

# Molecure

## 4Q22 results review

Molecure reported its 4Q22 results today. Key points:

- 4Q22 revenues came in at PLN 0.14m, 72% down y/y, vs. expectations of PLN 0.2-0.3m.
- Operating costs stood at PLN 6.2m vs. PLN 4.3m in 4Q21, below our expectations of PLN 7.4m.
- Reported EBITDA reached PLN -6.2m and came in line consensus (PLN -6.1m) and slightly below our expectations (PLN -7.3m).
- Depreciation reached PLN 0.3m, net financial costs came in at PLN 0.6m.
- Net loss stood at PLN 5.9m vs. expectations of PLN -6.1-6.8m.
- OpCF came in at PLN -3.7mm vs. PLN -1.7m in 4Q21, we assumed PLN -6.4m.
- R&D capex stood at PLN 11.4m vs. PLN 5.5m in 4Q21.
- Net cash stood at PLN 59.2m down from PLN 75.5m after 3Q22. Cash burn was PLN 16.3m, we expected PLN 10.8m.

**Opinion:** We assess the results as rather neutral. The financial results were close to our expectations. The surprise was the high R&D expenses, significantly exceeding our expectations. This is due to two elements: low coverage of expenses by grants and progress in both projects. In OATD-02, the company initiated clinical trials in the 1st quarter, and in project OATD-01, preparations for Phase II are underway. The company declares funding for 12 months of activity (until March 2024, previously declared until May 2024). This is earlier than the potential results of the upcoming phases of clinical trials, hence it seems that the company will need to seek funding in the near future in the form of grants, funding from foundations, partnerships, or debt financing. We also see the risk of share issue in case funding that does not dilute shareholders cannot be obtained.

Biotechnology

## Molecure

**HOLD**

**FV PLN 17.4**

24% downside

Price as of 29 March 2023 PLN 23.0

Figure 2. Molecure: 4Q22 results review

PLN m	4Q22	Y/Y	Q/Q	Cons. 4Q22E	Actual vs Cons.	Ipopema 4Q22E	Actual vs Ipopema
<b>Revenue</b>	<b>0.1</b>	<b>-71.9%</b>	<b>-36.9%</b>	<b>0.2</b>	<b>-28.4%</b>	<b>0.3</b>	<b>-51.5%</b>
Grants	0.1	-71.9%	-36.9%	-	-	0.3	-51.5%
Partnering	0.0	n.m.	n.m.	-	-	0.0	n.m.
<b>EBITDA</b>	<b>-6.2</b>	<b>n.m.</b>	<b>n.m.</b>	<b>-6.1</b>	<b>0.9%</b>	<b>-7.3</b>	<b>-15.8%</b>
<b>Adj. EBITDA*</b>	<b>-5.7</b>	<b>n.m.</b>	<b>n.m.</b>	<b>-</b>	<b>-</b>	<b>-6.9</b>	<b>-16.7%</b>
Adj. EBITDA margin	-3991.7%	-3235.6%	-2733.5%	-	-	-2321.1%	-1670.6%
D&A	-0.3	171.3%	44.6%	-	-	-0.2	43.2%
<b>EBIT</b>	<b>-6.5</b>	<b>n.m.</b>	<b>n.m.</b>	<b>-6.4</b>	<b>1.4%</b>	<b>-7.5</b>	<b>-13.9%</b>
EBIT margin	-4533.3%	-3196.9%	-3173.4%	-3200.0%	-1333.3%	-2552.3%	n.m.
Financials, net	0.6	22566.6%	-33.2%	-	-	0.7	n.m.
Pre-tax income	-5.9	n.m.	n.m.	-	-	-6.8	n.m.
Tax	0.0	n.m.	n.m.	-	-	0.0	n.m.
Effective tax rate %	0.0%	0.0%	0.0%	-	-	0.0%	0.0%
<b>Net income</b>	<b>-5.9</b>	<b>n.m.</b>	<b>n.m.</b>	<b>-6.1</b>	<b>-3.1%</b>	<b>-6.8</b>	<b>-13.6%</b>
Margin %	-4127.3%	-2791.4%	-3150.7%	-3050.0%	-1077.3%	-2315.4%	-1811.9%

Source: Company, IPOPEMA Research, \*adjusted for SOP costs

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The definitions of terms used in the document include:

NII – Net interest income – interest income minus interest expense.

Net F&C – Net fee and commission income – fee and commission income minus fee and commission expense.

LLP – loan loss provisions – an expense set aside as an allowance for bad loans.

NPL – non-performing loan – loans that are in default or close to be in default.

Cost/Income – operating expenses divided by total banking revenue.

ROE – return on equity – net income (or adjusted net income) divided by the average shareholders' equity.

ROA – return on assets – net income (or adjusted net income) divided by the average assets.

EBIT – earnings before interests and tax.

EBITDA – earnings before interests, tax, depreciation and amortization.

EPS – earnings per share – the net income (or adjusted net income) divided by the number of shares outstanding.

P/E – price to earnings ratio – price divided by earnings per share.

PEG – P/E ratio divided by the annual EPS growth, usually over a certain period of time.

CAGR – compound annual growth rate.

BVPS – book value per share, the book value of the Company's equity divided by the number of shares outstanding.

P/BV – price to book value - price divided by the BVPS.

DPS – dividend per share – dividend of a given year divided by the number of shares outstanding.

DY – dividend yield – dividend of a given year divided by the current price.

DDM – dividend discount model – a fundamental method of valuation based on the assumption that the value of stock equals the sum of all discounted future dividends.

FV – Fair Value, calculated based on valuation methods outlined in the document.

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	Number	%
Buy	58	75%
Hold	3	4%
Sell	16	21%
Total	77	100%

#### Rating History – Molecure

Date	Recommendation	Fair Value	Price at recommendation	Author
15.10.2019	BUY	PLN 20	PLN 11.2	Beata Szparaga-Waśniewska
08.12.2020	Under review	n.a.	PLN 47.5	n.a.
02.09.2021	BUY	PLN 55	PLN 45.25	Beata Szparaga-Waśniewska
14.12.2021	BUY	PLN 55	PLN 39.3	Beata Szparaga-Waśniewska
24.06.2022	Under review	n.a.	PLN 23.85	Beata Szparaga-Waśniewska
31.08.2022	HOLD	PLN 17.0	PLN 16.00	Łukasz Kosiarski
14.12.2022	HOLD	PLN 17.4	PLN 16.22	Łukasz Kosiarski