

Context Therapeutics

Q222 update

Anticipating a catalyst rich Q422

Context Therapeutics' Q222 results provided an update on the company's operating performance and pipeline. Operating losses of \$4.0m, increased from \$3.4m in Q122, largely due to the \$500k milestone payment to Integral Molecular for its Claudin 6 program. R&D expenses were in line with the previous quarters (\$1.5m) but we expect them to increase in H222 as the company progresses its clinical pipeline. Operating cash burn rate of \$2.8m resulted in Q222 net cash of \$42.9m, which we estimate to fund operations through Q423 (based on our projected FY22e and FY23e burn rates of \$17.6m and \$33.2m, respectively). The fourth quarter is anticipated to be catalyst rich, with three of the four ongoing clinical readouts in Q422 (earlier mid-2022) and the commencement of the combination trial with elacestrant (in Q4). Factoring in the current net cash position, our valuation reduces to \$148.2m (\$9.28/share) from \$151m previously.

Year end	Revenue (\$m)	PBT* (\$m)	EPS* (\$)	DPS (\$)	P/E (x)	Yield (%)
12/20	0.0	(3.2)	(9.28)	0.0	N/A	N/A
12/21	0.0	(10.6)	(3.74)	0.0	N/A	N/A
12/22e	0.0	(21.9)	(1.37)	0.0	N/A	N/A
12/23e	0.0	(34.2)	(2.14)	0.0	N/A	N/A

Note: *PBT and EPS are normalized, excluding exceptional items.

Pipeline progressing but readouts slightly delayed

While all three Phase II ONA-XR clinical programs (2nd/3rd line HR+/HER2-metastatic breast cancer (mBC), endometrial cancer and granulosa cell tumor (GCT) of the ovary) continue to enroll patients, timelines for interim-data readouts have slipped slightly (as is sometimes the case with investigator-sponsored trials) and are now expected in Q422 (earlier mid-2022). The Phase Ib program evaluating ONA-XR as first-line treatment for HR+/HER2-mBC is enrolling behind schedule and is now expected to read-out in mid-2023 (earlier H222). As a reminder, the company recently presented encouraging results from the [monotherapy portion](#) of its Phase II trial of ONA-XR for GCT of the ovary (12-month progression-free survival rate of 20.1% and a clinical benefit rate of 35.7%).

Elacestrant combination trial a key catalyst

Earlier this month, Context reported a collaboration deal with the Menarini Group to undertake a Phase Ib/II study evaluation ONA-XR with category leader oral selective estrogen receptor degrader (SERD) elacestrant for HR+/HER2-mBC. This is a key development as elacestrant is the first oral SERD to demonstrate higher efficacy than fulvestrant (standard of care) in Phase III studies (refer to our [note](#) for more details) and we see the upcoming combination trial (expected to commence in Q422) as an encouraging pipeline advancement for the company.

Valuation: \$148.2m or \$9.28 per basic share

After adjusting for the Q222 results and cash balance of \$42.9m, our valuation falls to \$148.2m (\$9.28/share), from \$151m previously. The current cash balance should fund the company into Q423, but we estimate the need to raise \$10m in FY23 and \$160m between FY24 and FY26 before reaching profitability in FY27.

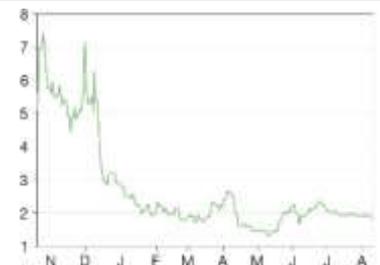
Pharma and biotech

12 August 2022

Price **\$2.03**
Market cap **\$32m**

Net cash (\$m) at 30 June 2022	42.9
Shares in issue	19.97m
Free float	67%
Code	CNTX
Primary exchange	Nasdaq
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	(9.8)	36.0	N/A
Rel (local)	(16.4)	29.3	N/A
52-week high/low		\$7.45	\$1.29

Business description

Context Therapeutics is a clinical-stage women's oncology company. Lead candidate ONA-XR is a 'full' progesterone receptor antagonist currently being evaluated in three Phase II clinical trials in hormone-driven breast, endometrial and ovarian cancer. Preliminary data from the Phase II PR+ recurrent endometrial cancer trial is expected in mid-2022. The other asset is a bi-specific monoclonal antibody, CLDN6xCD3, currently undergoing preclinical development.

Next events

Phase Ib combination study with elacestrant	Q422
Data readouts from 3 Phase II trials	Q422
Development candidate for CLDN6xCD3	Q422

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Exhibit 1: Financial summary

	\$000s	2020	2021	2022e	2023e	2024e
31-December		US GAAP				
INCOME STATEMENT						
Revenue		0	0	0	0	0
Cost of Sales		0	0	0	0	0
Gross Profit		0	0	0	0	0
Research and Development Expenses		(1,642)	(6,893)	(13,536)	(21,654)	(35,546)
Sales, General and Administrative Expenses		(931)	(3,633)	(8,356)	(12,534)	(13,787)
EBITDA		(2,572)	(10,526)	(21,892)	(34,188)	(49,333)
Operating profit (before amort. and excepts.)		(2,572)	(10,526)	(21,892)	(34,188)	(49,333)
Amortization of acquired intangibles		0	0	0	0	0
Exceptionals		0	0	0	0	0
Share-based payments		0	0	0	0	0
Reported operating profit		(2,572)	(10,526)	(21,892)	(34,188)	(49,333)
Net Interest		(661)	(64)	0	0	0
Joint ventures & associates (post tax)		0	0	0	0	0
Exceptionals		9,878	133	0	0	0
Profit Before Tax (norm)		(3,233)	(10,590)	(21,892)	(34,188)	(49,333)
Profit Before Tax (reported)		6,644	(10,457)	(21,892)	(34,188)	(49,333)
Reported tax		0	0	0	0	0
Profit After Tax (norm)		(3,233)	(10,590)	(21,892)	(34,188)	(49,333)
Profit After Tax (reported)		6,644	(10,457)	(21,892)	(34,188)	(49,333)
Minority interests		0	0	0	0	0
Discontinued operations		0	0	0	0	0
Net income (normalized)		(3,233)	(10,590)	(21,892)	(34,188)	(49,333)
Net income (reported)		6,644	(10,457)	(21,892)	(34,188)	(49,333)
Average Number of Shares Outstanding (m)		0	3	16	16	16
EPS - basic normalized (\$)		(9.28)	(3.74)	(1.37)	(2.14)	(3.09)
EPS - normalized fully diluted (\$)		(9.28)	(3.74)	(1.37)	(2.14)	(3.09)
EPS - basic reported (\$)		19.07	(3.69)	(1.37)	(2.14)	(3.09)
Dividend (\$)		0	0	0	0	0
BALANCE SHEET						
Fixed Assets		118	0	0	0	0
Intangible Assets		0	0	0	0	0
Tangible Assets		0	0	0	0	0
Investments & other		118	0	0	0	0
Current Assets		350	51,306	32,689	9,481	20,674
Stocks		0	0	0	0	0
Debtors		0	0	0	0	0
Cash & cash equivalents		341	49,686	32,041	8,833	20,026
Other		9	1,620	648	648	648
Current Liabilities		(9,548)	(3,033)	(6,309)	(7,289)	(7,815)
Creditors		(2,708)	(1,826)	(3,798)	(4,152)	(4,194)
Tax and social security		0	0	0	0	0
Short term borrowings		(5,884)	0	0	0	0
Other		(956)	(1,207)	(2,511)	(3,137)	(3,621)
Long Term Liabilities		(69)	0	0	(10,000)	(70,000)
Long term borrowings		(69)	0	0	(10,000)	(70,000)
Other long term liabilities		0	0	0	0	0
Net Assets		(9,150)	48,272	26,380	(7,807)	(57,141)
Convertible preferred stock		(7,771)	0	0	0	0
Minority interests		0	0	0	0	0
Shareholders' equity		(16,921)	48,272	26,380	(7,807)	(57,141)
CASH FLOW						
Operating Cash Flow		(2,572)	(10,526)	(21,892)	(34,188)	(49,333)
Working capital		1,318	(2,225)	4,248	980	526
Exceptional & other		219	3,951	0	0	0
Tax		0	0	0	0	0
Net operating cash flow		(1,035)	(8,799)	(17,644)	(33,208)	(48,807)
Capex		0	(250)	0	0	0
Acquisitions/disposals		0	0	0	0	0
Net interest		0	0	0	0	0
Equity financing		0	58,394	0	0	0
Dividends		0	0	0	0	0
Other		0	0	0	0	0
Net Cash Flow		(1,035)	49,345	(17,644)	(33,208)	(48,807)
Opening net debt/(cash)		21,742	13,384	(49,686)	(32,041)	1,167
FX		0	0	0	0	0
Other non-cash movements		9,393	13,725	0	0	0
Closing net debt/(cash)		13,384	(49,686)	(32,041)	1,167	49,974

Source: Context Therapeutics reports, Edison Investment Research

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