TRIGON

17 April 2025

Research

CEE | Equity Research

Ryvu Therapeutics

RVU120 still in game

Buy

(Recent: Buy)

Target Price: 58.5 PLN

Upside potential: 115%

On the beginning of 2025, Ryvu has revised its strategy for the RVU120 project, placing greater emphasis on the development in combination therapy for AML and prioritizing indications with lower market competition. In our view, this shift does not indicate a failure of the project in clinical trials, but rather reflects a focus on market areas with the highest commercialization potential, while also offering the opportunity for significant savings in the R&D budget. Ryvu has yet to present clinical results that would confirm or rule out the therapeutic potential. We acknowledge a notable acceleration in patient recruitment from 4Q24 with key data readouts tmeline planned for 3Q25, We see strong prospects for positive clinical readouts of RVU120, which, in our view, could bring the company closer to a commercialization deal in 2026. We believe a possible scenario is the discontinuation of RVU120 as a monotherapy, with a strategic focus on the lr-MDS and myelofibrosis indications. We are lowering our valuation of Ryvu from PLN 79.6 to 58.5 per share, while maintaining our "Buy" recommendation and an optimistic outlook on key clinical milestones expected in 2025.

RVU120 still in game. In our opinion, the RVU120 further clinical readouts and orphan drug status granted from FDA still represents features of important therapeutic benefit in hematological malignancies, in particular to those refractory/relapsed with the poorest clinical prognosis. We assume that those aspects will support the FDA's accelerated approval and provide the fast market registration of RVU120 in 2027/2028. As a part of business s broadening scenarios for RVU120, we assume that Ryvu will provide good clinical data from REMARK and POTAMI studies in 2H25. We see the potential of commercial licencing in 2026r. With BioDollar transaction value of over EUR 600m.

New strategy with positive impact on cash runway. Ryvu implemented a strategic reorganization to extend its financial runway and focus on advancing its RVU120 program and early-stage oncology pipeline. This restructuring aims to optimize resources and prioritize projects with the highest potential for clinical success . Key strategic changes include: 1) Portfolio prioritization: Ryvu decided to halt new patient enrollment in the Phase II RIVER-52 study of RVU120 monotherapy in acute myeloid leukemia (AML) and high-risk myelodysplastic syndromes (HR-MDS), and 2) 2) R&D stuff a 30% reduction, equating to approximately 95 positions, to streamline operations and focus on critical development programs.

TDM view on new strategy. We perceive the new RVU strategy as justified from both a clinical and market revenue potential perspective. We maintain our thesis that RVU120 demonstrates high clinical activity in patients who rapidly develop resistance to currently available AML treatments, and we see significant therapeutic potential in combination therapies. In our opinion, a possible future development path for the project may involve abandoning monotherapy development and focusing instead on more niche therapeutic indications, such as myelofibrosis and LR-MDS. For this reason, we have revised our valuation assumptions, reducing the valuation of the RIVER-52 project from approximately PLN 15 / share to PLN 0 /share.

Strong financial position following strategic restructuring. As of February 23, 2025, Ryvu reported having approximately EUR 46m in cash and financial assets, supplemented by EUR 22m in non-dilutive grant funding, extending the company's cash runway through the third quarter of 2026. The company has stated there have been no cost overruns in its clinical programs. Thanks to the swift decision to halt the RIVER-52 Phase II monotherapy study, Ryvu saved approximately EUR 10m. In our view, Ryvu is not currently in need of additional financing.

New clinical candidate on the horizon. RVU305, a potentially best-in-class, brain-penetrant, MTA-cooperative PRMT5 inhibitor, demonstrates significant potential in targeting cancers with MTAP deletions. Preclinical candidate selection and the start of CTA/IND-enabling studies we estimate for Q3–Q4 2025. Given Ryvu's solid cash position and the best-in-class potential of the compound, we believe the company won't rush to commercialize the project. We estimate the project could be attractively licensed at the Phase 1 clinical data stage, with an upfront payment of approximately EUR 40m, and a total deal value of around EUR 360m.

Assumptions of important RVU's R&D newslow -TDM view. As the most important newsflow of Ryvu in upcoming 12-18 months we distinguished: 1) Further clinical readouts from the RIVER-52 and RIVER-81 studies (1H25); 2) First readouts from the REMARK study (2Q/3Q25); 3) First readouts from the POTAMI-61 clinical trial (2H25); 4) Submission of IND/CTA application for the PRMT5 inhibitor project (2H25**).**

Valuation. We estimate the 12M TP target price of Ryvu's shares at PLN 58.5 / share (+115% upside) using the sum-of-the-parts (SOTP) method for R&D projects valuated by the rNPV method. Compared to our last forecast update (December 2024), we have lowered our valuation of the company, taking into account the assumption that clinical development of RVU120 as monotherapy will not be continued (resulting in a reduction of approximately PLN 15 / share). Additionally, the termination of the collaboration agreement with BioNTech regarding STING protein agonists led to a further decrease in valuation by approximately PLN 5 / share.

PLNm	2022	2023	2024	2025E	2026E	2027E
Revenues	68	67	102	125	701	781
EBITDA	-57	-90	-112	-103	471	507
EBIT	-69	-97	-121	-113	461	479
Net profit	-76	-95	-111	-90	369	381
EPS (PLN)	-	-	-	-	16.0	16.5
P/E (x)	-	-	-	-	1.7	1.6
EV/EBITDA (x)	-	-	-	-	0.0	0.1
P/BV (x)	1.3	1.9	3.5	11.7	1.5	0.8
DY (%)	0.3%	0.0%	0.0%	0.0%	0.0%	0.0%

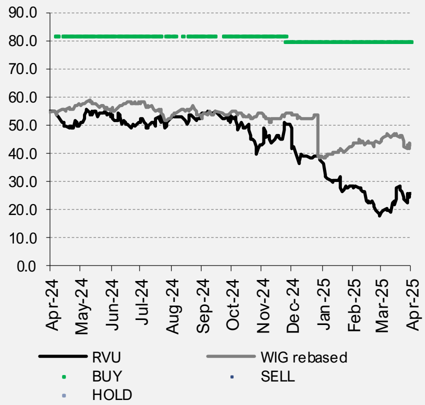
Source: Company, Trigon DM

FACT SHEET

Ticker	**RVU**
Sector	**BioTech & MedTech**
Price (PLN)	**27.2**
52wk Range (PLN)	**25.75 / 61**
Number of share (m)	**23**
Market Cap (mPLN)	**624**
Free-float	43% **48.3%**

Price performance	1M	3M	1Y
	-31%	**-38%**	**-53%**

RELATIVE SHARE PRICE PERFORMANCE



RECOMMENDATIONS	Date	Price
Buy	05.12.2024	80
Buy	19.10.2024	82
Buy	19.07.2024	82
Buy	19.04.2024	82
Buy	11.12.2023	82
Buy	23.10.2023	86
Buy	24.07.2023	86
Buy	20.04.2023	85

SHAREHOLDERS	Share %
Paweł Przewięźlikowski	17.4%
Allianz OFE	9.2%
BioNTech SE	8.3%
Other	6.1%

INVESTOR CALENDAR

1Q25 report	22.05.2025
1H25 report	18.09.2025
3Q25 report	20.11.2025

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capitalisation – market price multiplied by the number of a company's shares
free float (%) – percentage of a company's shares held by shareholders with less than 5% of total voting rights attached to the shares, reduced by treasury shares held by the company
min/max 52 wks – lowest/highest share price over the previous 52 weeks
average turnover – average volume of share trading over the previous month

EBIT – operating profit
EBITDA – operating profit before depreciation and amortisation
adjusted profit – net profit adjusted for one-off items
CF – cash flow
CAPEX – sum of investment expenditures on fixed assets
OCF – cash generated through a company's operating activities
FCF – cash generated by a company after accounting for cash outflows to support its operations and maintain capital assets
ROA – rate of return on assets
ROE – rate of return on equity
ROIC – rate of return on invested capital
NWC – net working capital
cash conversion cycle – length of time it takes for a company to convert its cash investments in production inputs into cash revenue from sale of its products or services
gross profit margin – ratio of gross profit to net revenue
EBITDA margin – ratio of the sum of operating profit and depreciation/amortisation to net revenue
EBIT margin – ratio of operating profit to net revenue
net margin – ratio of net profit to net revenue
EPS – earnings per share
DPS – dividend per share
P/E – ratio of market price to earnings per share
P/BV – ratio of market price to book value per share
EV/EBITDA – ratio of a company's EV to EBITDA
EV – sum of a company's current capitalisation and net debt
DY – dividend yield, ratio of dividends paid to share price
RFR – risk free rate
WACC – weighted average cost of capital

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Issuer – RYVU THERAPEUTICS S.A.
BUY – we expect the total return on an investment to reach at least 15%
HOLD − we expect the price of an investment to be largely stable, with potential upside of up to 15%
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Document prepared by: Katarzyna Kosiorek

Valuation methods used

The Discounted Cash Flow (DCF) method values a company by estimating its future cash flows and discounting them back to their present value.
- Advantages: future-oriented, flexible when it comes to assumptions, based on the intrinsic value of a company, widely accepted.
- Disadvantages: sensitivity to assumptions, complexity, subjectivity, doesn't consider market sentiment or short-term fluctuations.

The comparable valuation method values a company by comparing it to similar publicly traded companies.
- Advantages: simplicity, transparency, benchmarking, reflects current market valuations and investor sentiment.
- Disadvantages: lack of specificity, limited comparables, sensitive to market fluctuations, ignoring fundamental differences.

SOTP – sum-of-the-parts method, which consists in valuing a company by valuing its individual business lines separately and then summing them up.
Advantages: different valuation methods can be applied to diverse business lines; the approach is useful for assessing the value of a company e.g. in the case of planned acquisition or restructuring.
Disadvantages: the peer group for individual business lines is usually limited, the method does not adequately account for synergies between business segments.
Risk-adjusted net present value method (rNPV)
Advantages: accounting for probabilities assigned to future cash flows, providing a more realistic assessment of the present value of future cash flows and reflecting business-specific factors, especially in the case of innovative companies.
Disadvantages: subjectivity involved in the adoption of a discount rate, significant reliance on a number of assumptions, high level of complexity in the calculations and exclusion of qualitative factors from the valuation.
Discounted residual income method (DRI)
Advantages: valuation based on the excess of income over risk-adjusted opportunity cost to owners of capital, the method can be applied to companies that do not pay dividends or generate positive FCF.
Disadvantages: significant reliance on subjective judgements and assumptions, as well as sensitivity of the valuation to any changes in those variables.
Discounted dividend model (DDM)
Advantages: accounting for real cash flows to equity owners, the model works best for companies with a long history of dividend distribution.
Disadvantages: the method can be applied to dividend-paying companies only, it is not suitable for companies with a short history of dividend distribution.
Net asset value method (NAV)
Advantages: the approach is particularly relevant to holding companies with significant property, plant and equipment assets, the calculation of NAV is relatively straightforward.
Disadvantages: the method neglects future revenue or earnings potential and may not properly reflect the value of intangible assets.
Target multiple method
Advantages: the method can be applied to any company.
Disadvantages: it involves a high degree of subjectivity.
Replacement value method – it assesses the value of a company based on the costs of replacing its assets.
Advantages: the method is particularly relevant to companies with significant property, plant and equipment assets.
Disadvantages: it may be hard to capture the value of a company's intangible assets, reputation and market potential.
Liquidation value method – the sum of prices that the business would receive upon selling its individual assets on the open market.
Advantages: the method can capture the lowest threshold of a company's value.
Disadvantages: it may be hard to capture the value of a company's intangibles.

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