

Redx Pharma Plc

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Redx Pharma secures short-term funding; assessing longer-term solutions

Redx Pharma (LON:REDX) has secured short-term funding with a loan of up to £2.5m and is in talks to find a longer-term financing solution.

Shareholder Moulton Goodies Ltd has agreed to provide the secured loan note facility, with £1m being drawn down immediately. The coupon is 10% a year and there is an option to turn the debt into equity in certain circumstances.

At the same time boss Lisa Anson and her executive team remain in "active discussions" with shareholders and "third-party healthcare specialist investors" to find a more sustainable and efficient method of bankrolling the group.

Value realisation

Investors were told Redx is also looking to "pursue potential value realisation opportunities" for its pan-RAF cancer research programme.

"The company will provide further updates in due course," the firm added.

The loan runs until the end of the year and can be capitalised in the event of an equity fundraiser of at least £10m (though there are provisions to turn the debt into shares at a lesser amount). Moulton, which owns 18.6% of Redx, would receive new shares at a discount to the price they are offered.

As the lender owns such a large chunk of the business it is being treated as what's called a related-party transaction under AIM's rules. Therefore, Redx took advice before agreeing the financing deal.

"The board consider that the terms of the loan are fair and reasonable insofar as the company's shareholders are concerned, having consulted with Cantor Fitzgerald Europe, the company's nominated adviser," shareholders were told.

Results update

In a separate update, Redx published financial results for the six months to the end of March, which showed the company had £3.3m in the bank at that point, although operating expenses for the period were £5m.

Initial results from a phase I study of its lead drug, RXC004, a porcupine inhibitor aimed at treating cancer driven by the Wnt pathway, are expected in the second half of the year, with the full read-out expected in early 2020.

Currently one patient has received a first cycle of treatment with two joining the first group soon. Redx believes the "required exposures" to the drug will be in the 0.5-3mg range.

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Price: 7.4

Market Cap: £9.36 m

1 Year Share Price Graph



November 2018 May 2019 November 20

Share Information

Code: REDX

Listing: AIM

52 week High Low
14.8375 4.75

Sector: Pharma & Biotech

Website: www.redxpharma.com

Company Synopsis:

Focused on the development of novel medicines to validated anti-cancer and fibrosis targets in areas of unmet need

Redx Pharma uses its proven drug discovery expertise to generate development candidates that it will take into the clinic and then partner.

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