July 16, 2024

Non-consolidated Financial Results for the Nine Months Ended May 31, 2024 [Japanese GAAP]

Company name : Chordia Therapeutics Co., Ltd
Listing : Tokyo Stock Exchange
Security Code : 190A
URL : https://www.chordiatherapeutics.com/
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Scheduled date to file quarterly security report : July 16, 2024
Scheduled date to commence dividend payments : -
Preparation of supplementary material on quarterly financial results : None
Holding of quarterly financial results briefing : None

(Yen amounts are rounded down to millions, unless otherwise noted)

1. Non-consolidated financial results for the nine months ended May 31, 2024 (from September 1,2023 to May 31, 2024)

(1) Non-consolidated operating results (cumulative)

(Percentages indicate year-on-year changes)

	Business revenue		Operating income		Ordinary income		Net income	
Nine months ended	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
May 31, 2024	-	-	-1,180	-	-1,175	-	-1,177	-
May 31, 2023	-	-	-	-	-	-	-	-

	Basic earning per share	Diluted earning per share
Six months ended	Yen	Yen
May 31, 2024	-20.86	-
May 31, 2023	-	-

NOTE 1. The third quarter of the fiscal year ended August 3rd, 1.2023 has not prepared a quarterly financial table, so the description of the third quarter of the fiscal year ended August 2023 was included. And the rate of change from the same quarter of the previous fiscal year for the third quarter of the fiscal year ended August 2024 is not shown.

2. In terms of quarterly net profit per share after adjustment for latent stocks in the third quarter of the fiscal year ended August 3rd, 2.2024, latent stocks still exist. However, since our stock was not listed in the third quarter of FY8/2024, we were unable to determine the medium-term average stock price.Net loss per share is not stated because it is a quarterly loss.

(2) Non-consolidated financial position

	Total assets	Net assets	Equity Ratio
As of	Millions of yen	Millions of yen	%
May 31 , 2024	3,462	3,323	95.2
August 31, 2023	4,909	4,500	91.2

Reference : Equity
As of May 31, 2024 3,297 million yen
As of August 31, 2023 4,474 million yen

2. Cash dividends

	Dividend per share				
	End of first quarter	End of second quarter	End of the third quarter	Term end	Total
	Yen	Yen	Yen	Yen	Yen
Fiscal year ended August 31, 2023	-	0.00	-	0.00	0.00
Fiscal year ending August 31, 2024	-				
Fiscal year ending August 31, 2024 (Forecast)		0.00	-	0.00	0.00

(NOTE)Revisions to the most recently announced dividend forecasts: None

3. Forecast of non-consolidated financial results for the fiscal year ending August 31, 2024 (from September 1, 2023 to August 31, 2024)

(Percentages indicate year-on-year changes)

	Business revenue		Operating income		Ordinary income		Net income		Per share Net income
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%	Yen
Full year	-	-	△2,273	-	△2,278	-	△2,280	-	△40.40

NOTE: Revisions to the most recently announced earnings forecasts: None

***Note**

(1) Application of special accounting methods for preparing quarterly financial statements: None

(2) Changes in accounting policies and changes or restatement of accounting estimates
- A) Changes in accounting policies due to revision of accounting standards: None
- B) Changes in accounting policies other than the above: None
- C) Changes in accounting estimates: None
- D) Restatement of revisions: None

(3) Number of shares outstanding (common shares)
- A) Number of shares outstanding at the end of the period (including treasury stock)
  - 3Q for the Fiscal Year Ended August 2024 56,443,800 Shares
  - FY8/2023 56,443,800 Shares
- B) Number of treasury stock at the end of the period
  - 3Q for the Fiscal Year Ended August 2024 - Shares
  - FY8/2023 - Shares
- C) Average number of shares outstanding (quarterly consolidated cumulative period)
  - 3Q for the Fiscal Year Ended August 2024 56,443,800 Shares
  - FY8/2023 3Q - Shares

＊ Quarterly financial results are not subject to quarterly review by a certified public accountant or an auditing firm.

＊ Proper use of earning forecasts, and other special matters
The forward-looking statements including earning forecasts, contained in these materials are based on information currently available to the Company and on certain assumption deemed to be reasonable. Actual results may differ from the above forecasts due to changes in business performance and other factors. Please refer to "1. Qualitative Information on Quarterly Financial Results, (3) Explanation of Earnings Forecasts and Other Forward-looking Statements" on page 3 of the attached material for notes on the use of financial results forecasts.

Attached Material

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1. Qualitative Information regarding financial result for the there months ended May 31, 2024

(1) Explanation of operating Results

The Company aspires to build a world where people can feel hope for tomorrow (Tomorrow is Another Day) by delivering first-in-class anticancer drugs to patients as soon as possible. Since our establishment, our mission has been to discover innovative (first-in-class) anticancer drugs. Through the realization of this mission, our vision is to grow into the world's first R&D-oriented pharmaceutical company, originating in Japan in 2030.

We are pursuing drug discovery research specializing in oncology, where there are high unmet medical needs with a focus on novel, small-molecular innovative drugs (first-in-class), which have a totally new mechanism of action. Since first-in-class drugs have a novel mechanism of action, they are expected to demonstrate a different clinical benefit compared to existing drugs and have the potential to drastically change the current standard of care. In particular, for many patients who are anxious about the progress of their current cancer and are not sufficiently satisfied with their treatment because of the lack of adequate efficacy of existing drugs, we believe that our first-in-class drugs may deliver the hope that they will be able to control the progression of their cancer.

In the first nine months of the fiscal year ending August 31, 2024, our research and development pipeline demonstrated steady progress, particularly CDC-like kinase (CLK) inhibitor CTX-712.

Regarding CLK inhibitor CTX-712, Phase 1 clinical trial patient enrollment in Japan (46 patients with solid tumors and 14 patients with hematologic malignancies, for a total of 60 patients) was completed with the support of medical institutions even as they took measures to prevent the spread of COVID-19. The results of the Phase 1 clinical trial in Japan were announced at the American Association for Cancer Research Annual Meeting in April 2024, outlining safety, efficacy, genome data, and pharmacokinetics (PK) analysis in 46 patients with solid tumors and 14 patients with hematologic malignancies as of data cutoff in November 2023. The dose-limiting toxicities (DLTs) observed were dehydration, thrombocytopenia, hypokalemia, and pneumonia, and the maximum tolerated dose (MTD) for the twice-weekly dose was determined to be 140 mg. While adverse events including nausea, vomiting, and diarrhea were related to CTX-712, the safety profile was considered acceptable. Regarding efficacy, 4 patients with solid tumors achieved partial response (PR), and all of them were ovarian cancers (n=4/14, 28.6%). Within the subgroup of ovarian cancer exhibiting MYC amplification, PR was achieved in 2 in 3 patients (66.7%). Among a total of 14 patients with acute myeloid leukemia (AML) and myelodysplastic syndrome (MDS), 4 patients achieved complete remission (CR), 1 patient complete remission with incomplete hematologic recovery (CRi), and 1 patient morphologic leukemia-free state (MLFS). The overall response rate was 42.9%. Furthermore, 3 in 4 patients with splicing factor mutations (75%) achieved response. The treatment duration of the 3 patients achieving response was 300 days or longer, indicating long-term response, with 1 patient receiving CTX-712 for 974 days. The PK analysis indicated a dose-dependent increase in systemic exposure, and the pharmacodynamic (PD) response of CTX-712 was confirmed by a dose-dependent increase of splicing alterations in RNA PD markers. Overall, these clinical study results demonstrated the effectiveness of CTX-712 in treating ovarian cancer and hematologic malignancies.

In the United States, the Phase 1/2 trials of CTX-712 for the treatment of hematologic malignancies are progressing steadily. As of May 31, 2024, study treatment had been completed in 16 patients, and more efforts are underway to further the study.

Regarding mucosa-associated lymphoid tissue lymphoma translocation protein 1 (MALT1) inhibitor CTX-177, a licensing agreement was concluded with Ono Pharmaceutical Co., Ltd. in December 2020, and accordingly, Ono Pharmaceutical has begun the Phase 1 clinical trial in patients with relapsed or refractory non-Hodgkin lymphoma or chronic lymphocytic leukemia in the US. Ono Pharmaceutical presented an overview of the Phase 1 clinical trial at the Annual Meeting of the American Society of Clinical Oncology in June 2024.

CDK12 Inhibitor CTX-439, which is in the preclinical stage, is undergoing preparation for the next development stage. Preclinical safety studies are now complete, and the active pharmaceutical ingredient of the investigational drug has been manufactured for clinical use.

Regarding patents, the pharmaceutical substance patent for CTX-712 has been registered in fifty countries, an increase of one country in the period under review. The patent for MALT1 has been registered in eight countries, an increase of two countries. The patent for CTX-439 has been registered in four countries, an increase of one country, while that for GCN2 has been registered in six countries. Regarding CTX-712, a patent concerning biomarkers in solid tumors (WO2023/190967) was published, while another patent application was filed in January 2024.

As a result of the above business activities, there were no revenues for the first nine months of the fiscal year. Regarding business expenses, research and development expenses totaled 984 million yen for the period, and other selling, general and administrative expenses totaled 196 million yen.

As a result, operating loss for the period totaled 1,180 million yen, ordinary loss totaled 1,175 million yen, and net loss totaled 1,177 million yen.

The company operates only one business segment (i.e., the pharmaceutical business), and therefore there are no segment-based operating results to report.

(2) Explanation of financial position

① Assets, Liabilities and Net assets

Assets

Assets as of May 31, 2024 totaled 3,462 million yen, a decline of 1,447 million yen compared with the end of the previous fiscal year. Current assets totaled 3,432 million yen, a decline of 1,459 million yen. The main factor was a decline of 1,541 million yen in cash and deposits, mainly for payments to outside organizations conducting research and development. Non-current assets totaled 29 million yen, an increase of 12 million yen.

Liabilities

Liabilities as of May 31, 2024 totaled 138 million yen, a decline of 269 million yen compared with the end of the previous fiscal year. Current liabilities totaled 138 million yen, a decline of 269 million yen. The main factor was a decline of 167 million yen in accounts payable-other due to payments to outside organizations conducting research and development. There are no non-current liabilities.

Net assets

Net assets as of May 31, 2024 totaled 3,323 million yen, a decline of 1,177 million yen compared with the end of the previous fiscal year. Retained earnings declined 1,177 million yen as a result of the net loss.

(3) Explanation of earnings forecasts and other forward-looking statements

Regarding financial forecasts for the full year ending August 31, 2024, there is no change to the financial forecasts announced on June 14, 2024 in the Japanese-language announcement, “Notice on Financial Results and Other Information in Conjunction with Listing on the Growth Market of the Tokyo Stock Exchange”.

2. Quarterly financial statement and significant notes thereto

(1) Quarterly Balance sheet

(Thousands of yen)

	As of August 31, 2023	As of May 31, 2024
Assets		
Current assets		
Cash and deposits	4,799,035	3,257,183
Advance payments	40,518	18,820
Prepaid expenses	52,058	44,544
Others	－	111,596
Total current assets	4,891,612	3,432,144
Non-Current assets		
Property, plant and equipment		
Tools, furniture and fixtures	10,675	10,853
Accumulated depreciation	△6,249	△7,911
Tools, furniture, and fixtures, net	4,425	2,941
Total property, plant and equipment	4,425	2,941
Intangible assets		
Software	2,497	1,053
Total intangible assets	2,497	1,053
Investments and other assets		
Long-term prepaid expenses	8,691	13,582
Others	1,894	12,316
Total investments and other assets	10,586	25,898
Total non-current assets	17,510	29,894
Total assets	4,909,123	3,462,039
Liabilities		
Current liabilities		
Accounts payable-other	248,433	81,339
Accrued expenses	9,882	25,213
Provision for bonuses	15,720	－
Income taxes payable	2,420	1,815
Others	131,784	30,269
Total current liabilities	408,241	138,636
Total liabilities	408,241	138,636
Net assets		
Shareholders' equity		
Share capital	90,000	90,000
Capital surplus	8,279,601	8,279,601
Retained earnings	△3,894,652	△5,072,132
Total shareholders' equity	4,474,948	3,297,468
Stock acquisition right	25,933	25,933
Total net assets	4,500,881	3,323,402
Total liabilities and net assets	4,909,123	3,462,039

(2) Quarterly Statement of income (Cumulative)

(Thousands of yen)

	Three months ended May 31, 2024 (September 1, 2023 To May 31, 2024)
Business revenue	-
Business expenses	
Research and development expense	984,457
Selling, general and administrative expenses	196,366
Total operating expenses	1,180,823
Operating loss	−1,180,823
Non-operating income	
Grant income	17,727
Others	102
Total non-operating income	17,829
Non-operating expenses	
Listing expenses	6,110
Foreign exchange losses	6,560
Total non-operating expenses	12,671
Ordinary loss	−1,175,664
Quarterly loss before income taxes	−1,175,664
Income taxes	1,815
Total income taxes	1,815
Net loss through the quarter	−1,177,479

(3) Notes to quarterly financial statements

Notes on the Going Concern Assumption

Not applicable.

Notes on Substantial Changes in the Amount of Shareholders' Equity

Not applicable.

Segment Information

Disclosure of this information is omitted because the Company operates a single segment of drug development business.

Significant subsequent events

(Issuance of New Shares through Public Offering)

We listed our shares on the Tokyo Stock Exchange Growth Market on June 14, 2024. In 2024, upon listing

In 2024, the Company issued new shares through a public offering in accordance with the resolution of the Board of Directors meeting held on May 10 and May 28, 2024 as follows

Payment was completed on June 13.

(1) Recruitment method

Recruiting in domestic and overseas markets, mainly in Europe and Asia

(2) The classes and the number of the Shares for Subscription.

9,100,000 shares

Domestic 8,087,600 shares

Overseas 1,012,400 shares

(3) Issue price

153 yen per share

(4) Underwriting price

Domestic: 140.76 yen per share

Overseas: 140.76 yen per share

(5) Amount incorporated into capital

Domestic: 70.38 yen per share

Overseas: 70.38 yen per share

(6) Amount of increased capital

640,458,000 yen

(7) Amount of additional paid-in capital to be increased

640,458,000 yen

(8) Aggregate underwriting price

1,280,916,000 yens

(9) Payment date

June 13, 2024

(10) Use of funds

Working capital