Company Sponsored Research
Update Note
04/15/2019

Genprex Inc. (NASDAQ:GNPX)

The Waiting Game, Phase 1/2 Trial Results Still Key Inflection Point

Investment Highlights:

- **Genprex plans to reopen enrollment in Phase 2 portion of its Phase 1/2 Oncoprex trial but no definitive timeline was given.** Oncoprex is being used in combination with erlotinib in patients with Stage IV (metastatic) or recurrent NSCLC. The trial is currently closed to new patients but is considered "ongoing", the company plans to continue the trial under its current protocol with no major modifications. The primary goal of the phase 2 portion is response rate with secondary endpoints of stable disease, time to progression, and overall survival. The phase 2 trial if successful may also qualify for accelerated approval.
- **Genprex collaborators at the University of Texas MD Anderson Cancer Center presented positive preclinical data supporting Oncoprex™ immunogene therapy for the treatment of lung cancer on April 8th, 2019.** The poster entitled "Development of an improved humanized patient-derived xenograft, Hu-PDX, mouse model for evaluation of antitumor immune response in lung cancer" presented data that TUSC2 combined with checkpoint blockade, was more efficacious than checkpoint blockade by itself in treating mice with human immune cells which had metastatic lung cancer. This represents an important step for Genprex, as it allows the company to study how more complicated immune systems may react with aggressive cancers when given certain drug combinations.
- **Removing valuation until Oncoprex trial enrollment resumes.** We have removed our valuation per share model based on a discounted cash flow and technology value analysis until Genprex provides additional details on its Phase 1/2 trial enrollment timeline.

Company Description

Genprex Inc. is a clinical-stage gene therapy company developing a new approach to treating cancer-based on the novel proprietary technology platform including its initial product candidate, Oncoprex immunogene therapy. The company was founded in 2009 and is headquartered in Austin, TX.

Biotechnology

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Price- Volume History

Key Statistics

Closing Price (As of 04/12/2019)	$1.82
52 Week Range	$0.95-$19.45
Average Daily Volume	48,544
Shares Outstanding (M)	15.07
Market Capitalization (M)	28.28
Number of Analysts Covering	3
Enterprise Value/Revenue	N/A

Revenue($ in millions)

Dec. FY	2017A	2018A	2019E
1Q	0.00A	0.00A	0.00E
2Q	0.00A	0.00A	0.00E
3Q	0.00A	0.00A	0.00E
4Q	0.00A	0.00A	0.00E
FY	0.00A	0.00A	0.00E

EPS($)

Dec. FY	2017A	2018A	2019E
1Q	N/A	(0.06)A	(0.23)E
2Q	N/A	(0.45)A	(0.21)E
3Q	N/A	(0.15)A	(0.22)E
4Q	N/A	(0.20)A	(0.23)E
FY	(0.29)A	(0.90)A	(0.87)E

2018 Fiscal Year Results

For the fiscal year ended December 31st, 2018, Genprex reported research and development expenses of $971,427, compared to $289,934 for the year ended December 31st, 2017. The increase in expense was primarily due to the Company's focus on improving clinical strategies, expanding research activities, refining existing manufacturing processes, and developing new manufacturing and logistics processes to support future research and development activities. General and administrative expenses in 2018 were $11,386,229, compared to $3,019,171 in the previous year. Net loss for 2018 was $12,372,339, or $0.90 per share - basic and fully diluted.

Liquidity and Balance Sheet

As of December 31st, 2018, Genprex's cash increased from $161,251 to $8,600,918 year over year, as the Company completed a private placement in May 2018, which generated approximately $10 million in gross proceeds to support Genprex's research efforts. Total current assets were $8,847,066, compared to $193,574 on December 31st, 2017. The Company had $387,821 of current liabilities with no long-term debt. Total stockholders' equity was $8,881,135, compared to $428,574 on December 31st, 2017.

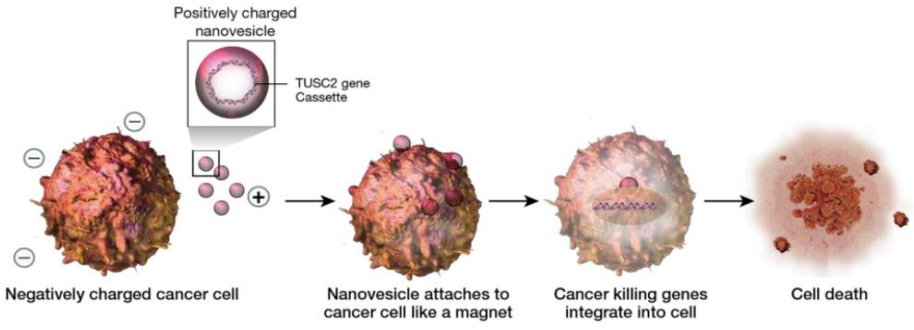
Competitive Advantage

Genprex, Inc. faces competitors worldwide, including major pharmaceutical companies, developed biotechnology companies and research institutions, as well as innovative small or start-up companies collaborating with large-scale institutions. Some of Genprex's competitors in the pharmaceutical industry are but not limited to Pfizer (USA), Roche (Switzerland), Sanofi (France), Johnson & Johnson (USA), Merck & Co. (USA), Novartis (Switzerland), AbbVie (USA), and Amgen (USA). As a small capitalization biotechnology company, Genprex has one lead product in Phase II clinical test trials, Oncoprex. Oncoprex utilizes gene therapy, represented by the TUSC2 gene, to combat tumor cells. Some, but not all, of the companies listed above are also currently developing drugs undergoing Phase II clinical trials for NSCLC.

Company Overview

Genprex Inc. is a clinical-stage gene therapy company developing a novel approach to treat cancer by utilizing its cutting-edge proprietary technology platform. Oncoprex, its initial product candidate, is designed to fight non-small cell lung cancer (NSCLC). Based on a prediction from Grand View Research, the NSCLC therapeutics market is rapidly expanding with an increasing demand for chronic disease treatment. The market size for NSCLC was valued at over $6.2 billion in 2016 and is expected to exceed a value of $12.2 billion by the end of 2025, with the industry achieving 7.5% growth rate during the forecasted period.

The company's leading product, Oncoprex, is encapsulated in a positively charged nanovesicle that binds and enters cancer cells through selective endocytosis to inhibit cell signaling pathway and cause cell death. Moreover, Oncoprex could work synergistically with other cancer drugs to provide more effective treatment. Oncoprex itself is a unique product which utilizes a combination of pan-kinase inhibition, direct induction of apoptosis (programmed cell death), anti-cancer immune modulation and complementary action with targeted drugs and immunotherapies to fight NSCLC. Genprex is also researching other chromosome related tumor suppressor genes, seeking possible treatment for other types of cancer. Oncoprex is currently in its phase 2 portion of its Phase 1/2 trial, the response rate and disease control rate to date in the Phase II portion of Genprex's Phase I/II clinical trial substantially exceeds the response rate of 7% (with no CRs) and disease control rate of 58% reported for a clinical trial of the TKI afatinib (marketed as Gilotrif® by Boehringer Ingelheim Pharmaceuticals, Inc.) in a study referred to as the LUX-Lung 1 clinical trial[1]. We note that Genprex is looking to test Oncoprex in combination with other targeted therapies and immunotherapies.



Source: Genprex Prospectus

1 Varner, R. (2018, June 15). Amendment No. 1 to Form S-1. Retrieved from https://www.sec.gov/Archives/edgar/data/1595248/000119312518194621/d591407ds1a.htm

Key Risk Factors

- Genprex may have difficulties in retaining or enrolling patients into its clinical trials, and a lack of subjects may lead to a delay in the development of Oncoprex. The company has already experienced delays in its trials in the past and may face similar issues in the future. Oncoprex has been tested in only one prior Phase I clinical study, involving 31 patients. The company has suspended enrollment of new patients in the Phase II portion of their Phase I/II clinical trial evaluating Oncoprex in combination with erlotinib in NSCLC, and they may experience difficulties with enrollment upon reopening enrollment for the trial under the current protocol or a modified protocol
- The company's product Oncoprex may have undesirable side effects that could result in the delay in the product launch or be taken off the market after it has gained approval
- The company requires more future funding to complete the clinical development and commercialization of Oncoprex. If the FDA requires the company to amend their trial process or have additional clinical trials, Genprex will be reliant on additional financing
- Genprex's success depends greatly on the success of their development of Oncoprex for the treatment of non-small cell lung cancer, and their pipeline of product candidates beyond this lead indication is extremely early stage and limited
- Genprex has a history of losses and may never be profitable
- The public's negative opinion on gene therapy method may cause the government to strengthen the regulatory scrutiny of gene therapy and genetic research, and may also damage the public's perception of Genprex's current and future products
- Genprex faces intensive competition from other biotech and pharmaceutical companies. Their competitors include multinational pharmaceutical companies, biotech companies, generics companies, and research institutions. Many of their competitors are in the United States or Europe and have larger financial resources and operating experience than Genprex does
- Even if Genprex obtains regulatory approval of their current and potential product candidates, the products may not gain market acceptance among physicians, patients, hospitals, cancer treatment centers, third-party payors and others in the medical Community
- Microcap equities are subject to additional risks including limited liquidity and there is no assurance that a market for Genprex's shares may be present
- The company's independent registered public accounting firm has indicated that Genprex's financial condition raises substantial doubt as to their ability to continue as a going concern

These Risk Factors Are Not Comprehensive. For Full List of Risk Factors Please Read Genprex's Latest Prospectus and/or Annual Filings

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