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Redx Pharma plc
23 June 2022

THIS ANNOUNCEMENT CONTAINS INSIDE INFORMATION FOR THE PURPOSES OF ARTICLE 7 OF EU REGULATION 596/2014 AS IT FORMS PART OF DOMESTIC LAW IN THE UNITED KINGDOM BY VIRTUE OF THE EUROPEAN UNION (WITHDRAWAL) ACT 2018.

REDX PHARMA PLC
("Redx" or "the Company")

Interim Results for the Six Months Ended 31 March 2022

Strong progress with both wholly-owned and partnered pipeline

RXC008, a GI targeted ROCK inhibitor, nominated as the Company's next wholly-owned clinical development candidate in fibrostenotic Crohn's disease

Significantly strengthened financial position with post-period fundraise of £34.3 million (gross)

Alderley Park, UK, 23 June 2022 Redx (AIM:REDX), the clinical-stage biotechnology company focused on discovering and developing novel, small molecule, highly targeted therapeutics for the treatment of cancer and fibrotic disease, today announces its unaudited financial results for the six months ended 31 March 2022.

Lisa Anson, Chief Executive Officer, Redx Pharma, said: *"We have made strong progress across all aspects of our pipeline. Importantly, we have moved our lead oncology asset, RXC004, into Phase 2 clinical studies; reported encouraging Phase 1 clinical results for our lead fibrosis asset, RXC007; and nominated our next development candidate, RXC008. We expect RXC008, a GI targeted ROCK inhibitor with the potential to be a first-in-class treatment for fibrostenotic Crohn's disease, to be ready to enter the clinic by the end of 2023. Together with the recent acceptance of the IND submission for the pan-RAF inhibitor, JZP815, by our partner, Jazz Pharmaceuticals, Redx has demonstrated strong progress across all aspects of our pipeline - a testament to the world class abilities of our drug discovery team."*

"In addition to our strong pipeline progress, we were particularly pleased, post-period, to have completed a £34.3 million (gross) placing of our shares. These proceeds will fund our development plans through the end of 2023. We were delighted to receive strong support from all our existing investors as well as welcoming a new specialist healthcare investor, Invus."

Operational Highlights

- Significant clinical progress on lead oncology asset, RXC004, an oral, potent, selective, small molecule Porcupine inhibitor:
  - In November 2021, initiated PORCUPINE, a Phase 2 trial in genetically selected MSS metastatic colorectal cancer, with US Investigational New Drug (IND) now open;
  - In January 2022, initiated PORCUPINE2, a second Phase 2 trial in genetically selected pancreatic cancer and unselected biliary cancer.

- On 10 March 2022, Redx presented encouraging Phase 1 safety data for RXC007, an oral selective Rho Associated Protein Kinase 2 (ROCK2) inhibitor with potential for development in multiple fibrotic conditions:
  - Data showed an excellent safety and pharmacokinetic profile in both the Single Ascending Dose (SAD) and multiple dose cohorts.

- On 30 March 2022 nominated RXC008, a Gastrointestinal (GI) targeted Rho Associated Coiled-Coil Containing Protein Kinase (ROCK) inhibitor, as the Company's next clinical development candidate:
  - RXC008 is a potential first-in-class treatment for fibrostenotic Crohn's disease, which has shown strong anti-fibrotic effects in preclinical models.

- Progressed the discovery portfolio with the announcement on 27 January 2022 of the Company's Discoidin Domain Receptor (DDR) inhibitor fibrosis programme:
  - Developed potent proprietary DDR inhibitors with drug-like characteristics that are now in the lead optimisation phase.

- Advanced preclinical and clinical collaborations with world-leading institutions to enhance the Company's research capabilities:
  - Entered a strategic partnership with Caris Life Sciences in December 2021 to accelerate Phase 2 study recruitment in the US for the RXC004 PORCUPINE clinical trial;
  - Post-period, in April 2022, expanded our collaboration with the Garvan Institute of Medical Research to investigate novel therapeutic targets in cancer-associated fibrosis.

- Significantly progressed our partnered programmes with AstraZeneca and Jazz Pharmaceuticals, resulting in milestones totalling $19 million during the period:

  - On 9 December 2021, a $10 million (£7.4 million) milestone was triggered from Jazz Pharmaceuticals for the progress in the oncology research collaboration focused on two cancer targets on the MAPK pathway. Post period, one target under this oncology research collaboration with Jazz Pharmaceuticals is confirmed to continue to progress towards an IND application, whilst a second target has been discontinued due to pipeline prioritisation by Jazz given the evolving competitive landscape;
  - On 23 December 2021, a $9 million (£6.6 million) milestone was triggered from AstraZeneca as RXC006 entered Phase 1 clinical trials;
  - Post period, on 15 June 2022, Redx announced a milestone of $5 million from Jazz Pharmaceuticals triggered by the US Food and Drug Administration (FDA) clearance of the IND for pan-RAF inhibitor programme, JZP815, which will represent the fifth clinical programme from Redx's discovery engine to enter the clinic.

- Further strengthened the Board of Directors and management team:
  - Board appointments of Dr Jane Griffiths as Chair from 1 December 2021 and Dr Rob Scott as Non-Executive Director on 27 January 2022;
  - Established a Science Committee of the Board on 8 March 2022 to oversee Redx's progress in achieving its scientific and clinical goals;
  - Appointed Claire Solk on 17 January 2022 to the newly created position of General Counsel.

Financial Highlights

- Cash balance at 31 March 2022 of £31.6 million (31 March 2021 £39.9 million) which includes $19 million in milestone payments received from partnered programmes during the period;
- Successful placing of £34.3 million (gross) completed post-period in June 2022, which received strong support from existing investors and included a new specialist healthcare investor, Invus, which funds the Company's operations through calendar year 2023, including important Phase 2 proof of concept data readouts for RXC004 and RXC007;
- Post period, on 15 June 2022, Redx also triggered a further milestone payment of $5 million from Jazz;
- Increasing investment, reflecting the strong progress in our pipeline, led to increased research and development expenses of £12.9 million (H1 2021: £10.5 million);
- Loss for the period of £9.8 million (H1 2021 £12.7 million).

The person responsible for the release of this announcement on behalf of the Company is Andrew Booth, Company Secretary.

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About Redx Pharma Plc
Redx Pharma (AIM: REDX) is a clinical-stage biotechnology company focused on the discovery and development of novel, small molecule, highly targeted therapeutics 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 product candidate, the Porcupine inhibitor RXC004, commenced a Phase 2 programme in November 2021. The Company's selective ROCK2 inhibitor product candidate, RXC007, is in development for idiopathic pulmonary fibrosis and commenced a Phase 1 clinical trial in June 2021. Encouraging safety and pharmacokinetic data has been reported, and a Phase 2 clinical program is confirmed to start in 2022. Redx's third drug candidate, RXC008, a GI-targeted ROCK inhibitor for the treatment of fibrostenotic Crohn's disease, is currently in pre-IND stage, with Phase 1 clinical studies expected to commence in 2023.

The Company has a strong track record of discovering new drug candidates through its core strengths in medicinal chemistry and translational science, enabling the Company to discover and develop differentiated therapeutics against biologically or clinically validated targets. The Company's accomplishments are evidenced not only by its two wholly-owned clinical-stage product candidates and rapidly expanding pipeline, but also by its strategic transactions, including the sale of pirtobrutinib (RXC005, LOXO-305), a BTK inhibitor now in Phase 3 clinical development by Eli Lilly following its acquisition of Loxo Oncology and RXC006, a Porcupine inhibitor targeting fibrotic diseases including idiopathic pulmonary fibrosis (IPF), which AstraZeneca is progressing in a Phase 1 clinical study. In addition, Redx has forged collaborations with Jazz Pharmaceuticals, which includes JZP815, a preclinical pan-RAF inhibitor which has received IND clearance from the US FDA and an early stage oncology research collaboration.

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Chief Executive's Statement

I am very encouraged with the strong progress the Company made in the six months to 31 March 2022, where we achieved significant milestones which are the foundations for our future success.

Most significantly, in the clinic **RXC004**, our lead oncology asset, progressed into Phase 2 studies, following the encouraging Phase 1 data that we reported. Our lead fibrosis asset, **RXC007**, also returned encouraging Phase 1 safety data and is expected to enter Phase 2 clinical studies in H2 2022. Beyond the clinic, our world class discovery team nominated our next development candidate, **RXC008**, a GI-targeted ROCK inhibitor as a potential first-in-class treatment for fibrostenotic Crohn's disease. This ensures that we are positioned at the forefront of potential clinical developments for hard-to-treat diseases with high unmet need, and supports our ambition of submitting three new wholly-owned INDs by 2025.

Importantly, our financial position was bolstered by $19 million (£14 million) in milestone payments received under our partnerships with AstraZeneca and Jazz Pharmaceuticals during the period, with a further $5 million triggered post-period in June 2022. Against a challenging market backdrop, we were particularly pleased to complete, post period, a successful equity fundraise of £34.3 million (gross), which will fund the Company through the calendar year 2023 and allow us to deliver significant Phase 2 data readouts in 2023 for both RXC004 and RXC007. We were delighted to receive continued support from all our existing institutional investors and to welcome a new specialist investor, Invus, further validating the strength of our portfolio and Redx's investment case.

As the Company continues to develop as a clinical-stage biotech, we strengthened our Board of Directors with the appointments of Dr Jane Griffiths as Chair and Dr Rob Scott as a Non-Executive Director. Jane brings significant experience and understanding of managing global strategies across the pharmaceutical sector, whilst Rob has extensive clinical development and regulatory experience both in the US and globally, having held senior positions in global pharmaceutical companies for over thirty years.

I believe that these clinical and portfolio developments, together with our strengthened financial position, supportive investor base and experienced leadership, position Redx well to execute against our strategy.

Clinical Programmes

RXC004 - in Phase 2 for Wnt-ligand driven cancers

Redx's lead oncology programme, RXC004, an oral, potent, selective, small molecule Porcupine inhibitor, became our first wholly-owned asset to enter Phase 2 clinical trials in November 2021. Following the successful completion of the Phase 1 monotherapy study, results from which were presented at the European Society of Medical Oncology (ESMO) Congress in September 2021, an oral dose of 2mg once daily was selected as the recommended dose to take forward into Phase 2, which has been shown to be safe and well tolerated with no grade 4 or 5 adverse events (AEs) reported.

The first study in the Phase 2 programme, PORCUPINE, is focused on patients with advanced microsatellite stable metastatic colorectal cancer (MSS mCRC) who have progressed following treatment with standard of care and will evaluate preliminary efficacy and safety of RXC004 in genetically selected patients with Ring finger protein 43 (RNF43) or R-spondin (RSPO) aberrated, advanced MSS mCRC. Redx demonstrated preclinically that RXC004 can block activation of the Wnt pathway and restore the ability of the immune system to fight the tumour, meaning that RXC004 has the potential to both directly inhibit tumour growth and have an immune-enhancing effect in patients with tumours that have high Wnt-ligand drive. Given this dual mechanism of action and strong rationale for immune therapy combination in the MSS mCRC setting, a second module of the trial, evaluating RXC004 in combination with an anti-PD-1, nivolumab, (OPDIVO® - Bristol Myers Squibb) as an immune-oncology agent is expected to commence in H2 2022 following completion of the ongoing Phase 1 dose escalation safety study, to enable the selection of a Phase 2 dose. Post period, we presented a poster on the clinical study design with Chief Investigator, Professor Scott Kopetz, The University of Texas MD Anderson Cancer Center, Houston, TX at the American Association of Clinical Oncology (ASCO) Annual Meeting in June 2022.

In December 2021, we announced a strategic partnership with Caris Life Sciences to accelerate recruitment into the Phase 2 PORCUPINE study of RXC004 in the US. This partnership allows the Company to access Caris' clinical trial solutions including molecular profiling, trial matching and real-world clinical data, which will accelerate identification and enrollment of appropriate patients.

A second Phase 2 study of RXC004, PORCUPINE 2, as a monotherapy for genetically selected pancreatic cancer and unselected biliary cancer, a highly Wnt-ligand driven cancer, commenced in January 2022. We expect to move forward with an additional combination arm in biliary cancer with an anti-PD-1 agent once the Phase 1 combination module has completed and we have selected a suitable dose.

We expect to report topline data readouts from the Phase 2 programme starting in the first half of 2023.

RXC007 - moving into Phase 2 for IPF

RXC007, a selective inhibitor of Rho associated protein Kinase 2 (ROCK2), a known nodal point for pro-fibrotic signaling central to fibrosis, entered a Phase 1 healthy volunteer trial in June 2021. The primary objective of this first-in-human study was to evaluate the safety profile of the molecule. RXC007 is initially being developed in idiopathic pulmonary fibrosis (IPF), a life-threatening illness for which there is currently a high unmet need and limited treatment options, with patients having a poor prognosis, most only surviving 3-5 years after diagnosis and experiencing a diminishing quality of life.

We were pleased to be able to present data from the completed single ascending dose and multiple ascending dose cohorts of this Phase 1 study at the Interstitial Lung Disease (ILD) Drug Development Summit in March 2022, which showed excellent safety and pharmacokinetic profiles. The pharmacokinetics observed were as predicted from preclinical data, with essentially linear exposure for 2-70mg and biologically relevant exposures achieved at higher doses. Importantly, no adverse events were observed following single doses of 2-70mg, dosed once or twice a day, with the data also showing a half-life of approximately 9 hours, which could make RXC007 suitable for once-daily dosing. Similarly, no clinically meaningful adverse events were observed in the multiple dose phase, dosed at 50mg twice daily for 14 days.

This data gives us confidence to move forward with the planned staged Phase 2 clinical development programme, expected to commence later this year. An initial 12-week randomised placebo-controlled Phase 2a study will assess early efficacy, safety and tolerability of RXC007, in addition to target and disease biomarker engagement, both with and without standard of care agents. This staged approach will allow us to avoid over-commitment to clinical costs by ensuring that we understand biomarkers, target engagement and see early signs of efficacy before we progress into 12-month efficacy studies.

Discovery Engine

RXC008 - newly nominated for clinical development

It was encouraging to see the tangible progress from our discovery engine during the period with the nomination of our next development candidate, RXC008, a Gastrointestinal (GI) targeted Rho Associated Coiled-Coil Containing Protein Kinase (ROCK) inhibitor designed to act exclusively in the GI tract at the site of fibrosis in Crohn's disease patients. ROCK is a known nodal point for pro-fibrotic signalling and by targeting ROCK, and ensuring that this remains isolated to the GI, we are seeing virtually no systemic exposure and are hopeful that we can halt, and potentially reverse, fibrosis in this hard-to-treat chronic disease.

We are now progressing the preclinical work required to enable an IND submission at the end of 2023.

Discoidin Domain Receptors (DDRs) - new research programme in fibrosis

Redx announced in January 2022 that we have developed a promising DDR series of potent inhibitors which are currently in the lead optimisation phase. DDRs have recently gained

traction as new targets with the potential to treat multiple fibrotic conditions. DDRs are receptor tyrosine kinases containing a discoidin homology domain in their extracellular region and which act as non-integrin collagen receptors. There are two DDR receptors, DDR1 and DDR2, and DDR expression is increased in many fibrotic diseases and proof of concept for small molecule inhibitors has been demonstrated in preclinical models of lung and kidney fibrosis.

Partnered Programmes - momentum continues

The momentum behind our partnered programmes continued with the receipt of $19 million in milestone payments during the period and $5 million post period.

In December 2021, a $9 million milestone from AstraZeneca was triggered as a result of the initiation of a Phase 1 clinical trial in healthy volunteers for the Porcupine inhibitor RXC006 (AZD5055), being developed for IPF. This payment means that Redx has received the full potential total of $17 million available under this agreement between deal signature and successful commencement of the first clinical trial. There remains the potential for future development and commercial milestones and tiered royalties of mid-single digit percentages, based on any future net sales.

We triggered a milestone of $10 million from Jazz Pharmaceuticals, also in December 2021, with whom we have an oncology research collaboration to discover and develop drug candidates for cancer targets in the RAS/Raf/MAP kinase (MAPK) pathway, as it entered its second year. Under this agreement, signed in September 2020, Redx is responsible for research and preclinical development activities up to IND submission. Post period, one target under this oncology research collaboration with Jazz Pharmaceuticals is confirmed to continue to progress towards an IND application, whilst a second target has been discontinued due to pipeline prioritisation by Jazz given the evolving competitive landscape.

The quality of the Redx partnered molecules was further validated when, post period, in June 2022, a $5 million milestone payment from Jazz Pharmaceuticals was triggered following the clearance of an IND submission by the FDA for JZP815. JZP815 is a preclinical pan-RAF inhibitor for the treatment of RAF-driven tumours, a programme which Jazz Pharmaceuticals acquired from Redx in July 2019 and for which Redx has been undertaking pre-clinical work under a collaboration agreement signed in parallel. Now that this preclinical work has been completed by Redx, Jazz Pharmaceuticals expects to advance JZP815 into a Phase 1 clinical programme. When initiated, JZP815 will be the fifth compound discovered by Redx to enter the clinic. Redx remains entitled to development, regulatory and commercial milestone payments as well as incremental tiered royalties in mid-single digit percentages, based on any future net sales.

These partnered programmes underscore the differentiation of Redx's medicinal chemistry and drug discovery capabilities, and we are pleased to see the continued positive momentum across all our collaborations.

World leading research collaborations

We have entered into a number of research collaborations which expand and compliment the scope of our research capabilities and validate our world-leading science. This includes a collaboration with the Garvan Institute of Medical Research, a world-renowned Australian medical research institute, announced on 5 April 2022, to expand on our preclinical work already underway. This collaboration brings together the Garvan's research capabilities and preclinical models and Redx's proprietary molecules now in development for novel targets potentially implicated in cancer-associated fibrosis, a much researched, but little understood, clinical area.

We also have a longstanding collaboration with Ghent University, in which we have undertaken research into non-invasive methods of monitoring intestinal fibrosis and have successfully showed that Magnetic Resonance Imaging (MRI) analysis can be used to detect fibrosis in the GI in the dextran sulphate sodium (DSS) model. When compared to histology results, we saw the same reduction in fibrosis was evident, highlighting the potential to track fibrosis through non-invasive means.

Securing finance - funded to end of 2023

During the period we increased investment in research and development activities significantly, in line with our strategy and reflecting the strong progress in our pipeline. As a result, research and development expenses increased to £12.9 million (H1 2021 £10.5million).

The Redx Board decided to strengthen the balance sheet beyond the non-dilutive milestone payments outlined above. Post period, we were pleased to successfully complete a fundraise of £34.3 million (gross), which was approved by shareholders at a General Meeting on 6 June 2022 and results in a cash balance of £59.7 million after expenses. The fundraise was supported by our existing investors Redmile, Sofinnova, Polar Capital and Platinum, as well a new specialist healthcare investor, Invus. Redx is now funded through 2023 and the anticipated progression of our clinical development and research stage programmes to important value inflection points, including data readouts from the Phase 2 programmes for RXCX004 and RXC007.

Strong Governance

We strengthened the Board with the appointment of Dr Jane Griffiths as our new Chair, and the addition of Dr Rob Scott as Non-Executive Director. Following this, we formed a new Board committee, the Science Committee, which is responsible for reviewing and assessing Redx's R&D programmes and strategies, in addition to overseeing the Company's progress in achieving its scientific goals. The committee is chaired by Dr Bernhard Kirschbaum, with Dr Rob Scott and Lisa Anson serving as members.

As we develop as a clinical-stage biotech organisation, we continue to build our team to provide the capabilities, infrastructure and skills required to support this growth. After the return to more normalised working procedures following COVID-19, we took the opportunity to engage with all employees, including through a staff survey in September 2021 and aligning around our mission. Together with the team we have implemented an explicit set of values - Teamwork, Resilience, Innovation, High Standards and Agility. These continue to be embedded throughout the business to ensure that Redx is not only a world-class biotech scientifically, but also a Company that truly values its employees and continues to attract top-tier talent.

Outlook

During the period, we continued to make strong progress in advancing our wholly-owned pipeline and partnered assets. Our lead oncology asset, RXC004, entered Phase 2 monotherapy studies; our lead fibrosis asset, RXC007, returned encouraging Phase 1 safety data; and we announced an exciting new clinical development candidate, RXC008. The progression of our partnered assets means Redx continues its enviable track record of assets that enter the clinic as well as further validating our world-class research and development capabilities.

I am excited by the differentiated assets in our pipeline and look forward to continuing to build a world-class biotech company. Our increased financial strength will enable us to deliver on important value inflection points over the coming months to drive benefits for patients and value for shareholders.

On a personal note, I would like to thank the management team, Board and shareholders for their continued support in the Company as we continue to grow as a clinical-stage biotech organisation. I would also like to thank our employees for their hard work and commitment to Redx and congratulate them on the continued strong progress in both research and clinical development.

Lisa Anson

Chief Executive Officer

Consolidated Statement of Comprehensive Loss

		Unaudited	Unaudited	Audited
		Half Year to 31 March 2022	Half Year to 31 March 2021	Year to 30 September 2021
	Note	**£000**	£000	£000
Revenue	2	**8,353**	2,101	10,035
Research and Development expenses		**(12,913)**	(10,463)	(24,445)
General and Administrative expenses		**(4,905)**	(3,797)	(6,455)
Other operating income		**625**	498	1,120
Loss from operations		**(8,840)**	(11,661)	(19,745)
Finance income	4	**8**	1	13
Finance expense	4	**(850)**	(1,000)	(1,711)
Loss before taxation		**(9,682)**	(12,660)	(21,443)
Income tax	5	**(81)**	(55)	(133)
Loss attributable to owners of Redx Pharma plc		**(9,763)**	(12,715)	(21,576)
Other comprehensive income				
Items that may subsequently be reclassified to profit or loss				
Exchange difference from translation of foreign operations		**8**	-	29
Total comprehensive loss for the period attributable to owners of Redx Pharma plc		**(9,755)**	(12,715)	(21,547)
		Pence	Pence	Pence
Loss per share				
From continuing operations - basic & diluted	6	**(3.5)**	(5.3)	(8.4)

Consolidated Statement of Financial Position

	Note	**Unaudited** **31 March 2022 £000**	As restated Unaudited 31 March 2021 £000	Audited 30 September 2021 £000
Assets				
Property, plant and equipment		**3,047**	3,209	3,325
Intangible assets		**403**	408	405
Total non-current assets		**3,450**	3,617	3,730
Trade and other receivables	7	**4,881**	2,270	6,231
Current tax		**26**	32	32
Cash and cash equivalents		**31,583**	39,862	29,552
Total current assets		**36,490**	42,164	35,815
Total assets		**39,940**	45,781	39,545
Liabilities				
Current liabilities				
Trade and other payables	8	**5,678**	3,385	4,699
Contract liabilities	9	**11,044**	5,748	4,318
Lease liabilities		**599**	525	575
Total current liabilities		**17,321**	9,658	9,592
Non-current liabilities				
Borrowings		**14,971**	13,673	14,247
Lease liabilities		**2,268**	2,941	2,574
Total liabilities		**34,560**	26,272	26,413
Net assets		**5,380**	19,509	13,132
Equity				
Share capital	10	**2,753**	2,739	2,753
Share premium		**66,299**	65,999	66,299
Share-based payment		**6,746**	2,835	4,752
Capital redemption reserve		**1**	1	1
Exchange translation reserve		**37**	-	29
Convertible note reserve		**3,524**	3,524	3,524
Retained deficit		**(73,980)**	(55,589)	(64,226)
Equity attributable to shareholders		**5,380**	19,509	13,132

Consolidated Statement of Changes in Equity

	Unaudited	As restated Unaudited	Unaudited	Unaudited	Unaudited	As restated Unaudited	As restated Unaudited	Unaudited
	Share capital £000	Share premium £000	Share-based payment £000	Capital redemp'n reserve £000	Exchange translation reserve £000	Convertible note reserve £000	Retained deficit £000	Total equity £000
Movements by half year								
At 30 September 2020	1,952	37,184	1,191	1	-	4,572	(42,874)	2,026
Loss and total comprehensive loss for the period	-	-	-	-	-	-	(12,715)	(12,715)
Transactions with owners in their capacity as owners								
Issue of ordinary shares	459	25,208	-	-	-	-	-	25,667
Transaction costs on issue of ordinary shares	-	(1,051)	-	-	-	-	-	(1,051)
Partial conversion of loan notes	328	4,658	-	-	-	(1,048)	-	3,938
Share-based compensation	-	-	1,644	-	-	-	-	1,644
Release of share options lapsed in the period	-	-	-	-	-	-	-	-
At 31 March 2021	2,739	65,999	2,835	1	-	3,524	(55,589)	19,509
Loss for the period	-	-	-	-	-	-	(8,861)	(8,861)
Other comprehensive income	-	-	-	-	29	-	-	29
Total comprehensive loss for the period	-	-	-	-	29	-	(8,861)	(8,832)
Transactions with owners in their capacity as owners								
Issue of ordinary shares	14	300	-	-	-	-	-	314
Share-based compensation	-	-	2,141	-	-	-	-	2,141
Release of share options lapsed in the period	-	-	(224)	-	-	-	224	-
At 30 September 2021	2,753	66,299	4,752	1	29	3,524	(64,226)	13,132
Loss for the period	-	-	-	-	-	-	(9,763)	(9,763)
Other comprehensive income	-	-	-	-	8	-	-	8
Total comprehensive loss for the period	-	-	-	-	8	-	(9,763)	(9,755)
Transactions with owners in their capacity as owners								
Share-based compensation	-	-	2,003	-	-	-	-	2,003
Release of share options lapsed in period	-	-	(9)	-	-	-	9	-
At 31 March 2022	2,753	66,299	6,746	1	37	3,524	(73,980)	5,380

Consolidated Statement of Cash Flows

	Unaudited	Unaudited	Audited
	Half Year to 31 March 2022	Half Year to 31 March 2021	Year to 30 September 2021
	£000	£000	£000
Net cash flow from operating activities			
Loss for the period	**(9,763)**	(12,715)	(21,576)
Adjustments for:			
Income tax	**81**	55	133
Finance costs (net)	**842**	999	1,698
Depreciation and amortisation	**438**	376	633
Share based compensation	**2,003**	1,644	3,785
Movements in working capital			
Decrease / (increase) in trade and other receivables and contract assets	**8,694**	(402)	(4,651)
Increase / (decrease) in trade and other payables and contract liabilities	**278**	(1,298)	(1,414)
Cash generated by / (used in) operations	**2,573**	(11,341)	(21,392)
Tax credit received	**8**	-	-
Interest received	**8**	1	13
Net cash generated by / (used in) operations	**2,589**	(11,340)	(21,379)
Cash flows from investing activities			
Purchase of property, plant and equipment	**(158)**	(534)	(754)
Net cash used in investing activities	**(158)**	(534)	(754)
Cash flows from financing activities			
Proceeds of share issues	**-**	25,667	25,980
Share issue costs	**-**	(1,051)	(1,051)
Payment of lease liabilities	**(408)**	(393)	(786)
Net cash (used in) / generated by financing activities	**(408)**	24,223	24,143
Net increase in cash and equivalents	**2,023**	12,349	2,010
Cash and cash equivalents at the beginning of the period	**29,552**	27,513	27,513
Foreign exchange difference	**8**	-	29
Cash and cash equivalents at the end of the period	**31,583**	39,862	29,552

Reconciliation of changes in liabilities arising from financing activities

	Unaudited	Unaudited	Audited
	Half Year to 31 March 2022	Half Year to 31 March 2021	Year to 30 September 2021
	£000	£000	£000
IFRS16 Lease liability			
Balance b/fwd	**3,149**	3,712	3,712
Remeasurement	**-**	-	(60)
Payment of lease liabilities	**(408)**	(393)	(786)
Interest on lease liabilities	**126**	147	283
Balance c/fwd (disclosed as current and non-current lease liabilities)	**2,867**	3,466	3,149
Convertible loan notes			
Balance b/fwd	**14,247**	16,758	16,758
Converted into ordinary shares	**-**	(5,086)	(5,086)
Remeasurement on conversion	**-**	1,147	1,147
Interest	**724**	854	1,428
Balance c/fwd (disclosed as non-current borrowings)	**14,971**	13,673	14,247

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 22 June 2022.

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 2022. 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 2022 and 31 March 2021 is unaudited.

The information for the period ended 30 September 2021 has been extracted from the statutory accounts for the year ended 30 September 2021, 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 2022 and delivered to the Registrar of Companies. The audited financial statements of the Group in respect of the year ended 30 September 2021 received an unqualified audit opinion and did not contain a statement under section 498(2) or (3) of the Companies Act 2006. The audit report included a reference to a material uncertainty that might cast significant doubt over the Group's ability to continue as a going concern, 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 2022 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 2021.

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 Board have adopted the going concern basis in preparing these accounts after assessing the Group's cash flow forecasts and principal risks.

At March 31, 2022 the Redx Pharma Plc Group ('the Group') held £31.6 million of cash and cash equivalents. The Group has a history of recurring losses from operations, including a net loss of £9.8 million for the six-month period ended March 31, 2022 and an accumulated deficit of £74.0 million at that date. Operational cash outflows continue to be driven by the ongoing focus on the research, development and clinical activities to advance the programs within the Group's pipeline. The Group recorded a net increase in cash and cash equivalents of £2.0 million for the six-month period ended March 31, 2022 primarily from the receipt of milestones on partnered programmes. On June 7, 2022 the Group closed the sale of 58,070,956 Ordinary shares, resulting in gross proceeds of £34.3 million (£33.5 million net of transaction costs). Following receipt of these proceeds at completion, the Group held sufficient cash and cash equivalents to provide a cash runway through December 2023 at currently budgeted levels of expenditure, including certain forecast milestone receipts and conversion of the Group's convertible loans into equity or extension of the term on those convertible loans.

In undertaking the going concern review, the Board has reviewed the Group's cash flow forecasts to August 31, 2023 (the going concern period). Accounting standards require that the review period covers at least 12 months from the date of approval of the financial statements, although they do not specify how far beyond 12 months a Board should consider. The convertible loan notes held by RM Special Holdings 3 LLC and Sofinnova Crossover 1 SLP have an aggregate principal amount of £17.1 million outstanding and mature in August 2023. The term can be extended for an additional seven years up to a maximum ten year term. At the maturity date, the loan notes will either be converted into Ordinary share capital of Redx Pharma Plc at a conversion rate of 15.5p per share, be repaid in full, or the term will be extended by an additional year. The decision as to whether the convertible loan notes are converted, extended or repaid in August 2023 is outside the control of the Group. If the convertible loan notes are to be repaid, the Group would require additional capital from either existing or new investors. Further funding is required under the Board's plan to continue to develop its product candidates and conduct clinical trials, and the Group plans to raise significant further finance within this period, either from existing or new investors. Given these plans and requirements, a review period of 15 months is considered appropriate.

The Board has identified and assessed downside risks and mitigating actions in its review of the Group's cash flow forecasts. The potential requirement to repay the loan and the ability to raise further capital is outside the control of the directors. Accordingly, the downside risks include severe but plausible scenarios where external fund raising is not successful, where the Group underperforms against the business plan, and where the convertible loan notes are recalled rather than converted or extended. Mitigating actions include the delay of operating expenditure for research activities and restriction of certain discretionary expenditure including capital expenditure. In the event that the convertible loan notes are not converted or extended, the Group would need to raise additional capital within the going concern period and this is outside the control of the directors. It therefore represents a material uncertainty regarding the Group's ability to continue as a going concern.

Notwithstanding the existence of the material uncertainty, the Board believes that the adoption of the going concern basis of accounting is appropriate for the following reasons:

- The directors consider it highly unlikely that the convertible loan notes will be repaid in August 2023 given that the conversion price of 15.5p represents a significant discount to the open market price of Redx Pharma Plc share capital. This discount is around 74% when compared to the share price at which the June 7, 2022 fundraising was completed, in which both convertible loan note holders participated.
- the Group has a track record and reasonable near-term visibility of meeting expectations under its collaboration agreements and receiving the associated milestone payments.
- the Group retains the ability to control capital and other discretionary expenditure and lower other operational spend, as necessary.

There can be no assurance that the convertible loan notes will be converted rather than recalled. If the loan notes are not converted, the Group may not have sufficient cash flows to support its current level of activities beyond the maturity date. In the event the loan notes are recalled, the Group would need to consider:

- new commercial relationships to help fund future clinical trial costs (i.e., licensing and partnerships); and/or
- reducing and/or deferring discretionary spending on one or more research and development programs; and/or
- restructuring operations to change its overhead structure.

The Group's future liquidity needs, and ability to address those needs, will largely be determined by the success of its product candidates and key development and regulatory events and its decisions in the future. Such decisions could have a negative impact on the Group's business operations and financial condition.

The accompanying financial statements do not include any adjustments that would be required if they were not prepared on a going concern basis. Accordingly, the financial statements have been prepared on a basis that assumes the Group will continue as a going concern and which contemplates the realization of assets and satisfaction of liabilities and commitments in the ordinary course of business.

1.06 Prior year restatements

The Group has identified an error within its accounting entries recorded on the adoption of IFRS 16 - Leases, which was adopted on 1 October 2019. The error identified was an overstatement of the right of use asset recorded on transition of £661,000 due to an incorrect reversal of the rent-free period accrual recognised under IAS 17 through retained earnings rather than as a reduction of the right of use asset. This resulted in a corresponding understatement of the retained deficit recorded in the Statement of changes in equity on transition.

The financial impact of the error identified is as follows:

	As at 1 October 2020			**As at 31 March 2021**		
	Reported £'000	**Adjustment £'000**	**Restated £'000**	**Reported £'000**	**Adjustment £'000**	**Restated £'000**
Property, plant and equipment	3,573	-661	2,912	3,272	-661	2,611
Retained deficit	42,213	661	42,874	54,928	661	55,589

As part of the finalisation of the consolidated financial statements for the year ended September 30, 2021, the Group revised the provisional methodology through which its accounting entries had been recorded in respect of the partial conversion of its Convertible loan notes during December 2020 and presented in the interim financial statements at March 31, 2021. In revising the methodology, it was noted that the accounting adopted at March 31, 2021 had resulted in an understatement of the liability element of the convertible loan note of £1,147,000, an overstatement of the Share premium account of £99,000, and an overstatement of the Convertible note reserve of £1,048,000.

The financial impact of the adjustment is as follows:

	As at 31 March 2021		
	Reported £'000	**Adjustment £'000**	**Restated £'000**
Borrowings	-12,526	-1,147	-13,673
Share premium	-66,098	99	-65,999
Convertible note reserve	-4,572	1,048	-3,524

There was no impact on any periods prior to 31 March 2021.

2. Revenue

	Unaudited	Unaudited	Audited
	Half year to 31 March 2022 £'000	Half year to 31 March 2021 £'000	Year to 30 September 2021 £'000
Revenue from milestones on scientific programmes and research collaboration	**6,684**	-	5,009
Revenue from research collaboration	**701**	1,321	2,751
Revenue from research and preclinical development services	**968**	780	2,275
	8,353	2,101	10,035

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. 18,270,779 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	Unaudited	Audited
	Half Year to 31 March 2022	Half Year to 31 March 2021	Year to 30 September 2021
	Number	Number	Number
Outstanding at the beginning of the period	**33,577,104**	23,930,800	23,930,800
Options granted and vested in period	**-**	-	-
Options exercised in period	**-**	-	(1,394,992)
Options surrendered and lapsed in period	**(616,667)**	(50,000)	(226,668)
Options granted and vesting in future periods	**2,100,000**	7,967,964	11,267,964
Outstanding at the end of the period	**35,060,437**	31,848,764	33,577,104
	£000	£000	£000
Charge to Statement of Comprehensive Loss in period	**2,003**	1,644	3,785

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 69.2p

At 31 March 2022, a total of 5,141,537 options were vested.

4. Finance income and expense

	Unaudited	Unaudited	Audited
	Half Year to 31 March 2022 £'000	Half Year to 31 March 2021 £'000	Year to 30 September 2021 £'000
Finance income			
Bank and other short-term deposits	**8**	1	13
	8	1	13
Finance expense			
Loan interest	**724**	853	1,428
Interest on lease liabilities	**126**	147	283
	850	1,000	1,711

5. Income tax

	Unaudited	Unaudited	Audited
	31 March 2022 £'000	31 March 2021 £'000	30 September 2021 £'000
Current income tax			

Corporation tax	**81**	57	135
Amounts in respect of previous periods	**-**	(2)	(2)
Income tax charge per the income statement	**81**	55	133

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	Unaudited	Audited
	Half Year to 31 March 2022	Half Year to 31 March 2021	Year to 30 September 2021
	£'000	£'000	£'000
Loss for the period attributable to the owners of the Company	**(9,763)**	(12,715)	(21,576)
	Number	Number	Number
Weighted average number of shares - basic & diluted	**275,282,205**	238,456,094	256,430,270
	Pence	Pence	Pence
Loss per share - basic & diluted	**(3.5)**	(5.3)	(8.4)

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. Trade and other receivables

	Unaudited	Unaudited	Audited
	Half Year to 31 March 2022	Half Year to 31 March 2021	Year to 30 September 2021
	£'000	£'000	£'000
Trade receivables	**356**	195	2,730
VAT recoverable	**815**	271	650
Prepayments and other receivables	**3,634**	1,729	2,782
Accrued income	**76**	75	69
	4,881	2,270	6,231

Included within prepayments & other receivables is an other receivable of £0.6 million (March 2021: £nil, September 2021: £0.4 million) which is due after more than one year.

8. Trade and other payables

	Unaudited	Unaudited	Audited
	Half Year to	Half Year to 31	Year to 30

	31 March 2022 £'000	March 2021 £'000	September 2021 £'000
Trade payables	**2,201**	1,521	1,789
Employee taxes and social security	**224**	181	194
Other payables	**9**	5	24
Accruals	**3,244**	1,678	2,692
	5,678	3,385	4,699

9. Contract liabilities

	Unaudited Half Year to 31 March 2022 £'000	Unaudited Half Year to 31 March 2021 £'000	Audited Year to 30 September 2021 £'000
Contract liabilities	**11,044**	5,748	4,318
Reconciliation			
Balance b/fwd	**4,318**	7,069	7,069
Contract asset debtor received	**7,427**	-	-
Transfer to revenue	**(701)**	(1,321)	(2,751)
	11,044	5,758	4,318

The contract liability relates to a single research collaboration contract.

The impact of the non-adjusting post period end event disclosed in note 12 will be a reduction of £5.52m in the contract liability, with a corresponding increase in revenue.
This represents the recognition as revenue of all remaining contract liabilities with regard to the discontinued target, as there are no further obligations on the company, and amounts received to date with respect to this target are non-refundable.
These adjustments will be reflected in the financial statements at 30 September 2022.

10. Share capital

	Unaudited Half Year to 31 March 2022 Number	Unaudited Half Year to 31 March 2021 Number	Audited Year to 30 September 2021 Number
Number of shares in issue			
In issue at 1 October	**275,282,205**	195,247,413	195,247,413
Issued for cash	**-**	45,833,641	45,833,641
Loan note conversion	**-**	32,806,159	32,806,159
Exercise of share options	**-**	-	1,394,992
	275,282,205	273,887,213	275,282,205

	£'000	£'000	£'000
Share capital at par, fully paid			
Ordinary shares of £0.01	**2,753**	2,739	2,753

11. Contingent liability

During the course of the members' voluntary liquidation of Redx Anti-Infectives Ltd, a counterparty submitted a proof of debt relating to a contract signed in 2013 that was rejected by the joint liquidators. The counterparty has issued an application at the High court of Justice to reverse the joint liquidators' decision. The joint liquidators are opposing the application.

No provision has been made in these accounts, because the Company believes that the potential claim is without foundation.

12. Post period end events

On 6 June 2022, a general meeting authorised the issue of 58,070,956 Ordinary shares by way of a placing, raising a further £34.3 million (gross) of funds to be used to further support and augment the Group's research pipeline. The shares were admitted to trading on AIM on 7 June 2022.

As noted earlier in this Interim Results announcement, as a result of pipeline prioritisation by Jazz given the evolving in the competitive landscape, a decision has been taken with Jazz Pharmaceuticals to discontinue one of the two targets on the MAPK pathway being researched under the collaboration agreement between the two companies. The impact of the decision with regard to revenue recognition and Contract liabilities is set out in note 9.

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:	Dr Jane Griffiths (Chair)
	Lisa Anson (CEO)
	Peter Presland (Non-Executive Director)
	Dr Bernhard Kirschbaum (Non-Executive Director)
	Sarah Gordon Wild (Non-Executive Director)
	Dr Thomas Burt (Non-Executive Director)
	Natalie Berner (Non-Executive Director)
	Dr Rob Scott (Non-Executive Director)
Company Secretary:	Andrew Booth

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