

Redx Pharma

£34.3m raise extends runway through key data points

7 June 2022

- Redx Pharma successfully raised £34.3m (gross) on May 19 via the placing of 58.1m new shares at the then market price of 59p per share. The placing was over-subscribed, hence raising more than the planned c £30m. Existing major holders supported the raise, with a new specialist fund also participating. Redmile remains the largest shareholder, with Sofinnova, Polar Capital, and Platinum Healthcare joined on the register by the healthcare specialist Invus. Following the passing of the required resolutions at the General Meeting, the new shares were admitted to trading on June 7.
- New funds, together with existing resources and likely milestone payments from partners, will support the development of lead in-house assets, RXC004 (Porcupine inhibitor for genetically selected cancers) and RXC007 (ROCK2 inhibitor for major fibrotic diseases) to key clinical data points. Additionally, the recently selected development candidate, RXC008, will be progressed through to IND for fibrostenotic Crohn's disease. RXC008, a novel GI-targeted ROCK inhibitor, is another example of Redx's medicinal chemistry expertise that could become a first-in-class therapy.
- RXC004 is under study in two multi-arm Phase II trials as monotherapy and in combination with a PD-1 checkpoint inhibitor. [PORCUPINE](#) is exploring RNF43 and/or RSPO fusion selected patients with aberrant microsatellite stable (MSS) metastatic [colorectal cancer](#) (mCRC) with both monotherapy and nivolumab combination arms. [PORCUPINE2](#) is examining monotherapy and an anti-PD1 combination in biliary tract cancer ([BTC](#)), where selection is not required as BTC typically has a high Wnt ligand dependency (>70% of cases), and monotherapy in selected pancreatic ductal adenocarcinoma, [PDAC](#). First proof-of-concept trial data could become available during H123.
- RXC007, a highly selective ROCK2 inhibitor, is due to start a Phase IIa study during H222 for IPF (idiopathic pulmonary fibrosis). ROCK is a central node in fibrosis-associated signalling pathways but addressing it safely has proved difficult. RXC007 appears promising, with preclinical evidence suggesting that Redx's medicinal chemistry expertise has the potential to overcome these limitations. Initial Phase II data could be available by end-2023.

Price	61.5p
Market Cap	£169.3m
Primary exchange	AIM
Sector	Healthcare
Company Codes	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 potential value creation.

Analysts

Lala Gregorek

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

Franc Gregori

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

Trinity Delta view: Successfully raising money against a challenging environment for the sector, coupled with the current macroeconomic backdrop, is a testament to strength of the Redx Pharma investment case. Doing so without a share price discount and raising more than expected suggests the quality of the equity story is beginning to be truly appreciated. The fund raise removes a financial overhang, providing an extra year of cash runway through to key data points. We believe Redx Pharma has a well-balanced clinical pipeline of in-house and partnered assets that should provide a stream of news flow over the next 12-18 months as development progresses. The quality of the discovery engine should also deliver three wholly owned IND assets by 2025. We intend to review our rNPV model following this placing and issue a revised valuation as soon as practicable.

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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