

## Aditxt Therapeutics (NASDAQ: ADTX)

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### Aditxt (ADTX)-Neutral Rated: Acquires MDNA We Spoke with Management – It's a Good Deal

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*We spoke with Aditxt CEO and better understand the deal price and economics. For a nominal amount of ADTX stock (\$250k + \$250k in warrants), the company acquires MDNA into its diagnostic subsidiary. If the subsidiary is spun out/acquired, the pre-determined value of MDNA gets set at \$25M. Expenses associated with MDNA are nominal and the first diagnostic products could be commercialized later this year. Our model is under review.*

#### Investment Highlights

**What is it, and what does Aditxt get?** A late-stage set of diagnostics (focused on mitochondria-related science as markers). The first products are likely to be centered around prostate cancer and endometriosis.

- The Mitomic Endometriosis Test is in development as a blood-based assay for diagnosis of endometriosis. This test aims to provide early diagnostic insights, potentially reducing delays in diagnosing endometriosis.
- The Mitomic Prostate Test is currently under development as a blood-based assay for diagnosis of prostate cancer. We believe that this test holds the potential to provide more specific and clinically informative data, especially in the prostate-specific antigen (PSA) grey zone. It aims to address the challenges of over-diagnosis and mitigate risks associated with low-grade cancers.
- The development pipeline includes tests for various cancers such as ovarian, lung, pancreatic, liver, breast, stomach, esophageal, and colorectal cancer. The goal is to enhance clinical outcomes by offering non-invasive/minimally invasive testing at the early stages of disease progression.

**Valuation:** Our valuation for Aditxt was originally driven by diagnostic testing and the expansion of that testing into the type 1 diabetes at-risk testing market as well as some Covid testing. That model is now in question as diagnostics revenue has yet to gain any meaningful traction. A 1:40 reverse split (July 23) and several dilutive raises is now followed by a significant acquisition involving stock (50k stock & warrants). The Evofem acquisition (closes 1H24) and MDNA now too both represent “hope” to the Aditxt story. Our model is under review as we consider how these acquisitions may change the Aditxt story.

**Risks to our thesis** include: (1) commercial; (2) financial; (3) intellectual property; (4) regulatory and (5) OEM and/or manufacturing (6) Acquisition and Integration. We review these risks in the Risks Analysis section of this report.



Source: Barron's: We Need to Be Smarter About Covid-19 Immunity by Amro Albanna

Stock Data			
52-Week Range	\$3.27	-	\$76.40
Shares Outstanding (mil.)	1.2		
Market Capitalization (mil.)	\$7		
Enterprise Value (mil.)	-\$4		
Debt to Capital	0%		
Book Value/Share	-\$23.16		
Price/Book	-		
Average Three Months Trading Volume (K)	57		
Insider Ownership	0.1%		
Institutional Ownership	7.1%		
Short Interest (mil.)	16.2%		
Dividend / Yield	\$0.00/0.0%		



## Risk Analysis

**Regulatory Risk.** There can be no assurances that the company will be able to secure the required regulatory approvals to support its business.

**Commercial risk.** The focus of the company is on successfully developing its products and bringing them to the market. Competition may be intense from external players as well as customers who choose to “build it themselves.”

**Financial risk.** The company may need to raise capital in the marketplace relatively soon. There can be no assurance 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.

**OEM and/or manufacturing risk.** Original Equipment Manufacturers (OEMs) may decide to make products themselves, and, as such, terminate production contracts before completion, creating revenue shortfalls. Manufacturing risks include the ability to produce and do so in a competitive, timely, and efficient way.

**Acquisition and Integration:** Aditxt hopes to acquire and integrate new companies and or pipeline products into the company. There can be no assurance that this strategy will be successful and that the currently proposed acquisitions will come to fruition.

**Exhibit 1. Income Statement**

ADTX, Inc. Income Statement (\$000 )															
YE Dec. 31	2020A	2021A	2022A	1Q23A	2Q23A	3Q23A	4Q23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Revenue (\$000)		-	934	218	221	124	136	700	1,000	1,200	1,260	1,323	1,389	1,459	1,532
COVID-MaB Testing															
Total Revenues	-	105	934	218	221	124	136	700	1,000	1,200	1,260	1,323	1,389	1,459	1,532
Expenses															
COGS	-	78	767	178	186	107	112	583	600	600	630	662	695	729	766
% COGS			82%	82%	82%	82%	82%	83%	60%	50%	50%	50%	50%	50%	50%
Gross Profit	-	27	167	40	35	18	24	117	400	600	630	662	695	729	766
Sales (Advertising & Marketing) expense	12	335	1,849	66	114	44	76	300	6,000	6,120	6,242	6,367	6,495	6,624	6,757
General and administrative	7,852	22,084	15,986	4,369	3,671	7,170	4,790	20,000	9,000	9,180	9,364	9,551	9,742	9,937	10,135
Research & Development	82	5,043	7,268	1,388	485	899	1,229	4,000	4,080	4,162	4,245	4,330	4,416	4,505	4,595
Impairment on Notes receivable		14,500	544												
Total expenses	8,872	41,962	25,647	5,822	4,270	8,113	6,096	24,300	19,080	19,462	19,851	20,248	20,653	21,066	21,487
Operating Profit	(8,872)	(41,935)	(25,480)	(5,782)	(4,234)	(8,095)	(6,071)	(24,183)	(18,680)	(18,862)	(19,221)	(19,586)	(19,958)	(20,337)	(20,721)
Oper Margin															
Interest expense	(10)	(93)	(753)	(198)	(1,285)	(906)		(2,390)	-	-	-	-	-	-	-
Amortization of Debt Discount	1	3	(1,476)	(4)	180	(378)		(202)	-	-	-	-	-	-	-
Other (loss)	(268)	(4,346)	59					-	-	-	-	-	-	-	-
Pre-tax income	(9,149)	(46,371)	(27,650)	(5,985)	(5,682)	(9,745)	(6,071)	(27,483)	(18,680)	(18,862)	(19,221)	(19,586)	(19,958)	(20,337)	(20,721)
Pretax Margin															
Income Tax (Benefit)			-	-	-	-	-	-	-	-					
Tax Rate			0%	0%	0%	0%	0%	0%	0%	0%					
GAAP Net Income	(9,149)	(46,371)	(27,612)	(5,985)	(5,682)	(9,913)	(6,071)	(27,651)	(18,680)	(18,862)	(19,221)	(19,586)	(19,958)	(20,337)	(20,721)
GAAP-EPS	(1.33)	(2.43)	(14.89)	(1.31)	(0.92)	(48.77)	(29.81)	(80.82)	(91.26)	(91.97)	(93.53)	(95.12)	(96.73)	(98.37)	(100.03)
Non GAAP EPS (dil)	(1.33)	(1.56)	(14.89)	(1.31)	(0.92)	(48.77)	(29.81)	(80.82)	(91.26)	(91.97)	(93.53)	(95.12)	(96.73)	(98.37)	(100.03)
Wgtd Avg Shrs (Bas) - '000s	6,903	19,091	1,855	4,563	6,177	203	204	2,787	205	206	208	210	211	213	215
Wgtd Avg Shrs (Dil) - '000s	6,903	32,123	1,855	4,563	6,177	203	204	2,787	205	205	205	206	206	207	207

Source: Dawson James estimates, company reports

**Important Disclosures:**



**Price target and ratings changes over the past three years:**

Initiated – Buy – February 4, 2021 – Price Target \$14.00  
 Update – Buy – March 25, 2021 – Price Target \$14.00  
 Update – Buy – April 8, 2021 – Price Target \$14.00  
 Update – Buy – June 1, 2021 – Price Target \$14.00  
 Update – Buy – July 12, 2021 – Price Target \$14.00  
 Price Target Change – Buy – August 16, 2021 – Price Target Lowered to \$8.00 from \$14.00  
 Price Target Change – Buy – November 18, 2021 – Price Target Lowered to \$4.00 from \$8.00  
 Price Target Change – Buy – December 23, 2021 - Price Target Raised from \$4.00 to \$6.00  
 Update – Buy – April 5, 2022 – Price Target \$6.00  
 Price Target Change – Buy – August 16, 2022 – Price Target \$1.00 Price Target Lowered \$6.00 to \$1.00  
 Rating Change – Lowering from Buy to Neutral – September 16, 2022 Price Target - NA  
 Update – Neutral – October 24, 2022 – Price Target - NA  
 Update – Neutral – January 31, 2023 - Price Target - NA  
 Update – Neutral – April 18, 2023 - Price Target - NA  
 Update – Neutral – January 4, 2024 - Price Target - NA  
 Update – Neutral – January 9, 2024 - Price Target - NA  
 Update – Neutral – January 10, 2024 - Price Target - NA

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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.
- 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 14-Dec-23

	<b>Company Coverage</b>		<b>Investment Banking</b>	
<b>Ratings Distribution</b>	# of Companies	% of Total	# of Companies	% of Totals
Market Outperform (Buy)	21	61.76%	4	11.80%
Market Perform (Neutral)	13	38.24%	2	5.90%
Market Underperform (Sell)	0	0%	0	0%
<b>Total</b>	<b>34</b>	<b>100%</b>	<b>6</b>	<b>17.70%</b>

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