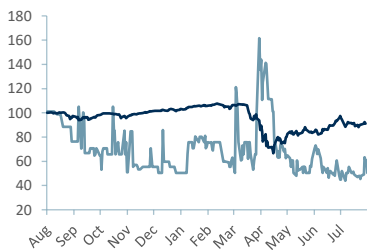


INSIGHT NOTE

Value Range

USD 0.43 – 0.46



NBIO (lighter line) vs. NYSE Composite price relative

Friday, 31 July 2020

Intrinsic Price (USD)	0.43
Value Range Low	0.41
Value Range High	0.46
Implied MCAP (\$m)	17.34
Implied EV (\$m)	17.34
OTC	NBIO
Financial YE	31-Mar
Currency	USD

Business Activity

Monoclonal
Antibodies

Key Metrics

Close Price (USD)	0.12
MCAP (\$m)	\$4.8
Net Debt (Cash) (\$m)	-\$0.7
EV (m)	\$4.1
52 Wk Hi	0.35
52 Wk Lo	0.05

Key Ratios

(Net Cash) / Shareholder Equity %	-15.40%
FX Rate USD/GBP	0.78

Healthcare Sector Research

OTC Market Index

Analyst Team

+44 20 7419 7928
healthcare@acfequityresearch.com

Nascent Biotech Inc.

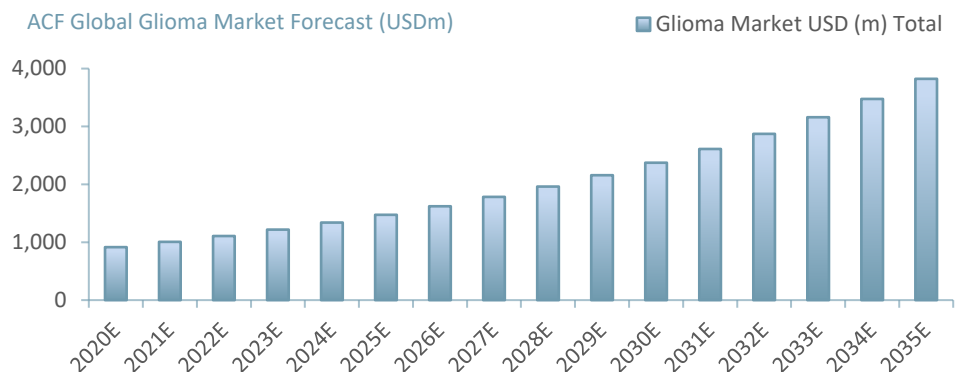
Indicative Valuation

Nascent Biotech Inc. (NBIO: OTC Market) is a clinical stage biopharmaceutical company with no history of operations. NBIO develops monoclonal antibodies (mAbs) for cancer treatments. The Company's flagship drug candidate, Pritumumab is targeting the oncology market; with a focus on brain, lung, breast and pancreatic cancer. In this indicative valuation for NBIO we have modelled only Pritumumab's potential in the glioma (brain cancer) market. Our valuation approach is highly conservative. Assumptions include less than 2% market share, WACC 10% and market growth below the consensus range.

- FDA orphan drug status on mAb flagship Pritumumab;
- Pritumumab positive therapeutic effect in low dose Japan study;
- PI trials for Pritumumab ready to go;
- Covid-19 Pritumumab vaccine collaborations announced;

Other oncology drug candidate CLNH5 and MultiPharm platform.

ACF Global Glioma Market Forecast (USDm)



Investment Case

Share Price History	No. of Shares in issue	Fully diluted
NoSh (m)	40.0	40.0
Implied Intrinsic Price	0.43	0.43
Value Range Low	0.41	0.41
Value Range High	0.46	0.46
AIM	NBIO	
Financial YE	31-Mar	
Reporting Currency	USD	

NoSh (m)	40
NoSh (m) expected dilution (Exp D)	40
NoSh (m) full dilution (FD)	40

Key Metrics	\$	adj.
MCAP (m)	4.8	4.8
Net Debt (Cash) (m)	(0.74)	(0.74)
EV (m)	4.1	4.1
52 Wk Hi	0.35	0.35
52 Wk Lo	0.05	0.05
Free Float	66%	66%

A clinical stage company targeting a \$4bn plus market by 2035. Nascent Biotech is a biopharmaceutical company based in the US and listed on the OTC market. We currently **conservatively** forecast **long run FCF margins around 10%**. Nascent is focused on developing monoclonal antibodies (mAbs), which can be used for the treatment of cancer in humans, in particular brain, lung, breast and pancreatic cancer.

Pritumumab must undergo clinical trials before commercialisation. Using Pritumumab, NBIO is collaborating with Syracuse university and Manhattan BioSolutions to develop a **potential vaccine targeting Covid-19 and other viral infections**.

NBIO flagship mAb oncology drug candidate - Pritumumab, is targeted at **CNS gliomas** (brain cancer) but other cancers share a common molecular target, vimentin and NBIO aims to assign **other cancer treatment indications** to Pritumumab as a result.

NBIO's flagship mAb is a "fully natural human IgG antibody" that is intended to treat epithelial cancers (which include lung, breast, colon, brain and pancreas).

Pritumumab works by attaching to a molecule called **ectodomain vimentin** on the outer surface of the abnormal cells, thereby stimulating various immune responses - including anti-idiotypic, apoptosis, antibody-dependent cellular cytotoxicity and complement-dependent cytotoxicity – that will potentially kill the cancer cells.

Following the **approval of its Investigational New Drug (IND) application** from the FDA, Nascent is **set to begin its phase 1 clinical trials**. And if successful, the Company can then seek to develop the Pritumumab monoclonal antibody (mAb) drug candidate for commercial use (the Company has given no guidance on how long the trial will take or when the drug can be brought to market).

Alongside Pritumumab, NBIO has other drug candidates CLNH5 and MultiPharm platform, also targeting the oncology market.

Catalyst

Resumption of clinical trials permissions in the US. Pre-clinical testing; clinical trial developments; US Regulations and approval process speed-up in the light of Covid-19; EU Regulation; US Pricing Reform, fund raising. Covid-19 vaccine efficacy results leading to new indications for Pritumumab

Operational Strategy

To date, Nascent has no drug asset in the market and as a result, the Company has historically been generating operating losses. Moreover, based on management's guidance, its drug candidate (Pritumumab) is not expected to be marketed for a number of years (we do not expect revenues before YE 2025); as a result, we are anticipating significant negative operating cash flow before YE25E.

Much like most early stage companies, NBIO has no marketing or sales operations in-place. However, the Company does have global commercialisation rights to its pipeline assets – which the Company will be able to capitalise on if its drug candidates get approved for sale.

Development strategy – Nascent's focus is to get Pritumumab toward regulatory approval (via completion of phase I/ II clinical trials) and ready for commercialisation. The Company is targeting the metastatic treatment option, which it believes is underserved by current treatment protocols - and should give NBIO a competitive edge over its peers

Indication strategy – In addition to broadening the oncology (cancer) indications, the Company is aiming to expand the scope of Pritumumab as a diagnostic too and to develop it into an effective carrier protein for other anti-cancer drugs. The carrier protein pathway is a cocktail approach in which an anti-cancer drug is attached to an antibody. The tactical principle of using a cocktail approach has worked successfully for other hard-to-beat conditions.

Management Team

➤ **Chief Executive Officer, Sean Carrick.**



Sean has over 30 years of experience in the life sciences space. He comes with a sales and marketing background and has significant experience of building healthcare companies from venture to mid-cap. He has a BS Degree in Economics and Business Administration from the Duquesne University.

➤ **Chief Financial Officer, Lowell Holden.**



Lowell joined Nascent in 2014. Lowell has owned and operated his company, LS Enterprises, Inc., since 1983. He also has experience in assisting companies in meeting their auditing and SEC reporting requirements. He has a Bachelor's of Science degree from Iowa State University.

Valuation - DCF

Exhibit 1: WACC

NBIO	
Pre-tax cost of debt	12.0%
ETR	20.0%
After-tax cost of debt	9.6%
Current Leverage	15.5%
Debt/(Cash)	74.3%
Equity	480.0%
Target Leverage	50.0%
D / (D+E)	15.5%
ACF β adj levered	-0.8
rf	0.55%
ERP	5.23%
Cost of equity	8.40%
Risk adj.	1.60%
WACC	10%

Source: ACF Equity Research Estimates

Exhibit 2: Implied return

Valuation Range

Pritumumab	17.3	
NPV FCF (\$m)	17.3	
Net Debt/(Cash)	0.0	
Fair Value (\$m)	17.3	
NoSh (m)	40	
NoSh (diluted) (m)	N/A	
Intrinsic Value Per Share (\$m)	0.43	
Close Price USD	0.12	
VR (low - high)	0.41	0.46
VR Spread	5.00%	
Implied VR Return (low - high)	243%	279%

Source: ACF Equity Research Estimates

Note: We assume the conservative Debt / Equity target mix 50%. However, in the current interest rate environment 50-60% is more likely.

Note: Close price on front page of this ACF research note is based on shares in issue (NoSh) on 31/07/2020 of 40,000,000. Options and warrants strike prices are currently above the close price.

Implied VR Return 240-280%

Sensitivity Analysis

Exhibit 3: WACC/Market Share % shows long-term valuation potential

NBIO Equity Value 15 Yr DCF

Change to US market share only

Market Share %	16%	14%	12%	10%	8%	
	2.6%	13.02	16.26	20.43	25.84	32.90
	2.4%	12.37	15.44	19.41	24.55	31.26
	2.2%	11.72	14.63	18.38	23.25	29.61
	2.0%	11.06	13.82	17.36	21.96	27.96
	1.8%	10.41	13.00	16.34	20.66	26.31
	1.6%	9.76	12.19	15.31	19.37	24.66
1.4%	9.11	11.37	14.29	18.08	23.02	

Source: ACF Equity Research Estimates; Companies reports; Factset.

Exhibit 4: WACC/FCF Margin % shows long-term valuation potential

NBIO Equity Value 15 Yr DCF

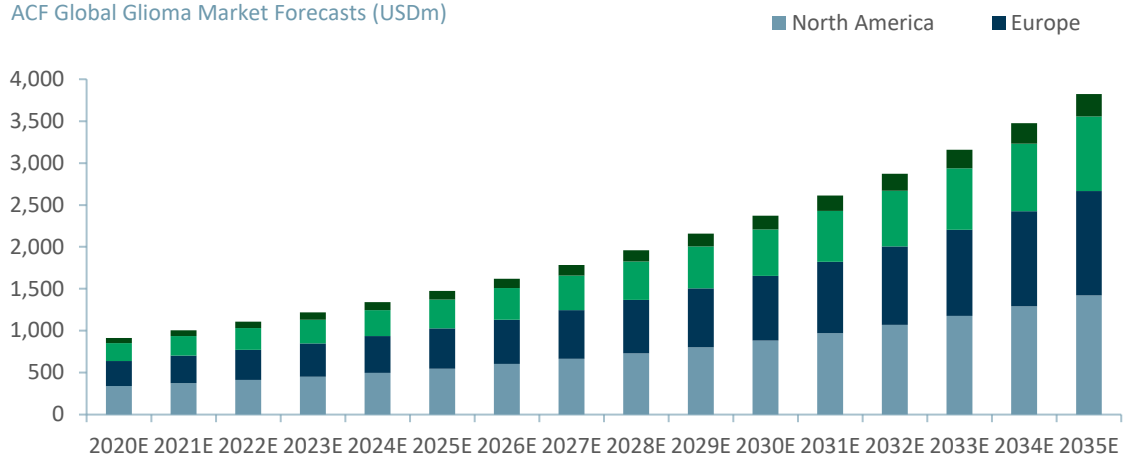
Change to Pritumumab only

FCF M %	16%	14%	12%	10%	8%	
	14%	14.08	17.58	22.09	27.95	35.59
	13%	13.08	16.33	20.52	25.95	33.04
	12%	12.07	15.07	18.94	23.95	30.50
	11%	11.06	13.82	17.36	21.96	27.96
	10%	10.06	12.56	15.78	19.96	25.42
	9%	9.05	11.30	14.20	17.97	22.88
8%	8.05	10.05	12.63	15.97	20.33	

Source: ACF Equity Research Estimates; Companies reports; Factset.

Exhibit 5: Market forecast value

ACF Global Glioma Market Forecasts (USDm)



Source: ACF Equity Research Estimates

Valuation – Trading Multiples

Exhibit 6: Trailing peer group metrics – income statement

Trailing 19A Metrics / Company Name	Market	EV (m)	Div %	EBITDA / M%	EV / REVS	EV / EBITDA	EV / NI
Nascent Biotech	OTC	4.96	N/A	N/A	N/A	N/A	N/M
Repligen Corp	NasdaqGS	7630.00	N/A	23.24%	25.23x	108.53x	246.61x
Codexis	NasdaqGS	637.00	N/A	-19.59%	9.43x	N/M	N/M
Abcam PLC	LSE	3287.47	0.93%	36.90%	9.58x	32.59x	60.37x
Average			0.93%	13.52%	14.75x	70.56x	153.49x
Median			N/A	23.24%	9.58x	70.56x	153.49x

Source: ACF Equity Research Estimates

Exhibit 7: Trailing peer group metrics – balance sheet

Trailing 19A Metrics / Company Name	Market	MCAP (m)	Gross Debt / Assets	Gross Debt / Equity	RoA %	RoE %	RoI %
Nascent Biotech	OTC	4.83	4313.70%	N/A	-3199.30%	N/A	N/M
Repligen Corp	NasdaqGS	7,890.00	18.61%	N/A	2.27%	3.13%	2.66%
Codexis	NasdaqGS	698.19	17.49%	N/A	-7.55%	-19.23%	-13.79%
Abcam PLC	LSE	3,488.23	0.00%	0.01	7.91%	11.47%	10.20%
Average			0.12%	0.01%	0.88%	-1.54%	0.00%
Median			0.17%	0.01%	2.27%	3.13%	0.03%

Source: ACFEquity Research Estimates

Peer Group Selection

Repligen Corporation (**RGEN, NasdaqGS**) is a biotechnology company that develops and manufactures biological products for the biopharmaceutical industry. Its ISO 9001 bioprocessing technologies are cost efficient for its clients. RGEN's business activities are comprised of four key franchises, Chromatography, Filtration, Process Analytics and **Proteins**. Its bioprocessing technologies can be applied to gene therapy, **vaccines**, **protein therapeutics**, macro molecules, **antibody drug conjugates**, etc.

Codexis Inc. (**CDXS: NasdaqGS**) is a biotechnology company that uses its CodeEvolver platform technology to develop and manufacture biocatalysts for use in pharmaceuticals, chemicals, **biotherapeutics**, food & beverage and agriculture. CDXS's **platform is used to discover novel biotherapeutic drug candidates**, as well as molecular biology and in-vitro diagnostic enzymes.

Abcam PLC (**ABC.L: LSE**) is a biotechnology company that develops and sells protein research tools for use in clinical products in particular in-vitro diagnostics (IVD), **companion diagnostics**, immunoassays and biological therapeutics. It offers a range of research products including, **antibodies**, cell and tissue imaging tools, and lysates in the UK, China, Germany and internationally. ABC products are used in the areas of **cancer**, cell biology, cardiovascular, neuroscience, epigenetics and signal transduction etc.

Notes [Intentionally Blank]

Notes [Intentionally Blank]

INDEPENDENCE & DISTRIBUTION

ACF Equity Research Ltd is a provider of issuer-pays research with a clearly defined independent ethic. ACF produces accurate, clear, focused research aimed at a professional investment audience. ACF has excellent distribution capabilities and always aims to provide access without restriction to the widest professional audience. ACF offers a range of additional services to support its clients.

DISCLAIMER

This communication is for informational purposes only. It is not intended as an offer or solicitation for the purchase or sale of any financial instrument or as an official confirmation of any transaction. [The opinions expressed in this report herein do not take into account individual investor circumstances, objectives, or needs and are not intended as recommendations of particular securities, financial instruments or strategies to particular clients. The recipient of this report must make its own independent decisions regarding any securities or financial instruments mentioned herein.] ACF Equity Research Ltd has based this document on information obtained from sources it believes to be reliable, but which it has not independently verified. Neither ACF Equity Research Ltd. nor any of its directors, officers, employees or agents shall have any liability, however arising, for any error, inaccuracy or incompleteness of fact or opinion in this research report or lack of care in this research report's preparation or publication, or any losses or damages which may arise from the use of this research report. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. [Past performance is not necessarily a guide to future performance and no representation or warranty, express or implied, is made by ACF Equity Research Ltd. with respect to future performance. Any recommendation or opinion contained in this research report may become outdated as a consequence of changes in the environment in which the issuer of the securities under analysis operates, in addition to changes in the estimates and forecasts, assumptions and valuation methodology used herein.]

IMPORTANT DISCLOSURES FOR U.S. INVESTORS

This research report was prepared by ACF Equity Research Ltd., a company authorized to engage in securities activities in the United Kingdom. ACF Equity Research Ltd. is not a registered broker-dealer in the United States and, therefore, is not subject to U.S. rules regarding the preparation of research reports and the independence of research analysts. This research report is provided for distribution to "major U.S. institutional investors" in reliance on the exemption from registration provided by Rule 15a-6 of the U.S. Securities Exchange Act of 1934, as amended. Any U.S. recipient of this research report wishing to effect any transaction to buy or sell securities or related financial instruments based on the information provided in this research report should do so only through, a registered broker-dealer in the United States. The analyst who prepared this research report is not registered or qualified with the Financial Industry Regulatory Authority ("FINRA") and may not be associated with a U.S. broker dealer and as such, would not be subject to applicable restrictions under FINRA Rules on communications with a subject company, public appearances and trading securities held by a research analyst account.

[Investing in any non-U.S. securities or related financial instruments (including ADRs) discussed in this research report may present certain risks. The securities of non-U.S. issuers may not be registered with, or be subject to the regulations of, the U.S. Securities and Exchange Commission. Information on such non-U.S. securities or related financial instruments may be limited. Foreign companies may not be subject to audit and reporting standards and regulatory requirements comparable to those in effect within the United States.]

LEGAL NOTICE

This report is for authorized use by the intended recipient(s) only. It may contain proprietary material, confidential information and/or be subject to legal privilege. No part of the content of this research report may be copied, forwarded or duplicated in any form or by any means without the prior consent of ACF Equity Research Ltd. and ACF Equity Research Ltd. accepts no liability whatsoever for the actions of third parties in this respect.

IMPORTANT ADDITIONAL DISCLOSURES FOR U.K. INVESTORS

The information in this report has been prepared by ACF Equity Research Ltd (ACF). The research is published for information purposes only. It is not intended as an offer or solicitation for the purchase or sale of any securities or any financial instruments.

ACF has based this document on information obtained from sources it believes to be reliable but which it has not independently verified. All market prices, data and other information are not warranted as to completeness or accuracy and are subject to change without notice. Any comments or statements made herein do not necessarily reflect those of ACF Equity Research Limited. The material should not be regarded by recipients as a substitute for the exercise of their own judgment. Past performance does not guarantee future performance.

The analyst(s) responsible for covering the securities in this report receive compensation based upon, among other factors, the overall profitability of ACF which may, from time to time, solicit business from any of the companies referred to in this report. The analyst(s) responsible for covering securities in this report may not hold a position in any or related securities in this report in ACF's sector universe or in any other sector in which ACF carries out research. The company does not hold any position in the securities mentioned in this report.

This research report and its contents are intended for professional investors and not for retail investors. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of the investment research. ACF Equity Research Limited is authorised and regulated by the Financial Conduct Authority. However the contents of this research report are produced as if ACF Equity Research Limited is unregulated and consequently this report does not contain investment recommendations or ratings.

ACF, its directors, employees and agents accept no liability whatsoever for any loss or damage of any kind arising out of the use of all or part of these materials. The information in this report is provided with the understanding that ACF is not acting in a fiduciary capacity. Certain laws and regulations impose liabilities which cannot be disclaimed. This disclaimer shall in no way constitute a waiver or limitation of any rights a person may have under such laws and/or regulations. Copyright © 2018 ACF Equity Research all rights reserved. Additional information is available upon request.

Copyright 2020 ACF Equity Research Ltd. All rights reserved.

ACF Equity Research Limited, 125 Old Broad Street, London, EC2N 1AR, U.K.

Tel: +44 (020) 7558 8974

Website: www.acfequityresearch.com

