ValiRx
Connected Innovation

AGM Presentation

30 June 2022

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ValiRx at a glance

Net cash £1.2m (H1/21) – significantly reduced cash burn

2 therapies undergoing out-licensing

Focus on oncology and women's health

3 preclinical assets under evaluation – potential out-licensing candidates

tCRO buy-and-build strategy implemented

Collaboration with external partners to achieve vision

Team – a deep understanding of the sector

Core Strategy Team

Dr Suzanne Dilly

Chief Executive Officer

- Entrepreneur
- Pharmaceutical scientist
- Translational expertise
- Chemistry PhD

Dr Kevin Cox

Non-executive Chairman

- >25 years in Life Science leadership
- Serial scaler (Pharma Services)
- M&A >$300m, exec. in 7 transactions

Mark Treharne

Corporate Development Manager

- Innovator network
- Investor Relations
- Business development

Other Board Members:

Martin Lampshire (City)
Gerry Desler (CFO)
Kevin Alexander (legal/secretarial)

Science Advisory:

Wilson Wanderley (Statistics)
Christophe Chassagnole (BioInformatics)
Mark Eccleston (Biologist pre-clinical))
Paul Taylor (synthesis, academia)

Commercial Advisory:

Jerry Randall (Strategy, AIM funding)
Andrew Carnegie (Pharma services)
Mark Eccleston (Pharma services)

Pharmaceutical Development is flawed

Fundamental Issues in drug development

innovation

Failure to translate academic research due to lack of expertise

productivity

Failure in clinical trials due to poorly understood pre-clinical data

access

Failure to recognise the needs of women in drug development

- Translation from Academic Innovation to Clinical Development is poorly served
- Failures during Clinical Development are expensive
- Too many programmes fail at late stages for avoidable reasons
- Time delays reduce reimbursement opportunity after product launch

Getting the preclinical stage right adds billions to the value of drugs

AI-driven virtual drug discovery

Universities

Biotech platform (in-house)

Patent filed

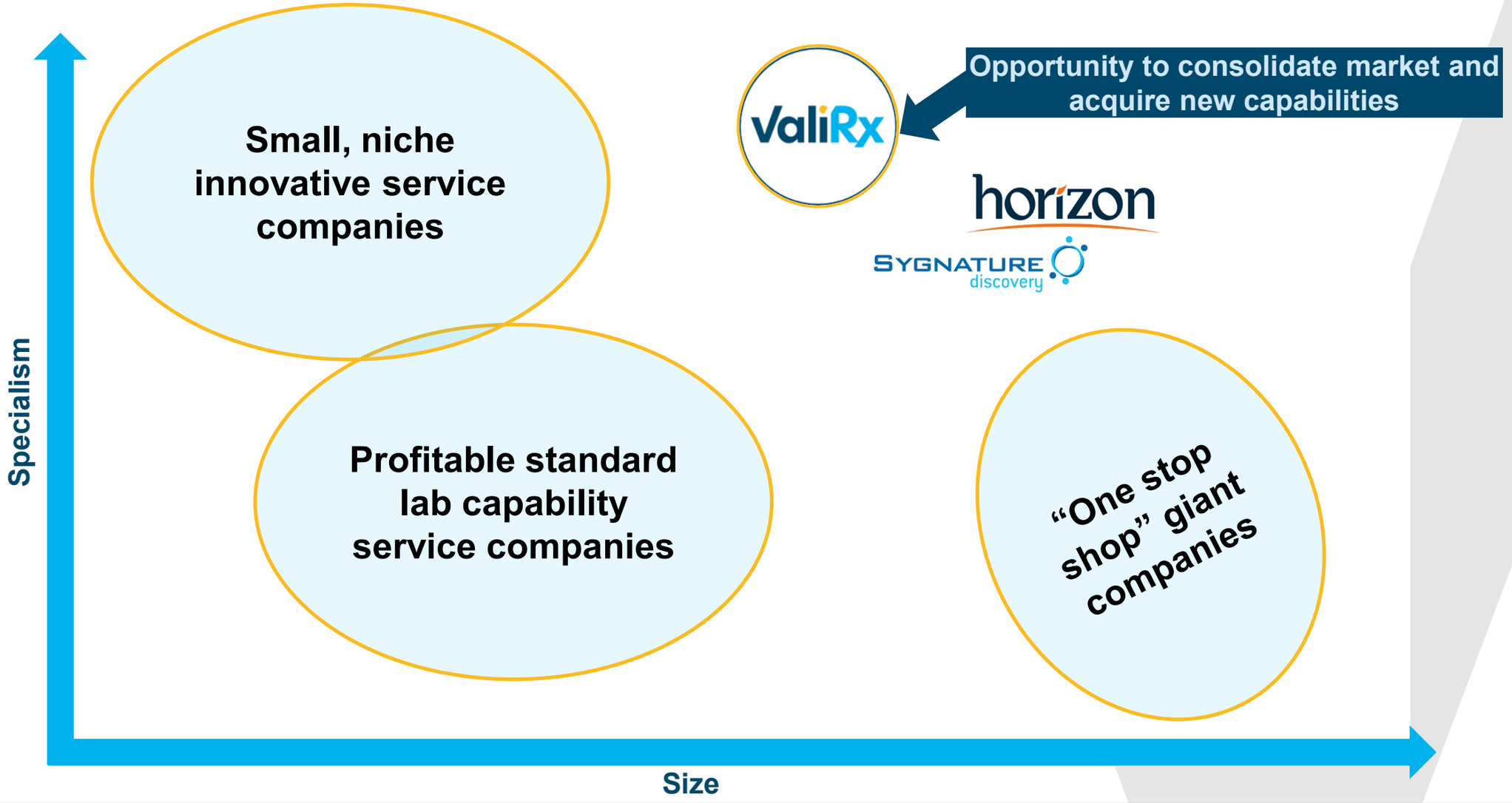
Mid-size Biotech/SPVs

Big Pharma/Specialty Pharma

Early Discovery	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	**Patent life (years)**
	Preclinical			**Ph 1**		**Ph 2**		**Ph 3**				**MAA**		**SALES**							Stage of development

Conversations with big pharma suggest they are supportive of our strategy

ValiRx seeks to occupy a distinctive position



5 Year Plan

Within 5 years, we believe we can:

- Create a revenue generating, profitable Translational Contract Research Organisation
- Acquire at least four, revenue-generating contract research organisations to integrate into our tCRO
- Target revenues of >£10m
- Out-license our legacy pipeline assets (Val201, Val401)
- Collaborative development agreements for 6-8 Women's Health/Oncology preclinical programmes funded from cash flow
- Out-license at least 2 new clinic ready assets

Summary – increasing value to shareholders

ValiRx has the opportunity to create a top class **tCRO,** specialising in women's health and oncology by:

- Expanding capabilities via M&A consolidation of a fragmented market
- Employing the power of advanced data generation, bio-analytics and interpretation
- Generating deep biological understanding to de-risk clinical trials
- Deploying clinical development expertise to implement preclinical understanding
- Unlocking the vast potential of academic innovation

Contacts

- Suzanne Dilly – Chief Executive Officer
  - Suzanne.dilly@valirx.com
- Kevin Cox – Non-Executive Chairman
  - Kevin.cox@valirx.com
- Mark Treharne – Corporate Development Manager
  - Mark.Treharne@valirx.com

Valirx PLC (AIM:VAL)

Eliot Park Innovation Centre, 4 Barling Way, Nuneaton, CV10 7RH

ValiRx
Connected Innovation

AGM Q&A

Questions received in advance

- AGM resolutions
- New strategy
- General Queries
- Legacy Assets and licenses
- VAL201
- VAL301
- VAL401
- BC201
- New Assets

AGM Resolutions

- Shareholders accept the need for a placing however rather than issue 40m shares now, half commercial half PI would you consider doing this in two smaller tranches? With the second deferred until market conditions improve or is this not possible?
  - Resolutions 4 and 6 refer to the same 20 million shares, resolution 6 requests disapplication of pre-emption rights to the shares authorised in resolution 4. The total requested across these two resolutions is 20 million shares.
  - Prospective partners like to know that we have a robust balance sheet to be able to effectively progress their assets. The prospect of multiple fund raises does can lead to a lack of confidence and a challenge in doing deals, either in-licencing or acquisition
  - Quite simply, we cannot commit to taking on new projects if the cash is not available to ring fence
- The 6.5m Share Options. Can you confirm that at least some of these will be granted to new board additions made and conditional upon performance
  - The share option scheme is intended to serve all employees and future employees of the ValiRx group, and is based on performance milestones of individuals and the company
- Will Cenkos receive commission on the placing in addition to their warrants?
  - Yes, in line with our agreement with them. There is a flat rate of commission on funding raised and the warrants are to incentivise them to improve the share price and aligned their interests with shareholders

New Strategy

- You've made numerous references to acquiring a lab. Have you a lab in mind? What is the expected outlay for this lab? Will it be funded by debt, or the equity raise or a mixture? What will the ownership structure be, will it be 100% wholly owned by Valirx?
  - Our preference is that any acquisition will require the acquired company to become a wholly owned subsidiary of ValiRx
  - We have outlined the concept of the translational Contract Research Organisation in the past as needing the fundamental lab infrastructure, additional data generation technologies, bioanalytics and bioinformatics to interpret that data and consultancy to implement that data
  - Although having a lab in the first instance would be preferred, acquiring the other components of out tCRO may occur as and when an opportunity arises. We will need to be nimble and pragmatic in implementing the strategy
  - We have identified a short list of appropriate lab facilities, and although we had commenced commercial activity around acquiring the top choice, it became clear that the commercial terms were incompatible to proceed at that time. As a consequence, we have decided to progress with alternative options in the immediate future
  - While we continue to short-list alternative infrastructure targets we remain flexible on considering any of the other target groups (data generation, bioinformatics or data implementation) in order to be able to take best advantage of opportunities available

General Queries (1)

- You are building a Biotech at the forefront of Women's Oncology yet only have one female on the board. Are you going to do anything to redress the balance?
- Kevin Alexander has resigned do you have a replacement NED are you looking for one?
- Would you consider adding at least two more NEDs in addition to strengthen your advisory panel to bring fresh ideas and help avoid future commercial pitfalls.
- There is feeling the BOD needs a Contracts Manager or someone with really strong Biotech negotiation skills to join the team. Would you consider this?
  - Yes, with Kevin Alexander stepping down we have an opportunity to refresh the Board. Although we need to ensure his skills base is covered, we are looking closely for an individual(s) with relevant expertise to help in all areas
  - This will include ensuring suitable diversity on the Board
  - We are undergoing a skills and culture review of the current team, to ensure the best individuals are selected and our current skills are complemented by the incoming team
  - Potential acquisition targets are also assessed for skills to contribute to the core ValiRx team
  - Additional appointments can only be made if finances are secure
  - Acquisition targets are also assessed for potential for new ValiRx Board capabilities
  - We already have both scientific and commercial advisors with the requisite skills to implement our strategy. We need our NEDs and management team to complement this expertise and the current skills review will highlight any gaps

General Queries (2)

- Would you consider appointing Adam Hargreaves to the Board?
  - A position on the Board of a listed company, even as a non-executive director, entails responsibilities and significant regular time commitment. It also imposes considerable constraints on both communications and actions due to the regulatory requirements.
  - We have been in conversations over the past year with Adam on various points and always find he represents shareholders fairly and provides a valuable service in this regard already
  - When we have identified a short list of candidates for a Board position, if appropriate we may consider Adam alongside these if he is interested, however the selection and appointment process is a formal not a trivial process
- As the company relies upon the ability to issue new shares to remain a going concern, would management consider having a portion of their current salaries in shares to better align their interests with shareholders?
  - No. The share option scheme provides scope for options to be awarded in lieu of cash bonus payments, but it is not practical to ask management to accept salary in shares, unless it is acceptable for those shares to be sold every month to provide cash for management. We do not pay excessive salaries and do not want our team to be distracted by financial worries instead of concentrating on their jobs
  - Replacing salary with shares would require the directors to regularly sells shares to generate income, which would most likely lead to a continued speculation and depression of the share price.

General Queries (3)

- In addition to your pipeline page on the website can you add a website page with the milestones expected for each quarter going forwards so Investors have some visibility regarding what we may expect updates on? Progress updates on pipeline drugs? Just basic info like trial dates, trial numbers, number hospitals and such like
- As a general point we feel that you need to tighten up on milestone dates for progress and updating shareholders of same. Nothing worse for investors than being in the dark. Can you consider more regular updates?
  - Our new pipeline programmes are at the preclinical stage of development, and as such there are no hospitals, patients or clinical trials involved
  - We have already committed to providing a written quarterly update on all programmes to be released alongside our quarterly online Q&A sessions where we welcome further questions from shareholders
  - This is in addition to prompt announcements on any price sensitive developments on any projects
  - We constantly review the content of our website, so will ensure this is considered

General Queries (4)

- What have the Board achieved over the past 2 years other than delays to all projects?
  - In the past two years, we have completed the close out procedures and all regulatory required activities around the VAL201 clinical trial. We have verified, analysed and released the data from that trial. We have identified, negotiated and signed the Letter of Intent to sub-license VAL201
  - We are in the process of identifying suitable out-licencing partners for VAL401
  - We have eliminated non-value adding projects to be able to focus on the current strategy
  - We have re-negotiated key contracts across the business, restoring the finances and reputation of the Company with industry partners
  - We have implemented two new strategies resulting in new projects entering our preclinical pipeline and building the prospect of the tCRO
  - We have investigated a large number of prospective pipeline candidates, bringing 3 into our evaluation process having already agreed high level terms with the originating institutions
  - We have adopted Val301 into our preclinical pipeline and now carrying out the necessary additional preclinical studies

General Queries (5)

- What have Cenkos done over the past 12 months to earn their fees? Why should we accept a further 6% dilution if they cash in their warrants?
  - The Cenkos team have been central to our progress over the past 12 months, providing face to face time of their extensive Corporate Finance, Strategy and Sales teams
  - Introductions by Cenkos to institutional investors, industry peers and individual investors. We are delighted to be working with them and look forward to continuing our relationship with them
  - The warrants were provided to align their interests with our shareholders in driving the price higher, they will only be exercised above the 22p, and if they are exercise the Company receives the cash from Cenkos instead of directly asking the market for further investment in a placing.
  - Research notes have been prepared and disseminated to retail investors

General Queries (5)

- Can you seek any external support/ promotion. Perhaps considering engaging a sponsor or patron or spokesperson with a specific condition that the pipeline drug is trying to cure/improve? This could also highlight the work of Valirx, update on the drugs journey on an ongoing basis but more important help raise awareness of Valirx which could in turn help you secure more investor support.
  - We interact with charities, as well as with Key Opinion Leaders and patient advocates routinely
  - Charities are a useful source from which to seek projects as well as to have exposure to the true impact of the diseases we are working on
  - As we are working on very early stage projects, it would be inappropriate and unethical to hire spokespeople to hail the projects as successful and potential breakthroughs. This would raise hopes of desperately sick people of imminent improvements in treatments which are high risk and a long way from entering clinical trials
  - Our CEO is a recognised advocate of women's health and the need for improved translation. She is regularly requested to sit on expert panels to give her views on how we can improve the development of new treatments. This has significantly raised the profile of ValiRx with industry partners and institutional investors.

Legacy Assets and Licenses

- Please could you provide an update on the Mystic licencing agreement which was announced on 28th July, 2017? Is the work progressing? Have any royalties been paid? What will happen when the licence expires next month? Did the previous management team obtain any benefit whatsoever from the Mystic licence agreement on leaving Valirx ?
  - Over the past 2 years, we have gone through all the old agreements, checking them and updating them. Our investigation on the Mystic agreement confirms that as none of the products covered by the agreement have progressed through clinical trials, there are no sales, and therefore no royalties. No materials were supplied to Mystic, no work carried out and no funds received, no individuals or companies have received benefit.
- VAL201 Is under license to you from CRT and your initial license expires end of this year. Can you provide any guarantees that it will be extended? Are any debts or fees due to CRT?
  - The License between ValiRx and CRT was re-negotiated and re-executed in December 2021 as announced. There is no immediate expiry and no concerns about validity of this license, no debts are outstanding
  - The re-negotiation was required to align our need to separate oncology and non-oncology uses of the peptide to enable the LOI with TheoremRx

VAL201 (1)

- You decided to support a stateside start up SPV to take 201 forwards. Was this the only option? How is this business going to be structured? Is it going to be listed? What will the ownership structure of this business look like?
- Can you confirm how much TheoremRx are raising? Can you be sure that on reaching future milestones they will pay you and we won't be in a similar fund-raising debacle?
  - TheoremRx Inc are a team of industry veterans who are best placed to support the scientific, financial and commercial progress of VAL201. We stand behind our statement of confidence that they are the right team for the job
  - We have discussed their corporate structure and we are confident in their ability to achieve and progress this, however, this information is commercially sensitive, so to avoid jeopardising their future success this will not be shared with our shareholders until it becomes fully public knowledge
  - No ValiRx connected persons will be shareholders or beneficiaries of TheoremRx
  - By pursuing our strategy of acquiring a revenue generating company, we can avoid reliance on timing of third party payments in the future

VAL201 (2)

- We understand that despite the service agreement being signed in November 2021 the 10k per month payment has not been received. Are they likely to pay it? Why did you agree to do all the support work to date Free of Charge?
  - We have never stated the amount of payment per month to be received under the TheoremRx service agreement, so this number has been estimated from an alternative source
  - This work is not free of charge. When TheoremRx have received their funding, they will be invoiced for work that has already been carried out
  - The work under the service agreement is not one way. We have benefited from this work in two ways. Firstly by being involved in the planning and development of the project we have those plans ready if TheoremRx do not take it forwards; secondly by the work that they are doing to support us, for example by already picking up the patent “office actions” to ensure the patent portfolio progresses to their expectations

VAL201 (3)

- We appreciate that Due Diligence takes time, but you are granting yet a further extension, is there a point where you will have to say enough is enough and go back to square one and seek a new partner for 201. Will there be a point where the exclusivity period you granted to TRx will be lost?
  - Clearly, if there comes a point when we no longer believe that TheoremRx can raise the finances to progress the project then we will terminate the Letter of Intent, along with the exclusivity agreement and related documents
  - At the current time it would be counter-productive to terminate

VAL301

- Is it time now to move this from the Japanese company and either look for a with a new partner to advance this or shelve the asset if can't be advanced for what ever reason? We accept that not all pipeline assets will succeed are we flogging a dead horse here or do you genuinely see a positive outcome? Numerous concerns regarding lack of clarity on progress. SH feeling of being left in the dark for excessive periods. Some reporting milestones are essential here
  - The agreement with the Japanese company is non-exclusive
  - We will investigate other partners as and when we have the necessary data
  - As reported in our updates on VAL301, we continue to progress the project internally while sharing and discussing our results with the Japanese team
  - The project is currently undergoing in vitro testing under our control in a manner similar to that carried out for our evaluation projects. If successful we will place this into a subsidiary to support a formal preclinical development programme
  - As a very early stage preclinical project, this requires significant further work before being considered ready for out-licensing
  - There is no reason to prevent the Japanese team continuing their own investigations

VAL401

- What is going on with VAL401. Is there any progress on this drug?
  - As announced in our previous updates, VAL401 is undergoing an extensive business development initiative to identify potential partners in either oncology or supportive care for oncology
  - This process is progressing well, and updates will be provided in due course

BC201 for sepsis

- Will this move to Phase 1 or at least to point of being fully optimised? What timeline do you have to get to the fully optimisation point? How active are the partners on this?
  - BC201 is an early stage programme being led by our partner OncoLytika
  - The ValiRx involvement is limited to supplies of materials from the surplus clinical trial stocks and occasional scientific support to use the trial data in the project
  - There are currently preclinical assays underway on this project under the supervision of OncoLytika
  - As an early stage preclinical programme the usual timeline expectation of 2-3 years to clinical trial is reasonable

New Assets

- The Triple Negative Breast Cancer evaluation programme we await the update on, but can you also add to the pipeline the other assets that are also under evaluation?
- Will you be able to add more new pipeline assets to advance? It would be good to see at least 4 new pipeline assets added this year. Is that realistic? Possible?
  - Our capacity to add further projects to the Evaluation pipeline, and to promote from the Evaluation pipeline to the full pipeline depends on our ability and confidence to be able to fund the progression of those projects fully
  - It would be inappropriate to commit to taking on a project if we could not fully support it through preclinical development, hence we have not finalised our commitment to the triple negative breast cancer programme prior to today's fundraise announcement
  - Additional assets require time commitment from our team as well as cost to outsource experiments, therefore we need to have sufficient funding and runway of funding to take on new staff
  - Acquiring our own laboratory infrastructure would increase throughput capability of evaluation projects