Zacks Small-Cap Research
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February 3, 2021
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Mateon Therapeutics, Inc.

(OTCQB: MATN)

MATN: Enrollment Complete for ARTI-19; Interim Results Published…

Based on our probability adjusted DCF model that takes into account potential future revenues from OT-101, ArtiShield, OXi-4503, and CA4P, MATN is valued at $0.70 per share. This model is highly dependent upon continued clinical success of the company's assets and will be adjusted accordingly based upon future clinical results and the company's execution.

Current Price (02/03/21)	$0.33
Valuation	**$0.70**

OUTLOOK

On February 2, 2021, Mateon Therapeutics, Inc. (MATN) announced that enrollment has completed for the ARTI-19 trial evaluating ARTIVeda™ against COVID-19 in India, with final results expected in March 2021. In addition, the company announced the publication of positive interim results as a preprint on medrxiv.org. The interim results are based on 60 randomized patients and showed that the additional of ARTIVeda to standard of care (SOC) therapy resulted in patients recovering faster than SOC alone. In the ARTIVeda group, 31/39 (79.5%) patients became asymptomatic after five days of therapy compared to 12/21 (57.1%) of patients receiving SOC alone (*P*=0.028). In addition, for sicker patients (WHO scale = 4) the median time to becoming asymptomatic was 5 days for ARTIVeda + SOC compared to 14 days for SOC only (*P*=0.004). These data support the use of ARTIVeda as a cost-effective therapy that decreases the recovery time for patients with mild to moderate COVID-19.

SUMMARY DATA

52-Week High	**$0.37**
52-Week Low	**$0.09**
One-Year Return (%)	**94.12**
Beta	**1.36**
Average Daily Volume (sh)	**424,554**
Shares Outstanding (mil)	**90**
Market Capitalization ($mil)	**$30**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**39**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2020 Estimate	**N/A**
P/E using 2021 Estimate	**N/A**

Risk Level	**Above Avg.**
Type of Stock	**Small-Blend**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	0.0 A	0.0 A	0.0 A	0.0 A	0.0 A
2020	0.0 A	1.4 A	0.0 A	0.0 E	1.0 E
2021					0.0 E
2022					0.0 E

Earnings Per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2019	-$0.02 A	-$0.02 A	-$0.01 A	-$0.06 A	-$0.11 A
2020	-$0.04 A	$0.01 A	-$0.02 A	-$0.01 E	-$0.07 E
2021					-$0.03 E
2022					-$0.04 E

WHAT'S NEW

Business Update

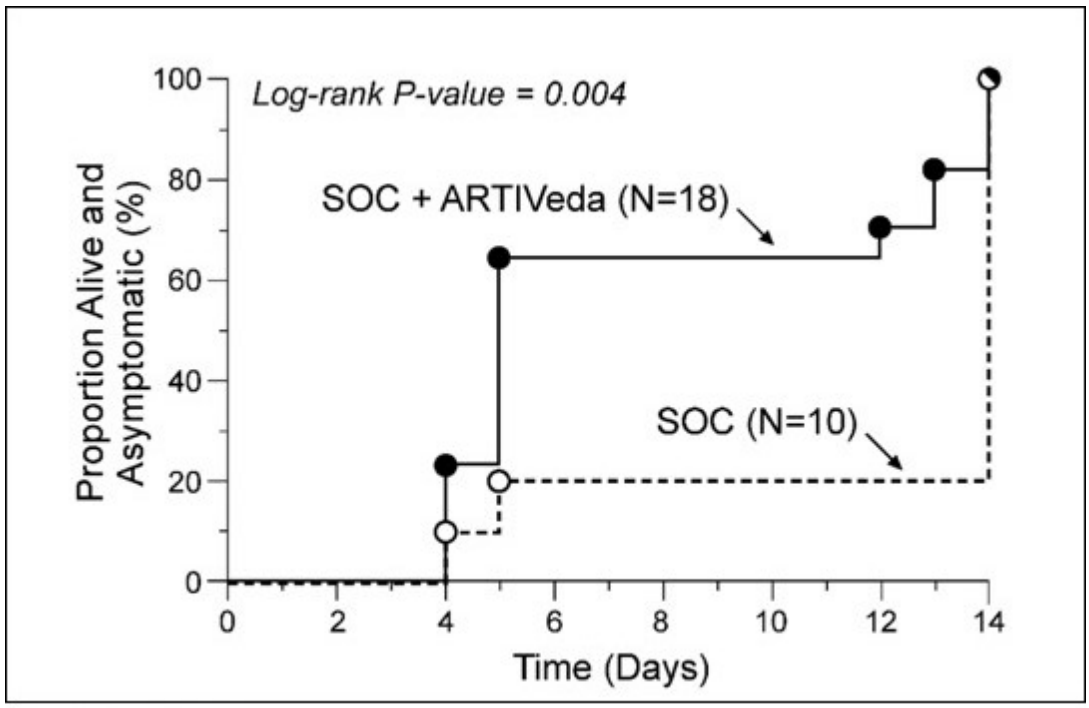
Enrollment Complete in ARTI-19 Trial; Interim Results Published

On February 2, 2021, Mateon Therapeutics, Inc. (MATN) announced that the ARTI-19 trial of ARTIVeda™/PulmoHeal™ against COVID-19 in India has completed randomization of 120 patients and that the final data is expected in March 2021.

The ARTI-19 trial is a randomized, open label Phase IV study designed to evaluate the safety and efficacy of ARTIVeda when used in combination with standard of care (SOC) in mild to moderate COVID-19 patients. The study enrolled 120 adult patients with RT-PCR confirmed COVID-19 that had mild to moderate symptoms but did not require any oxygen therapy (scores 2-4 on 10-point WHO Clinical Progression Scale). The patients were randomized 2:1 to received ARTIVeda plus SOC or SOC alone at three sites in India (Sites 201, 202, 203). Variance in SOC drugs were as follows: Site 201 used remdesivir, prednisolone, low molecular weight heparin, and doxycycline; Site 202 used azithromycin and dexamethasone; Site 203 included ivermectin, doxycycline, and inhaled steroids.

Mateon also announced the publication of positive interim data from the ARTI-19 trial based on the first 60 patients (SOC = 21; ARTIVeda+SOC = 39) enrolled (Trieu *et al*., 2021). The results showed that patients recovered faster when ARTIVeda was added to SOC compared to those that received SOC only. Following the 5-day therapy, 31/39 (79.5%) of patients treated with ARTIVeda plus SOC became asymptomatic, including 7/7 patients with severe fever and 10/10 patients with severe dry cough. This compares to 12/21 (57.1%) treated with SOC alone (*P*=0.028).

The following figure shows that for hospitalized patients (WHO score = 4), the median time to becoming asymptomatic was only 5 days for the ARTIVeda plus SOC group (N=18) compared to 14 days for the SOC alone group (N=10) (*P*=0.004). In addition, 11/18 (61.1%) of hospitalized patients treated with ARTIVeda plus SOC became asymptomatic by Day 5 compared to only 2/10 (20%) of hospitalized patients treated with SOC alone (*P*=0.04).



Source: Trieu *et al.*, 2021

ARTIVeda was safe and well tolerated by the first 39 patients in the trial that received it. There were no incidences of drug-related deaths or discontinuation of therapy and no treatment-related ≥Grade 3 adverse events with the only ARTIVeda-related adverse events being a single occurrence of a transient mild rash and mild vertigo. Neither of those adverse events caused discontinuation of treatment or participation in the study. In addition, there were no meaningful changes in laboratory values when compared to baseline in the ARTIVeda plus SOC group compared to the SOC alone group, including no evidence of kidney, liver, or hematological toxicity.

Conclusion

The interim results from the ARTI-19 trial published by Mateon are very encouraging and show that adding ARTIVeda to SOC therapy reduces the time for a mild to moderate COVID-19 patient to become asymptomatic. What is particularly exciting is that ARTIVeda is effective regardless of the type of SOC (e.g., remdesivir, ivermectin, or steroids) and that it is effective in hospitalized patients. We look forward to the final results from the study, which we anticipate being reported in March 2021. While COVID-19 vaccines continue to roll out, we believe that cost-effective treatments will continue to be necessary for the foreseeable future as it will take a significant amount of time to vaccinate the world's population, particularly in second and third tier countries. With no changes to our model our valuation remains at $0.70.

PROJECTED FINANCIALS

Mateon Therapeutics, Inc.	2019 A	Q1 A	Q2 A	Q3 A	Q4 E	2020 E	2021 E	2022 E
OT-101 (Cancer)	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
CA4P	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Oxi4503	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
ArtiShield	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Other Income	$0.1	$0.3	$1.4	$0.0	$0.0	$1.7	$0.0	$0.0
Total Revenues	**$0.1**	**$0.3**	**$1.4**	**$0.0**	**$0.0**	**$1.7**	**$0.0**	**$0.0**
Cost of Sales	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Product Gross Margin	*100%*					*100%*	*#DIV/0!*	*#DIV/0!*
Research & Development	$1.4	$0.3	$0.5	$0.9	$0.6	$2.3	$5.0	$8.0
General & Administrative	$2.9	$2.7	$0.9	$0.7	$1.0	$5.3	$6.0	$7.0
Other (Income) Expense	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0
Operating Income	($4.2)	($2.6)	$0.0	($1.6)	($1.6)	($5.9)	($11.0)	($15.0)
Non-Operating Expenses (Net)	($2.2)	($2.0)	$0.6	($0.4)	($1.0)	($2.8)	($1.0)	($1.0)
Pre-Tax Income	($6.4)	($4.6)	$0.6	($2.0)	($2.6)	($8.7)	($12.0)	($16.0)
Income Taxes	$0.0	$0.0	$0.0	$0.0	$0.0	$0.0	$0	$0
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net Income	**($6.4)**	**($4.6)**	**$0.6**	**($2.0)**	**($2.6)**	**($8.7)**	**($12.0)**	**($16.0)**
Net Margin	-	-	-	-	-	-	-	-
Reported EPS	**($0.11)**	**($0.05)**	**$0.01**	**($0.02)**	**($0.01)**	**($0.07)**	**($0.03)**	**($0.04)**
Basic Shares Outstanding	60.0	84.9	88.2	89.0	200.0	115.5	400.0	425.0

Source: Zacks Investment Research, Inc. *David Bautz, PhD*

HISTORICAL STOCK PRICE

Source: Zacks Small Cap Research

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