

Redx Pharma

Up to \$870m KRAS deal marks 3rd Jazz collaboration

7 February 2024

- Jazz Pharmaceuticals is acquiring global rights to Redx Pharma's proprietary preclinical-stage KRAS inhibitor programme, in exchange for a \$10m upfront payment, potential cumulative development, regulatory, and commercial milestones of up to \$870m, and tiered mid-single digit percentage royalties on future net sales. A separate collaboration agreement has been signed under which Jazz will pay Redx to carry out research and preclinical development to support IND-enabling studies. FDA IND application clearance, in around two years in our view, would trigger the first development milestone. Subsequent clinical development, regulatory, manufacturing and commercialisation activities will be Jazz's responsibility.
- KRAS (Kirsten rat sarcoma virus) is a well-validated oncology target and is one of the most frequently mutated oncogenes across many different cancer types. To date, targeting specific KRAS mutations, with the exception of G12C, has proved challenging. Developing oral molecules with optimised target coverage and therapeutic windows is a focus area given this unmet need. The Jazz/Redx KRAS programme includes both G12D selective and pan-KRAS candidate molecules.
- Blue-chip partnerships are a key aspect of Redx's strategy. Its impressive track record of deal execution has enabled the continued progress of its well-balanced pipeline of unencumbered and partnered assets, also providing non-dilutive funding to advance priority assets such as the wholly-owned ROCK portfolio. The \$10m Jazz upfront augments November's c £14.1m (gross) equity raise, extending the cash runway into 2025 (from Q324 previously).
- Redx and Jazz have a longstanding collaborative relationship: prior targeted oncology deals cover JZP815, a precision pan-RAF inhibitor now in Phase I, and a MAPK pathway collaboration. Under these three deals, Redx could be eligible for remaining potential milestones of up to c \$1.2bn. Separately, Redx has a fibrosis partnership with AstraZeneca.

Price	20.0p
Market Cap	£77.8m
Primary exchange	AIM
Sector	Healthcare
Company Code	REDX
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.

Trinity Delta view: The Jazz KRAS deal covers an under the radar programme only recently disclosed by Redx, further underscoring the strength of its medicinal chemistry expertise in discovering differentiated small molecules that address hard to drug targets in oncology and fibrosis. Business development activities also contribute non-dilutive funding, in this case extending the cash runway into 2025, beyond 2024 catalysts, thus allowing optionality around value creation from the highly attractive ROCK portfolio. Key H124 catalysts include: (1) zelasudil Phase IIa idiopathic pulmonary fibrosis data, and potential lift of the FDA partial clinical hold; (2) initiation of the first RXC008 Phase I fibrostenotic Crohn's disease trial; and (3) topline Phase II PORCUPINE and PORCUPINE2 data for RXC004 in combination with checkpoint inhibitors in Wnt-ligand dependent cancers. Our last published valuation was £367m/\$441m, or 94p per share, which does not include this latest KRAS deal with Jazz.

Analysts

Lala Gregorek

lgregorek@trinitydelta.org
+44 (0) 20 3637 5043

Philippa Gardner

pgardner@trinitydelta.org
+44 (0) 20 3637 5042

Philippa Gardner

pgardner@trinitydelta.org
+44 (0) 20 3637 5042

Lala Gregorek

lgregorek@trinitydelta.org
+44 (0) 20 3637 5043

Franc Gregori

fgregori@trinitydelta.org
+44 (0) 20 3637 5041

Disclaimer

Trinity Delta Research Limited ("TDRL"; firm reference number: 725161), which trades as Trinity Delta, is an appointed representative of Equity Development Limited ("ED"). The contents of this report, which has been prepared by and is the sole responsibility of TDRL, have been reviewed, but not independently verified, by ED which is authorised and regulated by the FCA, and whose reference number is 185325.

ED is acting for TDRL and not for any other person and will not be responsible for providing the protections provided to clients of TDRL nor for advising any other person in connection with the contents of this report and, except to the extent required by applicable law, including the rules of the FCA, owes no duty of care to any other such person. No reliance may be placed on ED for advice or recommendations with respect to the contents of this report and, to the extent it may do so under applicable law, ED makes no representation or warranty to the persons reading this report with regards to the information contained in it.

In the preparation of this report TDRL has used publicly available sources and taken reasonable efforts to ensure that the facts stated herein are clear, fair and not misleading, but make no guarantee or warranty as to the accuracy or completeness of the information or opinions contained herein, nor to provide updates should fresh information become available or opinions change.

Any person who is not a relevant person under section of Section 21(2) of the Financial Services & Markets Act 2000 of the United Kingdom should not act or rely on this document or any of its contents. Research on its client companies produced by TDRL is normally commissioned and paid for by those companies themselves ('issuer financed research') and as such is not deemed to be independent, as defined by the FCA, but is 'objective' in that the authors are stating their own opinions. The report should be considered a marketing communication for purposes of the FCA rules. It has not been prepared in accordance with legal requirements designed to promote the independence of investment research and it is not subject to any prohibition on dealing ahead of the dissemination of investment research. TDRL does not hold any positions in any of the companies mentioned in the report, although directors, employees or consultants of TDRL may hold positions in the companies mentioned. TDRL does impose restrictions on personal dealings. TDRL might also provide services to companies mentioned or solicit business from them.

This report is being provided to relevant persons to provide background information about the subject matter of the note. This document does not constitute, nor form part of, and should not be construed as, any offer for sale or purchase of (or solicitation of, or invitation to make any offer to buy or sell) any Securities (which may rise and fall in value). Nor shall it, or any part of it, form the basis of, or be relied on in connection with, any contract or commitment whatsoever. The information that we provide is not intended to be, and should not in any manner whatsoever be, construed as personalised advice. Self-certification by investors can be completed free of charge at www.fisma.org. TDRL, its affiliates, officers, directors and employees, and ED will not be liable for any loss or damage arising from any use of this document, to the maximum extent that the law permits.

Copyright 2024 Trinity Delta Research Limited. All rights reserved.

More information is available on our website: www.trinitydelta.org