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Zacks Small-Cap Research

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Medicus Pharma Ltd. (V.MDCX – TSX.V)

V.MDCX: The stock of Medicus Pharma Has Begun Trading on Nasdaq under the ticker MDCX after Completing an IPO in the U.S. The SKNJCT-003 Phase 2 clinical trial continues.

Utilizing a financial model based on DCF methodology that uses a 12% discount rate and a terminal P/S multiple of 2.79 (based on comparable Specialty Drug Manufacturers), the indicated value of MDCX.V is **$7.83 per share**.

Stock prices & market cap. in $CDN. Financials in $US.

Current Price (11/22/24)	$3.07
Valuation	**$7.83**

OUTLOOK

Medicus Pharma Ltd. (TSXV:MDCX) is focused on acquiring or partnering with life-science companies that are developing **novel therapeutics for unmet healthcare needs** that are already **in the clinical trial stage**. Management plans fast-track these specific therapies through FDA clinical trials toward commercialization.

The company's first acquisition was **SkinJect**, which has a novel, patented transdermal patch for the treatment of BCC. In July 2024, a full comprehensive package of information for the Phase 2 clinical study was submitted to the FDA, and **first patient was randomized in late August**.

SUMMARY DATA

52-Week High	**$7.60**
52-Week Low	**$2.55**
One-Year Return (%)	**-43.15**
Beta	**N/M**
Average Daily Volume (shrs.)	**2,415**
Shares Outstanding (million)	**11.82**
Market Capitalization (C$mil.)	**$36.28**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**16.9**
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/M**
P/E using 2024 Estimate	**N/M**
P/E using 2025 Estimate	**N/M**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Biotechnology-Drug**

ZACKS ESTIMATES

Revenue
(in $US)

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

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

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2021	N/M A	N/M A	N/M A	N/M A	N/M A
2022	-$0.14 A	-$0.12 A	-$0.10 A	-$0.12 A	-$0.45 A
2023	-$0.13 A	-$0.13 A	-$0.40 A	-$0.34 A	-$0.93 A
2024	-$0.11 A	-$0.25 A	-$0.31 A	-$0.34 E	-$1.37 E

Quarterly EPS may not equal annual EPS due to rounding or dilution.

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RECENT SIGNIFICANT DEVELOPMENTS

IPO in U.S. Provides Additional Funding & Common Stock that Trades on Nasdaq

On November 14, 2024, Medicus Pharma Ltd. **closed an IPO** (Initial Public Offering) **in the United States**. Gross proceeds from the IPO were approximately **US$4.0 million** and consisted of 970,000 Units at a price of US$4.125 per Unit. Each Unit is comprised of 1 common share & one 5-year warrant exercisable at US$4.64 per share. The stock issued as part of the IPO trades under the **same ticker** in the U.S. (Nasdaq) as in Canada (TSXV), namely **MDCX**. The warrants are trading under the ticker MDCXW.

Net proceeds from the IPO **will help fund the Phase 2 proof of concept clinical trial** for treatment of basal cell carcinoma using its doxorubicin tip loaded Dissolvable Microneedle Array SkinJect transdermal skin patch. Some of the net proceeds may be used to extend the Phase 2 trial to a pivotal trial and/or to expand to clinical trials covering other non-melanoma skin diseases. We estimate that the net proceeds from the IPO to be approximately US$3.64 million. Maxim Group LLC acted as the manager and Brookline Capital Markets (a division of Arcadia Securities, LLC) acted as co-manager.

In connection with the IPO, Medicus Pharma consolidated its common shares on a 2-to-1 basis on October 28th.

New Chief Medical Officer Appointed

On November 18, 2024, **Dr. Faisal Mehmud, MD**, was appointed **Chief Medical Officer**. Dr. Mehmud has had senior roles at several pharmaceutical companies, including Sanofi, Novartis, Bristol Myers Squibb, Pfizer and GlaxoSmithKline. Dr. Mehmud has a successful track record of advancing drugs in later phases in a variety of therapeutic areas, particularly in developing partnerships and interacting with regulators. Dr. Edward Brennan, MD, has been promoted to Chief Scientific Officer & Head of R&D Program.

LATEST NEWS ON PHASE 2 CLINICAL TRIAL *(SKNJCT-003)*

The goal of the SKNJCT-003 Phase 2 clinical trial is to study the effectiveness of two different strengths of D-MNA (**100µg** and **200µg** of doxorubicin hydrochloride) compared to placebo for the treatment of **nodular basal cell skin cancer**. The protocol is for a randomized, double-blinded, placebo-controlled clinical study with **up to 60 patients** with nodular BCC of the skin being enrolled at one of **six (6) trial locations** in the U.S.

The identified target lesion will be treated with a SkinJect patch once a week for three weeks. Then, after two weeks, the target lesion will be excised. An interim analysis is planned after about 28 subjects have completed the excision visit, which could potentially occur late in the fourth quarter of 2024. The SKNJCT-003 protocol follows the FDA guidelines for fast-tracking the approval process with its AI-powered protocol supported by confocal microscopy.

The **official title of the clinical trial** is “A Randomized, Double-Blinded, Placebo Controlled Trial to Evaluate the Safety and Efficacy of a Doxorubicin Microneedle Array (D-MNA) for the Treatment of Nodular Basal Cell Carcinoma in Adults.”

First Patient Randomized for Medicus Pharma's Phase 2 Clinical Study

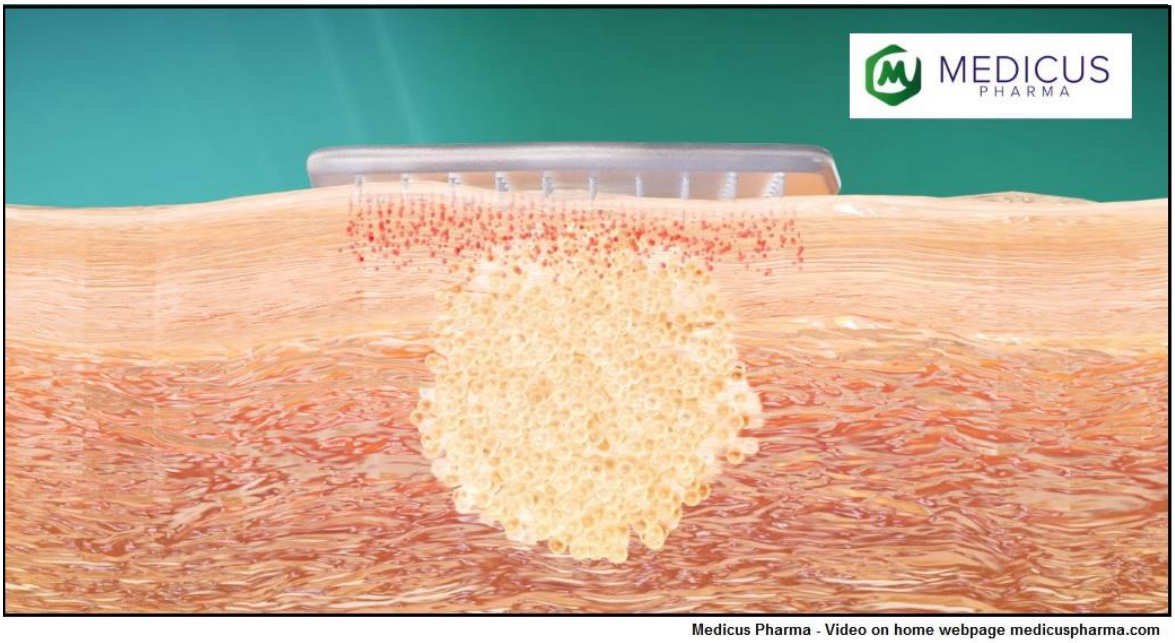
On August 27, 2024, Medicus Pharma announced that the **first patient** (of up to 60 subjects) **had been randomized in the Phase 2 clinical trial** (SKNJCT-003) for the treatment of nodular BCC (Basal Cell Carcinoma). This **milestone** indicates the culmination of the enrollment phase for first patient in this trial.

SkinJect Phase 2 Plan

A Randomized, Double-Blinded, Placebo Controlled Trial to Evaluate the Efficacy of Microneedle Arrays Containing Doxorubicin (D-MNA) in Subjects with Basal Cell Carcinoma.

- IND approved by the FDA – September 2021
- Clinical Protocol submitted to the FDA – January 2024
- The study is expected to randomize up to 60 subjects and will evaluate the efficacy of two dose levels (100 and 200 ug) of D-MNA compared to placebo (P-MNA) in subjects with nodular BCC
- Patient recruitment is currently underway across the United States.

Medicus Pharma Presentation October 2024



Medicus Pharma - Video on home webpage medicuspharma.com

EXECUTIVE SUMMARY

- **Medicus Pharma Ltd.** (TSXV: MDCX) is a **holding company specializing in the acquisition** life-science / biotechnology companies that are advancing novel therapies through clinical trials toward commercialization.

- Medicus Pharma completed its **first acquisition**, **SkinJect**, **Inc**., in September 2023. SkinJect holds an exclusive license to a **Dissolvable Microneedle Array drug delivery system** for basal cell carcinoma (BCC)

    - During 2024, **Medicus has significantly accelerated the** r**egulatory process for the SkinJect transdermal patch for the treatment of BCC.**

        1) In the first week of January 2024, the **protocol** for **a Phase 2 clinical study** was **submitted to the FDA** for review.

        2) In mid-February 2024, Medicus **published an abbreviated clinical study report on the SKNJCT-001 Phase 1 safety and tolerability study**, which concluded in May 2021.

        3) On March 21, 2024, Medicus Pharma **received clinical non-hold comments from the FDA**, which requested additional data to support the protocol's dosing arms and specifically the data related to dose-limiting toxicities.

        4) On July 15, 2024, Medicus Pharma announced that **a full package of information was submitted to the FDA to support the approval to conduct the Phase 2 (SKNJCT-003) clinical trial.**

        5) On August 27, 2024, Medicus Pharma announced that the **first patient** in the Phase 2 (SKNJCT-003) clinical trial **has been randomized.**

- Medicus Pharma has been successful in raising capital to fund management's strategy of the advancing of clinical stage therapies through FDA-approved clinical trials toward commercialization.

    - Through **Private Placements of Convertible Notes and Common Shares** between May and July 2024, along with the subsequent conversion of the Convertible Notes to Common Shares, **Medicus raised over US$10 million** to **help fund research& development programs**, along with bolstering working capital. As a result, convertible note offering was reduced to **34.3%** to 21,693,560 shares. Subsequently, on October 28, 2024, the shares related to the convertible note offering was reduced to 10,46,780 due to the 2 for 1 share consolidation in connection with the U.S. IPO.

    - On January 25, 2024, Medicus Pharma **filed a short-form shelf prospectus** allowing the company to offer (from time to time) up to US$50,000,000 in securities (common shares, preferred shares, warrants, debt, Units etc.) in Canada over a period of 25 months.

    - On November 14, 2024, Medicus Pharma Ltd. **closed an IPO** (Initial Public Offering) **in the United States**. The IPO raised approximately **US$4.0 million** and consisted of 970,000 Units at a price of US$4.125 per Unit. Each Unit is comprised of 1 common share & one 5-year warrant exercisable at US$4.64 per share. In connection with the IPO, on October 28th, Medicus Pharma consolidated its common shares on a 2-to-1 basis.

- The company was **listed on the TSX Venture Exchange**, and began trading on October 11, 2023.
    - Subsequently, on January 18, 2024, the company's common shares were **listed on the Frankfurt Stock Exchange** under the ticker symbol N46.
    - The common shares of the company were **listed on Nasdaq**, and began trading on November 14, 2024.
- Medicus Pharma presents the opportunity to participate in the development of relatively advanced novel therapies that already have completed a clinical trial.

2024 TIMELINE FOR CONDUCTING A PHASE 2 CLINICAL TRIAL of SkinJect PATCH

In its effort to **accelerate the pace of the clinical development program** for the **SkinJect D-MNA patch**, in the first week of January 2024, Medicus Pharma **submitted** its **Phase 2 IND clinical protocol to the U.S. FDA** for the non-invasive treatment of BCC of the skin. The proposed protocol (**SKNJCT-003**) is a randomized, double-blinded, placebo-controlled clinical study. Up to 60 patients with nodular BCC of the skin will be enrolled, and the efficacy of two dose levels (100µg and 200µg of doxorubicin hydrochloride) will be evaluated compared to the placebo control group. The participants will be randomly and equally placed in one of three groups: the placebo-controlled group, a low-dose group (100µg) and a high-dose group (200µg).

In mid-February 2024, the company **published an abbreviated clinical study report for the Phase I safety and tolerability study** (SKNJCT-001 aka NCT03646188), which studied 13 participants across five dose levels (25 µg, 50 µg, 100 µg, 200 µg and placebo). The micro-array needles containing doxorubicin (D-MNA) was found to be **safe and well-tolerated across all dose levels**. There were not any dose-limiting toxicities (DLTs) or serious adverse events (SAE).

On March 21, 2024, Medicus Pharma **received clinical non-hold comments from the FDA**, which included two requests:

1) the **data** from the Phase I clinical study (SKNJCT-001) in order **to support the dosing of 100µg and 200µg** of doxorubicin hydrochloride in the microneedle array and

2) an **updated investigator brochure** that includes information from the SKNJCT-001 and SKNJCT-002 clinical studies, along with **data at each dose level** was specifically requested concerning **any adverse events** that would relate to any dose-limiting toxicities.

The **FDA commented on protocol around March 20th**, with **requests for additional data** to support the protocol's dosing arms and specifically the data related to dose-limiting toxicities. These non-hold comments did not contain any clinical comments (such as suggested revisions or amendments related to the proposed protocol). Nor did the comments include a deadline.
In order to maintain the new, higher level of momentum in the regulatory process, **management submitted a full submission**, which **provided the information/data requested** by the FDA, **AND also contained stability data concerning CMC** (Chemistry, Manufacturing and Controls) of the product that is being manufactured for the Phase 2 trial.

On July 15, 2024, Medicus Pharma announced that **a full package of information was submitted to the FDA to support the approval for conducting a Phase 2 clinical trial (SKNJCT-003)** on the company's non-invasive treatment of basal cell carcinoma (BCC) of the skin that utilizes micro-needle arrays which contain doxorubicin. **The full package included**:

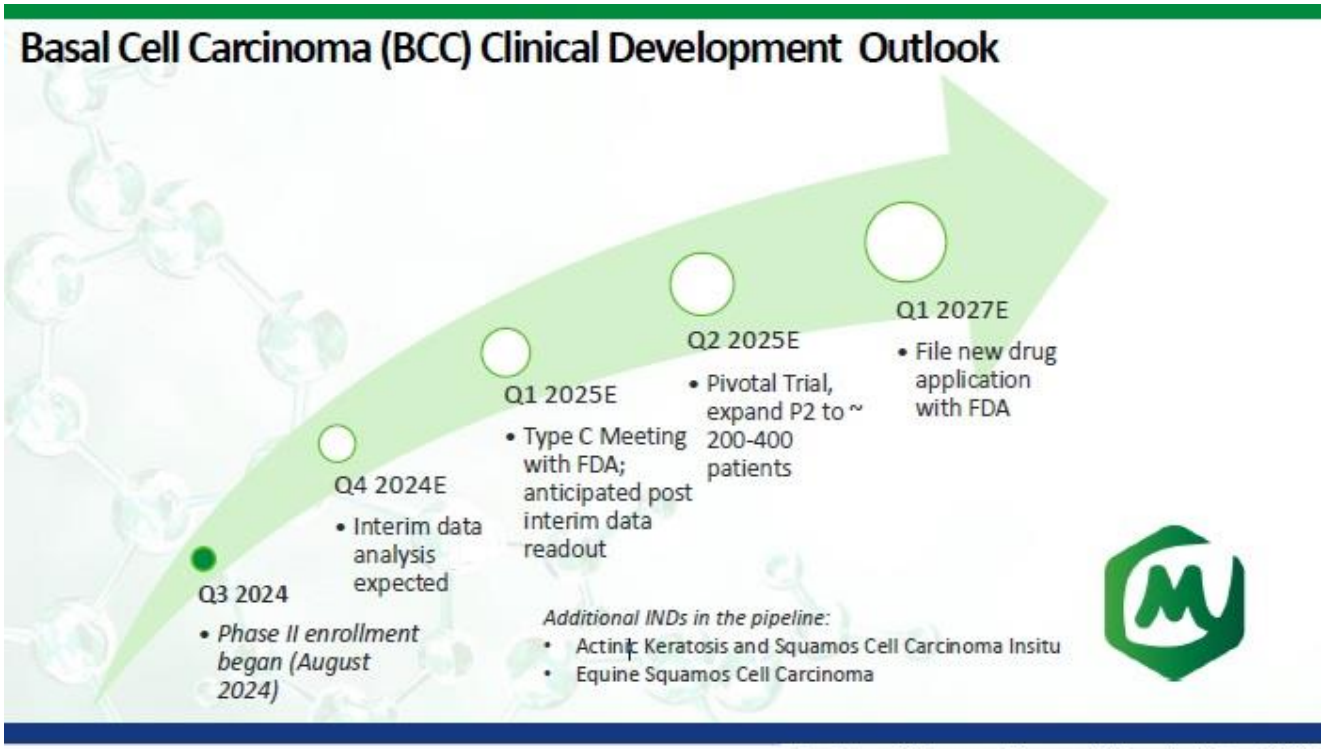
- an **updated clinical protocol**, which now includes artificial intelligence (AI) powered software and confocal microscopy as supplementary endpoints in order to improve the assessment accuracy of the clinical study

- **supporting CMC** (Chemistry, Manufacturing and Controls) that establishes physicochemical properties and provides stability & sterility data such that the process to properly scale up the manufacturing process is relatively assured

- the **requested responses** to the non-hold comments received from the FDA in March 2024

    - the **safety data** from the Phase I safety and tolerability clinical study (SKNJCT-001) in order **to support the dosing of 100µg and 200µg** of doxorubicin hydrochloride in the microneedle array (D-MNA)

    - an **updated investigator brochure** that includes safety information from the SKNJCT-001 and SKNJCT-002 clinical studies, along with **data at each dose level** was specifically requested concerning **any adverse events** that would relate to any dose-limiting toxicities.



Medicus Pharma Presentation October 2024

The full comprehensive package of information was submitted in order to support an accelerated timeline of the FDA's approval process. Management believes that by laying this groundwork. There is **the potential of converting this exploratory Phase 2 trial into a pivotal trial** through a Type C meeting with the FDA**,** hopefully in the 1Q 2025. If further alignment with the FDA can be achieved, management is hopeful that pivotal trial with 200-400 subjects can begin in 2Q 2025 (see management's Development Outlook slide above).

OVERVIEW

Medicus Pharma Ltd. (TSXV:MDCX) is a **holding company in the healthcare sector** focused on acquiring or partnering with life-science / biotechnology companies, and then advancing specific therapies through FDA-approved clinical trials toward commercialization. Prospective target companies are being identified by the Directors and management through a collaborative process that **seeks out novel pharmaceutical compounds, treatments and/or delivery systems** that already have progressed to the clinical stage.

Management is agnostic to the particular healthcare field that the therapeutic medical treatment addresses, but rather concentrates on the level of innovation and the degree to which the therapy has been de-risked through the clinical study process. The company accelerates the advancement of these prospective therapies through higher level clinical trials. On an ongoing basis, the Directors and management actively explore for additional candidates in order to expand the company's therapy development pipeline.



Medicus Pharma Presentation October 2024

SkinJect

The first company under the Medicus Pharma holding company umbrella is **SkinJect**, which holds an exclusive license to a patented **drug delivery system** (a patch with dissolvable microneedle arrays capable of delivering **chemotherapeutic agents**) that is being advanced **for the treatment** of cancers. Currently, the microneedle arrays (MNAs) are infused with **doxorubicin**, and these arrays will noninvasively deliver the agent in the vicinity of the basal cell layer. The initial target of the clinical studies is the most common form of skin cancer, **basal cell carcinoma**.

SkinJect, now a wholly-owned subsidiary of Medicus Pharma, was acquired through a Business Combination (via a reverse takeover transaction) that closed on September 29, 2023. A concurrent private placement of subscription receipts provided Medicus Pharma with approximately US$5.1 million in gross proceeds, which is principally earmarked for R&D, professional fees and corporate expenses.

In October 2018, Investigational New Drug (**IND**) application **122448** was submitted to the FDA, which approved a Phase I study of the SkinJect patch for the treatment of basal cell carcinoma through a Study May Proceed letter issued in November 2018. A 13-patient **Phase I safety and tolerability study was completed in May 2021**, which demonstrated that the SkinJect patch is safe and well-tolerated.

On September 29, 2023, the **Business Combination** between Medicus Pharma (f/k/a Interactive Capital Partners Corp.) and SkinJect, Inc. **closed**. A **concurrent private placement** of subscription receipts provided approximately **US$5.1 million in gross proceeds**, which is principally earmarked for R&D, professional fees and corporate expenses.

On October 12, 2023, Medicus Pharma Ltd. incorporated a subsidiary, Medicus Pharma Inc., in the state of Delaware.

Medicus Pharma Listed on the TSX Venture Exchange

Medicus Pharma Ltd. was listed on the TSX Venture Exchange, and began trading on October 11, 2023. The final non-offering prospectus was filed on SEDAR on October 11, 2023.

The listing on the TSX-V represented a significant milestone for the company by adding liquidity, financing opportunities and investor awareness of management's mission to advance innovative medical therapies through the FDA approval process.

Medicus Pharma Listed on the Frankfurt Stock Exchange

On January 18, 2024, the company's common shares were listed on the Frankfurt Stock Exchange under the ticker symbol N46 (identification number A3ES6P).

Medicus Pharma Listed on Nasdaq

On November 14, 2024, Medicus Pharma Ltd. was listed and began trading on Nasdaq under the ticker symbol MDCX pursuant to **an IPO in the United States**.

Financings

Private Placement of Common Shares in Canada

On July 5, 2024, Medicus Pharma announced the completion of a non-brokered **private placement of 2,922,500 common shares** issued at US$2.00 per share. **Gross proceeds were US$5,845,000**. **Net proceeds of approximately US$5,470,000** were released from escrow on July 5, 2024. The net proceeds will help fund research and development programs, along with bolstering working capital.

Private Placement and Conversion of Convertible Notes

On May 3, 2024, Medicus Pharma completed a **private placement of US$5,172,500 of 10.00% Unsecured Convertible Notes** due December 31, 2025. Prior to January 1, 2025, the Notes were automatically converted into common shares upon completion of the IPO in the United States. **All the Convertible Notes were converted into an aggregate of 2,586,250 shares** (US$2.00 per share). In addition, an aggregate of **31,345 shares were also issued in respect of accrued and unpaid interest** to Note holders who did not elect to receive cash interest. Approximately US$41,000 was paid in accrued and unpaid interest to holders of Notes who elected to receive cash interest.

On November 14, 2024, Medicus Pharma Ltd. **closed an IPO** (Initial Public Offering) **in the United States**. The IPO raised approximately **US$4.0 million** and consisted of 970,000 Units at a price of US$4.125 per Unit. Each Unit is comprised of 1 common share & one 5-year warrant exercisable at US$4.64 per share. In connection with the IPO, on October 28th, Medicus Pharma consolidated its common shares on a 2-to-1 basis.

Significant Equity Holder

215 Capital Togo PHL Fund I, LP (of Philadelphia, PA) beneficially **acquired 4.0 million shares of Medicus Pharma** Ltd. pursuant to the equity offering in July 2024 and the conversion of Medicus Pharma's 10% convertible notes. 215 Capital's cost is roughly US$8.0 million (or CDN$10,949,600 at a USD/CAD exchange rate of 1.3687). After the 1-for 2 consolidation of shares on October 28, 2024, 215 Capital beneficially owns 2.0 million shares or **approximately 16.9% of the company's shares outstanding**

SKINJECT

Founded in 2013, SkinJect Inc. was formed as a developmental-stage biotechnology life sciences company focused on commercializing a novel drug delivery therapy for skin cancer utilizing a microneedle patch developed by Dr. Louis D. Falo at the University of Pittsburgh and Professor O. Burak Ozdoganlar at Carnegie Mellon University, both of which serve as advisors to Medicus Pharma. The technology for the SkinJect microneedle patch was formally licensed from the University of Pittsburgh in August 2016.

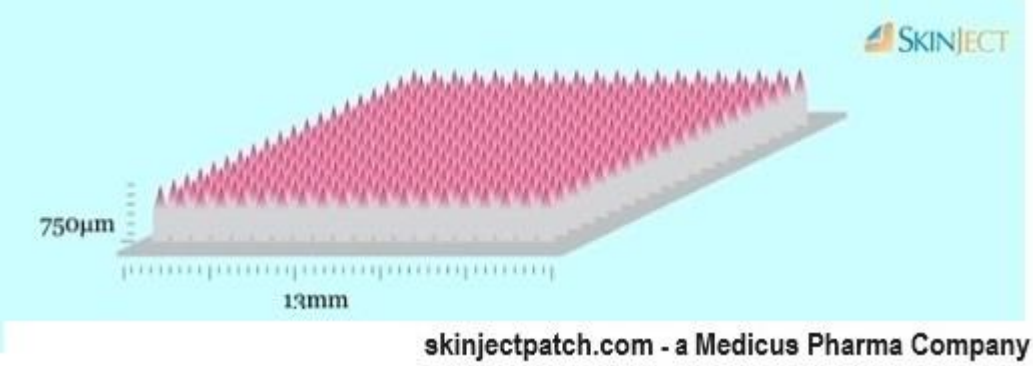
Medicus Pharma Ltd. (fka Interactive Capital Partners Corp.) entered into a letter of intent with SkinJect, Inc., effective April 17, 2023, for a reverse takeover transaction

Medicus Pharma Ltd. acquired SkinJect, Inc. **on September 29**, **2023** through a Business Combination via a reverse takeover transaction. The process was initiated through the signing of a Letter of Intent with SkinJect (effective April 17, 2023). Concurrent with the Business Combination, Medicus completed a private placement of subscription receipts that raised approximately US$5.1 million. SkinJect is now a wholly-owned subsidiary of Medicus Pharma.

The SkinJect Microneedle Patch

The SkinJect microneedle patch is a promising novel approach for treating non-melanoma skin cancers. The **initial treatment target** of the SkinJect drug delivery system is **basal cell carcinoma (BCC)** with squamous cell carcinoma (SCC) anticipated to be the subsequent target.

The SkinJect patch is approximately 15mm x 15mm in size and consists of 13mm x 13 mm array of 400 dissolvable microneedles, each of which is approximately 750 microns (aka 0.75mm) in length. The microneedles are composed of buffered carboxymethyl cellulose, in which is deposited a cargo load of a chemotherapeutic agent, doxorubicin hydrochloride.

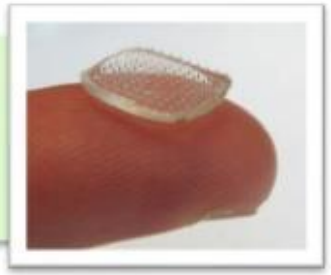


When applied to the skin, the microneedles are designed to penetrate the skin down to the interstitial fluid lying between the basal cell layer & the dermis and thereafter, to dissolve within 30 minutes, transdermally delivering a defined quantity of doxorubicin to the BCC lesion. The doxorubicin induces apoptosis (a programmed cell death) by causing an immune system reaction.

Both the healthcare-grade buffered carboxymethyl **cellulose** that forms the microneedles **and doxorubicin** (the chemotherapy cargo) are **approved by the FDA for human use**.

Thumb-sized array of dissolvable microneedles that

- ✓ deliver a chemotherapeutic agent (doxorubicin)
- ✓ kill an existing skin cancer and
- ✓ induce a memory immune response to prevent cancer re-occurrence



Medicus Pharma Presentation April 2024

SkinJect - Method of Action

Doxorubicin (the cancer chemotherapeutic agent used to destroy cancerous basal cells) has a very potent cytotoxic effect on cells since it induces local cell apoptosis. Though doxorubicin is FDA-approved for human use, systematic exposure when administered by injection (intramuscularly or subcutaneously) entails risks due to the life-threatening toxic side effects of cell necrosis, particularly as related to cardiotoxicity, thrombocytopenia, myelosuppression and nephrotoxicity.

However, when **delivered by dissolvable microneedle arrays in small amounts transdermally**, the result is a **release of doxorubicin into a specific targeted area** (the lower part of epidermis and upper area of the dermis). Consequently, a higher local concentration is **delivered within a micro-environment** in the vicinity of the basal cell layer affected by BCC. This delivery process **improves both the effectiveness** of the chemotherapeutic agent **and the safety profile** (by minimizing and/or avoiding systemic exposure to the cytotoxic agent).

A variety of designs of microneedle arrays have been developed in order to provide a method of delivering therapeutic compounds transdermally; the categories include solid, hollow, coated, hydrogel-forming and dissolving microneedles. Transdermal drug delivery with microneedle arrays can evade some issues related to topical, oral and systemic delivery methods, such as topical creams, pills/tablets/capsules and hypodermic needles, respectively.

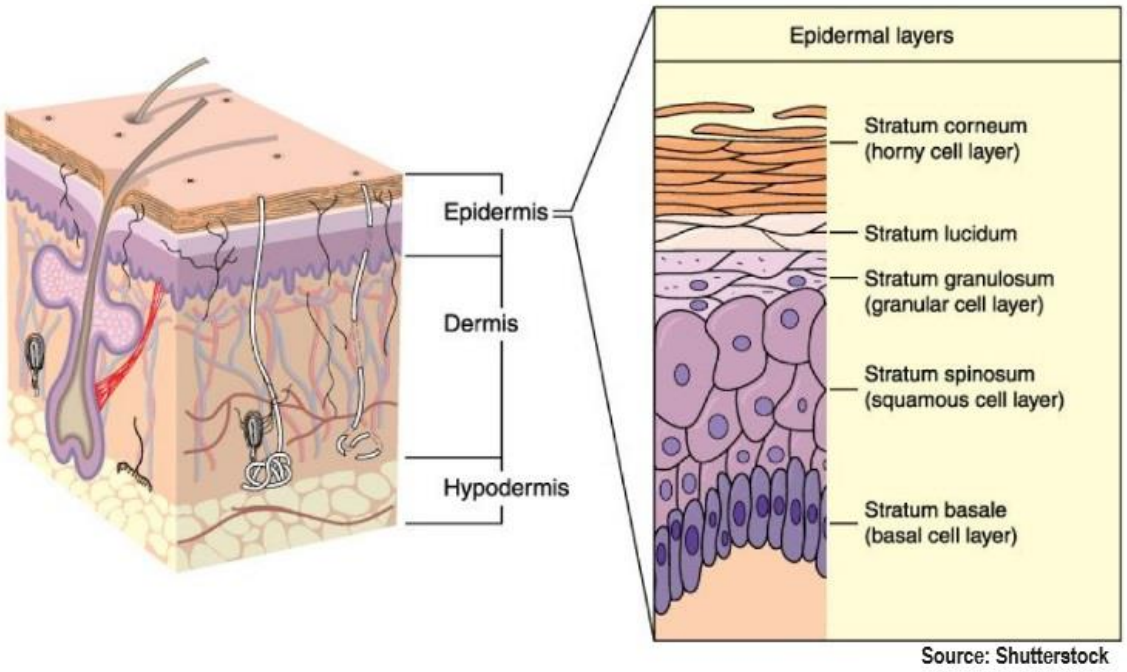
Dissolving microneedles appear to provide higher therapeutic agent loading than other methods by delivering higher local concentrations of the required drugs for treatment to the target area within the skin layers, thereby enhancing the level of absorption in the target area and reducing systemic side effects, including potential drug interactions.

BRIEF PRIMER ON SKIN CANCER

Human skin is composed the three main layers: epidermis, dermis and hypodermis, the latter also being known as subcutis or subcutaneous tissue. The epidermis, the uppermost layer, is comprised of several strata.

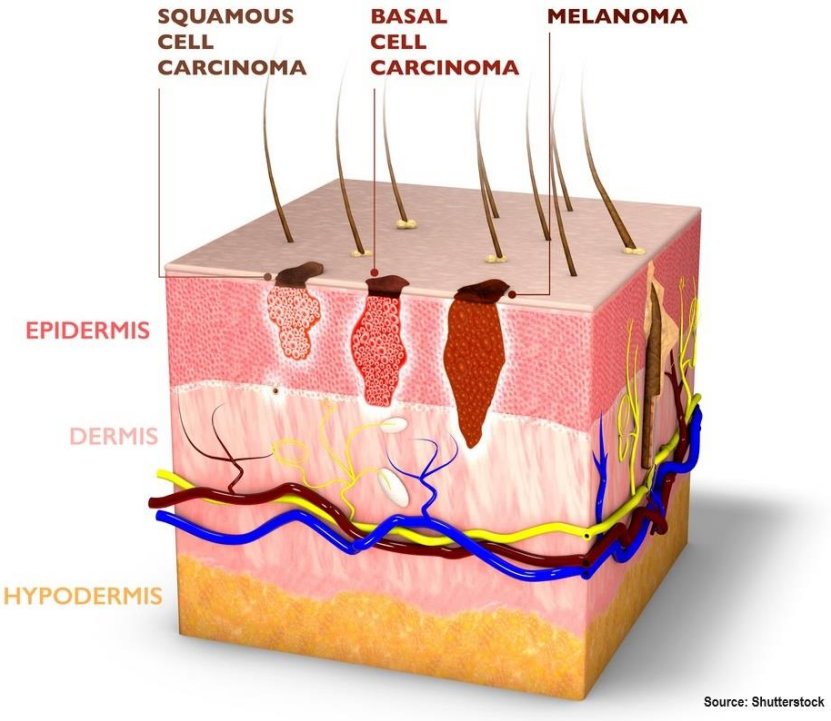
Basal cell carcinoma (BCC) originates from the **basal cell layer** (*stratum basale*), which is situated in the lowest area of the epidermis. BCC tends to grow to up to the surface of the skin causing bumps and/or lesions. BCC can also invade the upper area of the dermis transversing boundary between the epidermis and the dermis, known as the Dermo-Epidermal Junction (DEJ) or basement membrane. **Interstitial fluid** resides in this area. It is critical that the dissolvable microneedle arrays be inserted in such a way that the microneedles make contact with the interstitial fluid.

Squamous cell carcinoma (SCC) originates from within the **squamous cell layer** (*stratum spinosum*). When squamous cells grow in an uncontrolled manner, they can develop into SCC.



Typically, BCC and SCC are not life-threatening. However, if left untreated, these skin cancers can grow locally, becoming wider on the surface and deeper into the epidermis. In rare aggressive cases, basal cell carcinoma can metastasize to other areas of the body and become life-threatening.

Basal cell carcinoma is the most common form of skin cancer, and SCC is the second most common. Exposure to ultraviolet light, especially from the sun, is the highest risk factor for the development of these two types of skin cancer.



BASAL CELL CARCINOMA (BCC) MARKET

The Patient Market

Basal cell carcinoma is the most common type of skin cancer. A paper published by the National Institutes of Health in October 2017 entitled *Skin Cancer Epidemics in the Elderly as An Emerging Issue in Geriatric Oncology* stated that **BCC accounts for approximately 70% of all skin cancer** cases with SCC accounting for approximately another 20%.[i] The American Cancer Society cited an estimate that eight (8) out of ten (10) skin cancers were diagnosed as BCCs in the U.S during 2012,[ii] which is the most recent statistics available other than from paid services. It is clear that **basal cell carcinoma is the most diagnosed form of non-melanoma skin cancers in the U.S**.

Looking at the BCC market alone, every year an estimated **3.6 million cases** of BCC are diagnosed in the U.S., according to the Skin Cancer Foundation.[iii] To some extent, this is confirmed by the National Council on Skin Cancer Prevention, which states that **5.4 million new cases of BCC** and SCC are diagnosed in the U.S. annually.[iv] **Management believes there are over 5 million cases of basal cell carcinoma in the U.S. annually**, which is projected to grow to approximately 10 million cases by 2030.

The actual number of cases is unknown because cases of BCC and SCC are not required to be reported to cancer registries. We speculate that this lack of reporting may stem from the combination of the size of the market and the low metastatic potential attributed to these epitheliomas due to the low death rate of these characteristically non-malignant forms of skin cancer. A study in 2012 confirms that the registration of all cases of nonmelanoma skin cancer (NMSC) "is likely not correct because NMSC is considered a negligible health problem with low risks of mortality and morbidity."[v]

However, given the statistics gathered by major public and private organizations, along with prognostications from other than from paid services, we estimate that approximately **4.5 million new cases of basal cell carcinoma are diagnosed in the U.S. annually**. According to the Skin Cancer Foundation, one in five Americans will be diagnosed with skin cancer by the age of 70.[vi]

SKINJECT PATENTS

The **SkinJect Microneedle patch** is protected by several patents in the U.S. All are assigned to the University of Pittsburgh and Carnegie Mellon University with the inventors of the drug delivery technology being Dr. Louis D. Falo, Jr., Geza Erdos, PhD Professor O. Burak Ozdoganlar.

U.S. Patent US2014/8834423 B2 entitled ***Dissolvable Microneedle Arrays for Transdermal Insertion***. The patent was granted and published on September 16, 2014.

U.S. Patent US2016/0136407 A1 entitled ***Microneedle Arrays for Cancer Therapy Applications***. The patent was published on May 19, 2016 and issued on November 6, 2016.

U.S. Patent US2018/9944019 B2 entitled ***Tip-Loaded Microneedle Arrays for Transdermal Insertion***. The patent was granted and published on April 17, /2018 with a term through December 2034.

U.S. Patent US2023/11744927 B2 entitled ***Dissolvable Microneedle Arrays for Transdermal Insertion to Human Skin***. The patent was issued on September 5, 2023 with a term through April 2040. This patent is related to patent US2014/8834423 B2 cited above.

SKINJECT LICENSE AGREEMENT

On August 9, 2016, SkinJect announced that the company had secured **exclusive, worldwide development and commercial rights** of the **patented dissolvable microneedle arrays for transdermal insertion** (including the technology and also current & future intellectual property rights) through a **license agreement** concerning relevant patents from the University of Pittsburgh and the Carnegie Mellon University. All the patents and patents pending are categorized under two internal University Reference Numbers 02006 and 02688 that encompass four (4) patents in the U.S., along with patents in Canada, Mexico, Australia, India, China, Brazil, Hong Kong, the European Union, Israel, Japan and Singapore. The license agreement was amended in February 2020. SkinJect, Inc. is now a wholly-owned subsidiary of Medicus Pharma Ltd.

The **applicable anti-cancer drug agents** include, but are **not limited to, doxorubicin**. On the other hand, the targets of the treatment encompass all cancers and pre-cancerous lesions, but specifically **exclude in-transit melanoma**.

SkinJect (and its parent company) has the **right to enter into sublicensing agreements** with prior written approval by the University of Pittsburgh.

The University of Pittsburgh and the Carnegie Mellon University reserved the nonexclusive (royalty-free) right to exercise patent rights for non-commercial education and research purposes

VALUATION

The BCC Therapeutic Treatment Market

There are various **therapeutic treatments** depending on the diagnosis of one of the 26 different BCC subtypes. The potential treatments can be broadly categorized into two types: **surgical** (Mohs surgery, Electrodessication & Curettage aka EDC and standard surgical excision) and **non-surgical treatments** (e.g. topical chemotherapeutic agents, photodynamic therapy, cryotherapy, laser therapy, radiation and systemic medications). Surgery accounts for approximately 51% of the global BCC treatment market in terms of value.[vii]

Though invasive and painful, Mohs micrographic surgery (MMS) is the gold standard for treating BCC. Due to the specificity of tissue removal, MMS affords the lowest recurrence rate of the many treatment modalities for BCC at 1% in comparison to 7.5% for cryotherapy, 7.7%, 7.7% for EDC, 8.7% for radiation therapy and 10.1% for surgical excision.[viii]

The cost of Mohs surgery depends on the BCC's location on the body and the complexity involved, particularly if deeper tissues need to be accessed and/or if a skin graft is required. In general, the price range is between US$1,000 and US$5,000.According to a study conducted in 2022, the average cost of Mohs surgery is US$1,400 and with reconstruction US$3,534.[ix] The target market of SkinJect includes some cases currently undergoing Mohs surgery Management estimates that the insurance reimbursement in United States is between US$1,500 to US$2,000, which is consistent with the US$1,400 above, which was a negotiated rate for a Veterans hospital, and certainly will be in the range given the inflation rate in the healthcare industry, along with the projected time required to receive FDA approval. Management projects that the SkinJect treatment should cost below $1,000, probably in the US$500-to-$600 range. **If approved, the SkinJect patch would be a very price competitive alternative procedure for the treatment for non-complex nodular BCC** when compared with Mohs micrographic surgery. Also, the SkinJect patch would be, to some extent,

competitive with non-surgical treatments, including topical creams in the management of nodular basal cell carcinoma.

We constructed a Discounted Cash Flow model, generally using the average of published estimates from governmental, industry and private research firms. The number of BCC cases in the U.S. is expected to be around 3.67 million in 2024 and increasing at an 8.6% CAGR over the next seven years. Approximately 70% of those cases will be nodular in nature. Furthermore, it is assumed that 20% of the roughly 850,000 Mohs surgeries performed annually are complex and not appropriate for a D-MNA insertion. The price of SkinJect patch is assumed to start at US$500 and increase at the healthcare rate of inflation of 8%. We assume an initial small rate of acceptance of the patch in 2026 with interest ramping up to 1.5% market share in 2030, which would equate to US$30 million in revenues, still being less than 10% of the value of the imiquimod topical cream market.

Utilizing a financial model based on DCF methodology, which forecasts out to 2031 and uses a 12% discount rate (based on CAPM), and a terminal P/S multiple of 2.79 (based on Specialty Drug Manufacturers that focus on developing and commercializing novel therapeutics for unmet healthcare needs), the indicated value of MDCX.V is **CDN$7.83 per share**.

Medicus Pharma Ltd

DCF Model

	2024	2025	2026	2027	2028
Revenues	0	0	140,954	466,717	2,861,665
Cash costs	8,800,000	9,064,000	9,335,920	9,615,998	9,904,478
R&D costs	3,650,000	3,759,500	3,872,285	3,988,454	4,108,107
Tax rate	0.0%	0.0%	0.0%	0.0%	0.0%
Free Cash Flow after R&D costs	(12,450,000)	(12,823,500)	(13,067,251)	(13,137,734)	(11,150,920)

Discount Rate	**12.0%**			
NPV	**(36,337,672)**			
Terminal Value	**123,317,023**			
Cash From Option Exercises	**232,000**			
Cash From Warrant Exercise	**5,175,920**			
Probability	**70.0%**		**Total NPV**	**73,619,841**
Total Sum of Parts	**64,671,090**		**CDN Shr. Price**	**$7.83**
Debt	**0**	**3Q:2024**	**US Share Price**	**$5.61**
Cash	**8,948,752**	**3Q:2024**		
Current Shares	**11,816,721**			
Option & Warrant Shares	**1,315,500**			
Diluted Shares	**13,132,221**	**3Q:2024**		

Our valuation is based on the company's potential in in the U.S. market, which is estimated to be approximately $6.7 billion. The global market is substantially larger, with some of the major markets being Germany, France, Italy, Spain, the U.K., Japan and China. Management believes the global market size for annual treatment of BCC is more than $20 billion.

Large Capitalization Industry Comparables	Ticker	Forward P/E	Mkt Cap ($billion)	TTM Price/ Book	TTM Price/ Sales	TTM EV/ EBITDA
Industry Mean		**12.21**	**2.86**	**3.17**	**2.79**	**12.79**
Industry Median		11.55	1.98	3.47	3.06	9.94
Alkermes plc	ALKS	19.46	4.48	3.47	3.11	9.94
Lantheus Holdings, Inc.	LNTH	11.55	6.07	5.15	4.14	8.93
Pacira BioSciences, Inc.	PCRX	5.07	0.80	1.07	1.30	29.71
Supernus Pharmaceuticals, Inc.	SUPN	20.16	1.98	1.96	3.06	10.36
Collegium Pharmaceutical, Inc.	COLL	4.80	0.98	4.19	2.32	5.00

RISKS

- As with almost all evolving life-science / biotechnology companies advancing specific therapies toward commercialization, Medicus Pharma is an early-stage enterprise that has yet to generate cash flow from operations to fund management's initiatives, particularly R&D activities and clinical trials. However, the company has been able to fund its operations and initiatives to date.

- As with many life science / biotech companies, Medicus is advancing a novel healthcare technology with associated regulatory risks and the uncertainty of market acceptance

- In order to commercialize the SkinJect patch, Medicus may need to establish production facilities, sales & marketing teams and other operational and distribution support capabilities, all of which entail execution risks. However, part of management's business strategy includes the possibility of aligning with a strategic collaborating partner that helps the company advance the development process that would defray or transfer these execution risks to another entity. Concerning M&A, if a compelling offer arises, then Board would respond in a manner that is in the best interest of the shareholders.

- The company's success is highly dependent on the management team, particularly CEO Dr. Raza Bokhari, the driving force behind the creation of the company and its strategy. The loss of Dr. Bokhari could have material adverse effect on Medicus Pharma.

- With the company's stock having been listed within the last year on the TSX Venture Exchange in October 2023, trading volume has been light, which represents a low level of liquidity.

BALANCE SHEETS

Medicus Pharma Ltd.					
Balance Sheets (in $US, except number of shares) Period ending	**Medicus Pharma 2022 12/31/2022**	**Medicus Pharma 2023 12/31/2023**	**Medicus Pharma 1Q 2024 3/31/2024**	**Medicus Pharma 2Q 2024 6/30/2024**	**Medicus Pharma 3Q 2024 9/30/2024**
ASSETS					
Cash and cash equivalents	267,652	1,719,338	542,405	2,939,199	5,306,159
Restricted cash	-	-		5,470,000	-
Prepaid expenses	15,000	173,719	112,076	67,264	136,361
Other current assets	-	-	-	-	-
Total Current Assets	**282,652**	**1,893,057**	**654,481**	**8,476,463**	**5,442,520**
Right-of-use assets (net)	-	-	330,748	304,711	278,389
Intangible assets	-	-	-	-	-
TOTAL ASSETS	**282,652**	**1,893,057**	**985,229**	**8,781,174**	**5,720,909**
Accounts payable & accrued liabilities	99,794	781,609	1,229,684	1,954,826	1,879,834
Lease obligations	-	-	71,123	108,547	112,387
Note payable	150,000	-	-	-	-
Convertible promissory notes	1,381,499	-	-	-	-
Derivative liability	774,074	-	-	-	-
Preferred share liability	10,075,317	-	-	-	-
Total Current Liabilities	**12,480,684**	**781,609**	**1,300,807**	**2,063,373**	**1,992,221**
Long-term debt	-	-	-	-	-
Lease obligations	-	-	294,669	266,481	236,584
Non-Current Liabilities	**0**	**0**	**294,669**	**266,481**	**236,584**
TOTAL LIABILITIES	**12,480,684**	**781,609**	**1,595,476**	**2,329,854**	**2,228,805**
SHAREHOLDERS' EQUITY					
Common stock	194,538	19,835,839	19,835,839	30,516,801	30,516,801
Contributed surplus	-	146,671	216,497	727,300	727,300
Accumulated deficit	(12,392,570)	(18,871,062)	(20,662,583)	(24,792,781)	(27,751,997)
Total Stockholders' Equity	**(12,198,032)**	**1,111,448**	**(610,247)**	**6,451,320**	**3,492,104**
TOTAL LIAB. & STOCKHOLDERS' EQUITY	**282,652**	**1,893,057**	**985,229**	**8,781,174**	**5,720,909**
Shares outstanding	1,884,840	8,076,673	8,076,673	10,846,720	10,846,780

ANNUAL INCOME STATEMENTS

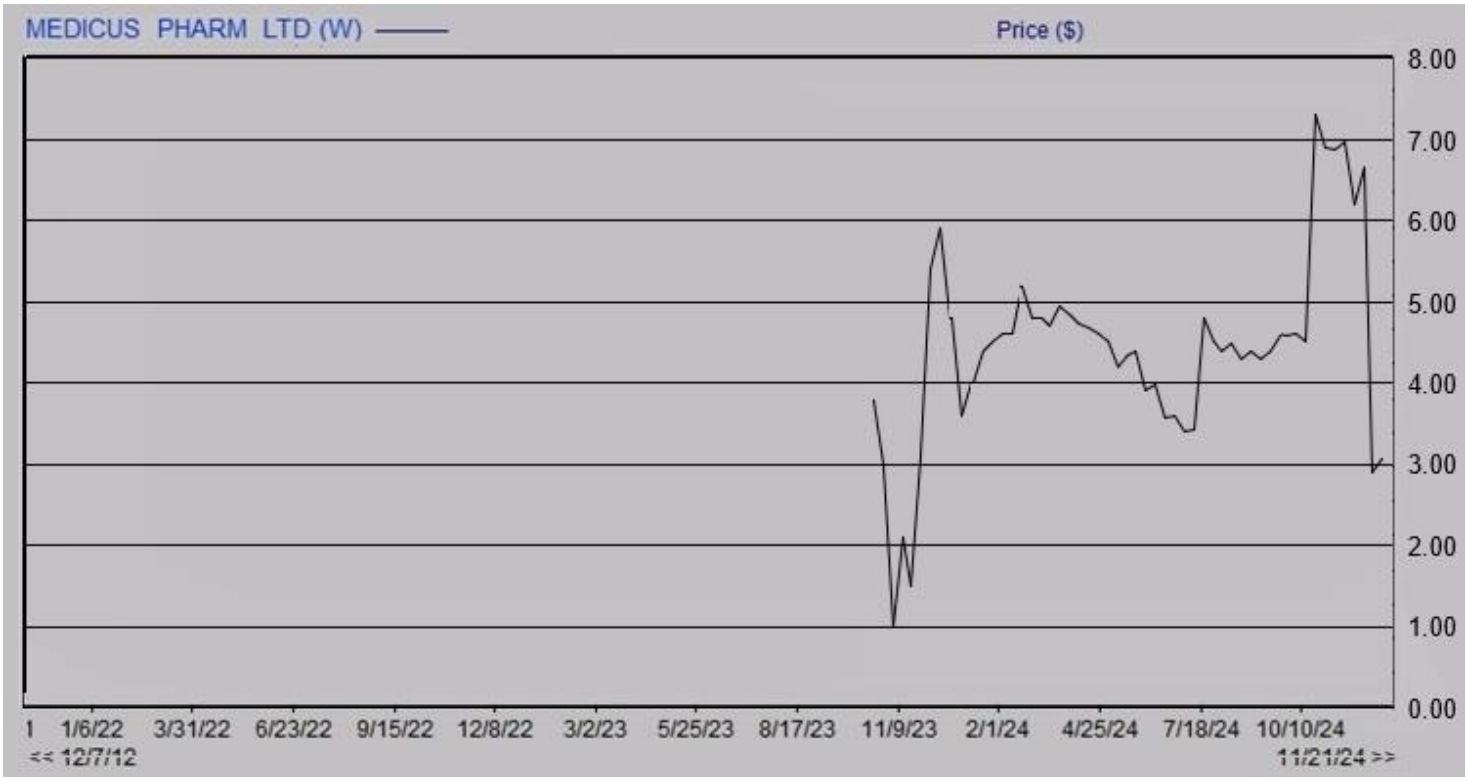
Medicus Pharma Ltd.			
Income Statement (in $US, except number of shares) Period ending	**2022** **12/31/2022**	**2023** **12/31/2023**	**2024 E** **12/31/2024**
Total Revenues	**0**	**0**	**0**
Expenses			
General and administrative	332,032	2,366,202	8,310,043
Research and development	646,384	193,578	2,971,295
Professional fees	-	-	-
Depreciation	-	-	105,243
Share-based compensation	-	146,671	580,629
Total Operating Expenses	**978,416**	**2,706,451**	**11,967,210**
Gain (Loss) Before Other Expenses	**(978,416)**	**(2,706,451)**	**(11,967,210)**
Interest expense, net	713,966	500,579	125,738
Gain (loss) on settlement of debts	-	-	-
Listing expense	-	3,271,462	-
Other expenses	-	-	-
Total Other Expenses	**713,966**	**3,772,041**	**125,738**
Net Gain (Loss)	**(1,692,382)**	**(6,478,492)**	**(12,092,948)**
Basic and diluted loss per share	**(0.90)**	**(1.86)**	**(1.37)**
Wgted. Avg. Shares Out. - diluted	1,884,900	3,479,509	8,818,565

QUARTERLY INCOME STATEMENTS

Medicus Pharma Ltd.

Income Statement (in $US, except number of shares) Period ending	1Q 2024 3/31/2024	2Q 2024 6/30/2024	3Q 2024 9/30/2024	4Q E 2024 12/31/2024	Estimate 2024 12/31/2024
Total Revenues	**0**	**0**	**0**	**0**	**0**
Expenses					
General and administrative	1,370,263	2,436,319	2,201,911	2,301,550	8,310,043
Research and development	316,388	1,068,778	777,514	808,615	2,971,295
Professional fees	-	-	-	-	-
Depreciation	26,036	26,037	26,322	26,848	105,243
Share-based compensation	69,826	510,803	0	0	580,629
Total Operating Expenses	**1,782,513**	**4,041,937**	**3,005,747**	**3,137,013**	**11,967,210**
Gain (Loss) Before Other Expenses	**(1,782,513)**	**(4,041,937)**	**(3,005,747)**	**(3,137,013)**	**(11,967,210)**
Interest (expense), net	9,008	88,261	(46,531)	75,000	125,738
Gain (loss) on settlement of debts	-	-	-	-	-
Listing expense	-	-	-	-	-
Other expenses	-	-	-	-	-
Total Other Expenses	**9,008**	**88,261**	**(46,531)**	**75,000**	**125,738**
Net Gain (Loss)	**(1,791,521)**	**(4,130,198)**	**(2,959,216)**	**(3,212,013)**	**(12,092,948)**
Basic and diluted loss per share	**(0.22)**	**(0.51)**	**(0.31)**	**(0.34)**	**(1.37)**
Wgted. Avg. Shares Out. - diluted	8,076,733	8,168,053	9,514,738	9,514,738	8,818,565

HISTORICAL STOCK PRICE



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