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October 11, 2024

Non-consolidated Financial Results for the Fiscal Year Ended August 31, 2024 [Japanese GAAP]

Company name: Chordia Therapeutics Inc.
 Listing: Tokyo Stock Exchange
 Security Code: 190A
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 Scheduled date for general shareholder meeting: November 28, 2024
 Scheduled date for submission of annual security report: November 29, 2024
 Preparation of supplementary material on financial results: None
 Holding of financial results briefing: Held

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

1. Non-consolidated financial results for the Fiscal Year ended August 31, 2024 (from September 1, 2023 to August 31, 2024)

(1) Non-consolidated operating results

(Percentages indicate year-on-year changes)

	Business revenue		Operating profit		Ordinary profit		Profit	
	Millions of yen	%	Millions of yen	%	Millions of yen	%	Millions of yen	%
August 31, 2024	-	-	-1,801	-	-1,824	-	-1,827	-
August 31, 2023	2,500	-	212	-	225	-	223	-

	Basic earnings per share	Diluted earnings per share	Equity Net Income Ratio	Total assets Ordinary profit Ratio	Business revenue Operating profit Ratio
	Yen	Yen	%	%	%
August 31, 2024	-31.11	-	-42.3	-38.2	-
August 31, 2023	3.96	-	5.1	4.8	8.5

(Reference) Equity in earnings of affiliates

August 31, 2024 -Millions of yen

August 31, 2023 -Millions of yen

NOTE 1. For the fiscal year ending in August 2024, diluted earnings per share are not stated due to a net loss per share. Additionally, for the fiscal year ending in August 2023, although there are potential shares, diluted earnings per share are not stated because the company's shares are not publicly listed and the average stock price during the period cannot be determined.

2. Company conducted a stock split at a ratio of 200 shares for every 1 common share on June 2, 2023. The earnings per share for the fiscal year ending in August 2023 have been calculated assuming that the stock split occurred at the beginning of the fiscal period.

(2) Non-consolidated financial position

	Total assets	Business revenue	Equity Ratio	Net assets per share
As of	Millions of yen	Millions of yen	%	%
August 31, 2024	4,632	4,161	89.8	61.44
August 31, 2023	4,909	4,500	91.2	79.28

Reference : Equity
As of August 31, 2024 4,154 million yen
As of August 31, 2023 4,474 million yen

(3) Cash Flows

	Operating activities Cash flows from operating activities	Investing activities Cash flows from operating activities	Financing Activities Cash flows from operating activities	Cash and cash equivalents Balance at the end of year
	Millions of yen	Millions of yen	Millions of yen	Millions of yen
Year ending August 31, 2024	-1,937	-10	1,478	4,329
Year ending August 31, 2023	543	0	-	4,799

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

3. Forecast of non-consolidated financial results for the fiscal year ending August 31, 2025 (from September 1, 2024 to August 31, 2025)

(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	-	-	-2,434	-	-2,378	-	-2,380	-	-35.17

(1) Application of special accounting methods for preparing 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)
 - FY8/2024 67,678,800 Shares
 - FY8/2023 56,443,800 Shares
- B) Number of treasury stock at the end of the period
 - FY8/2024 - Shares
 - FY8/2023 - Shares
- C) Average number of shares outstanding
 - FY8/2024 58,729,483 Shares
 - FY8/2023 56,443,800 Shares

Note: On June 2, 2023, a stock split was conducted at a ratio of 200 shares for every 1 common share. Accordingly, the 'average number of shares during the period' has been calculated assuming that this stock split was conducted at the beginning of the fiscal period ending in August 2023

* Financial results are not subject to Audit by a certified public accountant or an auditing firm.

* Proper use of earning forecasts and other special matters

The forward-looking statements, including earnings forecasts, contained in these materials are based on information currently available to the Company and on certain assumptions 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 Financial Results, (3) Explanation of Earnings Forecasts and Other Forward-looking Statements" on page 3 of the attached material for notes on these of financial results forecasts.

<How to obtain financial results materials and the contents of the financial results presentation>

The Company plans to hold an annual financial results presentation for institutional investors and analysts on October 15, 2024(Tuesday). The financial results presentation materials to be used at the meeting will be posted on the Company's website immediately after the meeting.

Attached Material

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1. Qualitative Information regarding financial result for the fiscal year ended August 31, 2024

(1) Explanation of operating results

The Company aspires to build a world where people can feel hope for tomorrow under its slogan of “Building a World where 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 from Japan by 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 have been promoting business with the goal of delivering the hope that they will be able to control the progression of their cancer.

In 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 clinical trial sites 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, four patients with solid tumors achieved partial response (PR) among 46 patients with solid tumors, 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 two in three patients (66.7%).

Among a total of 14 patients with acute myeloid leukemia (AML) and myelodysplastic syndrome (MDS), four patients achieved complete remission (CR), one patient complete remission with incomplete hematologic recovery (CRi), and one patient morphologic leukemia-free state (MLFS). The overall response rate was 42.9%. Furthermore, three in four patients with splicing factor mutations (75%) achieved response. The treatment duration of the three patients achieving response was 300 days or longer, indicating long-term response, with one 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 August 31, 2024, study treatment had been completed in 20 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 51 countries, an increase of two countries in the period under review. The patent for CTX-177 has been registered in 11 countries, an increase of five countries. The patent for CTX-439 has been registered in four countries and one region, an increase of one country and one region, while the patent for GCN2 inhibitor 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 was no business revenues for the fiscal year (2,500 million yen for the previous fiscal year). Regarding business expenses, research and development expenses totaled 1,499 million yen (down 24.9% year-on-year), and selling, general and administrative expenses totaled 301 million yen (up 3.6% year-on-year).

As a result, operating loss for the period totaled 1,801 million yen (compared to an operating profit of 212 million yen for the previous fiscal year), ordinary loss totaled 1,824 million yen (compared to an ordinary profit of 225 million yen for the previous fiscal year), and loss totaled 1,827 million yen (compared to a profit of 223 million yen for the previous fiscal year).

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 August 31, 2024 totaled 4,632million yen, a decline of 276million yen compared with the end of the previous fiscal year. Current assets totaled 4,605million yen, a decline of 286million yen compared with the end of the previous fiscal year. The main factor was a decline of 469million yen in cash and deposits. Non-current assets totaled 26million yen, an increase of 9 million yen compared with the end of the previous fiscal year.

Liabilities

Liabilities as of August 31, 2024 totaled 471million yen, a decline of 62million yen compared with the end of the previous fiscal year. Current liabilities totaled 471million yen, a decline of 62million yen compared with the end of the previous fiscal year. The main factor was a decline of 133million yen in accounts payable-other. There are no non-current liabilities.

Net assets

Net assets as of August 31, 2024, totaled 4,161million yen, a decline of 339million yen compared with the end of the previous fiscal year. The main factor was an increase of 755 million yen in both share capital and capital surplus, while retained earnings declined 1,827million yen as a result of recording net loss.

(3) Explanation of cash flow

Cash and cash equivalents ("funds") at the end of the current fiscal year amounted to 4,329million yen, down 469million yen from the end of the previous fiscal year. The status of each cash flow and its main factors are as follows.

Cash flows from operating activities

Funds used in operating activities for the current fiscal year amounted to 1,937 million yen (543 million yen was earned in the previous fiscal year). This was mainly due to recording of loss before income taxes of 1,824 million yen.

Cash flow from investment activities

Funds used in investing activities in the current fiscal year amounted to 10million yen (funds acquired in the previous fiscal year amounted to 0 million yen), limiting it to a small amount.

Cash flow from financial activities

Funds provided by financing activities for the current fiscal year amounted to 1,478 million yen. This was mainly due to 1,464 million yen in proceeds from the issuance of shares.

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

With regard to business revenue for the fiscal year ending August 31, 2025, it is expected to receive an upfront payment from a new business alliance for CTX-712, CTX-439, and GCN2 inhibitor, and milestone payments from the licensing agreement already concluded with Ono Pharmaceutical for CTX-177 depending on the progress of project status, but it is not included in the figures of earning forecast as it is challenging to forecast them reasonably. We will publish this information as soon as possible when it can be forecasted.

Business expenses, including research and development expenses, for the fiscal year ending August 31, 2025, are expected to be 2,434 million yen (35.1% of the previous year). The forecast for research and development expenses is based on projected R&D progress. The Company aims to make steady progress in the Phase 1/2 clinical trials for CTX-712 in the U.S. During the current fiscal year, the Company will proceed with clinical trials to complete the Phase 1 part, which will evaluate the safety and initial efficacy, which are essential for obtaining approval in the future. In addition, the Company expects to incur costs of CTX-712 1,610million yen (58.1 of the previous year's total) for the manufacturing of investigational new drugs for the Phase 2 portion, which was scheduled to be completed in the last year and could serve as a trial for filing.

In projects other than CTX-712, we are studying ways to diversify our earnings. However, we intend to promote efficient R&D by curtailing outsourced research, promoting in-house research by internal researchers, and using R&D grant funds.

General and administrative expenses are expected to be 408million yen (35.5% of the previous year).

As a result, an operating loss of 2,434 million yen is projected (35.1% of the previous year). Non-operating income is expected to be 56 million yen, mainly from subsidies from the Japan Agency for Medical Research and Development (AMED).

As a result of the above, for the fiscal year ending August 31, 2025, we expect no business revenue (same as the previous fiscal year), an operating loss of 2,434 million yen (35.1% of the previous year), an ordinary loss of 2,378 million yen (30.3% of the previous year), and a net loss of 2,380 million yen (30.3% year-on-year).

The above forecasts are based on information available as of the date of this announcement, and actual results may differ from these forecasts due to various factors.

2. Basic principle on the choice of accounting standards

For the time being, the Company intends to prepare the financial statements based on the Japanese generally accepted accounting principles (Japanese GAAP) for accounting standards, in consideration of comparability of financial statements from period to period and between companies. With regard to the application of the International Financial Reporting Standards (IFRS), the Company intends to respond to the application in an appropriate manner, taking into account the situations of various factors both in and outside Japan.

3. Financial statement and significant notes thereto

(1) Balance sheet

(Thousands of yen)

	As of August 31, 2023	As of August 31, 2024
Assets		
Current assets		
Cash and deposits	4,799,035	4,329,624
Advance payments	40,518	59,657
Prepaid expenses	52,058	38,155
Others	–	177,981
Total current assets	4,891,612	4,605,418
Non-Current assets		
Property, plant and equipment		
Tools, furniture and fixtures	10,675	11,213
Accumulated depreciation	–6,249	–8,468
Tools, furniture, and fixtures, net	4,425	2,744
Total property, plant and equipment	4,425	2,744
Intangible assets		
Software	2,497	620
Total intangible assets	2,497	620
Investments and other assets		
Long-term prepaid expenses	8,691	11,269
Others	1,894	12,316
Total investments and other assets	10,586	23,586
Total non-current assets	17,510	26,952
Total assets	4,909,123	4,632,370
Liabilities		
Current liabilities		
Accounts payable-other	248,433	382,428
Accrued expenses	9,882	2,295
Provision for bonuses	15,720	–
Income taxes payable	2,420	54,290
Others	131,784	32,058
Total current liabilities	408,241	471,072
Total liabilities	408,241	471,072
Net assets		
Shareholders' equity		
Share capital	90,000	845,270
Capital surplus	8,279,601	9,034,871
Retained earnings	–3,894,652	–5,721,780
Total shareholders' equity	4,474,948	4,158,362
Stock acquisition right	25,933	2,935
Total net assets	4,500,881	4,161,297
Total liabilities and net assets	4,909,123	4,632,370

(2) Statement of income

(Thousands of yen)

	<u>Ended August 31, 2023</u> (September 1, 2022 To August 31, 2023)	<u>Ended August 31, 2024</u> (September 1, 2023 To August 31, 2024)
Business revenue	2,500,000	-
Cost of sales		
Research and development expense	1,996,823	1,499,795
Selling, general and administrative expenses	291,119	301,600
Total operating expenses	2,287,942	1,801,396
Operating profit or loss(-)	212,057	-1,801,396
Non-operating income		
Transfer compensation income	17,204	
Grant income	8,181	17,727
Others	562	104
Total non-operating income	25,948	17,831
Non-operating expenses		
Stock Issuance Cost	-	8,745
Listing expenses	-	28,794
Foreign exchange losses	12,243	3,601
Others	0	-
Total non-operating expenses	12,243	41,142
Ordinary profit or loss(-)	225,761	-1,824,707
Profit or Loss(-) before income taxes	225,761	-1,824,707
Income taxes	2,420	2,420
Total income taxes	2,420	2,420
Net profit or loss(-)	223,341	-1,827,127

(3) Statement of Changes in Net Assets

Previous fiscal year (September 1, 2022 to August 31, 2023)

(Unit: thousand yen)

	capital stock					
	capital stock	Capital surplus			Retained earnings	
		capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	90,000	5,406,936	2,872,664	8,279,601	-4,117,994	-4,117,994
Changes of items during the period						
Net income					223,341	223,341
Net changes of items other than shareholders' equity						
Total changes of items during the period	-	-	-	-	223,341	223,341
Balance at the end of current period	90,000	5,406,936	2,872,664	8,279,601	-3,894,652	-3,894,652

	capital stock	subscription warrant	Total net assets
	Total shareholders' equity		
Balance at the beginning of current period	4,251,606	25,933	4,277,539
Changes of items during the period			
Net income	223,341		223,341
Net changes of items other than shareholders' equity		-	-
Total changes of items during the period	223,341	-	223,341
Balance at the end of current period	4,474,948	25,933	4,500,881

Current fiscal year (September 1, 2023 to August 31, 2024)

(Unit: thousand yen)

	capital stock					
	capital stock	Capital surplus			Retained earnings	
		capital reserve	Other capital surplus	Total capital surplus	Other retained earnings Retained earnings brought forward	Total retained earnings
Balance at the beginning of current period	90,000	5,406,936	2,872,664	8,279,601	-3,894,652	-3,894,652
Changes of items during the period						
Issuance of new shares	736,526	736,526		736,526		
Issuance of new shares (exercise of subscription rights to shares)	18,743	18,743		18,743		
Net loss					-1,827,127	-1,827,127
Net changes of items other than shareholders' equity						
Total changes of items during the period	755,270	755,270	-	755,270	-1,827,127	-1,827,127
Balance at the end of current period	845,270	6,162,207	2,872,664	9,034,871	-5,721,780	-5,721,780

	capital stock	subscription warrant	Total net assets
	Total shareholders' equity		
Balance at the beginning of current period	4,474,948	25,933	4,500,881
Changes of items during the period			
Issuance of new shares	1,473,053		1,473,053
Issuance of new shares (exercise of subscription rights to shares)	37,487		37,487
Net loss	-1,827,127		-1,827,127
Net changes of items other than shareholders' equity		-22,997	-22,997
Total changes of items during the period	-316,586	-22,997	-339,583
Balance at the end of current period	4,158,362	2,935	4,161,292

(4) Cash flow

(Unit: thousand yen)

	Previous fiscal year (September 1, 2022) (From August 31, 2023 to August 31, 2023)	Current fiscal year (September 1, 2023) (From August 31, 2024 to August 31, 2024)
Cash flows from operating activities		
Income (loss) before income taxes	225,761	-1,824,707
Depreciation and amortization	6,042	4,095
Stock issuance expenses	-	8,745
Subsidy income	-8,181	-17,727
Decrease (increase) in prepaid expenses	12,574	13,903
(Increase) decrease in advance payments	-21,522	-19,139
Decrease (increase) in long-term prepaid expenses	-6,994	-2,577
Increase (decrease) in accrued liabilities	108,404	133,994
Increase (decrease) in accrued bonuses	-7,653	-15,720
Other	227,720	-238,787
subtotal	536,151	-1,957,919
Amount of grants received	10,000	23,090
Income taxes paid	-2,420	-2,420
Cash flows from operating activities	543,731	-1,937,248
Cash flows from investing activities		
Payments for purchase of property, plant and equipment	-347	-537
Payments for acquisition of intangible fixed assets	-376	-
Other	1,069	-10,421
Cash flows from investing activities	345	-10,959
Cash flows from financing activities		
Proceeds from issuance of stock	-	1,464,307
Proceeds from issuance of shares upon exercise of stock acquisition rights	-	14,490
Cash flows from financing activities	-	1,478,797
Net increase (decrease) in cash and cash equivalents	544,077	-469,411
Cash and cash equivalents at beginning of year	4,254,958	4,799,035
Cash and cash equivalents at end of year	4,799,035	4,329,624

(5) Notes to financial statements

Notes on the going concern assumption

Not applicable.

Notes on the segment information

Not applicable.

Notes on per share information

	Previous Fiscal Year (From September 1, 2022, to August 31, 2023)	Current Fiscal Year (From September 1, 2023, to August 31, 2024)
Net Assets per Share	79.28 yen	61.44 yen
Net Income (Loss) per Share	3.96 yen	- 31.11 yen

- The net income (loss) per share after potential stock adjustments for the current fiscal year is not recorded because it resulted in a loss per share. Regarding the net income per share after potential stock adjustments for the previous fiscal year, although potential shares exist, the company's shares are not publicly listed, and the average stock price during the period is not available; therefore, it is not disclosed.
- The company conducted a stock split on June 2, 2023, at a ratio of 200 shares for every ordinary share. The net assets per share and net income per share for the previous fiscal year were calculated assuming this stock split had occurred at the beginning of that fiscal year.
- The basis for the calculation of net income per share is as follows:

	Previous Fiscal Year (From September 1, 2022, to August 31, 2023)	Current Fiscal Year (From September 1, 2023, to August 31, 2024)
Net Income (Loss)	223,341 thousand yen	-1,827,127 thousand yen
Amount Not Attributable to Common Shareholders	—	—
Net Income (Loss) Attributable to Common Shareholders	223,341 thousand yen	-1,827,127 thousand yen
Average Number of Common Shares Outstanding During the Period	56,443,800 shares	58,729,483 shares
Potential Shares Not Included in the Calculation of Diluted Net Income per Share Due to Lack of Dilutive Effect	7,807,000 shares from eight types of stock options (for details, refer to "Part 4, Status of the Submitting Company, 1. Stock, etc., (2) Status of Stock Options").	7,037,000 shares from seven types of stock options (for details, refer to "Part 4, Status of the Submitting Company, 1. Stock, etc., (2) Status of Stock Options").

Significant subsequent events

Not applicable.