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X4 Pharmaceuticals, Inc

(XFOR-NASDAQ)

XFOR: First Commercial Sales of XOLREMDI™…

Based on our probability adjusted DCF model that takes into account potential future revenues of mavorixafor XFOR is valued at $5.00 per share. This model is highly dependent upon the clinical and commercial success of mavorixafor and will be adjusted accordingly based on future results.

Current Price (08/13/24)	$0.64
Valuation	**$5.00**

OUTLOOK

On August 8, 2024, X4 Pharmaceuticals, Inc. (XFOR) announced financial results for the second quarter of 2024 and provided a business update. Following the commercial launch of XOLREMDI™ (mavorixafor) in April 2024 the company recorded the first commercial sales of the drug, which totaled approximately $0.6 million in the second quarter of 2024. We anticipate the full data set from the Phase 2 trial of mavorixafor in chronic neutropenia (CN) to be presented in November 2024. This will include data from patients receiving mavorixafor who were eligible to adjust their G-CSF doses. The company also indicated that a regulatory submission to the European Medicines Agency (EMA) for mavorixafor in WHIM syndrome will occur in early 2025.

SUMMARY DATA

52-Week High	**$1.47**
52-Week Low	**$0.54**
One-Year Return (%)	**-50.78**
Beta	**0.35**
Average Daily Volume (sh)	**1,504,669**
Shares Outstanding (mil)	**169**
Market Capitalization ($mil)	**$106**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**72**
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 2024 Estimate	**-1.0**
P/E using 2025 Estimate	**-1.4**

Risk Level	**High**
Type of Stock	**Small-Value**
Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	0.0 A	0.0 A	0.0 A	0.0 A	0.0 A
2024	0.0 A	0.6 A	1.0 E	4.0 E	5.6 E
2025					38.0 E
2026					115.0 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	-$0.16 A	-$0.33 A	-$0.01 A	-$0.16 A	-$0.57 A
2024	-$0.26 A	$0.45 A	-$0.18 E	-$0.17 E	-$0.16 E
2025					-$0.35 E
2026					$0.19 E

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WHAT'S NEW

Financial Update

On August 8, 2024, X4 Pharmaceuticals, Inc. (XFOR) announced financial results for the second quarter of 2024. The company recorded the first revenues for XOLREMDI™ following its commercial launch in April 2024. Revenue in the second quarter of 2024 totaled $0.6 million. X4 sells XOLREMDI exclusively to a specialty pharmacy that dispenses the product to patients that have had it prescribed to them. Gross product revenue is recorded based on the amount of drug product delivered to the specialty pharmacy at the wholesale acquisition cost. The invoiced revenue for the second quarter of 2024 was $0.7 million, with a reduction of $0.1 million for distributor discounts, estimated rebates that may be owed to U.S. government payors, future co-pay assistance payments that may be owed to patients who enroll in the patient assistance program, and for potential product returns. The cost of revenue for the three months ending June 30, 2024 was $0.3 million, which consisted of an insignificant amount of drug product direct costs, $0.125 million for the amortization of an intangible asset related to accrued and paid milestone payments associated with the Genzyme licensing agreement, approximately $0.1 million of accrued sales-based royalty payments due under the Genzyme licensing agreement, and approximately $0.1 million of costs related to drug product stocking.

R&D expenses for the second quarter of 2024 were $20.9 million compared to $15.6 million for the second quarter of 2023. The increase was primarily due to increased clinical operation costs associated with the Phase 2 chronic neutropenia (CN) trial and the launch of the Phase 3 CN trial along with increased regulatory, medical affairs and quality costs. SG&A expenses for the second quarter of 2024 were $13.3 million compared to $10.2 million for the second quarter of 2023. The increase was primarily due to an increase in sales and marketing expenses to support the pre-launch and post-launch activities of XOLREMDI.

During the second quarter of 2024 the company sold a Priority Review Voucher (PRV) for $105 million in cash and recorded it as a gain on sale of non-financial asset.

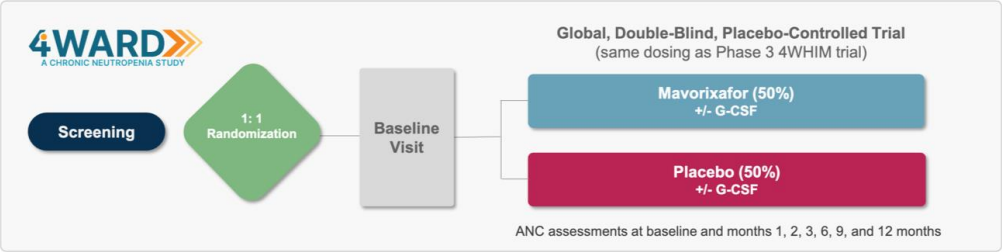
The company exited the second quarter of 2024 with approximately $169.5 million in cash, cash equivalents, restricted cash, and short-term marketable securities. We estimate the company has sufficient capital to fund operations into late 2025, and this estimate does not include any potential future XOLREMDI revenues. As of August 5, 2024, X4 had approximately 168.5 million shares outstanding and, when factoring in stock options, warrants, and restricted stock units, a fully diluted share count of 295.4 million.

Full Data Set for Phase 2 CN Trial to be Presented in November 2024

X4 announced that the company will be presenting the full dataset from the Phase 2 trial of mavorixafor in chronic neutropenia (CN) in November 2024, ahead of the American Society of Hematology (ASH) meeting. Included in this presentation will be results from patients that received mavorixafor and were eligible for dose adjustments in their granulocyte-colony stimulating factor (G-CSF) treatment. The company previously announced preliminary data from that trial in June 2024, which showed that 100% of patients who had completed the 6-months study achieved target absolute neutrophil count (ANC) increases of >500 cells per μL at months 3 and 6. For a full overview of the interim results, please see our previous report.

Phase 3 4WARD Study Initiated

X4 has initiated participant screening for the Phase 3 4WARD trial of mavorixafor in CN patients with congenital, autoimmune, or idiopathic chronic neutropenia. The trial is expected to enroll 150 participants with an ANC <1500 cells/mL and a history of two or more infections requiring intervention in the last 12 months. The primary endpoint is a two-component endpoint based on a positive ANC response and annualized infection rate, with secondary endpoints evaluating severity and duration of infection, antibiotic use, fatigue, quality of life, and safety. Enrollment should be completed by mid-2025.



Source: X4 Pharmaceuticals, Inc.

Conclusion

We look forward to the full data set from the Phase 2 CN trial in November 2024, particularly data on infection rates and potential decreases in G-CSF dosing while maintaining clinically relevant ANC levels. During the quarterly conference call, management indicated that all of the patients that were in the open-label extension of the 4WHIM trial have been prescribed XOLREMDI, which is a positive sign and indicates the importance the company has placed on ensuring patient access in a timely manner. With everything in line with our expectations our valuation remains at $5.00 per share.

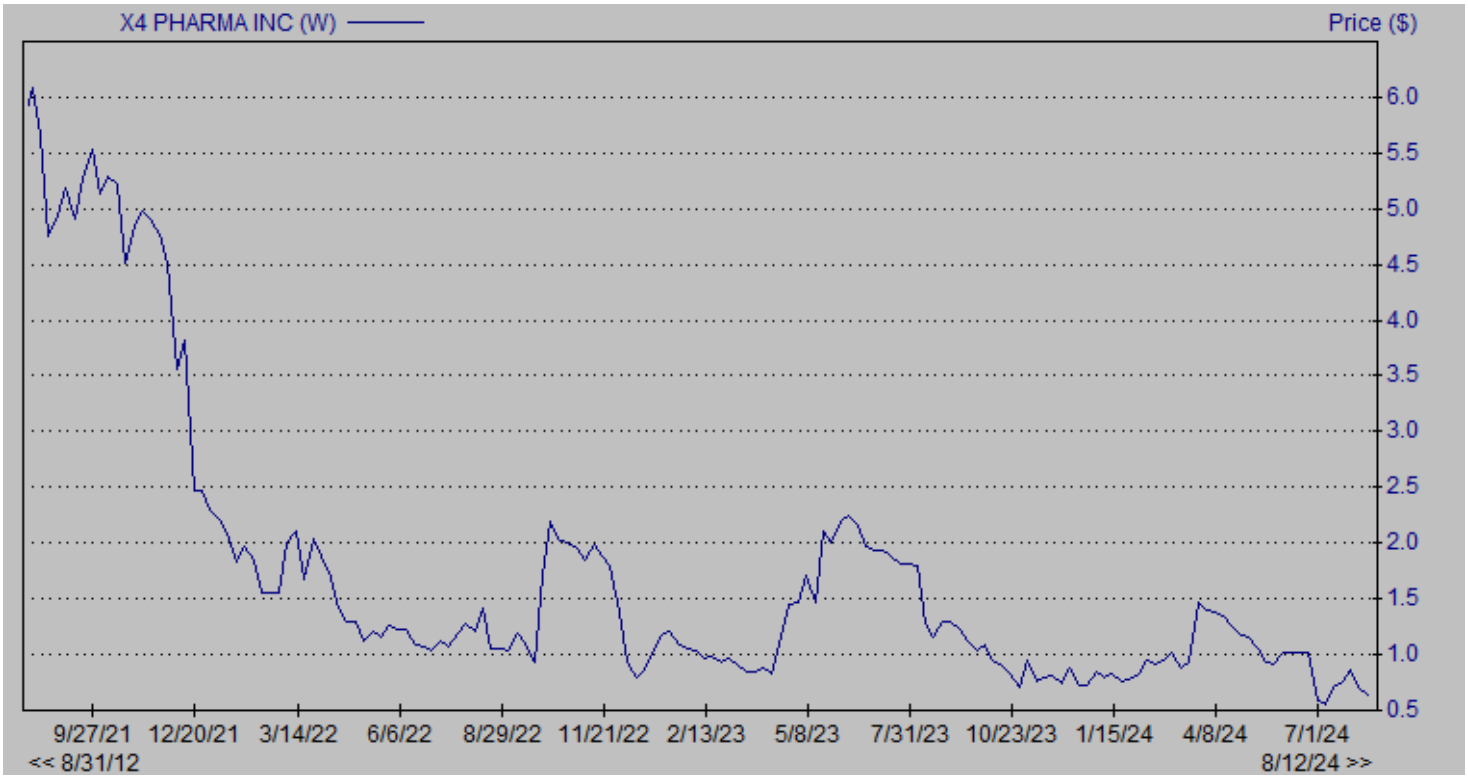
PROJECTED FINANCIALS

X4 Pharmaceuticals, Inc.	2023 A	Q1 A	Q2 A	Q3 E	Q4 E	2024 E	2025 E	2026 E
XOLREMDI	$0.0	$0.0	$0.6	$1.0	$4.0	$5.6	$38.0	$115.0
License and other revenues	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Total Revenues	**$0.0**	**$0.0**	**$0.6**	**$1.0**	**$4.0**	**$5.6**	**$38.0**	**$115.0**
Cost of revenues	$0.0	$0.0	$0.3	$0.1	$0.4	$0.8	$3.8	$11.5
Gross Margin	*#DIV/0!*	*#DIV/0!*	*52%*	*90%*	*90%*	*86%*	*90%*	*90%*
Research & development	$72.0	$19.9	$20.9	$23.0	$24.0	$87.8	$92.0	$95.0
General & administrative	$35.5	$17.4	$13.3	$12.0	$13.0	$55.7	$50.0	$60.0
Goodwill impairment	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Gain on sale of nonfinancial assets	$0.0	$0.0	($105.0)	$0.0	$0.0	($105.0)	$0.0	$0.0
Operating Income	($107.5)	($37.3)	$71.1	($34.1)	($33.4)	($33.7)	($100.2)	($51.5)
Operating Margin	*#DIV/0!*	*#DIV/0!*	*12629.3%*	*-3410.0%*	*-835.0%*	*-605.5%*	*-263.7%*	*-44.8%*
Non-Operating Expenses (Net)	$6.4	($14.5)	$19.7	($1.5)	($1.5)	$2.3	($6.0)	($6.0)
Pre-Tax Income	($101.1)	($51.7)	$90.9	($35.6)	($34.9)	($31.4)	($106.2)	($57.5)
Deemed Dividend on Class B Warrant price reset	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Income Taxes	$0.1	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net Income	**($101.2)**	**($51.8)**	**$90.8**	**($35.6)**	**($34.9)**	**($31.4)**	**($106.2)**	**($57.5)**
Net Margin	-	-	-	-	-	-	-	-
Reported EPS	**($0.57)**	**($0.26)**	**$0.45**	**($0.18)**	**($0.17)**	**($0.16)**	**($0.35)**	**($0.19)**
YOY Growth	-	-	-	-	-	-	-	-
Basic and Diluted Shares Outstanding	177.8	200.0	200.4	200.5	201.0	200.5	300.0	300.0

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

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