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C4X Discovery Holdings plc

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

Interim results for the six months ended 31 January 2017

27 April 2017 - C4X Discovery Holdings plc (AIM: C4XD), a pioneering drug discovery company, today announces its interim results for the six months ended 31 January 2017.

Corporate highlights:

Strategy

- The Board is committed to the delivery of C4X Discovery's ("C4XD") vision to become the world's most productive, self-sustaining Drug Discovery Engine.
- Focus has shifted to generating a high value pre-clinical asset portfolio that will drive revenue through early stage licensing deals with the pharmaceutical industry. Existing fee-for-service agreements have been discontinued during the current financial year.

Partnerships

- The Company continues to enhance its core state-of-the-art target identification and drug design capabilities through strategic partnerships:
 - A new multi-target risk-sharing alliance with Evotec AG ("Evotec") was announced in September 2016. Evotec and C4XD will work together on novel small molecule drugs across a range of targets, therapeutic areas and stages of development.

Discovery Engine progress

- C4XD's proprietary drug asset portfolio has grown from three programmes in addiction, diabetes and chronic obstructive pulmonary disorder in 2014, to eight programmes across a number of therapeutic areas.
- Disease areas of focus are inflammation, neurodegeneration, and opportunistic areas (e.g. immuno-oncology, addiction, and diabetes).

Senior appointments

- Brad Hoy, Chief Financial Officer, and Dr Craig Fox, Chief Scientific Officer, were appointed to the Board of Directors in November 2016.

Financial highlights:

- Completion of a £5.0 million fundraise in September 2016 through the placing of 4,901,961 new ordinary shares in the capital of the Company ("Ordinary Shares") at a price of 102 pence per Ordinary Share, bringing in new institutional investors including Calculus Capital Limited and Polar Capital LLP.

- Cash, cash equivalents, short-term investments and deposits at 31 January 2017 of £2.2 million (31 July 2016: £1.3 million and 31 January 2016: £5.0 million).
- Net assets at 31 January 2017 of £6.1 million (31 July 2016: £4.3 million and 31 January 2016: £5.3 million).

Post-period end

- Completion of a £7.0 million fundraise in March 2017 through the placing of 8,235,294 new Ordinary Shares with existing and new investors at a price of 85 pence per Ordinary Share.
- Proceeds of the fundraise will be used to support working capital and continue successful execution of the Company's strategy, strengthen the balance sheet as partnering discussions progress, and expand C4XD's commercial capabilities.

Dr Clive Dix, CEO of C4X Discovery, said: *"The recent period has seen C4XD make significant progress towards our goal of becoming the world's most productive, self-sustaining Drug Discovery Engine. We have strengthened our cash position and management team, and entered a strategic alliance with Evotec which, alongside our own innovative drug discovery technologies, will expand our ability to generate commercially attractive pre-clinical assets to meet the pharma industry's increasing demand for high quality early-stage drug candidates. C4XD aims to continue growing its commercial capabilities and progressing partnering discussions with the aim of completing at least one revenue-generating deal on the C4XD portfolio in the next 12 months. Myself, the Board and senior management are excited about the future of the Company."*

--ENDS--

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About C4X Discovery

C4X Discovery aims to become the world's most productive drug discovery engine by exploiting cutting edge technologies to design and create best-in-class small-molecule candidates targeting a range of high value therapeutic areas. The company's goal is to drive returns through early-stage revenue-generating deals with the pharmaceutical industry.

C4X Discovery has a state-of-the-art suite of proprietary technologies across the drug discovery process. The company's innovative DNA-based target identification platform (Taxonomy3[®]) utilises human genetic datasets to identify novel patient-specific targets leading to greater discovery

productivity and increased probability of clinical success. This is complemented by C4XD's novel drug design platform which comprises two innovative chemistry technologies, Conformetrix and Molplex, that combine 4D molecular shape analyses (based on experimental data) with best-in-class computational chemistry. This provides new and unprecedented insight into the behaviour of drug molecules, enabling the production of potent selective compounds faster and more cost effectively than the industry standard.

C4X Discovery is advancing its in-house pipeline in addiction, diabetes and inflammation with a number of new drug candidates identified and further progress made towards the clinic. In selecting new targets C4X Discovery will focus on the high-value disease areas of inflammation and neurodegeneration, and will continue to maximise value from opportunistic areas, for example, immuno-oncology, addiction, and diabetes.

The Company was founded as a spin-out from the University of Manchester. It has a highly experienced management team and Board who have delivered significant value creation within the healthcare sector historically and have enabled C4XD to reach multiple value inflexion points since IPO. For additional information please go to: www.c4xdiscovery.com

INTERIM CHAIRMAN AND CEO'S STATEMENT:

Global licensing of pre-clinical stage assets continues to increase in both number of deals and deal value, with the number of pre-clinical deals worth greater than \$10 million increasing from 50 in 2012 to 78 in 2015 and the value of up-front payments for these pre-clinical deals increasing by 289 per cent. to approximately \$2.4 billion (BIO Industry Analysis, Emerging Therapeutic Company Investment and Deal Trends, 25 May 2016). We remain confident in our ability to capture the increasing value associated with pre-clinical licensing deals by generating a high-value asset portfolio focussed in disease areas with high partnering interest. Our goal, once at 'steady state', is to produce four or more assets suitable for partnering each year, and we expect to complete at least one revenue-generating deal on our portfolio in the next 12 months. We will drive long-term shareholder value by strategically re-investing deal revenue into the Company's Drug Discovery Engine to achieve sustainable productivity in the medium- to long-term.

In the past period, we have focussed on continuing to build our unique Drug Discovery Engine capabilities to achieve our aim of becoming the world's most productive, self-sustaining drug discovery company. Our ongoing disease areas of focus are inflammation, neurodegeneration and opportunistic disease areas: for example, immuno-oncology, addiction and diabetes.

Discovery Engine and portfolio progress

We have made significant progress growing our discovery portfolio to eight projects across a number of commercially-attractive therapeutic areas, and made making key findings using our proprietary Taxonomy3[®] target discovery platform. We aim to partner all of C4X Discovery's drug assets pre-clinically, enabling partners (who are better placed to do so) take on the technical and financial risk associated with clinical development.

Key highlights

Addiction

Our most advanced drug discovery programme aims to provide a novel oral medicine for addiction, which represents a substantial area of unmet medical need and is forecast to be worth an estimated \$13 billion per annum by 2018 (GBI Research 2012). Our novel pre-clinical candidate molecule, an Orexin-1 antagonist candidate, is scheduled to be ready for clinical development by the end of 2017. Earlier this year, C4X completed its first GMP batch synthesis of drug substance. This has provided the material to complete the remaining toxicology studies and enabled drug product supply in preparation for the first clinical study. In parallel, our candidate has also been tested in pre-clinical models of nicotine addiction where it showed significant activity in reducing nicotine-seeking behaviour which has demonstrated its potential use for the treatment of smoking cessation in patients who relapse.

Inflammation

In addition, significant progress has been made in the Company's drug discovery programmes for the treatment of inflammatory diseases. C4X Discovery has identified potent novel activators of the NRF-2 pathway, which is important in mediating lung diseases such as chronic obstructive pulmonary disease ("COPD"), and Pulmonary Arterial Hypertension ("PAH"). Recently, we have demonstrated significant upregulation of the NRF-2 pathway in lung cell assays with lead compounds that are also bioavailable *in vivo* via the oral route.

Our small molecule programme against Interleukin-17 ("IL-17"), a high value clinically validated target for inflammation and autoimmune diseases such as psoriasis, has also produced promising pre-clinical data recently. Current marketed drugs that target IL-17 are based on injectable monoclonal antibodies, with the identification of orally available small molecules proving extremely challenging for this target. C4XD's Conformetrix technology has enabled the identification of small molecules that can selectively block IL-17 activity whilst keeping the molecular size of the molecule

in the traditional 'drug-like' range, offering the potential for more convenient oral or topical treatment which could also increase the number of patients who can access drugs targeting this mechanism. Studies are now underway to optimise these for oral delivery *in vivo*.

Taxonomy3® target discovery

Our proprietary DNA-based target discovery technology Taxonomy3® continues to produce novel target data in commercially valuable disease areas. Analysis of a clinical rheumatoid arthritis dataset has identified multiple novel targets that have not previously been genetically linked with this major disease and a drug discovery programme against the first of these targets continues to make progress.

In neurodegeneration, Taxonomy3® has identified multiple novel targets in discrete patient subgroups for the treatment of Parkinson's Disease that could potentially provide an opportunity in stratified medicine. The Company has recently reproduced the analysis from a second patient dataset confirming this discovery. The selection process to choose the first target to be prosecuted in a drug discovery programme is underway. Analysis of an Alzheimer's disease dataset has also been initiated with an additional five further clinical disease datasets planned for analysis in 2017 to provide the Company with multiple novel targets in high-value and therapeutic areas with significant partnering interest.

Portfolio outlook

Overall, C4X Discovery's discovery asset portfolio continues to grow in-line with the Company's strategy and we are progressing well to achieving our ambitions of producing four partnerable assets per annum at 'steady state'. We will continue to invest in both existing and new programmes to ensure we remain on-track to achieve our vision of being the world's most productive, self-sustaining Drug Discovery Engine.

Technology

Our suite of combined proprietary technologies forms the core of our state-of-the-art Drug Discovery Engine that combines novel drug design, using sophisticated analysis of NMR data (Conformetrix), with novel target discovery through multivariate analysis of genetic datasets (Taxonomy3®). MolPlex, our pioneering in-house computational chemistry software complements these platforms by bringing a virtual compound library that enables rapid identification of starting points for new discovery programmes, self-learning virtual docking simulations, and prediction of drug-like molecular properties. Together with our highly experienced team of scientists, these three technologies form our Discovery Engine. Used in conjunction with industry-standard chemical and biology techniques, accessed via our network of contract research organisations, this represents the full complement of capabilities required to deliver viable pre-clinical candidates suitable for advancement into clinical development in collaboration with pharma partners.

Strategic alliances

In September 2016, we announced a new multi-target risk-sharing alliance with Evotec AG ("Evotec"), a leading drug discovery and development alliance company (the "Agreement"). The new Agreement builds on our previous strategic collaboration between the two companies announced in January 2015 and will enable us to increase the output of our Discovery Engine with reduced risk and, potentially, lower cost.

C4XD and Evotec are now working together to develop new small molecule drugs across a range of targets and therapeutic areas. As part of the Agreement, Evotec is applying its extensive assay and screening technologies, laboratory scientists and medicinal chemistry know-how to selected C4XD programmes, in return for funding to partially cover operational costs, milestones dependent on developmental success and a share of potential future royalties. Programmes under the Agreement

will run until the point of Potential Development Candidate (PDC) nomination, after which C4XD, which retains all IP, will have the right to out-license successful projects to the pharma industry.

Strengthening management

Delivering on our vision requires strong leadership, in November, we strengthened our Board with the appointment of Dr Craig Fox, Chief Scientific Officer, and Brad Hoy, Chief Financial Officer. Both Craig and Brad bring a wealth of knowledge and experience to the Company and will make a significant contribution to the execution of our new strategy.

Fundraising

In September 2016, C4XD completed a £5.0 million fundraise through the conditional placing of 4,901,961 new ordinary shares at a price of 102 pence per Ordinary Share. The fundraising saw Calculus Capital Limited and Polar Capital LLP join C4XD's share register.

This fundraising was followed in March 2017 (post-period end) by the successful closing of a £7.0 million fundraise at 85 pence per share. The new cash will be used to support the execution and acceleration of our strategy by strengthening our balance sheet as partnering discussions and strategic collaborations progress, expanding our commercial capability and supporting working capital during the expansion of our pipeline portfolio.

Financial review

Revenue for the six months ended 31 January 2017 at £0.1 million was lower than the equivalent prior period (six month period ended 31 January 2016: £0.2 million) reflecting the previously disclosed discontinuation of fee-for-service agreements. C4XD expects future revenues to be derived from licensing and other income from commercial agreements with industry partners relating to C4XD's pre-clinical drug assets.

Research and development expenses at £3.0 million for the six months ended 31 January 2017 showed a slight increase compared to the equivalent prior period (six month period ended 31 January 2016: £2.7 million), reflecting progress being made across our in-house pipeline.

At £1.0 million, administrative expenses for the six months ended 31 January 2017 are in line with those reported in the equivalent prior period (six month period ended 31 January 2016: £0.9 million).

The net loss for the six months ended 31 January 2017 amounted to £3.0 million or a loss of 8.34 pence per Ordinary Share (six month period ended 31 January 2016: £2.7 million or loss of 8.76 pence per Ordinary Share).

C4XD had net assets at 31 January 2017 of £6.0 million (31 July 2016: £4.3 million and 31 January 2016: £5.3 million) and cash, cash equivalents, short-term investments and deposits of £2.2 million (31 July 2016: £1.3 million and 31 January 2016: £5.0 million). Since the period end, C4XD has completed a £7.0 million fundraise in March 2017 through the placing of 8,235,294 new Ordinary Shares at a price of 85 pence per Ordinary Share.

Outlook

C4X Discovery's combination of state-of-the-art proprietary technologies, highly experienced scientific team and industry experience uniquely positions the Company to fulfil the pharmaceutical industry's demand for high quality early-stage drug candidates. As the Company accelerates towards its goal of becoming the world's most productive, self-sustaining drug discovery engine, it aims to expand its commercial capabilities and continue building a portfolio of commercially attractive pre-

clinical assets, in addition to progressing partnering discussions to complete at least one revenue-generating deal on the C4XD portfolio in the next 12 months. The Board is excited about the Company's opportunities and its future within the wider evolution of the UK drug discovery market.

Interim consolidated statement of comprehensive income
For the six months ended 31 January 2017

		Six months to 31 January 2017 (Unaudited) £000	Six months to 31 January 2016 (Unaudited) £000	Year to 31 July 2016 (Audited) £000
	Notes			
Revenue	2	78	165	279
Cost of sales		(2)	(8)	(12)
Gross profit		76	157	267
Research and development expenses		(3,013)	(2,738)	(5,239)
Administrative expenses		(951)	(896)	(1,817)
Operating loss		(3,888)	(3,477)	(6,789)
Finance income		1	26	32
Loss on ordinary activities before taxation		(3,887)	(3,451)	(6,757)
Taxation	3	850	736	1,436
Loss for the period and total comprehensive loss for the period		(3,037)	(2,715)	(5,321)
Loss per share :				
Basic and diluted loss for the period	4	(8.34)p	(8.76)p	(16.83)p

Interim consolidated statement of changes in equity
For the six months ended 31 January 2017

	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 1 August 2015	2,335	10,013	51	920	195	(5,546)	7,968
Loss for the six months to 31 January 2016	-	-	-	-	-	(2,715)	(2,715)
Share-based payments	-	-	17	-	-	-	17
At 31 January 2016	2,335	10,013	68	920	195	(8,261)	5,270
Loss for the six months to 31 July 2016	-	-	-	-	-	(2,606)	(2,606)
Issue of share capital	15	1,584	-	-	-	-	1,599
Share-based payments	-	-	42	-	-	-	42
At 31 July 2016	2,350	11,597	110	920	195	(10,867)	4,305
Loss for the six months to 31 January 2017	-	-	-	-	-	(3,037)	(3,037)
Issue of share capital	49	4,951	-	-	-	-	5,000
Expenses of placing	-	(285)	-	-	-	-	(285)
Share-based payments	-	-	67	-	-	-	67
At 31 January 2017	2,399	16,263	177	920	195	(13,904)	6,050

Interim consolidated statement of financial position

As at 31 January 2017

	Notes	31 January 2017 (Unaudited) £000	31 January 2016 (Unaudited) £000	31 July 2016 (Audited) £000
Assets				
Non-current assets				
Property, plant and equipment		100	84	94
Intangible assets		587	57	654
Goodwill		1,192	-	1,192
		1,879	141	1,940
Current assets				
Trade and other receivables		547	377	429
Income tax asset		2,250	700	1,400
Short-term investments and cash on deposit		-	3,006	-
Cash and cash equivalents		2,194	2,011	1,328
		4,991	6,094	3,157
Total assets		6,870	6,235	5,097
Liabilities				
Current liabilities				
Trade and other payables		(820)	(965)	(792)
		(820)	(965)	(792)
Total liabilities		(820)	(965)	(792)
Net assets		6,050	5,270	4,305
Capital and reserves				
Issued equity capital	5	2,399	2,335	2,350
Share premium	5	16,263	10,013	11,597
Share-based payment reserve		177	68	110
Merger reserve		920	920	920
Capital contribution reserve		195	195	195
Revenue reserve		(13,904)	(8,261)	(10,867)
Total equity		6,050	5,270	4,305

Approved by the Board and authorised for issue on 27 April 2017

Brad Hoy
Chief Financial Officer
27 April 2017

Interim consolidated cash flow statement
For the six months ended 31 January 2017

Notes	Six months to 31 January 2017 (Unaudited) £000	Six months to 31 January 2016 (Unaudited) £000	Year to 31 July 2016 (Audited) £000
Loss after tax and interest	(3,037)	(2,715)	(5,321)
Adjustments for:			
Depreciation of property, plant and equipment	21	17	33
Amortisation of intangible assets	67	2	55
Share-based payments	67	17	59
Taxation	(850)	(736)	(1,436)
Changes in working capital			
(Increase)/decrease in trade and other receivables	(118)	11	(40)
Increase/(decrease) in trade and other payables	68	253	(28)
Decrease in deferred revenue	(40)	(37)	(56)
Cash outflow from operating activities	(3,822)	(3,188)	(6,734)
Research and development tax credit received	-	736	736
Net cash outflow from operating activities	(3,822)	(2,452)	(5,998)
Cash flows from investing activities:			
Purchases of property, plant and equipment	(27)	(16)	(42)
Purchases of intangible fixed assets	-	-	(50)
Acquisition of subsidiary (net of cash acquired)	-	-	(67)
Decrease in cash placed on deposit	-	994	4,000
Net cash (outflow)/inflow from investing activities	(27)	978	3,841
Cash flows from financing activities:			
Proceeds from the issue of ordinary share capital	5,000	-	-
Expenses of placing	(285)	-	-
Net cash inflow from financing activities	4,715	-	-
Increase/(decrease) in cash and cash equivalents	866	(1,474)	(2,157)
Cash and cash equivalents at the start of period	1,328	3,485	3,485
Cash and cash equivalents at the end of the period	2,194	2,011	1,328
Monies placed on deposit	-	3,006	-
Cash, cash equivalents and deposits at the end of the period	2,194	5,017	1,328

Notes to the interim financial report

For the six months ended 31 January 2017

1. Corporate information

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

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 27 April 2017.

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 2016.

The interim financial information for the six months ended 31 January 2017 and 31 January 2016 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 2016. The 2016 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 2016.

Basis of consolidation

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

Segmental information

Operating segments

At 31 January 2017, 31 July 2016 and 31 January 2016 the Group operated as one segment, focussed on becoming the world's most productive Drug Discovery Engine.

This is the level at which operating results are reviewed by the chief operating decision maker (i.e. the Chief Executive Officer) to make decisions about resources, and for which financial information is available.

All revenues have been generated from continuing operations and are from external customers.

	Six months to 31 January 2017 £'000	Six months to 31 January 2016 £'000	Year to 31 July 2016 £'000
<i>Analysis of revenue</i>			
Amounts earned under fee-for-service collaborations	78	165	279

78

165

279

Geographical information

The Group operates in two main geographic area, although both are managed in the UK. The Group's revenue per geographical segment based on customer's location, is as follows:

	Six months to 31 January 2017 £'000	Six months to 31 January 2016 £'000	Year to 31 July 2016 £'000
Analysis of revenue			
UK	78	107	151
Europe (excluding UK)	-	58	128
	78	165	279

All of the Group's assets are held in the UK and all of its capital expenditure arises in the UK.

3. Tax

The tax credit is made up as follows:

	Six months to 31 January 2017 £'000	Six months to 31 January 2016 £'000	Year to 31 July 2016 £'000
UK corporation tax losses in the period	-	-	-
Research and development income tax credit receivable	(850)	(700)	(1,400)
Adjustment in respect of prior periods	-	(36)	(36)
	(850)	(736)	(1,436)

4. Loss per share

	31 January 2017 £'000	31 January 2016 £'000	31 July 2016 £'000
Loss for the financial period attributable to equity shareholders	(3,037)	(2,715)	(5,321)
Weighted average number of shares:	No.	No.	No.
Ordinary shares in issue	36,412,279	30,988,550	31,616,625
Basic loss per share (pence)	(8.34)p	(8.76)p	(16.83)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 at 31 July 2015 and 31 January 2016	2,025,000	30,988,550	310	2,025	10,013	12,348
Issue of share capital	-	1,508,207	15	-	1,584	1,599
Ordinary and deferred shares as at 31 July 2016	2,025,000	32,496,757	325	2,025	11,597	13,947
Issue of share capital	-	4,901,961	49	-	4,951	5,000
Expenses of placing	-	-	-	-	(285)	(285)
Ordinary and deferred shares at 31 January 2017	2,025,000	37,398,718	374	2,025	16,263	18,662

6. Post Balance Sheet Event

Completion of a £7.0 million fundraise in March 2017 through the placing of 8,235,294 new Ordinary Shares with existing and new investors at a price of 85 pence per Ordinary Share.

7. Interim financial report

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