Predictive Oncology Inc. (POAI)
Rating: Buy

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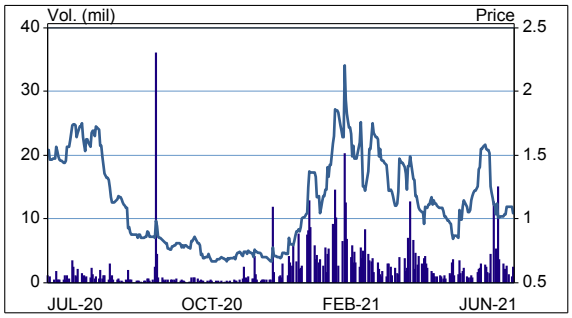
Putting PeDAL to the Drug Discovery Mettle; Initiating Coverage With a Buy Rating and $5 PT

Stock Data	06/29/2021
Price	$1.04
Exchange	NASDAQ
Price Target	$5.00
52-Week High	$2.30
52-Week Low	$0.63
Enterprise Value (M)	$42
Market Cap (M)	$68
Public Market Float (M)	48.2
Shares Outstanding (M)	65.3
3 Month Avg Volume	2,848,054
Short Interest (M)	2.18
Balance Sheet Metrics	
Cash (M)	$27.3
Total Debt (M)	$1.3
Total Cash/Share	$0.42

EPS ($) Diluted			
Full Year - Dec	2020A	2021E	2022E
1Q	(0.93)	(0.11)A	--
2Q	(0.36)	(0.07)	--
3Q	(0.46)	(0.05)	--
4Q	(0.63)	(0.05)	--
FY	(2.21)	(0.25)	(0.12)

Revenue ($M) Diluted			
Full Year - Dec	2020A	2021E	2022E
1Q	0.3	0.3A	--
2Q	0.2	0.8	--
3Q	0.5	1.8	--
4Q	0.3	2.6	--
FY	1.3	5.4	18.3



A potential disruptive AI force in the tumor space. With a Buy rating and price target of $5, we initiate coverage on shares of Predictive Oncology Inc., a Nasdaq-listed, data- and artificial intelligence (AI)-driven drug discovery services company that generates AI-driven predictive models of tumor drug response. We are bullish on Predictive Oncology shares based on the following three points: (1) potential for PeDAL, the company's artificial intelligence (AI)-driven drug discovery platform, to create unique precision oncology drug discovery capabilities; (2) potential for broad interest in the company's AI assets to capture market opportunities in the growing field of precision medicine; and (3) potentially broad application of the company's High Throughput Self-Interaction Chromatography (HSC) screening platform in optimizing the formulation and stability of biologics, such as antibodies, vaccines, and other protein therapeutics. With its integration of three business divisions, Helomics, Soluble Biotech, and Skyline Medical, along with its subsidiary, TumorGenesis, we believe Predictive Oncology possesses a disruptive approach that has potential to dramatically improve the chances of successfully translating discoveries into therapies, lowering costs, shortening timelines, and most importantly, enhance "speed-to-patient" advancement of new oncology therapies.

PeDAL has shown its mettle in achieving screening efficiency and potential cost gains. The key active learning component of PeDAL is CoRE, which was developed at Carnegie Mellon University (CMU) and in-licensed by a privately-held company, Quantitative Medicine (QM), that Predictive Oncology acquired in July 2020. CoRE's power was demonstrated in a case where two pharma companies wanted QM to compare CoRE to the cost and accuracy of RandomForest and LASSO regression, two current industry standard analytic methods. In this case, the simulated experimental space used for the analysis was data from ToxCast, the EPA's toxicity forecaster. The simulation found it was necessary to explore 80% of the experimental space to reach maximum predictive accuracy when compounds were chosen for experimentation based on their chemical diversity. However, it took exploring only 10% of the experimental space for CoRE to reach this level of predictive accuracy. The CMU investigators concluded that given the EPA spent $6M on experiments to develop ToxCast, use of the above current industry methods would have cost $4.8M to explore and achieve the same level of accuracy that PeDAL could have achieved for $600K, an 87% savings.

PeDAL is differentiated by its screening power in the oncology drug discovery space. We believe Predictive Oncology is uniquely positioned with TumorSpace, Predictive Oncology's vast 150K+ tumor knowledgebase of proprietary and public historical oncology drug response data. For a demonstration of its potential, Helomics used PeDAL to rapidly and cost-effectively screen 30 compounds across 7,000 ovarian cancer patient tumors. With TumorSpace, PeDAL processed 1M+ iterations of Learn-Predict-Test (L-P-T) in an experimental scenario, and generated 2.5M comprehensive predictive models of patient responses to unknown (i.e., untested) compounds, as well as finding valuable information about off-target effects. We believe PeDAL can generate strong interest from oncology-focused biopharmaceutical companies as a fee-for-service contract research service that Helomics can monetize into lucrative pilot study and licensing deals. Initially, we look for Helomics, where PeDAL business activities are generated, to sign deals and conduct pilot studies worth $200,000 to $500,000, at an average of $250,000 per deal, with the first deal potentially announced in late 2021 (our estimate). In the long-term, we expect the company to sign deals to conduct full-service, multi-year contract research organization (CRO) agreements worth $5 million to $20 million that achieve $300M in annual sales by 2031 growing at a five-year CAGR of 25%.

AI-driven precision medicine has emerged as a novel approach to disease treatment and prevention. AI-driven precision medicine is an emerging approach that is receiving increasing consideration as a prospective tool for therapeutic target selection. Its key attraction is its consideration of individual variability in genes, disease, environment, and lifestyle for each case to develop effective therapies. As a result, while the bulk of revenues remain licensing and milestone payments, investors opened their wallets wide over the past year for AI companies taking on the challenge of developing better drugs faster. As an example, privately-held Atomwise, which got its start at Y Combinator, more than tripled its previous total in fundraising with a $123M Series B in August 2020. In September 2020, Recursion Pharmaceuticals (RXRX; not rated) nabbed a $239M mega-round and a $1B Bayer partnership, followed by a $436M initial public offering (IPO) in April 2021. In March 2021, privately-held insitro raised a $400M Series C round. In May 2021, Bristol Myers updated the collaboration it previously signed in January 2020 with privately-held Exscientia with deal terms that included a $50M upfront payment, $125M in payments for certain near- and mid-term milestones, and other potential payments directed to Exscientia for regulatory and commercial milestones, bringing the potential value of the overall deal to over $1.2B. Recently, Exscientia conducted a deal of its own in June 2021 with the acquisition of personalized medicine and AI pioneer, privately-held Allcyte. With the global precision medicine market forecasted to grow to $279 billion by 2030, up from $44 billion in 2016, we expect AI biopharma deals to continue to grab a foothold in the biopharmaceutical industry, and with its unique AI assets, believe Predictive Oncology has potential to be a player in the AI landscape (Source: BIS Research's "Global Precision Medicine Market to Reach $278.6 Billion by 2030", December 2030).

Soluble Biotech technology addresses challenges encountered in optimizing biologics formulation and stability. The Soluble Biotech segment provides services centered on a self-contained, automated system that conducts high-throughput, self-interaction chromatography screens to analyze additives and excipients commonly included in protein formulations that could result in soluble and physically stable formulations of biologics. The primary asset of Soluble Biotech (SB) is its automated High Throughput Self-Interaction Chromatography (HSC) platform, a self-contained, automated system that conducts high-throughput screens of FDA-approved excipients, and has been validated over the past twelve years via industry and academic collaborations. The technology is designed to measure protein-protein interactions and identify excipients that promote protein solubility. For biopharmaceutical clients this could translate into faster development times and quicker progression of molecules into the clinic. Through a mixture of high-throughput screening of FDA-approved excipients performance of protein/drug stability evaluation, sales of solubility and stability kits, and recognition of revenue as a result of work completed in the company's NIH SBIR and STTR grants, we look for SB to be a strong contributor to value creation. We believe we're conservative in projecting SB can generate $37M in annual revenue by 2026.

Within Skyline Medical, the gem that is TumorGenesis. TumorGenesis is a nascent asset that we expect to be a potential future driver. With its patient-derived cell lines (PDCL), unique tumor cell-specific culture media, discovery kits and AI, the TumorGenesis subsidiary offers a potentially rapid and optimized approach to growing tumors in the laboratory. We believe this tumor cell-specific approach to growing tumors in the laboratory is a significant advancement, as using the right cell type can essentially "fool" cancer cells into thinking they are still growing inside the patient. Predictive Oncology intends to use this platform, along with other proprietary, FDA-approved technologies merged with the Helomics acquisition, to generate unique and actionable data for creation of its predictive models. In 2017, SM and Helomics announced a proposed joint venture with GLG Pharma focused on using their combined technologies to bring personalized medicines and testing to ovarian and breast cancer patients. In February 2021, the company announced two breakthrough discoveries in ovarian cancer were made related to how ovarian cancer cells migrate outside the abdominal cavity using TumorGenesis. We believe results from this nascent technology could accelerate in late 2021, and in parallel with successful creation of predictive models by the Helomics division, we expect the TumorGenesis business to begin growing in the late 2022 timeframe. Thus, with $88M in potential annual sales that we think could be achieved by 2031, we estimate TumorGenesis alone has a net present value of $197M after ascribing a three-times multiple on sales.

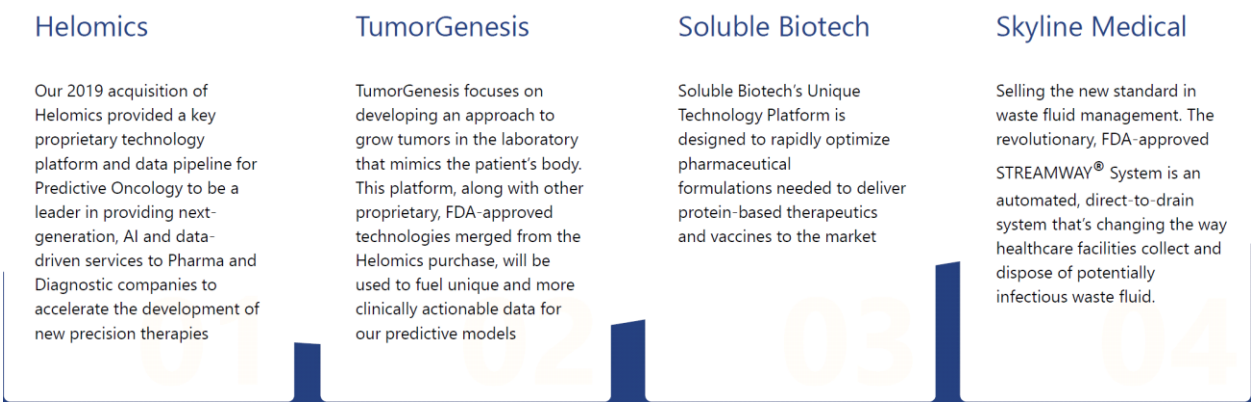
Valuation and risks. Our $5 PT was derived by using a weighted-average cost of capital of 13% for Predictive Oncology shares to discount free cash flows we project 2021-2031, and dividing them by our projected number of shares for each year to account for the effects of share dilution, and then ascribing a 2% terminal growth rate and 60% probability of success. Risks to our investment thesis include failure of clinical trials, regulatory requirements for additional clinical studies, commercialization strategy, failure of products to show sufficient competitive differentiation in targeted product indications, intellectual property expiry or invalidation, potential to raise additional funds under poor market conditions, and potential failure to meet Nasdaq minimum bid price rules.

Company Overview

Originally incorporated in 2002 and reincorporated in 2013, Predictive Oncology is a data- and artificial intelligence (AI)-driven discovery services company that provides AI-driven predictive models of tumor drug response and contract and research services that optimize formulations for vaccines, antibodies, and other protein therapeutics. The principal offices of the company, which changed its name from Skyline Medical Inc. to Precision Therapeutics Inc. in February 2018, and to Predictive Oncology Inc. in June 2019, are located in Eagan, Minnesota. As of December 31, 2020, Predictive Oncology had 22 full-time employees, and one part-time employee.

Predictive Oncology operates in three primary business areas: (1) application of AI to create predictive models of tumor drug response for use in the development of new personalized drugs and diagnostics; (2) contract services and research focused on solubility improvements, stability studies, and protein production; and (3) production of the company's FDA-cleared Streamway system of automated, direct-to-drain medical fluid disposal and associated products. Within its business areas, the company has three reportable segments: Helomics, Soluble Biotech, and Skyline. The Helomics segment includes clinical testing and contract research services associated with the application of its AI technology, PeDAL (Patient-centric Drug discovery using Active Learning). The Soluble Biotech segment provides services centered on a self-contained, automated system that conducts high-throughput, self-interaction chromatography screens, using additives and excipients commonly included in protein formulations resulting in soluble and physically stable formulations for biologics. The Skyline segment consists of Streamway System products, which includes the TumorGenesis subsidiary. In line with its primary long-term mission of applying AI to precision medicine and drug discovery, the company intends to focus the majority of its resources on the Helomics segment.

Exhibit 1. Brief Description of the Business Segments Plus the TumorGenesis Subsidiary



Source: Company reports.

Exhibit 2. Anticipated Milestones

Event	Timing	Impact
Announcements in 2021		
PeDAL-based study on repurposing drugs for ovarian cancer initiated by Helomics	1Q21	Moderate
Breakthrough discoveries in ovarian cancer announced by TumorGenesis	1Q21	High
Progress with its AI-driven predictive model of ovarian cancer announced	1Q21	Low
Generation 3 Streamway System announced by Skyline Medical	1Q21	Moderate
Partnership with privately-held Cellevate AB to expand oncology product line announced by TumorGenesis	2Q21	Low
Anticipated		
Announce the signing of new contracts for formulation studies by Soluble Biotech	3Q21	High
Announce the signing of pilot studies using the PeDAL AI drug discovery technology	3Q21	Moderate
Announce completion of first pilot studies with the PeDAL AI drug discovery technology	3Q21	Moderate
Announce initial results from formulation studies conducted for an undisclosed large pharmaceutical company	2021	Moderate
Announce the signing of a full-service, multi-year contract to evaluate PeDAL for drug discovery	1H22	High
Announce initial results from completion of a PeDAL-based compound screening study	2H22	High
Announce the signing of additional pilot studies using PeDAL	2022	High
Announce the signing of a multi-year, full-service contract to evaluate PeDAL for drug discovery	2022	High

Source: Company reports and H.C. Wainwright & Co. estimates.

Investment Thesis

We are bullish on Predictive Oncology shares based on the following three points: (1) potential for PeDAL, the company's data- and artificial intelligence (AI)-driven drug discovery platform, to create unique drug discovery capabilities; (2) potential for broad application of the company's broad AI assets to capture market opportunities in the growing field of precision medicine; and (3) potentially broad application of the company's High Throughput Self-Interaction Chromatography (HSC) screening platform in optimizing the formulation and stability of biologics, such as antibodies, vaccines, and other protein therapeutics.

1. The PeDAL AI platform has potential to create unique drug discovery capabilities.

We believe Predictive Oncology's strong core competency is a contract research service that the company can offer in profiling oncology drug response. This capability is backed by a large knowledgebase of tumor drug response that was generated through the company's AI-driven drug discovery platform. We believe Predictive Oncology's AI platform allows for unique and highly efficient screening of drug responses derived from thousands of diverse, well-characterized patient primary tumor cell lines. This novel patient-centric approach, in our view, is ideally suited to early stages of drug discovery, especially during the stages of hit-to-lead, lead optimization, and preclinical evaluation. We believe the company's platform can help prioritize evaluation of drug candidates and improve coverage of patient diversity. As a result, we believe Predictive Oncology possesses a disruptive approach that has potential to dramatically improve the chances of successfully translating discoveries into therapies, lowering costs, shortening timelines, and most importantly, enhance "speed-to-patient" advancement of new oncology therapies.

The Helomics division creates potential opportunities for customers to improve precision in their targeted cancer therapies. The central mission of Helomics is to partner with pharmaceutical, diagnostic, and academic organizations to bring innovative clinical products and technologies to the marketplace and improve clinical outcomes in cancer patients. Helomics, which Predictive acquired in 2019, created PeDAL, an AI patient-centric drug discovery technology that combines Helomics' proprietary, clinically-validated patient tumor cell line assay, TruTumor, and, TumorSpace its vast knowledgebase of proprietary and public historical oncology drug response data. Using the TruTumor assay and patient cell lines, PeDAL uses an AI approach to go through iterative cycles of an active-learning powered Learn-Predict-Test (L-P-T) process to guide testing of patient-specific compound responses and build a comprehensive predictive model of patient responses to compounds. PeDAL's unique patient and tumor-centric AI-driven approach rapidly and cost-effectively screens hundreds of compounds in thousands of tumor cell lines to gain valuable information about off-target effects. This predictive model can be used to rank compounds by the fraction of patients of certain profiles that respond, as well as the set of compounds that provide the best coverage across patients. This allows efficient exploration of compound drug responses against a large diverse patient "space". Thus, PeDAL creates opportunities to efficiently and cost-effectively bring patient diversity much earlier in the drug discovery process. As a fee-for-service contract research service, we look for PeDAL to generate lucrative projects from strong interest by oncology-focused biopharmaceutical companies.

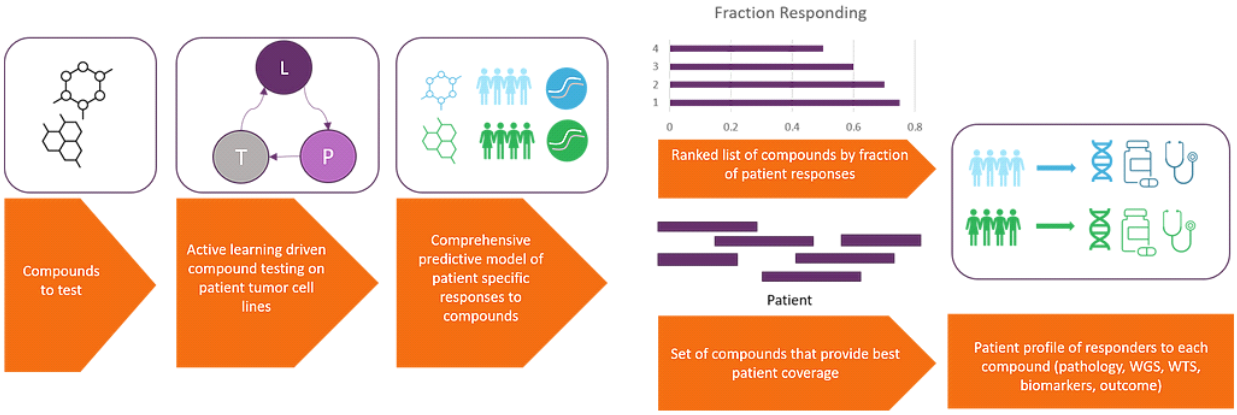
Via its Helomics subsidiary, the company offers a group of clinically-relevant, cancer-related tumor profiling and biomarker tests for gynecological cancers that determine how likely a patient is to respond to various types of chemotherapy and which therapies might be indicated by relevant tumor biomarkers. This is possible through the company's proprietary TruTumor tumor platform, which creates the ability to work with actual live tumor cells to study the unique biology of a patient's tumor in order to understand how the patient responds to treatment. Testing involves obtaining fresh tumor tissue during biopsy or surgery, which is then sent to the company's Clinical Laboratory Improvement Amendments (CLIA) certified laboratory using a special collection kit. Using the patient's own live tumor cells helps physicians identify effective treatment options for each gynecologic cancer patient.

TumorSpace allows prospective collection of tumor response data. In our view, TumorSpace is differentiated versus other AI offerings by its unique, proprietary historical database of drug responses, which Helomics amassed over 15 years of research in over 150,000 patient tumors and used it to build AI-driven multiomic predictive models of tumor drug response. We believe the TumorSpace database could directly addresses a customer's need for a comprehensive, multiomic dataset, allowing initiation of prospective data collection. Data from TumorSpace is designed to provide *a priori* knowledge for machine learning approaches the company can employ as part of its PeDAL drug discovery platform. We believe the outcome of the models provides customers with valuable insights critical to both new drug development and individualizing patient treatment, or more specifically, deliverables such as:

- A ranked list of drug candidates by responsiveness;
- Sets of drug candidates that provide maximum patient coverage; and
- Biomarker profiles of patients that respond to specific drug candidates.

PeDAL can also help identify drug candidates that can be targeted at a specific patient profile as early as the hit-to-lead stage of discovery. This creates the potential to significantly increase the chances of clinical success, and in our view, lead to a dramatic improvement in both the success, time, and cost of a customer's oncology discovery programs. Once a predictive model has been validated for a customer, we believe a model's predictive capability could have further utility by providing clinical decision support to oncologists in individualizing a patient's treatment.

Exhibit 3. PeDAL (Patient-centric Drug discovery using Active Learning)



Source: Company reports.

PeDAL uses a patented Active Learning approach called CoRE (Computational Research Engine). One of the key benefits of PeDAL is the ability to efficiently screen hundreds of compounds (and potential combinations of compounds) against thousands of patient tumor cell lines. Exploring this large, diverse drug-patient space with a traditional approach would be time-consuming and cost-prohibitive. CoRE was developed at the Ray and Stephanie Lane Center for Computational Biology at Carnegie Mellon University, to construct predictive models of patient-specific drug response and then use these to efficiently drive multiple rounds of drug response testing. CoRE is used under a license from Carnegie Mellon University as part of the acquisition of Quantitative Medicine by Helomics. In brief, CoRE is a comprehensive in silico platform that Iteratively optimizes predictive models using guided selection of experiments.

- Leverages Helomics proprietary data, collaborator and historical experimental results to produce enriched data sets;
- Learns highly accurate predictive models using a full suite of modern machine learning methods including deep learning;
- Directs compound and assay prioritization, guides experiments, concurrent optimization of properties; and
- Enables informed strategy assessments, matrix optimizations, campaign termination.

The active-learning in CoRE interactively guides which wet-lab experience will be the most informative to improving the overall predictive model of patient-specific drug responses. This is the output of PeDAL.

Unlike any other in silico predictive methodologies or computational methods currently in use, the active learning process driving CoRE, and hence PeDAL, is iterative. In each iteration, its algorithms recommend the most informative experiments to execute and improves the predictive model based on the results. Most current computational methods are developed only to specifically make predictions for the results of unobserved experiments, with little regard for what information might be missing. This can lead to significant errors in predictions which can have substantial costs. In contrast, CoRE's approach does not assume it has initially defined the most relevant research data. However, by directing experimentation, CoRE identifies the most relevant experiments to execute - significantly improving results and accuracy while lowering costs.

As such, CoRE:

- Employs a polypharmacological/pharmacogenomic approach which builds a large set of predictive models & selects the optimal pairing of data and algorithm using a comprehensive machine learning methodology;
- Utilizes a diverse CoRE KnowledgeBase with over 200M+ points of historical discovery data;
- Implements active learning to iteratively improve the predictive model for a specific campaign/application; and
- Given what is already known (prior experiments + CoRE KnowledgeBase) and all the experiments that could be run next, choose (iteratively) sets that are the most informative.

2. The AI assets have potential to be an engine of growth in the field of precision medicine.

Where therapeutic target selection represents significant challenges to drug discovery, AI-driven precision medicine is an emerging approach that is receiving increasing consideration. As a result, a significant number of large licensing deals and multiple rounds of pre-IPO financings have occurred in the last year. We believe AI-driven creation of predictive models have potential for broad application in the growing field of precision medicine, and thus, represent significant market opportunities where we expect Predictive Oncology's AI assets to play a role and result in signing of a number of potentially lucrative licensing and collaborations agreements.

Therapeutic target selection is one of the biggest challenges of drug discovery. The discovery and development of first-in-class drugs often begins with the identification of a new drug target, such as an enzyme linked to the rise of a disease and/or its progression. However, the process of innovation is associated with a number of pain points. Once a new target is identified, innovators use various strategies to validate a target and support decision-making in initiating an extensive drug discovery program, conducting a proof-of-concept trial in humans, or partnering candidate development with another organization. Insufficient validation of drug targets at an early stage can also result in costly clinical failures and low drug approval rates. The reasons for these failures appear to be unchanged: 75 to 80% are due to problems with efficacy and/or safety (Hingorani, A.D. *Nature Scientific Reports*, 2019). As a result, new approaches for recognizing the pathophysiologic contributors to disease states, foreseen and unforeseen, requires more precision targeting than ever before further challenges arise. This has fueled increased focus on exploring use of translational science and AI-driven precision medicine within the biopharmaceutical industry.

AI-driven precision medicine has emerged as a novel approach to disease treatment and prevention. We believe precision medicine's key attraction is its consideration of individual variability in genes, disease, environment, and lifestyle for each case to develop effective therapies. The expectation is that precision medicine allows researchers and doctors to predict more accurately which treatment, dose, and therapeutic regimen can provide the best possible outcome. In cancer therapy, a higher aspiration is that precision oncology could be based on the genomic profile of the cancer patient, as tumor cells are intrinsically driven to mutate against the pressure of host immune responses. Over the past several decades, researchers have identified molecular patterns that are useful in defining the prognosis of a given cancer, determining the appropriate treatments, and designing targeted treatments to address specific molecular alterations. With potential extension of precision medicine into oncology, discovery and development of treatments tailored to the genetic changes in each person's cancer, improvements in the effectiveness of a therapeutic regimen, and minimization of a treatment's effects on healthy cells may become possible. We believe application of the AI-driven approach in precision medicine would be a promising drug discovery strategy.

However, due to a lack of research regarding which mutations in a tumor confer sensitivity to a particular drug, the reality for a majority of patients is that while many mutations in the patient's tumor can be identified and targeted, most are not actionable with current treatment protocols and knowledge. As a result, the impact of targeted therapies is low, and uptake in clinical practice is inconsistent. We believe this also shows genomics alone is not likely to be enough to achieve the promise of personalized therapeutics, especially for cancer. A multiomic approach (e.g., simultaneous assessment of genome, transcriptome, epigenome, proteome, responsome, and microbiome data sets) may provide researchers and clinicians the comprehensive information necessary for new drug development and individualized therapy. Comparatively, while genomics alone provides just a flat, one-dimensional view, the multiomic approach provides a three-dimensional, 360-degree view of the cancer. However, multiomic data is difficult to access quickly as it is both costly and time consuming to initiate prospective data collection, and few comprehensive, multiomic datasets exist, especially for cancer. We believe the Helomics TumorSpace database and its use in creating AI-driven predictive models can address these challenges.

We look for Helomics' AI capabilities to generate significant interest in pilot study and licensing deals. We believe biopharma AI deals will continue to grab a foothold in the biopharmaceutical industry. Over the last year, for example, investors continued to open their wallets for AI companies taking on the challenge of developing better drugs faster. As an example, privately-held Atomwise, which got its start at Y Combinator and was criticized for overhyping its services, more than tripled its previous total in fundraising with a $123 million Series B in August 2020. In September 2020, privately-held Recursion nabbed a $239 million mega-round and a $1 billion Bayer partnership, followed by a $436 million initial public offering (IPO). In March 2021, privately-held insitro raised a $400 million Series C round. Start-ups, like Genesis

Therapeutics and Reverie Labs, also keep cropping up (see Appendix A). In May 2021, Bristol Myers updated its collaboration previously signed in January 2020 with privately-held Exscientia, the apparent darling of the AI-driven group. Deal terms included a $50 million upfront payment, $125 million in payments for certain near- and mid-term milestones, and other potential payments directed to Exscientia for regulatory and commercial milestones, bringing the potential value of the overall deal to over $1.2 billion. Recently, Exscientia conducted a deal of its own in June 2021 with the acquisition of personalized medicine and AI pioneer, privately-held Allcyte. Deals are expected to grab a foothold in the biopharmaceutical industry, and as a result, the global precision medicine market is forecasted by some to grow to $279 billion by 2030, up from $44 billion in 2016. (Source: BIS Research's "Global Precision Medicine Market to Reach $278.6 Billion by 2030", December 2030).

Exhibit 4. Select Recent AI Biopharma Financings

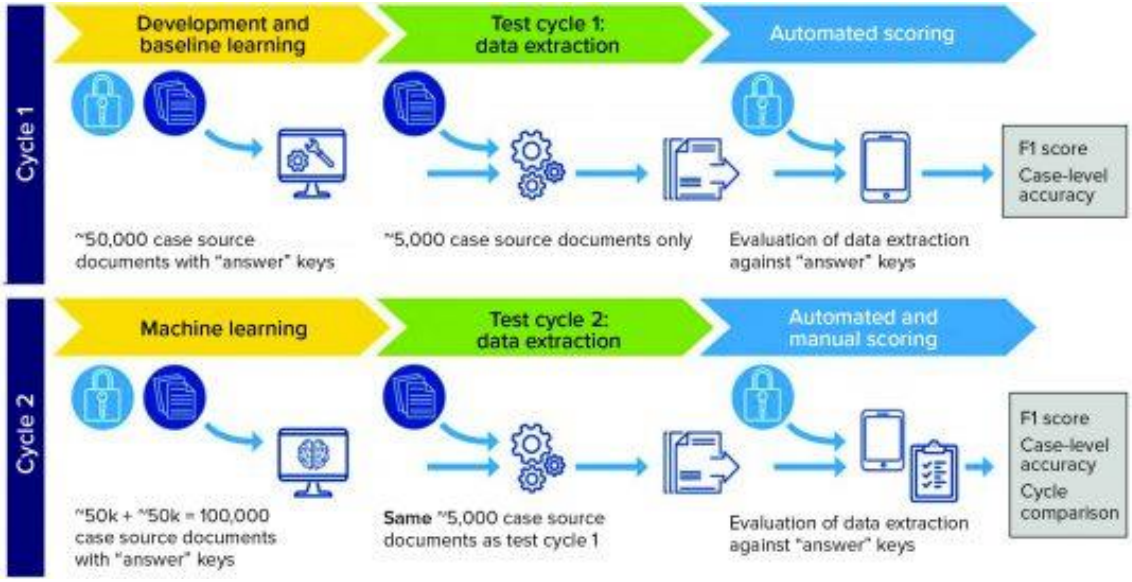
Company	Date	Headline
Schrödinger	February 2020	Drug discovery software company closes $232 million IPO backed by Bill Gates and David Shaw.
Insitro	May 2020	Insitro raises $143 million in Series B funding, to help drive its machine learning-based drug discovery approaches further.
AbCellera	May 2020	AbCellera raises $105 million in Series B funding round to expand its antibody drug discovery platform.
Relay Therapeutics	July 2020	Relay Therapeutics, which focuses on understanding protein motion to design drug candidates, closes $400 million IPO.
Atomwise	August 2020	Sanabil Investments co-leads $123 million Series B funding round for Atomwise to support the development of its molecule identification software.
Recursion Pharmaceuticals	September 2020	Recursion Pharmaceuticals, which is applying machine learning to cellular imaging data, raises $239 million in Series D financing round led by Bayer's investment department Leaps. Other investors include Casdin Capital, Samsara BioCapital, Baillie Gifford and Lux Capital.
XtalPi	September 2020	More than a dozen investment companies raise $318 million in Series C round for start-up XtalPi, which is applying quantum physics with AI to discover drug candidates.
AbCellera	December 2020	AbCellera closes its IPO at $556 million.
Cellarity	February 2021	Cellarity raises $123 million in Series B funding for its drug discovery approach based on modulating cellular behavior.
Valo Health	March 2021	Valo Health, which is developing its Opal computational drug discovery and development platform, raises $110 million to add to its $190 million raised in January 2021 for its Series B funding round.
Insitro	March 2021	Insitro raises $400 million in Series C financing led by Canada Pension Plan Investment Board.
Exscientia	March 2021	Exscientia completes $100 million Series C financing, with investors including Evotec, Bristol Myers Squibb and GT Healthcare.
Recursion Pharmaceuticals	April 2021	Recursion completes $436 million IPO.
Exscientia	April 2021	Exscientia secures additional $225 million in a series D round led by SoftBank Vision Fund 2.

Source: Company reports and H.C. Wainwright research.

Helomics is working to close pilot study deals in 2021. Our research of the literature found that biopharma AI deals typically start with pilot studies that are conducted as a way of "kicking the tires" when evaluating an AI platform. We found these pilots typically took years to complete. However, as mentioned above, we found that most recently, lucrative deals have been signed after shorter evaluation times. We believe key drivers of this change are an explanation of the cost savings possible and an AI vendor's ability to conduct the pilot more efficiently than the sponsor.

Ideally, the more projects that are run by a prospective licensee, the better the AI platform learns what the licensee is looking for and the better the AI gets at target identification, solution, drug design, or any task of interest specified by the customer. In pilot evaluation of an AI system, the prospective licensee typically has a vendor's AI system be trained to evaluate a large (50,000 to 200,000) set of annotated test data units (e.g., documents, cell lines, etc.). The system is then tested on a smaller (5,000 to 10,000) set of unannotated test data units and compared with the hand-processed annotated version. In the second cycle, the amount of training data may be doubled to establish whether the system becomes more accurate as additional training data sets are tested.

Exhibit 5. AI-Driven Learning



Source: Freedman, D.H. Nature (2019); 576: S49-S53.

Initially, we look for Helomics to sign deals to conduct pilot studies worth $200,000 to $500,000, at an average of $250,000 per deal, with the first deal potentially announced in late 2021 (our estimate). Longer term, we look for integrated use of Helomics AI assets by Soluble Biotech to generate $70M in overall revenue by 2026. We also look in the long-term for Helomics to sign deals to conduct full-service, multi-year contract research organization (CRO) studies, with each worth $5 million to $20 million, that achieve $300M in annual sales by 2031 growing at a five-year CAGR of 25%.

The Skyline Medical subsidiary represents steady income. The COVID-19 pandemic showed that waste fluid management is a growing issue, as most surgical procedures produce potentially infectious materials that must be disposed with the lowest possible risk of cross-contamination to healthcare workers. Through its Skyline Medical (SM) division, Predictive Oncology offers Streamway, an automated, direct-to-drain system designed for collection and disposal of potentially infectious waste fluids at healthcare facilities. We believe Streamway offers a new standard in waste fluid management.

Current fluid waste management methods are antiquated, with canisters being the most prevalent means of collecting and disposing of infectious fluids in hospitals today. Current standards of care allow for waste fluids to be retained in canisters located in the operating room where they can be monitored throughout the surgical procedure. Afterward, canisters and their contents can be disposed of using a variety of methods, all of which include manual handling and are associated with heightened risk to healthcare workers of exposure to the canister contents. These antiquated manual fluid handling methods may also present potential for liability.

Exhibit 6. The Skyline Medical Streamway System

Source: Company reports.

Streamway virtually eliminates staff exposure to blood, irrigation fluid, and other potentially infectious fluids found in the healthcare environment. The system fully automates the collection, measurement, and disposal of waste fluids, and is specifically designed to: (1) reduce overhead costs to hospitals and surgical centers; (2) improve compliance with the Occupational Safety and Health Administration (OSHA) and other regulatory agency safety guidelines; (3) improve efficiency in the operating room and radiology and endoscopy departments; and (4) provide greater environmental stewardship by helping eliminate the approximately 50 million potentially disease-infected canisters that go into landfills each year in the U.S.

During 2020, SM reduced personnel and associated operating costs, resulting in efficiencies that achieved revenues similar to 2019. The company has received indications of interest regarding possible acquisition of SM, as well as partnership initiatives. While Streamway represents a steady business, we believe it is likely to be divested in the near future. In 2020, Predictive Oncology reported $1.2 million in revenues from the SM division, the bulk of which were revenues from Streamway. Going forward, we assume steady but only low single-digit growth in Streamway revenues. We look for SM to generate $1.4M revenue in 2021.

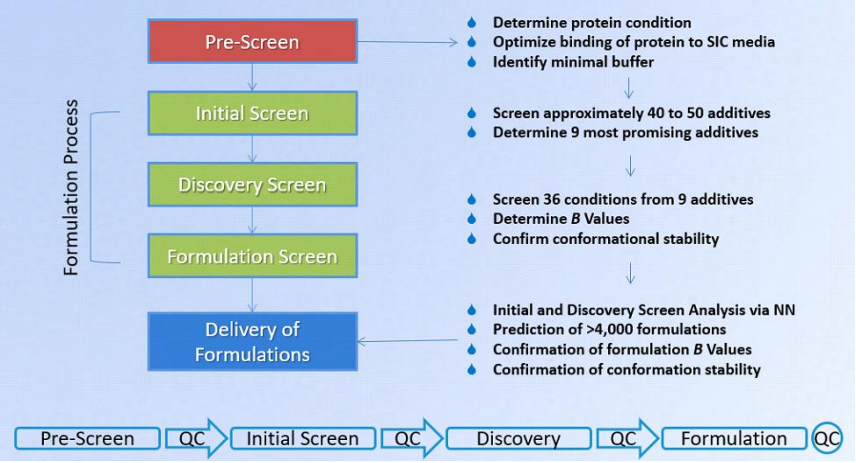
TumorGenesis is a nascent asset that we expect to be a potential future driver of the SM business. With its patient-derived cell lines (PDCL), unique tumor cell-specific culture media, discovery kits and AI, the TumorGenesis subsidiary offers a potentially rapid and optimized approach to growing tumors in the laboratory. TumorGenesis media can be used to culture difficult ovarian cancer cell lines from patients that retain 95%+ of their original signatures even after multiple expansions (up to 70 cycles compared to 20 using other media). We believe this tumor cell-specific approach to growing tumors in the laboratory is an advancement, as using the right cell type can essentially “fool” cancer cells into thinking they are still growing inside the patient. Predictive Oncology intends to use this platform, along with other proprietary, FDA-approved technologies merged with Helomics acquisition, to fuel unique and more actionable data for creation of predictive models. As an example, SM and Helomics announced a proposed joint venture with GLG Pharma in 2017 focused on using their combined technologies to bring personalized medicines and testing to ovarian and breast cancer patients, with a particular focus on those who present with ascites fluid (over one-third of patients). We believe this nascent program could get off the ground in late 2021, and in parallel with success we look for with predictive models generated by the Helomics division and their pilot evaluation, we expect the TumorGenesis business to begin growing in the late 2022 timeframe. We look for TumorGenesis to achieve $88M in annual sales by 2031 growing at a five-year CAGR of 20%.

3. Soluble Biotech technology addresses challenges encountered in optimizing biologics formulation and stability.

Biologics, such as antibodies, vaccines, and other protein therapeutics, are vulnerable at every stage of the development process, and they need to be formulated accordingly. The Soluble Biotech segment provides services centered on a self-contained, automated system that conducts high-throughput, self-interaction chromatography screens to analyze additives and excipients commonly included in protein formulations that could result in soluble and physically stable formulations of biologics. We believe SB can provide optimized FDA-approved biologics formulations at potentially faster and lower cost bases to its customers.

Soluble Biotech's goal is to optimize formulations of biologics. The primary asset of Soluble Biotech (SB) is its automated High Throughput Self-Interaction Chromatography (HSC) platform. HSC is a self-contained, automated system that conducts high-throughput screens of FDA-approved excipients. The HSC Instrument and its technology have been validated over the past twelve years via industry and academic collaborations. The technology is designed to measure protein-protein interactions and identify excipients that promote protein solubility. Data generated from HSC screens are analyzed by a proprietary predictive algorithm that identifies optimal combination(s) of buffers, pH, and excipients that potentially result in increased solubility and physical stability of proteins of interest. For biopharmaceutical clients this could translate into faster development times and quicker progression of molecules into the clinic.

Exhibit 7. Soluble Biotech Formulation Screening Process



Source: Company reports.

SB also provides comprehensive protein stability analysis. Time-dependent shelf-life studies and forced degradation studies can quickly determine which FDA approved additives have potential to improve the solubility and stability of proteins in solutions. These services include pre-formulation development, formulation stability assessment, and biophysical characterization, which evaluate variables including pH, temperature, humidity, light, oxidizing agents, and mechanical stress to determine the most promising additives, formulation of particular interaction (B22) values, and confirmation on protein conformation stability. The deliverable is a list of the most promising additives from a set of over 40 different additives that can increase the solubility and stability of protein formulations.

SB also offers protein solubility kits that allow rapid identification of soluble formulations. The company provides four different kits to fulfill customer solubility requirements. The kits provide tools and methods to compare relative solubility across 88 common formulations (with 8 controls). Soluble kits utilize a simple mix and spin protocol that quickly evaluates aggregation behavior as a function of pH, salt, and additives costing significantly less than if manually determined. Lastly, SB provides innovative technologies for bacterial detection and removal, issues that continue to plague the pharmaceutical field.

We believe we're conservative in projecting SB can generate $37M in annual revenue by 2026 through a mixture of: high-throughput screening of FDA-approved excipients; performance of protein/drug stability evaluation, which are also known as Forced-Degradation studies; sales of solubility and stability kits; and recognition of revenue as a result of work completed in the company's NIH SBIR and STTR grants.

Valuation Overview

We used a discounted cash flows (DCF) methodology to arrive at our price target of $5 for Predictive Oncology shares. Specifically, we discounted free cash flows for each year by 13%; divided them by our projected number of shares for each year to account for the effects of share dilution; and using a 2% terminal growth rate, and a probability-of-success of 60%, we derived an adjusted per share value of $5.13, which we rounded to $5. Assumptions we made include:

- Helomics signs its first deals to conduct pilot studies worth $200,000 to $500,000, at an average of $250,000 per deal, in late 2021, and signs deals to conduct full-service, multi-year contract research organization (CRO) studies, with each worth $5 million to $20 million in 2022.
- Helomics achieves $300M in annual sales by 2031 growing at a five-year CAGR of 25%;
- Soluble Biotech (SB) signs new contracts for formulation studies by YE21;
- SB generates $37M in annual revenue, growing at a five-year CAGR of 61%, by 2026;
- As a baseline, Streamway systems from Skyline Medical (SM) are able to generate high single-digit to low double-digit growth from their current level of market penetration;
- SM generates $1.4M revenue in 2021, which grow to $3.4M by 2026;
- Helomics signs additional partnerships to evaluate TumorGenesis beginning in 2022;
- TumorGenesis generates $160M in annual sales by 2031 growing at a five-year CAGR of 20%;
- An 13% discount rate, which is the WACC of Predictive Oncology shares;[5]
- A terminal growth rate of 2%, which adjusts for annual price increases, population growth, and the potential for the company's assets to be off-patent by 2031, or shortly after reaching peak annual sales growth; and
- Lastly, a 60% weighted-probability of success, which we believe is conservative, as the products the company offers are all differentiated and unlikely to face significant competition until intellectual property protection expires or another disruptive technology emerges.[6]

Predictive Oncology ended 1Q21 with $27.3M in cash and equivalents, which if we exclude contributions for revenues we project to grow, 2H21 to 2023, we estimate could be operationally sufficient through 2024. Therefore, we do not project any financings would be required to fund operations in the near-term.

Exhibit 8. DCF Valuation

DCF												
(in $MMs)	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Helomics revenue	0.1	3.3	12.4	21.7	30.7	52.3	70.4	97.0	124.6	167.4	217.4	299.2
Soluble Biotech revenue	0.0	0.5	3.4	7.7	16.7	27.9	36.8	46.2	56.2	66.9	76.2	89.3
Skyline Medical revenue	1.2	1.4	1.8	2.1	2.6	3.0	3.4	3.7	4.0	4.3	4.6	4.9
TumorGenesis revenue	-	0.2	0.8	2.0	10.0	30.0	52.5	65.6	82.0	102.5	128.2	160.2
Corporate and other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	**1.3**	**5.4**	**18.3**	**33.6**	**60.0**	**113.2**	**163.1**	**212.5**	**266.9**	**341.1**	**426.4**	**553.6**
Cost of Sales	0.4	1.9	6.4	11.8	21.0	39.6	57.1	74.4	93.4	119.4	149.2	193.8
General and administrative expense	10.4	13.7	15.1	16.6	18.2	20.0	21.5	23.2	24.9	26.8	28.8	30.9
Operations expense	2.4	2.9	3.9	4.8	5.6	6.4	7.0	7.8	8.5	9.2	9.9	10.6
EBIT	**(12.5)**	**(14.0)**	**(8.1)**	**(0.8)**	**13.9**	**45.7**	**75.9**	**105.5**	**138.3**	**183.9**	**236.4**	**316.1**
Plus: Depreciation and Amortization	1.0	1.4	1.8	1.7	2.0	2.5	3.3	4.4	5.8	7.5	9.7	12.6
Plus: Stock-based compensation	0.5	1.9	2.0	2.3	2.5	2.8	3.0	3.3	3.5	3.8	4.1	4.4
Plus: Interest and other income	(0.5)	(0.1)	-	-	-	-	-	-	-	-	-	-
Provision for Income Taxes	-	-	-	-	(3.3)	(11.0)	(18.2)	(25.3)	(33.2)	(44.1)	(56.7)	(75.9)
Changes in working capital	**(1.2)**	**4.2**	**(2.0)**	**(1.8)**	**(3.0)**	**(7.8)**	**(7.5)**	**(7.3)**	**(8.1)**	**(11.4)**	**(13.1)**	**(20.0)**
Capex	**(0.3)**	**(0.7)**	**(0.7)**	**(1.3)**	**(2.4)**	**(4.0)**	**(5.7)**	**(7.4)**	**(9.3)**	**(11.9)**	**(14.9)**	**(19.4)**
Free Cash Flow (FCF)	**(13.0)**	**(7.4)**	**(7.1)**	**0.0**	**9.7**	**28.3**	**50.8**	**73.1**	**97.0**	**127.7**	**165.5**	**217.7**
Number of Shares Outstanding	12.0	56.1	65.3	65.3	98.6	98.6	98.6	98.6	98.6	98.6	98.6	98.6
FCF Per Share	**(1.1)**	**(0.1)**	**(0.1)**	**0.0**	**0.1**	**0.3**	**0.5**	**0.7**	**1.0**	**1.3**	**1.7**	**2.2**
											Terminal Value per share	
												21.4

NPV Calculation	
Discount Rate	**13%**
Terminal Growth Rate	**2%**
Total NPV of FCF per share	**$1.95**
Plus: NPV of Terminal Value per share	**$6.61**

We round to **$5**

	DCF value per share
100% Probability of Success	**$8.55**
60% Weighted Probability of Success	**$5.13**

Source: Company reports and H.C. Wainwright & Co. estimates.

Investment Risks

Clinical. Although Predictive Oncology's products and services appear to have commercial market potential, the company's AI drug discovery technology is unproven, and therefore, may not generate product candidates that succeed in pivotal clinical trials designed to meet FDA requirements for approval. It is possible that these product candidates will fail in Phase 3 testing, creating a negative view of the company's technology, which would materially affect our valuation.

Regulatory. Even if the company's technology succeeds in pilot testing, there is a possibility that additional information and/or additional studies could be required by regulators to address unforeseen safety or quality concerns. If this were to occur, it could significantly delay revenue generation going forward and could materially affect our forecasts.

Commercialization. The successful demonstration of the PeDAL technology and successful commercialization of the company's products are critical to Predictive Oncology's success. If the company fails or delays the development or commercialization of its product candidates, the company's business prospects and operating results would suffer, and the stock price would likely decline.

Competition. If Predictive Oncology's AI technology and tumor-derived products fail to show their differentiation, it is possible that they may not be competitive. Indeed, researchers may continue to favor the use of current in-market screening methods, solubilization methods, and/or tissue culture products. If the company's divisions are not able to demonstrate their competitive strengths, it could materially affect our forecasts.

Intellectual property. The commercial success of Predictive Oncology's products and technology are dependent on the strength of patents that protect them. There is a risk that the company's patents could be invalidated by competitors, significantly diminishing the company's ability to realize product revenues that lead to positive cash flows.

Financial. We anticipate that the company's current cash position of $27M is adequate to fund operational goals for the foreseeable future. If additional research and development activities are required to expand the company's current programs, additional funding may be required to complete them, as well as funding to pursue the buildup of its commercialization infrastructure.

Stock exchange listing. Risk exists that Predictive Oncology shares could fall below the Nasdaq listing rule requirements, which could affect the liquidity of the shares and ability of the company to raise capital. The company's stock price, which closed at $1.09 on June 25, 2021, is above the minimum bid price requirement set forth by Nasdaq Listing Rule 5550(a)(2), which requires listed securities to maintain a minimum bid price of $1.00 per share for continued listing on the Nasdaq. Based on the closing bid price of the company's common shares for the 30 consecutive business days, May 19, 2021 to June 25, 2021, the company has also met the minimum bid price requirement of Nasdaq Listing Rule 5810(c)(3)(A), which provides that a failure to meet the minimum bid price requirement exists if the deficiency continues for a period of 30 consecutive business days.

Financial Statements

Exhibit 10. Income Statement, Quarterly 2020A-2021E

Income Statement (*Fiscal year ends Dec 31*)												
(in $MMs, except per share data)	**2019A**	**1QA**	**2QA**	**3QA**	**4QA**	**2020A**	**1QA**	**2QE**	**3QE**	**4QE**	**2021E**	**2022E**
Product Revenue	**1.4**	**0.3**	**0.2**	**0.5**	**0.3**	**1.3**	**0.3**	**0.8**	**1.8**	**2.6**	**5.4**	**18.3**
Helomics revenue	0.0	0.0	0.0	0.0	0.0	0.1	0.0	0.5	1.1	1.7	3.3	12.4
Soluble Biotech revenue	-	-	-	-	0.0	0.0	0.0	0.1	0.2	0.2	0.5	3.4
Skyline Medical revenue	1.4	0.3	0.2	0.5	0.3	1.2	0.3	0.2	0.5	0.5	1.4	1.8
TumorGenesis revenue	-	-	-	-	-	-	-	0.0	0.1	0.1	0.2	0.8
Corporate and other revenue	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	**1.4**	**0.3**	**0.2**	**0.5**	**0.3**	**1.3**	**0.3**	**0.8**	**1.8**	**2.6**	**5.4**	**18.3**
Cost of goods sold	0.5	0.1	0.1	0.2	0.1	0.4	0.1	0.3	0.6	0.9	1.9	6.4
Gross Profit	0.9	0.2	0.1	0.3	0.2	0.8	0.2	0.5	1.2	1.7	3.5	11.9
General and administrative expense	9.8	2.8	3.2	2.2	2.1	10.4	3.3	3.4	3.5	3.6	13.7	15.1
R&D and Other Operations expense	3.0	0.5	0.5	0.6	0.7	2.4	0.6	0.7	0.8	0.9	2.9	3.9
Sales and marketing expense	1.9	0.3	0.1	0.1	0.1	0.6	0.1	0.2	0.3	0.4	1.0	1.1
Operating Expense	14.7	3.6	3.9	2.9	2.9	13.3	4.0	4.2	4.5	4.8	17.5	20.0
Operating Income (Loss)	**(13.8)**	**(3.4)**	**(3.8)**	**(5.6)**	**(12.5)**	**(25.4)**	**(3.8)**	**(3.7)**	**(3.4)**	**(3.2)**	**(14.0)**	**(8.1)**
Interest income	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	-	-	-	-	(0.2)	-	-	-	(0.2)	-
Other (expense) income	(5.6)	(1.1)	0.2	(0.7)	1.1	(0.5)	0.1	-	-	-	0.1	-
Pre-tax Income (Loss)	**(19.4)**	**(4.5)**	**(3.6)**	**(6.3)**	**(11.5)**	**(25.9)**	**(3.9)**	**(3.7)**	**(3.4)**	**(3.2)**	**(14.1)**	**(8.1)**
Tax (Benefit) Expense and others	-	-	-	-	-	-	-	-	-	-	-	-
Net Income (Loss)	**(19.4)**	**(4.5)**	**(3.6)**	**(6.3)**	**(11.5)**	**(25.9)**	**(3.9)**	**(3.7)**	**(3.4)**	**(3.2)**	**(14.1)**	**(8.1)**
Deemed dividend on Series E Convertible Preferred Stock	0.3	-	-	0.6	-	0.6	-	-	-	-	-	-
Net Income (Loss) available to common stockholders	**(19.7)**	**(4.529317)**	**(3.6)**	**(6.9)**	**(11.5)**	**(26.4)**	**(3.9)**	**(3.7)**	**(3.4)**	**(3.2)**	**(14.1)**	**(8.1)**
EPS (diluted)	**($6.86)**	**($0.93)**	**($0.36)**	**($0.46)**	**($0.63)**	**($2.21)**	**($0.11)**	**($0.07)**	**($0.05)**	**($0.05)**	**($0.25)**	**($0.12)**
Weighted Average Shares	2.9	4.9	9.8	15.0	18.1	12.0	36.5	57.1	65.3	65.3	56.1	65.3

Source: Company reports and H.C. Wainwright & Co. estimates.

Exhibit 11. Financial Statements, Annual Income Statement 2019A-2031E

Income Statement (*Fiscal year ends Dec 31*) (in $MMs, except per share data)	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Product Revenue	**1.4**	**1.3**	**5.4**	**18.3**	**33.6**	**60.0**	**113.2**	**163.1**	**212.5**	**266.9**	**341.1**	**426.4**	**553.6**
Helomics revenue	0.0	0.1	3.3	12.4	21.7	30.7	52.3	70.4	97.0	124.6	167.4	217.4	299.2
Soluble Biotech revenue	-	0.0	0.5	3.4	7.7	16.7	27.9	36.8	46.2	56.2	66.9	76.2	89.3
Skyline Medical revenue	1.4	1.2	1.4	1.8	2.1	2.6	3.0	3.4	3.7	4.0	4.3	4.6	4.9
TumorGenesis revenue	-	-	0.2	0.8	2.0	10.0	30.0	52.5	65.6	82.0	102.5	128.2	160.2
Corporate and other revenue	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Revenues	**1.4**	**1.3**	**5.4**	**18.3**	**33.6**	**60.0**	**113.2**	**163.1**	**212.5**	**266.9**	**341.1**	**426.4**	**553.6**
Cost of goods sold	0.5	0.4	1.9	6.4	11.8	21.0	39.6	57.1	74.4	93.4	119.4	149.2	193.8
Gross Profit	0.9	0.8	3.5	11.9	21.8	39.0	73.6	106.0	138.1	173.5	221.7	277.1	359.8
General and administrative expense	9.8	10.4	13.7	15.1	16.6	18.2	20.0	21.5	23.2	24.9	26.8	28.8	30.9
R&D and Other Operations expense	3.0	2.4	2.9	3.9	4.8	5.6	6.4	7.0	7.8	8.5	9.2	9.9	10.6
Sales and marketing expense	1.9	0.6	1.0	1.1	1.2	1.3	1.5	1.6	1.7	1.8	1.9	2.1	2.2
Operating Expense	14.7	13.3	17.5	20.0	22.6	25.1	27.9	30.1	32.6	35.2	37.9	40.7	43.8
Operating Income (Loss)	**(13.8)**	**(25.4)**	**(14.0)**	**(8.1)**	**(0.8)**	**13.9**	**45.7**	**75.9**	**105.5**	**138.3**	**183.9**	**236.4**	**316.1**
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest expense	-	-	(0.2)	-	-	-	-	-	-	-	-	-	-
Other (expense) income	(5.6)	(0.5)	0.1	-	-	-	-	-	-	-	-	-	-
Pre-tax Income (Loss)	**(19.4)**	**(25.9)**	**(14.1)**	**(8.1)**	**(0.8)**	**13.9**	**45.7**	**75.9**	**105.5**	**138.3**	**183.9**	**236.4**	**316.1**
Tax (Benefit) Expense and others	-	-	-	-	-	3.3	11.0	18.2	25.3	33.2	44.1	56.7	75.9
Net Income (Loss)	**(19.4)**	**(25.9)**	**(14.1)**	**(8.1)**	**(0.8)**	**10.6**	**34.7**	**57.7**	**80.2**	**105.1**	**139.7**	**179.7**	**240.2**
Deemed dividend on Series E Convertible Preferred Stock	0.3	0.6	-	-	-	-	-	-	-	-	-	-	-
Net Income (Loss) available to common stockholders	**(19.7)**	**(26.4)**	**(14.1)**	**(8.1)**	**(0.8)**	**10.6**	**34.7**	**57.7**	**80.2**	**105.1**	**139.7**	**179.7**	**240.2**
EPS (diluted)	**($6.86)**	**($2.21)**	**($0.25)**	**($0.12)**	**($0.01)**	**$0.11**	**$0.35**	**$0.58**	**$0.81**	**$1.07**	**$1.42**	**$1.82**	**$2.44**
Weighted Average Shares	2.9	12.0	56.1	65.3	65.3	98.6	98.6	98.6	98.6	98.6	98.6	98.6	98.6

Source: Company reports and H.C. Wainwright & Co. estimates.

Exhibit 12. Financial Statements, Cash Flows 2019A-2031E

Cash Flow (in $MMs)	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Pre-tax Income (Loss)	**(19.4)**	**(25.9)**	**(14.1)**	**(8.1)**	**(0.8)**	**13.9**	**45.7**	**75.9**	**105.5**	**138.3**	**183.9**	**236.4**	**316.1**
Depreciation and amortization	0.7	1.0	1.4	1.8	1.7	2.0	2.5	3.3	4.4	5.8	7.5	9.7	12.6
Stock compensation expense	0.5	0.5	1.9	2.0	2.3	2.5	2.8	3.0	3.3	3.5	3.8	4.1	4.4
EBITDA	(18.2)	(24.4)	(10.8)	(4.3)	3.2	18.4	51.0	82.2	113.2	147.6	195.2	250.3	333.0
Other	7.6	13.4	0.3	-	-	-	-	-	-	-	-	-	-
Cash from Operations	**(8.7)**	**(12.3)**	**(6.4)**	**(6.4)**	**1.4**	**12.1**	**32.2**	**56.5**	**80.6**	**106.3**	**139.7**	**180.4**	**237.1**
Capital expenditures	(0.0)	(0.3)	(0.7)	(0.7)	(1.3)	(2.4)	(4.0)	(5.7)	(7.4)	(9.3)	(11.9)	(14.9)	(19.4)
Free Cash Flow	**(8.8)**	**(12.6)**	**(7.1)**	**(7.1)**	**0.0**	**9.7**	**28.3**	**50.8**	**73.1**	**97.0**	**127.7**	**165.5**	**217.7**
Cash from Investing	**(0.6)**	**(0.2)**	**(0.7)**	**(0.7)**	**(1.3)**	**(2.4)**	**(4.0)**	**(5.7)**	**(7.4)**	**(9.3)**	**(11.9)**	**(14.9)**	**(19.4)**
Cash from Financing	**9.3**	**13.0**	**51.7**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Net Change in Cash	(0.0)	0.5	44.6	(7.1)	0.0	9.7	28.3	50.8	73.1	97.0	127.7	165.5	217.7
Cash, beginning	**0.2**	**0.2**	**0.7**	**45.3**	**38.2**	**38.2**	**47.9**	**76.2**	**127.0**	**200.2**	**297.1**	**424.9**	**590.3**
Exchange difference on cash and cash equivalents	-	-	-	-	-	-	-	-	-	-	-	-	-
Cash, ending	**0.2**	**0.7**	**45.3**	**38.2**	**38.2**	**47.9**	**76.2**	**127.0**	**200.2**	**297.1**	**424.9**	**590.3**	**808.1**

Source: Company reports and H.C. Wainwright & Co. estimates.

Exhibit 13. Financial Statements, Balance Sheet 2019A-2031E

Balance Sheet (in $MMs)	2019A	2020A	2021E	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Cash and cash equivalents	0.2	0.7	45.3	38.2	38.2	47.9	76.2	127.0	200.2	297.1	424.9	590.3	808.1
Accounts receivable	0.3	0.3	0.7	2.3	4.1	7.4	14.0	20.1	26.2	32.9	42.1	52.6	68.3
Notes receivable	-	-	-	-	-	-	-	-	-	-	-	-	-
Inventories	0.2	0.3	0.5	1.1	1.9	2.6	4.9	7.0	9.2	11.5	14.7	18.4	23.9
Prepaid expenses and other assets	0.2	0.3	0.6	0.6	0.7	0.8	0.8	0.9	1.0	1.1	1.1	1.2	1.3
Marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-
Current Assets	0.8	1.5	47.1	42.1	45.0	58.7	95.9	155.1	236.5	342.6	482.8	662.5	901.5
Total Assets	**22.4**	**13.1**	**57.8**	**51.7**	**54.2**	**68.3**	**106.9**	**168.5**	**252.9**	**362.6**	**507.2**	**692.1**	**937.9**
Current Liabilities	10.9	9.3	8.9	9.0	10.0	11.0	12.1	13.0	14.0	15.0	16.1	17.2	18.5
Total liabilities	**11.1**	**10.4**	**9.8**	**9.8**	**10.8**	**11.8**	**13.0**	**13.9**	**14.8**	**15.9**	**16.9**	**18.1**	**19.3**
Shareholders' equity	**11.2**	**2.6**	**48.0**	**41.9**	**43.4**	**56.4**	**93.9**	**154.6**	**238.1**	**346.7**	**490.2**	**674.0**	**918.6**
Liabilities & equity	**22.4**	**13.1**	**57.8**	**51.7**	**54.2**	**68.3**	**106.9**	**168.5**	**252.9**	**362.6**	**507.2**	**692.1**	**937.9**

Source: Company reports and H.C. Wainwright & Co. estimates.

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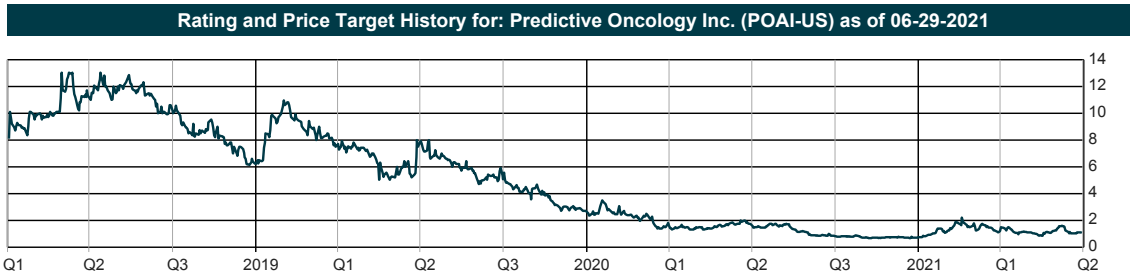

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