

12 May 2025

Corp

Ticker TCF:AIM
Pharmaceuticals & Biotechnology
Shares in issue (m) 2,149.0
Next results FY Mar

Price 0.24p
Target price 11.0p
Upside 4,581%

Enterprise value £3.9m
Net cash/(debt) £1.2m
Other EV adjustments £0.0m
Market cap £5.1m

What's changed? From To
Adjusted EPS -0.48 n/c
Target price 11.0 n/c

Share price performance



%	1M	3M	12M
Actual	4.4	-76.5	-68.7

Company description

Clinical stage drug development company focussed on development of oncology and neuropsychiatric medicines

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TheraCryf*

CDMO/CRO selected to progress Orexin-1 programme

Theracryf has announced that it has secured a master services agreement (MSA) with Pharmaron UK, a leading contract research organisation (CRO), to progress development of TCF's Orexin-1 (Ox-1) addiction programme. Under the agreement, Pharmaron will support the completion of the remaining pre-clinical data required to enable a clinical trial authorisation (IND/CTA) application. This work will include manufacturing scale-up, formulation development, clinical trial drug supply, and regulatory-compliant toxicology studies – representing the final stages of pre-clinical development before human trials begin. As previously outlined during TCF's recent £4.25m equity fundraise, a significant portion of the proceeds will be directed towards advancement of the Ox-1 programme. Activities under the MSA are expected to begin imminently, with updates to be provided at the start and conclusion of each work package. Full completion of the studies necessary to support the IND/CTA submission is anticipated in the second half of 2026, which we would view as a key milestone for the programme.

- **OX1 asset:** TCF's Ox-1 asset was brought in-house following the acquisition of Chronos Therapeutics (for further details see our March 2024 report). Studies have shown that Ox-1 plays an important role across a range of neuropsychiatric conditions such as anxiety, impulse and substance use disorders, significant markets which remain underserved by existing treatment options. Additionally, there is a renewed positive market sentiment in neuroscience drug development, evidenced by a number of notable M&A transactions over the past 12-18 months, including most recently J&J's (January 2025) \$14.6bn acquisition of CNS specialist, Intra-Cellular Therapies.
- **Newsflow:** With the extended cash runway following the £4.25m equity fundraise completed in March 2025, TCF has almost tripled the number of potential catalytic share-price events that may materialise over the next 6-24 months with newsflow from the development of the Ox-1 asset programme representing the most tangible near-term inflection points. These include (i) restart of Ox-1 neuropsychiatry programme, (ii) commencement of Ox-1 manufacturing optimisation and (iii) commencement of Ox-1 chronic toxicology studies followed by release of pre-clinical datasets.
- **Investment thesis:** Theracryf is delivering compelling data across multiple indications for its clinical asset, SFX-01, and the acquired neuropsychiatry small molecules have expanded TCF's pipeline substantially. We believe this diversification helps to de-risk the investment thesis by shifting the company away from the perception of being a single-asset biotech. We consider TCF's equity thesis to be further supported by its established clinical investigator collaborations, which will continue to progress SFX-01, and the renewed industry interest in neuroscience drug discovery.

Key estimates		2021A	2022A	2023A	2024A	2025E
Year end:		Mar	Mar	Mar	Mar	Mar
Revenue	£m	0.2	0.0	0.4	0.4	0.0
Adj EBITDA	£m	-3.1	-3.0	-4.9	-3.4	-2.2
Adj EBIT	£m	-3.1	-3.0	-4.9	-3.4	-2.3
Adj PBT	£m	-3.1	-3.0	-4.8	-3.4	-2.3
Adj EPS	p	-1.6	-0.91	-1.3	-1.1	-0.48
DPS	p	0.00	0.00	0.00	0.00	0.00

Key valuation metrics		2021A	2022A	2023A	2024A	2025E
EV/sales	x	19.8	n/m	8.7	9.7	n/m
EV/EBIT (adj)	x	-1.2	-1.3	-0.8	-1.1	-1.7
P/E (adj)	x	-0.1	-0.3	-0.2	-0.2	-0.5
Dividend yield	%	0.0%	0.0%	0.0%	0.0%	0.0%
Free cash yield	%	-58.0%	-50.8%	-81.7%	-59.3%	-37.4%

CDMO/CRO selected to progress Orexin-1 programme

Income statement		2022A	2023A	2024A	2025E
Year end:		Mar	Mar	Mar	Mar
Sales	£m	0.0	0.4	0.4	0.0
Gross profit	£m	0.0	0.4	0.4	0.0
EBITDA (adjusted)	£m	-3.0	-4.9	-3.4	-2.2
EBIT (adjusted)	£m	-3.0	-4.9	-3.4	-2.3
Associates/other	£m	0.0	0.0	0.0	0.0
Net interest	£m	0.0	0.1	0.0	0.0
PBT (adjusted)	£m	-3.0	-4.8	-3.4	-2.3
Total adjustments	£m	-0.1	-0.2	-0.1	-0.2
PBT (reported)	£m	-3.2	-5.0	-3.6	-2.4
Tax charge	£m	0.4	1.0	0.4	0.2
Minorities/Disc ops	£m	0.0	0.0	0.0	0.0
Earnings (reported)	£m	-2.7	-4.0	-3.1	-2.3
Earnings (adjusted)	£m	-2.6	-3.9	-3.0	-2.1
EPS (basic)	p	-0.99	-1.5	-1.1	-0.54
EPS (adjusted, fully diluted)	p	-0.91	-1.3	-1.1	-0.48
DPS	p	0.00	0.00	0.00	0.00

Cash flow		2022A	2023A	2024A	2025E
Year end:		Mar	Mar	Mar	Mar
EBITDA (adjusted)	£m	-3.0	-4.9	-3.4	-2.2
Net change in working capital	£m	-0.1	0.3	-0.5	0.0
Other operating items	£m	0.2	0.2	0.1	0.2
Cash flow from op. activities	£m	-3.1	-4.6	-3.9	-2.2
Cash interest	£m	0.0	0.0	0.0	0.0
Cash tax	£m	0.5	0.5	0.9	0.4
Capex	£m	-0.0	-0.0	0.0	-0.1
Other items	£m	0.0	0.0	0.0	0.0
Free cash flow	£m	-2.6	-4.1	-3.0	-1.9
Acquisitions / disposals	£m	0.0	0.0	0.0	0.0
Dividends	£m	0.0	0.0	0.0	0.0
Shares issued	£m	0.0	0.0	0.0	0.8
Other	£m	0.0	0.1	0.0	0.0
Net change in cash flow	£m	-2.6	-4.0	-3.0	-1.1
Opening net cash (debt)	£m	11.6	9.0	5.0	2.0
Closing net cash (debt)	£m	9.0	5.0	2.0	0.9

Balance sheet		2022A	2023A	2024A	2025E
Year end:		Mar	Mar	Mar	Mar
Tangible fixed assets	£m	0.0	0.0	0.0	0.0
Goodwill & other intangibles	£m	0.1	0.0	0.0	0.9
Other non current assets	£m	0.0	0.0	0.0	0.0
Net working capital	£m	-0.3	-0.6	-0.1	-0.1
Other assets	£m	0.4	0.9	0.4	0.2
Other liabilities	£m	0.0	0.0	0.0	0.0
Gross cash & cash equivs	£m	9.0	5.0	2.0	0.9
Capital employed	£m	9.2	5.3	2.3	1.9
Gross debt	£m	0.0	0.0	0.0	0.0
Net pension liability	£m	0.0	0.0	0.0	0.0
Shareholders equity	£m	9.2	5.3	2.3	1.9
Minorities	£m	0.0	0.0	0.0	0.0
Capital employed	£m	9.2	5.3	2.3	1.9

Growth analysis		2022A	2023A	2024A	2025E
Year end:		Mar	Mar	Mar	Mar
Sales growth	%	n/m	n/m	-10.4%	n/m
EBITDA growth	%	1.7%	-62.8%	30.7%	36.0%
EBIT growth	%	1.7%	-62.4%	30.7%	32.6%
PBT growth	%	2.5%	-60.4%	29.3%	32.9%
EPS growth	%	44.7%	-46.0%	17.4%	55.9%
DPS growth	%	n/m	n/m	n/m	n/m

Profitability analysis		2022A	2023A	2024A	2025E
Year end:		Mar	Mar	Mar	Mar
Gross margin	%	n/m	100.0%	100.0%	n/m
EBITDA margin	%	n/m	n/m	-862.9%	n/m
EBIT margin	%	n/m	n/m	-865.9%	n/m
PBT margin	%	n/m	n/m	-865.9%	n/m
Net margin	%	n/m	-879.2%	-757.6%	n/m

Valuation analysis		2022A	2023A	2024A	2025E
Year end:		Mar	Mar	Mar	Mar
EV/EBITDA (adjusted)	x	-1.3	-0.8	-1.1	-1.8
EV/EBIT (adjusted)	x	-1.3	-0.8	-1.1	-1.7
P/E (adjusted)	x	-0.3	-0.2	-0.2	-0.5

Cash flow analysis		2022A	2023A	2024A	2025E
Year end:		Mar	Mar	Mar	Mar
Cash conv'n (op cash / adj EBITDA)	%	n/m	n/m	n/m	n/m
Cash conv'n (FCF / adj EBITDA)	%	80.7%	81.1%	84.3%	80.9%
U/lying FCF	£m	-2.6	-4.1	-3.0	-1.9
Cash quality (u/l FCF / adj earn)	%	99.7%	106.5%	100.3%	89.1%
Investment rate (capex / depn)	x	1.0	0.3	0.0	n/m
Interest cash cover	x	n/a	n/a	n/a	n/a
Dividend cash cover	x	n/a	n/a	n/a	n/a

Working capital analysis		2022A	2023A	2024A	2025E
Year end:		Mar	Mar	Mar	Mar
Net working capital / sales	%	n/m	-139.6%	-32.1%	n/m
Net working capital / sales	days	n/m	-510	-117	n/m
Inventory (days)	days	n/m	0	0	n/m
Receivables (days)	days	n/m	178	548	n/m
Payables (days)	days	n/m	688	665	n/m

Leverage analysis		2022A	2023A	2024A	2025E
Year end:		Mar	Mar	Mar	Mar
Net bank debt / equity	%	no debt	no debt	no debt	no debt
Net bank debt / EBITDA	x	n/a	n/a	n/a	n/a
Liabilities / capital employed	%	0.0%	0.0%	0.0%	0.0%

Capital efficiency & intrinsic value		2022A	2023A	2024A	2025E
Year end:		Mar	Mar	Mar	Mar
Adjusted return on equity	%	-28.0%	-72.8%	-128.2%	-113.7%
RoCE (EBIT basis, pre-tax)	%	-33.0%	-92.6%	-146.5%	-122.2%
RoCE (u/lying FCF basis)	%	-27.9%	-77.5%	-128.5%	-101.3%
NAV per share	p	3.4	1.9	0.9	0.4
NTA per share	p	3.3	1.9	0.8	0.2

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Definition of research recommendations

Expected absolute returns

BUY is an expected return greater than 10%

HOLD is an expected return -10% - +10%

SELL is an expected return less than -10%

UNDER REVIEW: recommendation and/or forecasts are under review pending further clarity as to the company's financial and/or operational position

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Hold	0	0.0%	0	0.0%
Sell	0	0.0%	0	0.0%
Under Review	0	0.0%	0	0.0%
Corp	120	96.8%	128	85.3%

Temporary movements by stocks across the boundaries of these categories due to share price volatility will not necessarily trigger a recommendation change. All recommendations are based on 12-month time horizon unless otherwise stated.

Recommendation history

Company	Disclosures	Date	Rec	Price	Target price
TheraCryf	2,6,7,8,9,10,11	2 April 19	Corp	18.7p	44.3p

Source: Cavendish

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