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Redx Pharma plc
15 December 2023

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")

Final Audited Results for Year Ended 30 September 2023

Zelasudil enters Phase 2a clinical programme in IPF and delivers compelling preclinical data in other fibrotic indications

IND-enabling studies and regulatory submission completed for RXC008

Refined strategy to focus on advancing differentiated ROCK inhibitor portfolio

Post-period financing extends cash runway into Q3 2024

Alderley Park, UK, 15 December 2023 Redx (AIM:REDX), the clinical-stage biotechnology company focused on discovering and developing novel, small molecule, targeted therapeutics for the treatment of fibrotic disease and cancer today announces audited financial results for the year ended 30 September 2023.

Lisa Anson, Chief Executive Officer, Redx Pharma, commented: *"We are pleased to report significant progress across our pipeline of clinical and pre-clinical assets. Commencing our Phase 2a IPF clinical trial for our lead asset zelasudil, formerly RXC007, underscores our commitment to advancing our differentiated ROCK-inhibitor portfolio. During the year, we presented compelling preclinical data that demonstrate the potential of zelasudil in several other fibrotic indications that we intend to investigate further in the future. We are also pleased to confirm the submission of a CTA for our second ROCK asset, RXC008, for which we expect to commence a Phase 1 study early in 2024.*

Despite the ongoing challenges in the equity markets and broader economic landscape, post-period we were pleased to secure a £14.1 million (£13.6 million net) equity financing with existing institutional investors which extends our cash runway into Q3 2024 and will allow us to deliver multiple near-term value inflection points, in line with our refined strategic focus.

I would like to take this opportunity to again thank our shareholders for their ongoing support, and our employees whose dedication make our achievements possible."

Operational Highlights:

Significant pipeline prioritisation review undertaken with strategic focus refined to the advancement of differentiated Rho Associated Coiled-Coil Containing Protein Kinase (ROCK) inhibitor portfolio through the next stages of clinical development, with RXC004 identified for partnership.

- Initiated a Phase 2a clinical study for zelasudil (RXC007), a selective ROCK2 inhibitor being developed for fibrotic disease.
    - In October 2022, first patient enrolled into Phase 2a clinical study in patients with idiopathic pulmonary fibrosis (IPF). Recruitment into first cohort of patients with dosing at 20 mg BID was completed with no safety or tolerability findings that precluded dose escalation;
        - Post-period, recruitment into the 50 mg BID cohort was completed, with dosing ongoing. A decision on the dose level for a potential third cohort of patients will be made in Q1 2024 following the next safety data review;
    - In October 2022, preclinical efficacy data showing pleiotropic effects of RXC007 in chronic graft versus host disease (cGvHD) was presented at the International Colloquium on Lung and Airway Fibrosis (ICLAF);
    - In November 2022, further preclinical data was presented at the Antifibrotic Drug Discovery (AFDD) Meeting showing the potential of ROCK2 inhibition in lung fibrosis, other fibrotic diseases and cancer-associated fibrosis;
    - In May 2023, data from preclinical models of pancreatic ductal adenocarcinoma (PDAC) in combination with chemotherapy were presented at the Resistant Tumour Microenvironment, Keystone Symposia, which showed an increase in survival compared to single agent standard of care alone;
    - In August 2023, the Company announced that the US Food and Drug Administration (FDA) granted zelasudil Orphan Drug Designation for IPF.
    - In September 2023, FDA Type A meeting confirmed that design of ongoing investigative dog study is suitable to meet the requirements to potentially lift the partial clinical hold and allow dosing

durations greater than 28-days in the US in future clinical studies.

- Advanced RXC008, a GI-targeted ROCK inhibitor for the treatment of fibrostenotic Crohn's disease, through IND-enabling studies and post-period submitted a Clinical Trial Application (CTA), with the commencement of a Phase 1 study expected in early 2024.
    - In November 2022, preclinical data presented at the Inflammatory Bowel Disease (IBD) Nordic Conference showed RXC008 can supress fibrosis and attenuate tissue injury in animal models of GI-fibrosis; and has the potential to be developed as a novel therapy to inhibit fibrotic stricture formation in Crohn's disease.

- Closed recruitment into Phase 2 programmes for RXC004, a Porcupine inhibitor for the treatment of Wnt-ligand dependent cancers, with partnership being sought following Phase 2 data readout.
    - In November 2022, presented Phase 1 data from combination module of RXC004 PORCUPINE study in genetically selected patients with microsatellite stable metastatic colorectal cancer (MSS mCRC) and opened patient enrolment for Phase 2 combination modules;
    - In December 2022, a clinical trial collaboration and supply agreement with MSD (Merck & Co., Inc., Rahway, NJ, USA) announced for the supply of KEYTRUDA®[1] (pembrolizumab) for the combination arm of the PORCUPINE2 study in Biliary Tract Cancer;
    - In March 2023, topline data from PORCUPINE2 monotherapy Biliary Tract Cancer module was announced showing some patients received durable clinical benefit with overall safety and efficacy profile as seen in the Phase 1 study;
    - In October 2023, confirmed that recruitment had been closed into all PORCUPINE and PORCUPINE2 modules, with data readout expected H1 2024.

- Delivered novel drug candidate programmes from core medicinal chemistry expertise.
    - In October 2023, announced nomination of a new development candidate, RXC009, a Discoidin Domain Receptor 1 (DDR1) inhibitor for the treatment of chronic kidney disease;
    - In October 2023, announced a KRAS (Kirsten rat sarcoma virus) inhibitor programme in early development targeting both G12D selective and multi-KRAS profiles.
    - In November 2023, presented preclinical data from RXC009 at the American Society for Nephrology (ASN) Annual Meeting which showed that in a therapeutic unilateral ureteral obstruction (UUO) murine model of kidney fibrosis RXC009 treatment resulted in a significant reduction in histological markers of both inflammation and fibrosis.

- Management team and Board of Directors changes during the year.
    - In July 2023, Dr. Thomas Burt, a representative of Sofinnova Crossover I SLP ("Sofinnova") informed the Board of Directors of his intention to resign effective 1 September 2023; on 6 September 2023 the appointment of Dr. Joseph Anderson as a Sofinnova representative was confirmed;
    - Effective 30 September 2023, Sarah Gordon-Wild resigned as an independent Non-Executive Director for personal reasons;
    - Post-period, Dr. Jane Robertson informed the Company of her intention to step down as Chief Medical Officer (CMO) to return to a clinical setting. Jane will remain an advisor to the Company and from 1 January 2024, Dr. Helen Timmis will be appointed Interim CMO until further notice.

Financial Highlights:

- Cash balance at 30 September 2023 of £18.1 million (30 September 2022 £53.9 million);
- Post-period a £14.1 million (gross) £13.6 million (net) equity financing was secured with existing institutional investors at market price to fund the near-term value inflection points, providing cash runway into Q3 2024;
- Significant investment in research and development activities led to overall expenditure of £34 million (FY 2022: £34.4 million)[2];
- Loss for the period of £33.2 million (FY 2022 £18.0 million);
- Extension to the term of the convertible loan notes, issued by the Company to both RM Special Holdings 3, LLC ("Redmile") and Sofinnova Crossover I SLP ("Sofinnova") until August 2024, under the terms and conditions of the original agreement.
- In April 2023, a recommended all-share business combination with Jounce Therapeutics, Inc. ("Jounce"), was terminated following the withdrawal by the board of directors of Jounce of its recommendation for the combination, in favour of an unsolicited all-cash offer from a third-party.

The person responsible for the release of this announcement on behalf of the Company is Nischal Hindia, Interim 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, targeted therapeutics for the treatment of fibrotic disease, cancer and the emerging area of cancer-associated fibrosis, aiming initially to progress them to clinical proof of concept before evaluating options for further development and potential value creation. The Company's lead fibrosis product candidate, the selective ROCK2 inhibitor, zelasudil (RXC007), is in development for interstitial lung disease and is undergoing a Phase 2a trial for idiopathic pulmonary fibrosis (IPF) with topline data expected in H1 2024. The Company's second fibrosis candidate, RXC008, a GI-targeted ROCK inhibitor for the treatment of fibrostenotic Crohn's disease, is progressing towards the clinic with a Clinical Trial Application (CTA) submitted during the fourth quarter of 2023. Redx's lead oncology product candidate, the Porcupine inhibitor RXC004, being developed as a targeted treatment for Wnt-ligand dependent cancers, is expected to report Phase 2 anti-PD-1 combination data during the first half of 2024, following which Redx will seek a partner for ongoing development.

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 wholly-owned clinical-stage product candidates and discovery pipeline, but also by its strategic transactions, including the sale of pirtobrutinib (RXC005, LOXO-305), a non-covalent (reversible) BTK inhibitor now approved by the US FDA for adult patients with mantle cell lymphoma previously treated with a covalent BTK inhibitor, and AZD5055/RXC006, a Porcupine inhibitor targeting fibrotic diseases including IPF, which AstraZeneca is progressing in a Phase 1 clinical study. In addition, Redx has forged collaborations with Jazz Pharmaceuticals, which includes JZP815, a pan-RAF inhibitor developed by Redx which Jazz is now progressing through Phase 1 clinical studies, and an early stage oncology research collaboration.

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1. Registered trademark of Merck & Co., Inc.,
2. Excluding share based charges and extraordinary costs

Chair's Statement

Dear Shareholder,

I am pleased to report a successful, although challenging, year for Redx, as we have continued to progress our pipeline, building on our scientific strengths to deliver our corporate strategy and ending the year with a positive trajectory into 2024.

Our ambition is to create world-leading medicines that will transform patients' lives. By leveraging our distinguished medicinal chemistry and translational science expertise, we can create best-in-class or first-in-class treatments for unmet medical needs. During the year we undertook a detailed pipeline prioritisation review which resulted in an increased focus on driving our differentiated ROCK inhibitor portfolio through the next stages of clinical development. Alongside this, to ensure that we optimally deploy our resources and management focus, we made the strategic decision to partner our Porcupine inhibitor, RXC004. As our ROCK assets have progressed, we have required increased resources to develop them, requiring us to be even more focused in our portfolio prioritisation.

During the period, Redx made significant clinical and regulatory progress against this strategy, with key achievements including:

- **Zelasudil (RXC007) initiated ongoing Phase 2a study** - our selective ROCK2 inhibitor, is being developed for interstitial lung diseases (ILD) including idiopathic pulmonary fibrosis (IPF) a life-threatening orphan disease with poor prognosis.
- **RXC004 closed recruitment for Phase 2 programme** - our Porcupine inhibitor is being developed as a targeted therapy for Wnt-ligand dependent cancers in combination with immunotherapies and potentially other agents.
- **RXC008 successfully completed IND-enabling studies and submitted a CTA** - our Gastro-Intestinal (GI)-targeted ROCK inhibitor for the treatment of fibrostenotic Crohn's disease.
- Investment in our Redx discovery engine continued and post-period we nominated our Discoidin Domain Receptor 1 (DDR1) inhibitor as our next development candidate, **RXC009**.

Post-period, in October 2023, we announced a £14.1 million (gross), £13.6 million (net) financing which was supported by existing institutional shareholders including Redmile, Sofinnova, Polar and Invus. This financing will support key milestones including the Phase 2a IPF data readout for zelasudil, as well as enabling RXC008 to commence a Phase 1 healthy volunteer study in early 2024. Although disappointed that our proposed business combination with Jounce Therapeutics did not complete, we believe we are well-positioned to deliver long-term success and shareholder value creation.

During the year, the composition of our Board was changed following the resignations of Dr. Thomas Burt and Sarah Gordon-Wild, and I would like to personally thank both Thomas and Sarah for their invaluable support to the Board and the Company throughout their tenures. I would also like to welcome Dr. Joseph Anderson who has joined the Board as a representative of Sofinnova, in place of Thomas Burt.

Our experienced management team led by our CEO, Lisa Anson, has continued to implement a successful corporate strategy aimed at getting our novel, differentiated drug candidates into the clinic. We have a strong internal team who can support these efforts and who continue to guide the Company towards its ambition and I would like to take this opportunity to thank all Redx employees throughout the year for their resilience, high-standards and teamwork - it is the ultimate foundation of our success.

Likewise, I would like to extend my gratitude to our shareholders, particularly those who supported the Company through our recent financing which is fundamental to our ability to progress our pipeline and deliver the next key milestones.

I am proud of the significant progress we have made in the last 12 months and remain enthused about the multiple value inflection points that we have in the near term, and I look forward to continuing to report our achievements throughout 2024.

Dr Jane Griffiths
Chair, Board of Directors

Chief Executive's Report

Over the last 12 months we have demonstrated strong momentum in progressing our clinical programmes and bringing forward novel drug candidates in line with our core strategy of developing potential best-in-class or first-in-class therapeutics in areas of high unmet medical need.

During the year, we have strategically prioritised the progression of our differentiated Rho Associated Coiled-Coil Containing Protein Kinase (ROCK) portfolio through the next stages of clinical development, where we see significant opportunities as potential best- or first-in-class treatment options in fibrotic diseases. To optimally deploy our resources and management focus, we undertook a significant pipeline prioritisation review and have decided to seek partners for a number of assets for further development, including our clinical-stage Porcupine inhibitor, RXC004.

We are now a well-established, clinical-stage biotechnology company with two assets, zelasudil (RXC007) and RXC004, in Phase 2 development, with data from both programmes expected during the first half of 2024. We have also progressed a third programme, RXC008, through Investigational New Drug (IND)-enabling studies and expect to commence a Phase 1 study in healthy volunteers early in 2024.

We continue to demonstrate the strength of our medicinal chemistry expertise as we execute on our ambition to *create world leading medicines that transform patients' lives*, and we have advanced a number of novel, differentiated drug candidates in our development pipeline. Post-period, in October 2023, we nominated our next development candidate, RXC009, a potent and selective Discoidin Domain Receptor 1 (DDR1) inhibitor; and announced our Kirsten rat sarcoma virus (KRAS) inhibitor programme, which is currently in lead optimisation.

In October 2023, we were also delighted to announce a £14.1 million (gross), £13.6 million (net) financing supported by existing institutional investors. These funds will allow us to progress our assets through the next stages of clinical development and important value inflection milestones, as outlined below.

Strategic Focus on Advancing Our Differentiated ROCK Inhibitor Portfolio with Lead Asset Zelasudil (RXC007)

Our lead asset is zelasudil (RXC007), a highly selective ROCK2 inhibitor being developed as a potential best-in-class fibrosis treatment for conditions such as Idiopathic Pulmonary Fibrosis (IPF). ROCK2 is a biologically- and clinically-validated target that has been shown to sit at a nodal point in cell signalling pathways thought to be central to fibrosis. We have a robust preclinical data package for zelasudil which shows anti-fibrotic effects across multiple industry-standard *in-vivo* preclinical models demonstrating its potential for efficacy in progressive fibrotic interstitial lung diseases (ILD), in highly fibrotic tumours such as pancreatic cancer, and in widespread multi-organ fibrosis, such as chronic Graft versus Host Disease (cGvHD) and systemic sclerosis.

Phase 2a Study in IPF Initiated with Two Cohorts Recruited

Our initial development focus for zelasudil is in IPF, given the evidence of the upregulation of ROCK2, along with our strong package of supportive preclinical data.

IPF is a severe and life-threatening disease for which there is currently no cure and where the current standard of care treatments, pirfenidone and nintedanib, have significant side effects limiting their use in over 50% of IPF patients. Therefore, there is an extremely high unmet need for new therapeutic treatment options for these chronically ill patients.

In October 2022, we announced that the first patient had been enrolled in the Phase 2a IPF clinical study for zelasudil. This study is a randomised, double-blind, placebo-controlled, dose ranging study which will provide early efficacy readouts and evaluate the safety and tolerability of zelasudil in IPF patients with or without standard IPF therapy. Cohorts of 16 patients will be treated at each selected dose level with a 3:1 ratio between zelasudil and placebo. Within each cohort, a minimum of four patients will be on nintedinib and four on pirfenidone as standard treatment. Each cohort has a 12-week dosing duration with an option to continue for a further 12-weeks in an open label extension.

Recruitment into the first cohort of patients, dosing at 20mg BID, was successfully completed with no safety or tolerability findings that precluded dose escalation. Post-period, recruitment into a second cohort of patients at 50 mg BID was completed, with dosing ongoing. A decision will be made in Q1 2024 on the dose level for a potential third cohort of patients following the next data review. The study, which is being conducted in the UK and seven other European countries, is expected to report topline data during H1 2024, once all enrolled patients have completed the initial dosing period.

In August 2023, the US Food and Drug Administration (FDA) granted zelasudil Orphan Drug Designation for the treatment of IPF which will, in time, allow us to benefit from various development and commercial incentives, including market exclusivity. At this time, under our open IND in the US, dosing for longer than 28-days is under an

FDA partial clinical hold based on skeletal muscle findings in dog toxicology studies. We held a Type A meeting with the FDA to confirm that the design of our ongoing 13-week investigative dog study will meet their requirements with the main objective of the study being to show that the skeletal muscle findings seen in the dogs are monitorable and reversible. To date, no similar findings have been observed in humans or other species at any dose. It is expected that a complete response will be submitted to the FDA during Q2 2024 which could allow the partial hold to be lifted, and potentially allow longer-term dosing to take place in the US in future clinical studies.

Following completion of the main 12-week Phase 2a study, we intend to initiate a 28-day translational science sub-study to evaluate key translational science endpoints such as treatment-related changes in fibrosis-related proteins from broncho-alveolar lavage (BAL) fluid and gene expression changes in bronchial epithelial cells. Up to 16 patients will be recruited into this translational science sub-study, which will be undertaken at specialist centres in the UK and the US.

Robust Preclinical Data Package Supporting Broader Development in Fibrotic Indications

Due to the pleiotropic mechanism of action of zelasudil, resulting from the nodal positioning of ROCK2 within cell signalling pathways, we have established a robust preclinical data package supporting multiple life cycle management opportunities in a range of fibrotic indications.

Initially, we see a major opportunity in cancer-associated fibrosis, or fibrotic oncology, alongside anti-tumour agents including chemotherapy. We have undertaken several preclinical studies and, in May 2023, presented preclinical data from our pancreatic cancer models, undertaken with our collaboration partner, the Garvan Institute of Medical Research (Garvan), at the Resistant Tumour Microenvironment, Keystone Symposia.

Pancreatic cancer is known to be a highly fibrotic tumour type which is hard-to-treat, with limited treatment options. The preclinical data presented at the Keystone Symposia were from a pancreatic ductal adenocarcinoma (PDAC) model which showed that zelasudil in combination with gemcitabine/Abraxane®[1] in metastatic and high-extra cellular matrix (ECM) patient-derived PDAC models, increased survival compared to single agent standard of care alone. Furthermore, data from a chemotherapy-resistant patient derived model in which collagen content is increased upon development of resistance showed that a close analogue of zelasudil, REDX10616, in combination with FOLFIRINOX re-sensitised the tumour to treatment and led to a striking increase in survival.

REDX10616 has the potential to be developed separately for oncology, however, our current focus is on our clinical-stage asset, zelasudil. These data, taken together and reviewed with other preclinical data generated, show the potential of zelasudil as a treatment for cancer-associated fibrosis in combination with standard of care. Our plan is to investigate this potential further in a Phase 1b/2 study, which we hope to initiate in 2024.

Beyond cancer-associated fibrosis, we have a compelling preclinical data package in chronic graft versus host disease (cGvHD), where there is a precedent of ROCK2 inhibition treatment following the FDA approval of belumosudil in August 2021. Preclinical data were presented at the International Colloquium on Lung and Airway Fibrosis (ICLAF) in October 2022 and at the Antifibrotic Drug Discovery (AFDD) Meeting in November 2022, which showed the anti-fibrotic effects of zelasudil in the murine sclerodermatous GvHD model which recapitulates aspects of human scleroderma with prominent skin thickening, upregulation of cutaneous collagen and lung fibrosis. Furthermore, the underlying disease mechanisms that drive pathology in the model show similarities to those observed in auto-immune driven fibrotic diseases such as systemic sclerosis and interstitial lung disease (ILD). Zelasudil, dosed orally and therapeutically, was able to significantly reduce skin thickness, fibrosis and collagen deposition in the skin and lungs as measured by hydroxyproline. These data lead us to believe that zelasudil has potential for efficacy in progressive fibrotic interstitial lung diseases, cGvHD and systemic sclerosis; and we will continue to look at opportunities in this area as part of our clinical development plan for zelasudil.

Progressing RXC008 Towards the Clinic as a First-In-Class Opportunity

Our second ROCK inhibitor programme is RXC008, a GI-targeted ROCK inhibitor with first-in-class potential in fibrostenotic Crohn's disease. The current management of fibrotic strictures of the gastrointestinal tract is primarily surgical as no drugs are specifically approved for the underlying fibrosis, which can progress despite intervention with anti-inflammatory therapies. RXC008 is expected to enter clinical development in early 2024, commencing a Phase 1 study in healthy volunteers.

RXC008 is a potent, oral, small molecule non-systemic ROCK 1/2 inhibitor. RXC008 avoids the significant cardiovascular side effects of pan-ROCK inhibitors, including tachycardia and hypotension, by being restricted to the GI-tract via high efflux and low permeability. This results in virtually no systemic breakthrough, with the molecule being rapidly metabolised by paraoxonase enzymes in the plasma should any breakthrough occur under particular circumstances.

In November 2022, we presented preclinical data from adoptive transfer and chronic dextran sulphate sodium (DSS) studies of RXC008 at the Inflammatory Bowel Disease (IBD) Nordic Conference. The most compelling preclinical data were seen in a therapeutic 12-week DSS model with a closely related GI-targeted ROCK inhibitor, REDX08087, which was able to fully reverse fibrosis back to baseline levels when the compound was administered orally once a day from weeks 6 to 12 once fibrosis was established. We were able to show complete reversal of preformed GI-fibrosis as measured by trichome collagen staining, with this level of anti-fibrotic effect the strongest seen in any of Redx's fibrosis models and modes of action to date.

Further to this, we have undertaken work in collaboration with Ghent University to incorporate the use of non-invasive magnetic resonance imaging (MRI) texture analysis and histology to assess reduction in tissue injury and fibrosis, which we hope to use translationally in our clinical studies moving forward. If successful, this could lead to a reduction in the number of invasive surgical procedures Crohn's patients require.

Phase 1 Healthy Volunteers Study Expected to Commence H1 2024

Significant progress was made during the year with the RXC008 IND-enabling programme.

In August 2023, we held a scientific advisory meeting with the UK Medicines and Healthcare products Regulatory Agency (MHRA) to review the preclinical data package and we can confirm that post-period, the CTA for RXC008 was submitted and we expect to commence a Phase 1 healthy volunteers study in early 2024.

We held a series of meetings with key opinion leaders and created a specific Scientific Advisory Board to review the Phase 1 study protocol, as well as to discuss the overall clinical development plans beyond Phase 1. We have been pleased by the interest from clinicians in this area, and the support from clinical bodies such as the Science, Translational & Clinical Andrology Research (STAR) consortium.

The Phase 1 study will be split into two parts. The first part will consist of a single and multi-ascending dose in healthy volunteers dosed over 14 days with safety as the primary endpoint. The study will also evaluate pharmacokinetics (PK), including data on faeces, plasma and tissue in the highest multi-ascending dose cohort. Following completion of this first part of the study, we aim to initiate a second part in patients with fibrostenotic Crohn's disease. This will consist of a one-month dosing period to show safety, PK - confirming minimal systemic exposure in patients - target engagement and biomarkers in paired biopsies from the terminal ileum and colon, and changes in circulating biomarkers.

Fibrostenotic Crohn's disease affects 1.7 million patients globally[2], with 50% developing fibrotic strictures within 10 years of treatment[3]. There are currently no approved therapies for the underlying fibrosis therefore, with our preclinical data package and key opinion leader input to date, we are excited about the potential of RXC008 in this hard-to-treat indication.

RXC004 - Strategic Decision to Partner the Programme

As outlined above, during the period, the Company undertook a detailed prioritisation review of all programmes and expenses to ensure the delivery of important value inflection points whilst efficiently allocating resources to allow programmes to continue. As part of this review, we nominated RXC004 to be partnered for any further development.

RXC004 - Phase 2 Recruitment Closed with Data Expected H1 2024

RXC004 is a clinical-stage, highly potent and selective, orally active, once-daily Porcupine inhibitor being developed as a targeted therapy for Wnt-ligand dependent cancer. Aberrations in the Wnt pathway directly contribute to tumour growth and play an important role in immune resistance, in particular to treatment with immuno-oncology agents such as PD-1 checkpoint inhibitors. We designed the RXC004 Phase 2 clinical programme to evaluate RXC004 as monotherapy and in combination with anti-PD-1 therapy to provide an initial assessment of efficacy and safety.

The first study, PORCUPINE, has been evaluating RXC004 as monotherapy and in combination with anti-PD-1 therapy OPDIVO™[4] (nivolumab) in patients with relapsed microsatellite stable metastatic colorectal cancer (MSS mCRC) with upstream Wnt pathway activation by RNF43 mutations or RSPO2/3 fusions. The second study, PORCUPINE2, was designed to evaluate RXC004 as a monotherapy in patients with RNF43 mutated advanced pancreatic cancer, and as a monotherapy and in combination with anti-PD-1 KEYTRUDA®[5] (pembrolizumab) in unselected patients with biliary tract cancer (BTC). In December 2022, we announced a clinical trial collaboration and supply agreement with MSD (Merck & Co., Inc., Rahway, NJ, USA) for the supply of pembrolizumab for this study.

In March 2023, we announced initial topline data from the BTC monotherapy module of the PORCUPINE2 study. The data was from 16 previously treated patients with advanced BTC, with a primary endpoint of progression free survival at six months. The clinical activity and safety profile seen in these patients was consistent with that seen in the Phase 1 trial, as presented at the European Society for Medical Oncology (ESMO) Congress in 2021.

Some patients in this cohort received durable clinical benefit from treatment with RXC004, and retrospective analysis of all efficacy and biomarker data in this BTC monotherapy cohort will increase the understanding of the single agent activity of RXC004 and will be used to aid interpretation of the combination module efficacy. Whilst results were consistent with our hypothesis that RXC004 has potential as an active component of combination therapy, they were not sufficient to support the further development of RXC004 as a single agent for relapsed BTC.

In line with the industry-wide recruitment challenges seen for rare subsets of genetically selected patients, we took the decision in May 2023 to close recruitment into the genetically selected monotherapy modules to prioritise resources to the combination modules; and in October 2023, we confirmed that we had closed recruitment into the combination modules. We expect to report data from these studies in H1 2024, once data cleaning activities are complete and the translational results are available.

Following this, as announced at our Interim results in May 2023, we will seek a partnership for this asset to continue its development post-Phase 2, which could include combining more broadly with other agents.

Discovery Engine Continues to Deliver Novel Drug Candidates

Our discovery engine continues to produce novel drug candidates against clinically- or biologically-validated targets to bring new treatment options in areas of high unmet medical need, as we aim to produce best-in-class or first-in-class molecules. Our medicinal chemistry and translational science expertise is validated by our track record of producing five molecules which have entered the clinical stage of development. In January 2023, we were delighted that the first of these, Jaypirca™[6] (pirtobrutinib, RXC005, LOXO-305), that was discovered and developed by Redx before being divested to Loxo Oncology, now part of Eli Lilly, in 2017, was approved by the US FDA for the treatment of mantle cell lymphoma. Pirtobrutinib, a non-convalent (reversible) Bruton Tyrosine Kinase (BTK) inhibitor, is the first BTK inhibitor of this kind to be approved by the FDA and in April 2023, the drug also received a positive opinion from the European Committee for Medicinal Products for Human Use (CHMP).

During the year significant progress was made in two key areas of focus for our discovery teams: Discoidin Domain Receptor Inhibitors and KRAS inhibitors.

Discoidin Domain Receptor (DDR) Inhibitor Programme Delivers Development Candidate, RXC009

Post-period, in October 2023, we nominated our DDR1 selective inhibitor as our next development candidate, RXC009, for the treatment of chronic kidney disease (CKD).

RXC009 is a highly potent and selective DDR1 inhibitor. 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 as DDR expression is increased in many fibrotic diseases including kidney fibrosis, they have recently gained traction as new druggable targets. We have developed potent and selective small molecule DDR inhibitors with drug-like characteristics and have several ongoing programmes in this area.

In November 2022, we presented data from our lead optimisation molecule REDX12271 at the American Society of Nephrology Kidney Week (ASN), which showed that selective inhibition of DDR1 with REDX12271 reduces inflammation and fibrosis in prophylactic Murine Unilateral Ureteral Obstruction (UUO) models.

We returned to ASN in November 2023 to present data from our newly-nominated development candidate, RXC009, in a therapeutic murine UUO model. These data confirmed that RXC009 treatment resulted in a significant reduction in histological markers of both inflammation and fibrosis in these models of kidney fibrosis.

Target engagement was also demonstrated with a reduction in phospho-DDR1 (p-DDR1), and RXC009 has a favourable absorption, distribution, metabolism and excretion (ADME) and safety profile. As patients suffering with CKD are often on multiple supportive medications, the drug-drug interaction (DDI) profile of RXC009 is extremely important and we were therefore pleased that a DDI assessment confirmed its suitability for potential use in combination with other treatment options.

To date, no selective inhibitors of DDR1 have entered the clinic, so we believe that RXC009 has the potential to be a first-in-class treatment option for kidney fibrosis associated with CKDs such as nephropathy, focal sclerosing glomerulonephritis, diabetic nephropathy and Alport Syndrome, an inherited rare disease for which there are currently no specific approved treatment options.

KRAS (Kirsten rat sarcoma virus) Inhibitor Programme in Lead Optimisation

Post-period, in October 2023, we also announced that our latest research programme is a KRAS inhibitor targeting both G12D selective and multi-KRAS profiles. Rat sarcoma virus (RAS) is the most frequently mutated oncogene across different cancer types, with KRAS mutations accounting for approximately 85% of these mutated oncogenes. Therefore, KRAS inhibitors targeting multiple commonly-occurring mutations may offer a treatment option for large segments of colorectal, pancreatic and lung cancer patients who currently have limited treatment options. Developing orally-bioavailable agents with dosing that allows for long term target coverage, and thus reduced risk of resistance, is a key opportunity for the next wave of KRAS-targeting agents that act beyond the G12C mutation.

We have filed multiple patent applications claiming distinct chemical series with KRAS activity, having generated encouraging early data from *in-vitro* models. We continue to further expand the preclinical data package which we hope to present at a conference during 2024 as we work towards nominating a development candidate.

Partnered Programmes Continue to Progress

Our ability to secure meaningful partnerships is demonstrated by our strong track record which includes partnerships with AstraZeneca and Jazz Pharmaceuticals (Jazz), as well as an ongoing research collaboration with Jazz. We have near-term potential milestones of $15 million from these ongoing partnerships.

All of these programmes continue to progress, with Jazz confirming in November 2022 that the first patient had been dosed in the Phase 1 clinical trial of JZP815, the pan-RAF inhibitor programme developed by Redx and acquired by Jazz in 2019. Additionally, our research collaboration with Jazz for discovery and preclinical development of a targeted cancer therapy on the Ras/RAF/MAP kinase pathway continues towards a development candidate nomination.

Likewise, our partnered programme with AstraZeneca, RXC006 / AZD5055, a Porcupine inhibitor for the treatment of fibrotic disease continues to progress through a Phase 1 clinical trial.

Under these agreements, we still have the opportunity to benefit from further non-dilutive potential milestone payments in the longer-term future of up to $755 million.

Financial Overview
Our opening cash position allowed us to continue to fund our scientific progress towards important development milestones, as we also continued to explore ways to strengthen our balance sheet during the year.

The Company ended the period with a cash balance of £18.1 million (2022: £53.9 million), which was further strengthened by the post-year end £14.1m (gross), £13.6 million (net) financing which, taken with our existing resources, provides a cash runway into Q3 2024. The financing was undertaken at the market price of 26p with existing institutional investors and will support our assets through the next near-term value inflection points.

We were pleased to receive notice during the year from our two largest shareholders, Redmile and Sofinnova, of their extension of the term of the convertible loan notes by a year, until August 2024. As a result, the extension of these liabilities provided a £1.6 million accounting gain.

Whilst no revenue milestones have been reached in the year, our partnerships with AstraZeneca and Jazz continue to progress well with both advancing assets into Phase 1 development.

With two programmes now in Phase 2 development, investment into our clinical programmes increased and, as evidenced by the recent nomination of our next development candidate, we continued to invest in our R&D capabilities with spending of £34.0m (2022: £34.4m). With the absence of any milestone revenue triggering events during this year, and its impact on revenue, the Group recorded a post tax loss of £33.2 million.

In early 2023, we pursued a recommended all-share business combination with Jounce Therapeutics ("Jounce"), a US-based clinical-stage immunotherapy company. The proposed transaction was unable to complete following the acceptance of an unsolicited third-party cash offer for Jounce by their Board. The expenses relating to the transaction have been separately disclosed in the Consolidated Statement of Income and Expenditure.

Despite inflationary pressures during the year, we have continued to work hard to limit the effects on the Company by pursuing stringent cash management and resource allocation strategies, including undertaking our pipeline prioritisation review. During the year we have managed our headcount carefully, and as we move into 2024, have an organisation of approximately 65 employees, appropriate to execute our strategy.

We believe in the strength of our pipeline and that it provides an attractive opportunity to investors, illustrated by the recent financing. However, we remain cognisant of the wider macroeconomic climate and the uncertainty that it brings, and we continue to evaluate a number of options to secure longer-term funding for the Company, including equity financing, partnering portfolio assets and potential for additional milestones on existing partnerships. The associated uncertainty, along with our judgement in relation to the maturity of convertible loan notes, is discussed in more detail in the basis of preparation of the Consolidated Financial Statements.

Governance and Management

As we continue to grow into a business with multiple in-house, clinical-stage assets the composition of our management team and Board have evolved to support this development. To reflect our strategic focus on the development of our ROCK portfolio, we have augmented our management team with the creation of a programme manager role for zelasudil, which is now held by our Head of Non-clinical Operations, Helen McKeever. Helen has over 25 years' experience in nonclinical and early drug development and will lead the cross functional project team to define and drive the scientific and clinical progress of this programme and establish value creation across the lifecycle of the compound. Additionally, Dr Elaine Kilgour was appointed as Head of Translational Science in January 2023 to strengthen our expertise in this area. Elaine has over 25 years' experience in academia and industry primarily specialising in metabolic diseases and oncology and has quickly become a key member of our team, shaping our scientific agenda.

Dr Jane Robertson, our Chief Medical Officer (CMO), will be stepping down in the New Year to return to a clinical setting. Jane will remain an adviser to the Company and from 1 January 2024, Dr. Helen Timmis, currently VP, Senior Medical Director, will become Interim CMO.

As a registered physician with over 16 years' experience in industry, Helen has been an integral part of the clinical development team for zelasudil and RXC008 since joining Redx and will continue to drive the clinical development of these programmes.

There were also changes at the Board level during the period. Dr. Joseph Anderson was appointed as a non-executive director representing Sofinnova Crossover I SLP in the place of Dr. Thomas Burt who stepped down after three years on the Redx Board. Additionally, we were saddened that Sarah Gordon-Wild resigned as a non-executive director for personal reasons at the end of the financial year.

We continue to believe that we have a strong Board with the necessary experience and composition to drive the future strategy and success of the Company and therefore we have elected to not replace this non-executive position at this time.

Following these changes, the Audit, Risk and Disclosure Committee is comprised of Peter Presland (Chair) and Rob Scott; the Remuneration Committee of Bernhard Kirschbaum (Chair) and Peter Presland; and the Science Committee of Bernhard Kirschbaum (Chair), Rob Scott and Lisa Anson.

Outlook

We have refined our focus and aligned our strategy to progress what we believe are differentiated ROCK inhibitor assets. With Phase 2a data expected from zelasudil in the first half of 2024, and a CTA submission for RXC008 completed to allow for the commencement of a Phase 1 study early in 2024, we are well-positioned to continue to develop these assets through their clinical development plans.

We have continued to leverage our scientific capabilities and medicinal chemistry expertise through the discovery of new, novel drug candidates. We intend to develop these assets further, including through partnership where appropriate, to ensure that they can reach their fullest potential and bring new treatment options in areas of unmet medical needs.

I would like to take this opportunity thank our Board who have provided support and guidance to the Company throughout its evolution and strategy refinement. The biggest asset of any biotechnology company is its people, and we are fortunate to have an exceptionally talented team led by senior well-respected medicinal chemists and translational scientists. I would like to thank all of our employees who have worked tirelessly throughout the last year to make our significant achievements possible, and who are fundamental to our future success.

Additionally, I would like to thank our shareholders who continue to support the development of our novel drug candidates. Although there remain ongoing challenges in the equity markets and broader economic landscape, we will continue to evaluate all available options to secure the financial resources required to allow us to continue to pursue our ambition of creating world leading medicines to transform patients' lives.

I believe our refined strategy and focus will help us maximise the potential of our pipeline, and with the progress made during the year, and the significant near-term value inflection points expected across our entire pipeline of assets, I am excited by the prospects of the Company in 2024 and beyond.

Lisa Anson
Chief Executive Officer

Operational Review

The Directors present this Operational Review for the year ended 30 September 2023 and cover issues not covered elsewhere in their Strategic Report, namely: Key Performance Indicators, Financial Review and the Principal Risks and Uncertainties.

The principal activities of the business continue to be the discovery and development of proprietary, small molecule drugs to address areas of high, unmet medical need.

Management Team

Lisa Anson (Chief Executive Officer), **Dr Richard Armer** (Chief Scientific Officer), **Peter Collum** (Chief Financial Officer), **Dr James Mead** (Chief Operating Officer), **Dr Jane Robertson** (Chief Medical Officer) and **Claire Solk**

(General Counsel) have continued in their positions throughout the year. **Caroline Phillips**, (Senior Vice President, Biology) and **Cliff Jones** (Senior Vice President, Chemistry, DMPK and Intellectual property) joined the Executive management team in June 2023.

Key Performance Indicators (KPIs)

The Group's KPIs include a range of financial and non-financial measures. The Board considers pipeline progress, and in particular progress towards the clinic, to be the main KPI, and updates about the progress of our research programmes are included in the Chief Executive's Report. Below are the Financial KPIs considered pertinent to the business.

	2023	2022	2021	2020
	£m	£m	£m	£m
Cash at year end	**18.1**	53.9	29.6	27.5

The Group continues to focus on sufficient funding to deliver its development plan. The year end cash, together with the £14.1 million (gross), (£13.6 million (net) raised in November 2023 is sufficient to fund the plan into the third quarter of 2024.

	2023	2022	2021	2020
	£m	£m	£m	£m
Total operating expenditure (excluding reverse merger expenses, share-based payment costs & exchange gains)	**34.0**	34.4	27.1	14.1

Expenditure has risen in line with expectations as programmes progress positively through clinical and preclinical stages, which are cash intensive. Management continues to maintain rigorous cost control, whilst seeking to prioritise resources for scientific programmes.

	2023	2022	2021	2020
	£m	£m	£m	£m
Net (decrease) / increase in cash and cash equivalents	**(35.8)**	24.3	2.0	23.8

The group continued to invest in its planned R&D activity at budgeted levels. A further £14.1 million (gross) £13.6 million (net) was raised in November 2023, to further fund activity.

Financial Review

Financial position

At 30 September 2023, the Group had cash resources of £18.1 million (2022: £53.9 million). Post period, in November 2023, the Group raised £14.1 million (gross), £13.6 million (net) via a placing of Ordinary shares, supported by existing specialist investors, further strengthening the Group position.

Whilst there were no milestones from existing partnerships triggered during the period, £4.2 million in revenue was recognised from progress with the ongoing collaboration with Jazz Pharmaceuticals.

This funding is sufficient to allow the Group to fund its business plan into the third quarter of calendar year 2024, based on currently budgeted levels of expenditure.

This cash runway and the need for further funding beyond this leads to a material uncertainty regarding going concern, which is discussed in detail in note 2.

Revenue

During the year, the Group continued to derive revenue from the research collaboration with, and provision of research and preclinical development services to, Jazz Pharmaceuticals. There was no milestone income in the year, compared to £10.7 million in 2022. In accordance with IFRS 15 "Revenue from Contracts with Customers", the funds received in advance for the collaboration agreement with Jazz Pharmaceuticals are recognised as revenue as the obligations under the contract are performed (being predominantly the underlying development services). The stage of completeness of the Jazz collaboration is assessed at each reporting date, and revenue recognised based on the percentage of total expected costs incurred to date. £4.0 million was recognised in the year, compared to £6.9 million in 2022 as revenue from a discontinued target was recognised. The expected timing of further recognition is detailed in note 6. Revenue from other research agreements is invoiced and recognised as the work is undertaken.

Operating Cost management

Research and Development costs have increased from £28.6 million to £29.1 million in order to progress clinical assets. Operating expenses continue to be tightly controlled in the context of an expanding research organisation and programmes progressing through more cost intensive clinical stages.

Finance costs

Finance costs remain considerable as a consequence of the charging of a full year's "effective interest" (calculated in valuing the lease liability and convertible loan note liability under IFRS), on both the convertible loan notes and the lease of our premises at Alderley Park in the current financial year.

There was no actual cash interest paid in 2023 (2022: £nil). In addition, Finance Income was significantly higher in 2023 compared to previous years given the higher interest earned on cash bank deposits.

Cash flows

Overall negative net cash flow for the year was £35.8 million (2022: Positive £24.3 million). See KPI's for details.

Taxation

The Group has prepared these financial statements on the basis that it will continue to be claiming Research and Development expenditure credits rather than R&D tax credits, as a result of the significant shareholding by Funds managed by Redmile Group LLC. This typically leads to lower refundable amounts.

Loss

The Group made a loss of £33.2 million in the year (2022: £18.0), as it continued to progress its scientific pipeline. Operating costs were broadly aligned with 2022, with the additional loss a result of lower revenue in 2023 as described above.

Consolidated Statement of Comprehensive Loss
For the year ended 30 September 2023

	Note	**Year ended 30 September 2023 £'000**	Year ended 30 September 2022 £'000
Continuing operations			
Revenue	**3**	**4,202**	18,690
Research and Development expenses		**(29,117)**	(28,563)
General and Administrative expenses		**(8,069)**	(10,229)
Reverse merger expenses	**4**	**(2,393)**	-
Exchange (losses) / gains on translation		**(447)**	2,297
Other operating income		**2,004**	1,539
Loss from operations		**(33,820)**	(16,266)
Finance income		**1,224**	187
Remeasurement gain on loan notes	**7**	**1,609**	-
Finance costs		**(1,801)**	(1,725)
Loss before taxation		**(32,788)**	(17,804)
Income tax		**(368)**	(201)
Loss attributable to owners of Redx Pharma Plc		**(33,156)**	(18,005)
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Exchange difference from translation of foreign operations		**(4)**	31
Total comprehensive loss for the year attributable to owners of Redx Pharma Plc		**(33,160)**	(17,974)
Loss per share			
From continuing operations			
Basic & diluted (pence)	**5**	**(9.9)**	(6.1)

Consolidated Statement of Financial Position
At 30 September 2023 **Company No. 07368089**

	Note	2023 £'000	2022 £'000
Assets			
Non-current assets			
Property, plant and equipment		**1,940**	2,699
Intangible assets		**394**	400
Total non-current assets		**2,334**	3,099
Current assets			
Trade and other receivables		**5,210**	5,498
Current tax		**-**	26
Cash and cash equivalents		**18,092**	53,854
Total current assets		**23,302**	59,378
Total assets		**25,636**	62,477
Liabilities			
Current liabilities			
Trade and other payables		**3,756**	5,958
Contract liabilities	**6**	**844**	4,893
Borrowings	**7**	**15,731**	15,731
Lease liabilities		**676**	623
Total current liabilities		**21,007**	27,205
Non-current liabilities			
Lease liabilities		**1,274**	1,951
Total liabilities		**22,281**	29,156
Net assets		**3,355**	33,321
Equity			
Share capital	**8**	**3,349**	3,349
Share premium		**99,501**	99,501
Share-based compensation		**10,751**	8,199
Capital redemption reserve		**1**	1
Exchange translation reserve		**56**	60
Convertible note reserve		**3,524**	3,524
Retained deficit		**(113,827)**	(81,313)
Equity attributable to shareholders		**3,355**	33,321

Consolidated Statement of Changes in Equity
For the year ended 30 September 2023

	Share capital £'000	Share premium £'000	Share based payment £'000	Capital Redemption Reserve £'000	Exchange translation Reserve £'000	Convertible Note Reserve £'000	Retained Deficit £'000	Total Equity £'000
At 1 October 2021	**2,753**	**66,299**	**4,752**	**1**	**29**	**3,524**	**(64,226)**	**13,132**
Loss for the year	-	-	-	-	-	-	(18,005)	(18,005)
Other comprehensive income	-	-	-	-	31	-	-	31
Total comprehensive loss for the year	-	-	-	-	31	-	(18,005)	(17,974)
Transactions with owners of the Company								

Issue of ordinary shares	596	33,972	-	-	-	-	-	34,568
Transaction costs on issue of ordinary shares	-	(770)	-	-	-	-	-	(770)
Share based compensation	-	-	4,365	-	-	-	-	4,365
Release of share options lapsed in the year	-	-	(918)	-	-	-	918	-
Movement in year	596	33,202	3,447	-	31	-	(17,087)	20,189
At 30 September 2022	**3,349**	**99,501**	**8,199**	**1**	**60**	**3,524**	**(81,313)**	**33,321**
Loss for the year	-	-	-	-	-	-	(33,156)	(33,156)
Other comprehensive income	-	-	-	-	(4)	-	-	(4)
Total comprehensive loss for the year	-	-	-	-	(4)	-	(33,156)	(33,160)
Transactions with owners of the Company								
Share based compensation	-	-	3,194	-	-	-	-	3,194
Release of share options lapsed in the year	-	-	(642)	-	-	-	642	-
Movement in year	-	-	2,552	-	(4)	-	(32,514)	(29,966)
At 30 September 2023	**3,349**	**99,501**	**10,751**	**1**	**56**	**3,524**	**(113,827)**	**3,355**

Consolidated Statement of Cash Flows
For the year ended 30 September 2023

	Year ended 30 September 2023 £'000	Year ended 30 September 2022 £'000
Net cash flows from operating activities		
Loss for the year	**(33,156)**	(18,005)
Adjustments for:		
Income tax	**368**	201
Finance costs	**1,801**	1,725
Finance income	**(1,224)**	(187)
Depreciation and amortisation	**960**	886
Share based compensation	**3,194**	4,365
Remeasurement of loan notes	**(1,609)**	-
Profit on disposal of assets	**-**	(13)
Movements in working capital		
Increase/(decrease) in trade and other receivables	**(1,422)**	7,631
(Decrease) in trade and other payables and provisions	**(6,251)**	(5,593)
Cash used in operations	**(37,339)**	(8,990)
Tax credit received	**1,432**	333
Interest received	**1,160**	187
Net cash used in operations	**(34,747)**	(8,470)
Cash flows from investing activities		
Sale of property, plant and equipment	**-**	21
Purchase of property, plant and equipment	**(195)**	(262)

Net cash used in investing activities	**(195)**	(241)
Cash flows from financing activities		
Proceeds of share issues	**-**	34,568
Share issue costs	**-**	(770)
Payment of lease liabilities	**(816)**	(816)
Net cash generated by financing activities	**(816)**	32,982
Net increase in cash and cash equivalents	**(35,758)**	24,271
Cash and cash equivalents at beginning of the year	**53,854**	29,552
Foreign exchange difference	**(4)**	31
Cash and cash equivalents at end of the year	**18,092**	53,854

Consolidated Statement of Cash Flows (Cont'd)
For the year ended 30 September 2023

Reconciliation of changes in liabilities arising from financing activities

	2023 £'000
IFRS 16 Lease liability	
Balance b/fwd	**2,574**
Payment of lease liabilities	**(816)**
Interest on lease liabilities	**192**
Balance c/fwd (disclosed as current and non-current lease liabilities)	**1,950**
Convertible loan notes	
Balance b/fwd	**15,731**
Remeasurement on change in estimated cash flows	**(1,609)**
Interest	**1,609**
Balance c/fwd (disclosed as current borrowings)	**15,731**

Notes to the financial information

1. Basis of preparation

The Group's financial information has been prepared in accordance with the historical cost convention and in accordance with UK adopted International Accounting Standards and on a basis consistent with that adopted in the previous year.

Whilst the financial information included in this Preliminary Results Announcement has been prepared in accordance with the recognition and measurement criteria of IFRS, this announcement does not itself contain sufficient information to comply with IFRS.

The Preliminary Results Announcement does not constitute the Company's statutory accounts for the years ended 30 September 2023 and 30 September 2022, within the meaning of Section 435 of the Companies Act 2006 but is derived from those statutory accounts.

The Group's statutory accounts for the year ended 30 September 2022 have been filed with the Registrar of Companies, and those for 2023 will be delivered following the Company's Annual General Meeting. Auditors have reported on the statutory accounts for 2023 and 2022. The audit report for 2023 was (i) unqualified, (ii) highlighted material uncertainties in relation to going concern to which the auditor drew attention by way of an emphasis of matter paragraph, without modifying their report and (iii) did not contain statements under Sections 498 (2) or 498 (3) of the Companies Act 2006 in relation to the financial statements. The Auditors report for 2022 was (i) unqualified, (ii) highlighted material uncertainties in relation to going concern to which the auditor drew attention by way of an emphasis of matter paragraph, without modifying their report and (iii) did not contain statements under Sections 498 (2) or 498 (3) of the Companies Act 2006 in relation to the financial statements.

The Company is a public limited company incorporated and domiciled in England & Wales and whose shares are quoted on AIM, a market operated by The London Stock Exchange.

2. Going concern

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

At 30 September, 2023 the Group held £18.1 million of cash and cash equivalents. The Group has a history of recurring losses from operations, including a net loss of £33.2 million for the year ended 30 September, 2023 and an accumulated deficit of £113.8 million at that date. In addition, operational cash outflows continue to be driven by the ongoing focus on the research, development and clinical activities to advance the programmes within the Group's pipeline. The Group recorded a net decrease in cash and cash equivalents of £35.8 million for the year ended 30 September, 2023. Post year-end on November 7, 2023 the Group closed the sale of 54,074,458 Ordinary Shares, resulting in gross proceeds of £14.1 million (£13.6 million net of transaction costs).

As part of its approval of the Group's budget for the year ending 30 September 2024, the Board concluded that the Group holds sufficient cash and cash equivalents to provide a cash runway into September 2024 at currently budgeted levels and timings of expenditure and also on the assumption that the Group's convertible loans will be converted into equity of the Group, or that there will be an extension of the term of those convertible loans before or in August 2024 (see further discussion below).

In undertaking the going concern review, the Board has reviewed the Group's cash flow forecasts to 31 December, 2024 (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. Further funding is required under the Board's long-term plan to continue to develop its product candidates and conduct clinical trials, and the Group plans to raise significant further finance within the going concern period and is exploring a number of different options to raise the required funding. Given these plans and requirements, a review period of 12 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 convertible loan notes and the ability of the Group to raise further capital are both circumstances 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. In the event that the convertible loan notes are not converted or extended, the stated mitigating actions would be insufficient such that the Group would need to raise additional capital within the going concern period and this is outside of the control of the directors. Based on these conditions, the Group has concluded that the need to raise further capital and the potential need to repay the convertible loan notes represent material uncertainties regarding the Group's ability to continue as a going concern.

Notwithstanding the existence of the material uncertainties, 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 recalled by August 2024 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 40% when compared to the share price at which the 7 November, 2023 equity fundraising was completed, in which both convertible loan note holders participated; as a result the directors do not currently expect the convertible loan notes to be recalled by August 2024.

- the directors continue to pursue a number of options to secure longer-term funding for the Group, including equity financing, partnering portfolio assets and potential for additional milestones on existing partnerships, and based on current plans and discussions with third parties the directors have an expectation that further funding will be obtained.

- the Group has a track record and reasonable near-term visibility of meeting expectations under its collaboration agreements and receiving milestone payments which have the potential to increase the Group's cash runway but are not included in the Directors' assessment given they are outside the control of management.

- the Group retains the ability to control capital and other discretionary expenditure and lower other operational spend.

There can be no assurance that the convertible loan notes will be converted or extended rather than recalled. If the loan notes are not converted or extended, the Group may not have sufficient cash flows to support its current level of activities beyond the maturity date. While the Group has successfully accessed equity and debt financing in the past, there can be no assurance that it will be successful in doing so now or in the future. In the event the loan notes are recalled, or additional financing is not secured, 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 programmes; 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 future 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.

3. Revenue

	2023	2022
	£'000	£'000
Revenue from milestones on scientific programmes	**-**	10,693
Revenue from research collaboration	**4,049**	6,852
Revenue from research and preclinical development services	**153**	1,145
	4,202	18,690

4. Reverse merger expenses

On 23 February 2023 the Group announced an unanimously recommended business combination with Jounce Therapeutics, Inc. ("Jounce"). Work continued on the project until, following an unsolicited cash offer for its shares, the board of Directors of Jounce withdrew its recommendation for the combination on 27 March 2023 in favour of an acquisition by another party. Given the nature and materiality of the expense, relating to professional fees, it has been disclosed separately within the Consolidated Statement of Comprehensive Loss. The proposed transaction formally lapsed on 3 April 2023 and no further expense is expected.

5. Loss per share

Basic loss per share is calculated by dividing the loss 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:

	2023	2022
	£'000	£'000
Loss for the period attributable to the owners of the Company	**(33,156)**	(18,005)
	Number	Number
Weighted average number of shares - basic and diluted	**334,911,458**	294,182,774
	Pence	Pence
Loss per share - basic and diluted	**(9.9)**	(6.1)

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"*.

The Group operates a number of share option schemes which could potentially dilute basic earnings per share in the future. In addition, the convertible loans could result in the issuance of 110,288,887 ordinary shares that could potentially dilute basic earnings per share on conversion.

6. Contract liabilities

	2023	2022
	£'000	£'000
Contract liabilities	**844**	4,893
	844	4,893
Reconciliation		
Brought forward	**4,893**	4,318
Contract asset received	**-**	7,427

Transfer to revenue	**(4,049)**	(6,852)
Carried forward	**844**	4,893

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was £0.84 million as at 30 September 2023 (2022: £4.89 million) and is expected to be recognised as revenue in future periods as follows:

	2023 £'000	2022 £'000
Within 1 year	**844**	3,920
In the second to fifth years	**-**	973
	844	4,893

The contract liability relates to a single research collaboration contract.

7. Borrowings

	2023 £'000	2022 £'000
Convertible loan notes		
Current	**15,731**	15,731
	15,731	15,731

On 4 August, 2020 Redx Pharma plc issued convertible loan notes with a value of £22.2m. No interest is payable during the first 3 years, thereafter it is payable at a maximum rate equal to the US prime rate at that time, at the discretion of the noteholder. The notes are convertible into Ordinary shares of Redx Pharma plc, at any time at the option of the holder, or repayable on the third anniversary of the issue. The holders retain the right to extend the repayment date in one year increments, up to a maximum of ten years. The conversion rate is 1 Ordinary share for each £0.155 of convertible loan note held. The convertible loan notes are secured by a fixed and floating charge over all the assets of the Group.

Initial measurement
In accordance with IAS 32 Financial instruments, the convertible loan notes have been assessed as compound financial instruments containing equity and liability components. The Group has calculated the value of the liability component using a discount rate for an equivalent bond without an equity component, of 8.5%. The Group determined this rate by obtaining interest rate from external financing sources and making certain adjustments to reflect the terms of the instrument; specifically to adjust the interest rate to account for the expected term of the convertible loan notes, its value and the conditions attached to it. The value of the conversion feature of £4.57 million was calculated as the residual value of the loan after calculating the fair value of the liability component and has been recognised as an equity component within the Convertible note reserve in the Consolidated Statement of Financial Position. Total transaction costs of £1.1 million have been allocate between the equity and liability components. An increase in discount rate to 9.5% would decrease the debt element by £127k and a decrease to 7.5% would increase the debt element by £129k.

Partial conversion
On 2 December, 2020 the Group announced that RM Special Holdings 3 LLC and Sofinnova Crossover 1 SLP would convert £3.33 million and £1.75 million respectively of the principal amount of the convertible loan notes into Ordinary shares. Under the terms of the convertible loan notes, the conversion took place at 15.5p per new Ordinary share. Accordingly, 32,806,159 new Ordinary shares were issued. As of 30 September, 2022, an aggregate of £17.1 million in principal amount was outstanding under the convertible loan notes. This equates to 110,288,887 Ordinary shares at £0.155 per share.

Extension of Maturity date
On June 27, 2023 confirmation was received from the Purchasers of their intention to execute their initial extension option under the terms of the instrument, the revised maturity date being 4 August 2024. As this feature was included in the original instrument, this has been treated as a revision to the cash flows associated with it, rather than as a modification.

The remaining gross principal of £17.1 million has been discounted at the effective interest rate determined on initial measurement, resulting in a discounted liability of £15.7 million (2022: £15.7 million). The revised recognition of the discounted liability resulted in a gain of £1.6m, which in accordance with IFRS 9 has been recognized as income. As no actual interest rate has been stipulated by the loan note holders, consistent with their rights under the Agreement, effective interest will continue to be charged up to the revised maturity date.

8. Share Capital

Note

	2023 Numbers	2022 Numbers
Number of shares in issue		
In issue at 1 October	334,911,458	275,282,205
Issued for cash	-	58,070,956
Exercise of share options	-	1,558,297
In issue at 30 September	**334,911,458**	334,911,458

	£'000	£'000
Share Capital at par, fully paid Ordinary shares of £0.01		
At 1 October	3,349	2,753
Issued for cash	-	581
Exercise of share options	-	15
At 30 September	**3,349**	3,349

All ordinary shares rank equally with regard to the Company's residual assets. Holders of these shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

9. Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties are disclosed below:

In March 2020, as a result of the purchase of shares by RM Special Holdings 3, LLC ("Redmile"), it became a significant shareholder (>70%) and related party. The Group issued £14.5 million convertible loan notes to Redmile on 4 August 2020 on terms summarised in note 7. Redmile further participated in the placing of Ordinary shares in June 2022.

Under the terms of the agreement for its subscription for shares on 20 July 2020, Sofinnova Crossover 1 SLP ("Sofinnova") appointed a director to the Board of Redx Pharma plc. The Board believes that this satisfies the criteria for Sofinnova to be considered a related party. On 4 August 2020 the Group issued £7.6 million convertible loan notes to Sofinnova, the terms of which can be seen in note 7. Sofinnova also participated in the placing of Ordinary shares in June 2022.

On 2 December, 2020 the Group announced that RM Special Holdings 3 LLC and Sofinnova Crossover 1 SLP would convert £3.33 million and £1.75 million respectively of the principal amount of the convertible loan notes into Ordinary shares. Under the terms of the convertible loan notes, the conversion took place at 15.5p per new Ordinary share. Accordingly, 32,806,159 new Ordinary shares were issued and admitted to trading on AIM on 22 December, 2020. As of September 30, 2022, an aggregate of £17.1 million in principal amount was outstanding under the convertible loan notes. This equates to 110,288,888 ordinary shares at £0.155 per share.

Following the extension of the maturity date to 4 August 2024, the remaining gross principal of £17.1 million has been discounted at the effective interest rate determined on initial measurement, resulting in a discounted liability of £15.7 million (note 7).

The interest charge in the period relates to the unwinding of the discount at the effective interest rate on the convertible loan balances held by Redmile and Sofinnova respectively.

Charges from related parties	**2023 £'000**	2022 £'000
RM Special Holdings 3, LLC - convertible loan note interest	**1,081**	995
Sofinnova Crossover 1 SLP - convertible loan note interest	**528**	489
	1,609	1,484

Amounts owed to related parties	**2023 £'000**	2022 £'000
RM Special Holdings 3, LLC - loan note	**10,284**	10,284
Sofinnova Crossover 1 SLP - loan note	**5,447**	5,447
	15,731	15,731

Amounts owed to/by related parties are disclosed in borrowings and the convertible note reserve.

10. Events after the reporting period

On 18 October, 2023, the Group announced that it had conditionally raised £14.1 million (gross) by way of a placing of Ordinary shares at 26p per share. All resolutions required to accomplish this were passed at a general meeting of shareholders on 6 November, 2032, and accordingly 54,074,458 new Ordinary shares were issued and admitted to trading on AIM on 7 November, 2023.

11. Report and accounts

A copy of the Annual Report and Accounts will be sent to all shareholders with notice of the Annual General Meeting shortly and will also be available to download from the Group's website at www.redxpharma.com in due course.

1. a registered trademark of Abraxis BioScience, LLC, a Bristol-Myers Squibb Company
2. Clarivate, Crohn's disease disease landscape & forecast pg 39, Published Sep 2022
3. Chan et al, 2018
4. registered trademark of Bristol-Myers Squibb Company
5. Registered trademark of Merck & Co., Inc.,
6. a trademark owned or licensed by Eli Lilly and Company, its subsidiaries, or affiliates

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