Registered number: 07368089

REDX PHARMA LTD

(FORMERLY REDX PHARMA PLC)

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 2024

Contents

Chief Executive's Report

Dear Shareholders,

I am pleased to report that during the year despite some challenges, we have made real progress in executing our strategy to drive value through the clinical development of our differentiated ROCK Inhibitor portfolio. In addition, this year has seen notable change in business operations as we took the decision to delist from AIM and re-register as a private limited company. Together these developments see us enter 2025 well positioned as a private, clinical stage multi-asset fibrosis company.

Strategic Focus on Advancing Our Differentiated ROCK Inhibitor Portfolio

Zelasudil (RXC007) - Completed the Signal Searching Phase 2a Study in IPF Patients, our potential best-in-class selective Rho-Associated Coiled-coil Forming Protein Kinase 2 (ROCK2) inhibitor targeting treatment for a range of fibrotic conditions including cancer associated fibrosis, chronic Graft versus Host Disease, and Interstitial Lung Disease.

Zelasudil (RXC007) is a highly selective ROCK2 inhibitor that is being developed as a potential best-in-class fibrosis treatment and complements RXC008 in our differentiated ROCK inhibitor portfolio. In 2024 zelasudil (RXC007) progressed through a signal searching Phase 2a study in idiopathic pulmonary fibrosis (IPF) patients, a life-threatening orphan disease with poor prognosis. Recruitment for the 12-week randomised, placebo-controlled study was completed by mid-year and consisted of 48 participants from nine countries, including the UK and eight EU countries, across 31 sites. The majority of participants elected to continue into the open label extension period for a further 12 weeks, generating six-month safety data for a cohort of participants. The phase 2a study in IPF studied twice daily doses of 20mg and 50mg with exposures covering the efficacious concentration predicted from preclinical models. The study will be reporting in 2025.

ROCK2 inhibition has demonstrated robust preclinical efficacy data across multiple fibrotic models including fibrotic interstitial lung diseases, liver, kidney, skin, chronic Graft versus Host Disease (cGvHD) and cancer associated fibrosis.

At this time, the open IND with the Immunology and Inflammation Division of the FDA remains under partial clinical hold limiting dosing to 28-days in the US due to outstanding concerns regarding the lack of complete reversibility in some skeletal muscles. To date these findings are limited to dogs. In the clinical studies, no evidence has been observed for adverse muscle findings either from patient reported symptoms or through monitoring of a sensitive clinical biomarker. Positive feedback was received following a pre-IND submission to the Oncology division of the FDA. The future clinical programme is being developed in conjunction with potential partners in the light of the pre-clinical, clinical, and regulatory status.

RXC008 Successfully Completed Phase 1 Programme in Healthy Volunteers – our Gastro-Intestinal (GI) Restricted Pan-ROCK Inhibitor for the Treatment of Fibrostenotic Crohn's Disease

During the year we accelerated the clinical development of RXC008, our highly potent and selective gastrointestinal (GI)-restricted pan-ROCK inhibitor, which is a potential first-in-class treatment for patients with fibrostenotic Crohn's disease. RXC008 commenced a Phase 1 clinical study in February 2024, and the study is now complete. The findings on safety and tissue exposure are very encouraging and data from the healthy volunteer study will be reported at medical meetings in the first half of 2025.

Chief Executive's Report (Cont'd)

ROCK is well established as an anti-fibrotic target and is known to consist of two isoforms, ROCK 1 and 2. RXC008 is a potent, oral, small molecule non-systemic ROCK 1/2 inhibitor that avoids the significant cardiovascular side effects of systemic pan-ROCK inhibitors, including hypotension, by being restricted to the GI-tract via high efflux and low permeability. This results in virtually no systemic breakthrough. Even if some breakthrough should occur under particular circumstances the molecule will be rapidly metabolised by paraoxonase enzymes in the plasma. The Phase 1 study saw no evidence of hypotension, indicating that the gut restricted design is effective in clinic.

Post year end, Redx presented preclinical results for RXC008 at the United European Gastroenterology (UEG) Week Congress, 12 – 15 October, Vienna, Austria. The oral presentation included data demonstrating RXC008's strong anti-fibrotic therapeutic effects in animal models of inflammatory bowel disease as well as animal toxicology data confirming the cardiovascular safety profile of our GI-restricted pan-ROCK inhibitor approach. Our oral presentation, "*RXC008: First-in-Class Gastrointestinal-Targeted Potent Pan-ROCK Inhibitor for Treatment of Fibrostenotic Crohn's Disease*", won a Top Abstract Prize beating thousands of other entries submitted. We take this award as strong recognition for the science underlying RXC008 as a promising, innovative approach for treating Crohn's disease in the future.

Crohn's disease affects 1.7m[1] people globally and >70,000 new cases are diagnosed each year. More than 50% of patients[2] with Crohn's disease can develop significant fibrosis and stricture formation within ten years following diagnosis. This fibrosis associated with Crohn's disease is known as fibrostenotic Crohn's disease. Current management of fibrotic strictures of the gastrointestinal tract is primarily surgical as no drugs are specifically approved for fibrosis, which often progresses despite intervention with current standard of care anti-inflammatories.

RXC008 is now preparing to enter a phase 2 proof of concept study in fibrostenotic Crohn's disease, with a supportive non-clinical programme underway, covering toxicology, chemistry manufacturing and controls (CMC), formulation and regulatory activities. The study is anticipated to commence in the second half of 2025.

Redx continues to make scientific progress in the remainder of the portfolio

Notable achievements this year include our Discoidin Domain Receptor (DDR) programme, the significant partnership deal agreed with Jazz Pharmaceuticals for the acquisition of our KRAS inhibitor programmes and the decision to partner zamaporvint (RXC004).

Fibrosis Portfolio Expanded with RXC009 newly nominated for IND-enabling studies

In October 2023, RXC009, a small molecule, orally available, highly potent, and selective DDR1 inhibitor, was nominated as Redx's latest development candidate. This novel fibrosis target has the potential to be a first-in-class treatment option for chronic kidney disease (CKD), including kidney fibrosis associated with CKD as seen in Alport Syndrome. DDRs have recently gained traction as druggable targets with the potential to treat multiple fibrotic conditions, however to date, no selective small molecule inhibitors of DDR1 have entered the clinic.

On 6 November 2023, Redx presented preclinical data from the RXC009 DDR programme, at the American Society for Nephrology (ASN) Annual Meeting, 2 – 5 November 2023, Philadelphia, US. Novel, selective DDR1 inhibitor data from translational disease models supports development of RXC009 as a potential first-in-class treatment for chronic kidney disease. This programme is currently undergoing IND- enabling studies with a view to entering the clinic in H2 2025.

[1] Clarivate, Crohn's disease landscape & forecast p.g. 39, Published Sep 2022
[2] Chan et al, 2018

Chief Executive's Report (Cont'd)

KRAS Programmes successfully partnered in conjunction with a revenue generating collaboration agreement

On 6 February 2024, Redx entered a significant partnership with Jazz Pharmaceuticals Ireland Limited ("Jazz") with a definitive agreement for Jazz to acquire global rights to our KRAS inhibitor program. Redx received $10 million upfront in the deal with further potential of up to $870 million in development, regulatory and commercial milestone payments in addition to royalties on future net sales.

Strategic Decision to Partner RXC004 - Porcupine/Wnt Pathway Inhibitor with Emerging Clinical Efficacy Data in Hard-to-Treat GI Cancers

Zamaporvint (RXC004), is a potent, selective, oral small molecule inhibitor of the enzyme, Porcupine, a key activator of Wnt ligands in the Wnt signalling pathway. Aberrant Wnt signalling contributes directly to tumour growth and plays an important role in immune resistance to treatment with immuno-oncology agents such as anti-PD-1 checkpoint inhibitors.

In June 2024, at the European Society for Medical Oncology Gastrointestinal Cancers Congress (ESMO GI) in Munich, data were presented from small, signal searching patient cohorts in the PORCUPINE study, investigating genetically-selected patients (RNF43_mutant/RSPO-fusion subgroup) with microsatellite stable metastatic colorectal cancer (MSS mCRC) as monotherapy and in combination with anti-PD-1 (NCT04907539); and the PORCUPINE2 study investigating all-comers biliary tract cancer (BTC) as monotherapy and anti-PD-1 combination, as well as genetically-selected pancreatic cancer as monotherapy (NCT04907851).

Partial responses were observed in ~30% (2/7) of genetically-selected patients when combined with nivolumab in the PORCUPINE MSS mCRC module, which is encouraging in a late-line patient population, where anti-PD-1 alone is not effective and suggests activity levels potentially better than late-line standard of care in this setting. Furthermore, a disease control rate ≥16 weeks of 57% (4/7) was shown, higher than zamaporvint monotherapy at 15% (2/13), which indicates the potential for zamaporvint in combination with immune checkpoint inhibition to drive durable efficacy outcomes. The results from the PORCUPINE2 study also showed some durable clinical benefit in the BTC module in an all-comers (unselected) patient group, albeit at a lower level than that observed in genetically-selected MSS mCRC. Continuation of the genetically-selected pancreatic cancer study cohort as an investigator sponsored study is being planned.

In addition, in April 2024, two posters were presented at the American Association for Cancer Research (AACR) conference, in San Diego. The first poster highlighted the potential to combine zamaporvint with MAPK pathway inhibitors in gastrointestinal cancer models showing that co-inhibition of these pathways leads to synergistic effects in vitro and enhanced efficacy in vivo. The second poster discussed the final data from all Phase 1 modules of the programme.

In the light of these data, Redx continues to evaluate partnership options to progress the development of zamaporvint (RXC004).

De-listing from AIM and re-registering as a Private Limited Company

A key event during the year was the Board's decision to delist from AIM with effect from 1 May 2024 and subsequently re-register as a private limited company. As stated at the time, the Board extensively reviewed and evaluated the benefits and drawbacks of the continued admission to trading of the Company's ordinary shares on AIM and concluded that delisting and re-registration as a private limited company would be in the best interests of the Group and shareholders as a whole for the following reasons: limited liquidity and high share price volatility, access to appropriate finance, corporate and strategic flexibility and the costs and regulatory burden being, in the Board's opinion, disproportionate to the benefits of the Company's continued admission to trading on AIM.

Chief Executive's Report (Cont'd)

The decision to delist from AIM and re-register as a private limited company was approved by shareholders at a general meeting held on 19 April 2024. Following delisting, the Company has made a matched bargain facility available through JP Jenkins, to assist shareholders and prospective investors wishing to trade. Details with respect to the matched bargain facility can be found on the Company's website, www.redxpharma.com.

Managing Financials

For the year to 30 September 2024, the Group Total Comprehensive Losses of £17.5 million were approximately £15.7 million lower compared to the previous year losses of £33.2 million. This was driven by 2024 revenue of approximately £13.5 million, which was £9.3 million higher than the previous period and 2024 R&D expense of approximately £24.5 million, which was £4.7 million lower than the previous period. The increase in revenue is attributable to the Jazz KRAS collaboration and the lower R&D is attributable to the completion of two phase 2 studies during the 2024 period compared to the previous year when both studies were fully ongoing.

During the year, the Company has continued to review options to secure appropriate financing to pursue the strategy and develop the assets in the portfolio.

- In late 2023, the Board met frequently to discuss, and ultimately successfully close, an equity fundraise of £14.1 million (gross).
- On 6 February 2024, Redx entered a significant partnership with Jazz with a definitive agreement for Jazz to acquire global rights to the KRAS inhibitor program. Redx received $10 million upfront in the deal with further potential of up to $870 million in development, regulatory and commercial milestone payments in addition to royalties on future net sales.
- In July 2024, the Board closed an equity fundraise of £5 million (gross), through the issue of a new class of A1 ordinary shares with certain preference rights, to our largest shareholder, Redmile group.

At 30 September 2024, the Group had cash resources of £18.6 million (2023: £18.1 million). This funding is sufficient to allow the Group to fund its business plan into the third quarter of calendar year 2025, based on currently budgeted levels of expenditure. This cash runway and the need for further funding beyond this leads to a material uncertainty regarding going concern, which is discussed in detail in the Directors' Report on page 15.

Governance and Management

On 10 May 2024, in accordance with Sofinnova Crossover I SLP's ("Sofinnova") original share subscription agreement, the Board agreed the appointment of Dr Claire Catherinet as a representative of Sofinnova Crossover I SLP, replacing Dr Joe Anderson, who formally resigned on the same date.

On 12 December 2024, each of Dr Jane Griffiths (Chair) and Dr Robert Scott tendered their resignation from the Board effective 1 January 2025 and Jeremy Green, a representative of the Redmile group, was appointed as Chair with effect from 1 January 2025. These changes flow from the Company's delisting from AIM and transition to see us enter 2025 well positioned as a private, clinical stage multi-asset fibrosis company with funds managed by the Redmile group and Sofinnova as the Company's largest shareholders. During the year Dr. Caroline Philips, our long-standing SVP Biology was appointed Chief Scientific Officer and Dr. Cliff Jones was appointed Chief Innovation Officer, building on his experience as SVP of Chemistry, DMPK and IP. Dr Richard Armer (formerly Chief Scientific Officer) continues to work closely with the Group in an advisory role.

The Group's success depends largely on its ability to obtain and maintain patent protection for its proprietary technology and products in the United States, Europe and other countries, so that it can stop others from making, using, or selling its inventions or proprietary rights. The Group owns a portfolio of patents and patent applications and is the authorised licensee of other patents and patent applications.

Chief Executive's Report (Cont'd)

Outlook

I would like to take this opportunity to thank our Board for their strategic direction in steering us through this year. In particular. I would like to thank Jane Griffiths and Rob Scott for their respective contributions to the Company over the past three years that they have been part of the Redx Board. Their counsel has been invaluable as we have built our clinical portfolio and now transition into a private limited company. Further, I would like to extend my gratitude to our shareholders who supported the Company through the process of returning to a private limited company and the financing during the year. I believe our new private status will attract increased interest in our portfolio and enhance our options for progressing our pipeline.

Finally, I would like to say that I am extremely proud of our whole team who have continued to perform exceptionally throughout this year, and I thank all our employees who have worked incredibly hard to drive our clinical and pre-clinical development programmes forward at a relentless pace in the mission to deliver novel therapeutics in significant areas of unmet need. I look forward to continuing to report our progress throughout 2025.

Lisa Anson
Chief Executive Officer

Directors' Duties – Section 172 Statement

The Directors acknowledge their duty under section 172 of the Companies Act 2006 and consider that they have, both individually and collectively, acted in the way that, in good faith, would be most likely to promote the success of the Company for the benefit of all shareholders. In doing so, the Directors have regard (amongst other matters) to:

- The likely consequences of any decision in the long term;
- The interests of the Company's employees;
- The need to foster the Company's business relations with suppliers, customers and others;
- The impact of the Company's operations on the community and the environment;
- The Company's reputation for high standards of business conduct; and
- The need to act fairly between members of the Company.

The Group's activities, strategy and future prospects including considerations for long-term decision making and approach to risk are also discussed within the Strategic Report. The Board considers the Group's major stakeholders to be its shareholders, employees, suppliers, collaboration partners and participants involved in clinical trials.

During the year, the Directors were involved in a number of significant decisions affecting the Company's stakeholders. In Q4 2023, the Board discussed, and ultimately successfully closed, an equity fundraise of £14.1 million (gross). In Q1 2024, the Board discussed and negotiated the sale of, and a collaboration agreement with respect to the Group's KRAS inhibitor programme, including an upfront payment of $10m. In Q1 and early Q2 2024 significant discussion took place regarding the potential delisting of the Group from the AIM market operated by the London Stock Exchange, which was approved by shareholders at a General Meeting in April 2024. Following shareholder approval, the Company delisted from the AIM market on 1 May 2024 and subsequently re-registered as a private limited company. In Q3 2024, the Board discussed and ultimately successfully closed an equity fundraise of £5 million (gross) as a private limited company through the issue of a new class of A1 ordinary shares with certain preference rights.

Over the course of the year, there was close cooperation and frequent communication with advisors, principally brokers, lawyers and, while company was listed on the AIM market, the Company's nominated advisor (Nomad). Throughout, the Board was mindful of the need to act in the best interests of all shareholders, and to ensure full and accurate communication.

During the year, important decisions were also taken regarding the progress of the Group's principal assets, RXC007, RXC008 and RXC009, as noted in the Chief Executive's Report. The decision was also made to partner RXC004 given the broad clinical plan required to gain approval in various indications. Regular portfolio reviews also took place, involving both employees and external scientific experts, to ensure that Directors are aware of all factors impacting such decisions.

Regular discussions on funding took place, including with respect to an extension in Q3 2024 of the term of the Group's convertible loan notes (see note 18).

Employees

The Group is a relatively small organisation and Executive Directors have regular day-to-day contact with employees at all levels, both formal and informal. The Chief Executive Officer regularly briefs employees on developments in the business and conducts question and answer sessions at these times.

Directors' Duties – Section 172 Statement (Cont'd)

Suppliers

The Board takes a close interest in relations with key suppliers whose performance is crucial to the Group's success. The Group endeavours to maintain good relationships with its suppliers and seeks to pay them promptly in accordance with contracted terms. Where appropriate, the activities of suppliers are subject to audit.

Collaboration partners

Our partners rely on the Group to ensure the smooth running of scientific collaborations. The Group strives to maintain the highest standards of scientific application and communication in meeting its performance obligations.

Community and environment

The Board is mindful of the potential social and environmental impact of the Group's activities. The Board is committed to minimising the environmental effect of the Group's activities wherever possible and seeks rigorous compliance with relevant legislation.

Business reputation

The Group operates in a highly regulated sector and the Board is committed to maintaining the highest standards of conduct and governance.

The need to act fairly as between members of the Company

The Group's intention is to behave responsibly towards all its shareholders so that they may benefit from the successful delivery of the Company's strategic objectives. The Group's website *www.redxpharma.com* has a section dedicated to investor matters that details, amongst other things, all financial reports, press releases and other scientific information.

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Operational Review

The Directors present this Operational Review for the year ended 30 September 2024 and cover issues not covered elsewhere in the Strategic Report, namely: Key Performance Indicators, Financial Review and Principal Risks and Uncertainties.

The principal activities of the business continue to be the discovery and development of novel, small molecule, targeted medicines for the treatment of fibrotic disease, cancer and the emerging area of cancer-associated fibrosis.

Management Team

Lisa Anson (Chief Executive Officer), Peter Collum (Chief Financial Officer), Dr James Mead (Chief Operating Officer), Claire Solk (Chief Legal Officer & Company Secretary) have continued in their positions throughout the year. Dr Caroline Phillips, previously Senior Vice President, Biology, has taken up the role of Chief Scientific Officer and Dr Cliff Jones, previously Senior Vice President, Chemistry, DMPK and Intellectual Property, has taken up the role of Chief Innovation Officer. Dr Richard Armer (formerly Chief Scientific Officer) remains in an advisory role. Dr Jane Robertson left the Company in December 2023, and the role of Chief Medical Officer is currently being undertaken on an interim basis by Dr Helen Timmis (Vice President, Senior Medical Director).

Key Performance Indicators (KPIs)

The Group's KPIs include a range of financial and non-financial measures. The Board considers pipeline progress, and in particular progress towards the clinic, to be the main KPI, and updates about the progress of our research programmes are included in the Chief Executive's Report. Below are the Financial KPIs considered pertinent to the business.

	2024	2023	2022	2021
	£m	£m	£m	£m
Cash at year end	18.6	18.1	53.9	29.6

The Group continues to focus on ensuring sufficient funding to deliver its development plan. The year end cash is sufficient to fund the plan into the third quarter of 2025.

	2024	2023	2022	2021
	£m	£m	£m	£m
Total operating expenditure (excluding reverse merger expenses, share-based payment costs & exchange gains)	30.1	34.0	34.4	27.1

Expenditure has fallen in line with expectations as a number of clinical trials which are cash intensive reached their conclusion. Staff costs have fallen as a result of the reduced headcount. Management continues to maintain rigorous cost control, whilst seeking to prioritise resources for priority scientific programmes.

	2024	2023	2022	2021
	£m	£m	£m	£m
Net increase / (decrease) in cash and cash equivalents	0.5	(35.8)	24.3	2.0

The Group continued to invest in its planned R&D activity at budgeted levels. Cash balances were augmented by £19.1 million (gross) from share issues, and £7.9 million ($10 million) raised from the initial upfront payment for the sale of the Group's KRAS inhibitor programme.

Operational Review (Cont'd)

Financial Review

Financial position
At 30 September 2024, the Group had cash resources of £18.6 million (2023: £18.1 million).

Whilst there were no milestones from existing partnerships triggered during the period, £5.3 million in revenue was recognised from progress with the ongoing collaboration with Jazz. In addition, £7.9 million ($10 million) was received from the initial upfront payment for the sale of the Group's KRAS inhibitor programme to Jazz.

This funding is sufficient to allow the Group to fund its business plan into the third quarter of calendar year 2025, based on currently budgeted levels of expenditure. This cash runway and the need for further funding beyond this leads to a material uncertainty regarding going concern, which is discussed in detail in the Directors' Report on page 15.

Revenue
During the year, the Group continued to derive revenue from the existing research collaboration with, and provision of research and preclinical development services to Jazz until its conclusion in September 2024. In addition, in February 2024, the Group announced the sale of its KRAS inhibitor programme to Jazz for an initial payment of $10 million and in parallel, signed a collaboration agreement with Jazz to perform research and preclinical development activities with the goal of completing IND-enabling studies for up to two KRAS profiles. In accordance with IFRS 15 "Revenue from Contracts with Customers", the funds received for the collaboration agreements with Jazz are recognised as revenue as the obligations under the contract are performed (being predominantly the underlying development services). The stage of completion of the Jazz collaborations are assessed at each reporting date, and revenue recognised based on the percentage of total expected costs incurred to date. £5.3 million of such was recognised in the year, compared to £4.0 million in 2023. There was no further milestone income in the year. The expected timing of further recognition is detailed in note 17.

Operating cost management
Research and Development costs have decreased from £29.1 million to £24.5 million as a number of clinical trials conclude and headcount decreased. Operating expenses continue to be tightly controlled.

Finance costs
Finance costs remain considerable as a consequence of the charging of a full year's "effective interest" (calculated in valuing the lease liability and convertible loan note liability under IFRS), on both the Group's convertible loan notes and the lease of our premises at Alderley Park in the current financial year.

There was no actual cash interest paid in 2024 (2023: £nil). In addition, Finance Income remained significant in 2024 given the higher interest rates available on cash bank deposits, offset by lower average balances.

Cash flows
Overall positive net cash flow for the year was £0.5 million (2023: Negative £35.8 million). See KPI's (page 10) for details.

Taxation
The Group has prepared these financial statements on the basis that it will continue to be claiming Research and Development expenditure credits rather than R&D tax credits, as a result of the significant shareholding in the Group by funds managed by Redmile Group LLC. ("Redmile"). This typically leads to lower refundable amounts.

Loss
The Group made a loss of £17.5 million in the year (2023: £33.2 million loss), as it continued to progress its scientific pipeline. Operating costs were broadly aligned with 2023, with the reduced loss a result of higher revenue in 2024 as described above.

Principal Risks and Uncertainties

Redx is a biotechnology Group and, in common with other companies operating in this field, is subject to a number of risks and uncertainties. The principal risks and uncertainties identified by Redx for the year ended 30 September 2024 are below.

Research and Development

The Group is at a relatively early stage of development and may not be successful in its efforts to build a pipeline of product candidates and develop approved or marketable products. Technical risk is present at each stage of the discovery and development process with challenges in both chemistry (including the ability to synthesise novel molecules) and biology (including the ability to produce candidate drugs with appropriate safety, efficacy and usability characteristics). Additionally, drug development is a highly regulated environment which itself presents technical risk through the need for study designs and data to be accepted by regulatory agencies. Furthermore, there can be no guarantee that the Group will be able to, or that it will be commercially advantageous for the Group to, develop its intellectual property through entering into licensing deals with emerging, midsize and large pharmaceutical companies.

Commercial

The biotechnology and pharmaceutical industries are very competitive. The Group's competitors include major multinational pharmaceutical companies, biotechnology companies and research institutions. Many of its competitors have substantially greater financial, technical and other resources, such as larger numbers of research and development staff. The Group's competitors may succeed in developing, acquiring or licensing drug product candidates that are more effective or less costly than any product candidate which the Group is currently developing or which it may develop, and that competition may have a material adverse impact on the Group.

Revenue from licensing and collaboration deals is dependent on future progression of programmes through development and into the market. Once these programmes transfer to a partner for progression, there is a risk that a licensing deal may not deliver all the indicated milestones and terms due to product failure or a partner de-prioritising a product.

There is a risk that parties with whom the Group trades or has other business relationships (including partners, customers, suppliers, subcontractors and other parties) may become insolvent. This may be as a result of general economic conditions or factors specific to that business. In the event that a party with whom the Group trades becomes insolvent, this could have an adverse impact on the revenues and profitability of the Group.

Clinical Trials

The Group does not know whether any future clinical trials with any of its product candidates will be completed on schedule, or at all, or whether its ongoing or planned clinical trials will begin or progress on the time schedule it anticipates. The commencement of future clinical trials could be substantially delayed or prevented by several factors, including:

– delays or failures to raise additional funding;
– results of future meetings with the MHRA, EMA, FDA and/or other regulatory agencies;
– a limited number of, and competition for, suitable patients for enrolment in our clinical trials;
– delays or failures in obtaining regulatory approval to commence a clinical trial;
– delays or failures in obtaining sufficient clinical materials;
– delays or failures in obtaining approval from independent institutional review boards to conduct a clinical trial at prospective sites; or
– delays or failures in reaching acceptable clinical trial agreement terms or clinical trial protocols with prospective sites.

Principal Risks and Uncertainties (Cont'd)

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The completion of the Group's clinical trials could be substantially delayed or prevented by several factors, including:
– delays or failures to raise additional funding, or additional expenditure;
– slower than expected rates of patient recruitment and enrolment;
– further protocol amendments;
– failure of patients to complete the clinical trial;
– delays or failures in reaching the number of events pre-specified in the trial design;
– the need to expand the clinical trial;
– delays or failures in obtaining sufficient clinical materials;
– unforeseen safety issues;
– lack of efficacy during clinical trials;
– inability or unwillingness of patients or clinical investigators to follow our clinical trial protocols;
– inability to monitor patients adequately during or after treatment; or
– the insolvency of a significant partner or sub-contractor in the running of a clinical trial.

Additionally, the Group's clinical trials may be suspended or terminated at any time by the MHRA, other regulatory authorities, or by the Group itself. Any failure to complete or significant delay in completing clinical trials for the Group's product candidates could harm the commercial prospects for its product candidates, and therefore, its financial results.

Regulatory
The Group's operations are subject to laws, regulatory approvals and certain governmental directives, recommendations and guidelines relating to, amongst other things, product health claims, occupational safety, laboratory practice, the use and handling of hazardous materials, prevention of illness and injury, environmental protection and human clinical studies. There can be no assurance that future legislation will not impose further government regulation, which may adversely affect the business or financial condition of the Group.

Intellectual Property (IP)
The Group's success depends largely on its ability to obtain and maintain patent protection for its proprietary technology and products in the United States, Europe and other countries, so that it can stop others from making, using or selling its inventions or proprietary rights. The Group owns a portfolio of patents and patent applications and is the authorised licensee of other patents and patent applications.

If the Group is unable to obtain or maintain patent protection for its technology and products, or if the scope of the patent protection is not sufficiently broad, competitors could develop and commercialise similar technology and products which would materially affect the Group's ability to successfully commercialise its technology and products. The Group is exposed to additional IP risks, including infringement of intellectual property rights, involvement in lawsuits and the inability to protect the confidentiality of its trade secrets which could have an adverse effect on its success.

Legal standards relating to patents covering pharmaceutical or biotechnological inventions and the scope of claims made under these patents are continuously evolving. The policy regarding the breadth of claims allowed in biotechnology and pharmaceutical patents is subject to changes as the law evolves. The Group's patent position is therefore highly uncertain and involves complex legal and factual issues.

Information Technology (IT) & Assets
The Group depends on the performance, reliability and availability of its plant, equipment and information technology systems. Any damage or unauthorised access to, or failure of, its equipment and/or systems could result in disruptions to the Group's operations. The Group's security and disaster recovery plans (which are currently in place for financial systems and IT systems) may not adequately address every potential event and its insurance policies may not cover any loss in full or in part (including losses resulting

Principal Risks and Uncertainties (Cont'd)

from business interruptions) or damage that it suffers fully or at all, which could have a material adverse effect on the Group's business, financial position or prospects.

Financial
The Group has incurred significant losses in previous years, and does not currently have any approved or marketed products although it periodically generates revenue through asset sales, outlicensing and collaborations. The Group expects to incur losses for the foreseeable future, and there is no certainty that the business will generate future profits. Further funding will be required within the next 12 months. The Group may not be able to raise additional funds that are needed to support its product development programmes or commercialisation efforts, and any additional funds that are raised could cause dilution to existing investors.

Operational
The Group's future development and prospects depend to a significant degree on the experience, performance and continued service of its senior management team, including the Directors. The Group has invested in its management team at all levels. The Directors also believe that the senior management team is appropriately structured for the Group's size and is not overly dependent upon any particular individual. The Group has entered into contractual arrangements, including share options, with these individuals with the aim of securing the services of each of them. Retention of these services or the identification of suitable replacements, however, cannot be guaranteed. The loss of the services of any of the Directors or other members of the senior management team and the costs of recruiting replacements may have a material adverse effect on the Group and its commercial and financial performance and reduce the value of an investment in the Ordinary shares.

Environmental matters
The Group leases all its facilities and does not engage in the manufacture or storage of products for clinical studies and complies with all applicable environmental laws and regulations. Climate change has been identified as an emerging risk area requiring additional analysis.

Unfavourable economic conditions
The Group's results of operations could be adversely affected by general conditions in the global economy and in the global financial markets, including inflation and supply disruption. A domestic or global financial crisis can cause extreme volatility and disruptions in the capital and credit markets. A severe or prolonged economic downturn could result from an event like the COVID-19 pandemic or the effects of the significant military action launched by Russia against Ukraine. For example, the impact to Ukraine, as well as actions taken by other countries, including new and stricter sanctions by Canada, the United Kingdom, the European Union, the United States and other countries and organisations against officials, individuals, regions and industries in Russia, Ukraine and Belarus, and each country's potential response to such sanctions, tensions, and military actions could damage or disrupt international commerce and the global economy, and could have a material adverse effect on our business and results of operations, including weakened demand for our product candidates or an inability to purchase necessary supplies on acceptable terms, if at all. A weak or declining economy could strain the Group's suppliers, possibly resulting in supply disruption, or cause delays in payments for the Group's services by third-party payors or our collaborators. In addition, the conflict in Eastern Europe has had significant ramifications on global financial markets, which may adversely impact the Group's future ability to raise capital on favourable terms or at all. Any of the foregoing could harm the Group's business and the Group cannot anticipate all of the ways in which the current economic climate and financial market conditions could adversely impact its business.

The Board continually monitors these risks and uncertainties via regular reviews of its Risk Register and takes corrective action if considered necessary.

This report was approved by the Board on 19 December 2024 and signed on its behalf by:

Lisa Anson
Chief Executive Officer

Directors' Report

The Directors present their annual report on the affairs of the Group, together with the financial statements and auditor's report for the year ended 30 September 2024.

Directors
The Directors who were in office during the year and up to the date of signing the financial statements, unless stated, were:

Executive
Lisa Anson

Non-Executive
Dr Jane Griffiths (Chair)
Natalie Berner
Dr Bernhard Kirschbaum
Peter Presland
Dr Robert Scott
Dr Claire Catherinet – appointed 10 May 2024
Dr Joseph Anderson – resigned 10 May 2024

On 12 December 2024, each of Dr Jane Griffiths (Chair) and Dr Robert Scott tendered their resignation from the Board effective 1 January 2025 and Jeremy Green, a representative of the Redmile, was appointed as Chair with effect from 1 January 2025.

The Company maintained Directors' and officers' liability insurance cover throughout the year. During the year, the Company entered into indemnity deeds that are "qualifying third party indemnity provisions" (as defined in the Companies Act 2006) in favour of the directors currently in office and such provisions remain in force. An indemnity will also be provided to Jeremy Green upon his appointment as Chair.

Governance
The Board currently comprises seven Directors: a Non-Executive Chair, one full-time Executive Director and five Non-Executive Directors (three being independent, with Dr Claire Catherinet representing Sofinnova and Natalie Berner representing Redmile), reflecting a blend of different experiences and backgrounds. Following the resignations and appointment referenced above, effective 1 January 2025 the Board will comprise six Directors: one full-time Executive Director and five Non-Executive Directors (with two, Dr Bernhard Kirschbaum and Peter Presland, being independent).

The function of the Chair is to supervise and manage the Board and to ensure its effective control of the business. The Board meets regularly to review, formulate and approve the Group's strategy, budgets and corporate actions and oversee the Group's progress towards its goals. Following delisting from AIM and re-registration as a private limited company, the Board has maintained, for an initial period, the following committees to fulfil specific functions – Audit & Risk Committee (the ''Audit Committee''), Remuneration Committee (the ''Remuneration Committee'') and a Science Committee (the "Science Committee") with formally delegated duties and responsibilities. During the year, each of these committees has met on a regular basis. Following the Board changes referenced above, as part of the transition to see the Company enter 2025 well positioned as a private, clinical stage multi-asset fibrosis company and in line with practice for private limited companies, the Audit Committee, Remuneration Committee and Science Committee will cease and decision making will be retained with the Board as a whole. This approach is considered appropriate to enable all Board members to take an active involvement in all aspects of governance.

Notwithstanding, from time to time, separate committees may also be set up by the Board to consider specific issues when the need arises. In addition, the Board will continue to be advised on scientific matters by an advisory group under the leadership of Dr Bernd Kirschbaum as an independent non-executive director and previous Chair of the Board Science Committee.

Principal activities of the Group and Company
The principal activities of the Group and Company are drug discovery, development and associated externalisation through business development activity. Details of current and future trading as well as the principal risks and uncertainties are included in the Strategic Report on page 12.

Directors' Report (Cont'd)

Business review
The Strategic Report on pages 3 – 19 provides a review of the business, the Group's trading for the year ended 30 September 2024, key performance indicators and an indication of future developments and risks and forms part of this Directors' Report.

Financial results and dividend
The Group's loss after tax for the year was £17.5 million (2023: £33.2 million). The Directors do not recommend the payment of a dividend (2023: £nil). See Finance review on page 11.

Financial instruments
Information regarding financial instruments can be found in note 20.

Research and development
The Group is continuing to research products within its chosen areas of therapeutic focus.

Information given to the Auditor
Each of the persons who is a Director at the date of approval of this Annual Report confirms that:

- So far as the Director is aware, there is no relevant audit information of which the Group's Auditor is unaware, and
- The Director has taken all steps that he ought to have taken as a Director to make himself aware of any relevant audit information and to establish that the Auditor is aware of that information.

Strategic report
The Company has chosen in accordance with the Companies Act 2006, section 414C (11) to set out in the Company's Strategic Report on pages 3 to 19 information required to be contained in the Directors' Report by the Large and Medium-sized Companies and Groups (Accounts and Reports) Regulations 2008, Sch. 7, where not already disclosed in the Directors' Report.

Going concern
The Board have adopted the going concern basis in preparing these accounts after assessing the Group's cash flow forecasts and principal risks.

At 30 September, 2024 the Group held £18.6 million of cash and cash equivalents. The Group and Parent Company has a history of recurring losses from operations, including a net loss of £17.5 million for the year ended 30 September, 2024 and an accumulated deficit of £131.1 million at that date. In addition, operational cash outflows continue to be driven by the ongoing focus on the research, development and clinical activities to advance the programmes within the Group's pipeline. The Group's cash outflow from operations of £17.2 million was largely offset by £18.5 million of proceeds from share issues and therefore the Group recorded a net increase in cash and cash equivalents of £0.5 million for the year ended 30 September, 2024.

As part of its approval of the Group's budget for the year ending 30 September 2025, the Board concluded that the Group and Parent Company holds sufficient cash and cash equivalents to provide a cash runway into Q4 of 2025 at currently budgeted levels and timings of expenditure and also on the assumption that the Group's convertible loans will be converted into equity of the Parent Company, or that there will be an extension of the term of those convertible loans before or in August 2025 (see further discussion below).

In undertaking the going concern review, the Board has reviewed the Group and Parent Company's cash flow forecasts to 31 December, 2025 (the going concern period). Accounting standards require that the review period covers at least 12 months from the date of approval of the financial statements. Further funding is required under the Board's long-term plan to continue to develop its product candidates and conduct clinical trials, and the Group and Parent Company plans to raise significant further finance within the going concern period and is exploring a number of different options to raise the required funding. Given these plans and requirements, a review period of 12 months is considered appropriate.

Directors' Report (Cont'd)

Going concern (Cont'd)

The base case considered by The Board assumes operating expenditure to progress the Group's clinical assets in line with the strategic plan for the Group. The Board has identified and assessed downside risks and mitigating actions in its review of the Group and Parent Company's cash flow forecasts. The potential requirement to repay the convertible loan notes and the ability of the Group and Parent Company to raise further capital to extend the cash runway beyond the going concern period are both circumstances outside the control of the directors.

In the event that the convertible loan notes are not converted or extended before 31 August 2025, any mitigating actions would be insufficient such that the Group would need to raise additional capital within the going concern period and this is outside of the control of the directors. Based on these conditions, the Group has concluded that the need to raise further capital and the potential need to repay the convertible loan notes represent material uncertainties related to events or conditions that may cast significant doubt as to the Group and Parent Company's ability to continue as a going concern.

Notwithstanding the existence of the material uncertainties, the Board believes that the adoption of the going concern basis of accounting is appropriate for the following reasons:

- the directors consider it highly unlikely that the convertible loan notes will be recalled in August 2025
- the directors continue to pursue a number of options to secure longer-term funding for the Group and Parent Company, including equity financing, partnering portfolio assets and potential for additional milestones on existing partnerships, and based on current plans and discussions with third parties the directors have an expectation that further funding will be obtained.
- the Group and Parent Company has a track record and reasonable near-term visibility of meeting expectations under its collaboration agreements and receiving milestone payments which have the potential to increase the Group's cash runway but are not included in the Directors' assessment given they are outside the control of management.
- the Group and Parent Company retains the ability to control capital and other discretionary expenditure and lower or delay other operational spend to extend the cash runway to a limited extent to facilitate the above actions.

There can be no assurance that the convertible loan notes will be converted or extended rather than recalled. If the loan notes are not converted or extended, the Group will not have sufficient cash flows to support its current level of activities beyond the maturity date. While the Group and Parent Company has successfully accessed equity and debt financing in the past, there can be no assurance that it will be successful in doing so now or in the future. In the event the loan notes are recalled, or additional financing is not secured, the Group and Parent Company would need to consider:

- new commercial relationships to help fund future clinical trial costs (i.e., licensing and partnerships); and/or
- reducing and/or deferring discretionary spending on one or more research and development programmes; and/or
- restructuring operations to change its overhead structure.

The Group and Parent Company's future liquidity needs, and ability to address those needs, will largely be determined by the success of its product candidates and key development and regulatory events and its decisions in the future. Such decisions could have a negative impact on the Group and Parent Company's future business operations and financial condition.

The accompanying financial statements do not include any adjustments that would be required if they were not prepared on a going concern basis. Accordingly, the financial statements have been prepared on a basis that assumes the Group and Parent Company will continue as a going concern to 31 December 2025.

Directors' Report (Cont'd)

Independent Auditor
Ernst & Young LLP have expressed their willingness to continue in office as Auditors for the financial year under review.

Approved by the Board of Directors and signed on behalf of the Board.

Lisa Anson
Chief Executive Officer

19 December 2024

Redx Pharma Ltd
Block 33
Mereside
Alderley Park
Macclesfield
SK10 4TG

Company registration number: 07368089

Directors' Responsibilities Statement

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have prepared the group financial statements in accordance with UK adopted International Accounting Standards ("IFRSs"), and the parent company financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard FRS 102 The Financial Reporting Standard applicable in the UK and Republic of Ireland ("FRS 102"). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the group and the company and of the profit or loss of the group and the company for that period.

In preparing these financial statements the directors are required to:

- select suitable accounting policies in accordance with IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (and in respect of the parent company financial statements, Section 10 of FRS 102) and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRSs (and in respect of the parent company financial statements, FRS 102) is insufficient to enable users to understand the impact of particular transactions, other events and conditions on the group and company financial position and financial performance;
- in respect of the group financial statements, state whether UK-adopted international accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- in respect of the parent company financial statements, state whether *applicable UK Accounting Standards, including FRS 102,* have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is appropriate to presume that the company and/ or the group will not continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the company and the group financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the group and parent company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Under applicable law and regulations, the directors are also responsible for preparing a strategic report, directors' report, that comply with that law and those regulations. The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website.

Lisa Anson
Chief Executive Officer

Independent Auditor's report to the members of Redx Pharma Limited

Opinion

We have audited the financial statements of Redx Pharma Limited ('the parent company') and its subsidiaries (the 'group') for the year ended 30 September 2024 which comprise the consolidated statement of comprehensive income, the consolidated and parent company statement of financial position, the consolidated and parent company statement of changes in equity, the consolidated statement of cash flows ,the related notes 1 to 26 to the consolidated financial statements, including a summary of material accounting policy information and the related notes 1 to 13 to the parent financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in the preparation of the group financial statements is applicable law and UK adopted international accounting standards. The financial reporting framework that has been applied in the preparation of the parent company financial statements is applicable law and United Kingdom Accounting Standards, including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" (United Kingdom Generally Accepted Accounting Practice).

In our opinion:

- the financial statements give a true and fair view of the group's and of the parent company's affairs as at 30 September 2024 and of the group's loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainties related to going concern

We draw attention to Note 1 in the financial statements, which describes material uncertainties relating to the parent's ability to raise further funding in the event that its convertible loan notes need to be repaid on their current redemption date of 31 August 2025; and in the event that the convertible loan notes are not called for repayment, the group and parent company's ability to raise further funding from either existing or new investors to extend the cash runway beyond the end of the going concern period which extends to 31 December 2025. Both of these matters are outside the control of the Directors.

As stated in Note 1, these events or conditions, along with the other matters as set forth in Note 1, indicate that material uncertainties exist that may cast significant doubt on the Group and Parent Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the group's ability to continue as a going concern.

Independent Auditor's report to the members of Redx Pharma Limited (Cont'd)

Other information

The other information comprises the information included in the annual report [set out on pages], other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or directors' report.

We have nothing to report in respect of the following matters in relation to which the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 19, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the group's and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or the parent company or to cease operations, or have no realistic alternative but to do so.

Independent Auditor's report to the members of Redx Pharma Limited (Cont'd)

Auditor's responsibilities for the audit of the financial statements
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below. However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the entity and management.
Our approach was as follows:

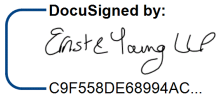
- We obtained an understanding of the legal and regulatory frameworks that are applicable to the group and determined that the most significant are those that relate to the reporting framework (UK adopted international accounting standards and UK GAAP), the Companies Act, 2006 and the relevant tax compliance regulations in which the Company operates.
- We understood how Redx Pharma Limited is complying with those frameworks by making enquiries of management and those responsible for legal and compliance, including external legal counsel. We corroborated those enquiries through our review of minutes of Board of Directors meetings. We assessed management's entity level controls to understand the Company's culture of honesty and ethical behaviour and whether a strong emphasis is placed on fraud prevention, which may reduce opportunities for fraud to take place, and fraud deterrence, which could persuade individuals not to commit fraud because of the likelihood of detection and punishment.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by making inquiries with management through various parts of the business to understand the susceptibility of fraud. We also considered management's performance targets and how these could influence reporting of development activities in clinical programmes. We also gained an understanding of the internal controls designed by the company to prevent, deter and detect fraud
- Based on this understanding we designed our audit procedures to identify noncompliance with such laws and regulations. Our procedures involved testing journal entries, with an emphasis placed on manual journal entries recorded to revenue, obtaining and inspecting confirmations to verify the existence of significant controls and balances with third parties, and testing any other large or unusual transactions to gain reasonable assurance that the accounts are free from fraud or error.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditor's report to the members of Redx Pharma Limited (Cont'd)

Use of our report

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Kate Jarman (Senior statutory auditor)
For and on behalf of Ernst & Young LLP, Statutory Auditor
Leeds
19 December 2024

Consolidated Statement of Comprehensive Loss

For the year ended 30 September 2024

	Note	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Continuing operations			
Revenue	2	13,516	4,202
Research and Development expenses	3	(24,525)	(29,117)
General and Administrative expenses	3	(8,431)	(8,069)
Reverse merger expenses	4	-	(2,393)
Exchange losses on translation		(176)	(447)
Other operating income	6	1,686	2,004
Loss from operations		(17,930)	(33,820)
Finance income	7	980	1,224
Remeasurement gain on loan notes	18	1,609	1,609
Finance costs	7	(1,749)	(1,801)
Loss before taxation		(17,090)	(32,788)
Income tax	8	(390)	(368)
Loss attributable to owners of Redx Pharma Ltd		(17,480)	(33,156)
Other comprehensive income			
Items that may subsequently be reclassified to profit or loss			
Exchange difference from translation of foreign operations		(8)	(4)
Total comprehensive loss for the year attributable to owners of Redx Pharma Ltd		(17,488)	(33,160)

Consolidated Statement of Financial Position

At 30 September 2024 **Company No. 07368089**

	Note	2024 £'000	2023 £'000
Assets			
Non-current assets			
Property, plant and equipment	10	**1,184**	1,940
Intangible assets	11	**388**	394
Total non-current assets		**1,572**	2,334
Current assets			
Trade and other receivables	13	**7,183**	5,210
Contract assets	14	**1,049**	-
Cash and cash equivalents	15	**18,557**	18,092
Total current assets		**26,789**	23,302
Total assets		**28,361**	25,636
Liabilities			
Current liabilities			
Trade and other payables	16	**4,073**	3,756
Contract liabilities	17	**-**	844
Borrowings	18	**15,731**	15,731
Lease liabilities	19	**734**	676
Total current liabilities		**20,538**	21,007
Non-current liabilities			
Lease liabilities	19	**540**	1,274
Total liabilities		**21,078**	22,281
Net assets		**7,283**	3,355
Equity			
Share capital	22	**4,212**	3,349
Share premium	23	**117,205**	99,501
Share-based payment	23	**13,404**	10,751
Capital redemption reserve	23	**1**	1
Exchange translation reserve	23	**48**	56
Convertible note reserve	18	**3,524**	3,524
Retained deficit	23	**(131,111)**	(113,827)
Equity attributable to shareholders		**7,283**	3,355

The financial statements were approved and authorised for issue by the Board on 19 December 2024 and were signed on its behalf by Lisa Anson, Chief Executive Officer.

Consolidated Statement of Changes in Equity

For the year ended 30 September 2024

	Share capital	Share premium	Share based payment	Capital Redemption Reserve	Exchange translation Reserve	Convertible Note Reserve	Retained Deficit	Total Equity
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
At 1 October 2022	3,349	99,501	8,199	1	60	3,524	(81,313)	33,321
Loss for the year	-	-	-	-	-	-	(33,156)	(33,156)
Other comprehensive income	-	-	-	-	(4)	-	-	(4)
Total comprehensive loss for the year	-	-	-	-	(4)	-	(33,156)	(33,160)
Transactions with owners of the Company								
Share based compensation	-	-	3,194	-	-	-	-	3,194
Release of share options lapsed in the year	-	-	(642)	-	-	-	642	-
Movement in year	-	-	2,552	-	(4)	-	(32,514)	29,966
At 30 September 2023	3,349	99,501	10,751	1	56	3,524	(113,827)	3,355
Loss for the year	-	-	-	-	-	-	(17,480)	(17,480)
Other comprehensive income	-	-	-	-	(8)	-	-	(8)
Total comprehensive loss for the year	-	-	-	-	(8)	-	(17,480)	(17,488)
Transactions with owners of the Company								
Issue of Ordinary shares	863	18,196	-	-	-	-	-	19,059
Transaction costs on issue of Ordinary shares	-	(492)	-	-	-	-	-	(492)
Share based compensation	-	-	2,849	-	-	-	-	2,849
Release of share options lapsed in the year	-	-	(196)	-	-	-	196	-
Movement in year	863	17,704	2,653	-	(8)	-	(17,284)	3,928
At 30 September 2024	4,212	117,205	13,404	1	48	3,524	(131,111)	7,283

Consolidated Statement of Cash Flows

For the year ended 30 September 2024

	Note	Year ended 30 September 2024 £'000	Year ended 30 September 2023 £'000
Net cash flows from operating activities			
Loss for the year		(17,480)	(33,156)
Adjustments for:			
Income tax	8	390	368
Finance costs	7	1,749	1,801
Finance income	7	(980)	(1,224)
Depreciation and amortisation	10,11	792	960
Share based compensation	5	2,849	3,194
Remeasurement of loan notes		(1,609)	(1,609)
Loss on disposal of assets		7	-
Movements in working capital			
Increase in trade and other receivables and contract assets		(4,171)	(1,422)
Decrease in trade and other payables and contract liabilities		(527)	(6,251)
Cash used in operations		(18,980)	(37,339)
Tax credit received		758	1,432
Interest received		981	1,160
Net cash used in operations		(17,241)	(34,747)
Cash flows from investing activities			
Sale of property, plant and equipment		-	-
Purchase of property, plant and equipment		(37)	(195)
Net cash used in investing activities		(37)	(195)
Cash flows from financing activities			
Proceeds of share issues		19,059	-
Share issue costs		(492)	-
Payment of lease liabilities	19	(816)	(816)
Net cash generated by financing activities		17,751	(816)
Net increase in cash and cash equivalents		473	(35,758)
Cash and cash equivalents at beginning of the year		18,092	53,854
Foreign exchange difference		(8)	(4)
Cash and cash equivalents at end of the year	15	18,557	18,092

Notes to the Financial Statements

ACCOUNTING POLICIES

General information

Redx Pharma Ltd (''Redx" or "the Company") is a private company limited by shares incorporated in England and Wales as Redx Pharma Ltd on 7 September 2010, and domiciled in the UK. The registered office is located at Block 33, Mereside, Alderley Park, Macclesfield, SK10 4TG. It was formerly Redx Pharma Plc until it's delisting from the AIM market on 1 May 2024, and its reregistration as a private company on 9 May 2024. These consolidated financial statements comprise the Company and its subsidiaries (together referred to as the 'Group'). The principal activity of the Group is drug discovery, pre-clinical and clinical development and licensing.

Basis of preparation

These consolidated financial statements have been prepared in accordance with UK adopted International Accounting Standards. They were authorised for issue by the Company's Board of Directors on 19 December 2024.

The consolidated financial statements are presented in GBP, which is the Group's presentational currency, and all values are rounded to the nearest thousand (£000) except where indicated otherwise.

Going concern

The Board have adopted the going concern basis in preparing these accounts after assessing the Group's cash flow forecasts and principal risks.

At 30 September 2024 the Group held £18.6 million of cash and cash equivalents. The Group and Parent Company has a history of recurring losses from operations, including a net loss of £17.5 million for the year ended 30 September 2024 and an accumulated deficit of £131.1 million at that date. In addition, operational cash outflows continue to be driven by the ongoing focus on the research, development and clinical activities to advance the programmes within the Group's pipeline. The Group's cash outflow from operations of £17.2 million was largely offset by £18.5 million of proceeds from share issues and therefore the Group recorded a net increase in cash and cash equivalents of £0.5 million for the year ended 30 September 2024.

As part of its approval of the Group's budget for the year ending 30 September 2025, the Board concluded that the Group and Parent Company holds sufficient cash and cash equivalents to provide a cash runway into Q4 of 2025 at currently budgeted levels and timings of expenditure and also on the assumption that the Group's convertible loans will be converted into equity of the Parent Company, or that there will be an extension of the term of those convertible loans before or in August 2025 (see further discussion below).

In undertaking the going concern review, the Board has reviewed the Group and Parent Company's cash flow forecasts to 31 December, 2025 (the going concern period). Accounting standards require that the review period covers at least 12 months from the date of approval of the financial statements. Further funding is required under the Board's long-term plan to continue to develop its product candidates and conduct clinical trials, and the Group and Parent Company plan to raise significant further finance within the going concern period and is exploring a number of different options to raise the required funding. Given these plans and requirements, a review period of 12 months is considered appropriate.

The base case considered by the Board assumes operating expenditure to progress the Group's clinical assets in line with the strategic plan for the Group. The Board has identified and assessed downside risks and mitigating actions in its review of the Group and Parent Company's cash flow forecasts. The potential requirement to repay the convertible loan notes and the ability of the Group and Parent Company to raise further capital to extend the cash runway beyond the going concern period are both circumstances outside the control of the directors.

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Notes to the Financial Statements

ACCOUNTING POLICIES (cont'd)

Going concern (Cont'd)

In the event that the convertible loan notes are not converted or extended before 31 August 2025, any mitigating actions would be insufficient such that the Group would need to raise additional capital within the going concern period and this is outside of the control of the directors. Based on these conditions, the Group has concluded that the need to raise further capital and the potential need to repay the convertible loan notes represent material uncertainties related to events or conditions that may cast significant doubt as to the Group and Parent Company's ability to continue as a going concern.

Notwithstanding the existence of the material uncertainties, the Board believes that the adoption of the going concern basis of accounting is appropriate for the following reasons:

- the directors consider it highly unlikely that the convertible loan notes will be recalled in August 2025
- the directors continue to pursue a number of options to secure longer-term funding for the Group and Parent Company, including equity financing, partnering portfolio assets and potential for additional milestones on existing partnerships, and based on current plans and discussions with third parties the directors have an expectation that further funding will be obtained.
- the Group and Parent Company has a track record and reasonable near-term visibility of meeting expectations under its collaboration agreements and receiving milestone payments which have the potential to increase the Group's cash runway but are not included in the Directors' assessment given they are outside the control of management.
- the Group and Parent Company retains the ability to control capital and other discretionary expenditure and lower or delay other operational spend to extend the cash runway to a limited extent to facilitate the above actions.

There can be no assurance that the convertible loan notes will be converted or extended rather than recalled. If the loan notes are not converted or extended, the Group will not have sufficient cash flows to support its current level of activities beyond the maturity date. While the Group and Parent Company has successfully accessed equity and debt financing in the past, there can be no assurance that it will be successful in doing so now or in the future. In the event the loan notes are recalled, or additional financing is not secured, the Group and Parent Company would need to consider:

- new commercial relationships to help fund future clinical trial costs (i.e., licensing and partnerships); and/or
- reducing and/or deferring discretionary spending on one or more research and development programmes; and/or
- restructuring operations to change its overhead structure.

The Group and Parent Company's future liquidity needs, and ability to address those needs, will largely be determined by the success of its product candidates and key development and regulatory events and its decisions in the future. Such decisions could have a negative impact on the Group and Parent Company's future business operations and financial condition.

The accompanying financial statements do not include any adjustments that would be required if they were not prepared on a going concern basis. Accordingly, the financial statements have been prepared on a basis that assumes the Group and Parent Company will continue as a going concern to 31 December 2025.

Notes to the Financial Statements

ACCOUNTING POLICIES (Cont'd)

Basis of measurement
The consolidated financial statements have been prepared under the historical cost convention and in accordance with UK adopted International Accounting Standards.

The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the years presented, unless otherwise stated.

New and amended standards adopted by the Group
No new or amended standards were adopted by the Group for the first time for the financial year beginning on October 1, 2023.

Standards and amendments to existing standards that are not yet effective
There are a number of amendments to IFRS that have been issued by the IASB that become mandatory in a subsequent accounting period. The Group has evaluated these changes and none are expected to have a significant impact on these consolidated financial statements.

Climate change
The Board has considered the impacts of climate change and has identified this as an emerging risk area. The Board has concluded that climate change does not have a material impact on the recognition and measurement of the assets and liabilities in these financial statements as at 30 September, 2024.

Basis of consolidation
The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company has the power over the investee; is exposed, or has rights, to variable return from its involvement with the investee; and has the ability to use its power to affect its returns.

The Company reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above. Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary.

Specifically, the results of subsidiaries acquired or disposed of during the period are included in the Consolidated Statement of Comprehensive Loss from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with the Group's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between the members of the Group are eliminated on consolidation.

Business Combinations
The Group accounts for business combinations using the acquisition method when the acquired set of activities and assets meets the definition of a business and control is transferred to the Group. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the acquisition date fair values of assets transferred by or to the Group, liabilities incurred by the Group to the former owners of the acquiree and the equity interest issued by the Group in exchange for control of the acquiree. Acquisition related costs are recognised in profit or loss as incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition date amounts of the identifiable assets acquired and the liabilities assumed.

Notes to the Financial Statements

ACCOUNTING POLICIES (cont'd)

Foreign Currency

(a) Functional and presentational currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the Company and its subsidiaries operate ("the functional currency") which is GBP (£). Whilst revenue is invoiced and received in US dollars, the majority of expenditure remains in GBP as does the receipt of financing for the Group. Directors periodically review the appropriateness of the functional currency for the Group. The consolidated financial statements are presented in GBP.

(b) Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or at an average rate for a period if the rates do not fluctuate significantly. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in the Consolidated Statement of Comprehensive Loss. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(c) Foreign operations

The assets and liabilities of foreign operations, are translated into GBP at the exchange rates at the reporting date. The income and expenses of foreign operations are translated into GBP at the exchange rates at the dates of the transactions. Foreign currency differences are recognised in OCI and accumulated in the translation reserve.

Revenue from contracts with customers

The Group generates revenue from the sale or outlicensing of scientific programmes, the provision of research on collaboration programmes and the provision of research and preclinical development services under partnership agreements.

Revenue from contracts with customers is recognised at an amount that reflects the consideration to which the Group is expected to be entitled in exchange for transferring goods or services to a customer. An assessment is performed on each contract to determine the separate performance obligations and whether these are distinct, and where they are not distinct, they are combined.

Where the Group provides ongoing services, revenue in respect of this element is recognised over the duration of those services. Where the arrangement meets the definition of a license agreement, sales milestones and sales royalties are recognised when achieved by applying the royalty exemption under IFRS15.B63.

All other milestones and sales royalties are recognised when considered it is highly probable there will not be a significant reversal of income which in the case of clinical success milestones is taken to be when the results of the relevant trial is passed.

(a) Sale and outlicensing of scientific programmes

Customers obtain control of the scientific programmes when the scientific research is transferred to the customer to enable them to continue research and development. Invoices are generated at the point of sale and are usually payable within 30 days. There are no obligations on the Group for returns or refunds for sales or outlicensing of scientific programmes. Revenue is recognised when the scientific research license is transferred to the customer.

(b) Revenue from research collaboration

Collaborations and other arrangements with multiple performance obligations including licenses are assessed to determine whether the license and any services or other performance obligations in the agreement are distinct. Where the license is not distinct it is combined with the associated services and recognised as a single performance obligation.

Notes to the Financial Statements

ACCOUNTING POLICIES (Cont'd)

Revenue from contracts with customers (Cont'd)

Generally, continued performance obligations for research collaboration are satisfied over time as services are rendered. Payment is due with reference to contractual milestones and payment is typically received in advance of services being delivered. These arrangements establish contract liabilities that are then released to match the provision of services. Consideration for research collaboration contracts contains an upfront payment (fixed) and subsequent milestone payments (variable). Variable milestone payments are estimated using the expected value method. Revenue is recognised over the duration of the contract based on an input method based on cost to complete. The related costs are recognised in profit and loss when they are incurred.

(c) Revenue from research and preclinical development services

Performance obligations for research and preclinical development services are satisfied over time as services are rendered. Invoices are presented monthly and are typically payable within 30 days. There are no obligations on the Group for refunds regarding the provision of research and preclinical development services. Consideration is made up of multiple elements, being an agreed full-time equivalent ('FTE') charge out rate and recharges of direct costs, both of which are variable based on the amount of time and cost incurred.

Revenue is recognised over the duration of the contract based on the delivery of FTE services and actual incurrence of rechargeable costs.

(d) Revenue from milestones on scientific programmes and research collaboration

There may be significant uncertainty over whether it is highly probable that there would not be a significant reversal of revenue in respect of specific milestones if they are recognised before they are triggered as a result of them being subject to the actions of third parties. Where the triggering of a milestone is subject to the decisions of third parties (including partners and regulators), the Group does not consider that the threshold for recognition is met until that decision is made.

(e) Contract assets and liabilities

Contract assets relate to the Group's rights to receive consideration in respect of milestones. The contract assets are transferred to receivables when the rights become unconditional which usually occurs at the point at which the Group issues an invoice to the customer.
Contract assets are treated as financial assets for impairment purposes and an impairment of £nil (2023: £nil) was recognised in the year.

Contract liabilities relate to advance consideration received from customers for research collaboration projects for which revenue is recognised over time. Contract liabilities are recognised when advance consideration is received or when the Group establishes its unconditional right to receive consideration (whichever is earlier) before the Group has satisfied its performance obligations under the contract.

Other income

Income received as a contribution to on-going costs, together with grant income and research and development tax credits (RDEC), is treated as Other operating income within the Consolidated Statement of Comprehensive Loss.

Government grants

Government grants are recognised as other operating income on a systematic basis over the periods in which the associated expenses are recognised. Grants that are receivable as compensation for expenses or losses previously incurred or for the purpose of giving immediate financial support with no future related costs are recognised in the period in which they become receivable.

Notes to the Financial Statements

ACCOUNTING POLICIES (Cont'd)

Finance income and finance costs

The Group's finance income and finance costs include interest income and expense. Interest income or expense is recognised using the 'effective interest' method. The effective interest rate is the rate that exactly discounts estimated future cash payments or receipts through the expected life of the financial instrument to:

- the gross carrying amount of the financial asset; or
- the amortised cost of the financial liability.

In calculating interest income and expense, the effective interest rate is applied to the gross carrying amount of the asset (when the asset is not credit-impaired) or to the amortised cost of the liability.

Income tax

Income tax expense comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in OCI. The tax expense or credit represents the sum of the tax currently payable or recoverable and the movement in deferred tax assets and liabilities.

(a) Current tax

Current tax is based on taxable income for the period and any adjustment to tax from previous periods. Taxable income differs from net income in the Consolidated Statement of Comprehensive Loss because it excludes items of income or expense that are taxable or deductible in other periods or that are never taxable or deductible. The calculation uses the latest tax rates for the period that have been enacted by the reporting date.

(b) Deferred tax

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial information and the corresponding tax bases used in the computation of taxable income, and is accounted for using the liability method.

Deferred tax is calculated at the latest tax rates that have been substantially enacted by the reporting date that are expected to apply when any deferred tax assets or liabilities are settled. It is charged or credited in the Consolidated Statement of Comprehensive Loss, except when it relates to items credited or charged directly to equity, in which case it is also dealt with in equity.

Deferred tax liabilities are recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable income will be available in future accounting periods against which the asset can be utilised. Such assets are reduced to the extent that it is no longer probable that the asset can be utilised.

Unrecognised deferred tax assets are reassessed at each reporting date and recognised to the extent that it has become probable that future taxable profits will be available against which they can be used.

Deferred tax assets and liabilities are offset when there is a right to offset current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

Notes to the Financial Statements

ACCOUNTING POLICIES (Cont'd)

Impairment of non-current assets

At each reporting date, the Group reviews the carrying amounts of property, plant and equipment assets, right of use assets, Intellectual property and goodwill to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Goodwill is assessed annually regardless of any indication of impairment.

Where the asset does not generate cash flows that are independent from other assets, the Directors estimate the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs. Recoverable amount is the higher of fair value less costs to sell and value in use.

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised as an expense immediately. An impairment is first allocated to reduce the carrying amount of any goodwill allocated to the CGU, and then to reduce the carrying amounts of the other assets in the CGU on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. For other assets, an impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

Property, plant and equipment

Property, plant and equipment and leasehold improvements are stated at cost less accumulated depreciation and any impairment losses. Cost includes the original purchase price of the asset and the costs attributable to bringing the asset to its working condition for its intended use. Such assets acquired in a business combination are initially recognised at their fair value at acquisition date.

Depreciation is charged to write off the costs of assets over their estimated useful lives, on a straight-line basis starting from the month they are first used, as follows:

- Laboratory Equipment - 2 or 3 years
- Computer Equipment - 2 or 3 years
- Leasehold improvements – over the term of the lease
- Right of use assets – over the term of the lease

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

The gain or loss arising on the disposal of an asset is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognised in the Consolidated Statement of Comprehensive Loss.

Notes to the Financial Statements

ACCOUNTING POLICIES (Cont'd)

Intangible assets and goodwill

Expenditure on research activities is recognised as an expense in the period in which it is incurred.

All on-going development expenditure is currently expensed in the period in which it is incurred. Due to the regulatory and other uncertainties inherent in the development of the Group's programmes, the criteria for development costs to be recognised as an asset, as prescribed by IAS 38, *'Intangible assets'*, are not met until the product has been submitted for regulatory approval, such approval has been received and it is probable that future economic benefits will flow to the Group. The Group does not currently have any such internal development costs that qualify for capitalisation as intangible assets.

Research and development expenses include costs arising from research and clinical development activities including employee costs for research and development personnel (i.e. salaries, bonuses, employer contributions to pension schemes, share-based compensation), legal expenses related to the protection, defence and enforcement of the Company's intellectual property, as well as depreciation on right-of-use assets associated with facilities and equipment used for research and development purposes.

The cost of a purchased intangible asset is the purchase price plus any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended.

Purchased intangible assets are capitalised even if they have not yet demonstrated technical feasibility. The intangible asset relating to intellectual property rights for the programme purchased from Amakem in 2017 is estimated to have a useful life of 20 years, and is amortised over this period.

Amortisation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

Goodwill arising on the acquisition of subsidiaries is measured at cost less accumulated impairment losses.

Employee benefits

Short-term employee benefits are expensed as the related service is provided. A liability is recognised for the amount expected to be paid if the Group has a present legal or constructive obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably.

(a) Share-based compensation

The Group issues share-based payments to certain employees and Directors. Equity-settled share-based payments are measured at fair value at the date of grant and are expensed on a straight-line basis over any vesting period, along with a corresponding increase in equity.

At each reporting date, the Directors revise their estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions and performance-based conditions.

The impact of any revision is recognised in the Consolidated Statement of Comprehensive Loss, with a corresponding adjustment to equity reserves.

The fair value of share options is determined using a Black-Scholes model, taking into consideration the best estimate of the expected life of the option and the estimated number of shares that will eventually vest. The cost of each option is spread evenly over the period from grant to expected vesting. Any modifications to share based payments are accounted for in accordance with IFRS2.

When options are vested and expire, a corresponding credit is recognised through reserves. Where they are unvested, an acceleration of charge occurs.

Notes to the Financial Statements

ACCOUNTING POLICIES (Cont'd)

Employee benefits (Cont'd)

(b) Defined contribution plans

The Group operates a defined contribution pension scheme for the benefit of its employees. The Group pays contributions into an independently administered fund via a salary sacrifice arrangement. The costs of providing these benefits are recognised in the Consolidated Statement of Comprehensive Loss and consist of the contributions payable to the scheme in respect of the period.

Financial instruments

Financial assets and financial liabilities are recognised in the Group's Consolidated Statement of Financial Position when the Group becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired (see note 20).

A financial asset is measured at amortised cost if it meets both of the following conditions and is not designated as fair value through profit and loss:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(a) Trade and other receivables

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for expected credit losses ("ECL"). Appropriate provisions for estimated irrecoverable amounts are recognised in the Consolidated Statement of Comprehensive Income for any expected credit losses, as detailed in the impairment of financial assets policy below. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and at bank, demand deposits, and other short-term highly liquid investments with a maturity of more than three months but less than a year that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

(c) Trade and other payables

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

(d) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(e) Compound financial instruments

Compound financial instruments issued by the Group comprised convertible notes denominated in GBP that can be converted to Ordinary shares at the option of the holder, based on a fixed conversion ratio.

Notes to the Financial Statements

ACCOUNTING POLICIES (Cont'd)

Financial instruments (Cont'd)

The convertible notes have been bifurcated into their liability and equity components and presented net of the relevant proportion of transaction costs.

The fair value of the liability component is determined using a market rate of an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

Where it meets the definition of equity, the remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity as a convertible note reserve, net of the relevant proportion of transaction costs.

The convertible loan notes are considered 'American-style' since they can be converted at the option of the note holder at any point before the maturity date. Any such conversions are treated as 'maturity' events and result in a remeasurement of the remaining liability component at the original effective interest rate, with the reduction being adjusted within equity. No gain or loss is recognised in the Consolidated Statement of Comprehensive Loss.

The calculation of interest on the convertible notes by reference to the USD prime rate gives rise to a potential derivative financial instrument, however in accordance with IFRS 9 *Financial instruments*, as this cannot be quantified, no amount is recognised. The carrying amount of the equity component of the conversion option is not remeasured in the subsequent years. The corresponding interest on the liability component of convertible notes is charged to the income statement using the effective interest rate. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

Impairment of financial assets

The Group measures loss allowances at an amount equal to lifetime ECLs. When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment, that includes forward-looking information.

The Group assumes that the credit risk on a financial asset has increased significantly if it is more than 30 days past due. The Group considers a financial asset to be in default when:

- the debtor is unlikely to pay its credit obligations to the Group in full, without recourse by the Group to actions such as realising security (if any is held); or
- the financial asset is more than 90 days past due.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amount of the assets. The loss allowance recognised at the end of the year was £nil (2023: £nil).

The Group recognised a loss allowance for expected credit losses on financial assets. The expected credit losses are estimated by reference to an analysis of the debtors' current financial position. The loss allowance recognised at the end of the year was £nil (2023: £nil).

Share Capital

Incremental costs directly attributable to the issue of Ordinary shares are recognised as a deduction from equity. Income tax relating to transaction costs of an equity transaction is accounted for in accordance with IAS 12.

Notes to the Financial Statements

ACCOUNTING POLICIES (Cont'd)

Leases

At inception of a contract, the Group assesses whether a contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) As a lessee

At commencement or on modification of a contract that contains a lease component, the Group allocates the consideration in the contract to each lease component on the basis of its relative stand-alone prices. However, for the leases of property the Group has elected not to separate non-lease components and account for the lease and non-lease components as a single lease component.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured at cost, which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs to dismantle and remove the underlying asset or to restore the underlying asset or the site on which it is located, less any lease incentives received.

The right-of-use asset is subsequently depreciated using the straight-line method from the commencement date to the end of the lease term, unless the lease transfers ownership of the underlying asset to the Group by the end of the lease term or the cost of the right-of-use asset reflects that the Group will exercise a purchase option. In that case the right-of-use asset will be depreciated over the useful life of the underlying asset, which is determined on the same basis as those of property and equipment. In addition, the right-of-use asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the Group's incremental borrowing rate.

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and makes certain adjustments to reflect the terms of the lease and type of the asset leased.
Lease payments included in the measurement of the lease liability comprise fixed payments, including in-substance fixed payments;

The lease liability is remeasured when there is a change in future lease payments arising from a change in an index or rate, if there is a change in the Group's estimate of the amount expected to be payable under a residual value guarantee, if the Group changes its assessment of whether it will exercise a purchase, extension or termination option or if there is a revised in-substance fixed lease payment.

When the lease liability is remeasured in this way, a corresponding adjustment is made to the carrying amount of the right-of-use asset, or is recorded in profit or loss if the carrying amount of the right-of-use asset has been reduced to zero.

The Group has elected not to recognise right-of-use assets and lease liabilities for leases of low-value assets and short-term leases (leases with a duration of less than 12 months), including IT equipment. The Group recognises the lease payments associated with these leases as an expense on a straight-line basis over the lease term.

(b) As a lessor

When the Group acts as a lessor, it determines at lease inception whether each lease is a finance lease or an operating lease.

Notes to the Financial Statements

ACCOUNTING POLICIES (Cont'd)

Leases (Cont'd)

To classify each lease, the Group makes an overall assessment of whether the lease transfers substantially all of the risks and rewards incidental to ownership of the underlying asset. If this is the case, then the lease is a finance lease; if not, then it is an operating lease. As part of this assessment, Group considers certain indicators such as whether the lease is for the major part of the economic life of the asset.

When the Group is an intermediate lessor, it accounts for its interests in the head lease and the sub-lease separately. It assesses the lease classification of a sub-lease with reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset.

The Group recognises lease payments received under operating leases as income on a straight-line basis over the lease term as part of 'other income'.

Non-underlying expenditure
Where material, non-underlying costs are disclosed separately within the Consolidated Statement of Comprehensive Loss.

Critical accounting estimates and judgements

(a) Share based compensation

The Group has issued a number of share options to certain employees. The Black-Scholes model was used to calculate the appropriate charge for the period of issue and subsequent periods.

The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, assessment of the satisfaction of performance criteria, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.

The total charge recognised and further information on share options can be found in Notes 5 and 24.

(b) Convertible loan notes

In the year ended 30 September 2020, the Group issued an aggregate of £22.2 million of convertible loan notes to RM Special Holdings 3, LLC ('Redmile') and Sofinnova Crossover 1 SLP ('Sofinnova') resulting in the recognition of a compound financial instrument. On 2 December, 2020 the Group announced that Redmile and Sofinnova would convert £3.33 million and £1.75 million, respectively, of the principal amount of the convertible loan notes into Ordinary shares. Judgement was required in determining the correct accounting treatment for this partial conversion. Management considered any partial conversion to be treated as a maturity event. Under this accounting, the movement in the carrying value of the liability element of the convertible loan notes as a result of the partial conversion was reclassified to equity, and no gain or loss was recognised in the Consolidated Statement of Comprehensive Loss. See note 18.

Notes to the Financial Statements

ACCOUNTING POLICIES (Cont'd)

Critical accounting estimates and judgements (Cont'd)

(c) Revenue from research collaborations

In determining the percentage of completion of the research collaboration projects, the Group estimates the total future costs expected to be incurred through the life of the contract, and compares this to the actual costs incurred to date. Certain costs are incurred with Clinical Research Organisations (CROs) such that the group has to estimate the stage of completion of the CRO in determining its own costs. The stage of completion is then applied to the contracted revenue receivable to determine the amount of revenue to be recognised. There is no significant judgement in determining actual costs to date. Costs to complete are an estimate based on the detailed project budget. If the costs to complete were estimated as being 10% higher, this would result in a increase in revenue recognised to date of £130k. A 10% lower estimate would result in a decrease of revenue recognised to date of £138k. See note 2.

In determining the total contract price on its collaboration projects, the directors assess whether future milestones should be included. These are generally excluded from the transaction price in the percentage of completion accounting except where they are not contingent on clinical trial success and an assessment can be made, they are highly probable of not reversing based on a supportable, historical track record of the relevant milestone event.

In addition, judgement is required in determining the separate performance obligations relating to asset purchases and ongoing collaborations.

(d) Clinical research organisation accruals and prepayments

With regard to significant pieces of research work, or clinical trials being undertaken on behalf of the group by CRO's, whilst there is no significant judgement in determining actual costs to date, the group estimates the stage of completion of the contracted work in order to determine the correct accrual or prepayment position.

Notes to the Financial Statements

1. Segmental information

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision Maker ("CODM"). The Board of Directors and the Chief Financial Officer are together considered the CODM and as such are responsible for allocating resources and assessing performance of operating segments.

The CODM consider that there are no identifiable business segments that are subject to risks and returns different to the core business. The information reported to the CODM, for the purposes of resource allocation and assessment of performance, is based wholly on the overall activities of the Group. Therefore, the CODM have determined that there is only one reportable segment under IFRS 8.

The geographic information analyses the Group's revenue and non-current assets by the company's country of domicile and all other countries. In presenting the geographic information, segment revenue has been based on the geographic location of customers and segment assets based on the geographic location of the assets. All assets are based in the UK (2023: UK). The Group has one customer, who contributes more than 10% of revenue (2023: one).

	UK £'000	Ireland £'000	Total £'000
Revenue analysis for the year ended 30 September 2024			
Sale of scientific programmes	-	7,967	7967
Research collaboration	-	5,304	5,304
Research and preclinical development services	-	245	245
	-	13,516	13,516
Revenue analysis for the year ended 30 September 2023			
Revenue from milestones on scientific programmes	-	-	-
Research collaboration	-	4,049	4,049
Research and preclinical development services	-	153	153
	-	4,202	4,202

2. Revenue

	2024 £'000	2023 £'000
Sale of scientific program	7,967	-
Revenue from research collaboration	5,304	4,049
Revenue from research and preclinical development services	245	153
	13,516	4,202

Information regarding contract assets and liabilities from contracts with customers can be found in notes 14 and 17.

Notes to the Financial Statements

3. Operating expenses

	Note	2024 £'000	2023 £'000
Research and development:			
Staff Costs	5, 9	4,785	5,419
Depreciation	10	684	837
Amortisation	11	6	6
Property costs		894	823
Other research and development expenses		18,156	22,032
		24,525	29,117
Selling, general and administrative expenses:			
Staff Costs	5, 9	5,526	5,238
Depreciation	10	102	117
Property costs		354	475
Other general and administrative expenses		2,187	2,004
Auditors' remuneration:			
Audit of subsidiaries		12	12
Audit of parent company and consolidation		250	223
		8,431	8,069
		32,956	37,186

4. Reverse merger expenses

On 23 February 2023, the Group announced a unanimously recommended business combination via a reverse merger with Jounce Therapeutics, Inc. ("Jounce"). Work continued on the project until, following an unsolicited cash offer for its shares, the board of Directors of Jounce withdrew its recommendation for the combination on 27 March 2023 in favour of an acquisition by another party. Given the nature and materiality of the expense, relating to professional fees, it has been disclosed separately within the Consolidated Statement of Comprehensive Loss. The proposed transaction formally lapsed on 3 April 2023 and therefore there were no further related expenses in 2024.

5. Share-based compensation

Share options have been issued to certain Directors and staff, and the charge arising is shown below. The fair value of the options granted has been calculated using a Black-Scholes model. 16,370,779 of the options outstanding are subject to performance conditions based on scientific, clinical and commercial milestones, all of which have been satisfied. There are no further conditions attached to the vesting of other options other than employment service conditions. Further information on options is given in Note 24.

	2024 Number	2023 Number
Outstanding at the beginning of the year	44,893,005	36,560,098
Options exercised in period	-	-
Options surrendered and lapsed in period	(4,925,001)	(1,967,093)
Options granted and vesting in future periods	4,850,000	10,300,000
Outstanding at the end of the year	44,818,004	44,893,005

Weighted average exercise price information is given in Note 24.

Notes to the Financial Statements

5. Share-based compensation (Cont'd)

	2024 £'000	2023 £'000
Charge to Statement of Comprehensive Loss in period	2,849	3,194

Assumptions used were an option life of 5 years, a risk free rate of 0.6%-9.4% and no dividend yield. Other inputs were as follows:

Volatility (based on historic information)	40% - %	40% - 141%
	£	£
Assumed share price at grant date	0.155 to 0.81	0.25 to 0.81
Exercise price	0.155	0.155 to 0.81

Volatility has been determined by reference to the historic share price of the Group over a period coterminous with the vesting period for the options.

On 24 July 2024, the exercise price of all outstanding share options was modified to 15.5p per share. The modification has been accounted for in accordance with IFRS 2, and represents £0.63 million of the charge above.

Of the variable assumptions, term is considered to be the most sensitive. Applying a variable term of 3-5 years across the various tranches for options granted in the year would result in an increase in the lifetime charge of the options granted in the year of £0.3 million.

All the options granted during the year were granted under the 2020 All employee Share Option Scheme or were non-plan.

At 30 September 2024 the Group operates three Share Options schemes: the 2015 Enterprise Management Incentive Scheme, the 2020 All Employee Share Option Scheme and the 2021 Directors Share Option Scheme. Non-plan share options may also be granted from time to time.

2015 Enterprise Management Incentive Scheme ('EMI scheme')
In 2015, the Group established the EMI scheme. The EMI Scheme provided for the grant of options to acquire our Ordinary shares to all eligible employees. Once an option has vested, it may be exercised during the period ending on the tenth anniversary of the grant date, after which it will lapse. There are no longer any outstanding options exercisable under the scheme, and no further options will be granted under it.

2020 All Employee Share Option Scheme ('All employee scheme')
In 2020, the Group established the All employee scheme. The All employee scheme provides for the grant of options to acquire our Ordinary shares to all eligible employees at the discretion of the Board of Directors. The Board of Directors may determine if the vesting of the option will be subject to the satisfaction of a performance condition. The options typically vest over 3 years where the first third of the options vest over one year, the second third vest over two years and the final third vesting over three years. In addition a number of options granted in 2024 have a single three year vesting period. With regard to an option that is subject to the satisfaction of a performance condition, the option will vest at the date at which the Board of Directors determine that the performance condition has been satisfied, and not before the third anniversary of the grant date. Once an option has vested, it may be exercised during the period ending on the tenth anniversary of the grant date, after which it will lapse. Options are granted at the market price of Redx securities at grant date.

Notes to the Financial Statements

5. Share-based compensation (Cont'd)

2021 Redx Directors Share Option Scheme ('Directors scheme')
In 2021, the Group established the Directors scheme. The Directors scheme mirrors the terms of the All employee scheme but the scheme is only open to eligible directors of the Company. There were no exercises under the scheme in the year.

Non-plan Share Options
Since 2021 the Group has granted a number of non-plan share options. The options vest either over 3 years, where the first third of the options vest over one year, the second third vest over two years and the final third vesting over three years, or in full on the third anniversary of the grant date. Options that are subject to the satisfaction of performance conditions vest at the later of the date at which the Board of Directors determine that the performance conditions have been satisfied, and three years after the grant date. Once an option has vested, it may be exercised during the period ending on the tenth anniversary of the grant date, after which it will lapse. Options are granted at the market price of Redx securities at grant date.

6. Other operating income

	2024 £'000	2023 £'000
Reimbursement of costs	123	456
RDEC income	1,563	1,548
	1,686	2,004

7. Finance income and expense

	Note	2024 £'000	2023 £'000
Finance income			
Bank and other short-term deposits		980	1,224
		980	1,224
Finance expense			
Loan interest	18, 20	1,609	1,609
Interest on lease liabilities	19, 20	140	192
		1,749	1,801

Notes to the Financial Statements

8. Income tax

	2024 £'000	2023 £'000
Current income tax		
Corporation tax	387	342
Adjustment in respect of previous periods	3	26
Income tax charge	390	368

The difference between the total tax shown above and the amount calculated by applying the standard rate of UK corporation tax to the loss before tax is as follows:

	2024 £'000	2023 £'000
Loss before tax	(17,090)	(32,788)
Loss before tax multiplied by standard rate of corporation tax in the UK of 25% (2023: 22.01%)	(4,272)	(7,216)
Effects of:		
R&D expenditure credits	387	342
Expenses not deductible for tax purposes	896	1,409
Fixed asset differences	4	-
Adjustment in respect of previous periods	3	26
Deferred tax not recognised (note 21)	3,372	5,807
Total taxation	390	368

For the year ended 30 September 2024, the entire income tax charge (2023: charge) was recorded in the Consolidated Statement of Comprehensive Loss.

Notes to the Financial Statements

9. Employees and key management

	2024 £'000	2023 £'000
Staff costs (including directors) comprise		
Wages and salaries	6,324	6,451
Social security costs	814	737
Pension costs	313	275
Share based compensation (note 5)	2,849	3,194
Total employee related costs	10,300	10,657

Number of employees	2024 number	2023 number
Average number of employees (including Directors)		
Management & Admin	29	35
R&D – Chemistry	22	33
R&D – Biology	19	26
R&D – Analytical	4	7
	74	101

Key management (including directors)	2024 £'000	2023 £'000
Wages & salaries	2,319	2,518
Social security costs	253	236
Pension costs	89	93
Share based compensation	2,311	2,636
	4,972	5,483

Key management comprised 13 people (2023: 13 people) and are considered to be the Directors and other members of the Executive Management Team. Payments to Directors consist of basic salaries, fees, pension contributions and share-based compensation. There are no gains by Directors on exercise of share options.

Directors' remuneration	2024 £'000	2023 £'000
Wages & salaries	789	849
Pension costs	31	31
	820	880

Retirement benefits are accruing to 1 Director (2023: 1) under a defined contribution scheme.

Of the total balance on the share option reserve of £13.4m, £5.5m relates to options granted to Directors in the current and previous periods. No directors exercised share options in the year (2023: none) or received shares in respect of qualifying services.

Notes to the Financial Statements

9. Employees and key management (Cont'd)

The amounts in respect of the highest paid Director are as follows:

	2024 £'000	2023 £'000
Wages & salaries (including bonus)	562	577
Pension costs	31	31
	593	608

10. Property, plant and equipment

	Leasehold Improvements £'000	Right of Use Asset £'000	Laboratory equipment £'000	Computer equipment £'000	Total £'000
Cost					
At 1 October 2022	114	3,664	1,761	455	5,994
Additions	77	-	93	25	195
Disposals	(114)	-	-	-	(114)
At 30 September 2023	77	3,664	1,854	480	6,075
At 1 October 2023	77	3,664	1,854	480	6,075
Additions	-	-	33	4	37
Disposals	-	-	-	(8)	(8)
At 30 September 2024	77	3,664	1,887	476	6,104
Depreciation					
At 1 October 2022	70	1,558	1,264	403	3,295
Charge for the year	60	535	312	47	954
Disposals	(114)	-	-	-	(114)
At 30 September 2023	16	2,093	1,576	450	4,135
At 1 October 2023	16	2,093	1,576	450	4,135
Charge for the year	24	535	209	18	786
Disposals	-	-	-	(1)	(1)
At 30 September 2024	40	2,628	1,785	467	4,920
Net book value					
At 30 September 2024	37	1,036	102	9	1,184
At 30 September 2023	61	1,571	278	30	1,940

The right of use asset relates to the lease of laboratories and offices, for a term of ten years, of which three years remain.

Notes to the Financial Statements

11. Intangible Assets and goodwill

	Intellectual property £'000	Goodwill £'000	Total £'000
Cost			
At 1 October 2022, 30 September 2023 and 30 September 2024	121	309	430
Amortisation			
At 1 October 2022	30	-	30
Charge for the year	6	-	6
At 30 September 2023	36	-	36
At 1 October 2023	36	-	36
Charge for the year	6	-	6
At 30 September 2024	42	-	42
Net book value			
At 30 September 2024	79	309	388
At 30 September 2023	85	309	394

The goodwill arose on the original purchase of the business and assets of Bradford Pharma in 2012. Management consider the goodwill to be intrinsic to the whole Group's on-going business, and as such calculations have been made based on forecasts and predictions relating to the Group as a single cash generating unit (CGU).

During impairment testing of intercompany amounts, the carrying value of both intangible fixed assets (including goodwill), property, plant and equipment and right of use assets was considered. Based on the results of the above detailed testing, the Board do not believe that any impairment under IAS 36 is required.

Purchased intellectual property is estimated to have a useful life of 20 years of which 14 remain.

Amortisation is shown within research and development expenses in the Consolidated Statement of Comprehensive Loss.

Notes to the Financial Statements

12. Subsidiaries

A list of the significant investments in subsidiaries, including the name, country of incorporation and proportion of ownership interest is given in note 5 to the Company's separate financial statements.

13. Trade and other receivables

	2024 £'000	2023 £'000
Trade receivables	923	50
VAT recoverable	716	582
Prepayments & other receivables	5,544	4,578
	7,183	5,210

The carrying value of other receivables approximates their fair value.

The Group measures the loss allowance for trade and other receivables at lifetime or 12 month expected credit losses ("ECL"). The ECL is estimated using a probability-weighted analysis of all possible outcomes with reference to the debtors' financial position and forecasts of future economic conditions. The resultant estimated ECL is not considered material to the financial statements, therefore the Group has recognised a loss allowance of £nil (2023: £nil) against these receivables.

Details of the Group's credit risk management policies are shown in Note 20. The Group does not hold any collateral as security for its other receivables.

14. Contract Assets

	2024 £'000	2023 £'000
Contract assets	1,049	-
	1,049	-
Reconciliation		
Brought forward	-	-
Contract funding invoiced	(3,411)	-
Transfer to revenue	4,460	-
Carried forward	1,049	-

The contract asset relates to a single research collaboration contract, unrelated to the completed contract disclosed in note 17.

Notes to the Financial Statements

15. Cash and cash equivalents

	2024 £'000	2023 £'000
Cash at bank and in hand	18,557	18,092
	18,557	18,092

No interest is earned on immediately available cash balances. Short-term deposits are made for varying periods of up to 95 days, and earn interest at the respective short-term deposit rates (base rate plus 0.05%).

16. Trade and other payables

	2024 £'000	2023 £'000
Trade payables	1,454	913
Employee taxes and social security	209	252
Other payables	15	9
Accruals	2,395	2,582
	4,073	3,756

Trade and other payables principally consist of amounts outstanding for trade purchases and on-going costs. They are non-interest bearing and are normally settled on 30 to 45 day terms.

17. Contract liabilities

	2024 £'000	2023 £'000
Contract liabilities	-	844
	-	844
Reconciliation		
Brought forward	844	4,893
Contract asset received	-	-
Transfer to revenue	(844)	(4,049)
Carried forward	-	844

Unsatisfied performance obligations
The aggregate amount of the transaction price allocated to the performance obligations that are unsatisfied at the end of the reporting period was £Nil as at 30 September 2024 (2023: £0.84 million) .

The contract liability related to a single research collaboration contract which was terminated in September 2024, all performance obligations had been completed at 30 September 2024. It is unrelated to the new collaboration agreement giving rise to the contract asset (note 14).

Notes to the Financial Statements

18. Borrowings

	2024 £'000	2023 £'000
Convertible loan notes		
Current	15,731	15,731
	15,731	15,731

On 4 August, 2020 Redx Pharma plc issued convertible loan notes with a value of £22.2 million. No interest is payable during the first 3 years, thereafter it is payable at a maximum rate equal to the US prime rate at that time, at the discretion of the noteholder. The notes are convertible into Ordinary shares of Redx Pharma plc, at any time at the option of the holder, or repayable on the third anniversary of the issue. The holders retain the right to extend the repayment date in one year increments, up to a maximum of ten years. The conversion rate is 1 Ordinary share for each £0.155 of convertible loan note held. The convertible loan notes are secured by a fixed and floating charge over all the assets of the Group.

Initial measurement

In accordance with IAS 32 Financial instruments, the convertible loan notes have been assessed as compound financial instruments containing equity and liability components. The Group has calculated the value of the liability component using a discount rate for an equivalent bond without an equity component, of 8.5%. The Group determined this rate by obtaining interest rate from external financing sources and making certain adjustments to reflect the terms of the instrument; specifically to adjust the interest rate to account for the expected term of the convertible loan notes, its value and the conditions attached to it. The value of the conversion feature of £4.57 million was calculated as the residual value of the loan after calculating the fair value of the liability component and has been recognised as an equity component within the Convertible note reserve in the Consolidated Statement of Financial Position. Total transaction costs of £1.1 million have been allocate between the equity and liability components. An increase in discount rate to 9.5% would decrease the debt element by £127k and a decrease to 7.5% would increase the debt element by £129k.

Partial conversion

On 2 December, 2020 the Group announced that RM Special Holdings 3 LLC and Sofinnova Crossover 1 SLP would convert £3.33 million and £1.75 million respectively of the principal amount of the convertible loan notes into Ordinary shares. Under the terms of the convertible loan notes, the conversion took place at 15.5p per new Ordinary share. Accordingly, 32,806,159 new Ordinary shares were issued. As of 30 September, 2022, an aggregate of £17.1 million in principal amount was outstanding under the convertible loan notes. This equates to 110,288,887 Ordinary shares at £0.155 per share.

Extension of Maturity date

In June 2023, confirmation was received from the Purchasers of their intention to execute their initial extension option under the terms of the instrument, the revised maturity date being August 2024. A further notice of extension was received in July 2024, taking the revised maturity date to 5 August 2025. As this feature was included in the original instrument, this has been treated as a revision to the cash flows associated with it, rather than as a modification.

The remaining gross principal of £17.1 million has been discounted at the effective interest rate determined on initial measurement, resulting in a discounted liability of £15.7 million (2023: £15.7 million). The revised recognition of the discounted liability resulted in a gain of £1.6 million, which in accordance with IFRS 9 has been recognized as income. As no actual interest rate has been stipulated by the loan note holders, consistent with their rights under the Agreement, effective interest will continue to be charged up to the revised maturity date.

Notes to the Financial Statements

19. Lease liabilities

The Group leases its head office facility. The lease runs for a period of 10 years and had a rent review in 2021, representing the mid-point of the lease. The associated right of use asset is included in note 10.

	2024 £'000	2023 £'000
Recognised at 1 October	1,950	2,574
Related interest expense	140	192
Repayment of lease liabilities	(816)	(816)
	1,274	1,950
Current	734	676
Non-current	540	1,274
	1,274	1,950

Amounts recognised in the Consolidated Statement of Comprehensive Loss and the Consolidated Statement of Cash Flows are as follows:

	2024 £,000	2023 £'000
Amounts recognised in profit and loss:		
Interest on lease liabilities	140	192
Depreciation charge on right of use asset	535	535
Amounts recognised in statement of cash flows:		
Payment of lease liabilities	816	816

A portion of the head office facility is sub-let by the Group. The Group classified the sub-let as an operating lease, since it does not transfer substantially all of the risks and rewards incidental to the head lease. The associated income is presented within other income in these financial statements as part of 'Reimbursement of costs' and was £48,000 for the year (2023: £153,000).

The following table sets out a maturity analysis of lease payments, showing the undiscounted payments to be received after the reporting date.

	2024 £,000	2023 £'000
Less than one year	48	48
One to two years	48	48
Two to three years	-	48
	96	144

Notes to the Financial Statements

20. Financial instruments

The Group's financial instruments comprise cash and cash equivalents, and various items such as other receivables (excluding prepayments), convertible loan notes and trade and other payables arising directly from the Group's operations. The main purpose of these financial instruments is to finance the Group's operations.

Classes of financial instruments are as follows:

	Note	Financial assets at amortised cost	Other financial liabilities	Total
At 30 September 2024		£'000	£'000	£'000
Financial assets not measured at fair value:				
Trade receivables	13	923	-	923
Other receivables	13	32	-	32
Cash and cash equivalents	15	18,557	-	18,557
		19,512	-	19,512

		Financial assets at amortised cost	Other financial liabilities	Total
		£'000	£'000	£'000
Financial liabilities not measured at fair value:				
Current borrowings	18	-	15,731	15,731
Trade payables	16	-	1,454	1,454
Other payables	16	-	15	15
		-	17,200	17,200

	Note	Financial assets at amortised cost	Other financial liabilities	Total
At 30 September 2023		£'000	£'000	£'000
Financial assets not measured at fair value:				
Trade receivables	13	50	-	50
Other receivables	13	33	-	33
Cash and cash equivalents	15	18,092	-	18,092
		18,175	-	18,175
Financial liabilities not measured at fair value:				
Current borrowings	18	-	15,731	15,731
Trade payables	16	-	913	913
Other payables	16	-	9	9
		-	16,653	16,653

Excludes accruals which are all due within one year.

Notes to the Financial Statements

20. Financial instruments (Cont'd)

Fair values

For trade and other receivables / payables measured at amortised cost, the carrying value is deemed to reflect the fair value.

The Group uses the following hierarchy for determining and disclosing the fair value of financial instruments by valuation technique:

- Level 1: quoted (unadjusted) prices in active markets for identical assets or liabilities.
- Level 2: other techniques for which all inputs which have a significant effect on the recorded fair value are observable, either directly or indirectly.
- Level 3: techniques which use inputs that have a significant effect on the recorded fair value that are not based on observable market data.

The fair values of all financial instruments in both years are considered to be equal to the carrying values except for current borrowings in the current year. As a result of movements in observable market interest rates, the fair value of the current borrowings has been assessed as being £15.2 million at 30 September 2024. The valuation technique used in deriving the fair value is a discounted cash flow model whereby the fair value is the present value of the expected payments, discounted using a risk adjusted discount rate. This is assessed as being a Level 2 fair value measurement.

Risk management

The Group's operations expose it to a variety of financial risks that include the effects of changes in exchange rates, interest rates, credit risk and its liquidity position. The principal financial risks faced by the Group are:

Currency risk

The Group is exposed to transactional foreign currency risk to the extent that there is a mismatch between the currencies in which sales, purchases, receivables and borrowings are denominated and the respective functional currencies of Group companies. The functional currencies of Group companies are primarily GBP. The currencies in which these transactions are primarily denominated are GBP and US dollars.

The Group's exposure to foreign currency risk is limited, as most of its invoicing and payments are denominated in GBP. There are some transactions denominated in US dollars, however neither GBP or US dollars are considered to be volatile and any risk is classed as low. Accordingly, no sensitivity analysis is presented in this area as it is considered immaterial. The Directors regularly review the situation.

Market risk

Market risk is the risk that changes in market prices – e.g. foreign exchange rates, interest rates and equity prices – will affect the Group's income or the value of its holdings of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

Credit risk

Credit risk arises from the possibility of customers and counterparties failing to meet their obligations to the Group. Receivable balances are monitored on an ongoing basis and a provision is made for impairment where amounts are not thought to be recoverable (see Note 13).

The Group gives careful consideration to which organisations it uses for banking in order to minimise credit risk. The Group holds cash with one large bank in the UK, an institution with an A credit rating (long term, as assessed by Moody's).

Notes to the Financial Statements

20. Financial instruments (Cont'd)

The amounts of cash held with that bank at the reporting date can be seen in the financial assets table. At the reporting date there were no significant concentrations of credit risk and receivables which are not impaired are believed to be recoverable.

The Group considers its maximum exposure to credit risk to be equivalent to total trade and other receivables of £955,000 (2023: £83,000) and cash and cash equivalents of £18,557,000 (2023: £18,092,000).

Liquidity risk and capital management
Liquidity risk is the risk that the Group will encounter difficulty in meeting the obligations associated with its financial Liabilities that are settled by delivering cash or another financial asset. The Group's objective when managing liquidity is to ensure, as far as possible, that it will have sufficient liquidity to meet its liabilities when they are due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Liquidity risk
The Directors manage liquidity risk by regularly reviewing the Group's cash requirements by reference to short term cash flow forecasts and medium-term working capital projections.

The following are the remaining contractual maturities of financial liabilities at the reporting date. The amounts are gross and undiscounted, and include contractual interest payments and exclude the impact of netting agreements.

		Contractual cash flows					
As at 30 September 2024	Carrying amount £'000	Total £'000	2 m'ths or less £'000	2-12 m'ths £'000	1-2 years £'000	2-5 years £'000	5+ years £'000
Current Borrowings	15,731	17,095	-	17,095	-	-	-
Trade payables	1,454	1,454	1,454	-	-	-	-
Other payables	15	15	15	-	-	-	-
Lease liabilities	1,274	1,377	-	816	561	-	-
	18,474	19,941	1,469	17,911	561	-	-

		Contractual cash flows					
As at 30 September 2023	Carrying amount £'000	Total £'000	2 m'ths or less £'000	2-12 m'ths £'000	1-2 years £'000	2-5 years £'000	5+ years £'000
Current Borrowings	15,731	17,095	-	17,095	-	-	-
Trade payables	913	913	913	-	-	-	-
Other payables	9	9	9	-	-	-	-
Lease liabilities	1,950	2,193	-	816	816	561	-
	18,603	20,210	922	17,911	816	561	-

Capital management
The directors consider the Group's capital to be its equity. The Group monitors its capital using a number of measures including cash flow projections, working capital ratios, the cost to achieve pre-clinical and clinical milestones and potential revenue from existing partnerships and ongoing licensing activities. The Group's objective when managing capital is to safeguard the Group's ability to continue as a going concern. The Group is currently meeting this objective. In order to maintain or adjust the capital structure the Group may issue new shares or sell assets to reduce debt.

Notes to the Financial Statements

20. Financial instruments (Cont'd)

Financial risk factors
Accounts receivable and accounts payable, arising from normal trade transactions, are expected to be settled within normal credit terms.

Reconciliation of changes in liabilities arising from financing activities

	Note	2024 £'000
IFRS 16 Lease liability		
Balance b/fwd		1,950
Payment of lease liabilities		(816)
Interest on lease liabilities	7	140
Balance c/fwd (disclosed as current and non-current lease liabilities)	19	1,274
Convertible loan notes		
Balance b/fwd		15,731
Remeasurement on change in estimated cash flows		(1,609)
Interest	7	1,609
Balance c/fwd (disclosed as current borrowings)	18	15,731

21. Deferred tax

Deferred tax is calculated in full on temporary differences under the liability method using a tax rate of 25% (2023: 25%).

The following are the major deferred tax assets and liabilities recognised by the Group:

	2024 £,000	2023 £'000
Deferred tax liability in respect of fixed asset timing differences	21	92
Deferred tax assets	(21)	(92)
	-	-

The company has recognised deferred tax assets of £21,000 (2023: £92,000) to offset its deferred tax liability resulting from fixed asset timing differences.

Due to the uncertainty of future profits, a deferred tax asset in respect of trading losses was not recognised at 30 September, 2024 (2023: £nil). The Group had the following unrecognised deferred tax assets as at 30 September, 2024:

	2024 £,000	2023 £'000
Trading losses	25,748	22,038
Recoverable RDEC tax suffered	1,395	1,004
	27,143	23,042

Deferred tax assets are recognised where it is probable that future taxable profit will be available to utilise the losses.

Notes to the Financial Statements

22. Share Capital

	Note	2024 Numbers	2023 Numbers
Ordinary shares of £0.01			
In issue at 1 October		334,911,458	334,911,458
Issued for cash		54,074,458	-
In issue at 30 September		388,985,916	334,911,458
A1 Ordinary shares of £0.01			
In issue at 1 October		-	-
Issued for cash		32,258,065	-
In issue at 30 September		32,258,065	-
Share Capital at par, fully paid		£'000	£'000
Ordinary shares of £0.01			
At 1 October		3,349	3,349
Issued for cash		541	-
At 30 September		3,890	3,349
A1 Ordinary shares of £0.01			
At 1 October		-	-
Issued for cash		322	-
At 30 September		322	-
At 30 September		4,212	3,349

All Ordinary shares rank equally with regard to the Company's residual assets save that on a liquidation, the A1 Ordinary shares shall take preference. Holders of all shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued.

23. Share premium

	2024 £'000	2023 £'000
Brought forward	99,501	66,299
Share issues	18,196	33,972
Share issue costs	(492)	(770)
	117,205	99,501

Description of other reserves:

Share premium	Amount subscribed for share capital in excess of nominal value.
Share based payment	The share based payment reserve arises as an offsetting credit to the expense of issuing share-based payments which are recognised over the relevant vesting period (share option grants).
Capital redemption reserve	A statutory, non-distributable reserve into which amounts are transferred following the redemption or purchase of a company's own shares.
Exchange translation reserve	Exchange gains and losses arising from the translation of Subsidiary companies whose functional currency is different from the Groups presentational currency.
Convertible note reserve	The convertible note reserve recognises the equity component of convertible loan notes issued by the Group.
Retained deficit	The retained deficit records the accumulated profits and losses, less any subsequent elimination of losses, of the Group since inception.

Notes to the Financial Statements

24. Share based payments

Movements on share options during the year were as follows:

Exercise Price per share (pre modification)	30 September 2023	Granted	Lapsed/ Cancelled	30 September 2024	Date from which exercisable	Expiry date
15.5p	1,708,340	-	(25,000)	1,683,340	01.07.2021	30.06.2030
15.5p	1,891,705	-	(25,000)	1,866,705	01.07.2022	30.06.2030
15.5p	2,691,663	-	(125,001)	2,566,662	01.07.2023	30.06.2030
15.5p**	12,100,000	-	-	12,100,000	01.07.2023	30.06.2030
56p	965,728	-	(116,667)	849,061	02.12.2021	01.12.2030
56p	982,395	-	(116,667)	865,728	02.12.2022	01.12.2030
56p	982,395	-	(116,667)	865,728	02.12.2023	01.12.2030
56p**	3,070,779	-	-	3,070,779	02.12.2023	01.12.2030
66p	100,000	-	(100,000)	-	01.03.2022	28.02.2031
66p	100,000	-	(100,000)	-	01.03.2023	28.02.2031
66p	100,000	-	(100,000)	-	01.03.2024	28.02.2031
66p**	1,200,000	-	(1,200,000)	-	01.03.2024	28.02.2031
65p	100,000	-	-	100,000	05.05.2022	04.05.2031
65p	100,000	-	-	100,000	05.05.2023	04.05.2031
65p	100,000	-	-	100,000	05.05.2024	04.05.2031
65p **	1,200,000	-	-	1,200,000	05.05.2024	04.05.2031
61.5p	150,000	-	(50,000)	100,000	01.07.2022	30.06.2031
61.5p	150,000	-	(50,000)	100,000	01.07.2023	30.06.2031
61.5p	150,000	-	(50,000)	100,000	01.07.2024	30.06.2031
61.5p	133,333	-	-	133,333	01.07.2022	30.06.2031
61.5p	133,333	-	-	133,333	01.07.2023	30.06.2031
61.5p	133,334	-	-	133,334	01.07.2024	30.06.2031
81p	200,000	-	-	200,000	28.01.2023	27.01.2032
81p	200,000	-	-	200,000	28.01.2024	27.01.2032
81p	200,000	-	-	200,000	28.01.2025	27.01.2032
81p	466,667	-	(233,333)	233,334	28.01.2023	27.01.2032
81p	466,667	-	(233,333)	233,334	28.01.2024	27.01.2032
81p	466,666	-	(233,333)	233,333	28.01.2025	27.01.2032
59p	183,333	-	-	183,333	19.05.2023	19.05.2032
59p	183,333	-	-	183,333	19.05.2024	19.05.2032
59p	183,334	-	-	183,334	19.05.2025	19.05.2032
59p	3,650,000	-	(550,000)	3,100,000	19.05.2025	19.05.2032
60p	300,000	-	-	300,000	20.05.2025	20.05.2032
54p	216,666	-	(150,000)	66,666	31.10.2023	31.10.2032
54p	216,666	-	(150,000)	66,666	31.10.2024	31.10.2032
54p	216,668	-	(150,000)	66,668	31.10.2025	31.10.2032
56.5p	5,700,000	-	(1,000,000)	4,700,000	21.12.2025	21.12.2032
56.5p	900,000	-	-	900,000	21.12.2025	21.12.2032
26.5p	33,333	-	-	33,333	30.06.2024	30.06.2033
26.5p	33,334	-	-	33,334	30.06.2025	30.06.2033
26.5p	33,333	-	-	33,333	30.06.2026	30.06.2033
26.5p	2,300,000	-	(50,000)	2,250,000	30.06.2026	30.06.2033
26.5p	500,000	-	-	500,000	30.06.2026	30.06.2033
19p	-	3,450,000		3,450,000	23.02.2027	23.02.2034
19p	-	1,000,000		1,000,000	23.02.2027	23.02.2034
15.5p	-	133,333		133,333	24.07.2025	24.07.2034
15.5p	-	133,333		133,333	24.07.2026	24.07.2034
15.5p	-	133,334		133,334	24.07.2027	24.07.2034
Total	44,893,005	4,850,000	(4,925,001)	44,818,004		
Weighted average exercise price	37.87p	17.45p	61.28p	15.5p		

**These options were subject to performance conditions as detailed in note 5, all of which have been satisfied.

Notes to the Financial Statements

24. Share based payments (Cont'd)

On 24 July 2024 the exercise price of all outstanding share options was modified to 15.5p. The number of exercisable share options at 30 September 2024 was 27,401,336 and their weighted average exercise price was 15.5p. No share options were exercised during the year.

During the prior year Movements on share options during the year were as follows:

Exercise Price per share	30 September 2022	Granted	Lapsed/ Cancelled	30 September 2023	Date from which exercisable	Expiry date
85p	200,475	-	(200,475)	-	27.03.2015	26.03.2025
85p	24,975	-	(24,975)	-	27.03.2016	26.03.2025
85p	24,975	-	(24,975)	-	27.03.2017	26.03.2025
15.5p	1,708,340	-	-	1,708,340	01.07.2021	30.06.2030
15.5p	1,891,705	-	-	1,891,705	01.07.2022	30.06.2030
15.5p	2,866,665	-	(175,002)	2,691,663	01.07.2023	30.06.2030
15.5p**	12,600,000	-	(500,000)	12,100,000	01.07.2023	30.06.2030
56p	1,015,728	-	(50,000)	965,728	02.12.2021	01.12.2030
56p	1,065,728	-	(83,333)	982,395	02.12.2022	01.12.2030
56p	1,065,728	-	(83,333)	982,395	02.12.2023	01.12.2030
56p**	3,070,779	-	-	3,070,779	02.12.2023	01.12.2030
66p	100,000	-	-	100,000	01.03.2022	28.02.2031
66p	100,000	-	-	100,000	01.03.2023	28.02.2031
66p	100,000	-	-	100,000	01.03.2024	28.02.2031
66p**	1,200,000	-	-	1,200,000	01.03.2024	28.02.2031
65p	100,000	-	-	100,000	05.05.2022	04.05.2031
65p	100,000	-	-	100,000	05.05.2023	04.05.2031
65p	100,000	-	-	100,000	05.05.2024	04.05.2031
65p **	1,200,000	-	-	1,200,000	05.05.2024	04.05.2031
61.5p	200,000	-	(50,000)	150,000	01.07.2022	30.06.2031
61.5p	200,000	-	(50,000)	150,000	01.07.2023	30.06.2031
61.5p	200,000	-	(50,000)	150,000	01.07.2024	30.06.2031
61.5p	200,000	-	(66,667)	133,333	01.07.2022	30.06.2031
61.5p	200,000	-	(66,667)	133,333	01.07.2023	30.06.2031
61.5p	200,000	-	(66,666)	133,334	01.07.2024	30.06.2031
81p	200,000	-	-	200,000	28.01.2023	27.01.2032
81p	200,000	-	-	200,000	28.01.2024	27.01.2032
81p	200,000	-	-	200,000	28.01.2025	27.01.2032
81p	500,000	-	(33,333)	466,667	28.01.2023	27.01.2032
81p	500,000	-	(33,333)	466,667	28.01.2024	27.01.2032
81p	500,000	-	(33,334)	466,666	28.01.2025	27.01.2032
59p	183,333	-	-	183,333	19.05.2023	19.05.2032
59p	183,333	-	-	183,333	19.05.2024	19.05.2032
59p	183,334	-	-	183,334	19.05.2025	19.05.2032
59p	3,875,000	-	(225,000)	3,650,000	19.05.2025	19.05.2032
60p	300,000	-	-	300,000	20.05.2025	20.05.2032
54p	-	233,333	(16,667)	216,666	31.10.2023	31.10.2032
54p	-	233,333	(16,667)	216,666	31.10.2024	31.10.2032
54p	-	233,334	(16,666)	216,668	31.10.2025	31.10.2032
56.5p	-	5,700,000	-	5,700,000	21.12.2025	21.12.2032
56.5p	-	900,000	-	900,000	21.12.2025	21.12.2032
26.5p	-	66,667	(33,334)	33,333	30.06.2024	30.06.2033
26.5p	-	66,667	(33,333)	33,334	30.06.2025	30.06.2033
26.5p	-	66,666	(33,333)	33,333	30.06.2026	30.06.2033
26.5p	-	2,300,000	-	2,300,000	30.06.2026	30.06.2033
26.5p	-	500,000	-	500,000	30.06.2026	30.06.2033
Total	36,560,098	10,300,000	(1,967,093)	44,893,005		
Weighted average exercise price	37.87p	47.59p	46.84p	39.71p		

**These options were subject to performance conditions as detailed in note 5, all of which have been satisfied.

Notes to the Financial Statements

24. Share based payments (Cont'd)

The number of exercisable share options at 30 September 2023 was 22,156,497 and their weighted average exercise price was 23.47p. No share options were exercised during the year.

Outstanding and exercisable share options by scheme as of 30 September 2024:

Plan	Outstanding Number	Exercisable Number	Exercise price range for Outstanding £	Weighted average exercise price for Exercisable £
2015 Scheme	-	-	-	-
2020 all employee Share Options Scheme	39,618,004	25,101,336	0.155	0.155
2021 Directors Share options Scheme	1,000,000	800,000	0.155	0.155
Non-plan Share Options	4,200,000	1,500,000	0.155	0.155
	44,818,004	27,401,336		

The options outstanding at 30 September 2024 had a weighted average contractual life of 6.9 years (2023: 7.7 years). Other than as previously noted, the share options are exercisable with no further conditions to be met.

25. Related Parties

Balances and transactions between the Company and its subsidiaries, which are related parties, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties are disclosed below:

In March 2020, as a result of the purchase of shares by RM Special Holdings 3, LLC ("Redmile"), it became a significant shareholder (>70%) and related party. The Group issued £14.5 million convertible loan notes to Redmile on 4 August 2020 on terms summarised in note 18. Redmile further participated in the placing of Ordinary shares in June 2022.

Under the terms of the agreement for its subscription for shares on 20 July 2020, Sofinnova Crossover 1 SLP ("Sofinnova") appointed a director to the Board of Redx Pharma plc. The Board believes that this satisfies the criteria for Sofinnova to be considered a related party. On 4 August 2020 the Group issued £7.6 million convertible loan notes to Sofinnova, the terms of which can be seen in note 18. Sofinnova also participated in the placing of Ordinary shares in June 2022.

On 2 December, 2020 the Group announced that RM Special Holdings 3, LLC and Sofinnova Crossover 1 SLP would convert £3.33 million and £1.75 million respectively of the principal amount of the convertible loan notes into Ordinary shares. Under the terms of the convertible loan notes, the conversion took place at 15.5p per new Ordinary share. Accordingly, 32,806,159 new Ordinary shares were issued and admitted to trading on AIM on 22 December, 2020. As of 30 September, 2024, an aggregate of £17.1 million in principal amount was outstanding under the convertible loan notes. This equates to 110,288,888 Ordinary shares at £0.155 per share.

Following the further extension of the maturity date to 4 August 2025, the remaining gross principal of £17.1 million has been discounted at the effective interest rate determined on initial measurement, resulting in a discounted liability of £15.7 million (note 18).

Notes to the Financial Statements

25. Related Parties (Cont'd)

The interest charge in the period relates to the unwinding of the discount at the effective interest rate on the convertible loan balances held by Redmile and Sofinnova respectively.

Charges from related parties	2024 £'000	2023 £'000
RM Special Holdings 3, LLC – Convertible loan note interest	1,081	1,081
Sofinnova Crossover 1 SLP – Convertible loan note interest	528	528
	1,609	1,609

Amounts owed to related parties	2024 £'000	2023 £'000
RM Special Holdings 3, LLC - loan note	10,284	10,284
Sofinnova Crossover 1 SLP - loan note	5,447	5,447
	15,731	15,731

Amounts owed to/by related parties are disclosed in borrowings (see note 18) and the convertible note reserve.

Company Statement of Financial Position

At 30 September 2024
Company registration number 07368089

	Notes	2024 £'000	2023 £'000
Fixed assets			
Intangible assets	3	**171**	193
Tangible assets	4	**65**	195
Investments	5	**1,726**	1,371
		1,962	1,759
Current assets			
Debtors	6	**109,166**	87,373
Cash at bank and in hand		**17,946**	17,757
Total current assets		**127,112**	105,130
Creditors: amounts falling due within one year	7	**(17,251)**	(17,576)
Net current assets		**109,861**	87,554
Net assets		**111,823**	89,313
Capital and reserves			
Share capital	8	**4,212**	3,349
Share premium	8	**117,205**	99,501
Capital redemption reserve	8	**1**	1
Share based payments reserve	8	**13,404**	10,751
Convertible note reserve	8	**3,524**	3,524
Profit and loss account	8	**(26,523)**	(27,813)
Shareholders' funds		**111,823**	89,313

The Company has taken advantage of s408 of the Companies Act 2006 and has not included its own profit and loss account in these financial statements. The Company's result for the year was a profit of £1,290,000 (2023 loss: £7,909,000).

The financial statements were approved and authorised for issue by the Board and signed on its behalf by:

Lisa Anson
Executive Director
19 December 2024

Company Statement of Changes in Equity

For the year ended 30 September 2024

	Share capital £'000	Share premium £'000	Share based payment £'000	Capital Redemption Reserve £'000	Convertible Note Reserve £'000	Profit & loss account £'000	Total Equity £'000
At 1 October 2022	3,349	99,501	8,199	1	3,524	(19,904)	94,670
Loss and total comprehensive loss for the year	-	-	-	-	-	(7,909)	(7,909)
Transactions with owners in their capacity as owners							
Share based compensation	-	-	3,194	-	-	-	3,194
Release of share options lapsed in the year	-	-	(642)	-	-	-	(642)
Movement in year	-	-	2,552	-	-	(7,909)	(5,357)
At 30 September 2023	3,349	99,501	10,751	1	3,524	(27,813)	89,313
Profit and total comprehensive profit for the year	-	-	-	-	-	1,290	1,290
Transactions with owners in their capacity as owners							
Share issues	863	18,196	-	-	-	-	19,059
Share issue costs	-	(492)	-	-	-	-	(492)
Share based compensation	-	-	2,849	-	-	-	2,849
Release of share options lapsed in the year	-	-	(196)	-	-	-	(196)
Movement in year	863	17,704	2,653	-	-	1,290	22,510
At 30 September 2024	4,212	117,205	13,404	1	3,524	(26,523)	111,823

Notes to the individual Financial Statements of Redx Pharma Ltd

1. Accounting Policies

(i) Basis of preparation

The Company's financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and in conformity with the requirements of the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Financial Reporting Standard 102 - reduced disclosure exemptions

The Company has taken advantage of the following disclosure exemptions in preparing these financial statements, as permitted by FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland":

- the requirements of Section 7 Statement of Cash Flows;
- the requirement of Section 3 Financial Statement Presentation paragraph 3.17(d);
- the requirements of Section 11 Financial Instruments paragraphs 11.39 to 11.48A;
- the requirements of Section 26 Share-based Payment paragraphs 26.18(b), 26.19 to 26.21 and 26.23; and
- the requirement of Section 33 Related Party Disclosures paragraph 33.7.

(ii) Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date. Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxable profit from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantially enacted at the balance sheet date.

(iii) Operating leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Rentals payable under operating leases (net of any incentives received from the lessor) are charged to the Statement of Comprehensive Loss on a straight-line basis over the term of the relevant lease.

The minimum term of the lease is estimated if it is not explicitly stated in the contract.

(iv) Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2010, is being amortised evenly over its estimated useful life of twenty years. It is reviewed annually by the Directors for potential impairment.

Purchased intangible assets

The cost of a purchased intangible asset is the purchase price plus any cost directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended. Purchased intangible assets are capitalised even if they have not yet demonstrated technical feasibility. The intangible asset relating to intellectual property rights for the programme purchased from Amakem is estimated to have a useful life of 20 years, and it will be amortised over this period, commencing on 31 October 2017.

Notes to the individual Financial Statements of Redx Pharma Ltd

1. Accounting Policies (Cont'd)

(v) Going Concern

The Board have adopted the going concern basis in preparing these accounts after assessing the Group's cash flow forecasts and principal risks.

At 30 September 2024 the Group held £18.6 million of cash and cash equivalents. The Group and Parent Company has a history of recurring losses from operations, including a net loss of £17.5 million for the year ended 30 September 2024 and an accumulated deficit of £131.1 million at that date. In addition, operational cash outflows continue to be driven by the ongoing focus on the research, development and clinical activities to advance the programmes within the Group's pipeline. The Group's cash outflow from operations of £17.2 million was largely offset by £18.5 million of proceeds from share issues and therefore the Group recorded a net increase in cash and cash equivalents of £0.5 million for the year ended 30 September 2024.

As part of its approval of the Group's budget for the year ending 30 September 2025, the Board concluded that the Group and Parent Company holds sufficient cash and cash equivalents to provide a cash runway into Q4 of 2025 at currently budgeted levels and timings of expenditure and also on the assumption that the Group's convertible loans will be converted into equity of the Parent Company, or that there will be an extension of the term of those convertible loans before or in August 2025 (see further discussion below).

In undertaking the going concern review, the Board has reviewed the Group and Parent Company's cash flow forecasts to 31 December, 2025 (the going concern period). Accounting standards require that the review period covers at least 12 months from the date of approval of the financial statements. Further funding is required under the Board's long-term plan to continue to develop its product candidates and conduct clinical trials, and the Group and Parent Company plan to raise significant further finance within the going concern period and is exploring a number of different options to raise the required funding. Given these plans and requirements, a review period of 12 months is considered appropriate.

The base case considered by The Board assumes operating expenditure to progress the Group's clinical assets in line with the strategic plan for the Group. The Board has identified and assessed downside risks and mitigating actions in its review of the Group and Parent Company's cash flow forecasts. The potential requirement to repay the convertible loan notes and the ability of the Group and Parent Company to raise further capital to extend the cash runway beyond the going concern period are both circumstances outside the control of the directors.

In the event that the convertible loan notes are not converted or extended before 31 August 2025, any mitigating actions would be insufficient such that the Group would need to raise additional capital within the going concern period and this is outside of the control of the directors. Based on these conditions, the Group has concluded that the need to raise further capital and the potential need to repay the convertible loan notes represent material uncertainties related to events or conditions that may cast significant doubt as to the Group and Parent Company's ability to continue as a going concern.

Notwithstanding the existence of the material uncertainties, the Board believes that the adoption of the going concern basis of accounting is appropriate for the following reasons:

- the directors consider it highly unlikely that the convertible loan notes will be recalled in August 2025
- the directors continue to pursue a number of options to secure longer-term funding for the Group and Parent Company, including equity financing, partnering portfolio assets and potential for additional milestones on existing partnerships, and based on current plans and discussions with third parties the directors have an expectation that further funding will be obtained.

Notes to the individual Financial Statements of Redx Pharma Ltd

1. Accounting Policies (Cont'd)

Going Concern (Cont'd)

- the Group and Parent Company has a track record and reasonable near-term visibility of meeting expectations under its collaboration agreements and receiving milestone payments which have the potential to increase the Group's cash runway but are not included in the Directors' assessment given they are outside the control of management.
- the Group and Parent Company retains the ability to control capital and other discretionary expenditure and lower or delay other operational spend to extend the cash runway to a limited extent to facilitate the above actions.

There can be no assurance that the convertible loan notes will be converted or extended rather than recalled. If the loan notes are not converted or extended, the Group will not have sufficient cash flows to support its current level of activities beyond the maturity date. While the Group and Parent Company has successfully accessed equity and debt financing in the past, there can be no assurance that it will be successful in doing so now or in the future. In the event the loan notes are recalled, or additional financing is not secured, the Group and Parent Company would need to consider:

- new commercial relationships to help fund future clinical trial costs (i.e., licensing and partnerships); and/or
- reducing and/or deferring discretionary spending on one or more research and development programmes; and/or
- restructuring operations to change its overhead structure.

The Group and Parent Company's future liquidity needs, and ability to address those needs, will largely be determined by the success of its product candidates and key development and regulatory events and its decisions in the future. Such decisions could have a negative impact on the Group and Parent Company's future business operations and financial condition.

The accompanying financial statements do not include any adjustments that would be required if they were not prepared on a going concern basis. Accordingly, the financial statements have been prepared on a basis that assumes the Group and Parent Company will continue as a going concern to 31 December 2025.

Revenue

The Company generates revenue from the sale or outlicensing of scientific programmes, the provision of research on collaboration programmes and the provision of research and preclinical development services under partnership agreements.

Revenue from contracts with customers is recognised at an amount that reflects the consideration to which the Company is expected to be entitled in exchange for transferring goods or services to a customer. An assessment is performed on each contract to determine the separate performance obligations and whether these are distinct, and where they are not distinct, they are combined.

Where the Company provides ongoing services, revenue in respect of this element is recognised over the duration of those services. Where the arrangement meets the definition of a license agreement, sales milestones and sales royalties are recognised when achieved by applying the royalty exemption under IFRS15.B63.

All other milestones and sales royalties are recognised when considered it is highly probable there will not be a significant reversal of income which in the case of clinical success milestones is taken to be when the results of the relevant trial is passed.

Notes to the individual Financial Statements of Redx Pharma Ltd

1. Accounting Policies (Cont'd)

Revenue (Cont'd)

(a) Sale and outlicensing of scientific programmes

Customers obtain control of the scientific programmes when the scientific research is transferred to the customer to enable them to continue research and development. Invoices are generated at the point of sale and are usually payable within 30 days. There are no obligations on the Company for returns or refunds for sales or outlicensing of scientific programmes. Revenue is recognised when the scientific research license is transferred to the customer.

(b) Revenue from research collaboration

Collaborations and other arrangements with multiple performance obligations including licenses are assessed to determine whether the license and any services or other performance obligations in the agreement are distinct. Where the license is not distinct it is combined with the associated services and recognised as a single performance obligation.

Generally, performance obligations for research collaboration are satisfied over time as services are rendered. Payment is due with reference to contractual milestones and payment is typically received in advance of services being delivered. These arrangements establish contract liabilities that are then released to match the provision of services. Consideration for research collaboration contracts contains an upfront payment (fixed) and subsequent milestone payments (variable). Variable milestone payments are estimated using the expected value method. Revenue is recognised over the duration of the contract based on an input method based on cost to complete. The related costs are recognised in profit and loss when they are incurred.

(c) Revenue from research and preclinical development services

Performance obligations for research and preclinical development services are satisfied over time as services are rendered. Invoices are presented monthly and are typically payable within 30 days. There are no obligations on the Company for refunds regarding the provision of research and preclinical development services. Consideration is made up of multiple elements, being an agreed full-time equivalent ('FTE') charge out rate and recharges of direct costs, both of which are variable based on the amount of time and cost incurred.

Revenue is recognised over the duration of the contract based on the delivery of FTE services and actual incurrence of rechargeable costs.

(d) Revenue from milestones on scientific programmes and research collaboration

There may be significant uncertainty over whether it is highly probable that there would not be a significant reversal of revenue in respect of specific milestones if they are recognised before they are triggered as a result of them being subject to the actions of third parties. Where the triggering of a milestone is subject to the decisions of third parties (including partners and regulators), the Company does not consider that the threshold for recognition is met until that decision is made.

(vi) Tangible fixed assets

All tangible fixed assets are stated at historical cost less depreciation. Cost includes the original purchase price of the asset and the costs attributable to bringing the assets to its working condition for its intended use. Finance costs are not included.

Depreciation is calculated on the straight-line method to write off the cost of assets to their residual values over their estimated useful lives as follows:

Laboratory equipment -	2 or 3 years
Computer equipment -	2 or 3 years
Leasehold improvements -	Over the term of the lease

Notes to the individual Financial Statements of Redx Pharma Ltd

1. Accounting Policies (Cont'd)

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Where the carrying amount of an asset is greater than its estimated recoverable amount, it is written down immediately to its recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in operating profit.

Repairs and maintenance are charged to the profit and loss account during the financial period in which they are incurred.

(viii) Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes party to the contractual provisions of the instrument. Financial assets are de-recognised when the contractual rights to the cash flows from the financial asset expire or when the contractual rights to those assets are transferred. Financial liabilities are de-recognised when the obligation specified in the contract is discharged, cancelled or expired.

(a) Trade and other receivables and Group debtors

Trade and other receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method less provision for impairment. Appropriate provisions for estimated irrecoverable amounts are recognised in the Statement of Comprehensive Loss when there is objective evidence that the assets are impaired. Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

(b) Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and in bank, demand deposits, and other short-term highly liquid that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

(c) Trade and other payables

Trade and other payables are initially measured at their fair value and are subsequently measured at their amortised cost using the effective interest rate method; this method allocates interest expense over the relevant period by applying the "effective interest rate" to the carrying amount of the liability.

(d) Borrowings

Loans and borrowings are initially recognised at the fair value of the consideration received, net of transaction costs. They are subsequently measured at amortised cost using the effective interest method.

(e) Compound financial instruments

Compound financial instruments issued by the Company comprised convertible notes denominated in GBP that can be converted to Ordinary shares at the option of the holder, based on a fixed conversion ratio. The convertible notes have been bifurcated into their liability and equity components and presented net of the relevant proportion of transaction costs.

The fair value of the liability component is determined using a market rate of an equivalent non-convertible bond and this amount is carried as a non-current liability on the amortised cost basis until extinguished on conversion or redemption. The increase in the liability due to the passage of time is recognised as a finance cost.

Notes to the individual Financial Statements of Redx Pharma Ltd

1. Accounting Policies (Cont'd)

Financial instruments (Cont'd)

Where it meets the definition of equity, the remainder of the proceeds are allocated to the conversion option that is recognised and included in shareholders' equity as a convertible note reserve, net of the relevant proportion of transaction costs.

The calculation of interest on the convertible notes by reference to the USD prime rate gives rise to a potential derivative financial instrument, however as this cannot be quantified, no amount is recognised. The carrying amount of the equity component of the conversion option is not remeasured in the subsequent years.

The corresponding interest on the liability component of convertible notes is charged to the income statement using the effective interest rate. On conversion at maturity, the financial liability is reclassified to equity and no gain or loss is recognised.

(ix) Investments

Investments in subsidiaries are stated at cost less provision for impairment in value, and are detailed in Note 5.

(x) Share-based compensation

The Company issues share-based payments to certain employees and Directors. Equity-settled share-based payments are measured at fair value at the date of grant and if material are expensed immediately or on a straight-line basis over any vesting period, along with a corresponding increase in equity.

Where such payments are made to employees of subsidiary undertakings, but relate to the shares of the parent, they are recognised as additional investments the subsidiary, along with a corresponding increase in equity.

At each reporting date, the Directors revise their estimate of the number of equity instruments expected to vest as a result of the effect of non-market-based vesting conditions and performance based conditions. The impact of any revision is recognised in the Statement of Comprehensive Income, with a corresponding adjustment to equity reserves.

The fair value of share options is determined using a Black-Scholes model, taking into consideration the best estimate of the expected life of the option and the estimated number of shares that will eventually vest. The cost of each option is spread evenly over the period from grant to expected vesting. Any modifications to share based payments are accounted for in accordance with IFRS2.

When options expire or are cancelled, a corresponding credit is recognised.

(xi) Critical accounting estimates and judgements

Details of significant accounting judgements and critical accounting estimates are set out in this Financial Information and include:

(a) Share-based compensation

The Company has issued a number of share options to certain employees. The Black-Scholes model was used to calculate the appropriate charge for the period of issue and subsequent periods.

The use of this model to calculate a charge involves using a number of estimates and judgements to establish the appropriate inputs to be entered into the model, covering areas such as the use of an appropriate interest rate and dividend rate, assessment of the satisfaction of performance criteria, exercise restrictions and behavioural considerations. A significant element of judgement is therefore involved in the calculation of the charge.

Notes to the individual Financial Statements of Redx Pharma Ltd

1. Accounting Policies (Cont'd)

Critical accounting estimates and judgements (Cont'd)

The total charge recognised and further information on share options can be found in Notes 5 and 24 to the Consolidated Financial Statements.

(b) Group balances and investments

The Directors are required to make judgements regarding the recoverability of investments in and balances due from subsidiary companies and decide if any impairment is appropriate. In making these judgements they review estimates of fair value for the Company, along with estimates of the costs to sell.

(c) Convertible loan notes

In the year ended 30 September 2020, the Company issued an aggregate of £22.2 million of convertible loan notes to RM Special Holdings 3, LLC ('Redmile') and Sofinnova Crossover 1 SLP ('Sofinnova') resulting in the recognition of a compound financial instrument. On 2 December, 2020 the Company announced that Redmile and Sofinnova would convert £3.33 million and £1.75 million respectively of the principal amount of the convertible loan notes into Ordinary shares. Judgement was required in determining the correct accounting treatment for this partial conversion. Management considered any partial conversion to be treated as a maturity event. Under this accounting, the movement in the carrying value of the liability element of the convertible loan notes as a result of the partial conversion was reclassified to equity, and no gain or loss was recognised in the Consolidated Statement of Comprehensive Loss.

(d) Revenue from research collaborations

In determining the percentage of completion of the research collaboration projects, the Company estimates the total future costs expected to be incurred through the life of the contract, and compares this to the actual costs incurred to date. Certain costs are incurred with Clinical Research Organisations (CROs) such that the Company has to estimate the stage of completion of the CRO in determining its own costs. The stage of completion is then applied to the contracted revenue receivable to determine the amount of revenue to be recognised. Given the relatively early stage of the projects in comparison to their lifecycle, the impact of a change of the estimated costs to complete is restricted. If the costs to complete had been estimated as being 10% higher, this would result in a change in revenue recognised to date of £130k. A 10% lower estimate would result in a decrease of revenue recognised to date of £138k. In addition, judgement is required in determining the separate performance obligations relating to asset purchases and ongoing collaborations.

Notes to the individual Financial Statements of Redx Pharma Ltd

2. Staff Costs

	2024 £'000	2023 £'000
Staff costs (including Directors) comprise		
Wages and salaries	4,269	4,780
Social security costs	570	552
Pension costs	234	198
Total employee related costs	5,073	5,530

Number of employees	2024 number	2023 number
Average number of employees (including Directors)		
Management & Admin	24	30
R&D - Chemistry	15	26
R&D - Biology	14	20
R&D - Analytical	4	7
	57	83

Directors' remuneration is disclosed in note 9 of the Group accounts.

3. Intangible fixed assets

	Intellectual property £'000	Goodwill £'000	Total £'000
Cost			
At 1 October 2023	121	309	430
Additions	-	-	-
At 30 September 2024	121	309	430
Amortisation			
At 1 October 2023	36	201	237
Charge for the year	6	16	22
At 30 September 2024	42	217	259
Net book value			
At 30 September 2024	79	92	171
At 30 September 2023	85	108	193

Notes to the individual Financial Statements of Redx Pharma Ltd

4. Tangible fixed assets

	Laboratory equipment £'000	Computer equipment £'000	Leasehold Improvements £'000	Total £'000
Cost				
At 1 October 2023	565	301	77	943
Additions	3	4	-	7
Disposals	-	(8)	-	(8)
At 30 September 2024	568	297	77	942
Depreciation				
At 1 October 2023	461	270	17	748
Charge for the year	89	19	23	131
Disposals	-	(2)	-	(2)
At 30 September 2024	550	287	40	877
Net book value				
At 30 September 2024	18	10	37	65
At 30 September 2023	104	31	60	195

5. Investments in subsidiaries

During the year the Company made additional capital contributions to subsidiary undertakings by way of share-based compensation to employees of those companies.

	2024 £'000	2023 £'000
At 1 October	1,371	881
Additional capital contribution – Redx Oncology Ltd	278	405
Additional capital contribution – Redx Immunology Ltd	77	85
At 30 September	1,726	1,371

At 30 September 2024 the Company held share capital in the following subsidiaries:

Name	Country of incorporation	Percentage held	Nature of business	Direct/Indirect holding
Redx Oncology Limited Block 33, Mereside, Alderley Park, Macclesfield SK10 4TG	England & Wales	100%	Pre-clinical drug development licensing	Direct
Redx Immunology Limited Block 33, Mereside, Alderley Park, Macclesfield SK10 4TG	England & Wales	100%	Pre-clinical drug development licensing	Direct
Redx Inc 847 Walker Road, Suite C, City of Dover, County of Kent, 19904, Delaware, USA	United States	100%	Management services	Direct

Notes to the individual Financial Statements of Redx Pharma Ltd

6. Debtors

	2024 £'000	2023 £'000
Amounts falling due within one year:		
Trade debtors	923	50
VAT recoverable	168	135
Amounts due from Group undertakings	105,674	85,784
Other debtors	701	757
Prepayments and accrued income	1,700	647
	109,166	87,373

Amounts due from Group undertakings do not carry interest and are expected to be realised in greater than one year.

7. Creditors: Amounts falling due within one year

	2024 £'000	2023 £'000
Trade creditors	331	290
Deferred income	18	862
Social security and other taxes	162	203
Other creditors	8	4
Accruals	1,001	486
Convertible loan notes	15,731	15,731
	17,251	17,576

On 4 August, 2020 Redx Pharma plc issued convertible loan notes with a value of £22.2 million. No interest is payable during the first 3 years, thereafter it is payable at a maximum rate equal to the US prime rate at that time, at the discretion of the noteholder. The notes are convertible into Ordinary shares of Redx Pharma plc, at any time at the option of the holder, or repayable on the third anniversary of the issue. The holders retain the right to extend the repayment date in one year increments, up to a maximum of ten years. The conversion rate is 1 Ordinary share for each £0.155 of convertible loan note held. The convertible loan notes are secured by a fixed and floating charge over all the assets of the Group.

Initial measurement

The notes have been assessed as compound instruments containing equity and liability components. The Company has calculated the value of the liability component using a discount rate for an equivalent bond, without an equity component, of 8.5%. The Company determined this rate by obtaining interest rate from external financing sources and making certain adjustments to reflect the terms of the instrument; specifically to adjust the interest rate to account for the expected term of the convertible loan notes, its value and the conditions attached to it.

The value of the conversion feature of £4.57 million was calculated as the residual value of the loan after calculating the fair value of the liability component has been recognised as an equity component within the Convertible note reserve in the Consolidated Statement of Financial Position. Total transaction costs of £1.1 million have been allocate between the equity and liability components. An increase in discount rate to 9.5% would decrease the debt element by £127k and a decrease to 7.5% would increase the debt element by £129k.

Notes to the individual Financial Statements of Redx Pharma Ltd

7. Creditors: Amounts falling due within one year (Cont'd)

Partial conversion

On 2 December, 2020 the Company announced that RM Special Holdings 3, LLC and Sofinnova Crossover 1 SLP would convert £3.33 million and £1.75 million respectively of the principal amount of the convertible loan notes into Ordinary shares. Under the terms of the convertible loan notes, the conversion took place at 15.5p per new Ordinary share. Accordingly, 32,806,159 new Ordinary shares were issued. As of 30 September, 2024, an aggregate of £17.1 million in principal amount was outstanding under the convertible loan notes. This equates to 110,288,888 Ordinary shares at £0.155 per share.

Extension of Maturity date

In June 2023 confirmation was received from the Purchasers of their intention to execute their initial extension option under the terms of the instrument, the revised maturity date being August 2024. A further notice of extension was received in July 2024, taking the revised maturity date to 5 August 2025. As this feature was included in the original instrument, this has been treated as a revision to the cash flows associated with it, rather than as a modification.

The remaining gross principal of £17.1 million has been discounted at the effective interest rate determined on initial measurement, resulting in a discounted liability of £15.7 million (2023: £15.7 million). The revised recognition of the discounted liability resulted in a gain of £1.6m, which in accordance with IFRS 9 has been recognized as income. As no actual interest rate has been stipulated by the loan note holders, consistent with their rights under the Agreement, effective interest will continue to be charged up to the revised maturity date.

8. Share Capital

	Note	2023 Numbers	2023 Numbers
Ordinary shares of £0.01			
In issue at 1 October		334,911,458	334,911,458
Issued for cash		54,074,458	-
In issue at 30 September		388,985,916	334,911,458
A1 Ordinary shares of £0.01			
In issue at 1 October		-	-
Issued for cash		32,258,065	-
In issue at 30 September		32,258,065	-
Share Capital at par, fully paid		£'000	£'000
Ordinary shares of £0.01			
At 1 October		3,349	3,349
Issued for cash		541	-
At 30 September		3,890	3,349
A1 Ordinary shares of £0.01			
At 1 October		-	-
Issued for cash		322	-
At 30 September		322	-
At 30 September		4,212	3,349

All Ordinary shares rank equally with regard to the Company's residual assets save that on a liquidation, the A1 Ordinary shares shall take preference. Holders of all shares are entitled to dividends as declared from time to time and are entitled to one vote per share at general meetings of the Company. All rights attached to the Company's shares held by the Group are suspended until those shares are reissued. See note 23 to the consolidated financial statements for a description of other reserves.

Notes to the individual Financial Statements of Redx Pharma Ltd

9. Operating lease arrangements – minimum lease payments

	Property	
	2024	2023
	£'000	£'000
Outstanding commitments for future minimum lease payments under non-cancellable operating leases expiring:		
Within one year	816	816
In the second to fifth years	561	1,377
	1,377	2,193

10. Related Parties

Related party information disclosed in note 25 to the Group accounts is also applicable to the Company.

11. Contingent liabilities

The Company has agreed to support its subsidiary undertakings for 12 months from the signing of these financial statements. The Directors estimate this support could be in the region of £13.5 million.

12. Ultimate controlling party

In the opinion of the Directors, the Company's ultimate parent company is Redmile Group LLC, a company incorporated in Delaware, United States of America.

COMPANY INFORMATION

Directors	Dr Jane Griffiths (Chair) Lisa Anson (Chief Executive Officer) Peter Presland (Non-Executive Director) Dr Bernhard Kirschbaum (Non-Executive Director) Claire Catherinet (Non-Executive Director) Natalie Berner (Non-Executive Director) Dr Robert Scott (Non-Executive Director)
Secretary	Claire Solk
Company number	07368089
Principal place of business & registered office	Block 33 Mereside Alderley Park SK10 4TG
Auditor	Ernst & Young LLP 12 Wellington Place Leeds LS1 4AP