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Zacks Small-Cap Research

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NetraMark Holdings Inc. (AINMF-OTCQB)

AINMF: Believe Recent Agreements Illustrate Growing Traction of AI Solutions to De-Risk Clinical Research

As NetraMark expands its offering of AI solutions to help the pharma industry optimize & derisk clinical research trials, the company has formed several agreements recently to leverage its growing portfolio of tools. In the past few months, NetraMark has announced three new agreements with partners, including a clinical research organization (CRO) and pharma companies: Worldwide Clinical Trials; Asklepion Pharmaceuticals & AlgoTherapeutix.

OUTLOOK

NetraMark is expanding its capabilities, recently forming a collaboration with Pentara to launch an AI tool to provide insight into participating trial sites that deviate from the overall mean. This can potentially improve aspects of the trial design, including pre-trial site selection and trial site reporting, among others. The company expects this tool can help accelerate its growth over time. With billions of dollars spent on clinical activities & the low success rate of ultimately attaining regulatory approval, we believe there is significant potential for technology that can help derisk and optimize clinical R&D spending.

Current Price (8/6/25)	$0.99
Valuation	**$2.25**

SUMMARY DATA

52-Week High	**$1.25**
52-Week Low	**$0.11**
One-Year Return (%)	**340**
Beta	**1.78**
Average Daily Volume (sh)	**2,592**
Shares Outstanding (mil)	**80**
Market Capitalization ($mil)	**$80**
Short Interest Ratio (days)	**NA**
Institutional Ownership (%)	**NA**
Insider Ownership (%)	**NA**
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 2024	**N/A**
P/E using 2025 Estimate	**N/A**

Risk Level	**Above Avg.,**
Type of Stock	**Tech-bio**

ZACKS ESTIMATES

Revenue
(in millions of C$)

	Q1 (Dec)	Q2 (Mar)	Q3 (Jun)	Q4 (Sep)	Year (Sep)
2023					0.1 A
2024	0.0 A	0.2 A	0.1 A	0.1 A	0.5 A
2025	0.4 A	0 A	0.1 E	0.1 E	0.6 E

EPS / (LPS) (in C$)

	Q1 (Dec)	Q2 (Mar)	Q3 (Jun)	Q4 (Sep)	Year (Sep)
2023					-0.28 A
2024	-0.01 A	-0.01 A	-0.01 A	-0.01 A	-0.05 A
2025	-0.01 A	-0.02 A	-0.02 E	-0.02 E	-0.07 E

Quarters might not sum due to rounding, share counts

Disclosures on page 8 FY end Sept

SALES PIPELINE GROWING

Several agreements announced recently to leverage company's AI technology to help optimize drug development clinical trial outcomes…

NetraMark (OTCQB: AINMF), an Artificial Intelligence (AI) company focused on the development of AI and Machine Learning (ML) solutions to support the pharmaceutical industry's ability to optimize clinical research activities, has formed several agreements recently to leverage its growing portfolio of solutions and tools as it uses algorithms to analyze patient data generated during a live clinical trial and identify specific subpopulations that might negatively impact clinical trial outcomes to help pharma companies derisk clinical trials and increase their efficiency. NetraMark anticipates that its insights potentially could protect millions of dollars of invested capital. The company announced several agreements recently to leverage its growing portfolio o believes its solutions will increase success rates for drug sponsors and shorten the time to commercialization.

Pharmaceutical and medical device companies and other entities that conduct clinical trials are 'sponsors' of new therapies or medical devices. Many sponsors outsource portions or all activities related to a trial to a clinical research organization, designating the CRO to manage the clinical trial process. CROs then conduct the daily research activities on behalf of the sponsor.

Growing pipeline of leads, with five deals already closed

NetraMark has a growing pipeline of leads and has already closed five deals with core midsized pharma companies, including one company with a market cap of about $10 billion. The average deal size of projects in its pipeline is about $175k.

Source: Company presentation

In the past few months, the company has signed three new agreements with partners, including a clinical research organization (CRO) and pharma companies:

- Worldwide Clinical Trials
- Asklepion Pharmaceuticals
- AlgoTherapeutix

… and expanding solutions offerings

The company's product portfolio leverages its proprietary AI, NetraAI, which is designed to help drug developers understand various aspects of their data, including the complexities of patient populations. The company's models improve the understanding of how patients relate to one another and produce insights to help prevent trial failure. The company is also developing expanded capabilities that can provide insights crucial to optimize trial designs and execution.

For example, NetraMark recently formed a collaboration with Pentara, a services company that offers clinical data analysis services to the pharmaceutical and biotechnology industries. The two companies intend to launch an intelligence tool to help optimize clinical trial activities using advanced AI-driven anomaly detection to derive a Paradox Risk score. Clinical trials generally are conducted at multiple sites recruiting patients to participate in the trial. The Paradox Risk score expands the company's product offerings. The partners expect it can help drug sponsors and CROs gain insight if certain sites deviate from the overall mean and potentially improve aspects of the trial design, including pre-trial site selection and active trial site reporting, among other potential benefits.

With this new tool, NetraMark capabilities will include identifying sites participating in a study that exhibit anomalous participant behavior, as well as the existing tools that identify patient subpopulations that can negatively impact trial results. The company expects this tool can help accelerate its growth and backlog conversion over time, as the CEO recently outlined in a chat with Zacks.

With 1) billions of dollars spent on clinical activities to attain regulatory approval for a novel therapy and 2) the low success rate of ultimately attaining regulatory approval, we believe there is significant potential for technology that can help derisk and optimize clinical R&D spending. With its growing toolkit that leverages AI, the company expects to leverage two paths to commercialization: working directly with sponsors, including pharmaceutical companies and partnering with CROs.

Partnership with Worldwide Clinical Trials CRO

In April 2025, NetraMark entered into a global agreement with CRO Worldwide Clinical Trials to introduce a new service offering for Worldwide's customers powered by NetraMark's NetraAI platform to optimize clinical trial efficiencies. Worldwide Clinical Trials is a full-service global CRO with a footprint that reaches more than 60 countries. Worldwide has about 30 years of clinical experience. Its focus on neuroscience, oncology, rare diseases, and cardiometabolic and inflammatory disease aligns with NetraMark's focus on CNS and the oncology space.

The two companies believe that leveraging NetraMark's NetraAI platform to identify key patient subpopulations can help Worldwide deliver insights to improve its clients' clinical activities and enhance trial efficiency. Initially NetraMark's AI technology will be used for Phase 2 neuroscience and oncology clinical trials and for some Phase 3 clinical studies selectively. The partners expect to use the NetraMark technology across all therapeutic areas and trial phases in the future.

The company's partnership with Worldwide is non-exclusive and NetraMark continues to form additional partnerships with other CROs and pharmaceutical companies as it boosts awareness of its capabilities and demonstrates proof-of-concept benefits of its technology solutions. The market opportunity within both the CRO and pharma spaces are substantial, with more than 2,800 CROs operating in the U.S. alone, according to ThermoFisher Scientific. Fortune Business Insights puts the value of the global CRO services market at $79.54 billion in 2023 and $86.33 billion in 2024, considering a broad range of services CROs provide in getting a new drug to market, and projects that it will reach $175.46 billion by 2032. In the U.S. alone, Fortune Business Insights projects that the CRO services market will reach $77.80 billion by 2032, with anticipated growth fueled by rising outsourcing of clinical trials by sponsors.

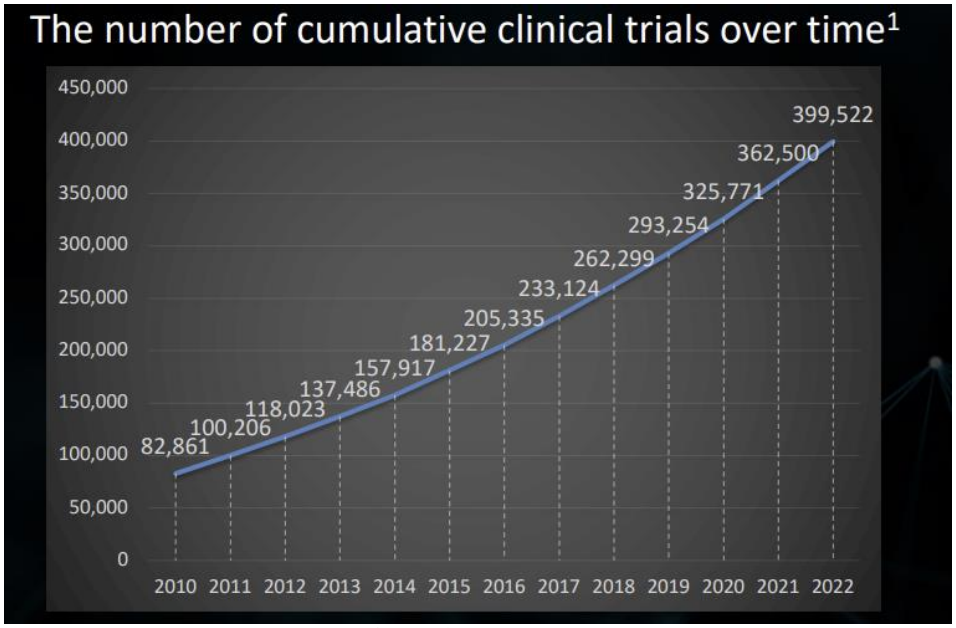
Partnerships with Pharmaceutical Companies

This week Netramark signed a contract with Asklepion Pharmaceuticals to use the NetraAI platform to analyze results from Asklepion's Phase III pediatric clinical trial, CIT-003-01, which evaluated the efficacy of intravenous L-citrulline for preventing acute lung injury in children undergoing cardiopulmonary bypass surgery for congenital heart defects. Asklepion expects NetraMark's AI analytics can help the pharma company demonstrate the benefits of L-citrulline in specific patient subgroups. NetraMark's analysis for Asklepion will focus on identifying subpopulations of patients most likely to benefit from treatment to inform study designs for developing L-citrulline going forward.

In addition, NetraMark and AlgoTherapeutix announced an agreement to use the NetraAI platform to analyze patient-level data from AlgoTx's ATX01 program. AlgoTx is a clinical-stage biotechnology company developing first-in-class therapies for chemotherapy-induced peripheral neuropathy (CIPN). The NetraAI technology will analyze drug and placebo response variables, among other factors, to inform the design of and optimize future ATX01 trials, with the goal of accelerating development timelines and potentially lowering total costs.

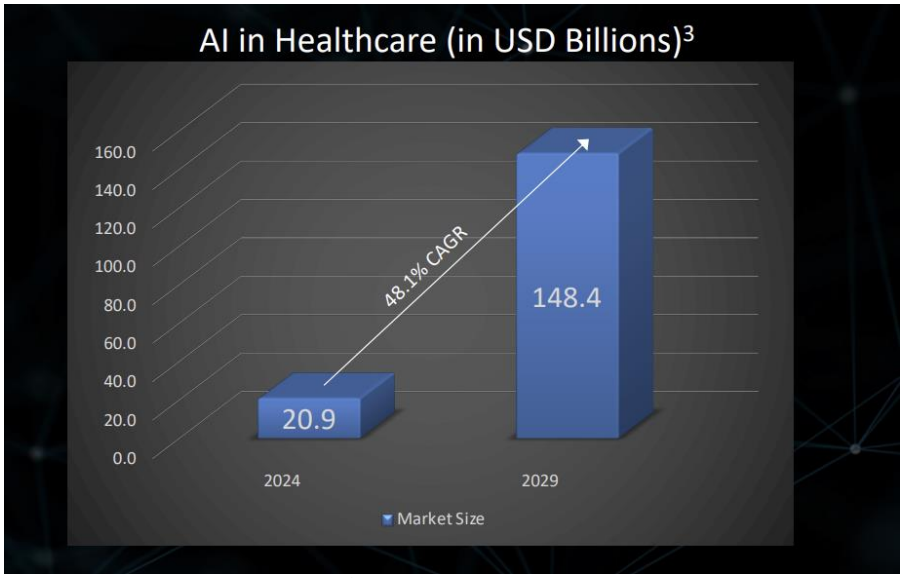
ADDRESSABLE MARKET IS LARGE, WITH INCREASING USE OF AI EXPECTED

As noted above, the addressable market is large. According to McKinsey, "From 2012 to 2022, inflation-adjusted [pharmaceutical] industry R&D spending increased 44 percent, from about $170 billion to $247 billion…" Market research firm Nova One Advisor forecasts that phased clinical trial spending will reach $153.59 billion by 2033, up from an estimated roughly $87 billion in 2024. This would represent a CAGR of 6.49% from 2024 to 2033. The market research firm's projections do not include the significant pre-clinical spending that precedes Phase 1.



Source: Company reports

At the same time, the growing adoption of AI to facilitate and improve trial efficiencies creates a positive tailwind, in our view. Based on third party data, the company forecasts that AI spending within the total healthcare space will reach about $148 billion by 2029, up from about $21 billion in 2024. If this is accurate, it would represent a CAGR of 48% over that time period. In terms of AI integration specifically applied to clinical trials, although forecasts vary, most projections expect double digit growth for the foreseeable future. There are multiple potential areas of AI applications within the clinical R&D process as trials progress and it would not surprise us to see substantial growth in the use of AI over time.



Source: Company reports

Believe high cost of clinical development, high trial failure rates have positive implications for technology that potentially helps derisk clinical trials…

By using its technology to analyze data about the subjects participating in a clinical trial, the company can help identify which, if any, patient subpopulations are least likely to benefit from the drug candidate and thereby derisk clinical trials. NetraMark's focus is analyzing clinical trial data following Phase 2 in order to maximize the potential of latter stage clinical efforts or Phase 3 to help better understand go-to-market strategies. The company's technology segments patient populations in order to identify which are most

likely to produce a positive trial outcome. NetraMark inputs data from live clinical trial data readouts into its AI-backed model to find which subpopulations might be skewing the data in order to optimize response predictions. In turn, this is expected to increase the likelihood of a positive subsequent phase of a trial, and reduce the number of required patient enrollments per trial, which likely lowers timelines and costs for drug sponsors.

The potential to derisk clinical R&D efforts is particularly important considering the cost of bringing a new therapy to regulatory approval and commercialization. Specifically, the timeline to develop a new drug and commercialize it averages ten to 15 years and incurs a cumulative investment of $2.6 billion, according to PhRMA (the Pharmaceutical Research and Manufacturers of America trade association). Importantly, after initiating clinical activities to advance a new therapy, PhRMA notes that **less than 12% of candidates that commence Phase 1 clinical trials are ultimately approved by the FDA.**

According to NetraMark, there are multiple factors that can cause a trial to fail, including distortions that occur as patient populations enrolled in a trial expand for a Phase 3 (P3) study. According to Biospace, P3 requires higher numbers of enrolled subjects and frequently involves a longer treatment period. P3 clinical trials are designed to confirm a therapy's safety and efficacy in a broader patient population in order for the drug to obtain regulatory approval. Therefore P3 trials enroll more participants than earlier trial phases. Other challenges drug developers face, according to NetraMark, include that the endpoint measure is not appropriate for the patient population, there is a high placebo response and unexplained adverse events, among others.

The company's technology is designed to exclude patient populations most predisposed to placebo effects. It is critical for sponsors to separate placebo responses to determine the actual impact of the therapy being studied and assess whether it is effective. Placebo effect refers to measured improvements in a patient's condition after receiving a placebo such as a sugar pill or saline injection in a clinical study without knowing that the 'treatment' was a placebo. The trial participant has not received the actual drug being studied but nevertheless evidences a positive response to treatment. In these cases, the positive response generally is attributed to psychological factors, including the patient's belief in the treatment and the expectation of improvement that influence the patient's response. In fact, studies even suggest that the placebo effect can actually produce real neurobiological changes including the release of endorphins, which are natural pain relievers.

Moreover, NIH notes that "The probability of success (POS) of a clinical trial is critical for clinical researchers and biopharma investors to evaluate when making scientific and economic decisions. Prudent resource allocation relies on the accurate and timely assessment of risk." Effective drugs sometimes do not demonstrate evidence of efficacy because the clinical study has not been designed optimally.

In addition, by avoiding the possible need to redesign protocols unnecessarily and modify the trial design in sub-optimal ways as the trial is underway, the company believes it can also help drug developers boost efficiencies and optimize their R&D costs, including reducing the potential for costly trial failure. NetraMark's focus is on providing solutions to help advance drug candidates from P2 through P3 and analyze P3 data readouts to assist with regulatory approval and commercialization.

The company expects its technology platform to be a significant competitive advantage compared to traditional and emerging methods of analyzing clinical data readouts to improve trial outcomes. The company's NetraAI AI technology leverages Attractor AI, which is designed to identify which patients in a clinical trial can be explained according to certain key factors. Attractor AI can 'learn' which combination of variables are driving different patient profiles even within heterogeneous patient datasets to derive a hypothesis that certain patient subpopulations will be less likely to respond as well to the drug candidate. NetraMark leverages a range of ML tools to form and test its hypothesis and transform the data into insights that can help drug sponsors improve clinical trial outcomes.

CIPM expected shortly

The company submitted a request for a Critical Path Innovation Meeting (CPIM) with the FDA and has been confirmed for a meeting shortly. NetraMark's objective is to confirm that the methodologies for clinical trial designs of its AI-driven platform align with and are compliant with the goals and expectations of the FDA and other regulatory bodies. The company believes that attaining a CPIM potentially could accelerate its expected growth prospects.

A CPIM is an opportunity to communicate with the FDA at an early stage in the company's development to discuss factors that potentially could contribute to improving drug development efficiency. NetraMark believes the meeting would provide an opportunity to showcase how its AI technology platform addresses the challenges drug sponsors often face and obtain early feedback from the FDA to ensure that it is aligned with emerging regulatory issues and, in turn, facilitate adoption of its technology by potential pharma and CRO partners.

VALUATION

In our view, it is difficult to compare NetraMark shares to those of other companies, as competitors are generally privately-held or do not align directly with the company's technology goals. Although not directly comparable to NetraMark, other AI companies in the healthcare arena and specifically *techbio* could provide some benchmark, in our view. Their shares trade at a wide range of multiples of forward revenue. Given expectations that AI use in the biotech space will rise substantially, the multiples of sales for these companies are generally double digits and reach up to over 68x forward revenue.

We also believe traditional valuation metrics such as P/E or EV/EBITDA are not appropriate measures for AINMF shares at this early stage of the company's development. We value AINMF shares on a price-to-sales (P/S) basis using the company's projected backlog as a proxy for revenue.

We believe the announced contracts, including NetraMark's recent affiliation with Worldwide, provide proof of concept of industry interest in the company's technology. NetraMark expects its contract backlog to reach a projected C$8 million to C$10 million in the next 12 months, or C$9 million / US$6.6 million at the midpoint. Applying a projected P/S multiple of 38x, which represents the lower end of the range of multiples of the few techbio companies trading publicly, we derive a valuation of about $256 million for NetraMark, to which we apply a confidence multiple of 85% to reflect the potential that the company's expectations are too high or timelines slip and that the backlog - revenue recognition lag is greater than we anticipate. On this basis, we derive an adjusted multiple of $217 million or $2.22 per share on the 98 million shares fully diluted. We round up to $2.25 per share.

If backlog ramps faster than we anticipate and / or if the company announces additional partnerships with pharma companies or CROs, our confidence multiple might prove conservative. Conversely, any delay or failure in successful execution of the company's strategy could also represent a potential risk to our valuation and cause the us to lower our confidence metric and potentially cause the share price to decline. We believe the risk / reward ratio could be attractive for investors who have a higher than average risk tolerance and longer time horizon.

RECENT NEWS

- NetraMark and Asklepion Pharmaceuticals announced a contract to use NetraMark technology in Phase III Pediatric Cardiac Study on August 5, 2025.
- On July 30, 2025, NetraMark announced a partnership with Pentara to detect anomalous site and participant behavior.
- NetraMark announced a contract with AlgoTx on July 28, 2025, to enhance clinical trial design for ATX01.
- NetraMark hosted a shareholder business update call on April 10, 2025.
- NetraMark and Worldwide Clinical Trials announced an agreement on April 3, 2025.
- On March 10, 2025, NetraMark raised $1.9 million from warrant exercise.
- NetraMark unveiled AI driven insights for Major Depressive Disorder and Schizophrenia at the ISCTM Conference on March 5, 2025.
- NetraMark and the Ontario Brain Institute partnered to advance AI-powered neuroanalytics for major depression research on February 25, 2025.
- NetraMark presented novel AI-based clinical trial treatment separation tools at the ISCTM Annual Meeting on February 18, 2025.
- NetraMark launched NetraAi 2.0 on February 12, 2025.

RISKS

We believe risks to NetraMark achieving its goals, and to our valuation, include the following, among others.

- Backlog might not grow as quickly as the company expects.
- The company could incur unanticipated costs associated with its initiatives.
- Competition could increase.
- The company might need to raise capital to support its strategy that might be dilutive to current shareholders.
- The uncertain economic outlook could constrain growth or NetraMark's access to growth capital.
- NetraMark could experience delays in closing new contracts that could, in turn, lead to slower than expected revenue ramp.

PROJECTED FINANCIALS

NetraMark Holdings Income Statement & Projections (C$) Fiscal year ends September 30

	Dec '23	*Mar*	*Jun*	*Sep*		*Dec '24*	*Mar*	*Jun*	*Sep*	
	1Q24	*2Q24*	*3Q24*	*4Q24*	*2024*	*1Q25*	*2Q25A*	*3Q25E*	*4Q25E*	*2025E*
Sales Revenue	$300	$222,157	$123,092	$110,578	$456,127	$386,085	-	$124,569	$111,573	$622,227
Total Revenue	300	222,157	123,092	110,578	456,127	386,085	-	124,569	111,573	622,227
Expenses										
S,G&A	870,297	852,232	773,937	835,371	3,331,837	883,557	1,322,944	1,329,559	1,336,207	4,872,266
Share-Based Compensatio	122,442	85,372	254,105	134,078	595,997	235,595	267,225	268,561	269,904	1,041,285
Total operating expenses	992,739	937,604	1,028,042	969,449	3,927,834	1,119,152	1,590,169	1,598,120	1,606,110	5,913,551
Operating inc / (loss)	(992,439)	(715,447)	(904,950)	(858,871)	(3,471,707)	(733,067)	(1,590,169)	(1,473,551)	(1,494,537)	(5,291,324)
Other Income / (expense)	139,913	-		-	139,913	-	-			
Pretax loss	(852,526)	(715,447)	(904,950)	(858,871)	(3,331,794)	(733,067)	(1,590,169)	(1,473,551)	(1,494,537)	(5,291,324)
Taxes	-	-	-	-	-	-	-	-	-	-
Net Loss	(852,526)	(715,447)	(904,950)	(858,871)	(3,331,794)	(733,067)	(1,590,169)	(1,473,551)	(1,494,537)	(5,291,324)
LPS	($0.01)	($0.01)	($0.01)	($0.01)	($0.05)	($0.01)	($0.02)	($0.02)	($0.02)	($0.07)
Avg Shares Out	65,873,331	66,222,435	67,615,529	67,521,433	67,427,336	71,838,591	78,133,031	78,133,481	78,133,931	76,559,759

Source: Company reports, Zacks estimates

HISTORICAL STOCK PRICE

Source; Yahoo Finance

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