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ValiRx PLC
07 September 2020

VALIRX PLC

("ValiRx", "the Company" or "the Group")

HALF YEARLY REPORT FOR THE PERIOD ENDED 30 JUNE 2020

London, UK., 7 September 2020: ValiRx Plc (AIM: VAL), a life science company, which focuses on clinical stage cancer therapeutic development, taking proprietary and novel technology for precision medicines towards commercialisation and partnering, today announces its Half Yearly Report for the period ended 30 June 2020 and provides an update on significant post-period events.

HIGHLIGHTS
Operational Highlights

Financial Highlights

- Placings raised £1.4m during the period under review (2019: £1.2m)
- Research and developments costs £99,879 (2019: £206,666)
- Administrative expenses £791,866 (2019: £864,668)
- Loss on disposal of FitBio and Trac included in administrative expenses £118,000 (2019: £nil)
- Total comprehensive loss for the period of £805,082 (2019: £750,569)
- Loss before income taxation of £884,523 (2019: £927,342)
- Loss per share from continuing operations of 4.43p (2019: Loss 13.57p)
- Cash and cash equivalents as at 30 June 2020 of £258,753 (2019: £171,443)

Post-Period highlights

- Placing £1.35m (July 2020)
- Receipt of R&D tax credits of £270,000 (August 2020)

Dr Kevin Cox, Non-Executive Chairman of ValiRx, commented:
"Throughout the reporting period, ValiRx experienced a number of significant changes, including changes to the Board, the management team, the underlying cost base and the long-term strategy. Having raised additional funds, the Company is now in a strong position to continue development of existing products and create a pipeline of novel compounds for further development and partnering. I look forward to working with the Board to continue building value in the Company and delivering on the mission of developing innovative medicines to improve the lives of patients."

This announcement contains inside information for the purposes of Article 7 of EU Regulation 596/2014.

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Notes for Editors

About ValiRx

ValiRx PLC accelerates the development of innovative medicines that enhance patient experience. We do this by combining intellectual and financial resources to select, progress and partner a balanced portfolio of risk-reduced, early-stage technologies for translation into clinical candidates.

The Company listed on the AIM Market of the London Stock Exchange in October 2006 and trades under the ticker symbol: VAL.

CHIEF EXECUTIVE OFFICER'S STATEMENT FOR THE HALF YEAR ENDED 30 JUNE 2020

During the period of this Half Year Report the Company has undergone significant structural changes, with the updates reported below being contributed to by both the previous and current management teams. While these long-term structural developments will take time for the full effects to be seen, ValiRx is continuing to progress its existing scientific programmes and build a pipeline of new opportunities. The Company released a comprehensive update on all scientific programmes on 19 May 2020, summarised below.

VAL201

The Phase 1/2 clinical trial of VAL201 in the treatment of men with prostate cancer was closed to further recruitment on 27 January 2020, with recruitment standing at a total of 12 patients dosed across 5 cohorts. The dose escalation was carried out from 0.5 mg/kg up to 8 mg/kg with dosing being carried out once a week.

The trial considered the safety and tolerability of drug administration, alongside pharmacokinetics and disease impact. Although the COVID-19 pandemic lockdown initially cast concern on the time schedules for data verification processes, the project remains on track to release headline results within Q3 2020, which will provide basic details of safety, tolerability and disease impact. More detailed observations on the pharmacokinetics and complete summaries of patient demographics, biochemistry and study conduct will be available when the Clinical Study Report is completed in Q4 2020.

VAL301

VAL301, the same peptide ingredient as VAL201, is being investigated for the treatment of women with endometriosis in the preclinical stage of development.

The Company announced on 1 May 2020 that a Material Transfer Agreement was signed with an undisclosed Japanese pharmaceutical company, which is carrying out laboratory-based evaluations using their own processes to determine whether to enter a licensing agreement with ValiRx for further development of the project.

VAL401

On 14 January 2020, the Company announced that its subsidiary, ValiSeek Limited, signed a letter of intent with Tangent Reprofiling Limited and Black Cat Bio Limited to enable Black Cat Bio Limited to seek funding for the development of the VAL401 clinical program. When an undisclosed threshold of funding is reached, the VAL401 IP license will be transferred from ValiSeek to Black Cat Bio, and all shareholders of ValiSeek, including ValiRx, will become shareholders of Black Cat Bio.

BC201

On 2 June 2020, the Company announced that it has entered into a collaboration agreement with Oncolytika Limited and Black Cat Bio Limited to consider the potential for VAL201 to be used in conjunction with other components for treatment of patients suffering a hyperimmune response after Coronavirus SARS-CoV2 infection.

Black Cat Bio is co-ordinating the project overall, with project management of specific elements contributed by ValiRx and Oncolytika. ValiRx will provide samples of VAL201 to enable the testing program. Subject to a successful outcome, ValiRx will receive 40% of any licensing income generated by the project.

Non-core assets

As a result of the business review notified on 19 May 2020, several projects were identified as non-core assets and deemed not to fit with the future strategy of the Company. Subsequent to this review, the assets acquired from FitBiotech Oy and the portfolio surrounding the TRAC technology were disposed of via a patent assignment as announced on 29 May 2020; and the licenses for the GeneICE technology are in the process of being terminated as announced on 29 May 2020.

Post-period highlights

Strategy development

On 6 July 2020, the Company announced that it had launched a new strategy with the intent to expand the development pipeline with new preclinical therapeutic assets. Recognising the Company's strength in Women's Health and Oncology, ValiRx has prioritised these indications in seeking new projects for further development and possible spin-out into Special Purpose Vehicles (SPV). Such SPVs will operate as subsidiary companies and reduce risk by seeking partners to finance clinical trials. By providing intellectual, corporate and financial resources, the Company believes it can add value to early stage drug development projects and present a strong commercial package for external funding and partnering.

Project identification and screening is underway and an Advisory Board is being appointed.

Outlook

With the structural changes in the Company nearly complete, the Company intends to accelerate the strategy of risk-managed growth and build on the existing pipeline of projects to ensure progress is obtained in a resource-efficient manner.

Dr S Dilly

7 September 2020

ValiRx Plc
Consolidated statement of comprehensive income

	Note	Six months ended 30 June 2020 (unaudited) £	Six months ended 30 June 2019 (unaudited) £	Year ended 31 December 2019 (audited) £
Continuing operations				
Research and development		(99,879)	(206,666)	(984,457)
Administrative expenses		(791,866)	(864,668)	(1,860,379)
Other income		10,453	153,416	146,517
Operating loss		(881,292)	(917,918)	(2,698,319)
Finance costs		(3,231)	(9,424)	(21,175)
Loss before income taxation		(884,523)	(927,342)	(2,719,494)
Income tax credit	2	60,000	150,000	293,738
Loss on ordinary activities after taxation		(824,523)	(777,342)	(2,425,756)
Non-controlling interests		19,441	26,773	37,049
Loss for the period and total comprehensive income attributable to owners of the parent		(805,082)	(750,569)	(2,388,707)
Loss per share - basic and diluted				
From continuing operations	3	(4.43)p	(13.57)p	(33.08)p

ValiRx Plc
Consolidated statement of financial position

	Note	As at 30 June 2020 (unaudited) £	As at 30 June 2019 (unaudited) £	31 December 2019 (audited) £
ASSETS				
NON-CURRENT ASSETS				
Goodwill		1,602,522	1,602,522	1,602,522
Intangible assets		1,489,598	1,813,405	1,620,207
Property, plant and equipment		-	-	-
		3,092,120	3,415,927	3,222,729
CURRENT ASSETS				
Trade and other receivables		100,805	180,009	90,083
Tax receivable		351,787	611,193	291,787
Cash and cash equivalents		258,753	171,443	-
				381,870

		711,345	962,645	
TOTAL ASSETS		3,803,465	4,378,572	3,604,599
SHAREHOLDERS' EQUITY				
Share capital	5	9,641,009	9,106,456	9,417,225
Share premium account		21,598,766	20,421,090	20,596,143
Merger reserve		637,500	637,500	637,500
Reverse acquisition reserve		602,413	602,413	602,413
Share option reserve		992,252	925,231	830,449
Retained earnings		(30,534,899)	(28,212,340)	(29,729,817)
		2,937,041	3,480,350	2,353,913
Non-controlling interest		(150,254)	(120,537)	(130,813)
TOTAL EQUITY		2,786,787	3,359,813	2,223,100
LIABILITIES				
NON-CURRENT LIABILITIES				
Bank loans and overdrafts		50,000	-	-
CURRENT LIABILITIES				
Trade and other payables		772,897	804,841	1,182,084
Bank overdraft		-	-	5,634
Borrowings		193,781	213,918	193,781
		966,678	1,018,759	1,381,499
TOTAL LIABILITIES		1,016,678	1,018,759	1,381,499
TOTAL EQUITY AND LIABILITIES		3,803,465	4,378,572	3,604,599

ValiRx Plc
Consolidated statement of changes in shareholders' equity

	Share capital	Share premium	Retained earnings	Merger reserve	Share-based payment reserve	Reverse acquisition reserve	Non-controlling interest	Total
	£	£	£	£	£	£	£	£
Unaudited								
Balance at 1 January 2020	9,417,225	20,596,143	(29,729,817)	637,500	830,449	602,413	(130,813)	2,223,100
Loss for the period	-	-	(805,082)	-	-	-	(19,441)	(824,523)
Issue of shares	223,784	1,260,384	-	-	-	-	-	1,484,168
Costs of shares issued	-	(95,958)	-	-	-	-	-	(95,958)
Share based payment	-	(161,803)	-	-	161,803	-	-	-
Balance at 30 June 2020	9,641,009	21,598,766	(30,534,899)	637,500	992,252	602,413	(150,254)	2,786,787

Unaudited								
Balance at 1 January 2019	8,680,694	19,779,905	(27,461,771)	637,500	885,963	602,413	(93,764)	3,030,940
Loss for the period	-	-	(750,569)	-	-	-	(26,773)	(777,342)
Issue of shares	425,762	1,012,738	-	-	-	-	-	1,438,500
Costs of shares issued	-	(332,285)	-	-	-	-	-	(332,285)
Share based payment	-	(39,268)	-	-	39,268	-	-	-
Balance at 30 June 2019	9,106,456	20,421,090	(28,212,340)	637,500	925,231	602,413	(120,537)	3,359,813
Audited								
Balance at 1 January 2019	8,680,694	19,779,905	(27,461,771)	637,500	885,963	602,413	(93,764)	3,030,940
Loss for the year	-	-	(2,388,707)	-	-	-	(37,049)	(2,425,756)
Issue of shares	736,531	1,105,969	-	-	-	-	-	1,842,500
Costs of shares issued	-	(289,731)	-	-	-	-	-	(289,731)
Lapse of share options	-	-	120,661	-	(120,661)	-		-
Share based payment	-	-	-	-	65,147	-	-	65,147
Balance at 31 December 2019	9,417,225	20,596,143	(29,729,817)	637,500	830,449	602,413	(130,813)	2,223,100

ValiRx Plc
Consolidated cash flow statement

	Six months ended 30 June		Year ended 31 December
	2020 *(unaudited)* £	2019 *(unaudited)* £	2019 *(audited)* £
Cash flows from operating activities			
Operating loss	(881,292)	(917,918)	(2,698,319)
Amortisation of intangible fixed assets	83,723	92,012	400,519
(Increase)/decrease in receivables	(10,722)	(5,920)	84,006
(Decrease)/increase in payables within one year	(325,019)	(85,146)	346,097
Profit on sale of investments	-	(153,416)	(146,517)
Loss on sale of intangible assets	118,000	-	-
Share option charge	-	-	212,500
Net cash outflows from operations	(1,015,310)	(1,070,388)	(1,801,714)
Tax credit received	-	-	463,144
Interest paid	(3,231)	(1,205)	(3,093)

Net cash outflow from operating activities	(1,018,541)	(1,071,593)	(1,341,663)
Cash flows from investing activities			
Purchase of intangible fixed assets	(73,114)	(281,467)	(396,776)
Proceeds from sale of investments	2,000	-	-
Proceeds from sale of investments	-	153,416	146,517
Net cash outflow from investing activities	(71,114)	(128,051)	(250,259)
Cash flows from financing activities			
Share issue	1,400,000	1,226,000	1,576,000
Costs of shares issued	(95,958)	(119,785)	(224,584)
Bank loan	50,000	-	-
Repayment of loan notes	-	(108,000)	(138,000)
Net cash generated from financing activities	1,354,042	998,215	1,213,416
Net increase/(decrease) in cash and cash equivalents	264,387	(201,429)	(378,506)
Cash and cash equivalents at start of period	(5,634)	372,872	372,872
Cash and cash equivalents at end of period	258,753	171,443	(5,634)

ValiRx Plc

Notes to the interim financial statements

1 General information

Valirx Plc is a company incorporated in the United Kingdom, which is listed on the Alternative Investment Market of the London Stock Exchange Plc. The address of its registered office is Stonebridge House, Chelmsford Road, Hatfield Heath, Essex CM22 7BD

Financial information

The interim consolidated financial information for the six months ended 30 June 2019 and 2020 have not been audited or reviewed and do not constitute statutory accounts within the meaning of Section 434 of the Companies Act 2006. The Group's statutory accounts for the year ended 31 December 2019 have been delivered to the Registrar of Companies. The report of the independent auditors on those financial statements was unqualified, drew attention to a material uncertainty relating to going concern and did not contain a statement under Sections 498 (2) or (3) of the Companies Act 2006.

The interim financial statements have been prepared in accordance with International Financial Reporting Standards ('IFRS') as adopted by the European Union, IFRIC interpretations and the Companies Act 2006 applicable to companies reporting under IFRS and under the historical cost convention. The accounting policies applied in preparing the interim financial information are consistent with those set out in the statutory accounts of the Group for the year ended 31 December 2019.

The interim consolidated financial statements are presented in pounds sterling because that is the currency of the primary economic environment in which the group operates.

2 Taxation

	Six months ended 30 June	**Six months ended 30 June**	**Year ended 31 December**
	2020	2019	2019
	(unaudited)	*(unaudited)*	*(audited)*
	£	£	£
United Kingdom corporation tax at 19%			
Current period - R & D Tax credit	(60,000)	(150,000)	(291,788)
Prior period - R & D Tax credits	-	-	(1,950)

Income tax credit	(60,000)	(150,000)	(293,738)

3 Loss per ordinary share

The loss and number of shares used in the calculation of loss per share are as follows:

	Six months ended 30 June 2020 (unaudited)	Six months ended 30 June 2019 (unaudited)	Year ended 31 December 2019 (audited)
Basic:			
Loss for the financial period	(824,523)	(777,342)	(2,425,756)
Non-controlling interest	19,441	26,773	37,049
	(805,082)	(750,569)	(2,388,707)
Weighted average number of shares	18,191,261	5,533,121	7,221,102
Loss per share	(4.43)p	(13.57)p	(33.08)p

The comparative figures for 30 June 2019 and 31 December 2019 have been adjusted to account for the share re-organisation described in note 5 below.

The outstanding share options and share warrants would have no dilutive effect on the loss per share.

4 Dividends

The directors do not propose to declare a dividend in respect of the period.

5 Share capital

	30 June 2020		30 June 2019	
	Number	**£**	**Number**	**£**
	(unaudited)	*(unaudited)*	*(unaudited)*	*(unaudited)*
Allotted, called up and fully paid				
New Ordinary shares of 0.1p each	36,062,373	36,063	-	-
Ordinary shares of 0.1p each	-	-	1,024,057,953	1,024,059
Deferred shares of 5.0p each	58,378,365	2,918,918	58,378,365	2,918,918
Deferred shares of 0.9p each	157,945,030	1,421,505	157,945,030	1,421,505
Deferred shares of 12.4p each	42,455,832	5,264,523	30,177,214	3,741,974
		9,641,009		9,106,456

	31 December 2019	
	Number	**£**
Allotted, called up and fully paid	*(audited)*	*(audited)*
Ordinary shares of 0.1p each	1,334,827,184	1,334,828
Deferred shares of 5.0p each	58,378,365	2,918,918
Deferred shares of 0.9p each	157,945,030	1,421,505
Deferred shares of 12.4p each	30,177,214	3,741,974
		9,417,225

- On 10 January 2020, the Company raised £0.20 million, before expenses, by way of a placing of 200,000,000 ordinary shares of 0.1p each at a price of 0.10p per share;

- At a general meeting in April 2020, the shareholders approved a Capital Reorganisation. This was achieved by consolidating 125 Existing Shares into 1 Consolidated Share of 12.5 pence, followed by the Sub-Division of each Consolidated Share into 1 New Ordinary Share of 0.1 pence each and 1 New Deferred Shares of 12.4 pence each.
- On 15 April 2020, the Company raised £0.20 million, before expenses, by way of a placing, by the issue of 5,714,288 at a price of 3.5p per share;
- On 26 May 2020, the Company raised £1 million, before expenses, by way of a placing of 16,666,667 ordinary shares of 0.1p each at a price of 6.00p per share;
- On 26 May 2020, the Company issued 1,402,800 ordinary shares of 0.1p each at a price of 6.00p per share in to settle existing liabilities amounting to £84,168.
- On 29 July 2020, the Company raised £1.35m, before expenses, by way of a placing, subscription, conversion and broker option, of 18,000,000 ordinary shares of 0.1p each at a price of 7.5p per share.

6 Copies of interim results

Copies of the interim results can be obtained from the website www.valirx.com. From this site you may access our financial reports and presentations, recent press releases and details about the company and its operations.

Caution regarding forward looking statements

Certain statements in this announcement, are, or may be deemed to be, forward looking statements. Forward looking statements are identified by their use of terms and phrases such as ''believe'', ''could'', "should" ''envisage'', ''estimate'', ''intend'', ''may'', ''plan'', ''potentially'', "expect", ''will'' or the negative of those, variations or comparable expressions, including references to assumptions. These forward looking statements are not based on historical facts but rather on the Directors' current expectations and assumptions regarding the Company's future growth, results of operations, performance, future capital and other expenditures (including the amount, nature and sources of funding thereof), competitive advantages, business prospects and opportunities. Such forward looking statements reflect the Directors' current beliefs and assumptions and are based on information currently available to the Directors.

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