fwd	**16,758**	-	-
Converted to ordinary shares	**(5,085)**	-	-
Cash flows	**-**	-	22,180
Recognised as equity	**-**	-	(4,572)
Interest	**853**	-	267
Transaction expenses	**-**	-	(1,117)
Balance c/fwd (disclosed as non-current borrowings)	**12,526**	-	16,758
Short term loan			
Received	**-**	-	5,000
Repaid	**-**	-	(5,000)
	-	-	-

Notes to the Interim Results

1. Basis of preparation and accounting policies

1.01 Description of Group and approval of the consolidated interim financial statements

Redx Pharma plc (''Redx" or "the Company") is a limited liability company incorporated and domiciled in the UK. Its shares are quoted on AIM, a market operated by The London Stock Exchange. The principal activity of the Group is drug discovery, pre-clinical development and licensing.

The Group's consolidated interim financial statements are presented in pounds sterling, which is the Group's presentational currency, and all values are rounded to the nearest thousand (£000) except where indicated otherwise.

The consolidated interim financial statements were approved by the Board of Directors on 4 June 2021.

1.02 Basis of preparation

The Group's consolidated interim financial statements, which are unaudited, consolidate the results of Redx Pharma plc and its subsidiary undertakings made up to 31 March 2021. The Group's accounting reference date is 30 September.

The financial information contained in these interim financial statements does not constitute statutory accounts as defined in section 434 of the Companies Act 2006. It does not therefore include all of the information and disclosures required in the annual financial statements. The financial information for the six months ended 31 March 2021 and 31 March 2020 is unaudited.

The information for the period ended 30 September 2020 has been extracted from the statutory accounts for the year ended 30 September 2020, prepared in accordance with International Accounting Standards in conformity with the requirements of the Companies Act 2006. The statutory accounts were approved by the Board on 26 January 2021 and delivered to the Registrar of Companies. The audited financial statements of the Group in respect of the year ended 30 September 2020 received an unqualified audit opinion and did not contain a statement under section 498(2) or (3) of the Companies Act 2006, and did not include a matter to which the auditors drew attention by way of emphasis without qualifying their report.

1.03 Significant accounting policies

The accounting policies used in the preparation of the financial information for the six months ended 31 March 2021 are in accordance with the recognition and measurement criteria of International Accounting Standards ('IAS') in conformity with the requirements of the Companies Act 2006 and are consistent with those adopted in the annual statutory financial statements for the year ended 30 September 2020.

While the interim financial information included has been prepared in accordance with the recognition and measurement criteria of International Financial Reporting Standards (IFRS) as adopted by the European Union (EU), the interim financial statements do not include sufficient information to comply with IFRS.

1.04 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.

The Group has therefore determined that it has only one reportable segment.

1.05 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 Directors have also taken into account recent FRC guidance for companies in relation to going concern and Covid-19.

The Group is 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 £12.7 million during the period, and at 31 March 2021 had total equity of £21.3 million including an accumulated deficit of £54.9 million. As at that date, the Group had cash and cash equivalents of £39.9 million.

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. In particular, assessment has been made of likely milestone payment receipts, further contributions from collaboration agreements and the quantum of future tax refunds. Based on these forecasts, the Directors estimate that the cash held by the Group and expected receivables will be sufficient to support the current and proposed levels of activity to the end of Q4 2022. They have therefore prepared the financial statements on a going concern basis.

2. Revenue

In August 2020 the Group completed an outlicensing agreement with AstraZeneca and in September 2020, the Group agreed a further collaboration agreement with Jazz Pharmaceuticals plc for the development of two cancer targets. Revenue is recognised over the course of the research collaboration in accordance with the Group's accounting policies and IFRS 15.

	Unaudited Half year to 31 March 2021 £'000	Unaudited Half year to 31 March 2020 £'000	Audited Year to 30 September 2020 £'000
Sale & outlicensing of scientific programmes	**-**	-	3,142
Revenue from research collaboration	**1,321**	-	516
Revenue from research and preclinical development services	**780**	1,172	2,027
Revenue	**2,101**	1,172	5,685

3. Share-based compensation

Share options have been issued to certain Directors and staff, and the charge arising is shown below. The fair value of the options granted has been calculated using a Black-Scholes model. 16,870,779 of the options granted are subject to performance conditions based on scientific, clinical and commercial milestones. There are no further conditions attached to the vesting of other options other than employment service conditions.

	Unaudited Half Year to 31 March 2021	Unaudited Half Year to 31 March 2020	Audited Year to 30 September 2020
	Number	Number	Number
Outstanding at the beginning of the period	**23,930,800**	10,888,963	10,888,963
Options granted and vested in period	**-**	-	-
Options exercised in period	**-**	-	-
Options surrendered and lapsed in period	**(50,000)**	(703,188)	(8,924,892)
Options granted and vesting in future periods	**7,967,964**	376,731	21,966,731
	31,848,764	10,562,506	23,930,800
	£000	£000	£000
Charge to Statement of Comprehensive Income in period	**1,644**	26	568

Assumptions used were an option life of 5 years, a risk-free rate of 0.6% - 7% and no dividend yield. Other inputs were:

- Volatility 40% - 141%
- Share price at date of grant in a range between 13.75p and 85p
- Exercise price in a range between 15.5p and 85p
- Weighted average fair value of each option in a range between 0.1p and 59.7p

At 31 March 2021, a total of 2,340,800 options were vested.

4. Finance expense and finance income

	Unaudited Half Year to 31 March 2021 £'000	Unaudited Half Year to 31 March 2020 £'000	Audited Year to 30 September 2020 £'000
Finance expense			
Loan interest & charges	**853**	183	620
Interest on Lease liabilities	**147**	166	325

Other interest and similar charges	**-**	13	12
Unwind of discount on onerous lease provision	**-**	12	17
	1,000	374	974
Finance income			
Bank and other short-term deposits	**1**	7	7
	1	7	7

5. Income tax

	Unaudited 31 March 2021 £'000	Unaudited 31 March 2020 £'000	Audited 30 September 2020 £'000
Current income tax			
Income tax	**57**	30	78
Amounts in respect of prior periods	**(2)**	(3)	(33)
Income tax (credit) / charge per the income statement	**55**	27	45

6. Loss per Share

Basic loss per share is calculated by dividing the net income 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:

	Unaudited Half Year to 31 March 2021	Unaudited Half Year to 31 March 2020	Audited Year to 30 September 2020
	£000	£000	£000
Loss for the period attributable to the owners of the Company	**(12,715)**	(3,982)	(9,213)
	Number	Number	Number
Weighted average number of shares - basic & diluted	**238,456,094**	147,909,916	170,050,369
	Pence	Pence	Pence
Loss per share - basic & diluted	**(5.3)**	(2.7)	(5.4)

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*.

7. Right of use asset

	Unaudited 31 March 2021 £'000	Unaudited 31 March 2020 £'000	Audited 30 September 2020 £'000
Property lease			
Recognised at 1 October 2019	**4,175**	4,175	4,175
Depreciation	**(903)**	(301)	(602)
At 31 March	**3,272**	3,874	3,573

8. Onerous lease provision

	Unaudited 31 March 2021 £'000	Unaudited 31 March 2020 £'000	Audited 30 September 2020 £'000
Brought Forward	**-**	306	306
(Released)/recognised in the year	**-**	(2)	(6)
Unwinding of discount	**-**	12	17
Amount utilised	**-**	(160)	(317)
Carried forward	**-**	156	-
Current	**-**	156	-
Non-current	**-**	-	-

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 believed the lease for Block 3 fulfilled the criteria to be regarded as onerous under IAS 37 "*Provisions, Contingent liabilities and Contingent assets*". A provision of £752k was therefore recognised at 30 September 2018.

There was no contractual liability beyond 30 September 2020 and accordingly the provision at that date was £nil.

9. Share capital

	Unaudited Half Year to 31 March 2021	Unaudited Half Year to 31 March 2020	Audited Year to 30 September 2020
	Number	Number	Number
Number of shares in issue			
Ordinary shares of £0.01	**273,887,213**	190,008,703	195,247,413
	£'000	£'000	£'000
Share capital at par, fully paid			
Ordinary shares of £0.01	**2,739**	1,900	1,952
	£'000	£'000	£'000
Movement in year			
Ordinary shares of £0.01	**787**	635	687

On 2 December 2020, the Group announced that it had conditionally raised £25.5m by way of a Placing of Ordinary shares at 56p per share, and up to a further £2.2m by way of an Open Offer at the same price. All resolutions required to accomplish this were passed at a general meeting of shareholders on 21 December 2020. The final gross amount raised was £25.7m and accordingly 45,833,641 new Ordinary shares were issued and admitted to trading on AIM on 22 December 2020.

On the same date the Group announced that, subject to successful admission of the above shares, RM Special Holdings 3 LLC and Sofinnova Crossover 1 SLP would convert £3.33m and £1.75m respectively of the principal amount of the convertible loan notes into Ordinary shares. Under the terms of the loan notes, the conversion took place at 0.155p per new Ordinary share. Accordingly, 32,806,159 new Ordinary shares were issued and admitted to trading on AIM on 22 December 2020.

10. Post period end events

On 1 May 2021, Peter Collum was appointed as Chief Financial Officer and will be US-based, in the New York area; he succeeds Dr James Mead who has transitioned to the role of Chief Operating Officer.

On 19 May 2021, Natalie Berner was appointed as a Non-Executive Director representing RM Special Holdings 3 LLP, an affiliate of Redmile Group, LLC.

On 31 May 2021, Iain Ross stepped down from his role as Director and Non-Executive Chairman of the Company.

On 4 June 2021, the Company announced the appointment of Ernst & Young LLP as auditor for the financial year ending 30 September 2021.

FURTHER INFORMATION FOR SHAREHOLDERS

AIM:	REDX
Company number:	07368089
Investor website:	http://redxpharma.com/investors
Registered office:	Block 33, Mereside, Alderley Park, Macclesfield, SK10 4TG
Directors:	Peter Presland (Interim Chairman) Lisa Anson (CEO) Bernhard Kirschbaum (Non-Executive Director) Sarah Gordon Wild (Non-Executive Director) Thomas Burt (Non-Executive Director) Natalie Berner (Non-Executive Director)
Company Secretary:	Andrew Booth

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