

# Predictive Oncology Issues Letter to Shareholders

August 11, 2020

## Annual Meeting of Stockholders to be Held on September 3, 2020

NEW YORK, Aug. 11, 2020 (GLOBE NEWSWIRE) -- Predictive Oncology (NASDAQ: POAI), a knowledge-driven company focused on applying artificial intelligence ("AI") to personalized medicine and drug discovery, today issued a letter to shareholders discussing the Company's recent accomplishments and voting recommendations from its Board of Directors for two proposals that are scheduled for shareholder vote on September 3, 2020.

Dear Fellow Shareholders,

Predictive Oncology is committed to executing our strategic vision to develop and commercialize an offering that will enable us to support the improvement in healthcare outcomes for oncology patients and increase value for our shareholders. Over the last six months we have been diligently assembling a portfolio of assets and aligning our capital and governance structures to help us achieve this vision.

At our annual meeting on September 3, 2020, we are asking you to approve two important compensation-related proposals – repricing stock options for executives and key employees (but excluding director options), and an increased share reserve for the stock incentive plan. Management and the Board considered these proposals carefully before recommending them for your approval, and we need your vote FOR these proposals. Approval is critical as we expand upon our considerable recent business accomplishments and enhance shareholder value by attracting and retaining talented management.

### Recent Accomplishments

- **Completed acquisition of Quantitative Medicine.** In July we completed our acquisition of QM, a biomedical analytics and computational biology company. This acquisition equips us to further leverage our unique database of drug-response and genomics profiles that our subsidiary, Helomics, has gathered from more than 150,000 cancer cases over more than 10 years of clinical testing. By integrating QM's proven machine learning platform, CoRE, with our proprietary database of drug response and genomics profiles we believe we can revolutionize the role of our AI-driven predictive models in the discovery and development of new anti-cancers and will be able to more quickly understand how specific types of tumors react to cancer drug therapies. We expect to offer this new capability to our pharmaceutical company customers in revenue generating projects later this year.
- **Completed acquisition of Soluble and BioDtech.** In June we completed our acquisition of Soluble Therapeutics and BioDtech, thereby expanding our precision medicine revenue and monetization prospects in a meaningful way. The Soluble Therapeutics assets increase our capabilities to predict and provide the best formulation with the highest concentration and the most stable solution for protein and peptide-based drugs in providing services to the pharmaceutical and biotech industries. Our acquisition of BioDtech gives us ownership of BioDtech's successfully developed test used to 'unmask' endotoxins, which allows a monitoring physician to perhaps change the strategy of treatment or treat the patient with antibiotics. These acquisitions expand our opportunities within precision medicine.
- **First commercial sale of novel ovarian cancer media.** In the second quarter our TumorGenesis business achieved a major milestone with the first order of our unique ovarian cancer cell culture media for cancer cells collected from patient derived samples (PDX) to a top-rated medical university in New England. This new media allows researchers around the world to isolate and then culture ovarian cancer cell types and culture them reproducibly to find new targets for treatment, diagnostics or other studies on the close interrelationship of ovarian cancer tumor populations and how they are able to fool a patient's immune system.
- **Helomics nearing commercialization of revenue-generating services.** Helomics, our flagship precision medicine and AI division, continues its strong progress on CancerQuest2020, its collaborative project with UPMC Magee Women's Hospital to build an AI-driven predictive model of ovarian cancer. In addition, there is continued progress with Genomics England in the UK to build an AI model of ovarian cancer to be used for clinical decision support for patients. We expect completion of the models in late Q3 and are pursuing in parallel commercial discussions to use these ovarian cancer AI-models in revenue generating projects with Pharmaceutical companies in Q4 and Q1-2021. Furthermore, we expect the recent acquisition of and integration of Quantitative Medicine's CoRE platform to drive additional revenue generating projects in the same period. Helomics clinical testing for ovarian cancer has continued throughout the COVID-19 pandemic and we are continuing outreach efforts to clinicians to drive more testing revenue.
- **Strengthened balance sheet with capital raise, cash from warrants and restructuring of debt.** During the second quarter we raised \$4.4 million in aggregate gross proceeds through a registered direct offering and the exercise of existing warrants. In addition, I personally reinforced my commitment to our mission when I exchanged \$2.1 million of Predictive Oncology notes that I held for additional common stock in the company. Through these actions, we significantly strengthened and simplified our balance sheet and created additional runway to execute our vision.
- **Restructured board of directors with appointment of three new directors.** In July, we reconstituted our board of directors with the appointment of Dr. Nancy Chung-Welch, Ph.D., Mr. Charles L. Nuzum, CPA and Mr. Greg St. Clair. Each of these members brings a wealth of knowledge, experience and thought leadership that are highly valuable. Collectively, these appointments significantly elevate our depth in the areas of new business development, executive leadership and financial acumen and demonstrate our commitment to aligning our board's expertise with our strategic objectives to drive

increased value for our shareholders.

### Annual Meeting Proposals

At our Annual Meeting on September 3, 2020 you are being asked to approve a number of proposals that are described in our proxy statement that we filed with the Securities and Exchange Commission on July 29, 2020 and have mailed to our stockholders. Two of the proposals are vital to retaining and attracting top talent aligned with executing our corporate strategy such that we can scale and grow our business and achieve profitability.

#### Proposal No. 3: Approval of Repricing Stock Options Held By Officers and Employees.

The Board has determined that adverse changes in the market price of the Company's common stock since the Eligible Options were granted could materially interfere with the Company's efforts to retain the service of its existing officers and employees. In Proposal No. 3, Predictive is seeking approval of a one-time repricing of all stock options outstanding under the Company's Amended and Restated 2012 Stock Incentive Plan held by current officers or employees of the Company which have an exercise price higher than \$1.54 per share, but excluding stock options granted for service on the Board of Directors. More specifically, the proposal requests stockholder approval to change the exercise price of eligible options to \$1.54 per share, equal to the closing sale price of the common stock on July 1, 2020, the day before the Board approved the repricing.

The Board recommends the option repricing to encourage an increasing alignment of their interests with those of the Company's stockholders and their stake in the long-term performance and success of the Company. When the market price for the Company's common stock is significantly below the applicable exercise price of an option (often referred to as "underwater" or "out-of-the-money"), for example, the Board believes that the option holder is not likely to exercise that option and will not have the desired incentive that the option was intended to provide.

Please note:

- When the Board approved the repricing, it **excluded** the stock options that were granted to the directors for their service.
- In considering the repricing of my stock options that I hold as CEO, the Board noted that I received most of those option in lieu of cash salary for nearly two years, which I was willing to accept to accommodate the cash needs of the Company.

**Proposal No. 4: Increase in Reserve in Stock Incentive Plan.** The Company does not possess enough options in its stock incentive option plan to incentivize valued employees currently working hard to bring success to Predictive and align their incentives with our shareholders. It is also critical to have a large enough share reserve under the plan to attract prospective employees to our organization. In order to meet its business and growth objectives, the company will need to hire talented additional management and operating personnel.

In Proposal No. 4, Predictive is requesting stockholder approval to increase the share reserve by 750,000 shares, to a total of 1,750,000 shares. Currently, options to purchase 830,488 shares of common stock are subject to outstanding stock options under the Restated Plan. In determining the amount of the increase in the Restated Plan, the Predictive Board carefully considered its intention to grant further equity awards to current and future executive officers and key employees and directors. The Restated Plan also eliminates certain limitations on individual awards that are no longer required under applicable tax laws.

The Board believes that approval of Proposal No. 4 is in the best interests of Predictive and its stockholders because the availability of an adequate number of shares reserved for issuance is important in attracting, retaining and motivating employees, consultants and directors in order to achieve the company's long-term growth and profitability objectives.

We believe that adopting these measures will give Predictive the ability to attract and retain the high-quality professionals we need to achieve our strategic vision and create value for shareholders. Accordingly, management is asking shareholders to approve the proposal to reprice options (Proposal 3) and approve the proposal to amend and restate the company's 2012 stock incentive plan (Proposal 4).

We remain open and available to speak with any of our fellow shareholders as you make your decisions and, again, thank you for your support.

Dr. Carl Schwartz  
Chief Executive Officer

### About Predictive Oncology Inc.

Predictive Oncology (NASDAQ: POAI) operates through three segments (Domestic, International and other), which contain four subsidiaries; Helomics, TumorGenesis, Skyline Medical and Skyline Europe. Helomics applies artificial intelligence to its rich data gathered from patient tumors to both personalize cancer therapies for patients and drive the development of new targeted therapies in collaborations with pharmaceutical companies. Helomics' CLIA-certified lab provides clinical testing that assists oncologists in individualizing patient treatment decisions, by providing an evidence-based roadmap for therapy. In addition to its proprietary precision oncology platform, Helomics offers boutique CRO services that leverage its TruTumor™, patient-derived tumor models coupled to a wide range of multi-omics assays (genomics, proteomics and biochemical), and an AI-powered proprietary bioinformatics platform to provide a tailored solution to its clients' specific needs. Predictive Oncology's TumorGenesis subsidiary is developing a new rapid approach to growing tumors in the laboratory, which essentially "fools" cancer cells into thinking they are still growing inside a patient. Its proprietary Oncology Discovery Technology Platform kits will assist researchers and clinicians to identify which cancer cells bind to specific biomarkers. Once the biomarkers are identified they can be used in TumorGenesis' Oncology Capture Technology Platforms which isolate and help categorize an individual patient's heterogeneous tumor samples to enable the development of patient specific treatment options. Helomics and TumorGenesis are focused on ovarian cancer. Predictive Oncology's Skyline Medical division markets its patented and FDA cleared STREAMWAY System, which automates the collection, measurement and disposal of waste fluid, including blood, irrigation fluid and others, within a medical facility, through both domestic and international divisions. The company has achieved sales in five of the seven continents through both direct sales and distributor partners. For more information, please visit [www.Predictive-Oncology.com](http://www.Predictive-Oncology.com).

### Forward-Looking Statements

Portions of the narrative set for this document that are not statements of historical or current facts are forward-looking statements, in particular, the

commercial outlook provided above. Our actual future performance may materially differ from that contemplated by the forward-looking statements as a result of a variety of factors.

These factors include, in addition to those mentioned elsewhere herein:

- We may not be able to continue operating without additional financing;
- Current negative operating cash flows;
- The terms of any further financing, which may be highly dilutive and may include onerous terms;
- Risks related to the 2019 merger with Helomics including: 1) significant goodwill could result in further impairment; 2) possible failure to realize anticipated benefits of the merger; 3) costs associated with the merger may be higher than expected; 4) the merger may result in the disruption of our existing businesses; and 5) distraction of management and diversion of resources;
- Risks related to our partnerships with other companies, including the need to negotiate the definitive agreements; possible failure to realize anticipated benefits of these partnerships; and costs of providing funding to our partner companies, which may never be repaid or provide anticipated returns;
- Risks related to the transaction with Quantitative Medicine including: 1) possible failure to realize anticipated benefits of the transaction; 2) costs associated with the acquisition may be higher than expected; 3) the transaction may result in the disruption of our existing businesses; and 4) distraction of management and diversion of resources;
- Risk that we will be unable to protect our intellectual property or claims that we are infringing on others' intellectual property;
- The impact of competition;
- Acquisition and maintenance of any necessary regulatory clearances applicable to applications of our technology;
- Inability to attract or retain qualified senior management personnel, including sales and marketing personnel;
- Risk that we never become profitable if our product is not accepted by potential customers;
- Possible impact of government regulation and scrutiny;
- Unexpected costs and operating deficits, and lower than expected sales and revenues, if any;
- Adverse results of any legal proceedings;
- The volatility of our operating results and financial condition;
- Management of growth;
- Material and adverse effects of the COVID-19 pandemic, including impact on a significant supplier; a reduction in on-site staff at several of our facilities, resulting in delayed production and less efficiency; impact on sales efforts; impact on accounts receivable and terms demanded by suppliers; and possible impact on financing transactions; and,
- Other specific risks that may be detailed from time to time in the Company's reports filed with the SEC, which are available for review at [www.sec.gov](http://www.sec.gov).

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