Prescient Therapeutics Limited (PTX.AX)
Rating: Buy

Joseph Pantginis, Ph.D.
646-975-6968
jpantginis@hcwresearch.com

PTX-200 AML Study Continues Steady Progress; Target Increased to A$0.16

Stock Data	11/26/2019
Price	A$0.08
Exchange	ASX
Price Target	A$0.16
52-Week High	A$0.10
52-Week Low	A$0.04
Enterprise Value (M)	A$20
Market Cap (M)	A$30
Public Market Float (M)	132.9
Shares Outstanding (M)	394.3
3 Month Avg Volume	3,518,830
Balance Sheet Metrics	
Cash (M)	A$9.60
Total Debt (M)	A$0.00
Total Cash/Share	A$0.02

General: U.S. to AUS exchange rate of 1.47434 on 11/26/19.

EPS (A$) Diluted			
Full Year - Jun	2018A	2019A	2020E
1st Half	(0.01)	(0.01)	(0.01)
2nd Half	(0.01)	(0.01)	(0.01)
FY	(0.01)	(0.02)	(0.01)

Revenue (A$M)			
Full Year - Jun	2018A	2019A	2020E
1st Half	0.0	0.0	0.0
2nd Half	0.0	0.0	0.0
FY	0.0	0.0	0.0

Quarterly EPS may not add to full year due to increases in share count and rounding.

Another CR achieved in AML study; dosing regimen to be modified to enhance number of cycles received. Last night, Prescient announced important progress from its ongoing Phase 1b study using PTX-200 (Akt inhibitor) in r/r AML patients. Specifically, a third complete response (CR) has been achieved in the study, brining the running CR rate in the study to 20% (three of 15), which is encouraging for this difficult to treat population. The three CR patients were dosed with ranges of 25-35mg/m2 and 200-400mg/m2 of cytarabine. Prescient is taking these efficacy data as well as the adverse event profile and submitting a protocol amendment to the FDA with the expected re-start of enrollment in 2020. The amendment is based on ensuring that the combination therapy could be delivered as safely as possible by minimizing overlapping drug interactions. To this end, most patients in the study have tolerated the combination at the planned dose levels, but there have been three elevations of transaminase levels, though only one was dose limiting; the more cycles of therapy received the potential for more and deeper responses based on the powerful combination. We remind investors that we currently do not include the AML indication in our projections for PTX-200 and focus currently on the breast cancer opportunity. As the AML program continues its potential future progress, the indication represents potential upside to our valuation.

PTX-200 targeting r/r AML in combination with cytarabine. Currently, PTX-200 is being investigated in combination with cytarabine in relapsed/refractory AML (NCT02930109, the combo study), at the Moffitt; Yale Cancer Center in New Haven, Connecticut (Yale) and Kansas University Medical Center (KUMC) under the leadership of Professor Jeffrey Lancet, a key KOL in the space. From the monotherapy study, the dose escalation Phase 1b study performed at the MD Anderson Cancer Center using PTX-200 demonstrated a favorable safety profile and preliminary efficacy data. Specifically, of the 32 evaluable patients, 1 CR, 2 PRs and 17 had stable disease (SD) following 1 cycle of treatment. Interestingly, of these 17 SDs, 3 accomplished ≥50% bone marrow blast reductions and one patient with CMML had reductions of splenomegaly with resolution of leukocytosis.

P-Akt is a promising pharmacological target in AML. Regarding the relevance of targeting Akt in AML, we highlight that, despite this disease being highly dependent on a wide range of oncogenic genetic aberrations, it is also subject to the activation of defined tumor niches, where survival factors including hyperactivated Akt may play a role. To this end, high p-Akt levels are correlated with inferior survival in AML (Nepstad et al., Cancers 2018; Liang et al., Sci Rep 2017)

Long-term focus is on novel targeted compounds for therapy resistant cancers devoid of treatment options. Prescient's assets share a key feature of being not only targeted, but also being able to tackle a wide spectrum of malignancies. The company's clinical focus is on those cancers or metastases that become addicted to Akt, RAS and downstream effectors of these two clinically relevant oncogenes (e.g., RhoA). Of note, market opportunities are significant and we think underappreciated as these two targets alone could trigger tumorigenesis in the vast majority of cancers spanning hematological and solid tumors (e.g., pancreatic cancer or PDAC). For example, regarding PDAC, KRAS is the major tumor driver, and there are currently no targeted therapies, representing a significant unmet clinical need, in our view. Thus, as the clinical programs mature, we think that Prescient could potentially deliver new therapies for key diseases including aggressive cancers. For a more detailed analysis of our investment thesis on Prescient, refer to our initiation document here referenced: (*Targeted Oncology From Down Under; Initiating Coverage at Buy and A$0.20 PT*).

PTX-100 is now in the clinic with the goal of hampering tumors with higher dependency on RAS and RhoA signaling pathways. Prescient recently initiated a basket Phase 1b trial deploying PTX-100 in patients with multiple tumors. This study aims to determine the optimal dose and treatment schedule of PTX-100 across several tumors, such as myeloma, T-cell lymphomas, gastric and pancreatic tumors, all of which may bear increased activity of the RAS and RhoA pathways. Thus, as suggested by preclinical studies, PTX-100 may exert its anti-cancer activities through selectively inhibiting these two signaling cascades. Of note, as per trial design the study is not going to be biomarker-guided but the mutational burden of these two genes is going to be monitored and assessed for correlation with PTX-100 clinical activity. Along with this attempt, the study could also identify additional biomarkers, which could be further deployed to enrich for selected cohorts with likely higher clinical PTX-100 success rates. Overall, we think the PTX-100 therapeutic approach could be a potential new molecular targeted guided strategy to hit tumors with increased dependency on RAS and RhoA. Thus, results from the Phase 1b study should be informative in designing more meaningful trials with potential registration paths.

PTX-100 basket study details; identifying the optimal time and dose-dependent effect of multiple doses of PTX-100. This is an open-label, non-randomized trial aimed at determining PK/PD metrics along with safety and efficacy of two different doses of PTX-100 in up to 24 patients with advanced cancers. In short, the drug is given intravenously in cancer patients over 60 minutes on days one to five of a 14-day cycle for four cycles if no toxicity is recorded.

PTX-200 program in HTR breast cancer represents the near-term value driver for the shares; 4Q19 data readout. Although a small study, Prescient's current trial in HTR disease looked encouraging with an overall ORR of 75%. A key data update from this study is expected in 4Q19 following the readout of the stage 1 of Phase 2 trial in locally advanced breast cancer. Of note, according to positive discussions with the FDA, Prescient is using pCR instead of PFS, which could be a valuable endpoint for accelerated approval. There are multiple PI3K and Akt inhibitors in clinical trials; however, preliminary data, literature, and our due diligence suggest that PTX-200 therapy could be successful in HTR BCa, where others have faltered thus far. Importantly, we highlight the strong scientific rationale for targeting Akt signaling in HTR cancer, which includes: (1) increased PI3K/Akt genetic aberrations lead to higher tumor growth; (2) higher dependency on PI3K/Akt pathways in patients that do not respond to targeted therapy (ERa inhibitors) and/or chemo; (3) Akt drives increased estrogen receptor (ERa) activity following the inhibition of the pathway from hormonal therapies (HT); and (4) there is a ubiquitous and strong consensus from clinical and laboratory practices highlighting the need for targeting Akt in HTR tumors. Overall, we believe that PTX-200 may deliver promising data in HTR disease with the potential of becoming a new therapy for these patients.

Valuation and risks to price target achievement. We maintain our Buy rating and are increasing our price target to A$0.16 from A$0.09. The drivers to our valuation chance include: (1) adjustment to base year; (2) adjustment to exchange rate (U.S. to AUD 1.47434 on 11/26/19); and (3) lowering our discount rate from 30% to 25%, which is still higher than our usual 15% for the majority of companies under our coverage list to account for the early stage nature of Prescient's assets. Our valuation is based on our clinical net present value (NPV) model, which allows us to flex multiple assumptions affecting a drug's potential commercial profile. Our valuation is currently based on PTX-200 in breast cancer: (1) 90% contribution from HTR-BCa; and (2) 10% contribution from TNBCa. We currently do not include AML in our projections, as well as any indications for PTX-100, both of which we consider to be free call options currently in our valuation. As the programs progress and data are released, we would look to reassess potential contribution from these indications and assets. Factors which could impede reaching our price target include failed or inconclusive clinical trials or inability of the company to secure adequate funding to progress its drugs through the development pathway.

(AUD$ in millions except per share data)

Profit & Loss - June fiscal	2016A	2017A	2018A	2019A	2020E	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Licensing	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
R&D collaborations	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Product and Royalties	0.0	0.0	0.0	0.0	0.0	0.0	2.1	44.5	93.0	195.5	308.1	431.6	396.7	416.8
Other revenues	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Revenues	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**2.1**	**44.5**	**93.0**	**195.5**	**308.1**	**431.6**	**396.7**	**416.8**
CoGS	0.0	0.0	0.0	0.0	0.0	0.0	0.3	6.7	14.0	29.3	46.2	64.7	68.9	72.7
Gross Profit	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**	**1.8**	**37.8**	**79.1**	**166.2**	**261.9**	**366.8**	**327.9**	**344.1**
Gross margin	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*85%*	*85%*	*85%*	*85%*	*85%*	*85%*	*83%*	*83%*
SG&A	2.0	1.4	1.6	1.8	2.2	3.7	20.6	26.6	29.2	31.5	34.1	35.4	37.6	40.6
R&D	0.8	2.4	2.1	3.7	7.9	14.6	17.0	21.2	39.5	41.9	45.2	48.4	49.8	52.8
Other op ex	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBIT	**(2.8)**	**(3.8)**	**(3.6)**	**(5.5)**	**(10.1)**	**(18.4)**	**(35.8)**	**(10.0)**	**10.4**	**92.8**	**182.6**	**283.0**	**240.5**	**250.7**
EBIT margin	*nm*	*nm*	*nm*	*nm*	*nm*	*nm*	*nm*	*nm*	*11%*	*47%*	*59%*	*66%*	*61%*	*60%*
Depreciation	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Amortisation Intangibles	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBITDA	**(2.8)**	**(3.8)**	**(3.6)**	**(5.5)**	**(10.1)**	**(18.4)**	**(35.8)**	**(10.0)**	**10.4**	**92.8**	**182.6**	**283.0**	**240.5**	**250.7**
EBITDA margin	*nm*	*nm*	*nm*	*nm*	*nm*	*nm*	*nm*	*nm*	*11%*	*47%*	*59%*	*66%*	*61%*	*60%*
Non operating expenses	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Interest Income/Other	1.0	1.2	1.1	1.7	3.4	6.4	7.4	9.2	17.2	18.2	19.7	21.0	21.7	23.0
Interest expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
EBT	**(1.8)**	**(2.6)**	**(2.6)**	**(3.8)**	**(6.7)**	**(12.0)**	**(28.4)**	**(0.8)**	**27.6**	**111.0**	**202.3**	**304.1**	**262.2**	**273.7**
EBT margin	*nm*	*nm*	*nm*	*nm*	*nm*	*nm*	*nm*	*nm*	*30%*	*57%*	*66%*	*70%*	*66%*	*66%*
Provision for taxes	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	33.3	60.7	91.2	78.6	82.1
Net Income	**(1.8)**	**(2.6)**	**(2.6)**	**(3.8)**	**(6.7)**	**(12.0)**	**(28.4)**	**(0.8)**	**27.6**	**111.0**	**202.3**	**304.1**	**262.2**	**273.7**
Participation of preferred stock	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income to common	**(1.8)**	**(2.6)**	**(2.6)**	**(3.8)**	**(6.7)**	**(12.0)**	**(28.4)**	**(0.8)**	**27.6**	**77.7**	**141.6**	**212.8**	**183.5**	**191.6**
net margin	*nm*	*nm*	*nm*	*nm*	*nm*	*nm*	*nm*	*nm*	*30%*	*40%*	*46%*	*49%*	*46%*	*46%*
NoSH	82.2	210.0	211.4	244.5	451.3	545.0	632.2	644.8	696.4	752.1	812.3	877.3	947.5	1,023.3
EPS - basic	**(0.02)**	**(0.01)**	**(0.01)**	**(0.02)**	**(0.01)**	**(0.02)**	**(0.04)**	**(0.00)**	**0.04**	**0.10**	**0.17**	**0.24**	**0.19**	**0.19**
EPS - diluted	**(0.02)**	**(0.01)**	**(0.01)**	**(0.02)**	**(0.01)**	**(0.02)**	**(0.04)**	**(0.00)**	**0.04**	**0.10**	**0.17**	**0.23**	**0.19**	**0.18**

Source: Company reports and H.C. Wainwright estimates

Joseph Pantginis, Ph.D. jpantginis@hcwco.com

Half-yearly P&L - June fiscal	Dec	June	June	Dec	June	June	Dec	June	June	Dec	June	June
AUD$ in millions	**FH1'18A**	**FH2'18A**	**FY'18A**	**FH1'19A**	**FH2'19A**	**FY'19A**	**FH1'20E**	**FH1'20E**	**FH1'20E**	**FH1'21E**	**FH1'21E**	**FH1'21E**
Licensing	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
R&D collaborations	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Product and Royalties	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other revenues	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Revenues	**0.00**	**0.00**	**0.0**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
CoGS	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Gross Profit	**0.00**	**0.00**	**0.0**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**	**0.00**
Gross margin	*100%*	*100%*	*0%*	*100%*	*100%*	*0%*	*100%*	*100%*	*0%*	*100%*	*100%*	*0%*
SG&A	0.74	0.84	1.6	0.81	1.02	1.83	1.06	1.14	2.20	1.63	2.11	3.74
R&D	0.90	1.16	2.1	1.54	2.14	3.68	2.61	5.31	7.92	5.87	8.78	14.65
Other op ex	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBITDA	**(1.6)**	**(2.0)**	**(3.6)**	**(2.3)**	**(3.2)**	**(5.5)**	**(3.7)**	**(6.4)**	**(10.1)**	**(7.5)**	**(10.9)**	**(18.4)**
EBITDA margin			*nm*			*nm*			*nm*			*nm*
Non operating expenses	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Net Interest Income/Other	0.46	0.61	1.1	0.75	0.97	1.72	1.42	2.02	3.44	2.60	3.77	6.37
Interest expense	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
EBT	**(1.2)**	**(1.4)**	**(2.6)**	**(1.6)**	**(3.9)**	**(5.5)**	**(2.3)**	**(4.4)**	**(6.7)**	**(4.9)**	**(7.12)**	**(12.0)**
EBT margin			*nm*									
Provision for taxes	0.00	0.00	0.0	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Participation of preferred stock												
Net Income to common	**(1.2)**	**(1.4)**	**(2.6)**	**(1.6)**	**(2.2)**	**(3.8)**	**(2.3)**	**(4.4)**	**(6.7)**	**(4.9)**	**(7.1)**	**(12.0)**
net margin			*nm*									
NoSH - basic	209.96	211.37	211.37	211.88	310.50	244.55	395.60	507.00	451.30	515.00	575.00	545.00
NoSH - diluted	209.96	211.37	211.37	211.88	310.50	244.55	395.60	507.00	451.30	515.00	575.00	545.00
EPS - basic	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.02)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.02)**
EPS - diluted	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.02)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.02)**

Source: Company filings and H.C. Wainwright estimates

Joseph Pantginis, Ph.D. - jpantginis@hcwco.com

Important Disclaimers

This material is confidential and intended for use by Institutional Accounts as defined in FINRA Rule 4512(c). It may also be privileged or otherwise protected by work product immunity or other legal rules. If you have received it by mistake, please let us know by e-mail reply to unsubscribe@hcwresearch.com and delete it from your system; you may not copy this message or disclose its contents to anyone. The integrity and security of this message cannot be guaranteed on the Internet.

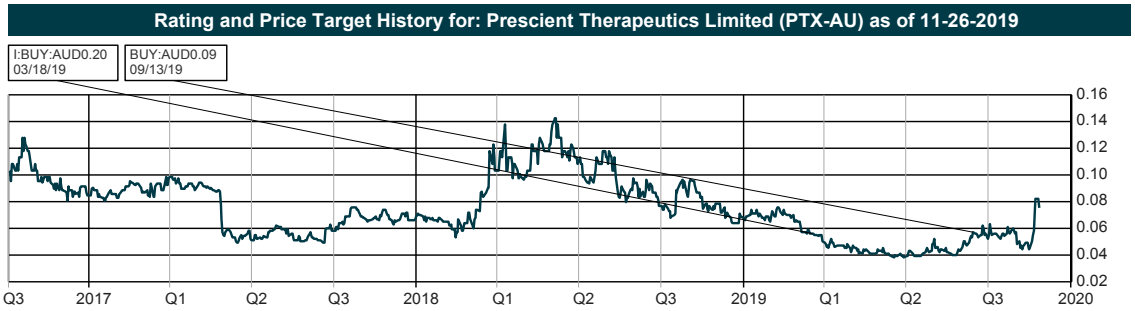
H.C. WAINWRIGHT & CO, LLC RATING SYSTEM: H.C. Wainwright employs a three tier rating system for evaluating both the potential return and risk associated with owning common equity shares of rated firms. The expected return of any given equity is measured on a RELATIVE basis of other companies in the same sector. The price objective is calculated to estimate the potential movements in price that a given equity could reach provided certain targets are met over a defined time horizon. Price objectives are subject to external factors including industry events and market volatility.

RETURN ASSESSMENT

Market Outperform (Buy): The common stock of the company is expected to outperform a passive index comprised of all the common stock of companies within the same sector.

Market Perform (Neutral): The common stock of the company is expected to mimic the performance of a passive index comprised of all the common stock of companies within the same sector.

Market Underperform (Sell): The common stock of the company is expected to underperform a passive index comprised of all the common stock of companies within the same sector.



Investment Banking Services include, but are not limited to, acting as a manager/co-manager in the underwriting or placement of securities, acting as financial advisor, and/or providing corporate finance or capital markets-related services to a company or one of its affiliates or subsidiaries within the past 12 months.

Distribution of Ratings Table as of November 26, 2019

			IB Service/Past 12 Months	
Ratings	Count	Percent	Count	Percent
Buy	380	91.79%	128	33.68%
Neutral	32	7.73%	4	12.50%
Sell	0	0.00%	0	0.00%
Under Review	2	0.48%	2	100.00%

H.C. Wainwright & Co, LLC (the “Firm”) is a member of FINRA and SIPC and a registered U.S. Broker-Dealer.

I, Joseph Pantginis, Ph.D. , certify that 1) all of the views expressed in this report accurately reflect my personal views about any and all subject securities or issuers discussed; and 2) no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report; and 3) neither myself nor any members of my household is an officer, director or advisory board member of these companies.

None of the research analysts or the research analyst’s household has a financial interest in the securities of Prescient Therapeutics Limited (including, without limitation, any option, right, warrant, future, long or short position).

As of October 31, 2019 neither the Firm nor its affiliates beneficially own 1% or more of any class of common equity securities of Prescient Therapeutics Limited.

Neither the research analyst nor the Firm knows or has reason to know of any other material conflict of interest at the time of publication of this research report.

The research analyst principally responsible for preparation of the report does not receive compensation that is based upon any specific investment banking services or transaction but is compensated based on factors including total revenue and profitability of the Firm, a substantial portion of which is derived from investment banking services.

The Firm or its affiliates did not receive compensation from Prescient Therapeutics Limited for investment banking services within twelve months before, but will seek compensation from the companies mentioned in this report for investment banking services within three months following publication of the research report.

The Firm does not make a market in Prescient Therapeutics Limited as of the date of this research report.

The securities of the company discussed in this report may be unsuitable for investors depending on their specific investment objectives and financial position. Past performance is no guarantee of future results. This report is offered for informational purposes only, and does not constitute an offer or solicitation to buy or sell any securities discussed herein in any jurisdiction where such would be prohibited. This research report is not intended to provide tax advice or to be used to provide tax advice to any person. Electronic versions of H.C. Wainwright & Co., LLC research reports are made available to all clients simultaneously. Additional information available upon request.

H.C. Wainwright & Co., LLC does not provide individually tailored investment advice in research reports. This research report is not intended to provide personal investment advice and it does not take into account the specific investment objectives, financial situation and the particular needs of any specific person. Investors should seek financial advice regarding the appropriateness of investing in financial instruments and implementing investment strategies discussed or recommended in this research report.

H.C. Wainwright & Co., LLC's and its affiliates' salespeople, traders, and other professionals may provide oral or written market commentary or trading strategies that reflect opinions that are contrary to the opinions expressed in this research report.

H.C. Wainwright & Co., LLC and its affiliates, officers, directors, and employees, excluding its analysts, will from time to time have long or short positions in, act as principal in, and buy or sell, the securities or derivatives (including options and warrants) thereof of covered companies referred to in this research report.

The information contained herein is based on sources which we believe to be reliable but is not guaranteed by us as being accurate and does not purport to be a complete statement or summary of the available data on the company, industry or security discussed in the report. All opinions and estimates included in this report constitute the analyst's judgment as of the date of this report and are subject to change without notice.

Securities and other financial instruments discussed in this research report: may lose value; are not insured by the Federal Deposit Insurance Corporation; and are subject to investment risks, including possible loss of the principal amount invested.