Zacks Small-Cap Research
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September 21, 2023
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ContraFect Corp. (CFRX-NASDAQ)

CFRX: IND Application for CF-370 Submitted to FDA…

Based on our updated probability adjusted DCF model that takes into account potential future revenues from the lysin pipeline, our valuation of CFRX is $7.00/share. This model is highly dependent upon clinical success for exebacase, CF-370, and advancement of additional lysin products and will be adjusted accordingly based upon future clinical results.

Current Price (09/21/23)	$0.56
Valuation	**$7.00**

OUTLOOK

On September 18, 2023, ContraFect Corp. (CFRX) announced that is had submitted the Investigational New Drug (IND) application to the U.S. FDA on September 15, 2023 for CF-370 for the treatment of hospital-acquired bacterial pneumonia (HABP) and ventilator-associated bacterial pneumonia (VABP). The FDA will review the application and the agency has 30 days to request additional information, if necessary. If no additional information is required, we anticipate that ContraFect could begin a first-in-human Phase 1 clinical trial of CF-370 as early as the fourth quarter of 2023.

SUMMARY DATA

52-Week High	**$16.80**
52-Week Low	**$0.56**
One-Year Return (%)	**-96.53**
Beta	**0.49**
Average Daily Volume (sh)	**72,431**
Shares Outstanding (mil)	**11**
Market Capitalization ($mil)	**$6**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**8**
Insider Ownership (%)	**2**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2019 Estimate	**N/A**
P/E using 2020 Estimate	**N/A**

Risk Level	**High**
Type of Stock	**Small-Value**
Industry	**Med-Drugs**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	0 A	0 A	0 A	0 A	0 A
2023	0 A	0 A	0 E	0 E	0 E
2024					0 E
2025					0 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2022	-$41.00 A	-$36.79 A	-$34.71 A	-$16.12 A	-$124.97 A
2023	-$0.69 A	-$1.94 A	-$0.66 E	-$0.69 E	-$3.44 E
2024					-$1.50 E
2025					-$1.11 E

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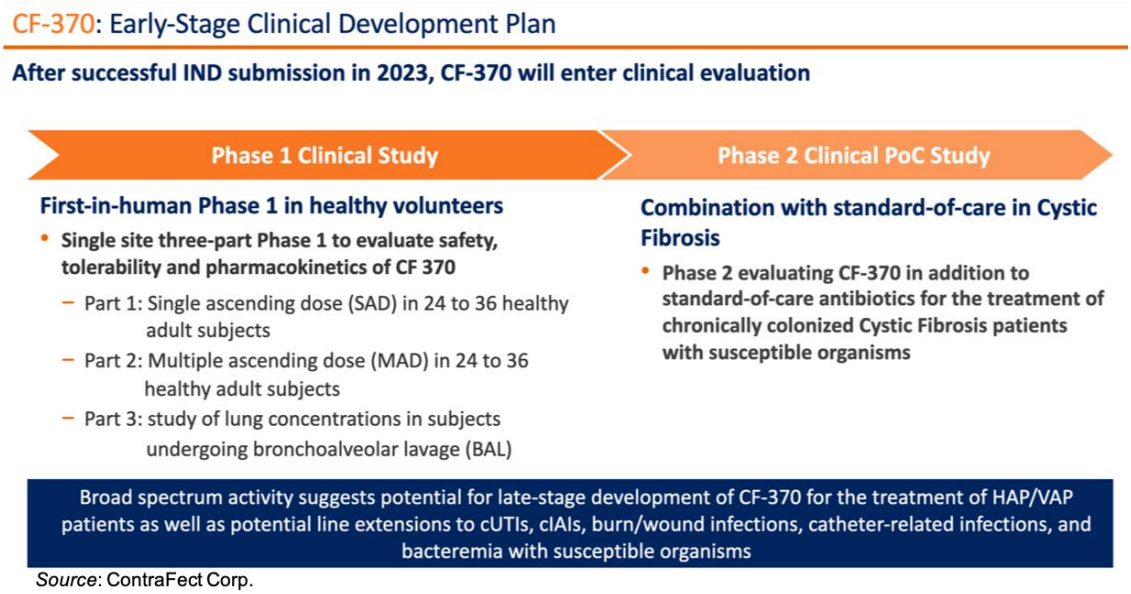
Business Update

IND Application for CF-370 Submitted to FDA

On September 18, 2023, ContraFect Corp. (CFRX) announced that it had submitted an Investigational New Drug (IND) application to the U.S. FDA on September 15, 2023 for CF-370 for the treatment of hospital-acquired bacterial pneumonia (HABP) and ventilator-associated bacterial pneumonia (VABP). The FDA has 30 days to respond if additional information is required, however if the agency does not have comments or concerns then after 30 days ContraFect is eligible to begin a clinical trial. A first-in-human trial could begin as early as the fourth quarter of 2023, assuming the FDA doesn't require any additional information for the IND.

The following slide gives an overview of the planned early stage clinical trials for CF-370. The Phase 1 study will evaluate the safety, tolerability, and pharmacokinetics of CF-370 in healthy adult subjects through both a single ascending dose (SAD) and multiple ascending dose (MAD) trial. There will also be an evaluation of the lung concentration of CF-370 through bronchoalveolar lavage.



Source: ContraFect Corp.

HABP/VABP are serious and potentially life-threatening infections that have a high mortality rate. They are currently the most common type of hospital-acquired infections in acute care hospitals and are a significant issue for patients in the intensive care unit (CDC). A recent study of 17,819 patients across 253 acute care hospitals showed that the mortality rates for ventilated hospital-acquired pneumonia, ventilator-associated pneumonia, and non-ventilated hospital-acquired pneumonia were 29%, 21%, and 12%, respectively (Zilberberg *et al*., 2022). The most commonly implicated Gram-negative pathogens in HABP/VABP are *Pseudomonas aeruginosa*, *Acinetobacter* species, *Klebsiella* species, *Escherichia coli*, and *Enterobacter* cloacae. Many of these species are multi-drug resistant (MDR) or extensively-drug resistant (XDR), making the infections all the more difficult to treat while resulting in a heavy economic burden. The estimated median total hospital cost for ventilator-associated pneumonia patients is $77,657.

Conclusion

The IND submission for CF-370 is a great milestone for ContraFect as the company continues to execute on its business plan. We look forward to additional updates regarding the upcoming Phase 1 study of CF-370, which we currently estimate could begin in the fourth quarter of 2023, assuming the FDA does not request any additional information for the IND submission. With no changes to our model our valuation remains at $7.00 per share.

PROJECTED FINANCIALS

ContraFect Corp.	2022 A	Q1 A	Q2 A	Q3 E	Q4 E	2023 E	2024 E	2025 E
Exebacase	$0	$0	$0	$0	$0	$0	$0	$0
YOY Growth		-	-	-	-			
Grants & Collaborative Revenue	$0	$0	$0	$0	$0	$0	$0	$0
YOY Growth		-	-	-	-			
Total Revenues	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
YOY Growth		-	-	-	-			
Cost of Sales	$0	$0	$0	$0	$0	$0	$0	$0
Product Gross Margin		-	-	-	-			
Research & Development	$44.7	$5.3	$4.9	$4.7	$5.0	$19.9	$20.0	$23.0
General & Administrative	$12.2	$3.6	$3.1	$2.4	$2.4	$11.5	$10.0	$10.4
Other Expenses	$8	$0	$0	$0	$0	$0	$0	$0
Operating Income	($64.6)	($8.9)	($8.0)	($7.1)	($7.4)	($31.3)	($30.0)	($33.4)
Operating Margin		-	-	-	-			
Non-Operating Expenses (Net)	($0.5)	$7.5	$0.4	$0.0	$0.0	$7.9	$0.0	$0.0
Pre-Tax Income	($65.2)	($1.4)	($7.6)	($7.1)	($7.4)	($23.4)	($30.0)	($33.4)
Income Taxes Paid	$0	$0	$0	$0	$0	$0	$0	$0
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net Income	**($65.2)**	**($1.4)**	**($7.6)**	**($7.1)**	**($7.4)**	**($23.4)**	**($30.0)**	**($33.4)**
Net Margin		-	-	-	-			
Reported EPS	**($124.97)**	**($0.69)**	**($1.94)**	**($0.66)**	**($0.69)**	**($3.44)**	**($1.50)**	**($1.11)**
YOY Growth		-	-	-	-			
Basic Shares Outstanding	0.5	2.0	3.9	10.7	10.7	6.8	20.0	30.0

Source: Zacks Investment Research, Inc. *David Bautz, PhD*

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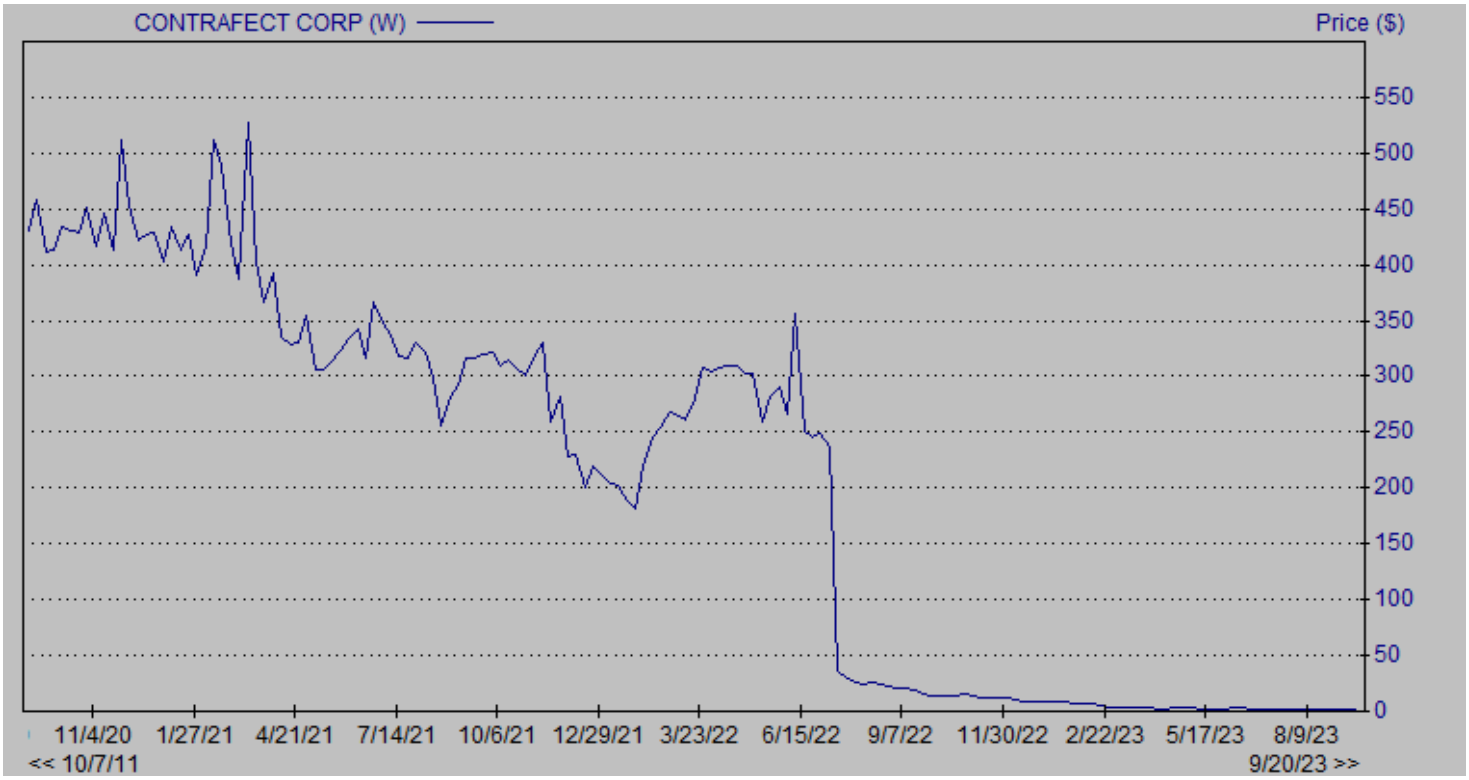
HISTORICAL STOCK PRICE



Source: Zacks Investment Research

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