



## FEATURED OPTIONS RADAR REPORT



### Call Spreads Position for Positive Proof of Concept Data in RAPT

Ticker/Price: RAPT (\$22.70)

#### Analysis:

**RAPT Therapeutics (RAPT)** on 5/18 with a large buy of 5000 July \$25/\$40 call spreads at \$3.20 to open, while later 2500 each of the June \$20 and July \$15 puts were bought to open. RAPT has previously seen nearly 7000 June \$25/\$40 call spreads open. RAPT debuted in 2019 and shares in a sideways range basing November 2020 through the current period in the \$15.5/\$24 zone while shares hit a high near \$48 in early 2020. RAPT is a clinical-stage immunology-based biopharmaceutical company focused on discovering, developing and commercializing oral small molecule therapies for patients with significant unmet needs in oncology and inflammatory diseases. Its two lead drug candidates each target C-C motif chemokine receptor 4 (“CCR4”), a drug target that potentially has broad applicability in oncology and inflammatory diseases. Its lead oncology drug candidate, FLX475, reached the clinic in just two and a half years and its lead inflammation drug candidate, RPT193, entered the clinic in August 2019. FLX475 is designed to selectively inhibit the migration of immunosuppressive regulatory T cells in tumors, and currently conducting a Phase 1/2 clinical trial investigating FLX475 as a monotherapy and in combination with KEYTRUDA. RPT193 is designed to selectively inhibit the migration of type 2 T helper cells into inflamed tissues. Th2 cells are known to be drivers of inflammatory diseases along the “atopic march” including atopic dermatitis (“AD”), asthma, chronic urticaria (skin rash), allergic conjunctivitis, chronic rhinosinusitis and eosinophilic esophagitis (inflammation of the esophagus). RAPT will give a Phase 2 update for FLX475 in 2H21 and Phase 1b PoC for RPT 193 in 1H21 for atopic dermatitis. RAPT has a market cap of \$535M with no revenues and has \$115M in cash. Analysts have an average target of \$35 and short interest is low for a small cap Biotech at 5.7% of the float. BMO lowered its target to \$45 in November seeing shares reflecting little value for FLX475 and a discounted price for RPT193 into 1H21 data. Roth rates RAPT a Buy seeing broad potential in oncology. RAPT has the potential to improve upon standard therapy in charged tumors with FLX475. Perceptive Advisors has a \$55M position.

#### Hawk Vision:



**Hawk's Perspective:** RAPT is clearly speculative and event-driven and we can see positioning reflect upside potential to around \$40 on data, while downside likely limited to \$12.50, so a positive reward/risk here.

**Confidence Ranking:** \$\$