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Kintara (NASDAQ/KTRA)

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BUY: 15 of 30 Sites Activated – GCAR Study Advancing

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Kintara Therapeutics announced that 15 of the planned 30 sites are now activated in the AGILE registration study sponsored by the Global Coalition for Adaptive Research (GCAR). VAL-083 is currently the only therapeutic agent being evaluated in all three GBM patient subtypes: newly-diagnosed methylated MGMT, newly-diagnosed unmethylated MGMT, and recurrent.

Investment Highlights

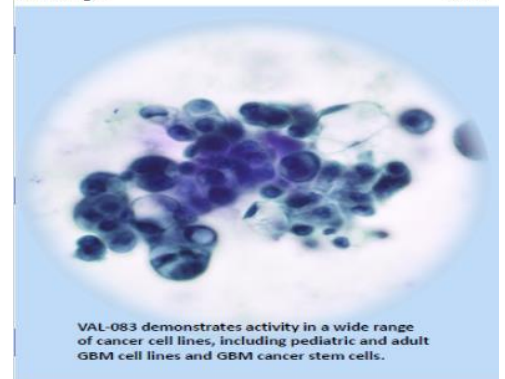
The Phase 2 trial is an open-label, two-arm, biomarker-driven study evaluating VAL-083 in GBM patients who have an unmethylated promoter of the methylguanine DNA-methyltransferase (MGMT) gene. Endpoints include overall survival and progression-free survival. In addition to the recurrent arm, there is a second trial arm that is enrolling up to 36 newly diagnosed patients who have undergone surgery and chemoradiation with TMZ, and who are receiving VAL-083 in place of standard of care TMZ for adjuvant therapy. Recall that last year (November), the Company provided a clinical update on both arms of the study. For the recurrent arm, median overall survival (mOS) for the n=77 efficacy evaluable patients who completed at least one cycle of treatment was 7.6 months (confidence interval: CI 6.4-10.6 months). Additionally, for the n=43 efficacy evaluable patients initially receiving the 30 mg/m²/day dose (GCAR Study), mOS was 8.5 months (CI 6.8-13.7 months). In the adjuvant therapy arm of the study, median progression-free survival (PFS) was 10.0 months (CI 7.6-10.8).

VAL-083 - The Trifecta. Kintara's VAL-083 is the only compound in the study that is going to be evaluated in all three major cancer types: 1. newly diagnosed unmethylated (NDUM), 2. recurrent GBM, and 3. newly diagnosed methylated MGMT (the first compound under evaluation for this cancer).

The Global Coalition for Adaptive Research, or GCAR adaptive Study. The study plans to enroll 150-200 patients in each arm, so with control, this is an 800-plus patient study: three arms, three sponsors, plus control. Each company will evaluate its respective therapeutic, but only VAL-083 will be evaluated in three active arms. Futility will be evaluated at n=50, 100 and 150 patients, and efficacy will be evaluated at n=100 and 150 patients before the adaptive design transitions to pivotal phase.

Valuation. Our valuation is driven by our revenue projections for VAL-083 (GBM) and REM-001 for CMBC. For both indications, we apply a risk cut in our model (50%), which flows into our income statement. We model both products out to 2030. Our models also factor in the increase in shares from the merger as well as future assumed dilution, based on a projected, fully diluted 2030 share count. We triangulate FCFF, discounted EPS, and sum-of-the-parts models. We then average and equally weight each model to derive an NPV, which is rounded to the nearest whole number to calculate our price target.

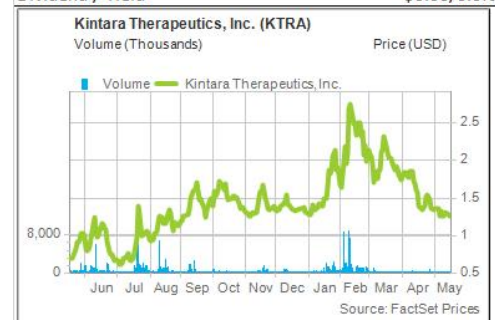
Current Price \$1.29
Price Target \$5.00



Source: Kintara

Stock Data

52-Week Range	\$0.61	-	\$3.35
Shares Outstanding (mil.)	32.6		
Market Capitalization (mil.)	\$42		
Enterprise Value (mil.)	\$34		
Debt to Capital	0%		
Book Value/Share	\$0.11		
Price/Book	12		
Average Three Months Trading Volume (K)	1,693		
Insider Ownership	16.8%		
Institutional Ownership	6.9%		
Short interest (mil.)	1.6%		
Dividend / Yield	\$0.00/0.0%		



Risk Analysis

Clinical and regulatory risk. Kintara Therapeutics is currently in Phase 2 clinical trials in both applications of its pipeline product focused on MGMT-unmethylated GBM. There is no assurance that its product will be approved for any additional indications and, even if approved, will be reimbursed by insurance or successfully commercialized.

Commercial risk. The focus of the Company is on successfully developing its products and eventually bringing them to the mass market. It is important to note that the market opportunity in MGMT-unmethylated GMB is large, and if successful, VAL-083 may be introduced to the market for multiple cancer applications. We can make no assurances that the Company will be able to achieve a critical level of market share to become profitable in this indication and/or in additional planned indications.

Employee risk. Kintara Therapeutics has an experienced management team in its President and CEO, CSO, and CFO. Kintara Therapeutics plans to bring its proposed products to reality. Kintara Therapeutics's success will depend, to a great extent, upon the experience, abilities and continued services of its senior officers, sales staff, and key scientific personnel.

Financial risk. The Company may need to raise capital in the marketplace relatively soon, and there can be no assurances that the Company will be able to raise capital and do so on favorable terms successfully.

Intellectual property risk. The Company may have to defend its patents and technical know-how, and there can be no assurances that the patents will not be infringed or will be held as valid if challenged, and the Company may infringe on third parties' patents.

Reimbursement and insurance payment risk. Insurance payment for products may be an additional hurdle for adoption.

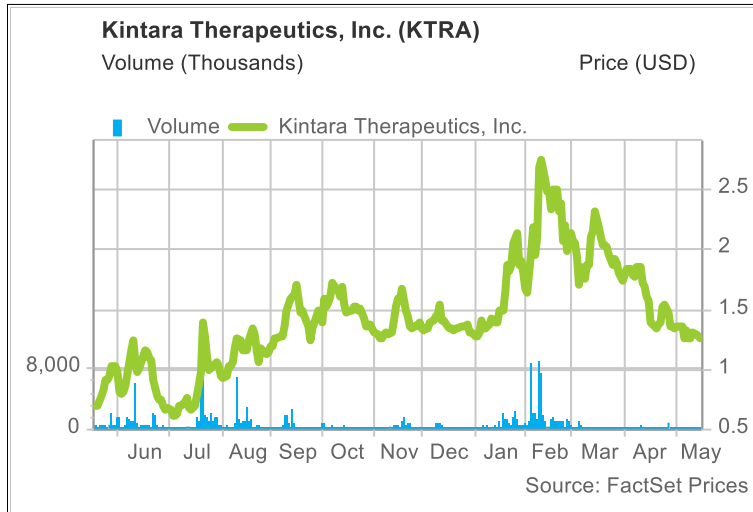
Exhibit 1. Income Statement

Kintara Pharmaceuticals Inc. (KTRA): Income Statement ('000)	6. 2018 YE	6. 2019 A	6. 2020A	1Q21A	2Q21A	3Q21E	4Q21E	6. 2021 YE	6. 2022 YE	6. 2023 YE	6. 2024 YE	6. 2025 YE	6. 2026 YE	6. 2027 YE	6. 2028 YE	6. 2029 YE	6. 2030 YE
FYE-Jun 30	6.2018	6.2019 A	6.2020A	3Q20A	4Q20A	1Q21E	2Q21E	6.2021	6.2022	6.2023	6.2024	6.2025	6.2026	6.2027	6.2028	6.2029	6.2030
Revenue (\$000)																	
REM-001								0		23,394	82,779	119,558	132,961	146,646	172,971	187,366	202,057
VAL-083 U.S.										0	48,601	196,347	347,043	500,733	556,315	572,094	348,237
VAL-083 ROW										15,889	50,470	132,093	235,213	273,283	298,892	330,732	356,340
License Fees and Royalties (China sales)																	
Total Product Sales										39,282	181,849	447,998	715,217	920,663	1,028,177	1,090,191	906,635
Total Revenue										39,282	181,849	447,998	715,217	920,663	1,028,177	1,090,191	906,635
Expenses																	
Cost of Goods Sold										3,928	18,185	44,800	71,522	92,066	102,818	109,019	90,664
COGS % of revenue				10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%	10%
Sales, General and administrative expenses	4,042	4,736	4,515	1,534	2,762	1,140	1,186	4,560	5,000	5,050	10,000	10,100	10,201	10,303	10,406	10,510	10,615
SG&A % of revenue																	
Research and Development	7,133	3,662	4,684	1,357	3,843	1,183	1,230	4,731	7,000	9,000	12,000	12,120	12,241	12,364	12,487	12,612	12,738
R&D % of revenue																	
Non-GAAP, Adj				16594				16594									
Total expenses	11,175	8,398	9,198	19,485	6,605	2,323	2,415	30,828	12,000	17,978	35,031	64,362	91,280	112,022	122,973	129,376	111,224
Oper. Inc. (Loss)	(11,175)	(8,398)	(9,198)	(19,485)	(6,605)	(2,323)	(2,415)	(30,828)	(12,000)	21,304	146,818	383,636	623,938	808,641	905,205	960,816	795,411
Change in fair value of derivative liability	60	(434)	-														
Change in fair value of derivative liability due to change in warrant terms		126															
Issuance of shares to Valent																	
Loss on exchange of warrants																	
Foreign exchange gain	(57)	18	3	(1)	1												
Interest expense			(75)	27	23			50									
Interest income	33	(61)		8	7			15									
				(1)	(1)												
Total non-operating income	36	(350)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Pretax Income	(11,138)	(8,048)	(9,126)	(19,518)	(6,635)	(2,323)	(2,415)	(30,891)	(12,000)	21,306	146,822	383,639	623,941	808,644	905,208	960,819	795,415
Income Tax Benefit (Provision)									(600)	2,131	20,555	69,055	137,267	185,988	217,250	240,205	206,808
Tax Rate									5%	10%	14%	18%	22%	23%	24%	25%	26%
GAAP Net Income (loss)	(11,281)	(8,048)	(9,126)	(19,518)	(6,635)	(2,323)	(2,415)	(30,891)	(11,400)	19,175	126,267	314,584	486,674	622,656	687,958	720,614	588,607
Preferred stock dividend	176.24	80.43	8.62	3,188	8.00												
Net and comprehensive loss available to common stockholders	(11,315)	(9,178)	(9,135)	(22,706)	(6,643)	(2,323)	(2,415)	(30,891)	(11,400)	19,175	126,267	314,584	486,674	622,656	687,958	720,614	588,607
GAAP-EPS	(0.55)	(1.28)	(0.87)	(1.33)	(0.23)	(0.08)	(0.08)	(1.72)	(0.39)	0.64	4.18	10.38	15.99	20.37	22.42	23.39	19.03
Non GAAP EPS (dil)	(0.55)	(0.87)	(0.87)	(1.33)	(0.23)	(0.08)	(0.08)	(1.71)	(0.34)	0.42	2.63	6.30	9.36	11.51	12.22	12.30	9.65
Wgtd Avg Shrs (Bas) - '000s	20,861	2,575	10,444	17,106	29,273	29,302	29,332	26,253	29,543	30,075	30,196	30,317	30,438	30,560	30,682	30,805	30,929
Wgtd Avg Shrs (Dil) - '000s	20,861	2,575	10,444	17,106	29,273	29,566	29,861	26,452	34,097	46,136	48,010	49,959	51,988	54,098	56,295	58,581	60,959

Source: Dawson James estimates, company reports

Important Disclosures:

Price Chart:



Price target and ratings changes over the past three years:

- Initiation - June 6, 2017 – Buy – Price target 20% (12-18 months)
- Update – August 8, 2017 – Buy – Price target \$6.60
- Update – March 1, 2018 – Buy - \$6.60
- Transfer – July 11, 2019 - Buy - \$4.00
- Update – July 15, 2019 – Buy \$4.00
- Update – July 24, 2019 – Buy \$4.00
- Update – July 31, 2019 – Buy \$4.00
- Update – August 27, 2019 – Buy \$4.00
- Update – September 18, 2019 – Buy \$4.00
- Update – December 2, 2019 – Buy \$4.00
- Update – February 14, 2020 – Buy \$4.00
- Update – March 5, 2020 – Buy \$4.00
- Update – May 5, 2020 – Buy \$4.00
- Update – May 13, 2020 – Buy \$4.00
- Update – June 4, 2020 – Buy \$4.00
- Update – June 10, 2020 – Buy \$4.00
- Update – June 23, 2020 – Buy \$4.00
- Update – June 24, 2020 – Buy \$4.00
- Update – July 30, 2020 – Buy \$4.00
- Update – September 9, 2020 – Buy \$4.00
- Update – November 23, 2020 – Buy \$4.00
- Update – January 11, 2021 – Buy \$4.00
- Update – January 21, 2021 – Buy \$4.00
- Update – February 1, 2021 – Buy \$4.00
- Update – February 25, 2021 – Buy \$5.00
- Update – April 14, 2021 – Buy \$5.00
- Update – May 18, 2021 – Buy \$5.00
- Update – May 26, 2021 – Buy \$5.00

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- 1) **Buy:** The analyst believes the price of the stock will appreciate and produce a total return of at least 20% over the next 12-18 months;
- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months;
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As of: 17-May-21

Ratings Distribution	Company Coverage		Investment Banking	
	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	24	71%	5	21%
Market Perform (Neutral)	10	29%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	34	100%	5	15%

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