

Redx Pharma

Voluntary delisting from AIM to go private

2 April 2024

- Redx is proposing to delist from AIM and to re-register as a private limited company. A General Meeting seeking shareholder approval for the cancellation of ordinary shares, re-registration, and adoption of New Articles will occur on 19 April. If approved, which requires >75% of shareholders, the ordinary shares will be cancelled effective 1 May. Redx has already received irrevocable undertakings to vote in favour of the proposed delisting from certain shareholders representing c 84.64% of shares.
- The shift to being a private company is based on: (1) the limited liquidity and high share price volatility; (2) a market valuation that is not reflective of the drug development track record or future potential; (3) the constraints on raising capital and ease of future funding; (4) a more flexible regulatory regime enabling rapid corporate and strategic decision making; and (5) a reduction in administrative costs associated with an AIM listing.
- To briefly summarise Redx's portfolio, its lead ROCK asset is zelasudil, a selective ROCK2 inhibitor, currently in a Phase IIa trial in IPF (idiopathic pulmonary fibrosis), with topline data expected H124. These should confirm safety and tolerability, and could potentially include some early efficacy insights. Data will inform the design of a subsequent Phase IIb programme, expected to include broader interstitial lung diseases (ILDs).
- The second ROCK programme is RXC008, which recently started a Phase I trial. RXC008 is a first-in-class GI-targeted pan-ROCK inhibitor for fibrostenotic Crohn's disease which is expected to be used in combination with standard-of-care anti-inflammatories. The first part of the Phase I study includes healthy volunteers and will assess safety, with initial data expected by end-2024; the second part will include fibrostenotic Crohn's patients. Complete fibrosis reversal has been seen in a therapeutic preclinical model.
- Phase II data for RXC004 (zamaporvint), which has been earmarked for partnering, are also expected in H124. RXC004 is currently in development as a targeted therapy for Wnt-ligand dependent cancers and upcoming data in combination with a checkpoint inhibitor (CPI) will be key for partnering.
- Redx's core medicinal chemistry expertise to discover novel drug candidates provides optionality for pipeline expansion or future partnerships, and this was recently demonstrated with a third collaboration with Jazz Pharmaceuticals. Redx also has a partnership deal with AstraZeneca.

Trinity Delta view: The plan to delist from AIM is disappointing but, in our view, understandable. The shares have failed to reflect the value inherent in the business and, importantly, the future potential. As we have stated in previous notes, Redx has a solid track record of delivery, with six molecules in the clinic and four major partnering deals over the past five years. The announcement prompts us to suspend our Redx Pharma forecasts and valuation with immediate effect. For context, our last published valuation was £386m/\$463m.

Price	18.50p
Market Cap	£71.96m
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.

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

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