

CEO's welcome

This further July 2020 Q&A session has been prompted by the (not unexpected) flurry of questions arriving in the wake of our fund-raising announcement last week.

While a lot of the questions below cover exactly this, I'd like to take a minute to talk through why I recommended to the Board that we accept the opportunity to raise further funds.

Decisions about the timing and terms of a placing are complex and require multiple factors to be taken into consideration, including market conditions, interest in the company and availability of funds. In this instance, the Board felt the timing was optimum to strengthen the Company's balance sheet to mitigate the risk to the Company of a possible change in market sentiment to Life Science companies and, importantly, to have the ability to demonstrate a healthy cash balance to innovators behind prospective new projects. Where appropriate, we need to be able to support their development plans both intellectually and financially.

I would also like to highlight differences between this fund-raise and the historical ValiRx fund-raises over the last few years. Most importantly that the price was not only above previous weeks' share price, but also above the previous placing price – demonstrating the successful building of value into the Company; and that the amount raised was also greater than the previous placing.

Our request for 50% headroom was as a result of careful budgeting and a desire to illustrate a change in approach. This headroom has now been used, and should we need additional headroom, we will need to seek shareholder permission, and explain exactly why this is the case.

The shares purchased by directors in the fundraise are not part of their bonus packages. Any bonuses paid to directors and senior managers in the future will be conditional on sustained increases in shareholder value alongside individual performance targets.

We recognise that unexpected placings can cause some short-term volatility but we believe the Company is moving in the right direction for sustained growth. The new strategy of securing fees from subsidiaries will help mitigate the need for new funds simply for working capital purposes and it is our intention that all sources of funds generated by the Company are directed towards increasing the value of ValiRx.

Best wishes,

Suzy

Dr Suzanne Dilly
Chief Executive Officer
ValiRx PLC

Science Questions

Would you please confirm that both Dr.Linch and Dr.Kristeleit remain in their respective appointments with regards to VAL201?

I confirm that, as announced on 20 June 2019, Dr Linch remains as the Principal Investigator for the recently completed clinical trial of VAL201, and Dr Kristeleit remains as the Chief Investigator.

Fund-raising Questions

Communication of the strategy is key. Will there please be some interviews to talk through the placing and what it will drive?

I agree entirely with the importance of communication!

We have uploaded this document ahead of the normal schedule to provide an update in a timely manner. Other communications improvements include the launch of the ValiRx LinkedIn page which is now live and is also a source of general information.

Of course, if there are any particularly areas in which you would like to hear further detail, please use Questions@ for a formal answer.

How long do you envisage this £1.3m gbp lasting ?

The size and timing of the fundraise was determined by the estimated level of funding required to build a strong innovation pipeline, and the available headroom to issue new shares. Until project selection is finalised, the allocation of funds towards each proposed new project is not known, but we are confident that the funds raised will allow significant progression of the new strategy implementation.

By ensuring the Company has a cash reserve at the beginning of this process, we maintain not only the flexibility to act swiftly when the right projects become available, but also to demonstrate to innovators carrying out due diligence on the Company, that we have the means to support them.

ValiRx is an R&D driven company, and as such we need to invest in critical research in order to build value. The Board has significantly reduced overheads, as detailed in our announcement of 16 June 2020, so investors can have confidence that the funds raised will be spent on value adding activities.

Was todays fundraise really necessary? Would it not have been more beneficial to delay it for a week or so, see the SP rise and raise at a higher level.

Why the urgency for this sudden placement as the company?

The share price was on an upward trend and thus if the company felt it necessary to raise, could you not have waited a couple of days in order to take advantage of a much better VWAP?

A rising share price is always encouraging but we took the view that the recent share price increase was a result of general market volatility surrounding Life Science companies with active Covid-19-relevant projects, rather than any substantive change in circumstances.

By completing the fund-raise now, prior to the anticipated VAL201 results later in Q3, our ambition is to continue to build genuine, sustainable value in the company and provide a foundation for future growth.

Directors giving themselves shares at 25% below the market place is akin to theft of shareholders funds, are we back to the bad old days already?

I just get the feeling ValiRx are reverting to the old ways of the old Board, please tell me I'm wrong?

In view of the further placing less than three months after the previous how can we trust the new Board of Directors to honour their word?

The directors who participated in the placing paid cash for their shares. No bonuses have been awarded in connection to this transaction. This transaction was also open to existing shareholders under the same terms through the Broker Option.

The Board has an obligation to take actions that are in the best interests of the Company and the shareholders in a timely manner. We believe the steps we have taken in the recent past will yield the desired results and help create the framework for successful strategy implementation. Ultimately, the Board will be judged on the performance of the Company.

Corporate and Strategic Matters

What is the current state of play with regards to the development of GeneICE. I can find no reference to this on the company website?

Please refer to our announcement of 16 June 2020, for the explanation that we have not completed a licensing agreement for the GeneICE portfolio. Hence, we have taken the decision to abandon the project, and have commenced termination conversations with both Cancer Research Technology (CRT) and Imperial Innovations.

As part of the review of current projects, GeneICE was identified as being not appropriate for our current strategy, and unlikely to be progressed, therefore, incurring the cost of maintaining the patent portfolio was deemed unnecessary.

Have the new Board made contact with Mystic to find out how their development of the Valirx patented products is progressing and what controls exist to ensure any potential sales of Valirx products is duly notified by Mystic ?

The terms of the Mystic Pharma agreement were notified on 28 July 2017, there have been no additional announcements relating to this, and we currently have no update to provide. Note this answer was also provided in an earlier Q&A, no additional update is available.

On 13th September, 2011 Valirx entered into a collaborative agreement with Aim-listed Physiomics plc for the development of VAL201. 'The Agreement is on a revenue sharing basis, so that Physiomics will not receive a fee for their work, but will receive a percentage of any licensing income received by ValiRx for the compound for use in treating prostate cancer, in due course'

It is important that Valirx shareholders fully understand the element of any licencing income which could be attributable to Physiomics in the event that VAL201 is successful. Can you please give some guidance with regards to this?

The terms of the Physiomics agreement were notified on 13 September 2011, there have been no further announcements relating to this, and we currently have no update to provide.