



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 2020

Continued progress across Drug Discovery portfolio

29 April 2020 – C4X Discovery Holdings plc (AIM: C4XD), a pioneering Drug Discovery company, today announces its interim results for the six months ended 31 January 2020.

Dr Clive Dix, CEO of C4X Discovery, commented: *“We continue to progress our portfolio, with our inflammatory programmes generating significant advances. In particular, our lead IL-17 oral compound has progressed into Lead Optimisation following recent data demonstrating inhibition of inflammation following oral dosing in pre-clinical disease models. Our collaborations with LifeArc and Horizon Discovery, along with results from our Taxonomy3[®] platform, provide compelling insights as the next wave of potential candidates continue to advance. As a result of discussions with potential partners for our NRF-2 activator programme, we intend to enhance the licensing package and add value with additional study data focused on candidate nomination, as we did with partnered programme, Orexin-1. With this enhancement of our NRF-2 programme, the licensing process timeline is difficult to predict,”* **Dr Dix added:** *“I am extremely proud that although our focus has been to ensure the safety and wellbeing of our employees they have risen to the challenges of progressing our business activities during these difficult times.”*

Operational highlights:

- Indivior progress C4X_3256 for the treatment of opioid use disorder towards Phase 1 clinical trial
 - Awarded National Institutes of Health (“NIH”) grant to fund Phase I clinical trial and toxicology and drug metabolism studies to enable Phase 2 trials
 - Altasciences appointed to conduct Phase I clinical trial and IND filed with FDA in January 2020
- NRF-2 activator programme progressing
 - Partner discussions demonstrate commercial interest
 - Candidate nomination studies initiated with three lead ‘shortlist’ molecules; additional studies underway
- Continued progress across Drug Discovery portfolio, particularly in inflammation
 - Lead IL-17 inhibitor compound demonstrated significant inhibition of inflammation in pre-clinical disease models for the first time following oral dosing
 - Recent data has demonstrated oral bioavailability of C4XD series in LifeArc collaboration
 - Novel, potent and selective inhibitors identified for C4XD $\alpha 4\beta 7$ integrin inhibitor series
- Leading synthetic lethal oncology target identified from the Horizon Discovery collaboration poised for entry into colon cancer specific target validation studies
- Taxonomy3[®] delivering compelling insights into Parkinson’s Disease (“PD”) targets
 - Positive readouts from the first biological validation studies
 - CRISPR knockout studies underway for further high potential drug targets prior to being examined in neuronal cell assays
- Dr Robin Carr to lead C4XD Drug Discovery Advisory Network to identify new technologies and act as C4XD ambassadors

Financial highlights:

- Successful fundraise of £7.6 million (before expenses) with a total of 50,573,808 shares issued to both new and existing shareholders
- R&D investment was £3.6 million in the six months ending 31 January 2020, down £1.3 million from the £4.9 million in the six months ended 31 January 2019
- Cash, cash equivalents, short-term investments and deposits at 31 January 2020 of £5.5 million (31 July 2019: £2.4 million and 31 January 2019: £9.2 million)
- Net assets at 31 January 2020 of £10.3 million (31 July 2019: £7.0 million and 31 January 2019: £12.8 million)

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Analyst conference call today

Dr Clive Dix, Chief Executive Officer, and members of the management team will host a webcast for analysts at 11am BST 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.

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About C4X Discovery

C4X Discovery (C4XD) aims to create the world's most productive Drug Discovery engine by using cutting-edge technologies and expertise to efficiently deliver best-in-class small-molecule medicines to clinical partners for the benefit of patients. The Company's business model focuses on replenishing big pharma discovery pipelines and driving returns through revenue generating pre-clinical licensing deals. In 2018, C4XD successfully out-licensed a pre-clinical programme in addictive disorders to Indivior in a deal worth up to \$294m.

C4XD has a state-of-the-art suite of proprietary technologies across the Drug Discovery process and accesses further innovative capabilities and expertise through its growing network of partners. The Company is actively advancing its diverse pre-clinical discovery portfolio which is focused on inflammation, neurodegeneration and oncology (including immuno-oncology). Opportunities to maximise value from the portfolio are proactively driven by C4XD's commercial division. The Company is led by a highly experienced management team and Board who have delivered significant value creation within the healthcare sector.

For additional information please go to: www.c4xdiscovery.com

COVID-19

In addressing the COVID-19 pandemic, C4XD is proactively monitoring, assessing potential impacts, and working to avoid or minimise any interruption or delay in its plans. The health and safety of C4XD employees is paramount and the Company intends to do everything reasonably possible to reduce the potential exposure to the virus causing COVID-19. Employees who need to maintain facility-dependent research are reporting to work under strict protocols designed to ensure they remain healthy and where possible C4XD has enabled employees to work remotely. C4XD has suspended all international business and non-essential domestic business travel.

To date, C4XD has not seen a material impact on its business and the overall context of the business and the longer term landscape in which the Company operates has not materially changed since the 2019 annual report. However, C4XD works on a partnership model and with the duration of the outbreak unknown, its impact on C4XD's partners' working situation and the prospects of additional development of the Drug Discovery portfolio remain unclear. COVID-19 is also expected to cause disruption to business development activities as scientific conferences are cancelled and travel restrictions tighten. The Company and its partners are working hard to address these disruptions virtually where possible.

Corporate Overview

An overview of key, disclosable progress updates made during the period can be found below. For additional background information reported previously, please refer to C4XD's 2019 Annual Report.

During the period, C4XD saw progress across the portfolio, with a number of programmes making significant advances, particularly in inflammation. Together with compelling results from early innovation projects and partnered collaborations, C4XD is building towards a sustainable pipeline of potential future out-licensing opportunities.

Drug Discovery Pipeline

Oral Orexin-1 Receptor Antagonist Programme

Indivior has continued to make significant progress working towards the start of a Phase 1 clinical trial of C4XD's oral Orexin-1 Receptor Antagonist molecule, C4X_3256, for the treatment of opioid use disorder. In September 2019, Indivior was awarded an NIH grant to advance C4X_3256 from preclinical status through Phase 1 clinical evaluation and perform the necessary toxicology and drug metabolism studies to enable Phase 2 trials. In December 2019, Altasciences was appointed by Indivior to conduct the Phase 1 clinical trial and in January 2020, Indivior filed the IND with the FDA. As the future development of this programme is controlled by Indivior, C4XD is unable to confirm the timing of the Phase 1 clinical trial until notified by Indivior.

Oral NRF-2 Activator Programme

C4XD is progressing a series of novel potent activators of the NRF-2 pathway for the treatment of Sickle Cell Disease and Pulmonary Arterial Hypertension. In C4XD studies, multiple lead compounds show >12hr duration of action following low oral dosing on activation of NRF-2 in key tissues such as lung and liver, as well as blood. Candidate nomination studies continue and C4XD now has a shortlist of three lead compounds to enable selection of the candidate. Following commercial discussions, the Company is enhancing the data package with additional studies to further support our commercial proposition.

Oral IL-17 Inhibitor Programme

Interleukin-17 ("IL-17") is a high-value, clinically validated target for inflammation and autoimmune diseases such as psoriasis (estimated to be worth c.\$24 billion per annum by 2027¹). Current treatments are based on injectable monoclonal antibodies and an oral option would be highly desirable to increase the number of patients able to access IL-17 targeted drugs. Recent data of C4XD's prototype lead oral compound demonstrates activity for the first time in IL-17 driven pre-clinical inflammation disease models following oral dosing. C4XD continues to receive strong interest from potential partners for this oral IL-17 inhibitor approach.

LifeArc

The first phase of the LifeArc collaboration has been successful. Initial studies progressed multiple hit compounds to generate two lead series demonstrating potent in vitro inhibition of the enzyme target, attractive for the treatment of oncology and inflammatory indications. Recent data has demonstrated oral bioavailability for one of the C4XD series for the first time and studies continue to increase cellular potency with the aim of showing in vivo inhibition of the target for a prototype molecule in the near future. As this is a programme being progressed in collaboration, the timeline for reaching this next milestone may be affected by the impact of COVID-19 on laboratory resource availability.

α4β7 integrin inhibitor

C4XD's oral α4β7 integrin inhibitor programme continues to progress following initial funding through an Innovate UK Feasibility Award. C4XD initiated an evaluation stage Drug Discovery programme and recent data confirms the transition into the hit to lead phase following identification of novel, potent and selective α4β7 integrin inhibitors for the treatment of Inflammatory Bowel Disease ("IBD"). Studies continue with the aim of generating improved molecules to move to oral in vivo studies.

Horizon Discovery

The collaboration to take forward high-value novel synthetic lethal² oncology targets discovered through in-depth CRISPR-Cas9 analyses conducted by Horizon Discovery to create new oncology drugs has generated comprehensive in vitro validation data packages for the lead novel target. As an enzyme, the target is expected to be highly amenable to targeting with small molecules and is poised for entry into colon cancer specific target validation studies with additional targets to follow this development pathway.

Taxonomy3[®]- derived Parkinson's disease projects

C4XD continues to progress the validation of its proprietary Taxonomy3[®]-derived novel targets for Parkinson's disease, utilising a diversified strategic approach with internal efforts in addition to those with collaborative partners, Phoremest and e-Therapeutics. C4XD's internally led initial biological validation studies are near completion with positive readouts from studies in neuronal cells. 35 commercially available tool compounds shown to interact with potential PD drug targets identified using C4XD's novel Taxonomy3[®] genetic analysis were screened in a disease relevant neuronal based phenotypic assay. Several of these tool compounds significantly prevented neuronal cell death in this assay and retesting is underway to confirm these results along with additional related compounds to further confirm these promising findings. In addition, CRISPR knockout studies are in progress for a further 14 potential targets identified from the PD Taxonomy3[®] analysis where tool compounds are not immediately available and once ready, protection against neuronal death will also be examined. As partners play a critical role in the validation of these findings, the impact of COVID-19 may result in a lengthened timeline for the next phase.

Outlook

As COVID-19 continues to impact companies globally, certain elements of the business are expected to be challenged in the first half of 2020 as both C4XD and its partners endeavour to protect staff and resources during the Coronavirus outbreak. With a near virtual business model, C4XD's employees continue to work remotely to build on the good progress made last year with a number of programmes and projects continuing to deliver compelling results. The Company's focus throughout 2020 is to advance these programmes and to progress the ongoing commercial discussions across its portfolio.

1. *Plaque Psoriasis: Global Drug Forecast and Market Analysis to 2027, GlobalData, December 2018*
2. *The term "synthetic lethality" was originally coined by geneticists in the 1940s to describe the process where mutations in two different genes together resulted in cell death but independently did not affect viability. In cancer, targeting inhibition of the critical DNA repair pathway has the potential to cause tumour cells with specific mutations (e.g. KRAS and p53) to self-destruct.*

Interim consolidated statement of comprehensive income
For the six months ended 31 January 2020

		Six months to 31 January 2020	Six months to 31 January 2019	Year to 31 July 2019
		(Unaudited)	(Unaudited)	(Audited)
		£000	£000	£000
	Notes			
Revenue		-	-	-
Cost of sales		-	-	-
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Gross profit		-	-	-
Research and development expenses		(3,567)	(4,908)	(10,585)
Administrative expenses		(1,322)	(1,357)	(3,052)
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Operating loss		(4,889)	(6,265)	(13,637)
Finance (expense)/income		(10)	10	15
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Loss before taxation		(4,899)	(6,255)	(13,622)
Taxation	3	910	1,230	2,710
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Loss for the period and total comprehensive loss for the period		(3,989)	(5,025)	(10,912)
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Loss per share:				
Basic and diluted loss for the period	4	(5.02)p	(9.38)p	(18.82)p

Interim consolidated statement of changes in equity
For the six months ended 31 January 2020

	Issued equity capital	Share premium	Share based pay- ment reserve	Merger reserve	Capital con- tribution reserve	Revenue reserve	Total
	£000	£000	£000	£000	£000	£000	£000
At 01 August 2018	2,490	22,844	509	920	195	(18,784)	8,174
Loss for the six months to 31 January 2019	-	-	-	-	-	(5,025)	(5,025)
Issue of share capital	112	9,977	-	-	-	-	10,089
Expenses of placing and open offer	-	(559)	-	-	-	-	(559)
Shares issued on exercise of options	-	1	-	-	-	-	1
Share-based payments	-	-	128	-	-	-	128
At 31 January 2019	2,602	32,263	637	920	195	(23,809)	12,808
Loss for the six months to 31 July 2019	-	-	-	-	-	(5,887)	(5,887)
Issue of share capital	-	-	-	-	-	-	-
Expenses of placing and open offer	-	(7)	-	-	-	-	(7)
Share-based payments	-	-	99	-	-	-	99
At 31 July 2019	2,602	32,256	736	920	195	(29,696)	7,013
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 sub- scription by directors	-	(443)	-	-	-	-	(443)
Share-based payments	-	-	107	-	-	-	107
At 31 January 2020	3,109	38,892	843	920	195	(33,685)	10,274

Interim consolidated statement of financial position
As at 31 January 2020

	31 January 2020	31 January 2019	31 July 2019
	(Unaudited)	(Unaudited)	(Audited)
	£000	£000	£000
Notes			
Assets			
Non-current assets			
Property, plant and equipment	58	74	78
Intangible assets	228	364	295
Goodwill	1,192	1,192	1,192
Right-of-use assets	562	-	-
	2,040	1,630	1,565
Current assets			
Trade and other receivables	580	661	641
Income tax asset	3,610	2,596	4,076
Cash and cash equivalents	5,503	9,194	2,383
	9,693	12,451	7,100
Total assets	11,733	14,081	8,665
Liabilities			
Current liabilities			
Trade and other payables	(897)	(1,273)	(1,652)
Lease liabilities	(316)	-	-
	(1,213)	(1,273)	(1,652)
Non-current liabilities			
Lease liabilities	(246)	-	-
	(246)	-	-
Total liabilities	(1,459)	(1,273)	(1,652)

Net assets		10,274	12,808	7,013
Capital and reserves				
Issued equity capital	5	3,109	2,602	2,602
Share premium	5	38,892	32,263	32,256
Share-based payment reserve		843	637	736
Merger reserve		920	920	920
Capital contribution reserve		195	195	195
Revenue reserve		(33,685)	(23,809)	(29,696)
Total equity		10,274	12,808	7,013

Approved by the Board and authorised for issue on 28 April 2020

Brad Hoy
Chief Financial Officer
28 April 2020

Interim consolidated cash flow statement
For the six months ended 31 January 2020

	Six months to 31 January 2020	Six months to 31 January 2019	Year to 31 July 2019
	(Unaudited)	(Unaudited)	(Audited)
	£000	£000	£000
Loss after tax and interest	(3,989)	(5,025)	(10,912)
Adjustments for:			
Depreciation of property, plant and equipment	25	25	53
Amortisation of intangible assets	67	69	138
Depreciation of right-of-use assets	131	-	-
Share-based payments	107	128	227
Finance expense/(income)	10	(10)	(15)
Taxation	(910)	(1,230)	(2,710)
Changes in working capital:			
Decrease/(increase) in trade and other receivables	61	(273)	(253)
(Decrease)/increase in trade and other payables	(755)	407	786
Cash outflow from operating activities	(5,253)	(5,909)	(12,686)
Research and development tax credit received	1,376	-	-
Net cash outflow from operating activities	(3,877)	(5,909)	(12,686)
Cash flows from investing activities:			
Purchases of property, plant and equipment	(5)	(16)	(48)
Finance income	4	10	15
Net cash outflow from investing activities	(1)	(6)	(33)
Cash flows from financing activities:			
Repayment of lease liabilities	(131)	-	-
Finance expense	(14)	-	-
Proceeds from the issue of ordinary share capital	7,586	10,090	10,090
Expenses of placing, open offer and subscription by directors	(443)	(559)	(566)
Net cash inflow from financing activities	6,998	9,531	9,524
Increase/(decrease) in cash and cash equivalents	3,120	3,616	(3,195)
Cash and cash equivalents at the start of the period	2,383	5,578	5,578
Cash, cash equivalents and deposits at the end of the period	5,503	9,194	2,383

Notes to the interim financial report
For the six months ended 31 January 2020

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 28 April 2020.

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 2019, except for the following changes:

The interim financial information for the six months ended 31 January 2020 and 31 January 2019 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 2019. The 2019 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 2019.

The accounting policies used in the consolidated interim financial information are consistent with those set out in the audited financial statements for the year ended 31 July 2019 with the exception of the adoption of IFRS 16 Leases. The adoption of IFRS16 has not had a material effect on the Consolidated statement of comprehensive income, has led to recognition in the Consolidated statement of financial position of a right-of-use asset together with a corresponding lease liability of £562,000 and no adjustment to opening revenue reserves.

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 2020	Six months to 31 January 2019	Year to 31 July 2019
	£000	£000	£000
UK corporation tax losses in the period	-	-	-
Research and development income tax credit receivable	(900)	(1,230)	(2,700)
Adjustment in respect of prior periods	(10)	-	(10)
	(910)	(1,230)	(2,710)

4. Loss per share

	31 January 2020	31 January 2019	31 July 2019
	£000	£000	£000
Loss for the financial period attributable to equity shareholders	(3,989)	(5,025)	(10,912)
Weighted average number of shares:	No.	No.	No.
Ordinary shares in issue	79,385,238	53,576,407	57,978,890
Basic loss per share (pence)	(5.02)p	(9.38)p	(18.82)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 capi- tal £000	Deferred shares £000	Share pre- mium £000	Total £000
Ordinary and deferred shares as at 31 January 2019	2,025,000	57,792,636	577	2,025	32,263	34,865
Expenses of placing and open offer	-	-	-	-	(7)	(7)
Ordinary and deferred shares as at 31 July 2019	2,025,000	57,792,636	577	2,025	32,256	34,858
Issue of share capital on placing	-	46,466,667	466	-	6,504	6,970
Issue of share capital on open offer	-	3,907,141	39	-	547	586
Subscription by directors	-	200,000	2	-	28	30
Expenses of placing, open offer and subscription by directors	-	-	-	-	(443)	(443)
Ordinary and deferred shares as at 31 January 2020	2,025,000	108,366,444	1,084	2,025	38,892	42,001

6. Interim financial report

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