Trinity Delta Lighthouse

# Redx Pharma

## RXC007 recruitment scales up; data now Q124

9 February 2023

- A Phase IIa trial of RXC007 in idiopathic pulmonary fibrosis (IPF) was recently initiated, with the first patient dosed in October 2022, and active recruitment is now ongoing across multiple sites in five European countries. This includes into: (1) the dose ranging study, which will investigate escalating doses of RXC007 over 12 weeks, and will assess early efficacy signals, safety, and tolerability; and (2) the parallel 28-day translational science sub-study, which will evaluate target engagement and fibrosis modification. In the US, enrolment into the 28-day translational science sub-study is also underway.
- The logistics of patient recruitment across these multiple sites means top-line data from the Phase IIa programme, including from the 28-day sub-study and from the 12-week dose escalation study, are now expected during Q1 2024. Whilst US recruitment into the 12-week dosing study is pending FDA authorisation (technically a partial clinical hold), we do not view inclusion of US patients in this cohort as a rate determining step as European data will be available to guide the next clinical programmes. Enrolment of US patients into the 12-week cohort requires data from an ongoing non-clinical study to support the longer dosing duration, which is expected during 2023.
- RXC007 data during Q1 2024 should provide valuable insights on its potential in IPF and other fibrotic lung diseases and will be key for informing the design of a future Phase IIb trial, which could also be expanded to include interstitial lung diseases (ILDs). Recall that preclinical data, outlined in our October 2022 Update, suggest RXC007 could potentially be disease altering.
- RXC007 is a next generation ROCK2 inhibitor (Rho Associated Coiled-Coil Containing Protein Kinase 2). This mechanism is now validated with the US approval of Sanofi's Rezurock (belumosudil). Rezurock recorded €207m of sales in 2022, the first full year on the market following approval in the US in July 2021 for the treatment of adult and paediatric patients 12 years and older with cGVHD (chronic Graft vs Host disease) after failure of at least two prior lines of systemic therapy. Albeit a niche indication, more than 1,400 patients have already been treated with Rezurock.

**Trinity Delta view:** We view the ROCK programmes, RXC007 and RXC008, as particularly promising in the treatment of a variety of fibrosis conditions. In previous notes we described how RXC007's profile has the potential to become a major element in a broad range of fibrosis indications, including IPF and ILDs, and how it is increasingly seen as a key component of Redx Pharma's investment case. We believe Sanofi's Rezurock effectively de-risks the ROCK pathway and Pliant Therapeutics' share price attests to investor interest in fibrosis indications. Whilst we acknowledge this study is still only a Phase IIa trial, the data should provide invaluable insights into RXC007's clinical and commercial positioning. Our valuation remains £461m (or $553m), equivalent to 138p per share.

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| Price | 49.0p |
| Market Cap | £164.1m |
| Primary exchange | AIM |
| Sector | Healthcare |
| Company Codes | REDX |
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| Corporate client | Yes |

**Company description:**

Redx Pharma specialises in the discovery and development of small molecule therapeutics, with an emphasis on oncology and fibrotic diseases. It aims to initially progress them through proof-of-concept studies, before evaluating options for further development and value creation.


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