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Stealth Biotherapeutics (MITO-NASDAQ)

MITO: Phase 2 GA trial misses endpoints but positive indications are seen.

MITO is clinical stage biopharmaceutical company that is attempting to repair mitochondria to treat previously untreatable conditions. We place a $2.10 valuation on MITO using a discounted cash flow model.

Current Price (05/02/22)	$0.28
Valuation	**$2.10**

OUTLOOK

Stealth BioTherapeutics announced that its signature treatment, elamipretide, did not meet the primary endpoints in its Phase 2 Reclaim-2 trial for use in geographic atrophy.

Although the primary endpoints were missed, we view the results as net positive as there was improvement in vision for participants and elamipretide did show positive impact on mitochondrial health.

SUMMARY DATA

52-Week High	**$1.77**
52-Week Low	**$0.28**
One-Year Return (%)	**-77.94**
Beta	**2.07**
Average Daily Volume (sh)	**239,663**
Shares Outstanding (mil)	**60**
Market Capitalization ($mil)	**$17**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**2**
Insider Ownership (%)	**N/A**
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 2022 Estimate	**-4.0**
P/E using 2023 Estimate	**-4.6**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**N/A**
Industry	**N/A**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	0.0 A	0.0 A	0.0 A	0.0 E	0.0 E
2022	0.0 E	0.0 E	0.0 E	0.0 E	0.0 E
2023	0.0 E	0.0 E	0.0 E	0.0 E	0.0 E
2024	0.0 E	0.0 E	0.0 E	0.0 E	0.0 E

Earnings per share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	-$0.01 A	-$0.03 A	-$0.01 A	-$0.02 E	-$0.07 E
2022	-$0.02 E	-$0.03 E	-$0.01 E	-$0.01 E	-$0.07 E
2023	-$0.01 E	-$0.02 E	-$0.02 E	-$0.01 E	-$0.06 E
2024	-$0.02 E	-$0.01 E	-$0.01 E	-$0.02 E	-$0.06 E

Updates

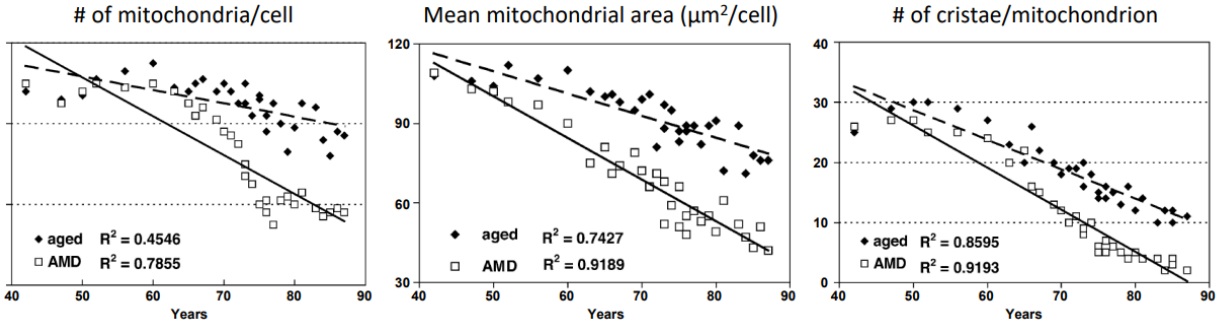
- Stealth BioTherapeutics announced top-line data from its Phase 2 ReCLAIM-2 trial, which was evaluating elamipretide in patients with geographic atrophy (GA) secondary to dry age-related macular degeneration.
- Stealth management announced results from the ReCLAIM-2 trial that indicated primary endpoints were not met.
- However, in what we view as an overlooked but important development, the ReCLAIM-2 trial had multiple positive data points which we view as an encouraging outcome.
    - The trial showed that elamipretide “categorically improved visual function for patients with GA.
    - Elamipretide also showed proof of mechanism by reducing progressive ellipsoid zone loss, which, according to the company, is a key biomarker of retinal mitochondrial health and has shown to be predictive of long-term GA growth and development.
- Additionally, elamipretide was again shown to be well tolerated by the patient group in the Phase 2 trials.
- We view these results as a net positive and believe the forward progress for elamipretide continues.
- It’s important to note that there are no current approved treatments for GA and, given the results of the trial, believe the FDA will work with Stealth to get a treatment to market.
- We believe the results of Phase 2 also increase the chances of some sort of a partnership with a larger drug company.

Ophthalmic Diseases

Stealth Biotherapeutics notes that normal mitochondrial play a critical role for ocular function and dysfunctional mitochondria play a part in several rare and common diseases of the eye. The company also notes that ophthalmologic diseases that have not traditionally been considered to have obvious mitochondrial origins are increasingly recognized to result at least in part from impaired mitochondrial function. Oxidative damage that results over time from inherited mtDNA mutations or prolonged oxidative stress instability leads to cumulative mitochondrial damage, which is recognized to be an important factor in disorders such as dry age-related macular degeneration (AMD) and Leber's hereditary optic neuropathy (LHON).

Stealth is pursuing elamipretide for treatment of geographic atrophy (GA), which is an advanced form of AMD. AMD is estimated to impact more than 10 million people in the United States and there are no known treatments for the disease. AMD results in distorted vision—more specifically, a reduction in low luminance visual acuity, reduced overall visual acuity and blurred vision—and is the leading cause of blindness among older adults in the developed world.

According to the National Institute of Health (NIH), recent evidence suggests that mitochondrial damage and oxidative stress in the retinal pigment epithelium (RPE) may play an important role in AMD. As seem in the graphic below, RPE mitochondria in AMD eyes undergo more pronounced degenerative changes, with lower mitochondrial density, organelle area and cristae number.



Source: www.stealthbt.com--April 1, 2022

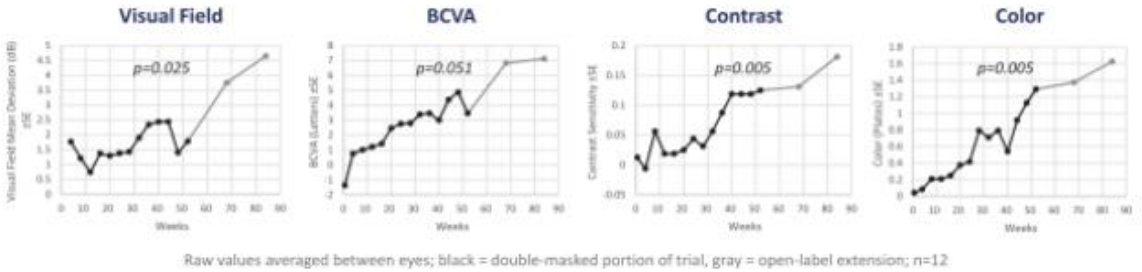
The results of the Phase 2 trial, known as the ReCLAIM-2 Study, were announced by the company in early May 2022 and showed that the primary endpoints assessing change in low luminance visual acuity (LLVA) and geographic atrophy (GA) progression. Elamipretide did, however, showed that its use categorically improved visual function for patients with GA. And, what we believe is the most important development from the trial, was the announcement that elamipretide demonstrated proof of mechanism by reducing progressive ellipsoid zone loss, which is a key biomarker of retinal mitochondrial health and has been shown to be predictive of long-term GA growth and development. Further proof that elamipretide positively impact mitochondrial function gives us continued confidence that the drug can and will play an important role in the vital goal of improving mitochondria, the degradation of which is believed to be at the heart of many conditions. More information on mitochondria can be found below.

It's also important to remember that there are no approved treatments for GA at the present time, which we believe will lead to the FDA working with Stealth to further the progress of elamipretide and increases the potential for a partnership with a bigger drug maker in the not-too-distant future.

Stealth is also investigating elamipretide for the treatment of Leber's hereditary optic neuropathy (LHON), which is mitochondrial disease that affects the eyes and is characterized by central vision loss. The initial clinical expression of LHON is often a sudden and painless central vision loss, frequently accompanied by loss of color vision and reduced visual acuity. Stealth estimates

approximately 10,000 people in the United States have LHON. There are no approved treatments in the US for LHON, although a treatment known as Raxone has been approved in Europe for the treatment of LHON.

Stealth believed that, based on preclinical and early clinical findings, systemic elamipretide may be beneficial for subjects with LHON. In preclinical trials, elamipretide was observed to improved mitochondrial function under oxidative stress in mouse-derived retinal ganglion cells, which are the cells most affected by LHON. Experiments in a mouse model of acute traumatic optic neuropathy also suggest that systemic administration of elamipretide post-trauma may improve retinal ganglion survival and visual function, supporting the plausibility of therapeutic benefit in the presence of LHON-associated, oxidative-stress mediated damage of the optic nerve. The results from the Phase 2 trial, known as ReSIGHT 2, as well as a 6-month open label extension are presented below:



Source: www.stealthbt.com--April 1, 2022

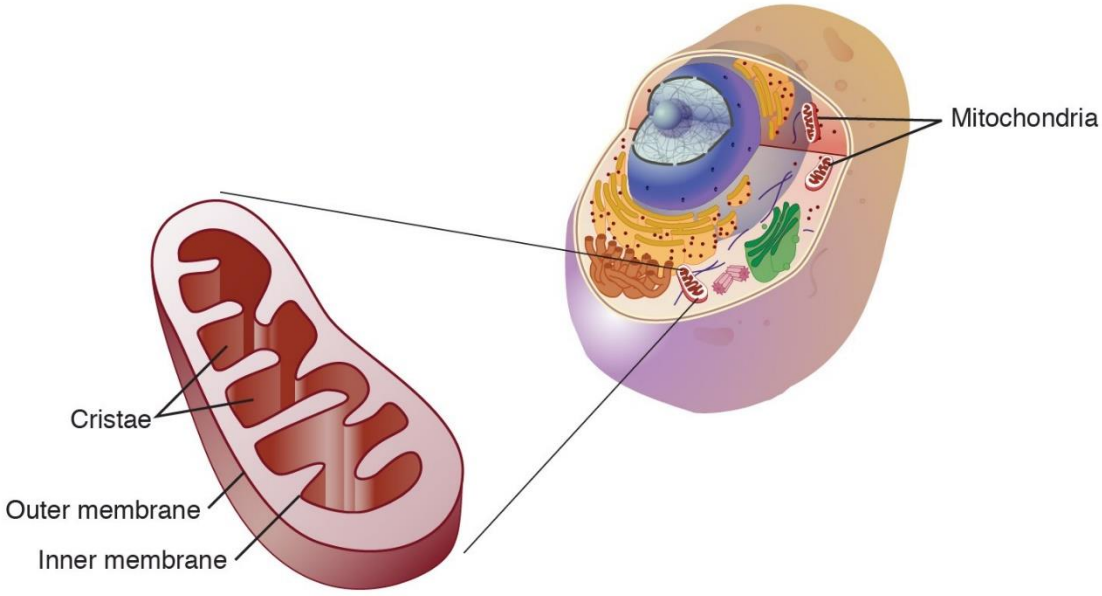
As a result of these positive results, the FDA approved the pivotal Phase 3 clinical trial and Stealth is currently investigating the appropriate formulation of elamipretide to use for the trial and is forecasting a final decision on that early this year, after which Phase 3 would begin.

Mitochondria

Mitochondria, often described as the “powerhouse of the cell”, are responsible for approximately 90% of energy production in human cells and are found in all human cells other than mature red blood cells. Mitochondria produce energy through the conversion of food into adenosine triphosphate (ATP). This happens through a series of reactions, controlled by the electron transport chain (ETC), within the inner folds of the mitochondria. The structure of mitochondria is broken down as follows:

- Outer membrane, which small molecules can pass through freely and includes proteins called porins, which form channels that allow proteins to cross. The outer membrane also contains various enzymes with a variety of functions.
- Inner membrane, which is impermeable to most molecules and holds proteins that have several roles. The inner membrane is where ATP is created.
- Cristae are the folds of the inner membrane and increase the surface area of the membrane, which increases the space available for chemical reactions.

Mitochondria Diagram



Source: Courtesy: National Human Genome Research Institute:https://www.genome.gov/genetics-glossary/Mitochondria

Different types of cells have differing numbers of mitochondria. Cells that have a high demand for energy tend to have greater number of mitochondria. As mentioned, mature red blood cells have none, liver cells can have more than 2,000 and around 40% of the cytoplasm in heart muscle cells is taken up by mitochondria. Although most human DNA is kept in the nucleus of a cell, mitochondria also contains its own set of DNA, known as mitochondrial DNA (mtDNA). Interestingly, although humans get half of their DNA from both their mother and father, as would be expected, mtDNA is received exclusively through the mother.

As mentioned above, mitochondria are known for their role in energy production but they also accomplish other vital tasks in the human body:

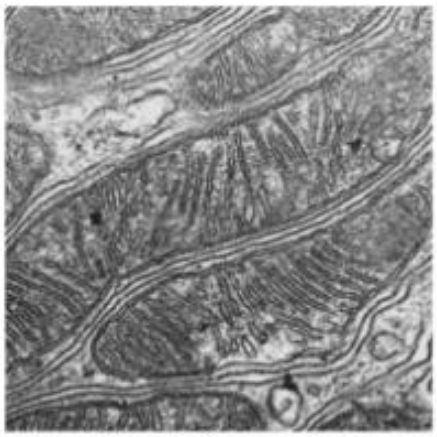
- Energy production mostly takes place on the cristae and chemical energy from food in converted into a form cells can use—a process known as oxidative phosphorylation.
- Cell death is an important part of human life as the body gets rid of old or broken cell and mitochondria is involved in the determination process of what cells get destroyed. Mitochondria release cytochrome C, which activates caspase, which is one of the main enzymes involved in the destruction of cells during a process known as apoptosis.
- Storing calcium, which is vital for cellular processes. Due to the importance of calcium, which is needed for muscle function, fertilization, and blood clotting for example, it is tightly regulated by cells. Mitochondria quickly absorb calcium ions and holds them until they are needed.
- Heat production through a tissue known as brown fat (found in its highest levels in babies), which produces non-shivering heat through a process known as proton leak.

Another important component of mitochondria is cardiolipin (CL). CL is a phospholipid exclusively located in the inner mitochondrial membrane and helps regulate various kinds of proteins such as electron transport complexes, carrier proteins and phosphate kinases, and is essential in the organization of structures such as cristae.

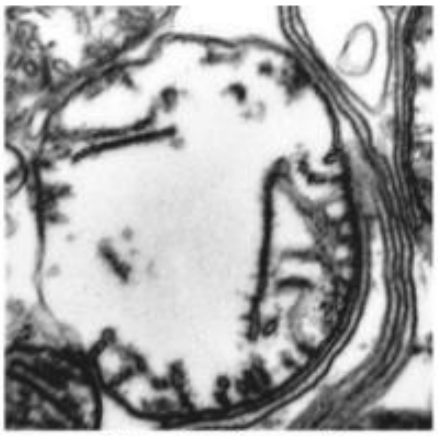
When some of these processes are interrupted or disturbed through genetic abnormalities a person has dysfunctional mitochondria. Dysfunctional mitochondria can have an impaired ability to produce

ATP and can generate increased levels of reactive oxygen species, or ROS, a major contributor to oxidative stress. Although low levels of ROS can be important signaling molecules in the cell, high levels of ROS can damage proteins and membrane lipids within the cell. Cardiolipin, in particular, is highly susceptible to oxidative damage, which can result in disrupted mitochondrial structure and a cycle of increasing ROS generation that can lead to the inflammation, fibrosis, senescence and cell death implicated in many human diseases.

Images of Healthy and Unhealthy Mitochondria



Normal Mitochondria



Unhealthy Mitochondria

Source: www.stealthbt.com--April 1, 2022

Mitochondrial dysfunction is commonly observed across both common and rare diseases. Contributors to mitochondrial dysfunction can include genetic mutations, the aging process, environmental factors, or a combination thereof. These impairments can affect a number of different organ systems, especially those with high energetic demands such as the heart, eyes, the brain, kidneys, and skeletal muscle.

Elamipretide

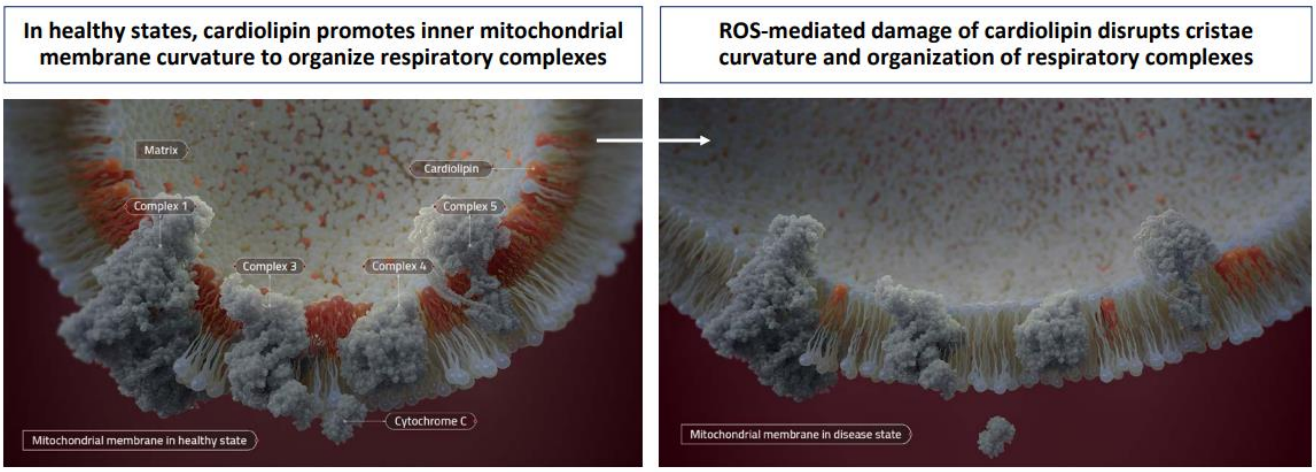
Stealth Biotherapeutics is focused on mitigating mitochondrial dysfunction in rare diseases such as primary mitochondrial myopathy due to nuclear DNA mutations (nPMM), Barth syndrome, and Duchenne muscular dystrophy, as well as a wide range of common age-related diseases, such as dry age-related macular degeneration.

The company's current primary tool toward achieving those ambitious goals is elamipretide, which is Stealth's lead investigational product candidate. The company describes it as a "peptide compound that readily penetrates cell membranes and targets to inner mitochondrial membrane where it binds reversibly to cardiolipin."

Elamipretide is known to compensate for cardiolipin deficit by improving lipid packing, membrane curvature and membrane surface area. When brought into close proximity with the inner mitochondrial membrane, elamipretide's positively charged residues interact electrostatically with the anionic headgroups of cardiolipin, increasing local concentration levels.

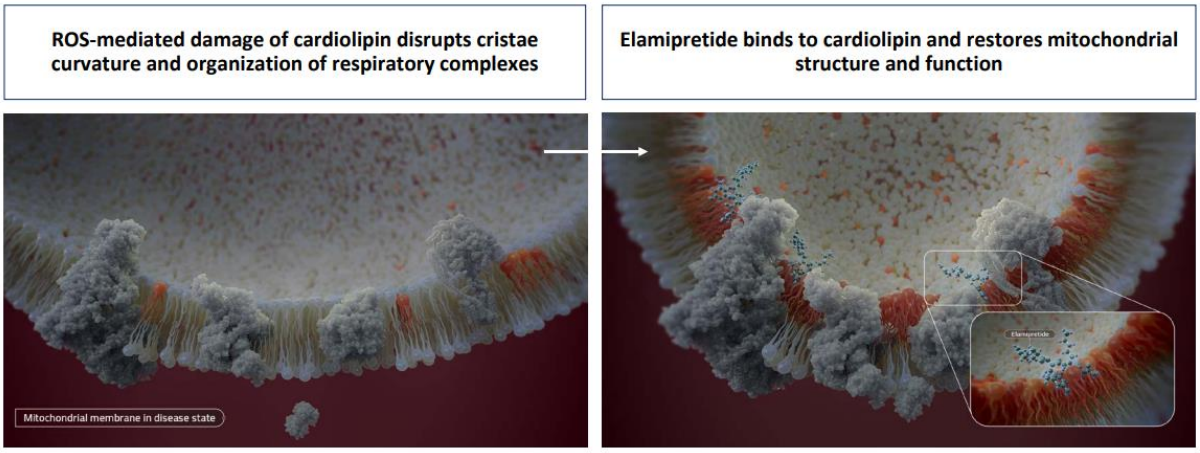
Elamipretide's nonpolar side chains subsequently penetrate the inner mitochondrial membrane at gaps created by cardiolipin and interact hydrophobically with the acyl chains, depicted in the graphic below. This electrostatic/hydrophobic binding modulates the surface electrostatics of the inner membrane to facilitate increases in lipid packing, membrane curvature and membrane surface area integral to cristae formation, supercomplex association and efficient oxidative phosphorylation.

Healthy and damaged cardiolipin



Source: www.stealthbt.com--April 1, 2022

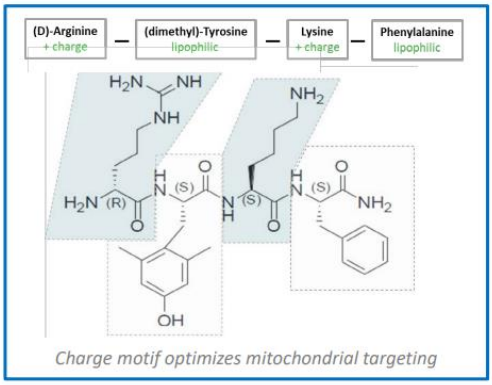
Elamipretide impact on damaged cardiolipin

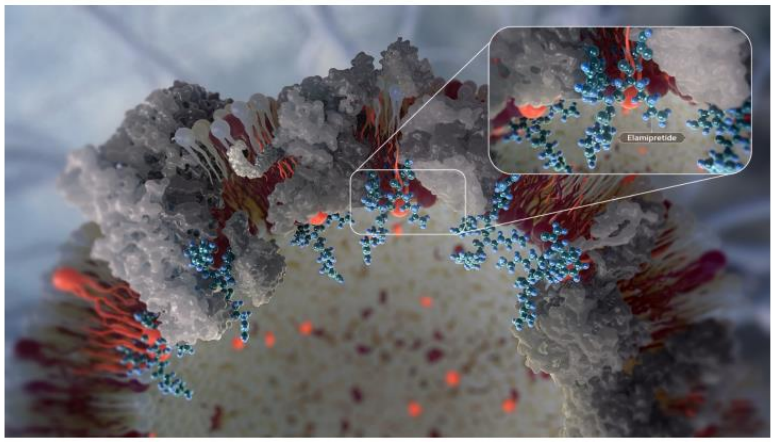


Source: www.stealthbt.com--April 1, 2022

Elamipretide is being evaluated by Stealth for use in diseases involving ophthalmic and rare cardiomyopathies, where there is a genetic basis for the underlying dysfunction and where they have the potential to be expedited. The following graphic gives a deeper dive into how elamipretide modulates inner mitochondrial membrane dynamics that are disrupted:

Elamipretide modulates IMM dynamics which are disrupted in diseases entailing mitochondrial dysfunction





Positively charged residues interact electrostatically with CL anionic headgroups, nonpolar side chains penetrate IMM gaps to interact hydrophobically with CL acyl chains, improving lipid packing, cristae morphology and IMM surface area[1]

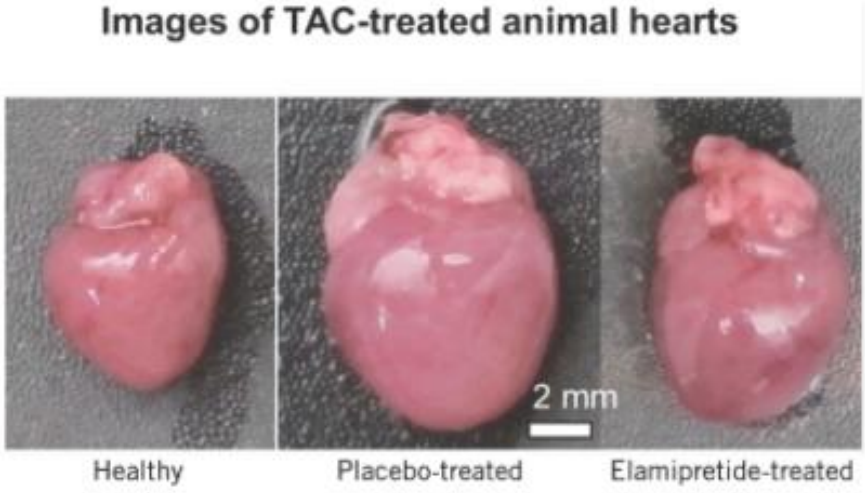
IMM = inner mitochondrial membrane; CL = cardiolipin

[1] Mitchell, Wayne et al. "The mitochondria-targeted peptide SS-31 binds lipid bilayers and modulates surface electrostatics as a key component of its mechanism of action." The Journal of biological chemistry vol. 295,21 (2020): 7452-7469. doi:10.1074/jbc.RA119.012094

Source: www.stealthbt.com--April 1, 2022

As noted above, the company notes that elamipretide has been reported to be well tolerated in clinical trials of over 1,000 subjects systemically exposed to this point, which we believe should help smooth the process of getting approval for trials involving elamipretide and various other genetic conditions. Additionally, Stealth reports that in preclinical and clinical studies researchers have observed that elamipretide increases mitochondrial respiration, improves electron transport function and ATP (adenosine triphosphate) production and reduces formation of pathogenic ROS (reactive oxygen species) levels.

One of Stealth's major focuses is cardiomyopathy-related conditions. Bolstering the prospects for that line of thinking, in our view, was a study of a mouse model of hypertrophic cardiomyopathy published in *Circulation: Heart Failure* in September 2013. In the study, treatment with elamipretide attenuated heart failure induced by transverse aortic constriction, or TAC. As shown in the images below of a healthy mouse heart, a mouse heart with TAC-induced hypertrophic cardiomyopathy treated with placebo, and a mouse heart with TAC-induced hypertrophic cardiomyopathy treated with elamipretide, elamipretide-treated mice retained normal cardiac structure despite the TAC intervention.



Source: www.stealthbt.com--April 1, 2022

Positive indications such has this has allowed Stealth to pursue treatment for a condition known as Barth Syndrome, where sufferers are searching for a treatment and where none currently exists.

THE INVESTMENT STORY

Stealth Biotherapeutics is a clinical-stage biopharmaceutical company focused on the discovery, development, and commercialization of novel therapies for diseases involving mitochondrial dysfunction. Mitochondrial research is still in its, relatively speaking, early stages and we have seen multiple misfires or stalled development programs across the biotechnology universe, leading to what we perceive to be investor skepticism regarding the commercialization of related therapies. We understand that sentiment, as the reality of mitochondrial research hasn't seemed to match the early hope held by patients and investors alike, at least not yet. However, we would caution against becoming overly skeptical and realize there have been some successes and with each "failure", learning occurs and the proverbial mitochondrial ball is pushed closer to the end zone.

In our view, several key issues lead us to believe that Stealth may ultimately cross that line and be able to bring new therapies to the market. The first thing to remember is that, despite the disappointments in some cases, mitochondrial treatment research is creating exciting possibilities. Stealth, for example, as detailed above, is currently pursing treatments for such diseases as dry AMD, which causes blindness for millions, heart conditions of varying names that are impacting thousands of lives and conditions plaguing many in the United States and around the world such as Alzheimer's and dementia. And while the treatments that we've discussed above aren't across the finish line yet, they have clinical results that show at least some level of success while proving to be safe for patients to use, allowing the approval processes to move forward.

The number one issue we see is one that impacts many companies at this stage of life—can Stealth obtain the funding it needs to continue its research and testing needed to shepherd these therapies to approval and commercialization? At this point, Stealth management reports that they have the funding needed for continue operation through the third quarter of 2022. Certainly, we would like to see a greater level of funding on hand to give us a little more comfort in Stealth's ability to continue, but we feel fairly confident that, at least for the foreseeable future, Stealth will obtain the capital they need to continue. As of August 2021, Stealth reported that Morningside Venture Investment Limited owned 72.5% of the company, representing a large commitment by the firm to Stealth—one that we do not believe Morningside, or any investment firm, would like to see disappear, leading us to believe

that further financial support would be forthcoming should it be required-at least in the near term. Also, Stealth entered in a development funding agreement with Morningside in October 2020, which states that Morningside will provide funding to Stealth to support "efforts to secure regulatory approval for elamipretide and to develop elamipretide for the treatment of Barth, dry AMD, FRDA, Duchenne cardiomyopathy, nPMD and LHON.

We are also of the opinion that larger biopharma and drug companies will be interested in partnering with, investing in, or acquiring Stealth due to the advances they have made in the mitochondrial research and the delivery system they have developed. Additionally, it is that delivery system, discussed above, that may be the first "product" that Stealth is able to market and begin to bring in revenue to the company.

The therapy that we currently believe has the most potential to come to market and garner substantial interest from patients or partners is the dry AMD therapy involving elamipretide, despite the primary endpoints in Phase 2 trials being missed. Discussed in more detail above, the dry AMD market is a large one with more than 10 million people being impacted in the United States. There are no current treatments for dry AMD and it is the leading cause of blindness for older adults in the developed world, leading us to believe that there would be a solid demand for a treatment that could improve and extend the sufferers eyesight. As such, we believe that the top line disappointment is a minor setback and investors should focus on the positive underlying data that, to us, points to progress and furthers the potential of a partnership.

We also want to mention that in the conference call following the Phase 2 announcement, Stealth management made note of their continued focus on rare diseases such as Barth syndrome. We are cautiously optimistic regarding the potential of FDA approval of the elamipretide treatment, although, here too, we are eager to see the results of the meeting with the FDA scheduled for the first quarter of 2022 regarding what's necessary to gain approval. Judging by what we've seen in other cases, we also believe that there is the possibility that Stealth is granted a Rare Pediatric Disease Priority Review Voucher from the FDA. Barth certainly has the seriousness required and Stealth has already received Orphan Drug and Fast Track status for elamipretide in the treatment of Barth syndrome. Once received, Stealth could either use or sell the voucher. Recent voucher sales have been in the $90-100 million dollar range. Although such a designation is certainly not assured, we believe the possibility of receiving one should be in the investment calculus when considering Stealth.

Finally, an investment in Stealth ultimately, in our view, comes down to the belief in the leadership of the company and the processes and vision they have that plays a big part in whether MITO is a stock worthy of consideration. And it is in the talking with management and diving into their research process that makes us believe that Stealth is worth a look for investors that have a higher risk tolerance. Of course, there are risks, some of which are outlined below, but we believe there is upside potential as well. Stealth research is focused on a specific segment of the mitochondria—cardiolipin—which plays a vital role in many human functions, rather than the broader whole mitochondria itself, which we believe leads to a better possibility of success. From discussions with management and digesting statements and presentations they have given in the past, we came away impressed with the dedication and knowledge of the science displayed and believe that the team in place is a solid one to take Stealth to the next level.

VALUATION

As with any investment, the attractiveness of a possible stock purchase is largely based on what the current price of the stock is versus what the investor calculated the appropriate, or fair, value to be. With a company such as Stealth, opinions regarding the appropriate valuation can vary widely, due to the uncertainty of future cash flows. For example, Stealth's Barth treatment made it through Phase 3 trials, only to be stopped by the FDA, resulting in the upcoming meeting with the management of Stealth to discuss what must occur to garner approval. Any future revenues from that treatment are extremely uncertain at this point, making valuation a bit more difficult and leading to the possibility of a wide range of outcomes.

Most often we move to the more conservative side of the ledger when approaching valuation, giving investors, in our view, a solid valuation estimate with the possibility of an implied upside call option if certain projects turn out to be better than expected.

With Stealth, ticker symbol MITO, which is traded as an ADS on the NASDAQ, our view is that the stock is currently undervalued and that investors overreacted to the top line disappointment on the Phase 2 trial of elamipretide for the treatment of GA. Rarely can we be sure why a company is undervalued compared to what we believe the analysis shows it should be valued at, but we believe that investors are reflecting the skepticism regarding mitochondrial treatments we believe is building, while not give Stealth the credit for the advancement in focused mitochondrial research the company has made, their diverse pipeline, or the possibility of a partnership or acquisition by a larger medical company. We believe, taking what we view as a very conservative view of the future cash flows of Stealth, that a fair value for Stealth is $2.10.

We arrive at that valuation by assuming that Stealth has one treatment reach commercialization status within the valuation horizon timeline—that of dry AMD, which we believe has the most potential for approval of some sort of a partnership with a larger drug maker, combined with the market that we believe is the most attractive at the present time. We assign a 20% probability on the approval of elamipretide for the treatment of dry AMD by 2025 with commercialized selling beginning in 2026. We admit that number is a bit arbitrary, but it is also based on historical drug approval evidence. According to the American Council on Science and Health, which cited a study from MIT that looked at drug and vaccine candidates for approval and how many of them eventually received approval. According to the study, 20.9% of submitted non-oncology therapies are successful in obtaining FDA approval. The percentage is somewhat higher for those candidates that reach Phase 2, which elamipretide recently completed for the treatment of dry AMD, but we acknowledge that primary endpoints were missed in the trial. However, given the lack of available treatments currently, we believe that the positive underlying data indicates that the FDA will work with Stealth to move elamipretide toward the finish line, while also making the drug more attractive to potential partners.

We then estimate that Stealth will be able to capture 1% of the estimated 10 million person dry AMD market in 2026 and is able to grow that by 10% the first year and 5% in the following years. On the cost of goods sold side, we are estimating an 80% gross margin for Stealth, which is roughly in line with other therapies we've seen from biotech companies we've covered, if not a little low.

Other expenses are grown at 5%, but we add in a major new expense in 2026 for marketing. We believe that the marketing budget for an approved elamipretide is going to have to be extensive due to the uniqueness and newness of the mitochondrial treatment. We assign the marketing cost to be 20% of the overall sales revenue through the valuation timeline.

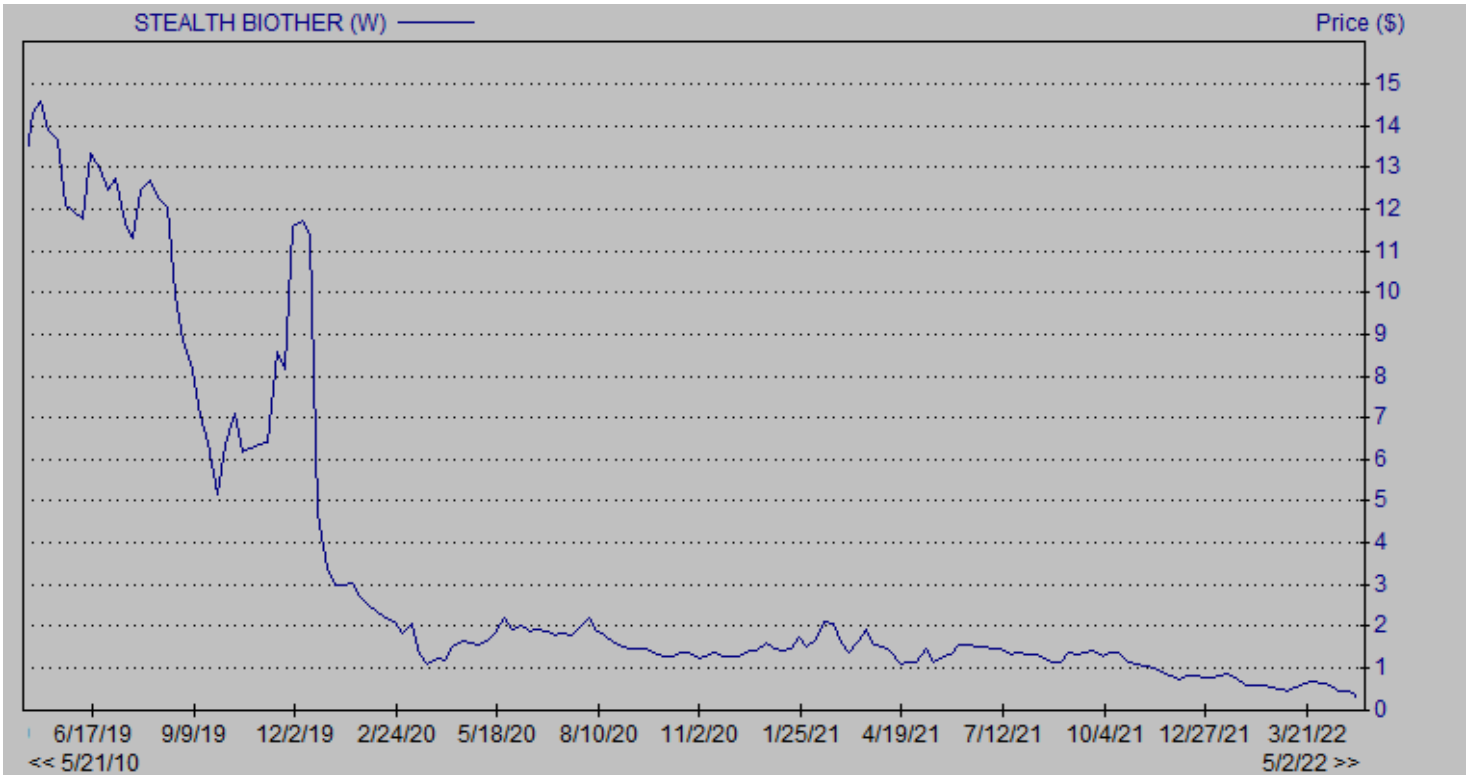
We readily admit that there is certainly the possibility that other treatments, perhaps some we've not even mentioned, may come to fruition, including that of Barth Syndrome, which has already completed Phase 3 trials. At this point, however, we view those possibilities at too small to be statistically significant and view them as a sort of upside call potential on an investment in MITO.

PROJECTED INCOME STATEMENT & BALANCE SHEET

Steath BioTherapeutics Income Statement (in thousands, except per share data)							
	1Q2021A	2Q2021A	3Q2021A	4Q2021E	2022E	2023E	2024E
Revenues							
Grant Revenue	0	0	0	0	0	0	0
Other Revenue	0	0	0	0	0	0	0
Total Revenues	0	0	0	0	0	0	0
Cost of Revenue	0	0	0	0	0	0	0
Gross Profit	0	0	0	0	0	0	0
Operating Expenses							
Research and Dev.	6,099	5,913	6,739	6,806	27,226	27,498	27,773
General Admin.	4,979	5,083	4,707	4,754	19,206	19,399	19,592
Total Operating Expenses	(11,078)	(10,996)	(11,446)	(11,560)	(46,432)	(46,896)	(47,365)
Gain/(loss) from operations	(11,078)	(10,996)	(11,446)	(11,560)	(46,432)	(46,896)	(47,365)
Other income and (expenses)							
Interest expense	(300)	(188)	(196)	(200)	(880)	(968)	(1,065)
Other	3,689	(7,222)	5,345	0	0	0	0
Total other income/(expenses)	3,389	(7,410)	5,149	(200)	(880)	(968)	(1,065)
Net Gain/(loss)	(7,689)	(18,406)	(6,297)	(11,760)	(47,312)	(47,864)	(48,430)
Net gain/(loss) per shareholder	$ (0.01)	$ (0.03)	$ (0.01)	$ (0.02)	$ (0.07)	$ (0.06)	$ (0.06)
Basis and diluted wtd avg common shares	652,807,323	674,737,590	692,513,064	699,438,195	720,421,340	742,033,981	764,295,000

Stealth BioTherapeutics Balance Sheet (in thousands, except per share data)							
	1Q2021A	2Q2021A	3Q2021A	4Q2021E	2022E	2023E	2024E
Assets							
Current Assets:							
Cash and equivalents	32,060	30,766	42,277	44,391	46,610	48,941	51,388
Other current assets	1,927	844	1,163	1,228	1,297	1,370	1,446
Total Current Assets	33,987	31,610	43,440	45,619	47,907	50,310	52,834
Property and equipment	92	72	115	127	139	153	168
Other non-current assets	702	576	632	638	645	651	658
Total Assets	34,781	32,258	44,187	46,384	48,691	51,115	53,660
Liabilities and Shareholder Equity							
Current liabilities:							
Accounts payable	4,620	2,566	3,915	3,993	4,073	4,155	4,238
Other current liabilities	4,350	5,397	5,743	5,858	5,975	6,095	6,216
Current portion of debt	7,236	5,452	0	0	0	0	0
Total current liabilities	16,206	13,415	9,658	9,851	10,048	10,249	10,454
Development derivative liability	30,643	45,152	49,817	49,817	54,817	59,817	64,817
Long-term portion of debt and other	11	6	13,544	13,544	18,542	23,542	23,542
Total Liabilities	46,860	58,573	73,019	73,212	83,407	93,608	98,813
Total Shareholders Deficit	(12,079)	(26,315)	(28,832)	(26,828)	(34,716)	(42,493)	(45,153)
Total Liabilities and Shareholder Equity	34,781	32,258	44,187	46,384	48,691	51,115	53,660

HISTORICAL STOCK PRICE



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