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Kintara (NASDAQ/KTRA) – Neutral Rated

February 21, 2023

Kintara Therapeutics: Reports Fiscal 2023 Second Quarter

Kintara reported its fiscal (Dec.) second-quarter spending of \$3.5M in the period and closing with \$4.9M in cash. The company effected its announced reversed stock split (50 for 1). We fundamentally believe in VAL-083. However, we remain Neutral rated as we anticipate the company needs to raise capital, and terms are likely to be dilutive.

Investment Highlights

What is VAL-083? It is a bifunctional alkylating agent that causes DNA methylation of guanine at the N7 position. VAL-083 subsequently is not repaired by MGMT and has a potential anti-neoplastic activity. When administered, VAL-083 (which crosses the blood-brain barrier and shows a long half-life) acts to alkylates and crosslinks DNA, leading to a reduction in cancer cell growth. Previously published pre-clinical and clinical trials have demonstrated that the drug can be effective in treating various types of solid tumors, ranging from glioblastoma multiforme (GBM), ovarian cancer, pediatric CNS tumors and lung cancer. Kintara is currently advancing VAL-083 in the Global Coalition for Adaptive Research registrational Phase 2/3 clinical trial titled Glioblastoma Adaptive Global Innovative Learning Environment (GBM AGILE) Study to support the development and commercialization of VAL-083 in GBM.

Thoughts on the GCAR trial and Status of the Competitive Arms. The trial design is interesting. The arms are designed to enroll N=100 to 150 patients. Our understanding is that a review board, such as the DSMB, reviews each arm monthly. Based on pre-specified criteria, a therapeutic may “graduate” and the enrollment is expanded by an additional N=50 patients. The purpose of this is to strengthen statistical results. If a given arm enrolls N=150 and does not graduate, the enrolled patients are then followed for an additional 12 months.

Graduating is a Positive Indicator. We are not aware that any of the arms have yet graduated. We do believe VAL-083 is close. The company has said we should expect data by YE 2023. If we assume a 12-month follow-up that means that VAL-083 must be close to the 150-enrollment number. Not Graduating is not a good sign. As we previously wrote, it is our understanding that several of the competitive arms may be struggling to meet the criteria to advance to the next stage of the trial. That seems to be the case with the kinase inhibitors (Bayer and Kazia). Mechanistically we are skeptical on Biohaven and Vigeo arms where the MOA on VAL-083 is already established.

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.

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

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Current Price	\$5.88
Price Target	NA
VAL-083: FDA Approved Expedited Development and Registration Pathway	
Collaboration with the Global Coalition for Adaptive Research (GCAR) <ul style="list-style-type: none"> Founded in 2017 by world's foremost clinical, translational, basic science investigators, and health authorities Sponsor of innovative and complex platform trials utilizing adaptive design Prior success via I-GPI with similar design for breast cancer 	
GBM Adaptive Global Innovative Learning Environment (AGILE) Study <ul style="list-style-type: none"> International effort in newly-diagnosed and recurrent glioblastoma Master Protocol with three experimental arms versus a common control Primary endpoint: overall survival "Seamless" transition to Stage 2, with Stage 1 patients included in final analysis 	
150 to 200 Patients Maximum Stratified by Three Subtypes <ul style="list-style-type: none"> Newly-diagnosed methylated Newly-diagnosed unmethylated¹ Recurrent² 	
¹ Comparable to MDACC Phase 2 trial – recurrent cohort ² Comparable to MDACC Phase 2 trial – recurrent cohort	
Jan 2021: First site initiated for VAL-083 treatment arm May 2021: 35 sites active for VAL-083 treatment arm Aug 2021: 26 sites active for VAL-083 treatment arm Q3 2022: Graduate to Stage 2 (projected) TBD: Top Line Results (timing dependent on signature(s) graduated)	
Source: Kintara	
Stock Data	
52-Week Range	\$3.50 - \$42.00
Shares Outstanding (mil.)	1.7
Market Capitalization (mil.)	\$10
Enterprise Value (mil.)	\$2
Debt to Capital	0%
Book Value/Share	\$5.28
Price/Book	1
Average Three Months Trading Volume (K)	46
Insider Ownership	1.3%
Institutional Ownership	2.5%
Short interest (mil.)	1.2%
Dividend / Yield	\$0.00/0.0%

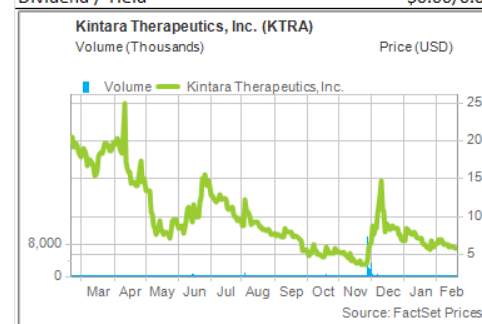


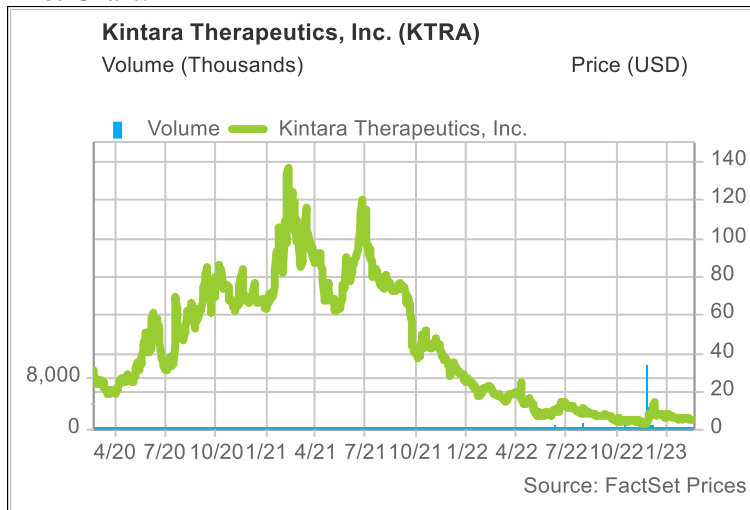
Exhibit 1. Income Statement

Kintara Pharmaceuticals Inc. (KTRA): Income Statement ('000)	6. 2018 YE	6. 2019 A	6. 2020 A	6. 2021 YE	6. 2022 YE	1Q23A	2Q23A	3Q23E	4Q23E	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	6.2021	6.2022	3Q22A	4Q22A	1Q23E	2Q23E	6.2023	6.2024	6.2025	6.2026	6.2027	6.2028	6.2029	6.2030
Revenue (\$000)					0						0	0	0	0	0	0	0
REM-001											0	24,543	99,155	175,257	252,870	280,939	288,907
VAL-083 U.S.																	
VAL-083 ROW																	
License Fees and Royalties (China sales)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenue	-	-	-	-	-	-	-	-	-	-	-	24,543	99,155	175,257	252,870	280,939	288,907
Expenses																	
Cost of Goods Sold	-	-	-		-	-	-	-	-	-	-	2,454	9,916	17,526	25,287	28,094	28,891
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	8,467	7,509	1,475	1,440	1,896	1,972	7,584	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	12,895	15,173	3,171	2,059	2,250	2,340	9,000	12,000	12,120	12,241	12,364	12,487	12,612	12,738
R&D % of revenue																	
Non-GAAP, Adj				16594													
Total expenses	11,175	8,398	9,198	37,956	22,682	4,646	3,499	4,146	4,312	16,603	18,164	22,017	29,673	37,481	45,442	48,450	49,451
Oper. Inc. (Loss)	(11,175)	(8,398)	(9,198)	(37,956)	(22,682)	(4,646)	(3,499)	(4,146)	(4,312)	(16,603)	(18,164)	2,527	69,482	137,776	207,428	232,488	239,457
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	5	7	11	45			56	-	-	-	-	-	-	-
Interest expense		-	(75)	50	14	39				39	-	-	-	-	-	-	-
Interest income	33	(61)	-	16	-					-	-	-	-	-	-	-	-
Total non-operating income	36	(350)	-	-	-												
Pretax Income	(11,138)	(8,048)	(9,126)	(38,012)	(22,661)	(4,596)	(3,454)	(4,146)	(4,312)	(16,508)	(18,164)	2,527	69,485	137,779	207,432	232,492	239,460
Income Tax Benefit (Provision)		-	-	-	(2,740)							455	15,287	31,689	49,784	58,123	83,811
Tax Rate					0%	0%	0%	0%	0%	0%	0%	18%	22%	23%	24%	25%	35%
GAAP Net Income (loss)	(11,281)	(8,048)	(9,126)	(38,012)	(24,857)	(4,596)	(3,454)	(4,146)	(4,312)	(16,508)	(18,164)	2,072	54,198	106,090	157,648	174,369	155,649
Preferred stock dividend	176.24	80.43	8.62	730	(8.00)	364	2.00										
Net and comprehensive loss available to common stockholders	(11,315)	(9,178)	(9,135)	(38,012)	(25,131)	(4,960)	(3,456)	(4,146)	(4,312)	(16,508)	(18,164)	2,072	54,198	106,090	157,648	174,369	155,649
GAAP-EPS	(0.55)	(1.28)	(0.87)	(1.85)	(0.52)	(0.06)	(2.10)	(0.19)	(0.20)	(2.56)	(0.51)	0.05	1.29	2.51	3.72	4.10	3.64
Non GAAP EPS (dil)	(0.55)	(0.87)	(0.87)	(1.85)	(0.47)	(0.06)	(2.10)	(0.10)	(0.10)	(2.37)	(0.31)	0.03	0.79	1.49	2.13	2.26	1.94
Wgtd Avg Shrs (Bas) - '000s	20,861	2,575	10,444	32,297	48,702	73,205	1,643	21,645	21,666	29,540	36,736	41,898	42,066	42,234	42,403	42,573	42,744
Wgtd Avg Shrs (Dil) - '000s	20,861	2,575	10,444	32,297	63,799	73,205	1,643	41,659	42,076	39,646	58,289	65,807	68,479	71,260	74,153	77,164	80,297

Source: Dawson James

Important Disclosures:

Price Chart:



Price target and ratings changes over the past three years:

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
 Update – December 2, 2021 – Buy \$5.00
 Update – January 19, 2022 – Buy \$5.00
 Update – February 14, 2022 – Buy \$5.00
 Update – March 18, 2022 – Buy \$5.00
 Price Target Change – April 12, 2022 – Buy \$3.00
 Rating Change – Buy to Neutral May 16, 2022 – NA
 Update – Neutral September 8, 2022 – NA
 Update – Neutral September 26, 2022 – NA
 Update – Neutral September 29, 2022 – NA
 Update – Neutral October 19, 2022 – NA
 Update – Neutral November 10, 2022 – NA
 Update – Neutral November 18, 2022 – NA
 Update – Neutral December 15, 2022 – NA
 Update – Neutral February 21, 2023 – NA

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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 15-Feb-23

	Company Coverage		Investment Banking	
Ratings Distribution	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	22	67%	1	5%
Market Perform (Neutral)	11	33%	2	18%
Market Underperform (Sell)	0	0%	0	0%
Total	33	100%	3	9%

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