

Stock Data

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|-------------------|--------------|
| Share Price: | 7.50p |
| Market Cap: | £7.67m |
| Shares in issue: | 102.32m |
| 52-week high/low: | 21.40p/6.50p |

Company Profile

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|-----------|-------------|
| Sector: | Health Care |
| Ticker: | VAL |
| Exchange: | AIM |

Activities

ValiRx plc ('ValiRx', 'VAL' or 'the Group') accelerates the development of treatments in cancer and women's health to improve patient lives. It provides the scientific, financial and commercial framework to enable the rapid translation of innovative science into clinical development.

www.valirx.com/

5-year share price performance



Source: [LSE](https://www.lse.com)

Past performance is not an indication of future performance.

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TPI acts as joint broker to ValiRx plc

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ValiRx plc

ValiRx's wholly-owned subsidiary, Inaphaea BioLabs Limited ('Inaphaea', 'the Company') has signed its first Master Services Agreement and Project Statement of Work ('the Project') with a UK-based biotech company. Representing a landmark event for the Company, which only completed the fitting-out and staffing of its new laboratory in MediCity (Nottingham) a month ago, this suggests Inaphaea may have identified an underserved market opportunity for provision of independent cell-based experiments and services for customers which, in turn, should also facilitate a reduction in external testing costs for the Group's in-house studies, including VAL301 and Cytolytix CLX001. Significantly, the Project is investigating possible anti-cancer properties of a range of novel molecules using a phenotypic assay and will benefit from utilisation of patient-derived cells ('PDCs') now available in Inaphaea's own biobank, which was recently acquired as part of Imagen Therapeutics Limited liquidated assets. The first invoice relating to this work has already been issued, with subsequent invoices anticipated at milestones during the project period. ValiRx's management see potential for this to develop into a 'substantial working relationship' between the two companies, while also raising an important marketing banner for Inaphaea's broader offering. Given that it has already identified an extended list of other potential customers, ValiRx is confident Inaphaea will secure further service contracts capable of generating high margin revenues in the coming months.

First external contract win takes form of a multi-stage project

This first external contract win by Inaphaea takes the form of a defined work programme and comprises a multi-stage project that is expected to complete at the end of September 2023. Given that it is likely to have been secured against competitive tender, success possibly hinged on the Company's flexibility in terms of experimental design and, very importantly, shorter lead times.

Given that it is investigating possible anti-cancer properties of a range of novel molecules using a phenotypic assay, ready access to in-house PDCs should simplify the customer's access to suitable in vitro cancer disease models. This will not only enable it to avoid having to use the relatively aged commercial immortalised cell lines from various global biological resource centres, but also the high costs implied for licensing such cell lines for commercial screening. Sourcing patient tumour biopsies for laboratory screening is, of course, a highly regulated activity and requires specific technology/expertise for tissue handling and maintenance. The proprietary PDCs recently acquired through Imagen's liquidated assets are fairly unique to Inaphaea, with development and expansion into working laboratory PDC models achieved by Imagen prior to acquisition by Inaphaea, providing an accessible source of close-to-patient cell samples ready for testing.

Inaphaea Laboratory Facility – Strategic Rationale for tCRO®

ValiRx seeks to occupy a distinctive position amongst its international contract research peer group. The ambition of its tCRO® facility is to offer experimental systems more closely related to human biology and to

demonstrate high reproducibility, thereby increasing confidence in translation into clinical studies. Inaphaea's Medicity (Nottingham) laboratory is now fully equipped, staffed and validated to undertake external cell-based experiments. Management has also assessed a range of new/complementary technologies/facilities for incorporation into its wider offering (including a strategic collaboration with Physiomics, the acquisition of Imagen's assets/tradename and agreement with OncoBone to introduce virtual CRO planning and evaluation services).

Beyond today's contract win, a target list of further potential customers has already been identified, with awareness being raised through industry events, social media etc. Having already collected a substantial number of detailed enquiries from industry participants, the Board considers the Group's tCRO[®] operations will be capable of becoming sufficiently profitable and cash generative (with up to a 20% operating margin in the medium to longer term) to support its in-house development projects in the future. Inaphaea's set-up and running costs of c.£0.5 million comprised investment in the new lease, staffing, operational capability and equipment for in-house use, support for the launch of the tCRO[®] service plus an initial runway of overheads for twelve months.

Flexible lease terms were originally negotiated to enable expansion into adjacent floorspace in order to ensure no capacity constraints. Despite this, total outgoings are still likely to be significantly less than the cost of acquiring a similar existing, albeit less bespoke, facility. Going forward, additional overheads are expected to comprise increased headcount, including scientists (which will contribute to ValiRx's central strategy as well as laboratory operations), adding a total of c.£0.30 million to the Group's total annual fixed costs. Along with the additional capabilities and flexibility this will provide for ValiRx's own projects, the internalisation of research has been estimated to generate typical saving of c.£40,000 on each evaluation and c.£100,000 for each preclinical programme. Accordingly, the higher fixed costs are expected to be partially offset by c.£0.25m in annualised near-term savings associated with bringing its own projects in-house.

Inaphaea Facility Support Early-stage Acquisitions plus Further Expansion

New Facility Highlights

- Nottingham based laboratory leased in MediCity incubator centre
- Incubator space has ability to expand into adjacent laboratories when required
- Good local biotech hub, with start-up biotechs and Contract Research Organisations
- Local science companies available for collaborations, custom and use for other services
- Conveniently located in East Midlands, with local talent available from several Universities with strong scientific research bases
- **This facility can support early stage acquisitions with further expansion opportunity**



The foundational investment for the ValiRx tCRO™ strategy

Source: ValiRx, Investor Presentation March 2023

By adding an extended range of professional services/capabilities that offer expert knowledge while guiding future development decisions, which are supported through an overlay of data collation, curation and analysis to generate a deeper biological understanding, ValiRx believes its services will be capable of significantly de-risking future clinical trials.

ValiRx's internal project pipeline initially focussed on cancer and women's health

ValiRx's initial therapeutic focus is on cancer and women's health. The Group selects only the most promising pre-clinical projects for progression through the drug development process, in anticipation of commencing clinical

trials. Process for each molecule is then specifically structured to minimise risk and maximise the chances of successful development and approval for clinical use.

ValiRx- Recent Progress with Clinical Assets Out-Licensing and Cytolytix Studies

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|---------------|---|
| VAL201 | TheoremRx LOI remains in place, with exclusivity carve-out from China |
| VAL201 | Active marketing in China |
| VAL401 | External agency progressing commercial outreach |
| CLX001 | Initial safety screen – no major concerns Formulation optimisation – Lead and back up formulations generated and under study |

Source: ValiRx, Investor Presentation June 2023

ValiRx's Current Project Pipeline



**Note: On 8 June 2023, ValiRx announced that a change to the terms to the Letter of Intent ("LOI") signed with TheoremRx Inc. (TheoremRx') covering a proposed sub-license of VAL201 had been restricted geographically and no longer covered the Greater China region*

Source: ValiRx, [RNS of 8 June 2023](#)

The launch of majority owned Cytolytix to house the CLX001 project for the treatment of triple negative breast cancer was possibly ValiRx's highlight for 2022. Following a 9-month evaluation period consisting of manufacturing assessment, *in vitro* and *in vivo* testing, the nano-formulated peptide licensed from Kings College, London, proved to be commercially and scientifically appropriate for further development. As the first project to successfully graduate the Group's evaluation process, this is a flagship example of how it works with academics to bring innovative science into industry. As a case study, it is helping to set the standard for further international evaluations, collaborations and relationships.

ValiRx potential news flow – Outlook for the coming 12 months

Significant news flow is anticipated from ValiRx over the coming twelve months. TPI expects this to include:

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| <ul style="list-style-type: none"> • Further contract wins for external laboratory services during H2 FY2023 |
| <ul style="list-style-type: none"> • Signing 2 to 4 more Evaluation Agreements |
| <ul style="list-style-type: none"> • Cytolytix progress updates |
| <ul style="list-style-type: none"> • Acquisition of additional capabilities to build-out the tCRO |
| <ul style="list-style-type: none"> • Technological integration to expand Inaphaea's tCRO® service offering |
| <ul style="list-style-type: none"> • Progress commercial discussions for pipeline licensing plus deepening customer relationships |

Source: TPI

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