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Mateon Therapeutics, Inc.

(OTCQB: MATN)

MATN: Positive Interim Results for ARTIVeda™; Will Approach FDA for EUA…

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 (01/14/21)	$0.26
Valuation	**$0.70**

OUTLOOK

On January 13, 2021, Mateon Therapeutics, Inc. (MATN) announced positive interim results for ARTIVeda™ as a treatment for COVID-19. ARTIVeda is Mateon's lead Ayurvedic drug against COVID-19 in India and is known as ArtiShield in the rest of the world. The interim results are based on 60 randomized patients (out of 114 randomized to date). Thus far, no adverse events have been reported. The median time to asymptomatic WHO scale of 1 was 5 days for ARTIVeda plus standard of care (SOC) compared to 14 days for SOC alone, with a greater effect noted for patients with worse initial disease. We anticipate enrollment completing before the end of January 2021 with approximately 120 patients with final data available six to eight weeks later. The company is planning to approach various regulatory agencies, including those in the U.S., the U.K., and India, for emergency use authorization (EUA) when the full data set is available.

SUMMARY DATA

52-Week High	**$0.29**
52-Week Low	**$0.09**
One-Year Return (%)	**40.54**
Beta	**1.52**
Average Daily Volume (sh)	**209,684**
Shares Outstanding (mil)	**90**
Market Capitalization ($mil)	**$23**
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-Value**
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

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WHAT'S NEW

Business Update

Positive Interim Data for ARTIVeda™ in COVID-19 Trial

On January 13, 2021, Mateon Therapeutics, Inc. (MATN) announced positive interim data for ARTIVeda™/ArtiShield™, the company's lead Ayurvedic drug against COVID-19 (ARTIVeda in India and ArtiShield in the rest of the world).

The company is currently conducting the ARTI-19 global study of ARTIVeda in India with additional clinical sites set to open in Nigeria and Peru. The trial is on pace to have 120 subjected enrolled in India by the end of January 2021 and as of January 13, 2021 a total of 114 patents had been randomized. An interim analysis was performed for the first 60 patients, with all participants in the trial graded according to the WHO scale as shown in the following figure (WHO).

Patient State	Descriptor	Score
Uninfected	Uninfected; no viral RNA detected	0
Ambulatory mild disease	Asymptomatic; viral RNA detected	1
	Symptomatic; independent	2
	Symptomatic; assistance needed	3
Hospitalised: moderate disease	Hospitalised; no oxygen therapy*	4
	Hospitalised; oxygen by mask or nasal prongs	5
Hospitalised: severe diseases	Hospitalised; oxygen by NIV or high flow	6
	Intubation and mechanical ventilation, pO_2/FiO_2 ≥150 or SpO_2/FiO_2 ≥200	7
	Mechanical ventilation pO_2/FIO_2 <150 (SpO_2/FiO_2 <200) or vasopressors	8
	Mechanical ventilation pO_2/FiO_2 <150 and vasopressors, dialysis, or ECMO	9
Dead	Dead	10

Source: WHO

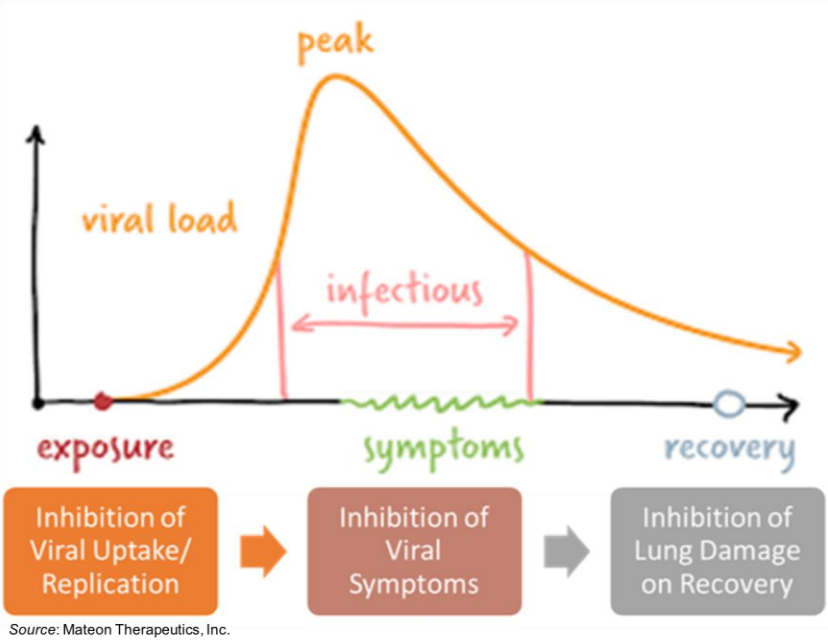
Patients are being treated with or without ARTIVeda along with standard of care (SOC), which is defined as treatment with remdesivir, ivermectin, dexamethasone, heparin, paracetamol, B complex, vitamin C, and zinc. Results from the interim analysis showed that:

- A majority of the 60 patients treated with ARTIVeda plus SOC recovered faster than SOC alone, with the median time to asymptomatic WHO scale of 1 being five days for ARTIVeda plus SOC compared to 14 days for SOC alone.

- Patients who had higher initial disease score showed greater response to ARTIVeda:
  - WHO scale 2,3,4: P=0.0369, RR=1.476 (0.8957-2.433)
  - WHO scale 3,4: P=0.026, RR=1.581 (0.9094-2.747)
  - WHO scale 4: P=0.0043, RR=2.038 (0.9961-4.168)

The ARTI-19 trial is a Phase IV study to evaluate the safety and efficacy of ARTIVeda in patients suffering from COVID-19, with an emphasis on moderate patients (WHO scale 4-5). It is comparing SOC plus daily oral administration of Artemisia absinthium powder 500 mg for five days to SOC alone, with the option to repeat dosing until the disease is resolved or the subject is discharged up to three consecutive cycles.

Artemisinin is one of the active components of ArtiShield and is known to inhibit the TGF-β signaling pathway and neutralize SARS-CoV-2 *in vitro* at a concentration of 0.45 μg/mL while exhibiting a safety index of 140, which is better than remdesivir and chloroquine. In addition, a recent publication described a virtual screening of over 200,000 natural compounds from the ZINC library (Sterling *et al*., 2015) to identify leads with the highest binding affinity to the SARS-CoV-2 S protein, of which artemisinin was one of four selected (Alazmi *et al*., 2020). Lastly, a study published in Nov. 2020 showed that the combination of artemisinin and piperaquine had a therapeutic effect on COVID-19 by decreasing the mean time to reach undetectable viral RNA (Li *et al*., 2020). The aforementioned data suggest that artemisinin is active during all phases of COVID-19: inhibiting viral replication following exposure, alleviating symptoms during peak viral infection, and preventing lung damage during recovery.



Source: Mateon Therapeutics, Inc.

Conclusion

We're glad to see that the ARTI-19 trial continues to produce promising results in line with what we expected and with final data likely to be available in the second quarter of 2021 the company will be approaching regulatory agencies for potential EUA such that ARTIVeda can be sold as a treatment for COVID-19 as quickly as possible. We look forward to the final results from the trial, as ARTIVeda appears like it may offer a cost-effective COVID-19 treatment. 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*

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HISTORICAL STOCK PRICE



Source: Zacks Small Cap Research

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