

PREV: CN

PRVCF: OTC

18H: SG

# PreveCeutical Medical, Inc.

## STRATEGIC MOVES

PreveCeutical Medical is an early stage biotechnology company with one commercial product, three in-licensed products ready for sale, and an attractive early stage research pipeline for preventative and curative therapies. The Company has made several achievements in recent months, moving the research and development pipeline closer to goals.

A wide ranging development program is in place to expand the PreveCeutical product line. Scientific efforts for each program are being undertaken at the University of Queensland in Australia by teams led by Dr. Harry Parekh, the Company's Chief Research Officer. PreveCeutical has a development and licensing agreement in place with UniQuest Pty. Ltd., the commercial arm of the University of Queensland. The agreement ensures PreveCeutical licensure rights to all intellectual innovations created through their joint research projects.

Research pipeline progress:

- Successful testing of applicator devices for *Sol-Gel* nose-to-brain delivery system aimed at reducing side effects and increasing patient compliance for a range of therapies; first compound under study is cannabinoid-based therapy for anxiety.
- Smart RNA Dual Gene Therapy for the treatment of obesity and early stage diabetes. Within the next year, the Company expects to demonstrate proof-of-concept in the delivery of siRNAs and in-cell modulation of key biomarkers implicated in diabetes and obesity.
- Successful identification of eight peptides in venom of Caribbean blue scorpion to engineer 'nature identical' compounds using the University of Queensland proprietary 'disulfide linker' technology.



Management is also actively seeking near-term revenue opportunities through acquisitions and in-licensing. The Company recently licensed three natural sleep aids from Asterion Cannabis that are ready for commercial launch. The worldwide license gives PreveCeutical the right to manufacture and distribute the sleep aids as well as three additional products based on various herbal ingredients.

The PreveCeutical team is also conducting due diligence on two other proposed deals that could bring in revenue from new operations. The proposed acquisition of a health, wellness and consumer goods packaging producer could add manufacturing capacity and key skills on soft-packaging. Additionally, the Company is considering a contract to supply cannabidiol isolate over the next year to a third party. The arrangement would capitalize on PreveCeutical's strong contacts in the cannabis industry built in pursuit of its nose-to-brain drug delivery therapy.

## MARKET DATA

Price:	\$0.05 (12/13/18)
52 Wk Hi-Lo:	\$0.20 - \$0.002
Ave. Volume:	320K
Short Interest:	<1%
Beta:	NA

All Market Data in US\$

## VALUATION

Price/Sales:	nm
Price/CFO:	nm
Price/EPS:	nm
Price/Book Value:	nm

Based on TTM ending 9/30/18

Consensus EPS FY2018:	NA
Forward PE:	NA

## EQUITY SECURITIES

Common Shares Out:	390.2 M
Insiders:	22.2%
Float:	303.6 M
Institutional:	-0-
5% Holders:	-0-

Warrants and  
Options Outstanding: 211.4 M

Convertible Debt  
Equivalent Shares: 50.0 M

As of 11/26/18

Source: Company Reports and  
Crystal Equity Research estimates

**Please read the important disclosures on page 10 of this report.**

## INVESTMENT HIGHLIGHTS

### Positives

- ◆ Varied portfolio of novel therapeutic compounds and products; opportunity to compete effectively as relatively small biotechnology developer in preventative healthcare market
- ◆ Large and growing market for preventative healthcare, valued at US\$200 billion by 2023, and growing by 15% annually according to industry analysts at iHealthcare Analyst
- ◆ Research and development relationship with established and reputable university sponsored scientific team at University of Queensland in Australia
- ◆ Potential for significant increase in revenue and profit from proposed sale of cannabidiol isolate to Crushedit LLC in addition to continuing sales of legacy *CELLB9* scorpion venom oral solution
- ◆ Pending strategic acquisition of specialty packaging manufacturer Penta 5 could add operational expertise and technology
- ◆ Well capitalized through recent private placement of common stock and warrants for CN\$6.4 million (US\$5.0 million) in new capital

### Negatives

- ◆ Few barriers to entry for competing health science developers and marketers in already well populated preventative health care market
- ◆ Significant business execution risks inherent in ambitious research and development program of several mutually exclusive projects
- ◆ Need to raise additional, potentially dilutive capital to achieve commercial stage with each project in current development pipeline
- ◆ Potential for immediate loss of capital due to wide bid-ask spread and relatively low daily trading volume
- ◆ Possible price volatility in unseasoned common stock and derivative securities with limited trading history

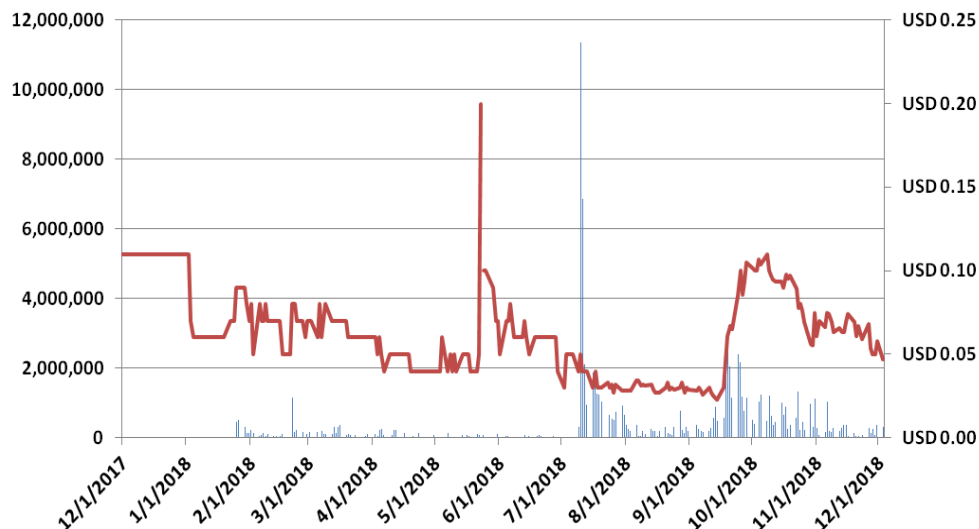
## OUTLOOK

Recent announcements point to value creation by PreveCeutical in recent months. The research and development team has made significant progress with several projects. The updates appear to confirm the Company has been successful in deploying capital raised earlier in 2018 to push forward its pipeline of therapies based on natural compounds. Management also appears to make current revenue a priority, pursuing acquisitions and supply agreements that could raise cash flows in the near-term.

Unfortunately, the progress and resulting fundamental value has not been recognized by investors. After a strong upward surge in early October 2018 in response to an announcement of R&D pipeline progress, the stock has traded downward and trading volume has slipped. We believe the price action and trading volume decline are due in part to a shift in risk appetite in the broader U.S. and Canadian equity markets. We expect this to be a temporary condition until concerns about macroeconomic conditions are addressed.

In our view, PRVCF shares as speculative and suitable primarily for investors with a high tolerance for risk. All investors should be aware there is a potential for immediate loss of capital due to wide bid-ask spread.

## STOCK CHART



Source: Yahoo! Finance

## RESEARCH PIPELINE

- *Sol-Gel* Drug Delivery System
- Dual Gene Therapy targeting obesity and diabetes
- Nature Identical Protein and Peptide Identification
- Disulfide Linker Technology

## DEVELOPMENT STAGE

- Concussion Therapy - based on peptides in blue scorpion venom
- Cannabidiol isolate



## BUSINESS DESCRIPTION

PreveCeutical is an early stage life sciences company with a focus on curative and therapeutic compounds based on natural substances.

Currently, the Company sells through an on-line channel an oral solution branded *CELLB9* based on essential materials extracted from a novel peptide in the venom of blue Caribbean scorpions. The solution has been used to treat inflammation. The Company is pursuing additional applications for the venom peptides such as low-impact brain trauma or concussion. In 2017, the Company signed a distribution agreement with Sports1 Marketing to address the sports medicine market.

Three natural sleep aids have also been licensed for worldwide distribution by PreveCeutical from Asterion Cannabis, Inc., an early stage company under the control of PreveCeutical's chief executive officer. The sleep are based on widely known herbs and meet the European Pharmacopoeia and Health Canada regulations.

PreveCeutical Medical also has commenced an ambitious research and development program with UniQuest Pty. Ltd., the commercial arm of the University of Queensland in Australia. The Company will receive exclusive license of all technologies resulting from their joint efforts, which are now focused on therapies for obesity, diabetes, anxiety and pain.

## PRODUCTS

### Commercial

- *CELLB9* - Caribbean Blue Scorpion Venom



### Licensed

- *Blissful Sleep* - herbal sleep aid based on hops and valerian root
- *Blissful Sleep Ex* - herbal sleep aid based on hops and valerian root
- *Skullcap Serenity* - herbal sleep aid and anxiety relief based on skullcap leaves



## STRATEGIC PLANS

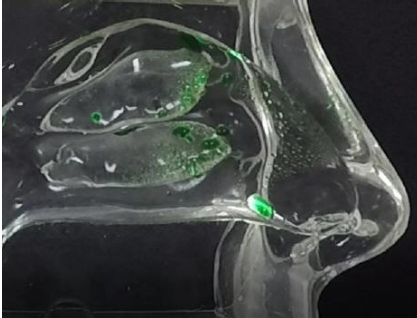
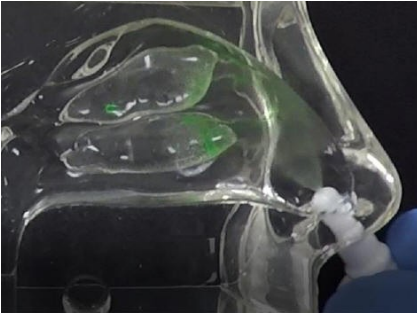
PreveCeutical has recently entered into two tentative agreements that, if consummated, could have significant impacts on future sales.

**Acquisition** - In early October 2018, the Company announced interest in acquiring Penta 5 Group, Inc., a manufacturer and marketer of health and wellness products based in Florida. Penta 5 has particular expertise in packaging and offers a proprietary flexible pouche for heating food and preserving water, juice or other liquids. The deal is contingent upon satisfying additional due diligence criteria. No terms were disclosed.

If completed the acquisition would transform PreveCeutical's financial girth. Penta 5 has a number of products that are ready for commercial launch and could deliver revenue to the Company's top line. Penta 5 claims 120 product innovations, including cannabis-based medicinal oils, mosquito control solutions, among other health and wellness solutions. Additionally, the Penta 5 packaging facility could be a strategically valuable asset for producing PreveCeutical's existing venom and herbal products. Financial performance for Penta 5 has not been disclosed.

**Supply Agreement** - PreveCeutical has entered into a letter of intent to supply cannabidiol isolate or CBD to Crushedit, LLC, a Nevada based company organized in August 2017. The agreement calls for PreveCeutical to supply at least 2,500 kilograms of CBD at the price of CN\$6,400 (US\$4,864) per kilogram over the next year. CBD is one of more than 85 cannabinoids found in cannabis. Without no psychotropic properties it has become a popular natural therapy. The agreement is pending additional due diligence, including ability of Crushedit to fulfill payments.

## APPLICATOR



## APPLICATOR TESTS

The Company's scientists have been evaluating applicators suitable for use in the *Sol-Gel* system. A life-sized nasal cavity made from clear material is being used as an inhalation model that allows observation of applicator and formula performance.

In mid-November 2018, the Company reported successful testing of a custom applicator device. The early tests proved that the liquid spray was drawn well into the nasal cavity using the custom applicator. Furthermore, the *Sol-Gel* formulation gelled rapidly and coated the target olfactory area as required to deliver the therapeutic compound to the diseased tissue. The tests also proved that the *Sol-Gel* formulation remained in the upper nasal cavity where it will be better absorbed into the blood and carried to the brain tissue.

## SOL-GEL SYSTEM

Cannabidiol or CBD is the first compound under study by PreveCeutical with its research partner UniQuest Pty. Ltd., the development arm of the University of Queensland in Australia, for use with a novel nose-to-brain drug delivery technology. The team has called it the *Sol-Gel* system and believes it can deliver effective therapeutic compounds to a targeted diseased site at a slow, controlled rate. The planned cannabinoid formulation is aimed at treatment of anxiety disorders.

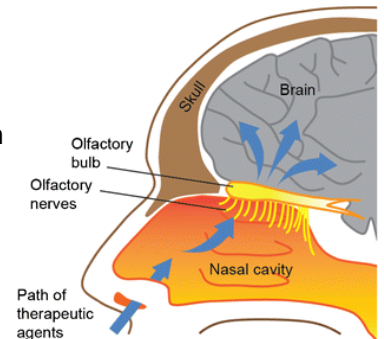
Many potentially valuable drugs for treating neurological disorders like anxiety are unable to reach the brain in sufficient concentration to be therapeutically valuable because of the blood brain barrier. There is a protective membrane in the brain that surrounds the vessels and protects it from foreign substances that might prove harmful to the brain. This membrane stops 98% of drug molecules from entering the brain. The use of intranasal delivery of therapeutic agents is one method to bypass the blood brain barrier in a non-invasive manner.

In the *Sol-Gel* system a solution in a liquid state is administered to the nasal passage where it turns rapidly to a gel state upon contact with mucosal tissue. The gel stays in the higher regions of the nasal passage, slowly releasing the compound that has been loaded into the solution. The solution can remain active for up to seven days.

The Company's scientists have completed several steps required to reach the market with effective therapies.

- Permitting to acquire, import and handle medicinal cannabis at University of Queensland laboratories managed by UniQuest. Two shipments of five cannabis strains were acquired in May 2018, from a supplier in Colorado.
- Inception of initial 'fingerprinting' steps to build a library of cannabinoid extracts that will be incorporated in the *Sol-Gel* system.
- Successful conversion of phytocannabinoids extracted from the Company's five cannabis strains into five neutral forms and five acid forms that have been proven valuable in treating disease.
- Evaluation of various applicator designs suitable for use in the *Sol-Gel* system and vetting of manufacturers with certified production facilities.
- Completion of inhalation tests with a life-sized model to determine effectiveness of both applicator and *Sol-Gel* formulation.

We expect the Company's scientists to move forward in the next year with additional work on both the cannabinoid formula and the *Sol-Gel* technology. It is also likely that the team will begin to establish relationships in the medical community with the goal of eventually testing a formulation and device in a clinical trial setting.



## DISEASE INCIDENCE

In December 2018, *Diabetologia*, the journal of the European Association for the Study of Diabetes, reported that new cases of Type I diabetes is rising 3.4% per year in Europe. The statistic has spread alarm throughout Europe and the world as it suggests diabetes is fast becoming the predominant health issue of the century.

Earlier in 2018, the National Institute of Health convened an independent panel to evaluate the incidence and impact of obesity in the United States. The panel found that 39.8% of U.S. adults and 18.5% of children are obese. The panel defined obesity as an excessive fat accumulation that presents risks to individuals health.

## GENE THERAPY PROJECT

In partnership with the University of Queensland, PreveCeutical has begun a project to develop an effective siRNA to target genes implicated in diabetes and obesity. Small interfering ribonucleic acids or silencing RNA (siRNA) is a class of double stranded RNA molecules. SiRNA interferes with the expression of specific genes with complementary nucleotide sequences by degrading another RNA type called micro RNA that in turn prevents translation, a critical step in cell replication. The ability to specifically silence genes using siRNA has wide therapeutic application.

PreveCeutical's program is to unfold in three phases over a period of at least four years. The team has already put five different genes implicated in obesity and diabetes on a target short-list. First steps will involve protein sequencing and peptide synthesis.

In October 2018, the research team at the University of Queensland held a workshop and included scientific teams from its partner research institutions, the QIMR Berghofer Medical Research Institute and Murdoch University. The two research groups will be collaborating with the University of Queensland on the dual gene therapy project. The workshop collaboration resulted in a ten to twelve month roadmap for the current phase of the project to demonstrate proof-of-concept in the delivery of siRNAs and in-cell modulation of key biomarkers implicated in diabetes and obesity. When proof-of-concept has been proven, the research team will move on to the third and final phase to prove safety and efficacy in preclinical models. We believe that could begin by the end of the year 2019.

## GENETICS OF DIABETES

The cause of Type 1 diabetes when the pancreas produces no insulin is unknown. Some risk factors have been identified and the chances of developing Type 1 diabetes is increased by variants of the HLA-DQA1, HLA-DQB1 and HLA-DRB1 genes. These genes carry instructions for producing proteins that are used in the immune system.

There seems to be more understanding of Type 2 diabetes, wherein the body stops producing insulin or does not use it properly. More than three dozen genes are thought to put people at greater risk to Type 2 diabetes. Genes associated with Type 2 diabetes include TCFL2, which affects insulin secretion and glucose production; ABCC8, which helps regulate insulin; and GLUT2, which helps move glucose into the pancreas.



Genetic research connecting diabetes and obesity is ongoing. In January 2018, researchers at the Icahn School of Medicine at Mount Sinai Hospital, reported on their examination of genetic data from 700,000 individuals that had participated in 125 different clinical trials. It is the largest genetic association study to date. The study found 14 genetic variations of 13 genes that cause carriers to weigh 15 pounds or more on average than individuals who do not have the genes. Additionally, the study found that the risk copy of the gene MC4R is carried by 1 out of 5,000 people and causes the gene not to produce any of the protein needed to inform the brain to stop eating. Also the protective copy of the gene GIPR is carried by 1 out of 400 individuals who weigh an average of 4.5 pounds less than non-carriers. Genetic studies are expected to continue to guide future research on obesity, diabetes and potential therapies.

## CANNABINOID EXTRACTION PROTOCOL

In support of its soluble gel drug delivery innovation, PreveCeutical and its University of Queensland research partner have been developing an Extraction Protocol for cannabinoids. In early November 2018, the research team reported successful extraction and quantification of cannabinoids from a total of three strains of cannabis. The 'fingerprinted' cannabinoids matched specifications provided by the cannabis producer. An effective and consistent extraction protocol is a critical capacity needed for commercial production of a cannabinoid-based active ingredient in any formulation planned for use with the *Sol-Gel* drug delivery technology.



Over the next year 2019, the research team plans to 'fingerprint' two additional cannabis strains to bring the Company's cannabinoid library to five strains. The library will be used to generate a range of cannabinoid-based formulations to be delivered with the *Sol-Gel* nose-to-brain therapy delivery technology. The first formulation planned by the Company is an anxiety therapy.

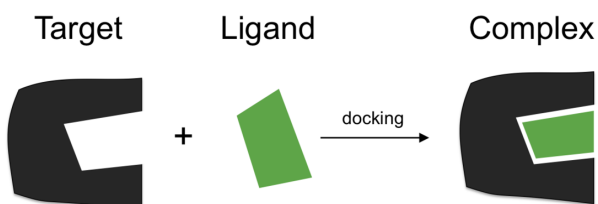
Potential formulations will be enhanced by additional protocols developed by the research team to convert phytocannabinoids extracted from the cannabis to an acid form from their neutral form. Cannabidiolic acid was successfully converted to the neutral form called cannabidiol or more popularly CBD. Tetrahydrocannabinolic acid was converted to its neutral form called tetrahydrocannabinol or THC. CBD is the calming phytochemical from cannabis that does not cause a psychotropic experience as does THC.

Called the Neutralization Protocol, it is considered another important capability to generate effective and marketable formulations to treat disease. The Company's collaboration with medical and research professionals has determined that both acid and neutral forms of cannabinoids are required for effective formulations.

## VENOM PEPTIDES

The Company's research team has begun work on the second part of a three-phase program to develop scorpion venom peptides for application in therapeutic compounds. The team has successfully identified eight peptides in blue scorpion venom that could have therapeutic value.

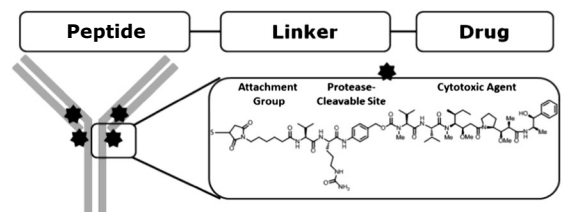
The team is re-designing the peptides to produce a more biostable form while maintaining potency. The re-designing effort has begun with modeling and docking studies against brain cancer targets. The docking studies help classify ligands or peptide molecules that are most likely to interact favorably with a particular receptor at a diseased site. Peptide sequences that are identified by the modeling and docking studies will be re-designed using proprietary peptide linker technology developed at the University of Queensland.



## DISULFIED LINKER TECHNOLOGY

Disulfied linkers are a family of chemical linkages that can release a drug payload upon exposure to an altered chemical environment. The University of Queensland has developed a proprietary platform based on disulfide linkers and has licensed that technology to PreveCeutical Medical.

The technology is critical in developing therapeutics



against cancer such as the brain tumors the Company is targeting with its blue scorpion venom peptides. Such therapeutics are challenged by several drawbacks, including cytotoxicity, high immunogenicity and short half-lives. To address these shortcomings, developers have turned to synthetic polymers, conjugating them to the therapeutic peptide or antibody. Unfortunately, synthetic polymers have their own challenges especially working with peptides. Disulfied conjugation has been a popular strategy to overcome the various challenges.

**BALANCES****Canadian Dollars** 12/31/17 9/30/18

Cash	\$ 0.10	\$ 0.86
Current assets	\$ 1.37	\$ 3.84
Long-term assets	\$ 1.20	\$ 0.60
Intangible assets	\$ 0.30	\$ 0.03
Total assets	\$ 2.60	\$ 4.57
Accts. Payable	\$ 0.20	\$ 0.25
Current Liabilities	\$ 0.30	\$ 1.00
Conv. Debt	\$ 2.64	\$ 2.64
Deficit	(\$10.48)	(\$16.65)
Total Equity	(\$ 0.34)	\$ 0.97
Shares Outstanding	245.5	390.2
Warrants/Options	74.7	214.9

*Dollars, shares and derivatives in millions*

*Source: Company Reports and Crystal Equity Research Estimates*

**OPERATIONS**

PreveCeutical Medical continued to report nominal sales of its single commercial stage product, *CELLB89*. Sales are limited to an on-line channel at the current time and declined compared to the previous period. Sales of *CELLB89* were CN\$14,644 (US\$11,051) in the first nine months of 2018, compared to CN\$34,394 (US\$25,955) in the same period of the previous year. Although gross profit slipped in the September quarter and profits in the most recent nine months have increase after discontinuation of sales promotions and discounts.

The Company recorded CN\$2.5 million (US\$1.9 million) in operating expenses in the quarter ending September 2018, bringing total operating expenses for the first nine months of the year to CN\$5.9 million (US\$4.5 million). Research and development continue to take precedence day to day, accounting for a third of operating expenses in the September quarter. Business development and investor relations activities has also been accelerated as management has sought to leverage relationships for access to the market as well as tried keep shareholders and investors in touch with strategic changes. Business development activities accounted for a quarter of operating expenses in the September quarter.

**OPERATING COMPARISONS****Canadian Dollars****As Reported**

	<u>9 Mo 2017</u>	<u>9 Mo 2018</u>
Sales	\$0.034	\$0.015
Oper. Loss	(\$2.154)	(\$5.890)
Net Loss	(\$4.537)	(\$6.166)
CFO	(\$3.084)	(\$6.486)
LPS	(\$0.016)	(\$0.021)

**As Adjusted for Non-cash Charges\***

	<u>9 Mo 2017</u>	<u>9 Mo 2018</u>
Sales	\$0.021	\$0.014
Oper. Loss	\$0.045	(\$4.861)
Net Loss	\$0.045	(\$4.750)
CFO	(\$3.084)	(\$6.486)
LPS	\$0.000	(\$0.016)

*Dollars in millions; Fiscal year ends December*

*\*Crystal Equity Research Estimates*

**BALANCES and CASH USAGE**

In our view, cash usage rather than reported expenses is a better yardstick to measure fundamental performance and financial fitness. A significant portion of reported expenses are non-cash charges, including share-based compensation and amortization. PreveCeutical used CN\$6.5 million (US\$4.9 million) in cash during the first nine months of 2018 to support operations, representing an average cash usage of CN\$720,000 (US\$543,335) per month. The ramp up in R&D and business development can be seen in the comparison to the year-ago period when the monthly spend was CN\$342,680 (US\$258,597).

The Company held CN\$855,497 (US\$645,585) in cash on the balance sheet at the end of September 2018. We estimate that would provide support for operations at the current pace of activities through the end of the current year. We note a disclosure in the Company's third quarter report indicating that in late October 2018, an advance of CN\$200,000 (US\$150,926) was drawn from an established credit facility. Thus, it would appear the Company has financial support through to the beginning of the next year. That said, we estimate spending on operational activities has increased in recent weeks as management pursues a strategic acquisition and a major customer relationship.

**BALANCES**

<b>US Dollars</b>	<b><u>12/31/17</u></b>	<b><u>9/30/18</u></b>
Cash	\$0.08	\$0.65
Current assets	\$1.04	\$2.92
Long-term assets	\$0.97	\$0.53
Intangible assets	\$0.02	\$0.02
Total assets	\$1.98	\$3.47
Accts. Payable	\$0.15	\$0.19
Current Liabilities	\$0.23	\$0.73
Conv. Debt	\$2.00	\$2.00
Deficit	(\$8.50)	(\$12.65)
Total Equity	(\$0.26)	\$0.73
Shares Outstanding	245.5	390.2
Warrants/Options	74.7	214.9

*Dollars, shares and derivatives in millions*

*Source: Company Reports and Crystal Equity Research Estimates*

**EARNINGS COMPARISONS****US Dollars****As Reported**

	<b><u>9 Mo 2017</u></b>	<b><u>9 Mo 2018</u></b>
Sales	\$0.02	\$0.01
Oper. Loss	(\$0.63)	(\$2.00)
Net Loss	(\$2.13)	(\$2.09)
CFO	(\$0.68)	(\$1.58)
LPS	(\$0.01)	(\$0.01)

**As Adjusted for Non-cash Charges\***

	<b><u>9 Mo 2017</u></b>	<b><u>9 Mo 2018</u></b>
Sales	\$0.02	\$0.01
Oper. Loss	(\$0.68)	(\$1.52)
Net Loss	(\$0.68)	(\$1.61)
CFO	(\$0.68)	(\$1.58)
LPS	(\$0.00)	(\$0.01)

*Dollars in millions; Fiscal year ends December*

*\*Crystal Equity Research Estimates*

**CAPITALIZATION**

PreveCeutical is presently capitalized 17% debt and 83% equity after a private placement of common stock in early 2018. The estimate includes the advance of CN\$200,000 (US\$150,926) on an established credit line in October 2018.

The Company raised CN\$6.5 million (US\$5.0 million) in cash through the sale of 129 million shares of common stock. Additionally, 3 million warrants were exercised for an additional value of CN\$295,000 (US\$222,616). Management was also able to stretch out its capital resources by using stock to pay for a variety of services as well as converting debt to common stock. In the first nine months of 2018, these arrangements were valued at CN\$604,421 (US\$456,115) in exchange for an additional 15.7 million shares of common stock.

An additional CN\$1.09 million (US\$820,000) in capital was raised through the issuance of convertible debt in the first nine months of 2018. A total of CN\$335,000 (US\$252,800) was repaid. The Company also retired CN\$78,932 in callable debt.

Reported interest expense on outstanding debt total CN\$42,724 (US\$32,470) in the recently reported quarter and totaled CN\$140,432 (US\$106,728) in the first nine months of 2018. All interest has been accrued for the year and is included among accrued liabilities on the balance sheet.

**Working Capital**

At the end of September 2018, working capital totaled CN\$2.9 million (US\$2.2 million). This compares to CN\$1.1 million (US\$810,416) nine months earlier at the end of the last fiscal year. Prepaid expenses and deposits represent the majority of current assets and therefore an important element in working capital. The asset category is composed of advances to the Company's research partner University of Queensland (UofQ) and material suppliers for work related to the four principle research projects that are the focus of the PreveCeutical-UofQ pact. The largest portion of prepaid assets is for business consulting services, which relates to business development and investor relations among other corporate services.

We believe working capital and in particular the prepaid assets could present a valuable resource in the coming weeks to stretch cash resources. In our view, it is more likely than not that management will need to pursue additional financing to keep moving forward on its various research projects as well as execute on the pending acquisition of Penta 5 Group and the proposed cannabidiol isolate supply agreement with Crushedit. The option to draw down prepaid expenses and deposits could give the Company some breathing room to secure financing on favorable terms.



## RELATIONSHIPS

- **UniQuest Pty. Ltd., University of Queensland** - research agreement and technology license encompassing selected therapeutic targets for anxiety, pain, obesity, and diabetes
- **Asterion Cannabis, Inc.** - licensor of natural health products, including three natural sleep aids that meet requirements of European Pharmacopoeia and Health Canada
- **Samson Pharmaceutical** - manufacturer of *CELLB9* immune system booster based on blue scorpion venom
- **Aurora Cannabis** - licensed supplier of medical cannabis for pharmaceutical research
- **Sports1 Marketing** - joint venture partner in developing therapies for brain concussion

### Pending:

- **Penta 5 Group** - proposed acquisition of health and wellness and consumer packaging producer
- **Crushedit, LLC** - potential supply agreement for cannabidiol isolate

## LEADERSHIP

PreveCeutical Medical is led by **Stephen Van Deventer** as Chief Executive Officer and President. He is an experienced executive with over twenty-five years work in early stage operations of public and private companies. Van Deventer is also Chairman and Chief Executive Officer of Asterion Pty. Ltd., which plans to grow cannabis and develop cannabis-based product. PreveCeutical and Asterion has recently entered into a joint venture agreement related to cannabis-related therapies.

**Shabira Rajan** is the Chief Financial Officer. She has over twenty years experienced in corporate finance for both public and private companies. She was previously the Director of Finance at Canada Line Rapid Transit, Inc.

The Chief Science Officer is **Dr. Mak Jawadekar**, who is responsible for coordinating the Company's research and development effort. He was most recently the Director of Portfolio Management at Pfizer, where he was involved with drug delivery technology assessment. He has a Doctorate in Pharmaceuticals from the University of Minnesota.

**Dr. Harry Parekh** is the Chief Research Officer. He is based at the University of Queensland Pharmacy Australia Centre of Excellence (PACE) where he leads the Drug/Gene Delivery Group. He is responsible for execution of the Company's research and development program.

In late October 2018, the Company appointed **Paget Hargreaves** as Director and Secretary of PreveCeutical Australia Pty. Ltd., following the resignation of Maher Khaled who had held the position from the date of inception earlier in the year. Hargreaves is also a senior officer of Asterion Pty. Ltd., with which the Company has entered into a joint venture agreement for development of cannabinoid-based products.

## CAPITALIZATION

Recent Price:	\$0.05
Shares Out:	390.2 M
Market Capital:	\$19.51 M
+ Preferred Stock	-0- M
+ Debt	2.00 M
- Cash	<u>0.65 M</u>
Enterprise Value:	\$20.86 M
Book Value:	\$ 0.73 M
Working Capital:	\$ 2.18 M

*Balances as of 9/30/18*

*All figures in US Dollars*

*Source: Company Reports and Crystal Equity Research Estimates*



## OWNERSHIP

### Common Stock (in Millions)

#### Insiders:

S. Van Deventer, CEO	86.5*
S. Rajan, CFO	-0-
M. Jawadekar, CSO	-0-
H. Parekh, CRD	-0-
G. Reid, Dir.	-0-
N. Coltura, Dir.	<u>-0-</u>
Total Insiders**	86.5
As % of Shares Outstanding	22.2%

*\*Includes 45.7 million shares held by Cornerstone Global Partners, of which S. Van Deventer is a principal*

*\*\*Insiders hold warrants and options for an additional 9.1 million shares*

*Source: Company Reports and Crystal Equity Research estimates*



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## *Illuminating investment opportunities in small capitalization companies....*

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