CEO Introduction

We are releasing this Q&A promptly to address the questions specifically raised by our announcement on 28 September 2020. I have also addressed the questions we received previously of a more general nature.

We have worked hard over the past few months to ensure our communications are accurate transparent and timely. The RNS we released yesterday about our headline results was a major milestone for ValiRx and my intent was to ensure that all shareholders received a clear, fact-based up-date on the phase I/II clinical trial of VAL201, within the promised timeframe.

To repeat the essence of my comments in the RNS, the results are exciting and the culmination of a lot of hard work by everyone involved in the trial. The data for this first clinical trial of VAL201 has been generated using the utmost caution in sequentially dosing patients and has taken some considerable time. The headline results clearly demonstrate that VAL201 has the potential to be a safe and well-tolerated drug with a favourable side effect profile. In light of this and the positive response rate we intend to share these results with potential industry partners to evaluate options for further clinical development of VAL201.

Our ultimate goal is captured well in the words of our Medical Monitor, Professor Alan Boyd: “Development of effective treatments with low-side effects for patients with prostate cancer who have relapsed after radiotherapy is essential and will improve the lives of patients during treatment.”

Best wishes,

Suzy

Dr Suzanne Dilly
Chief Executive Officer
ValiRx PLC

VAL201 Science Questions

Is there a reason why the maximum dose tolerability was not reached. From a layman's point of view, if the maximum dose given was 8mg would it not be prudent to continue dosing until you get a reaction to determine maximum dose.

The recently completed clinical trial of VAL201 was a first-in-man trial. A high degree of caution is required when dosing patients with new drug candidates, with the proposed doses calculated from doses used in preclinical (animal) testing.

Limits were included in the trial protocol to ensure that the patient's exposure to the drug did not exceed that tested at the preclinical stage. This measure took into account the levels of VAL201 seen in rat blood after administration.

Patients in the clinical trial were dosed successfully at 0.5 mg/kg, 1 mg/kg, 2 mg/kg, 4 mg/kg and 8 mg/kg. At 8 mg/kg, the drug was sufficiently well tolerated for patients to remain at this dose, however when the levels of VAL201 in blood were measured, they were found to be higher than the levels in rat blood at the highest dose tested in preclinical testing (100 mg/kg).

Therefore, due to the restrictions stated in the trial protocol, the dose could not be increased further even though 8 mg/kg was tolerated. As a consequence, a maximum tolerated dose (MTD) cannot be declared with the data we have. A Maximum Applicable Dose, that is a maximum dose that is required for effectiveness in treatment of the disease will be determined in future trials.

Most importantly, as early indications of positive disease impact were observed in the group of patients dosed at 4 mg/kg, it was deemed unnecessary to pursue the higher dosing.

What is 'response rate' and how meaningful is it for VAL201, relative to other cancer drugs?

The response rate for VAL201 in this trial is reported as 54.5%. Response rate is an important factor in determining if the drug is having a beneficial effect on disease progression in patients, taking into account factors such as tumour size reduction and other related markers of disease. For VAL201, the rate was determined by taking data from PSA levels, MRI tumour size data and clinical assessment – as guided by the PCWG2 criteria (Prostate Cancer Working Group 2). A very rigorous measure used as a standard throughout prostate cancer research.

A number of major cancer drugs have been approved on the back of response rates of around 30%. We are therefore very encouraged that we have good early data for VAL201.

Does this result mean another Phase 1 clinical trial is required?

Will a further Phase 2 Clinical trial be needed?

In Phase 1 clinical trials, the primary objective is to cautiously test whether the drug candidate is safe to use in people, and at what dose it can be safely used. Phase 1 trials for most drugs are generally carried out in healthy volunteers. However, for ethical reasons, due to the potential for high side effects, cancer drug trials are most often carried out in patients with the specific disease and often called a Phase 1/2 trial. Having patients in the trial can also give an early indication of response rate – as has been the case with VAL201.

As good safety and tolerability of VAL201 has now been shown in patients, there is no requirement for a further Phase 1/2 clinical study for use in prostate cancer patients.

A full Phase 2 study will be required to finalise dose schedules and format and to further elucidate patient response. Such a trial may also include patients with different cancers where VAL201 might provide a benefit.

Why were so many side effects reported as being due to administration of VAL201?

In our announcement of 28 September 2020, we listed all of the events that were recorded as being related to the administration of VAL201. The minor events reported were either temporary, so subsided within a matter of hours, or were judged not to cause a disproportionate hindrance to the daily life of the patients. Minor events of this type are typical in cancer drug trials.

The 'injection site disorders' covers events ranging from discomfort at the site of the injection, a slight temporary rash at the site of injection, or a bruise. These would be common during any injection process.

The other minor effects reported included raised blood pressure, bradycardia (low heart rate), fatigue, dyspepsia (indigestion) and muscle spasm. All of which are typical minor side effects from cancer drugs.

The only "serious" drug-related event was the severe raised blood pressure (hypertension) in one patient at 8 mg/kg. This patient had a history of hypertension and, after treatment with an anti-hypertensive drug continued in the trial at the same dose.

It is important to see these adverse events in the context of the disease and current drugs. The treatment of prostate cancer by existing hormone deprivation therapy has debilitating side effects related to reduced testosterone levels. None of these side effects were reported for VAL201, adding to the evidence that VAL201 acts with a very precise mechanism, preventing testosterone driven cancerous growth and avoiding related side effects that reduce patients' quality of life.

Furthermore, the more severe effects typical of traditional chemotherapy were also not seen, such as nausea, weight loss, hair loss and extreme tiredness.

All drug related events recorded by our patients are important and must be assessed further in future clinical trials. Nevertheless, the safety and tolerability of VAL201 as demonstrated in this trial is excellent.

I was reading the information regarding val301 on your website and in it you mention val201, I assume that this is an error?

VAL201 and VAL301 are projects that both use the same active drug candidate. The decapeptide ingredient was frequently referred to as "VAL201" before the endometriosis project became separately recognised under the VAL301 project banner. For this reason, some of the literature for VAL301 still refers to VAL201 – when it refers to the drug candidate itself, rather than the project.

We are in the process of a complete refresh of the website, and have taken note that this factor leads to confusion. Please feedback if the information remains unclear after the new website has been launched.

Are you able to give any indication on timelines on when updates for VAL301, BC201 and potential JVs. Will they be this year?

Although the timing of major corporate and scientific events are difficult to predict, we intend to regularly update on all programmes . These updates provide a status update for all projects, a measure of how these have progressed from the previous update, and an indication of the next expected steps for each project.

As a shareholder I'm of course eagerly anticipating an RNS/update from the company on progress of Val 401. Can you please indicate when we're likely to hear something please as there has been silence for some time now.

As announced on 14 January 2020, ValiSeek has entered into a Letter of Intent with Black Cat Bio Limited, whereby Black Cat Bio is seeking external funding for the VAL401 project, and if successful, will enter into a license for VAL401. When Black Cat Bio provide an update to ValiRx, this will be relayed to the market.

It would be great if you could please provide some details and thoughts specifically on the future of VAL 201 to accompany the results release which I understand will be published before the end of Q3 2020.

Now that we have the headline results from the VAL201 clinical trial, we will be providing updates to our industry contacts and taking a decision on the best route forward for further development of VAL201.

All possibilities will be explored with potential partners, including Joint Venture arrangements, which could see a partner funding a larger trial in a ValiRx subsidiary; out-licensing, which could see ValiRx receive a combination of upfront, milestone and royalty payments; or an outright sale, which would see a one-off payment to ValiRx.

As is typical in the biotech industry, we have been meeting with potential partners throughout the development of VAL201 and judging their level of interest. We now intend to progress discussions with selected contacts.

The clinical trial closedown process is ongoing, and full details of the results are still being assembled into the Clinical Study Report. When this report is complete, which is expected during Q4 2020, this will be submitted to the regulators, the MHRA, as part of the formal trial process. At this time, public databases, such as that held on clinicaltrials.gov will also be updated. If any items of particular general interest emerge from the data at this stage, they will immediately be released via a Company announcement, and disseminated through peer reviewed publication and presentations as appropriate.

Corporate and Strategic Matters

Why is the Valirx share price doing badly compared to similar companies in the same sector?
I am slightly concerned about the up and coming results and was hoping that you would be able to help with the road map and what you hope to achieve with the share price.
Our strategy for the long-term future of the Company is to grow from a strong foundation. We are identifying new preclinical projects to develop and expand the pipeline. We are also seeking partners to take on the challenges of the next steps of development for our clinical programmes. This is a strategy of growth and build and, if successful, is expected to be reflected in the valuation of the Company. Short term share price movements are important to investors, and therefore important to us, however they are difficult to predict, and even harder to explain.
Can I ask do we have any idea when we are due an update or timescales of the Japanese tests on 301 and how long this are likely to take place before any updates?
The Japanese pharmaceutical company currently conducting tests on VAL301 for the use in endometriosis was reported by the Company in an announcement on 1 May 2020. In the agreement, a schedule of preclinical tests was listed, which they will be carrying out sequentially. When these tests are completed, we expect them to take a decision on whether to negotiate a license or partnering agreement for the project. As with any laboratory project, the length of time can vary significantly to achieve the results required for the assessment. When the evaluation is complete and the decision made, we will be able to inform the market accordingly.
Will you be releasing a video to discuss the VAL201 results?
We appreciate that the results can be perceived as being very technical to investors less familiar with the processes of clinical trials. Therefore, we will be using interviews and videos to ensure the information is shared as widely as possible. All such media will be accessible on our website and will be signposted via the Company LinkedIn account.
Please can you confirm whether there is any substance to rumours of an impending placing of new shares?
As announced on 23 September 2020, the Company currently has approximately £2 million in cash. We have also significantly reduced our cash burn rate. The Company has no authority to issue further shares without shareholder permissions being granted at a General Meeting.