



CEO introduction

Thanks to everyone who participated in our LinkedIn poll earlier this month, confirming that the option for a Live Quarterly Interactive Q&A session is the preferred way forwards for regular communications. We'll still produce these written Q&A responses on an as needed basis where news items or events need additional clarification.

In addition to our responses to questions about our appointment of Cenkos, we have included questions submitted since the previous Q&A publication.

Best wishes,

Suzy

Dr Suzanne Dilly
Chief Executive Officer
ValiRx PLC

Corporate Broker Appointment

Why have you decided to give out approx. 4 million warrants to a broker?

Why have you given warrants instead of just paying a cash retainer?

Please could you advise whether Cenkos will receive cash payment for their retention/ brokerage services? Or are the warrants exercisable 12 months after instruction at 22p their only payment?

Will you be paying the new broker fees in addition to these 3.9 million warrants? and how much?

Will Cenkos be able to transfer their shares to ii and allow them to short the stock?

ValiRx has offered Cenkos non-transferable warrants at a price of 22p, 13% higher than the 30-day average. After the 12- month lock-in period, should Cenkos decide to exercise their warrants, the company will receive funds of over £800,000. The warrants form part of their contract, along with a cash retainer under standard corporate broking terms and conditions. We believe the warrants act as an incentive for Cenkos to work closely with ValiRx to increase value in the company, which will be to the benefit of all shareholders.

Our process for selecting a broker has been going on for some months, as have our out-licencing activities. Cenkos are aware that we do not intend to raise funds for working capital and will focus more on supporting the evolution of our longer-term strategy. We will benefit from their connections with institutional investors that support growth investment, not simply underlying operational costs.

Is it possible to renegotiated yesterdays deal?

No.

We carried out a careful process to select and appoint the broker we believe will help secure relationships with the right investors to accelerate our growth plans. It is our view that all shareholders will benefit from the support that Cenkos can bring.

Why have you changed broker, does this mean a placing is imminent?

Why have you moved to Cenkos? What are they going to be doing for their money?

Are you able to give full details on what they are hoping to achieve?

If the brokers have been brought into assist in signing legal deals etc could this be stated?

What exactly does Cenkos Security plc bring to the table that we couldn't get from the previous broker?

**How will the new broker assist us in our negotiations for a deal with VAL201, VAL 301 and VAL401?
How often will you be engaging with the new broker? How will you measuring the brokers progress?
Have you set any targets with them?**

When Cenkos bring in these ii where will they be getting their shares? Does that mean there will be a placing to accommodate these and why such a desperate need for ii when we have been lead to believe that a deal is very close with the likelihood of an upfront payment?

For the past year, we have received Corporate Broking Services from Peterhouse, who were instrumental in providing the Company with the financial stability needed to allow the company to recover from the previous market cap lows.

Now that the foundation is stabilised, we want to accelerate our growth and build a Company with long term growth potential. In order to achieve this, it is important that we broaden our investor base and bring on Institutional Investors who will reduce volatility in the share price and provide the resources necessary for our growth plans. We recognised the need to work with a broker with demonstrated success in securing long term investors.

The Cenkos Growth Companies Team are specialists in identifying companies with high growth potential, supporting their strategy development and securing institutional investment. Under their guidance, we believe we can accelerate the growth and increase the value of the company for the benefit of all shareholders.

Our agreement with Cenkos provides access to all the relevant expertise to develop a growth strategy that will encourage investment from investors with substantial resources.

The Life Science Analyst team will be assisting us to further develop and refine our corporate strategy and provide research notes and investor relations commentary.

The Investor Relations team will be assisting in communications, ensuring our public facing news flow is regular, up to date, transparent and informative; which will include preparing us for investor presentations, as well as monitoring activity to ensure all news is released in an appropriate manner.

We were delighted that Cenkos have agreed to take the role as our Corporate Broker and support our next phase of development. Both the Company and the Broker need to have confidence in the strategy and the opportunity for growth to be able to work together effectively.

If Cenkos are looking to bring institutional investors onboard, would this be through presentations or would this be with incentives such as share options/warrants? which would ultimately lead to more shareholder dilution which I believe Val said they were going to be avoiding?

When Cenkos bring in more institutional investors will you be issuing more shares and warrants?

We have chosen Cenkos as our broker for the next stage of our development as they have strong relationships with the type of investor we need to provide the necessary growth capital. Their processes for doing this vary but our intention is that all shareholders will benefit from our future investment plans.

Why couldn't this deal be done after we concluded a deal for VAL201 or VAL301?

This deal has been under negotiation for several months, just as the out-licensing activities for our assets have been proceeding for several months. The timing of events is determined by each party's internal decision-making processes. The ongoing licencing discussions are independent of the appointment of our broker.

Cenkos will be performing multiple corporate activities with us, which are largely unrelated to the current assets. We do not wish to delay the development of our growth strategy due to the out-licensing processes. The events are unrelated.

There has been talk on the Shareholder BB on LSE (londonsoutheast) that many shareholders are not happy. Is there anyway you can alleviate shareholder worry/angst by issuing a notification to provide full clarity as to what is actually taking place, why, where you think Val will be within next 6-12 months etc.

We trust that our explanations above will help to address shareholder questions. We encourage all shareholders to contact us if further clarification is required.

However, we must abide by the regulations in making forward looking statements. As and when significant events occur, we will communicate these to investors through all the appropriate routes

Can we have an up to date shareholder register on the website? list of largest shareholder + ValiRx staffs share holdings.

The major shareholders are listed on our website at: <https://www.valirx.com/aim-rule-26> along with an overview of directors shareholdings. The individual director/PDMR holding can be viewed on an RNS earlier this year at: <https://tools.eurolandir.com/tools/Pressreleases/GetPressRelease/?ID=3874398&lang=en-GB&companycode=uk-azh&v=> we will look into updating the website to provide this information of individuals shareholdings directly on the website.

What set of actions are you considering to try to attract new shareholders to ValiRx? So far the PR has been very low profile. Since you joined as CEO we have not had any appearance in an established media i.e. interviews with proactive, other established media companies.

By engaging Cenkos, we are providing a platform to engage with new investors that are able to support our growth plans.

We have communicated with the market when it has been appropriate to do so, focusing on events that have been substantive, rather than simply making a noise. Our industry conference presentations have been made available, we have established a shareholder communication process to aid shareholders and potential new shareholders to interact openly with us, including a Live Q&A after the AGM. Our recent poll indicated that a Live Interactive event would be the preferred method of shareholder communication. Consequently, we are arranging an event through Investor Meet Company which we are intending to hold in September 2021.

Science Questions

There has been a lot of frustration among majority of the investors. I guess this is due to the fact that we have not had an action packed year so far. Would you be able to update us on your collaboration with PYC?

Have there been any new results of 201, 301 and 401 during the last year and a bit?

The Company announced the extension of the agreement with Physiomics plc (AIM: PYC) in January 2021. This detailed that Physiomics will be carrying out a programme of work spread over a 9-month period to consider all three programmes that use the VAL201 peptide as an active ingredient – VAL201 in prostate cancer, VAL301 in endometriosis and BC201, the collaborative project with Black Cat Bio and OncoLytika considering the peptide in the treatment of patients with severe symptoms of Covid-19.

The programme of work provides an analysis of the clinical data collected for VAL201, and the comparison of this to the preclinical data generated for all three programmes, aiming to provide additional scientific evidence of the mechanisms of action and proposing hypotheses to be tested in further clinical or preclinical studies on all of these projects.

As the behaviour of the peptide in the cell will have similar characteristics regardless of the disease studied, the work is not split strictly into the project areas – i.e. it is not the case that they will work on the projects sequentially. The behaviour of the peptide will be modelled based on the data generated, and conclusions relating to each project can then be drawn from those models.

We have commissioned additional preclinical assays that consider the mechanism of action of the VAL201 / VAL301 peptide. These experiments have been designed to assist in demonstrating and adding evidence to the mechanism of action of the peptide in both the endometriosis and oncology uses. The data generated during this period of work will be provided to Physiomics in order to assist in building their models, and to better understand the fundamental activity of the peptide within a cell.

At the current time, Physiomics have carried out analysis on the clinical data, and when the new preclinical data being generated for the endometriosis project (detailed above) and for BC201 are available, they will continue to amalgamate these new data points into their models.

The conclusions surrounding BC201 will be applied to the understanding of whether the peptide could also be used as a treatment of sepsis. The increased overall understanding of the activity of the peptide, by Physiomics and by our Scientific Advisory Board will enable better understanding of all potential applications of the peptide and support discussions with potential partners.

Only when all the data has been collated and the implications of the models understood will it be appropriate for us to report publicly on the findings.

How about publishing a descriptive peer-review article on VAL201 results? Assuming that all the work has been concluded by PYC on VAL201.

Will you publish a peer reviewed article, which is based on years of work of other people?

Data from Physiomics will be incorporated into publications for release in the peer-reviewed literature, providing searchable and accessible information to future researchers.

By ensuring accurate and scientifically useful dissemination of the data on which future research can be built, we ensure that we maximise the impact of the contribution by the individual participants in our clinical trial.

The process of achieving publication of a fully peer reviewed paper is such that once the data have been assembled, a review of current literature is performed and written to provide a context to the research undertaken, the full analysis of the data is laid out, then discussed and conclusions drawn. Once written, the draft paper is submitted to an appropriate journal editor, who assesses whether the article is broadly appropriate for the journal before sending it for review by anonymous “peers”. These reviewers are given a period of time in which to provide feedback, and are expected to recommend changes to the manuscript to improve clarity and context; and the reviewers provide opinions on whether the conclusions are justified, reasonable and meaningful. The authors are given further opportunities to revise the manuscript with the reviewers providing cycles of feedback to produce the finished articles. The process typically takes several months from the time that the first draft is prepared.

The work will be correctly attributed to the contributors to the paper(s), with representatives from ValiRx as the Sponsor of the clinical trial, UCLH, including the clinicians who carried out the trial and Physiomics, who are carrying out the data analysis and interpretation.

Corporate and Strategic Matters

Having spent over one year in your current position as CEO and successfully navigating Valirx through many challenges. Do you feel more or less confident when you look into the future challenges?

If there were no restrictions for inside trading by FSA . Would you buy shares at the current price ?

When the Board changes occurred in ValiRx last year, there were a number of areas of uncertainty which we have been working hard to resolve. Now that we have stabilised the finances and completed the clinical trial processes for VAL201, the Company is set to be able to launch fully into our new strategy.

Over the past 12 months, we have interacted with dozens of universities and charities in the UK and further afield to explore the possibilities for bringing new projects in oncology and women’s health into our portfolio for further development. Our SAB has reviewed a number of strong pipeline candidates. Our strategic ideas are evolving rapidly, and we are confident in our processes for facing and working through future challenges as a team.

What projection can you give in terms of staffing levels over the next 6 months, does Valirx require any new roles to be created and filled?

Our strategy for identifying new therapeutic candidates from university groups will be supported by members from that academic group, who will remain associated with the programme to ensure continuity of scientific understanding in the project. As we build a corporate framework around the project, we will be able to help the academic team to progress and develop, while providing our own expertise to bridge any skills gaps. We will also be encouraging our innovators to interact with each other, and with our scientific and corporate advisory boards.

Once the first few of the programmes are fully in the door and have progressed beyond the evaluation stages, we will be able to identify where (and if) further staff are needed, or whether the needs can be met through out-sourced consultancy roles.

Can Ask the question, out of all the discussions you say Val have been having regarding their products ie, 201, 301 & 401, do any of these warrant serious consideration for moving to the next stage or have all been rejected out of hand.

The Japanese pharmaceutical company that wants to stay anonymous, has communications intensified or stayed the same in the last few months?

Frustration is starting to gain momentum within the long term shareholders, is there anyway you can reassure us?

The exact timing of many corporate events is challenging to pinpoint. Likewise, the level of confidence in finding an appropriate partner or purchaser for VAL201 or any of the programmes is challenging to articulate without being able to provide specific points of reference.

We are seeking a partner that has the right capabilities, financially, scientifically and commercially, to take on the further development of VAL201 and is committed to making the project a success.

A typical biotech licensing deal incorporates upfront and near-term milestone payments, clinical and commercial milestones and royalties on sales. Our level of confidence that the partner is committed to progressing VAL201 to commercialisation and achieving the later milestones is key to selecting the right partner for long term development.

For reasons of commercial sensitivity, we are unable to reveal the numbers of parties we are or have been in discussions with, or the stage of those discussions. We acknowledge the public interest at this point, and commit to ensuring that as soon as definitive news is available to announce, it will be done in a timely and as transparent manner as possible. However we are also cautious of making announcements at too early a stage before details such as timelines or financials can be definitively stated.

Having had a decent time to assess the potential of all current assets of Valirx and being in a prime position to judge the commerciality of our assets. The current market cap of Valirx is just below £12 million. Looking at the peers (Sar=£263.3 million, Redx = £170 million, SCLP= 156.4 Million) we have had very subdued years of trading. Can you give a numerical figure that you feel truly represents the true current value of Valirx and why you think so?

The recent SP Angel research report that coincided with our annual report release detailed a peer reviewed comparison of market cap levels. Clearly there is a wide range of market caps within the UK biotech sector and ValiRx has room to potentially move up within that range based on the implementation of our new strategy.

Looking at Valirx's burn-rate, how many months are left until funding is required from shareholders?

ValiRx has routinely published bank balance updates over the past 12 months in order to enable shareholders to make their own assessments of the financial position of the Company.

Our share price is running out of steam and will continue to drop unless news is released, does Valirx see the share price dropping much further?

How do you sell Valirx as a great proposition to potential investors? At this moment in time most of the buying is coming from current investors and there is a lack of new blood to help create some interest.

Since the placing at 7.5p in July 2020, the share price has improved significantly and stabilised. Although briefly rising, it has settled to a level that is more or less consistent over the past six months. We believe this stability in the share price reflects the stronger financial position of the Company and we are working hard to implement our new corporate strategy in order to build future value into the company.

Strategic changes take time to take effect, and also to be fully reflected in both the market cap and the share price. Our strategy is constantly under review and evolving and we believe the work being carried out by the team now will build long term value and stability into the company.

In regards to your statement "looking forward to a blockbuster year" has any plans been delayed since posting this message?

This quote derives from a Tweet at Christmas stating that I was looking forward to an "action packed" 2021. The action that has occurred in ValiRx during 2021 so far has been continuous, but we appreciate that the majority of this action has been behind scenes. As detailed in an earlier answer, timing of events is frequently out of our control, and although we commit to releasing news and details of this activity at the earliest possible time, it is also important not to release information prematurely or inaccurately.

I've heard that there are payments to be made to CRT and that you are in breach of your license for developing VAL201, can you confirm whether ValiRx has any rights to the VAL201 patents?

ValiRx currently holds a license from CRT (Cancer Research Technology) for VAL201. The terms of this license include payments to CRT on hitting development milestones and reporting obligations for all aspects of development on the project.

We are in regular contact with the team at CRT as they assist in our conversations with potential licensees, and we can confirm that there are no outstanding liabilities from ValiRx to CRT and the license is fully in force.