

Proteomics Int. Labs. Ltd

(PIQ \$0.95) Speculative Buy

EUROZ HARTLEYS

Analyst	Date	Price Target
Seth Lizee	3 rd January 2023	\$1.80/sh

US Reimbursement Code Approved for PromarkerD

Key Points

- A new dedicated CPT PLA reimbursement code has been approved for PIQ's lead diagnostic test PromarkerD for diabetic kidney disease (DKD).
- This is a major milestone for the company; securing a new dedicated CPT PLA code is key to reimbursement coverage of the test by both Medicare and private health insurers in the US.
- The United States represents a massive market opportunity with an estimated +32 million people suffering from diabetes – each a potential user of PromarkerD. On average each person with diabetes should be tested once per year with PromarkerD.
- Even modest market adoption of PromarkerD in the US can translate into very lucrative royalties for PIQ (see sensitivity analysis below). These royalties fall mostly to the bottom line.

Royalties		Market Penetration (%)					
(A\$m)		1.0%	2.5%	5.0%	10.0%	15.0%	25.0%
Royalty Rate (%)	5.0%	3.5	8.6	17.3	34.5	51.8	86.3
	7.5%	5.2	12.9	25.9	51.8	77.7	129.4
	10.0%	6.9	17.3	34.5	69.0	103.5	172.6
	12.5%	8.6	21.6	43.1	86.3	129.4	215.7
	15.0%	10.4	25.9	51.8	103.5	155.3	258.9

*Assuming US\$150/test, 0.7 A\$/US\$ fx, ~32m patient TAM

Source: EHL Estimates

- All diagnostic tests must have relevant reimbursement coding in order to bill and receive payments for performing tests, amongst other things.
- In the US, reimbursement codes are managed by the American Medical Association (AMA), and are known as a Current Procedural Terminology (CPT) codes. PLA codes are one of the four groups of CPT codes.
- The newly-approved code for PromarkerD (0385U) has been published and will be effective from 1 April 2023. The PLA code was issued to Sonic Reference Laboratory which is part of Sonic Healthcare USA (a division of Sonic Healthcare Ltd, ASX: SHL).
- Next steps from here will involve working with private payers and engaging with the Centers for Medicare & Medicaid Services (CMS) to establish payment and include PromarkerD in their Clinical Lab Fee Schedule (for further context refer to our 17th Aug 22 Note).
- We maintain our Speculative Buy recommendation and \$1.80/sh. Price Target.

Investment Thesis

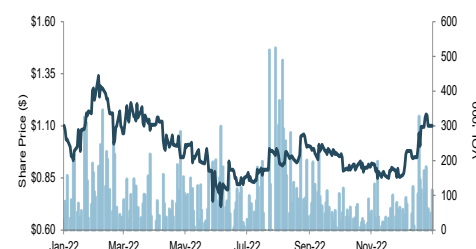
Proteomics International Laboratories Ltd (PIQ) is a Perth based medical technology company. Currently in the process of commercializing its novel diabetic kidney disease test, PromarkerD, the business has an additional pipeline of 10 other diagnostic tests in various stages of development and commercialization. This is in addition to a growing world class analytical services business; the income from which offsets PIQs overall cash burn. Our investment case is predicated on the commercialization and rollout of PromarkerD. If PIQ can deliver on near term milestones, we believe the stock can trade up, perhaps substantially.

Proteomics Int. Labs. Ltd (PIQ)

Share Price	0.95	A\$/sh
Price Target	1.80	A\$/sh
Valuation	1.80	A\$/sh
Shares on issue	115.2	m(dil)
Market Capitalisation	109.4	A\$m

Enterprise Value	100.2	A\$/m
Debt	Nil	A\$/m
Cash (Sep'Q, pro-forma)	9.2	A\$/m

Share Price Chart



Disclaimer

Euroz Hartleys declares that it has acted as underwriter to and/or arranged an equity issue in and/or provided corporate advice to PIQ during the last year. Euroz Hartleys has received a fee for these services.

This analyst declares that he has a beneficial interest in PIQ.

Euroz Hartleys has received an allocation of shares and/or options as part of our fee for the provision of Corporate services. These holdings are maintained in our Nominee company, and may present a potential benefit to Euroz Hartleys when sold.

Euroz Hartleys Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.

Copyright & Distribution

The material contained in this communication (and all attachments) is prepared for the exclusive use of clients of Euroz Hartleys Limited (ACN 104 195 057) only.

Euroz Hartleys Limited is the holder of an Australian Financial Services Licence (AFSL 230052) and is a participant of the Australian Securities Exchange Group, Cboe and NSX.

The information contained herein is confidential. If you are not the intended recipient no confidentiality is lost by your receipt of it. Please delete and destroy all copies, and contact Euroz Hartleys Limited on (+618) 9488 1400. You should not use, copy, disclose or distribute this information without the express written authority of Euroz Hartleys Limited.

Disclaimer & Disclosure

Euroz Hartleys Limited, and their associates declare that they deal in securities as part of their securities business and consequently may have an interest in the securities recommended herein (if any). This may include providing equity capital market services to the issuing company, hold a position in the securities, trading as principal or agent and as such may effect transactions not consistent with the recommendation (if any) in this report.

Euroz Hartleys Limited declares that they may have separately or jointly acted as an underwriter, arranger, co-arranger or adviser in equity capital raisings, and will have received a fee for its services, from or any company mentioned within this report during the last 12 months.

You should not act on any recommendation issued by Euroz Hartleys Limited without first consulting your investment adviser in order to ascertain whether the recommendation (if any) is appropriate, having regard to your objectives, financial situation and needs. Nothing in this report shall be construed as a solicitation to buy or sell a security, or to engage in or refrain from engaging in any transaction.

Euroz Hartleys Limited believes that the information and advice contained herein is correct at the time of compilation, however we make no representation or warranty that it is accurate, complete, reliable or up to date, nor do we accept any obligation to correct or update the opinions in it. The opinions expressed are subject to change without notice. No member of Euroz Hartleys Limited accepts any liability whatsoever for any direct, indirect, consequential or other loss arising from any use of this material.

We cannot guarantee that the integrity of this communication has been maintained, is free from errors, virus interception or interference.

The author of this publication, Euroz Hartleys Limited, its directors and their associates from time to time may hold shares in the security/securities mentioned in this Research document and therefore may benefit from any increase in the price of those securities. Euroz Hartleys Limited, and its Advisers may earn brokerage, fees, commissions, other benefits or advantages as a result of transactions arising from any advice mentioned in publications to clients.

To view the Euroz Hartleys' Quick Comment Disclaimers, please visit the below links:

<https://www.eurozhartleys.com/wp-content/uploads/December-Resources-Disclaimers.pdf>

<https://www.eurozhartleys.com/wp-content/uploads/December-Industrials-Disclaimers.pdf>

Analyst Certification

We hereby certify that all of the views expressed in this report accurately reflect our personal views about the subject company or companies and its or their securities, and we are not in possession of, nor does this Research contain any inside information.

No part of our compensation was, is or will be directly or indirectly, related to the specific recommendations or views expressed by the authoring analyst in this research, nor has any attempt been made to influence this Research.

Contact Details

Euroz Hartleys Limited

+61 8 9488 1400

Research Analysts

Gavin Allen - Head of Research	+61 8 9488 1413
Mike Millikan - Resources Analyst	+61 8 9268 2805
Declan Bonnick - Resources Analyst	+61 8 9488 1481
Kyle De Souza - Resources Analyst	+61 8 9488 1427
Michael Scantlebury - Resources Analyst	+61 8 9268 2837
Steven Clark - Resources Analyst	+61 8 9488 1430
Trent Barnett - Senior Analyst	+61 8 9268 3052
Harry Stevenson - Industrials Analyst	+61 8 9488 1429
Seth Lizee - Research Analyst	+61 8 9488 1414

Euroz Hartleys Limited

All information and advice is confidential and for the private information of the person to whom it is provided and is provided without any responsibility or liability on any account whatsoever on the part of Euroz Hartleys Limited or any member or employee thereof. Refer to full disclaimer at the end of this document.