

Action Summary – 1 February 2021

Analyst Theodore R. O'Neill *is initiating coverage of Predictive Oncology Inc.*

- **We are initiating coverage of Predictive Oncology Inc. with a Buy rating and a \$3.00 price target.** Predictive Oncology Inc. (NASDAQ: POAI) is a commercial stage biotech firm tackling cancer, assisting in vaccine development and solving medical waste issues.
- **State-of-the-art patient-centric drug development systems.** The company operates four subsidiaries, the first three of which, Helomics®; TumorGenesis® and; Soluble Biotech are actively advancing patient-centric drug development using both artificial intelligence and advanced algorithms.
- **Commercial business provides stable revenue stream.** The fourth subsidiary, Skyline Medical®, markets and sells a unique, FDA approved commercial product for disposing of potentially infectious medical waste fluid.
- **Strong balance sheet.** The company recently completed a capital raise that we believe will cover operational and working capital demands until it reaches breakeven, which we estimate could occur near the end of 2022.
- **Exceptional management team.** The company has assembled an experienced management team for each of its pre-commercial subsidiaries to advance them towards commercialization
- **Shares appear to be priced below absolute and comparative metrics: the 2022 Sales multiple is a 29% discount to peers**

1/29 Closing price: \$1.04	Market cap: \$31 million	Multiple of book: NMF	2022 Sales Multiple: 2.58
Shares outstanding: 30.4 million	Insider ownership: 7.6%	3-mo. avg. trading volume: 1,989,845	Dividend/Yield: NA/NA

GAAP estimates (EPS in dollars – Revenue in thousands)

Period	EPS	Revenue
1Q20A	(\$0.93)	\$294.9
2Q20A	(\$0.36)	\$182.8
3Q20A	(\$0.42)	\$480.8
4Q20E	<u>(\$0.18)</u>	<u>\$350.0</u>
FY20E	<u>(\$1.48)</u>	<u>\$1,308.5</u>
1Q21E	(\$0.09)	\$350.0
2Q21E	(\$0.08)	\$400.0
3Q21E	(\$0.07)	\$600.0
4Q21E	<u>(\$0.07)</u>	<u>\$800.0</u>
FY21E	<u>(\$0.30)</u>	<u>\$2,150.0</u>
1Q22E	(\$0.06)	\$1,000.0
2Q22E	(\$0.05)	\$2,000.0
3Q22E	(\$0.01)	\$4,000.0
4Q22E	<u>\$0.00</u>	<u>\$5,000.0</u>
FY22E	<u>(\$0.11)</u>	<u>\$12,000.0</u>

Note: Numbers may not add due to rounding. See our full model in the back of this report.

Cash balance (in thousands)

• 2019A	• \$151
• 2020E	• \$819
• 2021E	• \$6,154
• 2022E	• \$6,354

Debt (in thousands)

• 2019A	• \$4,836
• 2020E	• \$5,865
• 2021E	• \$6,100
• 2021E	• \$6,200

Risks/Valuation

- Risks include: Highly regulated and competitive business, volatility of operating results, upcoming debt maturity
- Our \$3.00 target is derived using a discounted future earnings model

Company description: Predictive Oncology (NASDAQ: POAI), is a knowledge-driven company focused on applying artificial intelligence (“AI”) to personalized medicine and drug discovery. Headquartered in Minnesota.

Figure 1 – Predictive Oncology Inc. -One-Year Trading snapshot



Source: Refinitiv Eikon

Investment Thesis

We are initiating coverage of Predictive Oncology Inc. with a Buy rating and a \$3.00 price target.

Predictive Oncology Inc. (NASDAQ: POAI) is a commercial stage biotech firm tackling cancer, assisting in vaccine development and solving medical waste issues.

It is advancing state-of-the-art patient-centric drug development systems, which is the leading edge of current drug development, as the industry tries to reduce the time needed for commercial drug development.

The company operates four subsidiaries, the first three of which, Helomics®; TumorGenesis® and; Soluble Biotech are actively advancing patient-centric drug development using both artificial intelligence and advanced algorithms.

Its commercial business provides a stable revenue stream. The fourth subsidiary, Skyline Medical®, markets and sells a unique, FDA approved commercial product for disposing of potentially infectious medical waste fluid.

It has a strong balance sheet. The company recently completed a capital raise that we believe will cover operational and working capital demands until it reaches breakeven, which we estimate could occur near the end of 2022.

Exceptional management team. The company has assembled an experienced management team for each of its pre-commercial subsidiaries to advance them towards commercialization

The shares appear to be priced below absolute and comparative metrics: the 2022 Sales multiple is a 29% discount to peers

Valuation Methodology

We believe POAI is undervalued and we support that belief with two complimentary valuation techniques. For the purposes of determining our price target we use a discounted future earnings model which we then compare to revenue metrics of peers.

- 1) The discounted value of all future earnings was used for our price target (see Figure 2)
- 2) Valuation relative to peers (see Figure 3)

Discounted Future Earnings – Basis for Price Target

Our 12-month price target of \$3.00 is based on a discounted earnings model. Our assumptions are that the company reaches breakeven in 4Q22. Our valuation model is shown in Figure 2 below. The model sums up all earnings per share, discounted at 10% to arrive at a per share value and terminal value growth is assumed to be GDP. Note, this model understates future novel product developments, probably understates the tax benefits, but offsetting that, the earnings never have a down year.

The implied share price is \$3.29 which we round down to \$3.00. Although this target is substantially above where the stock is currently, it has traded at and above that level in the last two years.

Figure 2 – Predictive Oncology Inc. – Price Target Calculation

Target Price: \$3.29		
Year	EPS	Discounted EPS
2021	(0.30)	(0.30)
2022	(0.11)	(0.10)
2023	0.00	0.00
2024	0.10	0.08
2025	0.15	0.10
2026	0.20	0.12
2027	0.28	0.16
2028	0.42	0.22
2029	0.43	0.20
2030	0.44	0.19
Terminal Value:		2.63

Source: Litchfield Hills Research LLC

Valuation Relative to Peers

If we compare POAI to a simple average of its peers (Figure 3), the shares sell at a discount to multiples of sales. At the market average, the shares should trade to \$1.44. At our target price of \$3.00, the multiple of sales would be at the high end of the range but would not be the highest of its peers. Details on each of the peers can be found in Figure 11 near the back of the report. The companies we used in Figure 11 are in similar lines of business although none of them are a perfect match.

Figure 3 – Predictive Oncology Inc. – Discount to Peers

	2022 Sales Multiple
Average	3.65
POAI	2.58
Discount to peers	29%

Source: Litchfield Hills Research LLC and Refinitiv Eikon

Guidance and Financial Forecasts

Company provides no guidance. The company operates four subsidiaries, and while one, Skyline Medical generates over \$1MM in revenue per year, collectively the subsidiaries are losing money. In this situation, it is very difficult to predict the exact timing for the company to collectively reach profitability or which combination of its four subsidiaries will provide that catalyst. As a practical matter, this means that our financial forecast may change significantly from what we show in this report. On the positive side, the company does have a steady stream of revenue and after a recent capital raise, it appears to have enough cash on hand to support both continued plan execution and working capital for the next 24 months. Our working assumption for the purpose of setting a price target, based on a discounted future earnings stream, is that it reaches breakeven in 4Q22.

Our model incorporates the additional shares from the recent capital raise as well as the shares sold as warrants in that transaction. The total number of shares following warrant conversion will be ~36.5MM. From time-to-time the company has amended the terms of its warrants and this is accounted for in part as a deemed dividend. While we show this in the income statement, it has no impact on the cash flow.

Company Overview

Patient-centric Drug Development

If you have ever had a medical condition that had to be treated with medication that had complex dosing requirements or complex directions for taking the medication, or side effects that made you stop, the drug industry is now paying attention.

Development of drugs to treat diseases was never tailored to any one individual because the tools to do that weren't available, so development was generally not optimized for individual patient outcomes in terms of Active Pharmaceutical Ingredients (API), side effects, getting the most out of the least amount of API (bioavailability) and medication regimen complexity and adherence.

However, that is changing, especially as tools and technology to tailor drugs emerge, and the regulatory bodies, like the FDA are focused on patient's experiences, perspectives and needs.

According to the FDA, patient-focused drug development (PFDD) is a systematic approach to help ensure that patients' experiences, perspectives, needs, and priorities are captured and meaningfully incorporated into drug development and evaluation. As experts in what it is like to live with their condition, patients are uniquely positioned to inform the understanding of the therapeutic context for drug development and evaluation.

The primary goal of patient-focused drug development is to better incorporate the patient’s voice in drug development and evaluation.

Predictive Oncology has four subsidiaries, the first three of which, 1) Helomics®; 2) TumorGenesis® and; 3) Soluble Biotech are actively advancing this patient-centric drug development. The fourth subsidiary, 4) Skyline Medical®, markets and sells a unique, FDA approved commercial product for disposing of potentially infectious medical waste fluid.

1) Helomics® - Patient-centric Drug Development using Active Learning

A drug discovery program is started because there is a disease or clinical condition without suitable medical products available and it is this unmet clinical need which is the underlying driving motivation for the project. The initial research generates data to develop a hypothesis that the inhibition or activation of a protein or pathway will result in a therapeutic effect in a disease state. The outcome of this activity is the selection of a target which may require further validation prior to progression into the lead discovery phase in order to justify a drug discovery effort. During lead discovery, an intensive search ensues to find an active drug such as a small molecule or biological therapeutic, typically termed a development candidate, that will progress into preclinical, and if successful, into clinical development and ultimately be a marketed medicine. As we show in Figure 4, Helomics® offerings assist in product development in the first phases leading up to clinical trials, the so called “Early Discovery Phase”. The early drug discovery phase is where most drugs fail and where the patient perspective is rarely accounted for, leading to drugs that either do not work at all (so called attrition), do not work well for all patients or have side effects in certain patients.

Figure 4 – Predictive Oncology Inc. – Early Drug Discovery Process from Hit-to-Lead to Preclinical Development

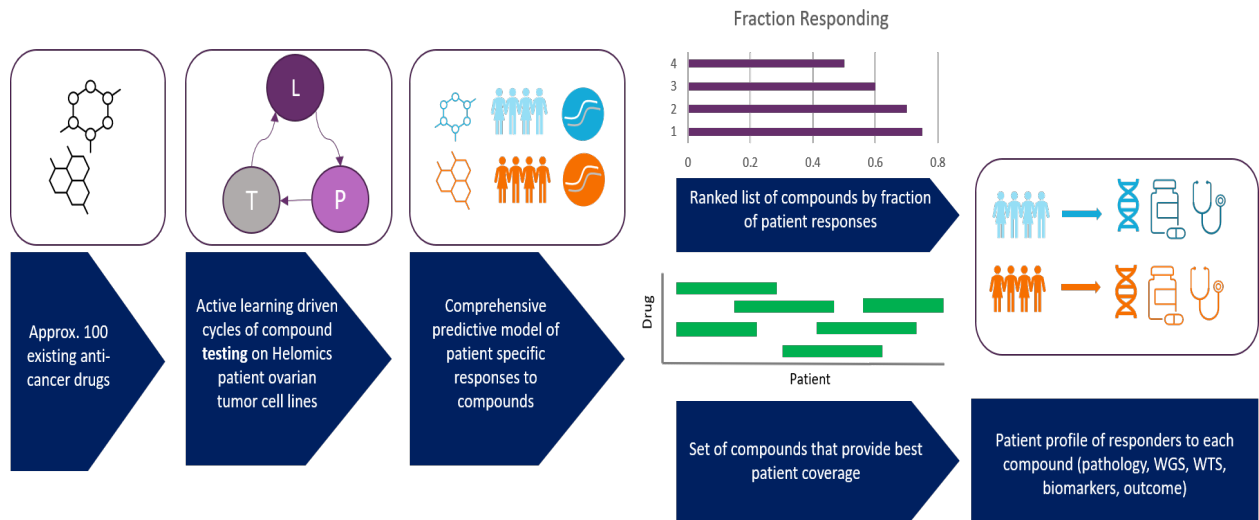


Source: Litchfield Hills Research LLC

Under the Helomics® brand, the company’s primary offering is – PeDAL™ - Patient-centric Drug Discovery using Active Learning. PeDAL combines Helomics’ database of over 150,000 tumor cases, gathered over 15 years of clinical testing, a proprietary, clinically validated patient tumor cell line assay and a proven artificial intelligence platform to efficiently screen potential drugs against a wide diversity of patient tumors.

The PeDAL™ approach generates a comprehensive predictive model of patient drug-response and is 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 (see Figure 5).

Figure 5 – Predictive Oncology Inc. – Patient-centric drug development using the Helomics® PeDAL™ AI-driven platform



Source: Company presentation

This delivers key information much earlier in the drug development process which should significantly improve the success of translating compounds into the clinic, saving time and cost during the Hit-to-lead, lead optimization, and pre-clinical stages of drug development. PeDAL™, provides the ability to bring the patient to the heart of early drug discovery and help realize the goals of patient-focused-drug-development in a highly efficient and cost-effective manner.

The initial effort by the Helomics® subsidiary is focused on building predictive models for ovarian cancer. Genomic and transcriptomic data will be generated from its biobank of existing tumor samples using Next Generation Sequencing (NGS). Helomics® models are tumor specific and we believe these services will be of interest to pharmaceutical and diagnostic companies, hospital networks and research.

In our opinion, patient-centric drugs to treat cancer are a good place to focus because in some cases patients feel the cure is worse than the disease.

2) TumorGenesis® - Patient-centric Cancer Treatment Optimization

Complementing its Helomics® subsidiary is the TumorGenesis® subsidiary. The TumorGenesis® subsidiary sells kits and materials that trick tumor cells into growing outside the body, delivering more relevant models of tumors that can be used by researchers and potentially clinicians. By having a better model of how the tumor cells respond to various stimulus outside the body, will improve Patient Focused Drug Development (PFDD) and help lead to patient-centric treatment options. The company sells specialty media, cells and Discovery kits to capture cells from a patient tumor, separate them in to different populations and then grow the cells, creating a mode of the tumor that best represents the patient (see Figure 6).

Figure 6 – Predictive Oncology Inc. – TumorGenesis® Product

Tumor Genesis Media And Cancer Cells Will Help Change Treatment Protocols In Cancer Discovery, Development And Treatment



Source: Company presentation

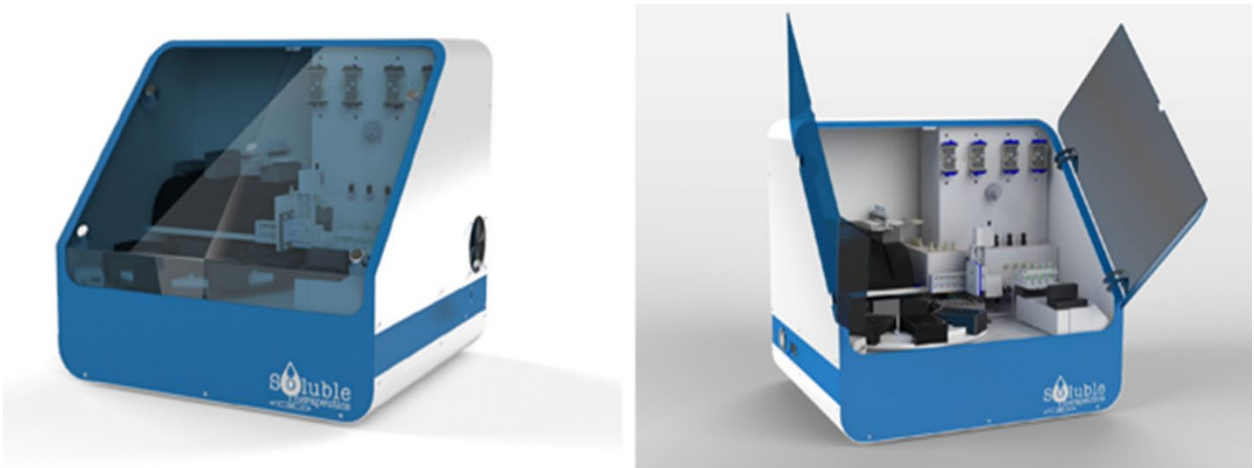
3) Soluble BioTech - Optimize formulations and minimize toxins

Once the hard part of developing and producing Active Pharmaceutical Ingredients (API) is done comes making sure it can get where it is supposed to go from factory to patient. It needs to be stable and not break down and it needs to be soluble so it can be absorbed by the body. Some highly potent and/or toxic drugs, may require higher quality in terms of purity. These are all addressed by the Soluble Biotech subsidiary.

Optimization

Two of the most fundamental considerations for developing robust formulations are ensuring that the API has sufficient solubility and stability in the solubility-enhancing excipients. Excipients are substances included with the API for the enhancement of stability or solubility or both. The company uses a proprietary technology that rapidly optimizes which combinations and concentrations of FDA approved additives will maximize solubility and stability of proteins used in vaccines, antibodies and other disease treatments or inactive substance that serves as a vehicle for delivering. The company believes its service offers a more cost-effective technology relative to its peers (see Figure 7).

Figure 7 – Predictive Oncology Inc. – Soluble Biotech’s proprietary HSC technology provides customers with optimized combinations and concentrations of FDA additives that improve the solubility and stability of protein therapeutics.



Source: Company Presentation

Minimize Toxins

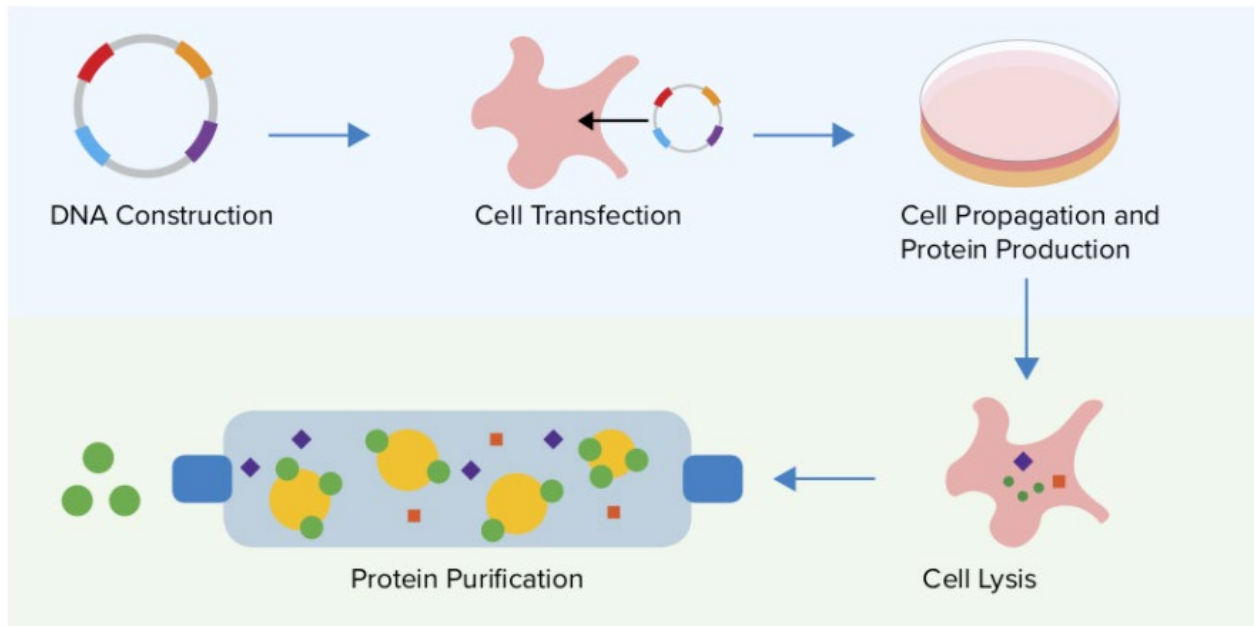
The company’s Soluble Biotech subsidiary also developed systems to remove, identify, and isolate endotoxins from pharmaceutical products made from recombinant DNA, e.g., insulin, hepatitis B vaccine and human growth hormones. According to the company, approximately 30% of the recombinant DNA pharmaceutical market is based on bacterial expression systems.

Bacterial Expression Systems and endotoxin background

When one wants to produce vast quantities of protein rapidly and cheaply, a bacterial host cell is almost always the answer. *E. coli* is definitely one of the most popular hosts for protein expression with several strains that are specialized for protein expression. Protein expression in bacteria is quite simple; DNA coding for your protein of interest is inserted into a plasmid expression vector that is then transformed into a bacterial cell. Transformed cells propagate, are induced to produce your protein of interest, and then lysed (technical for protein extraction). Protein can then be purified from the cellular debris (See Figure 8.)¹ In the last step, Protein Purification, the company has a solution to remove endotoxins. Endotoxins are lipopolysaccharides, a large molecule consisting of a lipid and a polysaccharide and found in the outer membrane of Gram-negative bacteria. (The classification of gram negative or gram positive is based on microscopy staining called Gram’s staining. Two dyes are applied. The first dye is blue or violet. It is followed by a decolorizing agent, and then the second dye, which is red. The bacteria that retain the color of the first dye are called gram positive. The bacteria that lose the color of the first dye but retain the color of the second dye are called gram negative.) Endotoxin is a molecule on the outer membrane of bacteria. Endotoxins can cause septic shock and according to the Centers for

¹ Alyssa D. Cecchetelli, Ph.D. writing in addgene.org. Title: Plasmids 101: Protein Expression

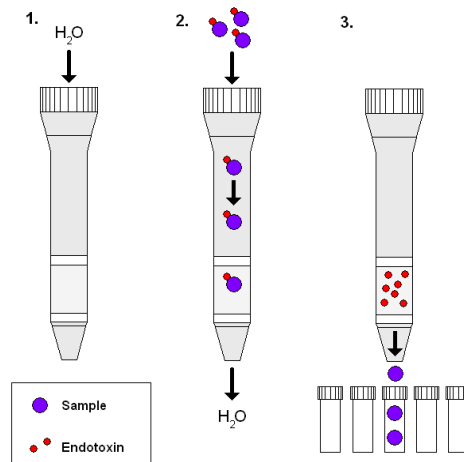
Figure 8 – Predictive Oncology Inc. - Bacterial Expression Systems Diagram



Source: Addgene.org

Disease Control and Prevention (CDC), each year 1.7 million adults in America develop sepsis and 16% of those die. Soluble Biotech's solution binds endotoxins and removes them from pharmaceutical proteins. It is available in a wide variety of sizes and in standard and single-use disposable formats (see Figure 9).

Figure 9 – Predictive Oncology Inc. - Schematic of process



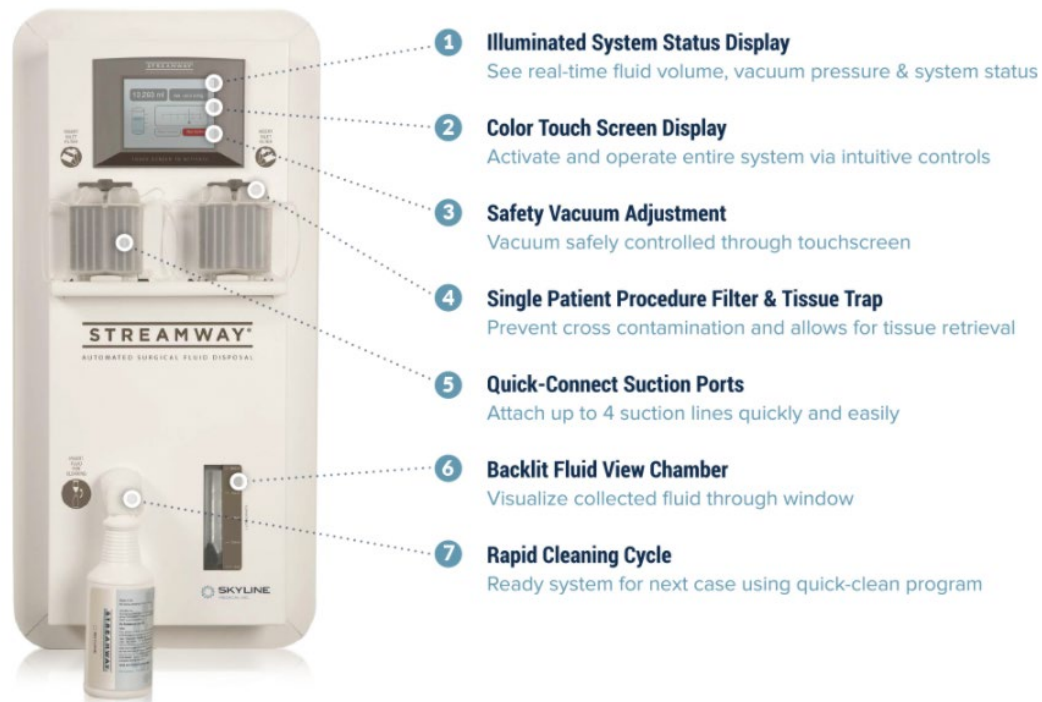
Source: Company presentation

4) Skyline Medical's® STREAMWAY® System – Fluid Medical Waste Management

This subsidiary represents the bulk of POAI's revenue, generating over \$1MM/year in systems and consumable sales. The Skyline Medical subsidiary sells the STREAMWAY® system. The STREAMWAY® System takes an innovative, environmentally friendly approach to patient and staff safety. The integrated system provides efficient and effective direct-to-drain surgical waste handling designed for surgical centers and various procedure rooms throughout hospitals and is FDA approved.

Each year, approximately 50 million used surgical canisters are sent to landfills in the U.S. That also means hospitals and outpatient centers spend millions of dollars on materials and hazardous waste management. Use of the STREAMWAY® System saves on the cost of disposing and replacing canisters, and it eliminates risky fluid transport which comes as clinicians move fluid filled canisters through the hospital. Through its patented design, the STREAMWAY® System promotes safer, more potentially more profitable surgical procedures. It automatically collects, measures and disposes of surgical fluids into the plumbing system without interruption. Its unlimited capacity means no waiting for canister changes, and its easy cleanup saves on labor costs. By creating a compact collection and disposal unit to fit on or recessed into the wall, it provides staff with more space to move freely around the room. Unlike other units, it does not require any storage space or floor space (see Figure 10).

Figure 10 – Predictive Oncology Inc. – STREAMWAY® System



Source: Company presentation

The STREAMWAY® System can pay for itself in less than a year by eliminating the cost of evacuated bottles, canister, disposal fees and it is less labor intensive to operate because there are no bottles to change or transport.

Competition

In the STREAMWAY® System market, competition for the removal of surgical waste is intense. Larger companies dominate the status quo. That being said, because the product has substantial intellectual property, it could be seen as a valuable asset to a much larger company trying to expand its portfolio. The general statement of larger companies also engaging in patient-centric drug development applies for the other three subsidiaries, however this market appears to be growing rapidly with no single dominant technology.

Management

Carl Schwartz, Chief Executive Officer and Director. Dr. Schwartz was the owner manager of dental groups in Burton, Michigan and Grand Blanc, Michigan. Dr. Schwartz previously served on the Board of Delta Dental Corporation of Michigan, was a member of the Michigan Advisory Board for Liberty Mutual Insurance and was a member of the Board of Trustees of the Museum of Contemporary Art in Florida. In 1988 Dr. Schwartz joined a family business becoming chief executive officer of Plastics Research Corporation, a Flint, Michigan, manufacturer of structural foam molding, a low-pressure injection molding process. While there he led its growth from \$2 million in revenues and 20

employees, to it becoming the largest manufacturer of structural foam molding products under one roof in the U.S. with more than \$60 million in revenues and 300 employees when he retired in 2001. He holds B.A. and D.D.S. degrees from the University of Detroit.

Bob Myers, Chief Financial Officer. Effective July 1, 2012, Mr. Myers was appointed as our Chief Financial Officer. Mr. Myers was our Acting Chief Financial Officer and Corporate Secretary since December 2011. He has over 40 years' experience in multiple industries focusing on medical device, service and manufacturing and prior to joining the Company was a financial contractor represented by various contracting firms in the Minneapolis area. He has spent much of his career as a Chief Financial Officer and/or Controller. Mr. Myers was a contract CFO at Disetronic Medical, contract Corporate Controller for Diametric Medical Devices and contract CFO for Cannon Equipment. Previously he held executive positions with American Express, Capitol Distributors, and International Creative Management and was a public accountant with the international firm of Laventhol & Horwath. Mr. Myers has an MBA in Finance from Adelphi University and a BBA in Public Accounting from Hofstra University.

Dr. Mark Collins, Chief Technical Officer. Dr. Collins embarked on a career in the pharmaceutical industry following his postdoctoral work. Pursuing a passion for both biology and computing, Mark has held multiple executive roles in a variety of discovery, informatics and bioinformatics functions within global pharma, and founded three startup software companies in the artificial intelligence (AI) machine learning (ML) and drug discovery space. Mark relocated to the USA in 2001 to work for Cellomics (now part of Thermo Fisher Scientific), where he played a pivotal role in establishing the High-Content cell analysis market, building and commercializing several key imaging informatics and bioinformatics products.

Since leaving Thermo Fisher, Mark has focused on developing and commercializing informatics solutions for clinical and translational research, specifically in the specimen tracking, 'omics data management and NGS analysis space, through key roles at BioFortis, Global Specimens Solutions and Genedata

Mark is currently Chief Technical Officer for Helomics, a division of Predictive Oncology. Using the power of AI, Mark is responsible for leveraging Helomics' vast repository of physical and digital tumor samples, to build multi-omic predictive models of tumor drug response and outcome, such models can be applied to the discovery of new targeted therapies for cancer as well as used in clinical decision support to help oncologists individualize treatment

Richard Gabriel, BS, MBA. Mr. Gabriel is pro tem President of TumorGenesis and reports to Dr. Schwarz. Mr. Gabriel is also a member of the board of directors of Predictive Oncology and previously has fostered the startup of businesses in the biotech, pharmaceutical and diagnostics markets. A BS in chemistry from Ohio Dominican University as well as an Executive MBA from Boston's Suffolk University's first Executive MBA program. He also attended Ohio State University, studying microbiology and virology. Mr. Gabriel generated over \$135 million in his co-owned firm, Pharm-Eco Laboratories, that was later sold to Johnson Matthey shortly after building a 165,000 sq ft GMP manufacturing facility with flexible space for 52 GMP rooms, 6 pilot suites on top of the already existing 15,000 sq ft pilot plant with GMP simulated moving bed separations., that was Mr. Gabriel's initial startup in 1980's. Mr. Gabriel's Pharm-Eco labs had contracts with all the major pharmaceutical and biotech houses around the world and made discovery to Phase 3 GMP validated clinical materials. Mr. Gabriel is also the co-founder of GLG Pharma, a private oncology company specializing in the degradation of STAT3, protein found in over 30 cancers. GLG have a drug in phase 2A for chronic lymphocytic leukemia that can reverse drug resistance, improve patient outcomes. GLG is a partner of Predictive Oncology. 4 drugs have been approved under Mr. Gabriel's hand at Pharm-eco in cancer, AIDS, and infectious diseases.

Dr. DeLucas is President and co-founder of the Soluble Biotech subsidiary. On a part-time basis he also serves as a Principal Scientist at the Aerospace Corporation. He was previously a Professor in the School of Optometry, Senior Scientist and Director of the Comprehensive Cancer Center X-ray Core Facility, and Director of the Center for Structural Biology at the University of Alabama at Birmingham (UAB). Dr. DeLucas received five degrees from UAB culminating in a Doctor of Optometry degree and a Ph.D. degree in Biochemistry. He also received honorary Doctor of Science degrees from The Ohio State University, Ferris State University, the State University of New York (SUNY), and the Illinois College of Optometry. He has published 164 peer-reviewed research articles in various scientific journals, co-authored and edited several books on protein crystal growth and membrane proteins and is a co-inventor on 43 patents involving protein crystal growth, novel biotechnologies and structure-based drug design.

DeLucas was a member of the seven-person crew of Space Shuttle Columbia for Mission "STS-50", called the United States Microgravity Laboratory-1 (USML-1) Spacelab mission. Columbia launched on June 25, 1992, returning on July



Predictive Oncology Inc.

POAI-\$3.00 PT

9. In 1994 and 1995, Dr. DeLucas served as the Chief Scientist for the International Space Station at NASA Headquarters in Washington, D.C.

In 1999 Dr. DeLucas was recognized as one of the scientists who could shape the 21st century in an article published by "The Sunday Times" of London titled "The Brains Behind the 21st Century". In 2013 he was inducted as a Fellow in the National Academy of Inventors and in 2004, he was recognized as a Top Ten Finalist for the Entrepreneur of the Year award from the Birmingham Business Journal

Figure 11 – Predictive Oncology Inc. – Comp Table

Ticker	Company Name	1/29/21 Close	Market Cap \$MM	EV \$MM	2022 PE	2022 Sales Multiple	2022 EV / Revenue	GICS Industry Name
ROG.S	Roche Holding AG	\$345.62	299,350	312961.7793	15.24	4.26	4.45	Pharmaceuticals
PFE	Pfizer Inc	\$35.86	199,380	252,265	11.06	3.51	4.56	Pharmaceuticals
MRK	Merck & Co Inc	\$77.92	197,140	218,609	12.06	3.81	4.19	Pharmaceuticals
AZN.L	AstraZeneca PLC	\$102.76	134,892	150,208	20.31	4.41	4.81	Pharmaceuticals
SNY.O	Sanofi SA	\$47.57	117,732	131,671	12.66	2.59	2.89	Pharmaceuticals
GSK.L	GlaxoSmithKline PLC	\$18.62	93,635	135,092	11.95	1.95	2.83	Pharmaceuticals
SYK.N	Stryker Corp	\$230.00	86,432	96,638	22.28	4.72	5.27	Health Care Equipment & Supplies
BAYGn.DE	Bayer AG	\$60.50	59,439	93,451	8.05	1.18	1.86	Pharmaceuticals
4502.T	Takeda Pharmaceutical C	\$35.49	55,940	96,876	17.65	1.79	3.15	Pharmaceuticals
ZBH.N	Zimmer Biomet Holdings I	\$157.03	32,549	39,878	19.72	4.01	4.89	Health Care Equipment & Supplies
MYGN.O	Myriad Genetics Inc	\$27.64	2,079	2,143		3.24	3.37	Biotechnology
CODX.O	Co-Diagnostics Inc	\$12.64	357	330	5.90	3.43	2.97	Health Care Equipment & Supplies
ANPC.O	AnPac Bio-Medical Scien	\$5.55	62	62		7.52	9.49	Biotechnology
DXR	Daxor Corp	\$13.50	52	53		4.66		Health Care Equipment & Supplies
QBIO.PK	Q BioMed Inc	\$1.05	25	31				Biotechnology
	AVERAGE				14.26	3.65	4.21	
POAI.O	Predictive Oncology Inc	\$1.04	31	37		2.58	3.08	Health Care Equipment & Supplies
	POAI Discount to Peers					-29%	-27%	

Source: Litchfield Hills Research LLC and Refinitiv Eikon (formerly Thomson Reuters Eikon)

Figure 12 – Predictive Oncology Inc. – Income Statement (\$ in thousands)

December ending year	2018	2019	2020E				2020E	2021E				2021E	2022E				2022E
	Year	Year	Q1A	Q2A	Q3A	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Year	Q1E	Q2E	Q3E	Q4E	Year
Total revenue	\$1,412	\$1,412	\$295	\$183	\$481	\$350	\$1,308	\$350	\$400	\$600	\$800	\$2,150	\$1,000	\$2,000	\$4,000	\$5,000	\$12,000
<i>Y/Y growth</i>			16%	-36%	-8%	1%	-7%	19%	119%	25%	129%	64%	186%	400%	567%	525%	458%
Cost of Goods	416	532	93	85	175	140	493	140	160	240	320	860	400	800	1,600	2,000	4,800
Gross Profit	996	880	202	98	306	210	815	210	240	360	480	1,290	600	1,200	2,400	3,000	7,200
SG&A	6,996	11,694	3,093	3,345	2,348	2,300	11,086	2,300	2,300	2,300	2,300	9,200	2,300	2,300	2,300	2,300	9,200
Operations expense	1,861	2,960	549	521	569	550	2,189	550	550	550	550	2,200	550	550	550	550	2,200
Total Operating Expenses	8,857	14,654	3,642	3,866	2,917	2,850	13,275	2,850	2,850	2,850	2,850	11,400	2,850	2,850	2,850	2,850	11,400
Operating Income	(7,861)	(13,774)	(3,439)	(3,768)	(2,611)	(2,640)	(12,459)	(2,640)	(2,610)	(2,490)	(2,370)	(10,110)	(2,250)	(1,650)	(450)	150	(4,200)
Total Other Items	(2,225)	(5,616)	(1,090)	191	(3,696)	(500)	(5,095)	0	0	0	0	0	0	0	0	0	0
Pre-Tax Income	(10,086)	(19,391)	(4,529)	(3,577)	(6,308)	(3,140)	(17,554)	(2,640)	(2,610)	(2,490)	(2,370)	(10,110)	(2,250)	(1,650)	(450)	150	(4,200)
Taxes (benefit)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Tax Rate	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Net Income (loss)	(\$10,086)	(\$19,391)	(\$4,529)	(\$3,577)	(\$6,308)	(\$3,140)	(\$17,554)	(\$2,640)	(\$2,610)	(\$2,490)	(\$2,370)	(\$10,110)	(\$2,250)	(\$1,650)	(\$450)	\$150	(\$4,200)
Diluted EPS	(7.87)	(6.76)	(0.93)	(0.36)	(0.42)	(0.18)	(1.48)	(0.09)	(0.08)	(0.07)	(0.07)	(0.30)	(0.06)	(0.05)	(0.01)	0.00	(0.11)
EPS incl. Deemed Div. if any		(6.86)		(0.46)	(0.18)												
Diluted Shares Outstanding	1,282	2,870	4,866	9,838	15,027	17,700	11,858	30,000	34,000	36,000	36,100	34,025	36,500	36,600	36,700	36,800	36,650

Source: Company reports and Litchfield Hills Research LLC

Figure 13 – Predictive Oncology Inc. – Balance Sheet (\$ in thousands)

December ending year	FY2022E	FY2021E	FY2020E	FY2019
Balance sheet				
Current Assets				
Cash and S.T.I.	\$6,353.66	\$6,153.66	\$818.66	\$150.83
Accounts receivable	1,000.00	600.00	500.00	297.06
Inventories	400.00	300.00	210.00	190.16
Other assets	300.00	250.00	250.00	160.22
Total Current Assets	8,053.66	7,303.66	1,778.66	798.26
Net PP&E	0.00	0.00	0.00	0.00
Other non-current assets	1,750.00	1,500.00	1,800.00	729.75
Total Assets	\$22,603.66	\$23,603.66	\$22,378.66	\$22,375.51
Current Liabilities				
Accounts payable and accrued exp.	\$7,000.00	\$5,000.00	\$4,100.00	\$5,527.27
Short-term notes payable	6,200.00	6,100.00	5,865.00	4,836.18
Other current liabilities	2,000.00	2,000.00	2,000.00	510.47
Total current liabilities	15,200.00	13,100.00	11,965.00	10,873.93
Conv. and Long Term Debt	0.00	0.00	0.00	0.00
Other non-current	1,600.00	1,500.00	1,300.00	270.26
Total Liabilities	16,800.00	14,600.00	13,265.00	11,144.19
Stockholders' Equity				
Preferred stock	0.79	0.79	0.79	35.80
Common stock	166.00	166.00	166.00	40.57
Additional paid-in-capital	120,000.00	119,000.00	109,000.00	93,653.67
Retained earnings	(114,363.13)	(110,163.13)	(100,053.13)	(82,498.71)
Cum. trans. adj. and treasury stock	0.00	0.00	0.00	0.00
Total stockholders' equity	5,803.66	9,003.66	9,113.66	11,231.32
Total Liabilities and equity	\$22,603.66	\$23,603.66	\$22,378.66	\$22,375.51

Source: Company reports and Litchfield Hills Research LLC

Figure 14 – Predictive Oncology Inc. – Cash Flow (\$ in thousands)

	2022E	2021E	2020E	2019A
Net Income	(\$4,200.0)	(\$10,110.0)	(\$17,554.4)	(\$19,390.8)
Accounts receivable	(400.0)	(100.0)	(202.9)	(64.5)
Inventories	(100.0)	(90.0)	(19.8)	50.9
Other assets	(50.0)	0.0	(89.8)	655.5
Notes receivable	0.0	0.0	0.0	1,112.5
Fixed assets, net	0.0	0.0	(2,292.2)	(1,327.3)
Goodwill and intangible	2,000.0	4,000.0	4,339.7	(18,375.2)
Other non-current	(250.0)	300.0	(1,070.3)	(729.7)
Accounts payable and accrued exp.	2,000.0	900.0	(1,427.3)	3,802.5
Short-term notes payable	0.0	200.0	1,004.2	3,160.9
Deferred revenue	100.0	35.0	24.6	17.3
Other current liabilities	0.0	0.0	1,489.5	237.7
Conv. and Long Term Debt	0.0	0.0	0.0	0.0
Other non-current	100.0	200.0	1,029.7	270.3
Preferred stock	0.0	0.0	(35.0)	35.0
Common stock	0.0	0.0	125.4	26.5
Additional paid-in-capital	1,000.0	10,000.0	15,346.3	30,507.1
Stock subscription receivable	0.0	0.0	0.0	0.0
Other				
Total Cash Flow	\$200.0	\$5,335.0	\$667.8	(\$11.3)

Source: Litchfield Hills Research LLC

Disclosures:

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Predictive Oncology Inc.

POAI-\$3.00 PT

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