

February 18, 2025

Department of Defense Funds Kairos Pharma’s ENV205 Research, Strengthening Drug Development Pipeline

Kairos has announced that Cedars-Sinai Medical Center, its academic research partner, has secured \$600,000 in funding from the Department of Defense Lung Cancer Research Program to advance ENV205. This first-in-class therapy aims to counteract chemotherapy resistance and cachexia, enhancing cancer treatment efficacy. The funding underscores the potential of ENV205 and validates Kairos’s strategic approach of leveraging non-dilutive financing for drug development.

Strategic Implications and Growth Outlook: The Department of Defense’s financial support reinforces the clinical significance of ENV205, positioning Kairos as a key player in addressing chemotherapy resistance and cancer-related cachexia. With cachexia affecting over half of cancer patients and lacking effective treatment options, ENV205’s mechanism to improve muscle strength and treatment response represents a major advancement. The non-dilutive funding highlights investor confidence in the scientific potential of Kairos’s pipeline, reducing financial risk while accelerating research progress.

Kairos Pharma’s partnership with Cedars-Sinai and its track record of securing federal funding provide a competitive advantage in the biopharmaceutical space. CEO Dr. **John Yu emphasized that non-dilutive funding remains central to the company’s growth strategy, ensuring sustained development without shareholder dilution.** As ENV205 advances toward clinical trials, this latest funding milestone strengthens Kairos’s valuation outlook, supporting long-term investor confidence and market positioning.

Valuation: We model multiple indications. We apply a Probability of Success factor of just 20% for the Prostate Cancer indication and 10% for NSCLC. In addition to the POS factor, we apply a 30% discount rate (r) to our models. We assume additional capital will be raised in our final share count. We then use these projections to our Free Cash Flow to the firm, or FCFF discounted EPS or dEPS, and sum-of-the-parts or SOP models, which are equal-weighted, averaged, and rounded to the nearest whole number to derive our 12-month price target of \$9.00.

Risk Factors: These include Clinical/Regulatory Risk, Partnership and Financial Risk, Commercial Risk, Legal and Intellectual Property Risk, and Market Share Risk.

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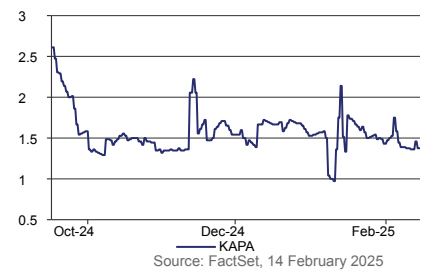
MARKET DATA

Rating	Buy
Price Target	\$9.00
Price	\$1.37
Average Daily Volume (000)	192
52-Week Range (\$)	\$1.64–\$4.00
Market Cap (M)	\$19
Enterprise Value (M)	\$15
Dividend Yield	0.0%
Cash (M)	\$0
Qrtly Burn Rate (M)	\$0

ESTIMATES

	2023A	2024E	2025E
Revenue (M)	\$0.0	\$0.0	\$0.0
Total Expenses (M)	\$2	\$1	\$3
GAAP EPS	\$(0.17)	\$(0.10)	\$(0.23)

One Year Performance Chart



Please see analyst certification and important disclosures on page 3 of this report.

Kairos Pharma																
Revenues	2023A	1Q24A	2Q24A	3Q24E	4Q24E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E	2032E	2033E	2034E
U.S. Prostate Cancer								-	-	-	-	331,354	405,617	482,732	562,783	645,858
Europe Prostate Cancer								-	-	-	-	-	266,468	543,648	665,490	735,439
U.S. Lung Cancer - EGFR Driven								-	-	-	-	3,703	9,445	19,269	27,518	36,092
EU Lung Cancer - EGFR Driven								-	-	-	-	-	17,315	35,326	43,243	51,464
U.S. Head & Neck Cancer								-	-	-	-	-	-	11,156	22,760	46,434
EU Head & Neck Cancer								-	-	-	-	-	-	-	249,339	51,374
Other Platform								-	-	-	-	-	-	-	-	-
Total Product Revenues												335,058	698,845	1,092,130	1,571,133	1,566,660
Royalty Revenue																
Total Revenues (\$000)												335,058	698,845	1,092,130	1,571,133	1,566,660
Expenses																
COGS												60,310	104,827	109,213	157,113	156,666
% COGS												18%	15%	10%	10%	10%
Research and Development	82	165	63	75	75	378	2,000	10,000	15,000	20,000	20,000	21,000	21,420	21,848	22,285	22,731
General and Administrative	1,632	127	159	150	150	586	1,000	2,000	5,000	8,000	12,000	20,000	20,400	25,000	25,500	26,010
Operating expenses	1,714	292	222	225	225	964	3,000	12,000	20,000	28,000	32,000	101,310	146,647	156,061	204,899	205,407
Oper. Inc. (Loss)	(1,714)	(292)	(222)	(225)	(225)	(964)	(3,000)	(12,000)	(20,000)	(28,000)	(32,000)	233,747	552,198	936,069	1,366,235	1,361,253
Interest Income																
Warrants																
Financial Income, Net																
Financial Expenses, Net	(98)	(31)	(31)													
Pretax Income	(1,812)	(323)	(253)	(225)	(225)	(1,026)	(3,000)	(12,000)	(20,000)	(28,000)	(32,000)	233,747	552,198	936,069	1,366,235	1,361,253
Pretax Margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM
Income Tax Benefit (Provision)												35,062	138,050	355,706	519,169	517,276
Tax Rate	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	0%	15%	25%	38%	38%	38%
GAAP Net Income (loss)	(1,812)	(323)	(253)	(225)	(225)	(1,026)	(3,000)	(12,000)	(20,000)	(28,000)	(32,000)	198,685	414,149	580,363	847,066	843,977
Net Margin	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	NM	0.59	0.59	0.53	0.54	0.54
GAAP-EPS	(0.17)	(0.03)	(0.02)	(0.02)	(0.02)	(0.10)	(0.23)	(0.45)	(0.52)	(0.44)	(0.38)	2.28	4.57	6.15	8.63	8.27
Non GAAP EPS (dil)	(0.17)	(0.03)	(0.02)	(0.02)	(0.02)	(0.10)	(0.23)	(0.45)	(0.52)	(0.44)	(0.38)	2.28	4.57	6.15	8.63	8.27
Wgtd Avg Shrs (Bas)	10,382	10,400	10,563	10,573	10,584	10,530	13,182	20,774	31,059	45,322	50,225	50,427	50,629	50,831	51,035	51,240
Wgtd Avg Shrs (Dil)	10,382	10,400	10,563	10,668	10,775	10,601	14,797	26,874	38,117	70,371	83,669	87,066	90,601	94,280	98,108	102,092

Source: EF Hutton & Company reports

Important Disclosures

Analyst Certification

I, Jason Kolbert, certify that all of the views expressed in this research report accurately reflect my personal views about the subject security(ies) and subject company(ies). I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or views expressed in this research report.

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D. Boral Capital, or its affiliates have received compensation from Kairos Pharma Ltd. for investment banking services within the past 12 months.

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BUY (B) - Total return expected to exceed S&P 500 by at least 10%

HOLD (H) - Total return expected to be in-line with S&P 500

SELL (S) - Total return expected to underperform S&P 500 by at least 10%

Distribution of Ratings/IB Services

D. Boral

Rating	Count	Percent	IB Serv./Past 12 Mos.	
			Count	Percent
BUY	51	96.23	13	25.49
HOLD	2	3.77	0	0.00
SELL	0	0.00	0	0.00

Kairos Pharma Ltd. Rating History as of 02/14/2025

