CEO introduction

As always, many thanks to everyone who has sent in questions this month.

I'd like to take this opportunity to remind you all that this communication system has been set up to ensure that all shareholders have easily available, transparent and accurate answers to questions about the company.

Our monthly schedule of answers ensures we capture a wider variety of topics but may result in some responses taking a few weeks to communicate.

In addition to attendance at the LSX World Congress in February 2021, we will also be attending the EBD Bio-Europe Spring 2021 Digital event in March. Such events provide an opportunity to maintain dialogue on current programmes and provides a great opportunity to identify projects to expand our preclinical pipeline.

Best wishes,

Suzy

Dr Suzanne Dilly
Chief Executive Officer
ValiRx PLC

Science Questions

Women's Health has been ignored for too long. **Everyone knows someone with " Hot Flushes " My wife has suffered for 20 years after our fourth child. Is there any treatment out there, or can one of our treatment be modified or will our treatment help this condition?**
Treating 'Hot flushes' aligns well with our Women's Health focus. We are keen to identify new projects that address such conditions and are building a network of potential partners which we believe will bear fruit in due course. Women's Health conditions are generally seen as difficult to diagnose and treat, and consequently are under-represented in pharmaceutical development programmes. This is starting to change, with the wider community becoming more aware of these conditions, helped by social media campaigns of some of the larger charities and also by public and celebrity willingness to talk about previously taboo subjects. This increasing awareness can only help in ensuring research in these conditions is given a higher priority and ultimately provide effective treatments for women.
Are ValirR still supplying the VAL301 compound to the Japanese Pharma company and have you put a time constraint on them deciding if the compound enhances their own pipeline.
ValiRx supplied sufficient test material to the Japanese Company following the signing of the Material Transfer Agreement to cover the core of their experimental plan. There is no formal time constraint on the programme, however the Japanese Company is aware that we continue to present the project to other companies, and that they have no exclusivity rights under the current agreement.
Will it be a possibility that the Japanese will not want VAL301 and if so will you inform the shareholders via RNS?
The Japanese Company is carrying out an evaluation of VAL301 to determine if it fits their overall strategy and capabilities for commercialisation. We cannot predict the outcome of this evaluation. We have a regulatory requirement to inform shareholders of all events that may impact the share price in a timely manner.
Regarding potential Joint Venture partners and negotiations regarding Valirx's IP assets, such as VAL201 or VAL301. In discussions, how are such assets valued by ValiRx, to ensure that a correct valuation is placed on the asset taking into account 'current' value plus projection of potential long-term value upon full development/approval? Does ValirR conduct this valuation 'in-house' or does the Company engage for example a Consultancy service for external professional advice?
During any negotiation process, it is important that both sides have a clear understanding of the value of the item under negotiation. To ensure a trusted independent valuation, we routinely use external, independent consultants to seek independent professional advice. In the case of VAL201 for example, we are currently undergoing a process of obtaining reports from Key Opinion Leaders to consider the clinical data and to consider where in the prostate cancer treatment pathway those experts would recommend placing VAL201. This information will be used to evaluate the future value for the programme.

On the podcast you stated a peer review would be forthcoming for VAL201. What will that entail?

ValiRx will write up the science in the style for an academic journal and submit it for peer review. When the journal editor receives a publication, if the editor accepts the publication peers are chosen, and the paper is sent to them for review. These peers typically ask for clarification of scientific detail, request the addition of further papers in the references, and express opinions on whether the scientific conclusions are valid – or alter the scientific conclusions if they feel they are incorrect or not clearly stated. As authors, ValiRx have the responsibility to alter the paper to the satisfaction of the reviewers, and if it is then judged to be of sufficient quality, it is accepted for publication.

After acceptance, the journal reformats the paper to their criteria, and returns for final review by the authors before publication. With journals now publishing online, the process between final review and online publication is significantly shorter, but the entire process still takes several months to complete.

The Company released an announcement on 15 February 2021 detailing the new agreement with Physiomics plc ("Physiomics"). The additional processes provided in the virtual tumour model may produce additional interpretation of the results which may be of interest to the scientific community and the agreement includes the opportunity for ValiRx and Physiomics to co-author publications for peer-reviewed journals.

Corporate and Strategic Matters

We have only a couple of products and the Japanese Co have had one of them for 9 months plus and basically the BOD have done nothing on this product. **I'm really starting to worry about the future of the company as already lost £28k due to a board of ValiRx not delivering. Get the feeling we are going down the jam tomorrow route again.** **What do you all do all day to earn your salary?**
Since the re-structuring of the board last summer, our focus has been to (1) ensure the existing scientific programmes progress effectively, (2) the commercial strategy for all projects is defined and implemented, (3) new pre-clinical projects are identified and initiated and (4) the finances of the Company are stabilised, which has entailed a significant cut in overheads (as announced by the Company on 16 June 2020 in our Corporate Update statement). Commercial development of all existing projects has continued. The Company seeks to manage risk by ensuring we have a range of options for ongoing development. The Corporate Update announcement made by the Company on 16 June 2020 detailed the cost-cutting measures and staffing changes implemented during the first half of 2020. With a more streamlined team, it is imperative that we focus our limited resources on maintaining progress of all projects, regardless of whether that progress is conducted internally or externally, and increase value in the Company.
As you may be aware of rules 10 and 11 of AIM. As a shareholder I am not happy with the way ValiRx has withheld information on deals that have been rejected and have not been relayed to the market. Asking me to submit this into Q&A is a violation of AIM rules.
We consult with our Nominated Adviser (NOMAD) on all events that are likely to be subject to the regulatory requirements of AIM. The Board is confident we fully comply with the AIM Rules. AIM rules 10 and 11 provide for the nature of disclosed material to be complete, transparent and not misleading; and the factor of price sensitive information being disclosed if it effects performance or financial condition of the Company. AIM Rule 12 states: "A substantial transaction is one which exceeds 10% in any of the class tests…. An AIM company must issue notification without delay as soon as the terms of any substantial transaction are agreed…." Sharing information about speculative offers, ongoing discussions and negotiations before the conditions of the AIM rules have been met would violate confidentiality and be counter to good corporate governance and may indeed be a breach of the AIM Rules.
Silence is not golden...ValiRx can not keep going like this, with 1 snippet of news every month. LTS shareholders are restless and need more information. Not the negative answers you are handing out. thank you.
RNS announcements are required for all information that is deemed to be price sensitive in nature, positive or negative. The Company releases news in a timely manner when it is available. We seek to provide additional information through the monthly Q&A, subject to commercial confidentiality.

As the Physiomics collaboration RNS has given the impression no product deals will be concluded before December 2021 at the earliest, what will ValiRx be doing in the meantime to retain current shareholders and attract new investment?

The Physiomics agreement has a duration of a maximum of 9 months for completion of the full scope of work. We expect to have regular interaction with Physiomics through this period and to receive information that could be used to demonstrate enhanced value to potential partners. We will share this in a timely and appropriate manner.

Additionally, the collaborative work is expected to benefit all programmes that contain the VAL201 peptide active ingredient – this covers VAL201, VAL301 and BC201, ensuring that all programmes benefit from the analysis, which will be duly shared with prospective partners throughout the 9 month period.

The nature of the output of this collaboration is such that the depth of additional scientific understanding is ideal for academic publications. These publications, based on the clinical data obtained during our clinical trial are an ethical and moral requirement. By publishing and sharing as much of the data and interpretation as possible from the trial participants, we honour their contribution, and ensure the information is available for other scientists to build on.

The ambition of ValiRx is to build long term value into the Company by acquiring the rights to early stage preclinical projects and progressing them to clinic-ready and partnership-ready status. Publishing peer reviewed papers will demonstrate long term planning and commitment, and is intended to attract like-minded long-term, strategic investors.

Is the Board pleased with how the recent agreement with Kalos Theraputics is being implemented and thus now has increased confidence that following this strategy will be beneficial going forward for the Company.

The KTH222 project is currently being studied under an Evaluation Agreement with Kalos Therapeutics as announced on 10 November 2020. This is a good example of how we intend to implement our new strategy and demonstrates that prospective collaborators see value in what we are offering. We have been very encouraged in the level of interest in this new strategy and we are beginning to build good relationships with an expanding network of innovators. This will help to ensure that the Company can build a strong pipeline of projects for ongoing development.

Evaluating and selecting programmes from a wide range of innovators, whether from university groups or from other biotech companies under an evaluation agreement allows us to test the science and commercial viability using our own criteria to decide whether there is a fit with our pipeline prior to pursuing a full licence. However, our rigorous adoption procedures mean that not all projects under evaluation will transition into funded development programmes.

This procedure is very similar to that being carried out in reverse by the Japanese company with VAL301.

The Board is confident that this strategy will bring long term value to the Company.

Are patents in force globally for all projects?

The Company announced an update on the patent position of all projects on 19 January 2021. Information on the patents can also be found on our website on the project specific pages.

Due to the recent director's buys does that mean we are now in a closed period for at least the next 30 days?
Directors and persons demonstrating managerial responsibilities are restricted from trading shares at certain times. This includes, inter alia, the period of 30 days prior to the release of financial results and any period when they hold significant information that has not yet been made public by way of a regulatory announcement. The point to note is that when the director's acquired shares, the company was not in a close period.