



Interim Results

Released : 29 Apr 2021

RNS Number : 9911W
C4X Discovery Holdings PLC
29 April 2021

This announcement contains inside information

C4X Discovery Holdings plc
("C4XD", "C4X Discovery" or the "Company")

Half-year results for the six months ended 31 January 2021

Up to €414 million out-licensing to Sanofi of IL-17A oral inhibitor programme

Drug discovery programmes advance across high value portfolio

29 April 2021 - C4X Discovery Holdings plc (AIM: C4XD), a pioneering Drug Discovery company, today announces its interim results for the six months ended 31 January 2021.

Dr Clive Dix, CEO of C4X Discovery, commented: *"C4X Discovery has continued to advance its high value portfolio of commercially attractive drug candidates for future partners and, post-period end, a €414 million agreement was signed with Sanofi for our IL-17A oral inhibitor programme, demonstrating the value of C4XD's Drug Discovery expertise and our business model. C4XD's focus will now be to further augment the portfolio, continue to build its network of partnerships and advance the pipeline of proprietary and partnered projects. With two programmes now successfully partnered and a roadmap of potential cash milestones over the next 12-24 months, the Board is confident that, through the delivery of next generation, high quality out-licensing opportunities, C4XD can deliver significant value for shareholders."*

Operational highlights (including post-period events):

- Indivior's Phase 1 with C4X_3256 progressing. Single ascending dose study in healthy volunteers successfully completed in April 2021 and preparation for multiple ascending dose study underway
- One of C4XD's NRF-2 lead activators C4X-6746 shown to significantly inhibit disease score in a pre-clinical model of inflammatory bowel disease ("IBD"). Candidate nomination and preliminary safety studies continue
- $\alpha 4\beta 7$ integrin inhibitor programme for the treatment of IBD demonstrated significant selectivity vs $\alpha 4\beta 1$ *in vitro* and oral bioavailability in PK studies. Discussions with potential partners under CDA continue
- C4XD and LifeArc risk-share collaboration to progress a small molecule MALT-1 inhibitor programme has made progress, with three novel series identified
- Post-period
 - Exclusive worldwide licensing agreement with Sanofi for C4XD's IL-17A oral inhibitor programme worth up to €414 million including:
 - €7 million upfront
 - €407 million in potential development, regulatory and commercialisation milestones, of which €11 million is in pre-clinical milestones
 - Potential for single-digit royalties
 - Following scientific progress over the last year, C4XD is now taking on the leadership of the MALT-1 programme from LifeArc to drive it towards the later stages of drug discovery and deliver a commercial deal
 - Appointment of Simon Harford as a Non-Executive Director to the Board

Financial highlights:

- Successful fundraise of £15.0 million (before expenses) with a total of 107,142,858 shares issued to both new and existing shareholders
- R&D investment was £3.3 million in the six months ending 31 January 2021, down £0.3million from the £3.6 million in the six months ended 31 January 2020
- Cash, cash equivalents, short-term investments and deposits at 31 January 2021 of £15.4 million (31 July 2020: £5.6 million and 31 January 2020: £5.5 million)
 - Cash events post-period:
 - Imminent €7 million upfront payment following the deal with Sanofi
 - Received £1.8m R&D tax credit due in respect of the financial year ended 31 July 2020
- Strong cash position and manageable fixed cost base means the Company has sufficient funding for the foreseeable future
- Net assets at 31 January 2021 of £19.0 million (31 July 2020: £8.1 million and 31 January 2020: £10.3 million)

Analyst conference call today

Dr Clive Dix, Chief Executive Officer, and members of the management team will host a webcast for analysts at 10.30am UK time today. A copy of the final results presentation will be released later this morning on the Company website at www.c4xdiscovery.com. Please contact Consilium Strategic Communications for details on C4XDiscovery@consilium-comms.com / +44 203709 5700.

For further information, please contact:

C4X Discovery Holdings plc

Mo Noonan, Communications

+44 (0) 787 6444977

Panmure Gordon (UK) Limited (NOMAD and Broker)

Freddy Crossley, Emma Earl (Corporate Finance)

Rupert Dearden (Corporate Broking)

+44 (0) 20 7886 2500

Consilium Strategic Communications

Mary-Jane Elliott, Chris Gardner, Matthew Neal

+44 (0) 20 3709 5700

Notes to Editors:

About C4X Discovery

C4X Discovery ("C4XD") is a pioneering Drug Discovery company combining scientific expertise with cutting-edge Drug Discovery technologies to efficiently deliver world-leading medicines, which are developed by our partners for the benefit of patients. We have a highly valuable and differentiated approach to Drug Discovery through our enhanced DNA-based target identification and candidate molecule design capabilities, generating small molecule drug candidates across multiple disease areas including inflammation, neurodegeneration, oncology and addictive disorders. Our commercially attractive portfolio ranges from early stage novel target opportunities to late stage Drug Discovery programmes ready for a commercial deal and to date we have successfully out-licensed two programmes with one candidate in clinical development.

We collaborate with leading pharmaceutical and life sciences companies to enrich our expertise and take our assets through pre-clinical and clinical development. Through early-stage revenue-generating licensing deals, we realise returns from our high value pre-clinical assets which are reinvested to maximise the value of our Drug Discovery portfolio. For more information visit us at www.c4xdiscovery.com or follow us on twitter @C4XDiscovery .

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

Corporate Overview

C4XD saw progress across its drug discovery portfolio, with a number of programmes making significant advances, particularly in inflammation with the announcement post period of a €414 million exclusive, worldwide out-licensing agreement with Sanofi for our IL-17A inhibitor programme. Together with advancements in early innovation projects and partnered collaborations, C4XD continues to focus on building a sustainable pipeline of potential future out-licensing opportunities.

The Company has a strong cash position and manageable fixed cost base that means the Company has sufficient funding for the foreseeable future. In October 2020, C4XD announced a £15 million placing, providing the Company with a robust financial base from which to advance its portfolio. Cash, cash equivalents, short-term investments and deposits were at 31 January 2021 of £15.4 million (31 July 2020: £5.6 million and 31 January 2020: £5.5 million). Cash events post-period included the imminent €7 million upfront payment following the deal with Sanofi and the Company has also received £1.8m R&D tax credit due in respect of the financial year ended 31 July 2020. Going forward any proceeds arising from the exercise of the Warrants in the placing as announced 21 October 2020 will further strengthen the cash position of the Company.

R&D investment remained stable and was £3.3 million in the six months ending 31 January 2021, down £0.3million from the £3.6 million in the six months ended 31 January 2020. Likewise Administrative Expenses were also down £0.1 million, to £1.2million from £1.3 million in the prior year.

Post period, in April 2021, we welcomed Simon Harford to the Board of C4XD as a Non-Executive Director. He joins with more than 30 years of expertise across key financial markets and will be a valuable asset as we grow C4XD and expedite deals such as the one recently announced with Sanofi.

Drug Discovery Pipeline

Oral Orexin-1 Antagonist (C4X_3256/INDV-2000) - Partnered with Indivior

The US\$294 million licensing deal with Indivior for C4XD's oral Orexin-1 receptor antagonist C4X_3256, also known as INDV-2000, for the treatment of addiction continues to progress. INDV-2000 has recently completed a Phase I first in human single ascending dose clinical trial for the treatment of opioid dependence (<https://www.clinicaltrials.gov/ct2/show/NCT04413552>). Preparation for the initiation of a multiple ascending dose study to be conducted by Indivior is underway.

Oral IL-17A Inhibitor Programme - Partnered with Sanofi

C4XD has identified small molecules in its oral IL-17 inhibitor programme that can selectively block IL-17 activity whilst maintaining molecular size of the molecule in the traditional "drug-like" range. A novel, potent oral series of IL-17 inhibitors that significantly reduce IL-17 induced inflammation *in vivo* is being optimised towards candidate shortlist. In April 2021, C4XD announced an out-licensing agreement with Sanofi for its IL-17A inhibitor programme for up to €414 million. The Company will receive an upfront payment of €7 million and could receive up to a further €407 million in potential development, regulatory and commercialisation milestones, of which €11 million is in pre-clinical milestones, in addition to single digit royalties. Sanofi will take control of the programme but will continue to work with C4XD in the next discovery phase to utilise our Conformetrix technology and expertise as the programme progresses towards the clinic.

Oral NRF-2 Activator Programme

The Company has identified a series of keap-1 inhibitors in its oral NRF-1 activator programme, which have been found to significantly activate NRF-2 following oral dosing, providing anti-inflammatory and anti-oxidant activity. In C4XD studies, multiple lead compounds show greater than 12-hour duration of action following low oral dosing on activation of NRF-2 in key tissues such as the lung, the liver and in blood. More recently, one of C4XD's lead NRF-2 activator molecules has also been shown to significantly inhibit the disease score in a pre-clinical model of IBD in a dose-dependent manner. Candidate nomination studies and preliminary safety studies are underway ahead of progressing to IND enabling studies, which are considered to be required in order to increase value and further differentiate from competitor molecules.

Oral α 4 β 7 integrin inhibitor Programme

C4XD's oral α 4 β 7 integrin inhibitor programme has identified novel, potent and selective α 4 β 7 integrin inhibitors for the treatment of Inflammatory Bowel Disease ("IBD"). In August 2020, the Company announced that significant progress has been made on C4XD's early oral inhibitor programme targeting α 4 β 7 integrin for the treatment of IBD. Effective antibody therapy against this target is already approved, removing the clinical target risk, but effective oral therapy remains highly sought after. C4XD has identified a second series of novel, potent and selective inhibitors providing a further competitive edge for this programme. This reaffirms the capability of C4XD's Conformetrix technology to discover novel chemical scaffolds for high value challenging drug targets.

Both series have recently demonstrated oral bioavailability in PK studies with the current focus on improving PK properties to demonstrate functional inhibition of α 4 β 7 integrin *in vivo* following oral dosing. The Company is currently generating improved molecules to move to *in vivo* studies and, despite being early stage, the Company is in confidential discussions with several potential partners.

Oral MALT-1 Inhibitor Programme

In November 2018, C4XD entered into a risk-share discovery collaboration with LifeArc[®], a UK medical research charity, to progress medicinal chemistry efforts on a MALT-1 inhibitor programme with applicability across oncology and inflammation indications, with a primary focus of haematological cancers. Three novel series have been identified by harnessing C4XD's Conformetrix technology and data obtained in 2020 has demonstrated functional cell activity and oral bioavailability. Optimisation studies continue to increase cellular potency with the aim of showing *in vivo* inhibition of the target for a prototype molecule. C4XD is now taking on leadership of the MALT-1 programme from LifeArc to drive it towards the later stages of drug discovery and deliver a commercial deal.

Outlook

C4X Discovery has continued to advance its high value portfolio of commercially attractive drug candidates for future partners and, post-period end, a €414 million agreement was signed with Sanofi for our IL-17A oral inhibitor programme, demonstrating the value of C4XD's Drug Discovery expertise and our business model. C4XD's focus will now be to further augment the portfolio, continue to build its network of partnerships and advance the pipeline of proprietary and partnered projects. With two programmes now successfully partnered and a roadmap of potential cash milestones over the next 12-24 months, the Board is confident that, through the delivery of next generation, high quality out-licensing opportunities, C4XD can deliver significant value for shareholders.

Interim consolidated statement of comprehensive income For the six months ended 31 January 2021

Six months to	Six months to	Year to
------------------	------------------	------------

		31 January 2021 (Unaudited) £000	31 January 2020 (Unaudited) £000	31 July 2020 (Audited) £000
	Notes			
Revenue		-	-	-
Cost of sales		-	-	-
Gross profit		-	-	-
Research and development expenses		(3,304)	(3,567)	(6,858)
Administrative expenses		(1,217)	(1,322)	(2,708)
Operating loss		(4,521)	(4,889)	(9,566)
Finance income		-	-	5
Finance costs		(7)	(10)	(18)
Loss before taxation		(4,528)	(4,899)	(9,579)
Taxation	3	888	910	1,790
Loss for the period and total comprehensive loss for the period		(3,640)	(3,989)	(7,789)
Loss per share :				
Basic and diluted loss for the period	4	(2.19)p	(5.02)p	(8.10)p

Interim consolidated statement of changes in equity For the six months ended 31 January 2021

	Issued equity capital £000	Share premium £000	Share based payment reserve £000	Merger reserve £000	Capital contribution reserve £000	Revenue reserve £000	Total £000
At 01 August 2019	2,602	32,256	736	920	195	(29,724)	7,013
Impact of change in accounting policy	-	-	-	-	-	(28)	(28)
At 01 August 2019 adjusted	2,602	32,256	736	920	195	(29,724)	6,985
Loss for the six months to 31 January 2020	-	-	-	-	-	(3,989)	(3,989)
Issue of share capital	507	7,079	-	-	-	-	7,586
Expenses of placing, open offer and subscription by directors	-	(443)	-	-	-	-	(443)
Share-based payments	-	-	107	-	-	-	107
At 31 January 2020	3,109	38,892	843	920	195	(33,713)	10,246
Loss for the six months to 31 July 2020	-	-	-	-	-	(3,800)	(3,800)
Issue of share capital	107	1,519	-	-	-	-	1,626
Expenses of placing and open offer	-	(104)	-	-	-	-	(104)
Share-based payments	-	-	99	-	-	-	99
At 31 July 2020	3,216	40,306	942	920	195	(37,513)	8,066
Loss for the six months to 31 January 2021	-	-	-	-	-	(3,640)	(3,640)
Issue of share capital	1,072	13,928	-	-	-	-	15,000
Expenses of placing, open offer and subscription by directors	-	(551)	-	-	-	-	(551)
Share-based payments	-	-	117	-	-	-	117
At 31 January 2021	4,288	53,683	1,059	920	195	(41,153)	18,992

Interim consolidated statement of financial position
As at 31 January 2021

		31 January 2021	31 January 2020	31 July 2020
		(Unaudited)	(Unaudited)	(Audited)
		£000	£000	£000
	Notes			
Assets				
Non-current assets				
Property, plant and equipment		41	58	47
Intangible assets		88	228	157
Goodwill		1,192	1,192	1,192
Right-of-use assets		492	562	377
		1,813	2,040	1,773
Current assets				
Trade and other receivables		616	580	438
Income tax asset		2,668	3,610	1,780
Cash and cash equivalents		15,396	5,503	5,648
		18,680	9,693	7,866
Total assets		20,493	11,733	9,639
Liabilities				
Current liabilities				
Trade and other payables		(985)	(897)	(1,166)
Lease liabilities		(219)	(316)	(189)
		(1,204)	(1,213)	(1,355)
Non-current liabilities				
Lease liabilities		(297)	(246)	(218)
		(297)	(246)	(218)
Total liabilities		(1,501)	(1,459)	(1,573)
Net assets		18,992	10,274	8,066
Capital and reserves				
Issued equity capital	5	4,288	3,109	3,216
Share premium	5	53,683	38,892	40,306
Share-based payment reserve		1,059	843	942
Merger reserve		920	920	920
Capital contribution reserve		195	195	195
Revenue reserve		(41,153)	(33,685)	(37,513)
Total equity		18,992	10,274	8,066

Approved by the Board and authorised for issue on 29 April 2021
Brad Hoy
Chief Financial Officer
28 April 2021

Interim consolidated cash flow statement
For the six months ended 31 January 2021

	Six months to 31 January 2021 (Unaudited) £000	Six months to 31 January 2020 (Unaudited) £000	Year to 31 July 2020 (Audited) £000
Loss after tax and interest	(3,640)	(3,989)	(7,789)
Adjustments for:			
Depreciation of property, plant and equipment	16	25	45

Depreciation of right-of-use assets	139	131	302
Amortisation of intangible assets	69	67	138
Share-based payments	117	107	206
Finance income	-	-	(5)
Finance costs	7	10	18
Taxation	(888)	(910)	(1,790)
Changes in working capital:			
Decrease/(increase) in trade and other receivables	(178)	61	203
(Decrease)/increase in trade and other payables	(181)	(755)	(486)
Cash outflow from operating activities	(4,539)	(5,253)	(9,158)
Research and development tax credit received	-	1,376	4,086
Net cash outflow from operating activities	(4,539)	(3,877)	(5,072)
Cash flows from investing activities:			
Purchases of property, plant and equipment	(11)	(5)	(14)
Finance income	-	-	5
Net cash outflow from investing activities	(1)	(1)	(9)
Cash flows from financing activities:			
Payment of lease liabilities	(151)	(141)	(319)
Proceeds from the issue of ordinary share capital	15,000	7,586	9,212
Expenses of placing, open offer and subscription by directors	(551)	(443)	(547)
Net cash inflow from financing activities	14,298	6,998	8,346
Increase/(decrease) in cash and cash equivalents	9,748	3,120	3,265
Cash and cash equivalents at the start of the period	5,648	2,383	2,383
Cash, cash equivalents and deposits at the end of the period	15,396	5,503	5,648

Notes to the interim financial report For the six months ended 31 January 2021

1. Corporate information

The principal activity of the C4X Discovery Holdings plc is research and development, a review of which is included in the Chairman's and CEO's Statement.

C4XD is incorporated and domiciled in the United Kingdom and its registered number is 09134041. The address of the registered office is Manchester One, 53 Portland Street, Manchester, M1 3LD.

The interim financial information was approved for issue on 29 April 2021.

2. Accounting policies

Basis of preparation

The accounting policies adopted in this interim financial report are consistent with those followed in the preparation of the Group's annual report and accounts for the year to 31 July 2020, except for the following changes:

The interim financial information for the six months ended 31 January 2021 and 31 January 2020 is unaudited and does not constitute statutory accounts as defined in the Companies Act 2006. This interim financial report includes audited comparatives for the year to 31 July 2020. The 2020 annual report and accounts received an unqualified audit opinion and has been filed with the Registrar of Companies.

These interim financial statements have been prepared in accordance with IAS34 Interim Financial Reporting. They do not include all the information required for a complete set of IFRS financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group's financial position and performance since the last annual consolidated financial statements as at and for the year ended 31 July 2020.

Basis of consolidation

This interim financial report consolidates the financial statements of C4X Discovery Holdings plc and the entities it controls (its subsidiaries).

3. Taxation

	Six months to 31 January 2021 £000	Six months to 31 January 2020 £000	Year to 31 July 2020 £000
UK corporation tax losses in the period	-	-	-
Research and development income tax credit receivable	(888)	(900)	(1,780)
Adjustment in respect of prior periods	-	(10)	(10)
	(888)	(910)	(1,790)

4. Loss per share

	31 January 2021 £000	31 January 2020 £000	31 July 2020 £000
Loss for the financial period attributable to equity shareholders	(3,640)	(3,989)	(7,789)
Weighted average number of shares:	No.	No.	No.
Ordinary shares in issue	166,412,628	79,385,238	96,123,309
Basic loss per share (pence)	(2.19)p	(5.02)p	(8.10)p

Diluted loss per share has not been presented above as the effect of share options issued is anti-dilutive.

5. Issued share capital and share premium

	Deferred shares Number	Ordinary shares Number	Share capital £000	Deferred shares £000	Share premium £000	Total £000
Ordinary and deferred shares as at 31 January 2020	2,025,000	108,366,444	1,084	2,025	38,892	42,001
Issue of share capital on placing	-	10,836,700	108	-	1,518	1,626
Expenses of placing	-	-	-	-	(104)	(105)
Ordinary and deferred shares as at 31 July 2020	2,025,000	119,203,144	1,191	2,025	40,306	43,522
Issue of share capital on placing	-	99,169,286	992	-	12,892	13,884
Issue of share capital on open offer	-	7,973,572	80	-	1,036	1,116
Expenses of placing and open offer	-	-	-	-	(551)	(551)
Ordinary and deferred shares as at 31 January 2021	2,025,000	226,346,002	2,263	2,025	53,683	57,971

6. Interim financial report

A copy of this interim condensed financial report is available on C4XD's website at www.c4xdiscovery.com.

This information is provided by RNS, the news service of the London Stock Exchange. RNS is approved by the Financial Conduct Authority to act as a Primary Information Provider in the United Kingdom. Terms and conditions relating to the use and distribution of this information may apply. For further information, please contact rns@lseg.com or visit www.rns.com.

RNS may use your IP address to confirm compliance with the terms and conditions, to analyse how you engage with the information contained in this communication, and to share such analysis on an anonymised basis with others as part of our commercial services. For further information about how RNS and the London Stock Exchange use the personal data you provide us, please see our [Privacy Policy](#).

END

IR PPUGWCUPGPR