

Aditxt Therapeutics (NASDAQ: ADTX)

January 4, 2024

Aditxt (ADTX)-Neutral Rated: Raises \$6M

Aditxt announced that it has entered into definitive agreements for the purchase and sale of an aggregate of 1.2M shares of common stock (or pre-funded warrant in lieu thereof) at a purchase price of \$4.85 per share (or pre-funded warrant in lieu thereof) and accompanying warrant, in a private placement priced at-the-market under Nasdaq rules.

Investment Highlights

Aditxt, Inc. Enters into Definitive Agreement to Acquire Evofem Biosciences, Inc., Creator of Phexxi®, the First and Only FDA-Approved Hormone-Free Contraceptive Gel, to Address Diverse Reproductive Health Needs of Women Globally. Evofem is a commercial-stage women's health company with a strong focus on innovation. Evofem is the creator of the first and only FDA-approved hormone-free contraceptive gel, Phexxi ® (lactic acid, citric acid, and potassium bitartrate). Phexxi ® empowers women with a convenient, discreet, and flexible contraception method, putting control in their hands. By allowing on-demand usage within one hour before intercourse, Phexxi ® addresses a critical need in the United States and global contraception market, offering women greater autonomy over their reproductive health decisions.

Aditxt has assumed Evofem's senior secured debt. The company stated its obligation to pay \$5.0 million to Evofem's senior secured debtholder (YE23) followed by \$8.0 million (9.24) and up to an additional \$5 million thereafter. Aditxt has also agreed to provide a \$3.0 million loan to Evofem between the date of signing of the Agreement and closing and to cover Evofem's legal costs related to the Transaction. At closing, the holders of Evofem's common stock will exchange their shares for an aggregate of 610k shares of Aditxt common. In addition, Aditxt has agreed to issue up to an aggregate of 89k shares of preferred stock to the holders of Evofem's currently outstanding unsecured notes, purchase rights, certain warrants, and preferred stock. Closing of the transaction is anticipated 1H24.

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 failed to gain any meaningful traction. A 1:40 reverse split (July 23) and several dilutive raises have been destructive to shareholders. The Evofem acquisition (closes 1H24) may represent some "hope" to the Aditxt story. We remain on the sidelines with a neutral rating.

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.

Jason H. Kolbert
 Managing Director and Senior Analyst
 jkolbert@dawsonjames.com



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)	78		
Insider Ownership	0.3%		
Institutional Ownership	20.2%		
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.

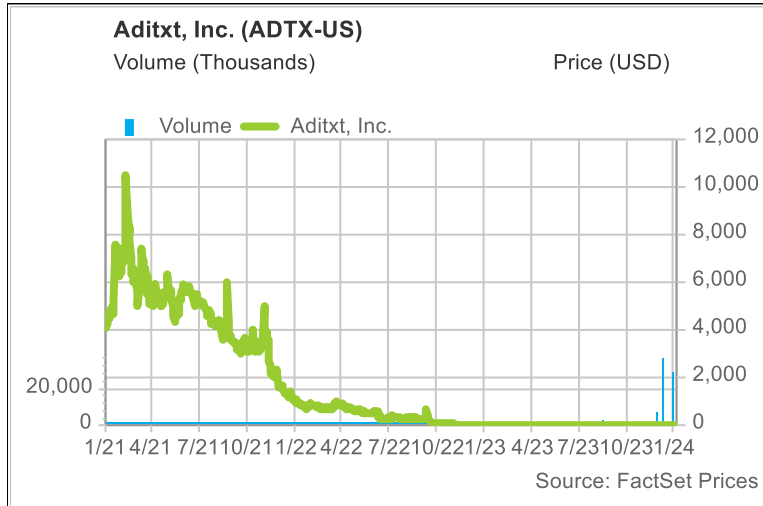
Acquisition and Integration: Aditxt hopes to acquire and integrate new companies and or pipeline products into the company. There can be no assurance that this strategy will be successful and that the currently proposed acquisitions will come to fruition.

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

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Information about valuation methods and risks can be found in the "Valuation" and "Risk Analysis" sections of this report.

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Ratings Definitions:

- 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.

The following chart reflects the range of current research report ratings for all companies, followed by the analysts of the Firm. The chart also reflects the research report ratings relating to those companies for which the Firm has performed investment banking services.

Current as of 14-Dec-23

	Company Coverage		Investment Banking	
Ratings Distribution	# 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%
Total	34	100%	6	17.70%

Analyst Certification:

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