Zacks Small-Cap Research

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Jason Napodano, CFA
312-265-9421
jnapodano@zacks.com

scr.zacks.com
10 S. Riverside Dr, Suite 1600, Chicago, IL 60606

Cynapsus Therapeutics Inc. (T.CTH-TSX)

Cynapsus – Phase 3 To Start Shortly, Shares Look Very Attractive…

Current Recommendation	**Buy**
Prior Recommendation	N/A
Date of Last Change	07/23/2012
Current Price (03/18/15)	$1.35
Target Price	**$3.00**

UPDATE

Little known Toronto, Canada-based Cynapsus Therapeutics is one of our best ideas for investment in the small-cap biotechnology sector.

On November 19, 2014, Cynapsus Therapeutics Inc. (CYNAF) (CTH.TO) announced what looks to be a clear demonstration of proof-of-concept via positive top-line results from the CTH-105 Phase 2 clinical trial. The CTH-105 study was the first to test Cynapsus APL-130277, a fast-acting, sublingual, thin filmstrip formulation of apomorphine in Parkinson's patient for the management of "off" motor symptoms. We believe the data set the stage for a significant re-valuation of the shares to meaningfully higher levels. Our target is $3.00 per share, offering 225% upside.

SUMMARY DATA

52-Week High	**$1.49**
52-Week Low	**$0.96**
One-Year Return (%)	**-12.49**
Beta	**1.31**
Average Daily Volume (sh)	**138,306**
Shares Outstanding (mil)	**87.9**
Market Capitalization ($mil)	**$89**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**21**
Insider Ownership (%)	**8**
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 2015 Estimate	**N/A**
P/E using 2016 Estimate	**N/A**

Risk Level	**High**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue
(In millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	0 A	0 A	0 A	0 A	0 A
2015	0 E	0 E	0 E	0 E	0 E
2016					0 E
2017					0 E

Earnings per Share
(EPS is operating earnings before non-recurring items)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2014	-$0.03 A	-$0.04 A	-$0.02 A	-$0.06 A	-$0.16 A
2015	-$0.04 E	-$0.05 E	-$0.06 E	-$0.07 E	-$0.22 E
2016					-$0.16 E
2017					-$0.11 E

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INVESTMENT THESIS

Quick Financial Update

On March 17, 2015, Cynapsus Therapeutics Inc. (CYNAF) (CTH.T) reported financial results for the fourth quarter and full year ending December 31, 2015. All numbers are in Canadian dollars. The company did not report any revenues in 2014; this was in-line with our financial model. For the fourth quarter 2014, net loss totaled $5.1 million. Loss was primarily driven by $3.3 million in R&D expense and $2.2 million in G&A expense, slightly off-set by $0.3 million in research grants. Loss equated to $0.06 per share. For the full year 2014, net loss totaled $10.8 million, driven primary by $6.2 million in R&D and $5.0 million in G&A costs.

Cynapsus exited 2014 with approximately $17.5 million in cash on the books. The company raised $24.7 million in capital throughout 2014, the majority in April 2014 through a public offering of 38.5 million shares at $0.65 per share. Investors exercising outstanding warrants contributed another $1.8 million in 2014. Subsequent to the close of the year, Cynapsus saw another $4.0 million in cash come in during January and February 2015 through investors exercising warrants. As of mid-March 2015, the basic share count stands at approximately 88.0 million, putting the market capitalization (in U.S. dollars) at around $90 million. We note there are approximately 53.6 million stock warrants outstanding, all in the money, which would provide an additional $40.0 million in new capital to Cynapsus if exercised. We forecast the current cash position is adequate to fund operations into 2016.

Phase 2 Trial Shows Clear Proof-of-Concept

On November 19, 2014, Cynapsus Therapeutics Inc. (CYNAF) (CTH.V) announced what looks to be a clear demonstration of proof-of-concept via positive top-line results from the CTH-105 Phase 2 clinical trial. The CTH-105 study was the first to test Cynapsus APL-130277, a fast-acting, sublingual, thin filmstrip formulation of apomorphine in Parkinson's patient for the management of "off" motor symptoms. We believe the data warrant a significant re-valuation of the shares to meaningfully higher levels.

…Quick Highlight Of The Data…

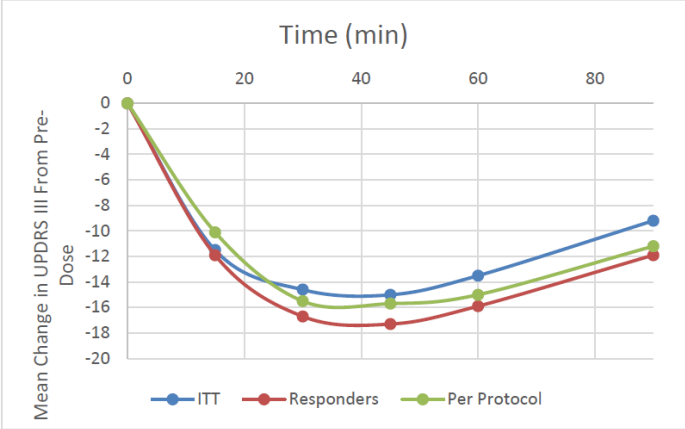
The primary objective of CTH-105 (NCT02228590) was to evaluate the efficacy, tolerability and safety of single treatments of APL-130277 in 19 patients with Parkinson's Disease (PD). The primary endpoint was the efficacy based on "time to on" using the percent change in UPDRS. Safety and tolerability, as well as frequency of adverse events, were also primary and secondary outcome measures in the study. In the trial, patients were then given escalating doses of APL-130277 (at a minimum of three hours between doses) until "on" was achieved. UPDRS III score was measured at 15, 30, 45, 60 and 90 minutes.

Fifteen of the 19 patients (~79%) turned "on" after dosing APL-130277. Of the four patients that did not turn "on", two were dosed incorrectly (told to swallow the film strip instead of letting it dissolve) and two were believed to require doses higher than 30 mg because their baseline UPDRS scores were significantly higher than the mean for the other 17 patients. This is consistent with prescribing label for subcutaneous apomorphine were approximately 20% of PD patients require the highest dose. Nevertheless, all five doses of APL-130277 used in the study (10, 15, 20, 25, 30 mg) did result in patients moving from "off" to "on". We are encouraged by the fact that even the lowest dose showed efficacy, with 3 of the 19 patients (~16%) moving to "on". Another nine patients turned "on" when doses were increased to 20 mg. All patients that turned "on" did so in 30 minutes or less, with half turning "on" after only 15 minutes. Mean "time to on" was 22 minutes.

Based on top-line results in November 2014, mean baseline UPDRS III scores for the pool group was 41.4. The maximum mean change from baseline was 15 for the modified intent-to-treat population and 17.3 for the responders (patients that turned "on"). Almost all patients had at least a 10 point improvement at one or more time points. This data compares well with published literature for subcutaneous apomorphine.

Below is a graph showing the mean change in UPDRS III from baseline over the study period for patients converting from "off" to "on" time. We note, even at 90 minutes patients were still "on" (greater than a 10 point reduction in score), suggesting that APL-130277 could act as a bridge between regular oral levodopa dosing.

Mean Change in UPDRS III from Pre-dose Over Study Period



Cynapsus reported that treatment with APL-130277 was safe and well tolerated. Nausea looked to be the most common side effect, followed by dizziness and somnolence. One of these patients experienced a mild episode of vomiting. Study investigators concluded that all doses were well-tolerated with no apparent dose-response relationship. There were no serious adverse events or discontinuations due to adverse events. There were also no reports of buccal mucosal irritation or orthostatic hypotension in any subject treated. We remind investors that in May 2014, Cynapsus confirmed that APL-130277 does not cause excess buccal mucosal irritation. This was previously an area of concern for some investors.

Up Next, The Phase 3 Trials

In February 2015, Cynapsus held a face-to-face meeting with the U.S. FDA to discuss the "end of Phase 2" and map-out the path forward toward the New Drug Application (NDA). In March 2015, the company provided to investors a road-map toward the U.S. NDA filing, which will be through the expedited 505(b)(2) pathway.

The first thing Cynapsus will do is conduct a short Bridging Study, CTH-200, to start in the second quarter 2015. CTH-2000 will be a single-dose, crossover comparative bioavailability and pharmacokinetic (PK) study in healthy volunteers. This study is designed to allow Cynapsus to use the safety and efficacy data for the Reference Listed Drug (Apokyn®) in its 505(b)(2) NDA submission to the FDA.

The primary efficacy trial for the Phase 3 program, CTH-300, will be a double-blind, placebo-controlled, parallel-design study with an estimated 126 PD patients who have at least one "off" episode every 24 hours, with total "off" time of at least two hours per day (1:1 randomization). The objective is to evaluate the efficacy and safety of APL-130277 versus placebo in patients with PD over a 12 week period. The primary end point will be the mean change in the Unified Parkinson's Disease Rating Scale Part III (UPDRS III) score at 30 minutes after dosing. Enrollment will take place at roughly 35 centers through North America, with a target start date of June 2015. Top-line data is expected around March 2016. Since APL-130277 is being compared to placebo, we view this trial as having a very high probability of success.

Cynapsus will also enroll a pivotal six month safety study, CTH-301, which will consist of the 126 patients from the CTH-300 trial plus another 100 de novo patients. The primary endpoint of this study is safety, with analysis looking at adverse events, oral tolerability, and impact on cardiac function assessed by electrocardiogram. Enrollment in this trial should start in August 2015, roughly 12 weeks after the first patient complete the placebo-controlled portion of CTH-300 study. Top-line data from CTH-301 is expected in October 2016.

In parallel to these studies, Cynapsus will be performing the necessary scale-up, process validation and stability as part of the Chemistry, Manufacturing and Controls (CMC) requirements for the filing of the NDA. In mid-March 2015, the company announced that it had entered into an agreement with ARx, LLC whereby ARx agreed to provide Cynapsus with formulation, CMC and clinical unit production of APL-130277 and certain related services to support the planned clinical studies noted above. Under the terms of the agreement, ARx also assigned all of its right to the sublingual film patent family to Cynapsus. In return, Cynapsus granted ARx a non-exclusive license to this patent family in all fields other than generic APL-130277 applications.

If all the above goes smoothly, we believe Cynapsus will be in position to file the U.S. NDA application before the end of 2016. With standard review, APL-130277 should receive a PDUFA date in the U.S. during the second half of 2017. We believe a take-out of the company is likely after the U.S. NDA filing.

Acorda Acquires Civitas And Validates The Market

We have been saying that the market opportunity for an effective rescue medication to treat off episodes in Parkinson's patients in a potential multi-hundred million-dollar opportunity. We estimated the peak U.S. sales for APL-130277 are around $500 million. And we believe this estimate includes conservative forecasts on both pricing and market penetration (see below). It also does not include forecasts for sales in Europe or Asia.

~1.25 Million U.S. Parkinson's Disease Patients by 2024	Percent of PD Patients	Current Penetration Apokyn®	Estimated Penetration APL-130277	Fold Increase	U.S. PD Patients On APL-130277	Strips Needed Per Day	APL-130277 Strips
- Estimated 35% with "OFF" Issues -							
Mild Disease	35%	2.0%	5.0%	2.5	7,656	1.0	7,656
Moderate Disease	50%	5.0%	13.5%	2.7	29,531	2.5	73,828
Severe Disease	15%	7.0%	20.0%	2.9	13,125	4.0	52,500
						Total APL-130277 Strips Sold (at Peak)	133,984
						Price Per Strip Per Day (at Peak)	$10
						Peak U.S. Sales (Millions)	**$489**

Source: Zacks SCR / Jason Napodano, CFA

On September 24, 2014, Acorda Therapeutics announced it had made an offer to acquire privately-held Civitas Therapeutics for $525 million in cash. The impetus of the acquisition by Acorda was to get CVT-301, a Phase 3 inhaled formulation of levodopa for the treatment of off episodes in Parkinson's patients. With CVT-301, Acorda believes it has an attractive late-stage asset to add to the company's CNS-focused pipeline. The CVT-301 Phase 3 study began enrollment in December 2014, with a new drug application (NDA) planned for 2016. As such, Civitas' CVT-301 looks six months ahead of Cynapsus' APL-130277. Acorda estimates the market opportunity for CVT-301 is in excess of $500 million. Civitas had been previously planning an initial public offering, but the $525 million all-cash offer from Acorda was simply too attractive to pass up.

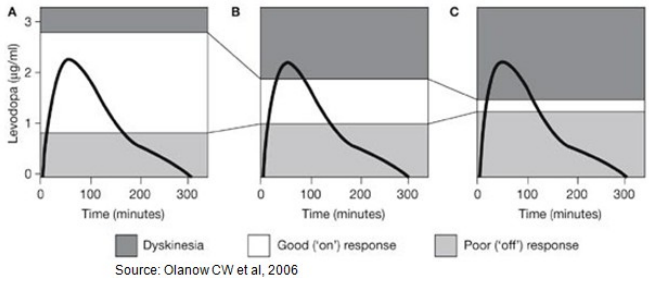
…And We Think Cynapsus Drug Is Clearly The Better Design…

Ever since the announced acquisition of Civitas, investors have been asking, "Why Civitas and not Cynapsus?" and "What does the added competition do to our forecasts?" The answer is simple – We think Acorda bought the wrong drug and that APL-130277 clearly has better attributes than CVT-301.

Specifically, CVT-301 is an inhaled formulation of levodopa. Levodopa is the most common form of dopamine replacement therapy, a backbone regimen and standard of care for the treatment of Parkinson's disease. Parkinson's disease is a slowly progressing neurological disorder characterized by tremor, stiffness and decreased movement. The decreased movement is a direct result of the lack of dopamine in the brain. Levodopa, when taken orally, is converted into dopamine in the substantia nigra by dopa decarboxylase. The administration of levodopa temporarily diminishes the motor symptoms associated with the lack dopamine in the substantia nigra. Carbidopa, a dopa decarboxylase inhibitor, is commonly dosed with levodopa to prevent L-DOPA metabolism before it reaches the blood-brain barrier. In fact, co-formulations of levodopa/carbidopa (Sinemet-CR) are available. Civitas' formulation of levodopa bypasses the gut metabolism through inhalation, a pathway known to for rapid uptake and onset of action.

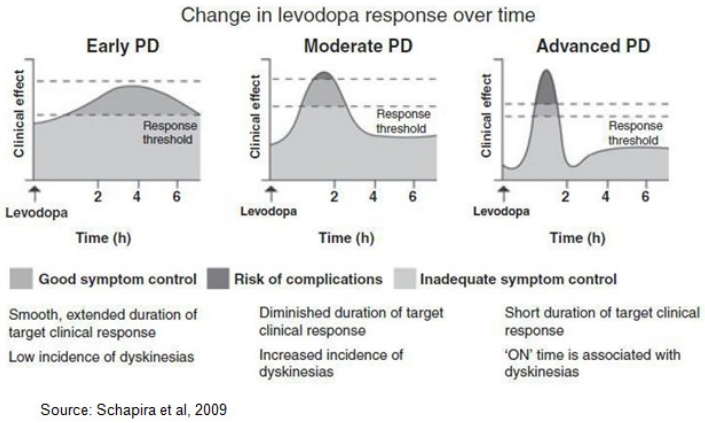
There are, however, major limitations to the use of levodopa as a treatment for Parkinson's disease. Mainly, the patient must have substantial remaining dopaminergic neurons in the substantia nigra to metabolize the drug. However, according to research published in the Journal of Neural Transmission by P. Riederer et al in 1976, pathological studies of Parkinson's disease show at least 70-80% of the dopaminergic neurons are lost before the onset of symptoms.

This work was confirmed by K. Yoshikawa et al, 2004. This explains why levodopa is very effective for a period of time, then wanes with disease progression. A newly diagnosed Parkinson's patient has the capacity to process levodopa. As the patient loses this capacity, the therapeutic window for levodopa therapy begins to narrow. Levodopa also has a relatively short half-life of only 60-90 minutes. The drugs effect, even in the mild Parkinson's patient, only lasts for 1.5 to 2.0 hours post dose (Brooks, D, 2008). Work done by Olanow et al, 2006 shows that a therapeutic window for Parkinson's disease patients rapidly closes (narrows) as patients gain experience with Levodopa use. This is due to a combination of disease progression, loss of dopaminergic neurons in the substantial nigra, and the short half-life of the drug.



Source: Olanow CW et al, 2006

As such, dosing dynamics for levodopa are challenging (Schapira et al, 2009). Too much drug (or too frequent dosing) leads to leads to dyskinesia, a direct result of excess dopamine in the brain. Too little drug leads to increase "off" time (bradykinesia / akinesia), the specific condition that both Civitas and Cynapsus are aiming to treat.



Source: Schapira et al, 2009

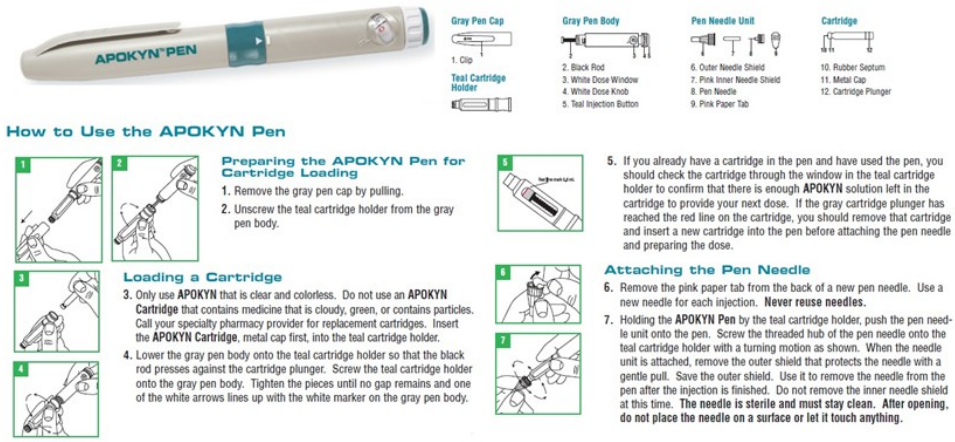
We are not suggesting Levodopa is not useful drug for the treatment of PD patients. Essentially all patients end up on Levodopa, and treatment significant improves motor dysfunction for a period of time. However, levodopa is associated with dyskinesia at a rate of around 50% of all patients after five years of treatment and 100% after 10 years (Ondo, WG, 2011). And as noted above, treatment with levodopa is challenged by reduced duration of response, unpredictable dose failure, and high dose variability of response.

We question the concept of treating "off" episodes in Parkinson's patients with more levodopa. Many neurologists and movement disorder doctors will delay the use of levodopa in newly diagnosed Parkinson's patients specifically to avoid the narrowing of the therapeutic window and the risks of complications such as dyskinesia (see this YouTube video from the MJFF talking about Levodopa and Off/On time). We believe CVT-301 complicates the dosing regimen for the Parkinson's patient taking a drug like Sinemet-CR. We suspect substantial acceleration of the narrowing of the therapeutic window and dyskinesia with the drug's use. And as the Parkinson's patient progresses from mild to moderate or severe disease, we suspect that CVT-301 will become a less effective drug. We also strongly question the approvability of an inhaled drug, with chronic use, in an elderly population for a non-pulmonary disease. As such, we think the pathway to approval for CVT-301 seems arduous.

Apomorphine, the active drug in the only currently approved rescue medication for the treatment of off episodes in the U.S. in Apokyn®, is not a dopamine replacement therapy. Apomorphine is a dopamine agonist, and acts directly at the post-synaptic dopamine receptor, thus bypassing the need for dopamine and dopaminergic neurons in the substantial nigra. Instead, apomorphine can act directly on the gabaergic neurons that are not impacted by Parkinson's disease, and provide an effective treatment option as a rescue medication to patients at all stages of disease progression.

The knock on apomorphine is that because the drug is rapidly metabolized by the liver, it must be administered by a route that bypasses the gut. As such, the currently approved formulation of apomorphine in the U.S. is a subcutaneous injection. Subcutaneous injectable apomorphine, sold in the U.S. as Apokyn®, is a horrible impractical and inefficient drug, flawed by its delivery system and quick peak-to-trough pharmacokinetic profile. Apomorphine is highly lipid soluble and quickly crosses the blood-brain barrier. Onset of action is as little as five minutes, but only lasts for 60-90 minutes. Under QID dosing for levodopa, patients with advanced disease may still experience off episodes.

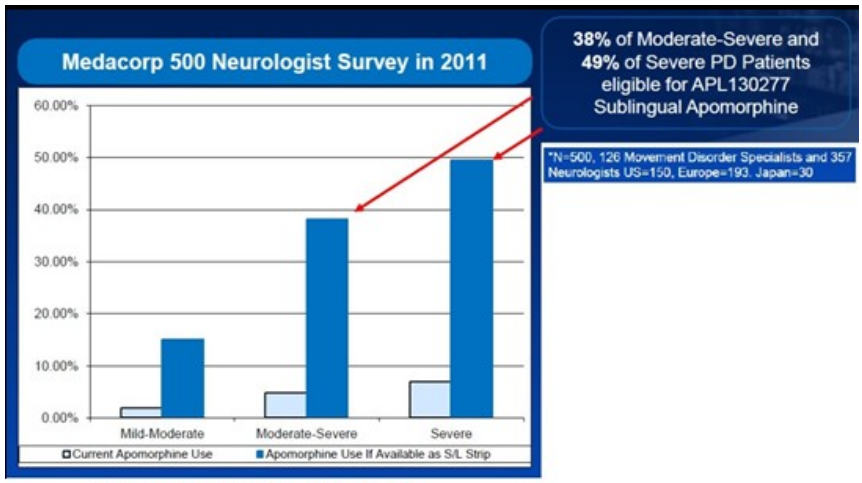
Self-administration of subcutaneous Apokyn is next to impossible for the akinetic (or dyskinetic) Parkinson's patient. For example, the Instructions For Use for Apokyn® is 27 pages long, and consists of steps that logically seem impossible for the frozen or rigid Parkinson's patient to complete. Because self-administration of Apokyn® is nearly impossible, the treatment of "off" episodes requires direct caregiver support, likely from a skilled nurse. There is also titration issued to contend with, as well as injection site-reactions. This places undue burden on the healthcare system.



Source: U.S. WorldMeds, LLC 2014

The above inhibiting attributes greatly limit sales of Apokyn in the U.S. Cynapsus' APL-130277 is a sublingual formulation of apomorphine, with each thin film strip found inside an easy to open non-superimposable die cut peelable foil laminate pouch. The product can be self-administered, under the tongue, and is designed to be used anywhere, anytime, with little or no assistance required. The comparable dose strength of Apokyn® sells for $13-15 per injection. We believe Cynapsus APL-130277, with a far more convenient administration and lack of skilled caregiver requirement, will see sizable market shares gains and expansion over the current Apokyn market.

For example, Cynapsus sponsored neurologist surgery (n=500) with data conclusions suggesting a 7.5-fold increase in penetration across the board for mild, moderate, and severe Parkinson's patients. It is for these reasons that we believe APL-130277 has peak U.S. sales far in excess of Apokyn, or Acorda's newly acquired CVT-301.



Source: Cynapsus Therapeutics, Inc.

Signs Point To Fundamental Strength

Since we first initiated coverage on Cynapsus in June 2013, management has come a long way in preparing the company for the pending Phase 3 program. Below are several "pieces" put into place or little signs of credibility / validation to the Cynapsus story:

- ✓ Awarded a second grant from the Michael J. Fox Foundation in the sum of $0.5 million to support clinical studies of APL-130277 in July 2014.
- ✓ Raised significant new cash with quality institutional investors in April 2015.
- ✓ Announced the appointment of a Chief Scientific Officer (CSO), Thierry Bilbault, PhD, in October 2014.
- ✓ Announced the appointment of a VP Medical Affairs, Jordan Dubow, M.D., in November 2014.
- ✓ Announced a new board member, Tamar Howson in March 2015.
- ✓ Changed auditors from a small Canadian firm to Ernst & Young, LLP in September 2014.
- ✓ Uplisted the shares to the Toronto Stock Exchange in November 2014.

Conclusion, Valuation & Recommendation

Off time is a significant problem for patients with advanced Parkinson's disease. In the U.S., there are an estimated one million PD patients (4-6 million globally). According to a recent survey by the Michael J. Fox Foundation, more than 90% of PD patients report having "off" episodes each day. Roughly two-thirds have "off" time greater than two hours, with 20% experiencing "off" time of greater than four hours. This is a significant problem for PD patients and has meaningful quality of life impact (see chart below). We view this as an enormous unmet medical need.

OFF Episodes Have a Significant Impact on Quality of Life

Significant (p<0.05) impact on PDQ dimension	End of Dose Fluctuations	Nocturnal Akinesia	Early Morning Akinesia	Unpredictable OFFs	Paradoxical Fluctuations
Mobility	X	X	X	X	X
ADL	X	X	X	X	X
Emotional well-being		X			
Stigma	X	X	X	X	X
Social support		X			
Cognition		X			
Communication	X	X	X	X	X
Bodily discomfort		X			
Total score	X	X	X	X	X

Chapuis et al. *Mov Disord* 2005; 20: 224-9.

Data from the recently completed CTH-105 study clearly validates the proof-of-concept for APL-130277. The drug demonstrated clinical signs of efficacy for all doses. Onset of action was as soon as ten minutes for some patients, with mean "time to on" of 22 minutes – admittedly not as rapid as CVT-301 but still well within the reasonable range for a rescue medication. More importantly, duration of effect was still evident at 90 minutes, exceeding what has been demonstrated with Apokyn or what we suspect will be shown in the CVT-301 Phase 3 trial given the half-life of levodopa has been documented to be less than 90 minutes.

Thanks to recent guidance from the U.S. FDA, the path to the U.S. NDA application has been confirmed and the registration Phase 3 programs are expected to start in the second quarter 2015. If all goes smoothly, we anticipate data from the CTH-300 program in March 2016, with the NDA to be filed before the end of that year.

We see APL-130277 as an easier-to-use and more effective drug than CVT-301, along with a better mechanism of action and pathway to approval. Data from CTH-105 de-risks the story and Cynapsus has enough cash to fund the majority of the necessary clinical trials prior to the U.S. NDA filing. A recent paper published by researchers out of the UK on behalf of EUROPAR and EPDA confirms our belief that this is a potential enormous market. The paper concludes that early-morning "off" episodes are a significantly larger problem than believed even five years ago, with nearly two-thirds of all PD patients suffering across all stages of the disease (Rizos et al, 2012).

We believe Cynapsus shares are currently worth $3.00. We arrive at this number by projecting peak U.S. sales for the drug in the $500 million range. We assume sales outside the U.S. will total another $300 million, all told bringing APL-130277 to approximately an $800 drug by 2025. We have built two separate valuation models around this sales assumption.

- The first is a forward price-to-sales analysis where we assume 4x peak sales, discounted back to present day at 20%. With a 75% probability of approval this values the shares at $3.12.

- The second is a 10-year discounted cash flow analysis projected U.S. and RoW sales to peak, 10% cost of goods sold, 5% residual operating expenses, 26.5% tax rate, and 20% discount rate. With a 75% probability of approval this values the shares at $3.08.

On a fully diluted basis, our $3.00 target equates to a market capitalization of approximately $450 million. We remind investors that Acorda paid $525 million for Civitas in 2014, Pfizer acquired Nextwave in 2012 for up to $700 million, and Lundbeck acquired Chelsea Therapeutics for $658 million in 2014. With the NDA under review, it would not surprise us one bit to see Cynapsus acquired for between $500 and $750 million. This range would equate to a 4+ fold increase in price for Cynapsus shareholders as of today.

Cynapsus Therapeutics – Income Statement (Canadian Dollars)

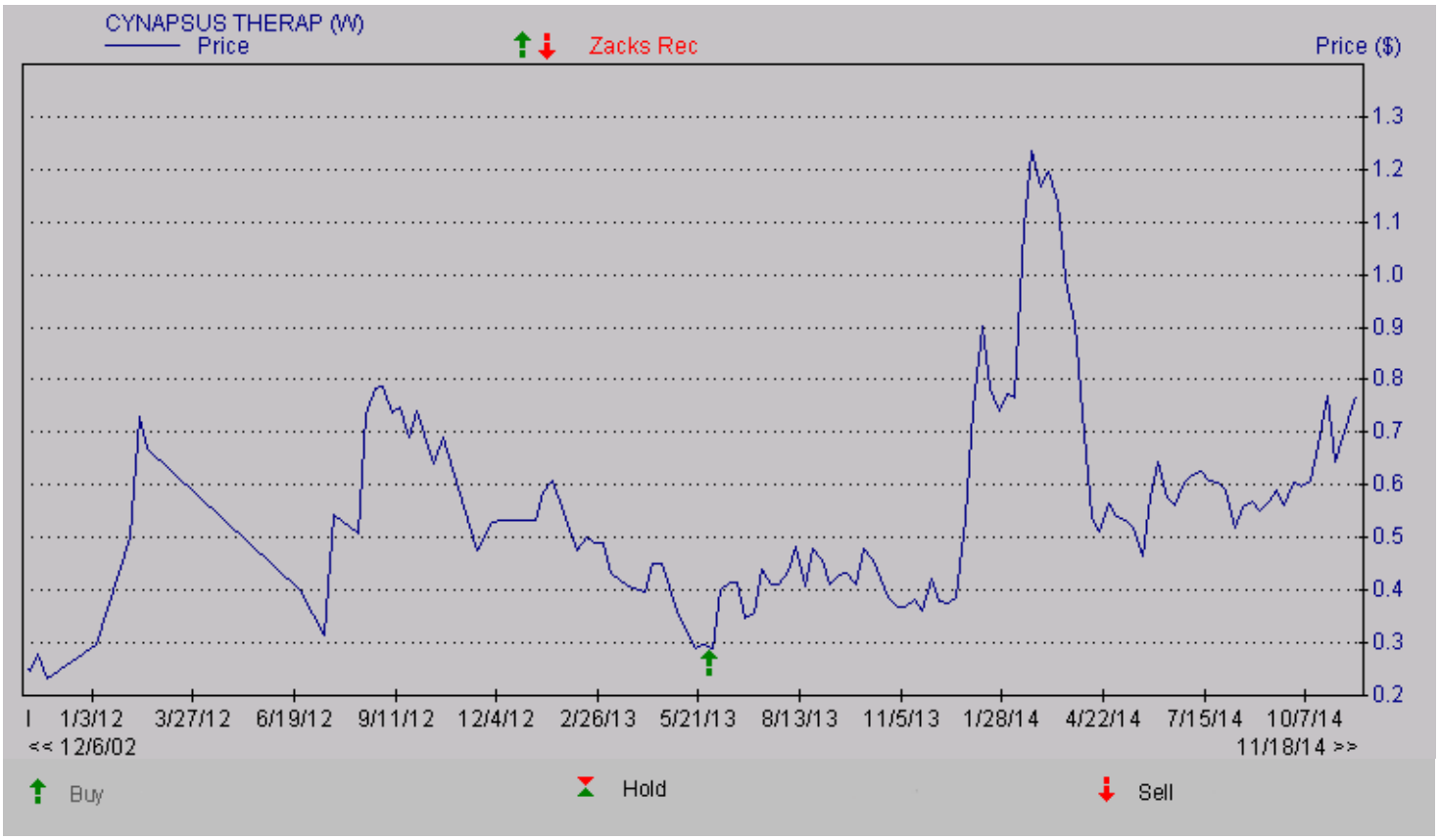
Cynapsus Therapeutics, Inc.	2013 A	2014 A	Q1 E	Q2 E	Q3 E	Q4 E	2015 E	2016 E	2017 E
APL-130277 WW Sales	$0	$0	$0	$0	$0	$0	$0	$0	$0
Royalty Payments	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
YOY Growth	-	-	-	-	-	-	-	-	-
Licensing & Collaborative	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
YOY Growth	-	-	-	-	-	-	-	-	-
Total Revenues	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
YOY Growth	-	-	-	-	-	-	-	-	-
Cost of Sales	$0	$0	$0	$0	$0	$0	$0	$0	$0
Product Gross Margin	-	-	-	-	-	-	-	-	-
Operating, General & Admin	$2.64	$5.01	$1.20	$1.40	$1.50	$1.60	$5.70	$6.50	$7.00
Research & Development	$1.63	$6.19	$1.50	$2.50	$4.00	$5.00	$13.00	$10.00	$5.00
Share-Based Comp	$0.52	$0.98	$0.50	$0.20	$0.20	$0.20	$1.10	$1.50	$2.00
Amortization & Depreciation	$0.06	$0.22	$0.15	$0.15	$0.15	$0.15	$0.60	$0.50	$0.40
Foreign Exchange	$0.04	($0.69)	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Other Expenses	($0.04)	($0.09)	($0.05)	($0.05)	($0.05)	($0.05)	($0.02)	($0.02)	($0.02)
Operating Income	($4.85)	($11.61)	($3.30)	($4.20)	($5.80)	($6.90)	($20.38)	($18.48)	($14.38)
Operating Margin	-	-	-	-	-	-	-	-	-
Grants & Other Income	$0.43	$0.69	$0.15	$0.15	$0.15	$0.15	$0.60	$0.50	$0.50
Interest / Financing Net	$0.01	$0.05	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Pre-Tax Income	($4.43)	($10.82)	($3.15)	($4.05)	($5.65)	($6.75)	($19.78)	($17.98)	($13.88)
Income Taxes Paid	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00	$0.00
Tax Rate	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*	*0%*
Net Income	($4.43)	($10.82)	($3.15)	($4.05)	($5.65)	($6.75)	($19.78)	($17.98)	($13.88)
Net Margin	-	-	-	-	-	-	-	-	-
Reported EPS	**($0.13)**	**($0.16)**	**($0.04)**	**($0.05)**	**($0.06)**	**($0.07)**	**($0.22)**	**($0.16)**	**($0.11)**
YOY Growth	*($0.43)*	*$0.25*	-	-	-	-	*$0.39*	*($0.26)*	*($0.32)*
Basic Shares Outstanding	34.67	67.71	86.00	88.00	90.00	92.00	89.00	110.00	125.00

Source: Zacks Investment Research, Inc. *Jason Napodano, CFA*

Cynapsus Therapeutics – Balance Sheet (Canadian Dollars)

	NOTES	December 31, 2014	December 31, 2013
		$	$
ASSETS			
Current assets			
Cash and cash equivalents	8	17,448,497	2,289,046
Prepaid expenses and other current assets		269,779	118,329
Total current assets		17,718,276	2,407,375
Non-current assets			
Property, plant and equipment	9	257,830	13,737
Intangible assets	10	574,522	727,957
Total assets		18,550,628	3,149,069
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	11, 17	3,080,631	2,315,082
Deferred grant proceeds	16	-	239,968
Total current liabilities		3,080,631	2,555,050
SHAREHOLDERS' EQUITY			
Share capital	13	31,740,941	16,156,398
Equity reserves			
Warrants	13	13,452,183	4,211,014
Share-based payments	13	2,787,525	1,918,672
Deficit		(32,510,652)	(21,692,065)
Total shareholders' equity		15,469,997	594,019
Total liabilities and shareholders' equity		18,550,628	3,149,069

HISTORICAL ZACKS RECOMMENDATIONS



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Buy/Outperform: The analyst expects that the subject company will outperform the broader U.S. equity market over the next one to two quarters.
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Sell/Underperform: The analyst expects the company will underperform the broader U.S. Equity market over the next one to two quarters.

The current distribution is as follows: Buy/Outperform- 17.1%, Hold/Neutral- 74.9%, Sell/Underperform – 7.1%. Data is as of midnight on the business day immediately prior to this publication.