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## Kintara (NASDAQ/KTRA)

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### BUY: VAL-083 P2 Shows Promise in Newly Diagnosed GBM

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Kintara reported top line results from the Phase II study in newly diagnosed GBM patients. Progression Free Survival (PFS) for the 36 efficacy evaluable patients is 10.0 months (95% Confidence Interval (CI) 8.2-10.8 months). While this is not a head-to-head trial, historical data for this patient population has demonstrated PFS of 5.3-6.9 months. Median overall survival (mOS) for the 36 efficacy evaluable patients is 16.5 months (CI 13.3-19.3 months). While this is not a head-to-head trial historical data for this patient subpopulation has demonstrated mOS of 12.7-16.0 months.

### Investment Highlights

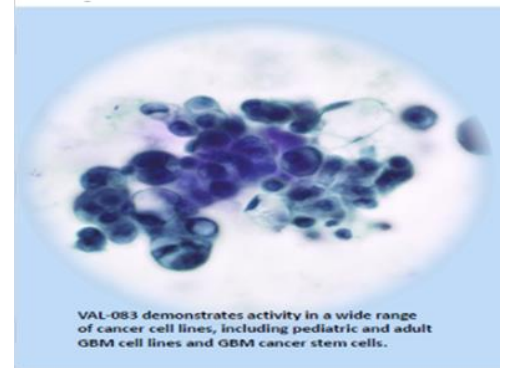
**Phase 2 MD Anderson Cancer Study Trial:** The adjuvant arm in the Phase 2 clinical study of VAL-083 is being conducted at the MD Anderson Cancer Center (MD Anderson). The adjuvant arm of the study is investigating newly-diagnosed patients suffering from glioblastoma multiforme (GBM) receiving VAL-083 in place of standard of care temozolomide (TMZ) as adjuvant therapy following surgery and chemoradiation TMZ. The trial was designed to enroll up to 36 patients to determine whether treatment with VAL-083 improves overall survival. The trial is a two-arm, biomarker-driven study testing VAL-083 in glioblastoma multiforme (GBM) patients who have an unmethylated promoter of the methylguanine DNA-methyltransferase (MGMT) gene.

**Additional Key Elements to Consider:** The dosing regimen (30 mg/m<sup>2</sup>/day) of the MD Anderson study mirrors the trial design of the newly-diagnosed adjuvant study arm of the GBM AGILE study. GBM AGILE, which is sponsored by the Global Coalition for Adaptive Research (GCAR), is a patient-centered, registrational, seamless Phase 2/3 adaptive platform trial evaluating multiple therapies for patients with newly-diagnosed and recurrent GBM. VAL-083 currently represents the only therapeutic agent being evaluated in all three GBM patient subtypes: methylated MGMT, newly-diagnosed unmethylated MGMT, and recurrent.

**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.

**Risk Factors:** Investment Risk, Market Share Risk, Regulatory Risk, Commercial Risk, and Financial Risk

Current Price	\$1.32
Price Target	\$5.00



Source: Kintara

Stock Data			
52-Week Range	\$1.18	-	\$3.35
Shares Outstanding (mil.)	32.6		
Market Capitalization (mil.)	\$43		
Enterprise Value (mil.)	\$35		
Debt to Capital	0%		
Book Value/Share	\$0.11		
Price/Book	13		
Average Three Months Trading Volume (K)	793		
Insider Ownership	14.7%		
Institutional Ownership	7.6%		
Short interest (mil.)	3.8%		
Dividend / Yield	\$0.00/0.0%		



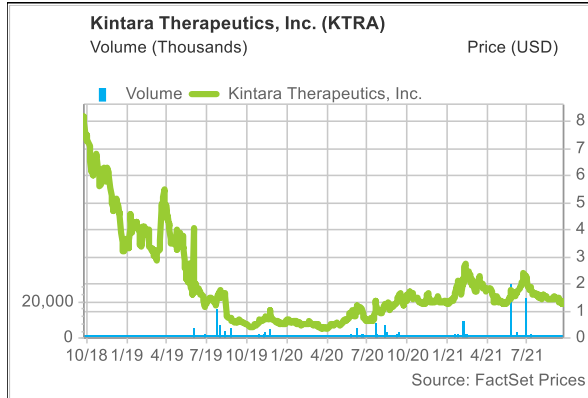
**Exhibit 1. Income Statement**

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
<b>Revenue (\$000)</b>																	
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)																	
<b>Total Product Sales</b>										<b>39,282</b>	<b>181,849</b>	<b>447,998</b>	<b>715,217</b>	<b>920,663</b>	<b>1,028,177</b>	<b>1,090,191</b>	<b>906,635</b>
<b>Total Revenue</b>										<b>39,282</b>	<b>181,849</b>	<b>447,998</b>	<b>715,217</b>	<b>920,663</b>	<b>1,028,177</b>	<b>1,090,191</b>	<b>906,635</b>
<b>Expenses</b>																	
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									
<b>Total expenses</b>	<b>11,175</b>	<b>8,398</b>	<b>9,198</b>	<b>19,485</b>	<b>6,605</b>	<b>2,323</b>	<b>2,415</b>	<b>30,828</b>	<b>12,000</b>	<b>17,978</b>	<b>35,031</b>	<b>64,362</b>	<b>91,280</b>	<b>112,022</b>	<b>122,973</b>	<b>129,376</b>	<b>111,224</b>
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)												
<b>Total non-operating income</b>	<b>36</b>	<b>(350)</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Pretax Income</b>	<b>(11,138)</b>	<b>(8,048)</b>	<b>(9,126)</b>	<b>(19,518)</b>	<b>(6,635)</b>	<b>(2,323)</b>	<b>(2,415)</b>	<b>(30,891)</b>	<b>(12,000)</b>	<b>21,306</b>	<b>146,822</b>	<b>383,639</b>	<b>623,941</b>	<b>808,644</b>	<b>905,208</b>	<b>960,819</b>	<b>795,415</b>
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%
<b>GAAP Net Income (loss)</b>	<b>(11,281)</b>	<b>(8,048)</b>	<b>(9,126)</b>	<b>(19,518)</b>	<b>(6,635)</b>	<b>(2,323)</b>	<b>(2,415)</b>	<b>(30,891)</b>	<b>(11,400)</b>	<b>19,175</b>	<b>126,267</b>	<b>314,584</b>	<b>486,674</b>	<b>622,656</b>	<b>687,958</b>	<b>720,614</b>	<b>588,607</b>
Preferred stock dividend	176.24	80.43	8.62	3,188	8.00												
<b>Net and comprehensive loss available to common stockholders</b>	<b>(11,315)</b>	<b>(9,178)</b>	<b>(9,135)</b>	<b>(22,706)</b>	<b>(6,643)</b>	<b>(2,323)</b>	<b>(2,415)</b>	<b>(30,891)</b>	<b>(11,400)</b>	<b>19,175</b>	<b>126,267</b>	<b>314,584</b>	<b>486,674</b>	<b>622,656</b>	<b>687,958</b>	<b>720,614</b>	<b>588,607</b>
<b>GAAP-EPS</b>	<b>(0.55)</b>	<b>(1.28)</b>	<b>(0.87)</b>	<b>(1.33)</b>	<b>(0.23)</b>	<b>(0.08)</b>	<b>(0.08)</b>	<b>(1.72)</b>	<b>(0.39)</b>	<b>0.64</b>	<b>4.18</b>	<b>10.38</b>	<b>15.99</b>	<b>20.37</b>	<b>22.42</b>	<b>23.39</b>	<b>19.03</b>
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 for 2021E-2030E, 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
- Update – July 1, 2021 – Buy \$5.00
- Update – August 17, 2021 – Buy \$5.00
- Update – September 22, 2021 – Buy \$5.00

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- 2) **Neutral:** The analyst believes the price of the stock is fairly valued for the next 12-18 months;
- 3) **Sell:** The analyst believes the price of the stock will decline by at least 20% over the next 12-18 months and should be sold.

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Current as of... 27-Aug-21

	<b>Company Coverage</b>		<b>Investment Banking</b>	
<b>Ratings Distribution</b>	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	26	72%	4	15%
Market Perform (Neutral)	10	28%	0	0%
Market Underperform (Sell)	0	0%	0	0%
Total	36	100%	4	11%

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