Baptista Research

December 24, 2023

INITIATION OF COVERAGE

Equity | Healthcare/ Pharmaceuticals

Propanc Biopharma Inc. (OTCPK:PPCB; Target Price: $0.50)

Key Report Highlights

Industry View:	Attractive
Stock Rating:	Buy
Price Target:	$0.50
Current Price:	$0.01
52-Week-Range:	$0.01 - $1.10

The ongoing quest to treat and potentially cure cancer, a lucrative yet challenging endeavor due to the disease's devastating nature, has highlighted a lesser-known company in the small-cap OTC market. One such company that is trading at sub-penny prices is Propanc Biopharma. The company is pioneering a novel approach to combat recurrence and metastasis in solid tumors, focusing on pancreatic, ovarian, and colorectal cancers. Their lead product, PRP, utilizes pancreatic proenzymes, trypsinogen and chymotrypsinogen, aiming to target and eliminate cancer stem cells. PRP, which has received Orphan Drug Designation from the FDA for treating pancreatic cancer, is being developed not just as a treatment for advanced cancers but also as a preventative measure. Additionally, Propanc is working on the POP1 Program in collaboration with the universities of Jaén and Granada to develop a backup clinical compound to PRP. Let us take a closer look at how the company is helping shape the future of cancer treatment with its offerings.

Annual Income Statement	2021	2022E	2023E
Revenues	0.00	0.00	25.00
Cost of Goods Sold	0.00	0.00	-15.00
Gross Income (excl. D&A)	0.00	0.00	10.00
EBITDA	-2.12	-2.55	7.00
EBIT (incl. extraordinary exp)	-2.14	-2.57	6.98
Net Income	-5.84	-6.27	3.28
Cash from Operations	-1.72	-2.07	5.68
Free Cash Flows	-1.72	-2.07	5.68

INVESTMENT THESIS

This is our first report on Propanc Biopharma and we look to provide a detailed account of the various drivers that will be responsible for the company's growth in the coming years. Propanc Biopharma is driving growth through its innovative approach in cancer treatment, focusing on preventing recurrence and metastasis in solid tumors. Their lead product, PRP, uses pancreatic proenzymes targeting cancer stem cells in pancreatic, ovarian, and colorectal cancers. PRP, granted Orphan Drug Designation for pancreatic cancer by the FDA, is an intravenous injection combining trypsinogen and chymotrypsinogen, showing promise in inhibiting tumor growth and spread. Following successful pre-clinical studies, Propanc is preparing for a clinical study in advanced cancer patients. Planning to commence a First-In-Human Phase Ib study in 2024, they aim to evaluate PRP's safety, pharmacokinetics, and anti-tumor efficacy. Additionally, their POP1 Program collaborates with the University of Jaén and Granada, focusing on producing a backup clinical compound to PRP. This strategy includes overseas R&D activities, supported by a Certificate for Advance Overseas Finding from Innovation and Science Australia, enhancing their financial efficiency in developing PRP for commercial use. Baptista Research looks to evaluate the different factors that could influence Propanc Biopharma' price in the near future and attempts to carry out an independent valuation of the company using a Discounted Cash Flow (DCF) methodology to determine a suitable price for the company's stock.

COMPANY OVERVIEW

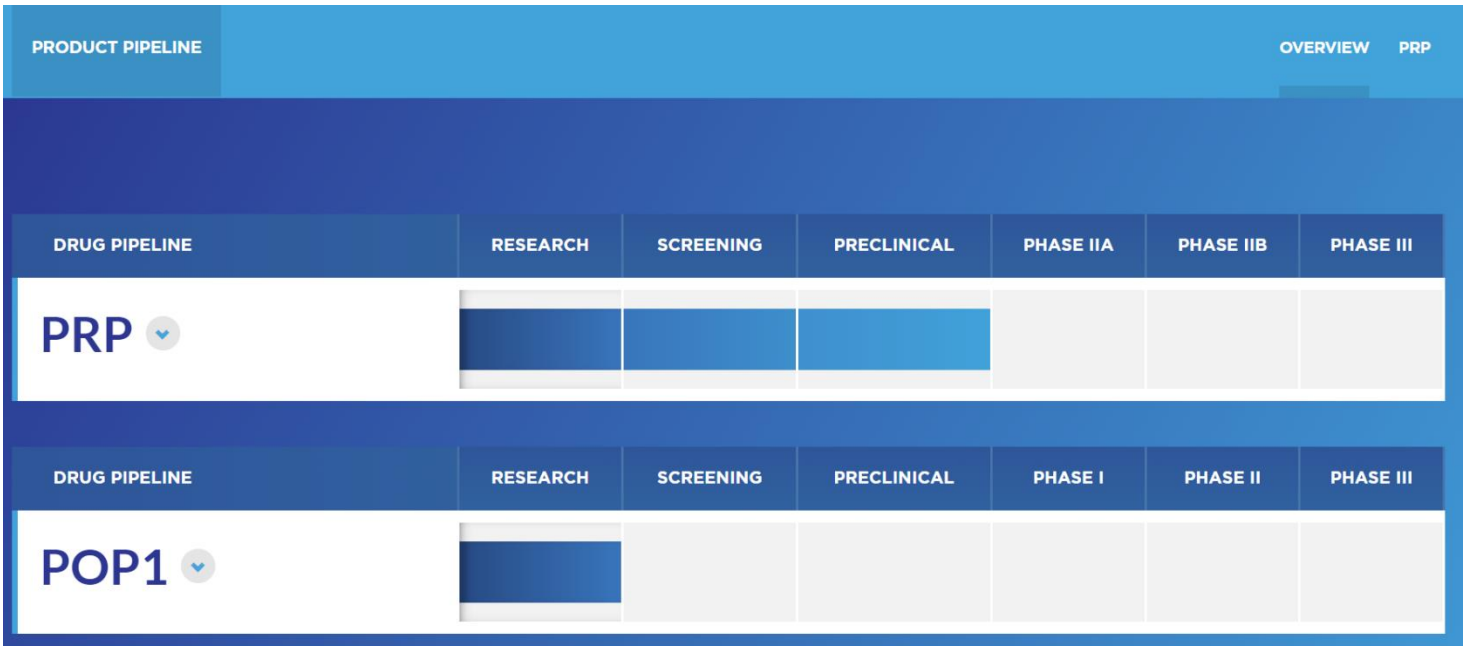
Propanc Biopharma, Inc., a biopharmaceutical company, develops cancer treatments for patients with pancreatic, ovarian, and colorectal cancer in Australia. It offers PRP, a formulation lead product that is in preclinical phase of development designed to enhance the anti-cancer effects of multiple enzymes. The company has a research collaboration with University of Jaén that undertakes the research activities for POP1 joint drug discovery program; and a joint research and drug discovery program with Universities of Jaén and Granada to investigate the changes in genetic and protein expression that occur in cancer cells. The company was formerly known as Propanc Health Group Corporation and changed its name to Propanc Biopharma, Inc. in April 2017. Propanc Biopharma, Inc. was incorporated in 2007 and is based in Camberwell, Australia.

KEY FACTORS DRIVING THE COMPANY'S PERFORMANCE

PRP Treatment Leading the Way in Cancer Therapy Innovation

- Propanc Biopharma, Inc. is a clinical-stage biopharmaceutical company that is at the forefront of developing innovative cancer treatments, specifically targeting pancreatic, ovarian, and colorectal cancers. With the collaborative expertise of its scientific and oncology consultants, the company has crafted a unique therapeutic approach rooted in a century of scientific research on enzyme use.

- Their leading products are designed to not only treat metastatic cancer but also to significantly reduce the likelihood of recurrence. This groundbreaking approach is centered around the concept of Pancreatic Proenzyme Therapy, marking a significant advancement in the field of oncological treatment. We can see their pipeline in the snapshot below:



Source: Company Website

- Propanc Biopharma has pioneered a groundbreaking approach in the fight against cancer with its innovative PRP treatment. This unique formulation, consisting of trypsinogen and chymotrypsinogen derived from bovine pancreas, is a game-changer in oncology, especially when administered via intravenous injection. What sets PRP apart is its synergistic ratio of 1:6, demonstrating remarkable efficacy in inhibiting the growth of a wide spectrum of tumor cells, including those in kidney, ovarian, breast, brain, prostate, colorectal, lung, liver, uterine, and skin cancers.

- Propanc's approach is particularly notable due to the current lack of effective standard treatments for solid tumors. By redirecting tumor cells towards normal differentiated cell pathways, Propanc opens a window to potentially capture a significant market share in oncology. Further bolstering its standing in the medical community, Propanc has been recognized with the prestigious Orphan Drug Designation from the FDA for the treatment of pancreatic cancer, underscoring its potential to make a meaningful impact in the fight against this devastating disease.

- The mechanism of action of PRP is deeply rooted in its ability to counter the epithelial-mesenchymal transition (EMT), a cellular program that triggers cancer cells to become invasive and metastatic. By reversing this transition, PRP not only curbs the metastatic potential of tumor cells but also encourages them to acquire a less malignant phenotype. This is further complemented by its impact on lineage-specific cellular differentiation, leading to a decrease in proliferation.

- PRP's selectivity is particularly noteworthy. It targets the Transforming Growth Factor Beta (TGFβ) pathway, which plays a pivotal role in late-stage cancer by promoting tumor cell migration and EMT. The treatment's molecular targets are proteinase-activated receptors (PARs) type 1 and 2, often overexpressed in various cancers. The activation process of trypsinogen and chymotrypsinogen, integral components of PRP, is finely tuned to specifically target these receptors, demonstrating a sophisticated approach to cancer treatment.

- One of the most significant advantages of PRP is its efficacy against cancer stem cells, which are notoriously resistant to conventional treatments. PRP's unique patented approach targets and eradicates these resilient cells, addressing a critical gap in cancer therapy. Traditional treatments fail to eliminate cancer stem cells, allowing them to regenerate tumor mass and migrate to form new tumors. PRP halts this process, leading to the tumor's inability to regenerate, thereby preventing metastasis.

- The treatment's ability to regulate up to four critical intracellular pathways related to cancer spread and metastasis is another cornerstone of its effectiveness. It notably influences the TGFβ, Hippo, Wnt, and Notch pathways, disrupting the cancer stem cell phenotype and reversing malignant transitions that lead to tumor invasion.

- Moreover, PRP's role in impairing niche formation and tumor initiation cannot be overstated. It alters the gene expression of cancer stem cells, pushing them towards a more differentiated and less dangerous state. This intervention disrupts the signals that primary tumors send to prepare pre-metastatic niches, thus inhibiting the malignification of the non-tumor microenvironment.

- In vivo studies have further underscored PRP's potential. Significant reductions in tumor weight were observed in animal models of pancreatic and ovarian tumors treated with PRP. These results align with the formulation's ability to inhibit angiogenesis, tumor growth, and cancer cell migration.

- Clinical studies have equally supported PRP's efficacy. An evaluation of its rectal formulation in patients with advanced metastatic cancers showed promising results. Notably, patients treated with the proenzyme suppositories experienced increased life expectancy without severe or serious adverse events, a testament to PRP's safety and effectiveness.

- The management has recently revealed groundbreaking research results for its innovative PRP therapy. This advancement is spearheaded by the collaborative research of Mrs. Belén Toledo Cutillas, MSc, at the University of Jaén, Granada, Spain.

- The study's findings indicate that PRP not only intensifies the effectiveness of chemotherapy but also transforms the tumor microenvironment.

- It achieves this by reducing the fibrotic tissue, thereby diminishing the tumor's malignancy and its potential to spread into surrounding tissues.

- This effect is achieved through mechanisms like apoptosis, a form of programmed cell death, which re-educates the malignant tumor cells and reverses their harmful phenotype.

- Further research, including various methods like viability analysis, live/dead assays, and RT-qPCR for gene expression quantification, has validated these transformative effects of PRP.

- Recognized with Orphan Drug Designation status from the US Food and Drug Administration (FDA) for the treatment of pancreatic cancer, PRP's intravenous administration has shown remarkable efficacy in inhibiting a wide range of tumor cells.

- It targets the epithelial-mesenchymal transition, reducing metastatic potential and promoting a transition to a less malignant state. Additionally, its effectiveness against cancer stem cells fills a vital gap in current cancer therapies.

- Propanc Biopharma is committed to further exploring PRP's potential in upcoming clinical trials. The company's strategy includes targeting various clinical situations, such as early-stage management of solid tumors and post-treatment recurrence prevention.

- The focus on solid tumors, particularly ovarian and pancreatic cancers, in their Phase I, II, and III clinical trials, marks a significant step towards addressing the multifaceted challenges of cancer treatment and management.

PRP Compassionate Patient Treatment Results

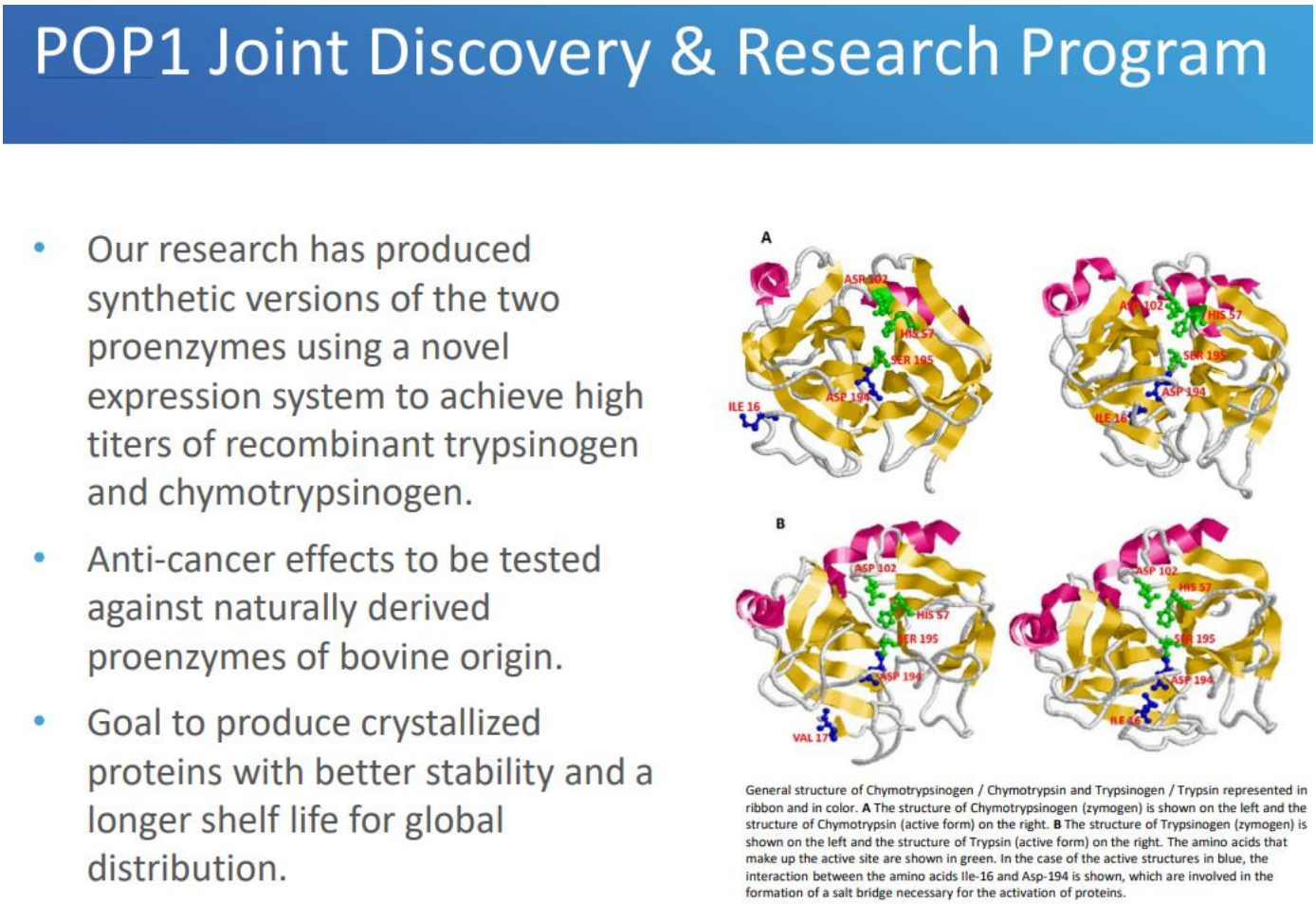
- 46 terminal patients administered suppository formulation containing trypsinogen & chymotrypsinogen.
- No severe, or even serious adverse events observed from treatment.
- 19 from 46 patients significantly exceeded life expectancy (41.3%).
- Mean survival (9.0 Mo.) significantly higher than mean life expectancy (5.6 Mo.), one way ANOVA ($\alpha = 0.05$, $P < 0.05$).
- Although incidence is low, endocrine tumors and cancers of GI tract appear to benefit from treatment.

Cancer Type	Responders Vs Patients*
Ovarian Cancer	**4/6**
Pancreatic cancer	**3/4**
Gastric cancer	**2/2**
Prostate cancer	**2/8**
Non-Hodgkin Lymphoma	1/1
Mesothelioma	1/1
Neuro-endocrine tumor	1/1
NSCLC	1/2
Melanoma	1/2
Bowel	**1/2**
Colon cancer	**1/5**
Breast cancer	1/6
Small cell carcinoma	0/1
Renal cancer	0/1
Abdomen (unknown primary)	0/1
Bladder cancer	0/2
Total:	**19/46**

*All patients either met or exceeded life expectancy based on initial prognosis

Source: Company Presentation

The POP1 Program for Next-Generation Cancer Treatment



Source: Company Presentation

- Propanc Biopharma, a leader in the biotechnology sector, is spearheading a revolutionary drug discovery initiative, the POP1 Program, poised to be a significant growth catalyst for the company.

- This innovative program is geared towards developing a backup clinical compound to PRP, focusing on combating metastatic cancer from solid tumors—a market projected to reach $111 billion by 2027 according to Emergen Research.

- The synthesis and purification of recombinant trypsinogen and chymotrypsinogen in the laboratory marks a pivotal step in this venture. The successful production of synthetic trypsinogen has entered an optimization phase for enhanced protein production, while efforts are concentrated on refining the purification and yield of chymotrypsinogen.

- A key aspect of the POP1 Program is the potential global healthcare impact of synthetic trypsinogen and chymotrypsinogen. These proenzymes, synthesized in vivo to produce crystalized proteins, promise significant advantages such as prolonged shelf life and stability without refrigeration.

- This is particularly beneficial for global distribution, especially in warmer climates and developing regions where refrigeration infrastructure is limited.

- Collaboration lies at the heart of the POP1 Program, with Propanc Biopharma's partnership with the universities of Jaén and Granada, and the University of Natural Resources and Life Sciences in Vienna. These joint efforts are directed towards full-scale manufacturing of a synthetic recombinant formulation as an alternative to PRP.

- Moreover, the program extends beyond manufacturing. Researchers are delving into the genetic and protein expression changes in cancer cells exposed to the proenzyme formulation.

- This exploration aims to identify molecular targets for the development of novel, patentable anticancer drugs, laying the groundwork for a targeted drug discovery program.

- The POP1 Program has already achieved a milestone with the production of synthetic recombinant trypsinogen and chymotrypsinogen. Ongoing research focuses on developing an optimal expression system and refining conditions for high yield production.

- The next phase involves comparing the anticancer effects of these synthetic versions against the natural proenzymes from bovine sources. Through the POP1 Program, Propanc Biopharma is not only reinforcing its position in the biotech industry but also charting a course towards groundbreaking advancements in cancer treatment.

Vast Addressable Market

- Propanc Biopharma is at the forefront of addressing the growing global need for effective and safe cancer treatments, with a particular focus on metastatic cancer.

- The company's approach is timely, as the metastatic cancer treatment market is expected to reach a staggering $111 billion by 2027. This surge is attributed to an aging population in Western countries and changing environmental factors, leading to an increase in cancer incidence rates.

- In 2020 alone, there were an estimated 19.3 million new cancer cases and almost 10 million deaths globally, underscoring the urgent need for innovative treatments like that of Propanc Biopharma.

- Propanc Biopharma's primary objective is to target patients with solid tumors, specifically pancreatic and ovarian cancers, where other treatment options have been exhausted.

- The mortality rate for these cancers is alarmingly high, with over 673,255 deaths recorded in 2020. Recognizing the significant unmet medical need, Propanc aims to extend its research and development efforts to encompass earlier stages of these diseases and other cancer types, following the demonstration of PRP's efficacy and safety.

- The market potential for Propanc's innovative products is vast and largely untapped. While it's challenging to estimate the exact market size for a novel pro-enzyme formulated suppository, the pancreatic and ovarian cancer drug markets are expected to grow substantially.

- The pancreatic cancer drug market is projected to reach $6.93 billion by 2030, and the ovarian cancer drug market is anticipated to hit $13.9 billion by 2029. This growth is driven by the uptake of approved therapies and the introduction of new treatments.

- Propanc Biopharma's PRP treatment is positioned as a first-in-class, clinically proven product with the potential to significantly improve patient outcomes in terms of survival and quality of life.

- The current market landscape indicates a readiness among oncologists to adopt new, effective treatments, especially those demonstrating a favorable safety profile.

- Pancreatic cancer, notorious for its lethality, presents a particularly urgent challenge. With a median survival of less than six months and a five-year survival rate below 5%, it's a disease that urgently requires innovative treatment approaches.

- Similarly, ovarian cancer, with its high mortality rate and late-stage diagnosis in most cases, demands a breakthrough in treatment and management.

- Propanc Biopharma's strategic focus on these areas, coupled with its commitment to research and development, positions the company as a key player in transforming the landscape of cancer treatment.

- Their pioneering work in developing effective treatments for these aggressive cancers aligns with the global need for more effective cancer therapies, signaling a new era in oncology.

Strategic Licensing and Intellectual Property Expansion As A Catalyst For Growth

- Propanc Biopharma has strategically positioned itself as a leader in cancer treatment innovation through significant licensing agreements and intellectual property expansion.

- The company's collaboration with the University of Bath has been pivotal. Originating from a research project to explore the cellular and molecular mechanisms of Propanc's proprietary proenzyme formulation, this partnership evolved into a Commercialization Agreement in 2009.

- Propanc gained exclusive licensing rights and co-ownership of intellectual property related to its proenzyme formulations. A subsequent amendment in 2012 saw the earlier assignment of patents to Propanc, with the University of Bath retaining certain rights for research use and publication, affirming the symbiotic nature of this collaboration.

- Under this agreement, Propanc committed to a 2% royalty payment on net revenues and a dedication to develop and commercially exploit the patents for mutual benefit. This includes compliance with regulatory requirements for clinical trials and maintaining liability insurance coverage prior to human trials. The agreement, which is cancellable by either party, demonstrates Propanc's commitment to advancing cancer treatment while acknowledging the contributions of its academic partner.

- The collaboration with the University of Jaén, established in 2020, marks another significant stride. Focused on the synthetic development and validation of PRP, this partnership leverages the university's scientific expertise in health sciences.

- The agreement outlines a pre-clinical protocol evaluating antitumor efficacy on cancer stem cells and orthotopic xenotransplantations. Propanc retains ownership of potential intellectual property rights arising from this project, with the university receiving a 2% share of net sales of products under these rights.

- A second project with the universities of Jaén and Granada, commenced in July 2022, delves into the effects of pancreatic proenzymes on the tumor microenvironment.

- This collaboration is expected to yield new intellectual property, with Propanc owning the rights and key university personnel being recognized as inventors. The financial agreement includes a 1% net revenue share to Professors Perán and Marchal for their contributions.

- Looking forward, Propanc Biopharma is actively exploring potential collaborations with technology companies in the oncology sector. The aim is to expand its product line with novel, targeted therapies that are effective yet minimize toxicity.

- The intellectual property portfolio of Propanc is robust and expanding. As of September 2023, the company boasts 62 granted, allowed, or accepted patents and 14 patent applications in key global jurisdictions. These patents encompass the use of proenzymes in treating solid tumors, specifically PRP. The strategic filing of patent applications under the Patent Cooperation Treaty further extends Propanc's reach, allowing for simultaneous protection in over 150 countries.

- This comprehensive approach to licensing agreements, collaborative research, and intellectual property expansion positions Propanc Biopharma not just as a pioneer in cancer treatment but also as a driving force for growth in the oncology sector. The company's commitment to advancing cancer therapy through strategic partnerships and robust intellectual property management signifies a promising future in its quest to combat cancer. We can see a summary of its key partnerships in the snapshot below:

UNIVERSITY OF BATH	Joint IP ownership and Commercialization Agreement.
Universidad de Jaén; Universidad de Granada; FIBAO FUNDACIÓN PÚBLICA ANDALUZA PARA LA INVESTIGACIÓN BIOSANITARIA DE ANDALUCÍA ORIENTAL	Joint research collaboration: - Drug discovery oncology program - New compound screening - Translational research - Clinical development
eurofins | CDMO	Process development, purification of active drug substances, analytical method development and GMP manufacturing.

Source: Company Presentation

Experienced Leadership

Source: Company Website

- At the helm of Propanc Biopharma's success and growth is a team of distinguished leaders, each bringing a wealth of experience and expertise crucial to the company's mission in transforming cancer treatment.

- James Nathanielsz, serving as Chief Executive Officer and director since the company's inception, and as Chief Financial Officer since December 2020, is a cornerstone of Propanc's strategic vision. With a Bachelor of Applied Science in Biochemistry/Applied Chemistry and a Master of Entrepreneurship & Innovation from Swinburne University of Technology, Mr. Nathanielsz's leadership is further solidified by his role as CEO of Propanc PTY LTD, the Australian subsidiary.

- His tenure as New Products Manager at Biota Holdings Limited enriched his expertise in R&D, manufacturing, and distribution, making him pivotal in driving Propanc's innovation and market growth.

- Dr. Julian Kenyon, a founding figure of Propanc and its Scientific Director since inception, and Chief Scientific Officer since May 2019, brings a unique blend of medical and scientific acumen to the team.

- As a co-founder and director of Propanc PTY LTD and with his role as Medical Director of the Dove Clinic for Integrated Medicine, Dr. Kenyon's extensive experience is invaluable. His academic credentials, including a Bachelor of Medicine and Surgery and a Doctor of Medicine from the University of Liverpool, coupled with his primary fellowship at the Royal College of Surgeons, Edinburgh, fortify Propanc's scientific and clinical endeavors.

- Josef Zelinger, a director of Propanc since December 2020, contributes a depth of knowledge in finance and corporate governance. A Certified Practicing Accountant with over 45 years of experience in various fields, including tax, auditing, finance, and management consulting, Mr. Zelinger's diverse expertise is instrumental in steering Propanc's financial and strategic planning.

- His experience as a director and CFO at Caston Pty Ltd and in various investment companies, alongside his sole practitioner role in accountancy and tax consulting, provide a robust financial foundation for Propanc's endeavors.

- Collectively, this leadership trio embodies the essence of Propanc Biopharma's growth strategy. Their combined expertise in scientific research, financial acumen, and operational excellence positions Propanc Biopharma at the forefront of cancer treatment innovation. As the company navigates the complex landscape of oncology, its leadership's diverse skills and experiences serve as a major driver of growth, propelling Propanc towards new horizons in cancer therapy and patient care.

HISTORICAL FINANCIAL STATEMENTS & PROJECTIONS (USD MILLIONS)

Particulars	12/31/22	3/31/23	6/30/23	9/30/23
Revenues	0.0	0.0	0.0	0.0
Cost of Goods Sold	0.0	0.0	0.0	0.0
Gross Income (excl. D&A)	0.0	0.0	0.0	0.0
EBITDA	-0.6	-0.4	-0.2	-0.4
Depreciation & Amortization	0.0	0.0	0.0	0.0
Extraordinary Expenses	0.0	0.0	0.0	0.0
EBIT	-0.6	-0.4	-0.2	-0.4
Pretax Income	-0.6	-0.8	-0.8	-0.4
Income Tax	-0.1	0.0	0.0	0.0
% rate	*19.7%*	*0.0%*	*0.0%*	*0.0%*
Net Income	-0.5	-0.8	-0.8	-0.4

Quarterly Cash Flow Summary (USD Million)

Particulars	12/31/22	3/31/23	6/30/23	9/30/23
Cash from Operations	-0.2	-0.2	-0.2	-0.3
Cash from Investing	0.0	0.0	0.0	0.0
Free Cash Flows	-0.2	-0.2	-0.2	-0.3

- Let us start off with analyzing the most recent and historical quarterly data reported by the company.
- Propanc Biopharma has reported a top-line of $0 million in its recent quarterly result and its EBITDA for the quarter was $-0.42 million.
- Propanc Biopharma's operating income (EBIT) was reported at $-0.42 million.
- Propanc Biopharma reported a net income of $-0.35 million which resulted in a diluted earnings per share (EPS) of $-0.04.
- Propanc Biopharma burnt $-0.33 million in terms of operating cash flows for the quarter ended 9/30/23.
- Overall, Propanc Biopharma delivered a negative free cash flow of $0.33 million for the past quarter.

Historical Quarterly Statement Analysis - Balance Sheet (USD Million)

Balance Sheet	12/31/22	3/31/23	6/30/23	9/30/23
Assets				
Net Intangible Fixed Assets	0.0	0.0	0.0	0.0
Net Tangible Fixed Assets	0.1	0.1	0.0	0.0
Total Fixed Assets	**0.1**	**0.1**	**0.0**	**0.0**
LT Investments	0.0	0.0	0.0	0.0
Inventories	0.0	0.0	0.0	0.0
Accounts Receivable	0.0	0.0	0.0	0.0

Cash and ST Investments	0.0	0.1	0.0	0.0
Other Current Assets	0.0	0.0	0.0	0.1
Total Current Assets	**0.1**	**0.1**	**0.0**	**0.2**
Other Assets	0.0	0.0	0.0	0.0
Total Assets	**0.1**	**0.1**	**0.1**	**0.2**
Liabilities & Shareholder's Equity				
Equity & Minorities	-2.9	-3.0	-3.1	-3.0
% of capital employed	*141.3%*	*128.8%*	*120.5%*	*129.4%*
LT Debt	0.0	0.0	0.0	0.0
Other LT Liabilities	0.0	0.0	0.0	0.0
Total LT Liabilities	**0.0**	**0.0**	**0.0**	**0.0**
% of capital employed	*-1.5%*		*-0.8%*	*-1.7%*
ST Debt	0.8	0.6	0.5	0.6
% of capital employed	*-39.8%*	*-27.5%*	*-19.7%*	*-27.7%*
Accounts Payable	0.9	0.9	1.0	1.1
Other ST Liabilities	1.3	1.5	1.7	1.4

Total Current Liabilities	**3.0**	**3.1**	**3.2**	**3.1**
Total Liabilities	**3.0**	**3.1**	**3.2**	**3.2**
Total Liabilities & Shareholder's Equity	**0.1**	**0.1**	**0.1**	**0.2**

- When we look at the quarterly Balance Sheet of the company, we see that the Fixed Asset base has evolved from $0.04 million to $0.03 million over the last 2 quarters.
- As a result of the negative free cash flows, the company had a final cash and short-term investment balance of $0.01 million.
- When we analyze the capital structure of Propanc Biopharma, we realize that the company relies more on equity to finance its operations.
- The company's equity accounts for 129.44% of its total capital employed whereas debt (both long-term and short-term) accounts for about -29.44% of the total capital..

Historical Balance Sheet - Annual (USD Million)

Particulars	2021	2022	2023
Assets			
Net Intangible Fixed Assets	0.00	0.00	0.00
Net Tangible Fixed Assets	0.00	0.06	0.04
Total Fixed Assets	**0.00**	**0.06**	**0.04**
LT Investments	0.00	0.00	0.00

Inventories	0.00	0.00	0.00
Accounts Receivable	0.00	0.00	0.00
Cash and ST Investments	0.00	0.00	0.01
Other Current Assets	0.01	0.02	0.01
Total Current Assets	**0.01**	**0.02**	**0.02**
Other Assets	0.00	0.00	0.00
Total Assets	**0.01**	**0.08**	**0.06**
Liabilities & Shareholder's Equity			
Equity & Minorities	-3.07	-3.03	-3.12
LT Debt	0.00	0.00	0.00
Other LT Liabilities	0.00	0.05	0.02
Total LT Liabilities	**0.00**	**0.05**	**0.02**
ST Debt	0.68	0.98	0.51

Accounts Payable	1.00	0.94	0.97
Other ST Liabilities	1.40	1.14	1.68
Total Current Liabilities	**3.08**	**3.06**	**3.16**
Total Liabilities	**3.08**	**3.11**	**3.18**
Total Liabilities & Shareholder's Equity	**0.01**	**0.08**	**0.06**

- Propanc Biopharma has close to $0.01 million in terms of liquidity i.e. cash and short term investments.

Forecasted Income Statement - Annual (USD Million)

Particulars	2022	2023	2024E	2025E	2026E
Revenues	0.0	0.0	0.0	0.0	25.0
Cost of Goods Sold	0.0	0.0	0.0	0.0	15.0
Gross Income (excl. D&A)	0.0	0.0	0.0	0.0	10.0

EBITDA	-2.0	-1.8	-2.1	-2.5	7.0
% of revenue					*28.0%*
Depreciation & Amortization	0.0	0.0	0.0	0.0	0.0
EBIT	-2.0	-1.8	-2.1	-2.6	7.0
% of revenue					*27.9%*
EBT (GAAP)	-2.7	-2.8	-5.8	-6.3	3.3
% of revenue					*13.1%*
Net Income (GAAP)	-2.7	-2.7	-5.8	-6.3	3.3
% of revenue					*13.1%*
Earnings Per Share (GAAP)	-0.10	-0.10	-0.21	-0.23	0.12

Forecasted Cash Flow Statement (USD Million)

Particulars	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Net Income (GAAP)	-2.7	-2.7	-5.8	-6.3	3.3
+ Depreciation & Amortization	0.0	0.0	0.0	0.0	0.0
+/- Working Capital, Deferred Taxes & Other Adjustments	1.2	1.5	4.1	4.2	2.4
Cash Flow from Operations	**-1.4**	**-1.1**	**-1.7**	**-2.1**	**5.7**
% of EBITDA	*72.4%*	*62.7%*	*81.1%*	*81.1%*	*81.1%*

Capital Expenditure	0.0	0.0	0.0	0.0	0.0
Other Investment Cash Flow items	0	0	0	0	0
Cash Flow after Investments	**0.0**	**0.0**	**0.0**	**0.0**	**0.0**
Free Cash Flow	**-1.4**	**-1.1**	**-1.7**	**-2.1**	**5.7**

Key Ratios

Growth & Margins	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Sales Growth	0.0%	0.0%	0.0%	0.0%	0.0%
EBITDA Margin	0.0%	0.0%	0.0%	0.0%	28.0%
EBIT Margin	0.0%	0.0%	0.0%	0.0%	27.9%
Net Profit Margin	0.0%	0.0%	0.0%	0.0%	13.1%

Leverage Ratios	**2022**	**2023**	**2024E**	**2025E**	**2026E**
Net Debt	1	1	2	4	-1
Net Debt/ Equity	-0.3	-0.2			
Net Debt/ EBITDA	-0.5	-0.3	-1.0	-1.7	NA

- Now let us move on to Baptista Research's forecasts for Propanc Biopharma's income statement and cash flows.
- We forecast that the company should be able to achieve some level of commercialization of its therapies and material revenues from 2025 onwards which is when we expect its first revenues and positive profitability and cash flows.
- In terms of the cash flows, we expect Propanc Biopharma to generate around $-1.722564 million in operating cash flows in 2024.
- This implies an EBITDA-to-Operating-Cash-Flow conversion ratio of 81.10%
- Propanc Biopharma is expected to invest a lower amount in capex and other investing activities in 2024.
- Overall, the company is expected to generate free cash flows to the tune of $-1.722564 million in 2024.

DISCOUNTED CASH FLOW (DCF) VALUATION

Key DCF Assumptions	
WACC	28.8%
CoD	71.9%
CoE	19.4%
Market Rate	6.0%
Risk Free Rate	3.5%
Beta	2.65
Perpetual Growth Rate (g)	85.5%
Terminal Value	125
Tax Rate	4.7%

- We have used a 6.0% equity market risk premium based on the S&P 500 returns for the past 5 years.
- The risk-free rate has been assumed as the 10-year Treasury Constant Maturity Rate of the U.S. at 4.80%.
- The company's stock is more volatile than the market as a whole and has a beta of 2.7 which we shall use without leveraging the same as we are going for the enterprise value approach.
- This is used in order to arrive at the cost of equity (CoE) of 20.7% which appears reasonable for a company like Propanc Biopharma.
- Based on the company's long term debt and interest payments, the cost of debt is 71.9%.
- After incorporating the CoE and the CoD and average tax rate of 4.7%, we arrive at a Weighted Average Cost of Capital (WACC) of 29.9%.
- The terminal value is a key component of any DCF valuation as it accounts for the largest chunk of the total projected value of the company. There are a number of methodologies used to determine the same such as the perpetual growth rate method or the multiples method.
- In this case, we have gone ahead and determined the terminal value by applying the current EV/Sales ratio of 5 to our forecasted revenues of 2026.

EV and Market Cap	Current	2024E	2025E	2026E
Price ($)	0.01	0.5	1.0	3.6
Outstanding Number of shares (million)	22.26	22.26	22.26	22.26
Total Market Cap (billion)	0.00	0.01	0.02	0.08
Net Debt	1	2	4	-1
Enterprise Value (billion)	0.00	0.01	0.03	0.08

KEY RISKS

- It is important to highlight the key risks associated with an investment in Propanc Biopharmas as well as the inherent risks associated with the financial projections and price forecasts presented in this report.

- Propanc is in the business of developing new pharmaceutical treatments, which requires successful clinical trials. The failure of these trials to meet their endpoints, due to inefficacy, safety concerns, or other factors, could significantly impact the company's prospects and, consequently, its stock value.

- The process of obtaining regulatory approval from bodies like the FDA (U.S. Food and Drug Administration) is rigorous and uncertain. Any delays, denials, or unexpected requirements for additional data can adversely affect the company's financial position and stock.

- The biopharmaceutical industry is highly competitive. Propanc faces competition from other companies that may develop more effective, safer, or less expensive products. Additionally, larger companies with more resources could enter the same market, potentially reducing Propanc's market share and stock value.

- As a company involved in high-cost research and development, Propanc may face financial risks such as insufficient capital, high burn rates, and the possibility of dilutive fundraising, which can impact the stock's value.

- The value of Propanc heavily depends on its intellectual property (IP). Any challenges to their IP, such as patent disputes or failures to secure patents in key markets, could negatively impact the company's competitive position and stock value.

- Propanc's success is substantially dependent on its management and scientific team. The loss of key personnel, or the inability to attract and retain skilled personnel, could hinder its research and development activities, affecting the company's growth and stock price.

- The biotech sector is known for its volatility, and stocks like Propanc can be subject to significant price swings based on clinical trial results, regulatory news, or market sentiment. This volatility can pose a risk for investors, especially those not familiar with the biotech sector's dynamics.

- With respect to our price projection, we would like to clarify that the valuation of Propanc Biopharmas in this report is specific to the date of the analysis i.e.24-12-2023.

- Another one of the biggest risks to Propanc Biopharmas' model is the fact that the company's top-line growth is assumed to be consistently growing by a certain rate in the model. There is a possibility that this assumption might not hold true if the COVID-19 situation persists for too long. With respect to our price projection, we would like to clarify that the valuation of Propanc Biopharmas in this report is specific to the date of the analysis i.e. 24th December 2023.

- We must emphasize that the projected valuation and the share price of Propanc Biopharmas are dependent on the realization of the revenue growth, free cash flows and the other assumptions taken into account. Our analysis cannot be directed to providing any assurance about the achievability of these financial forecasts. There is a possibility that the actual results of the company are different from the projected results as a result of unexpected events and circumstances such as the realization of the threats mentioned in the paragraph above. Lastly, we would like to clarify that we had no interaction with the management of the company and they did not comment on the achievability or the reasonableness of the assumptions underlying the financial forecasts. Please check out our detailed disclosures at the end for further details.

ANALYST RATINGS

- Buy: Expected to outperform market over next 6 to 12 months. Minimal risk to fundamentals and valuation. Good long-term investment.
- Outperform: Expected to outperform the market over next 6 to 12 months but there is a moderate risk to fundamentals and valuation.
- Sell: Expected to significantly underperform the market over next 6 to 12 months. There is a strong likelihood of the security delivering negative returns and a very high risk to fundamentals and valuation.
- Underperform: Expected to underperform the market over next 6 to 12. There is a moderate to high risk to fundamentals and valuation.
- Hold: Expected to perform in line with the market over next 6 to 12 months. However, there is a moderate to high risk to fundamentals and valuation.

ANALYST INDUSTRY VIEWS

- Attractive: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.
- In-Line: The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.
- Cautious: The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.
- Benchmarks for each region are as follows: North America - S&P 500; Latin America – MSCI EM Latin America Index; Europe – MSCI Europe; Japan - TOPIX; Asia - relevant country index or sub-regional index. Please contact us to know the relevant index in case it is not specified in the report.

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