

Context Therapeutics

Q122 update

Q122 progress in line with development strategy

Context Therapeutics' Q122 results were broadly in line with recent trends as the company progresses on its development strategy. The operating loss stood at \$3.4m, up from \$0.8m in Q121 but in line with the Q421 figure of \$3.1m. While the R&D expenses (\$1.4m) were lower than our estimates, we expect these costs to go up in the coming quarters as the clinical pipeline progresses. The cash burn rate was \$3.9m and the company ended Q122 with net cash of \$45.7m, which we estimate to be sufficient to fund operations into 2024, based on our projected FY22e and FY23e burn rates of \$13.7m and \$23.7m, respectively. We see the upcoming ASCO presentation on ONA-XR monotherapy data from the ongoing Phase II study in granulosa cell tumor (GCT) of the ovary as a potential catalyst alongside anticipated read-outs from the other three clinical programs in 2022. Our valuation is largely unchanged at \$133.5m (\$8.36/share).

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	(16.8)	(1.05)	0.0	N/A	N/A
12/23e	0.0	(23.8)	(1.49)	0.0	N/A	N/A

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

Pipeline update

While the Q122 report did not provide specific information on the progression across individual portfolio assets, timelines for key data readouts have remained broadly unchanged, with the exception of the Phase Ib program evaluating ONA-XR as first line treatment for metastatic breast cancer (mBC), which is now expected to read-out in H222 (versus mid-2022 previously). As a reminder, the company recently presented positive pre-clinical data at the American Association for Cancer Research (AACR), highlighting ONA-XR's potential as a combination treatment with various therapeutic classes, such as checkpoint inhibitors and inhibitors of the AURKA/STAT3 oncogenic axis (refer to our [note](#) for more details).

Upcoming catalysts

In addition to the data read-outs for the [four ongoing trials in 2022](#), the upcoming presentation at the American Society of Clinical Oncology (ASCO) on results from the monotherapy portion of the Phase II trial in GCT of the ovary could be another potential catalyst for the stock. While ONA-XR has largely been positioned thus far as a candidate for combination therapy, positive therapeutic efficacy as monotherapy could create a potentially larger market opportunity in the space. Selection of the final development candidate for the pre-clinical CLDN6xCD3 program (expected by end-2022) could be another key value driver.

Valuation: \$133.5m or \$8.36 per basic share

After adjusting for the Q122 results and cash balance of \$45.7m, our valuation is largely unchanged at \$133.5m (or \$8.36 per basic share), from \$134.1m previously. We continue to view the company as sufficiently capitalized to fund operations into 2024 and needing to raise \$110m in funds between FY24 and FY26 (in the absence of partnering/licensing deals) before becoming profitable.

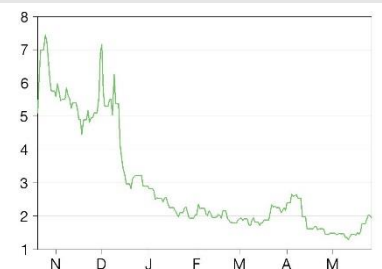
Pharma & biotech

26 May 2022

Price **\$2.02**
Market cap **\$32m**

Net cash (\$m) at 31 March 2022	45.7
Shares in issue	15.97m
Free float	67%
Code	CNTX
Primary exchange	Nasdaq
Secondary exchange	N/A

Share price performance



%	1m	3m	12m
Abs	21.1	8.9	N/A
Rel (local)	30.8	20.1	N/A
52-week high/low	US\$7.5	US\$1.3	

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

Data presentations at ASCO	June 2022
Recurrent endometrial cancer Phase II preliminary data	Mid-2022

Analyst

Jyoti Prakash, CFA	+44 (0)20 3077 5700
Soo Romanoff	+44 (0)20 3077 5700

heathcare@edisongroup.com
[Edison profile page](#)

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Exhibit 1: Financial summary

	\$000s	2020	2021	2022e	2023e	2024e
Year end 31 December		US GAAP	US GAAP	US GAAP	US GAAP	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)	(10,536)	(15,804)	(29,576)
Sales, General and Administrative Expenses		(931)	(3,633)	(7,266)	(8,719)	(9,591)
EBITDA		(2,572)	(10,526)	(17,802)	(24,523)	(39,167)
Operating profit (before amort. and excepts.)		(2,572)	(10,526)	(17,802)	(24,523)	(39,167)
Amortisation 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)	(17,802)	(24,523)	(39,167)
Net Interest		(661)	(64)	994	719	245
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)	(16,808)	(23,804)	(38,923)
Profit Before Tax (reported)		6,644	(10,457)	(16,808)	(23,804)	(38,923)
Reported tax		0	0	0	0	0
Profit After Tax (norm)		(3,233)	(10,590)	(16,808)	(23,804)	(38,923)
Profit After Tax (reported)		6,644	(10,457)	(16,808)	(23,804)	(38,923)
Minority interests		0	0	0	0	0
Discontinued operations		0	0	0	0	0
Net income (normalised)		(3,233)	(10,590)	(16,808)	(23,804)	(38,923)
Net income (reported)		6,644	(10,457)	(16,808)	(23,804)	(38,923)
Average Number of Shares Outstanding (m)		0	3	16	16	16
EPS - basic normalised (\$)		(9.28)	(3.74)	(1.05)	(1.49)	(2.44)
EPS - normalised fully diluted (\$)		(9.28)	(3.74)	(1.05)	(1.49)	(2.44)
EPS - basic reported (\$)		19.07	(3.69)	(1.05)	(1.49)	(2.44)
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	36,594	12,888	14,942
Stocks		0	0	0	0	0
Debtors		0	0	0	0	0
Cash & cash equivalents		341	49,686	35,946	12,240	14,294
Other		9	1,620	648	648	648
Current Liabilities		(9,548)	(3,033)	(5,130)	(5,228)	(6,205)
Creditors		(2,708)	(1,826)	(3,089)	(2,978)	(3,330)
Tax and social security		0	0	0	0	0
Short term borrowings		(5,884)	0	0	0	0
Other		(956)	(1,207)	(2,042)	(2,250)	(2,875)
Long Term Liabilities		(69)	0	0	0	(40,000)
Long term borrowings		(69)	0	0	0	(40,000)
Other long term liabilities		0	0	0	0	0
Net Assets		(9,150)	48,272	31,464	7,660	(31,263)
Convertible preferred stock		(7,771)	0	0	0	0
Minority interests		0	0	0	0	0
Shareholders' equity		(16,921)	48,272	31,464	7,660	(31,263)
CASH FLOW						
Operating Cash Flow		(2,572)	(10,526)	(17,802)	(24,523)	(39,167)
Working capital		1,318	(2,225)	3,069	98	976
Exceptional & other		219	3,951	994	719	245
Tax		0	0	0	0	0
Net operating cash flow		(1,035)	(8,799)	(13,739)	(23,706)	(37,946)
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	(13,739)	(23,706)	(37,946)
Opening net debt/(cash)		21,742	13,384	(49,686)	(35,946)	(12,240)
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)	(35,946)	(12,240)	25,706

Source: Context Therapeutics reports, Edison Investment Research

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Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1,185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia