

60 Degrees Pharmaceuticals, Inc.

Q3 FY24 product revenues continue to grow. Financing extends runway. Re-setting PT to \$3.40 to reflect higher share count.

United States
Healthcare

November 22, 2024

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COMPANY UPDATE

Rating: BUY

Ticker: SXTF

Price: \$0.87

Target: \$3.40
From \$5.50

Q3 product revenues up 8% qoq and 164% yoy: On November 14, SXTF reported Q3 FY24 results (ending September). Revenues were \$135,000, up sequentially and yoy. The company shipped 1,319 boxes of ARAKODA in the quarter, up slightly versus the prior quarter, and more than double the year ago period. Pro-forma EPS was \$(0.71), ahead of our estimate of \$(0.81) on higher share count. No guidance was provided. All numbers have been adjusted for a 1:12 reverse stock split on August 6.

Q3 expenses impacted by a non-cash R&D charge: Operating expenses for the quarter came to \$2.2 million and included a non-cash charge of \$654K for research materials purchased in stock prior to IPO. Without the capitalized research expense, operating expenses would have been \$1.5 million, in-line with our estimate.

Raising estimates on higher share count: We are raising our FY24 EPS estimate to \$(5.68) from \$(6.41) and raising our FY25 EPS estimate to \$(2.71) from \$(3.01), on higher share count. We are trimming our revenue estimates to \$0.6 million and \$1.4 million from \$0.8 million and \$2.1 million for FY24 and FY25, respectively. Consensus estimates are \$(6.41) and \$(3.01) on revenues of \$0.7 million and \$2 million for FY24 and FY25, respectively.

Babesiosis trial proceeding apace: SXTF previously announced it has signed clinical trial agreements with Yale, Tufts, and Rhode Island Hospital to carry out the study of Tafenoquine to treat Babesiosis. The trial is expected to recruit between 24 to 33 patients before an interim analysis is conducted, with sufficient enrollment capacity planned to ensure all subjects are recruited before the end of the 2025 tick season. If all goes well, the company will file an NDA by Q2 of FY26. In related news, the company announced IRB approval for a clinical study of Tafenoquine for Babesiosis in immunocompromised patients with persistent Babesia microti. The goal of the study is to confirm findings of a Yale study which showed an 80% cure rate in immunocompromised patients given weekly doses of Tafenoquine.

Company continues to develop go-to-market strategy for ARAKODA for Malaria: With its second indication (ARAKODA for Babesiosis) currently in phase II clinical trials, the company's primary revenue opportunity at the moment remains ARAKODA as a Malaria prophylactic. To wit, the company announced a 9-month marketing pilot with prescribing physicians designed to raise awareness of ARAKODA, as well as collect patient data which will assist in further US market expansion. The company is highlighting the fact that ARAKODA is the only new antimalarial in over a decade and is differentiated by broad efficacy against all malaria stages, a convenient weekly dosing schedule, and a well-established safety profile

Company continues to raise equity capital to extend runway: During Q3 FY24, SXTF raised \$3.4 million from a private placement of warrants, as well as \$1.8 million from At-The-Market stock sales, for a total of \$5.2 million net proceeds. With \$3.3 million of cash on the balance sheet exiting September and cash burn in the range of \$1.5 million per quarter, we estimate SXTF will likely need to raise money again by Q2 of FY25.

Adjusting 12-month price target to \$3.40 to reflect higher share count: We are keeping our fair value estimate of \$8.2 million and adjusting our price target to \$3.40 from \$5.50 based on a NPV analysis, representing 2.9x upside from the current share price. We believe this valuation appropriately balances out high risks with the company's high growth prospects and large upside opportunities.

Company Description

Based in Washington, DC, 60 Degrees Pharmaceuticals, Inc. is a drug company specializing in therapeutics for major infectious diseases.

Stock Data

Exchange:	NasdaqCM
52-week Range:	\$0.70-18.36
Shares Outstanding (million):	2.4
Market cap (\$million):	\$2.1
EV (\$million):	\$(1.1)
Debt (\$million):	\$0.1
Cash (\$million):	\$3.3
Avg. Daily Trading Vol (\$ millions):	\$0.091
Float (million shares):	1.5
Short Interest (million shares):	0.031
Dividend, annual (yield):	NA

Revenues (US\$ million)

	2024E (Cur.)	2024E (Old.)	2025E (Cur.)	2025E (Old.)
Q1 Mar	0.1A		0.3E	0.3E
Q2 Jun	0.1A		0.3E	0.4E
Q3 Sep	0.1A	0.2E	0.4E	0.6E
Q4 Dec	0.2E	0.3E	0.4E	0.8E
Total	0.6E	0.8E	1.4E	2.1E
EV/Rev	NM	NM	NM	NM

Earnings per Share (pro forma)

	2024E (Cur.)	2024E (Old.)	2025E (Cur.)	2025E (Old.)
Q1 Mar	(1.72)A		(0.67)E	(0.84)E
Q2 Jun	(4.24)A		(0.65)E	(0.80)E
Q3 Sep	(0.91)A	(0.81)E	(0.71)E	(0.74)E
Q4 Dec	(0.65)E	(0.81)E	(0.68)E	(0.63)E
Total	\$(5.68)E	\$(6.41)E	\$(2.71)E	\$(3.01)E
PE	NA	NA	NA	NA

* Reflects a 1:12 reverse stock split in August 2024

Important Disclosures

Ascendant Capital Markets LLC seeks to do business with companies covered by its research team. Consequently, investors should be aware that the firm may have a conflict of interest that could affect the objectivity of this report. Investors should consider this report as only a single factor in making an investment decision.

For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report, beginning on page 11.

Exhibit 1: 60 Degrees Pharmaceuticals Investment Highlights

Investment Highlights

- **ARAKODA – a long-acting, potentially broad-spectrum, anti-infective already FDA-approved for malaria prevention and commercially available in the U.S.**
 - Safe, long acting, mechanistically differentiated antimalarial approved by FDA
 - Discovered by US Army and successfully brought to market by 60P
 - 1,100+ patient exposures in 8+ published clinical trials, weekly dosing for up to one year
 - Commercially available in U.S. via network of major national distributors
 - Existing commercial/regulatory infrastructure expected to facilitate cost-effective pathway to new/expanded indications following targeted clinical trial and label changes
- **Arakoda Regimen of Tafenoquine – Research agenda involving COVID-19 and other diseases**
 - Malaria, COVID-19, fungal, tick-borne illness of interest to the Company affect millions and are associated with a potentially multi-billion-dollar unmet medical need
 - Company has strong IP for malaria, COVID-19, and other indications
 - Accelerated clinical recovery from COVID-19 symptoms suggested results from 2021 double-blind, placebo-controlled, randomized Phase II study
 - 2023: Launch of ACLR8-LR, a Phase 2b study in low-risk COVID-19 patients
 - 2024: Second COVID-19 clinical planned
- **Experienced management team and Board**
 - Team has together led/managed four clinical trials
 - Collectively led multiple pharmaceutical product approvals/product launches
 - Collectively led/provided guidance on 20+ public & private entities
 - Participated in/led multiple public listings

Source: Company Reports

Exhibit 2: Overview of ARAKODA

Overview

The team at 60 Degrees Pharmaceuticals, a growth-oriented biotech company, specializes in developing and commercializing new therapies used in preventing and treating serious infectious diseases.

Cutting-edge biological science and applied research form the foundation of our highly-focused, advanced clinical strategy.

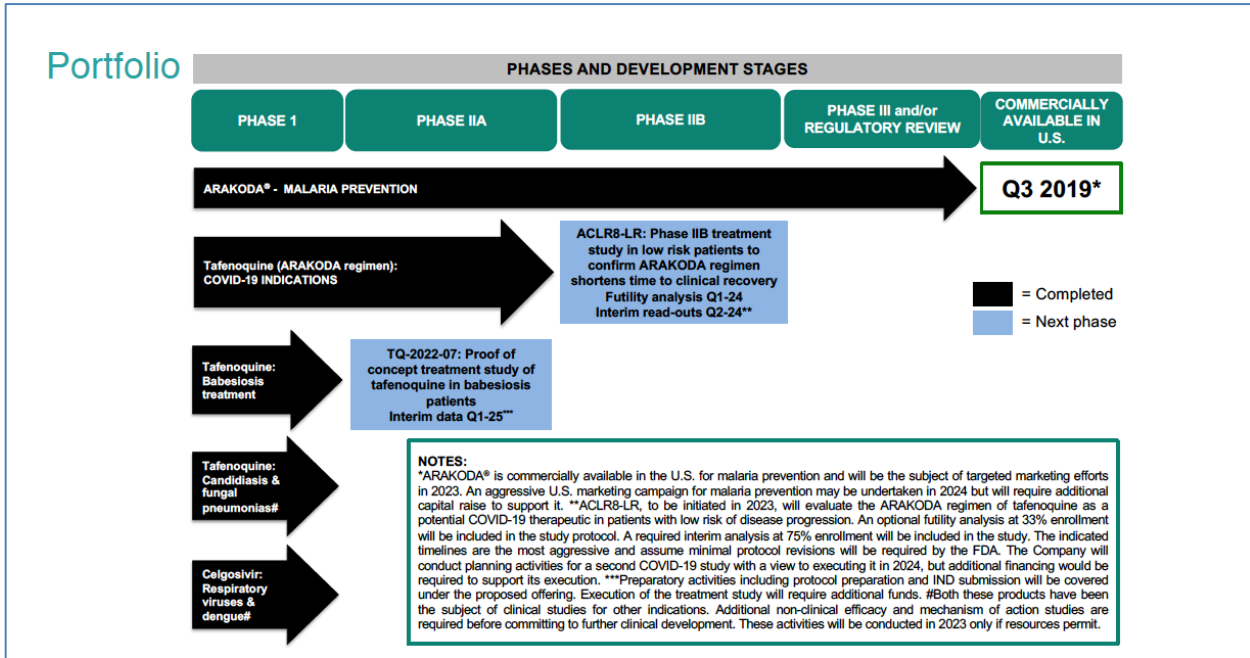
In 2018, 60 Degrees Pharmaceuticals was awarded U.S. regulatory approval of ARAKODA® (tafenoquine), a malaria preventative treatment.

COVID-19, fungal, tick-borne, and other serious viral diseases are targets in our current product development pipeline, given the relevant unmet needs we perceive in the marketplace.



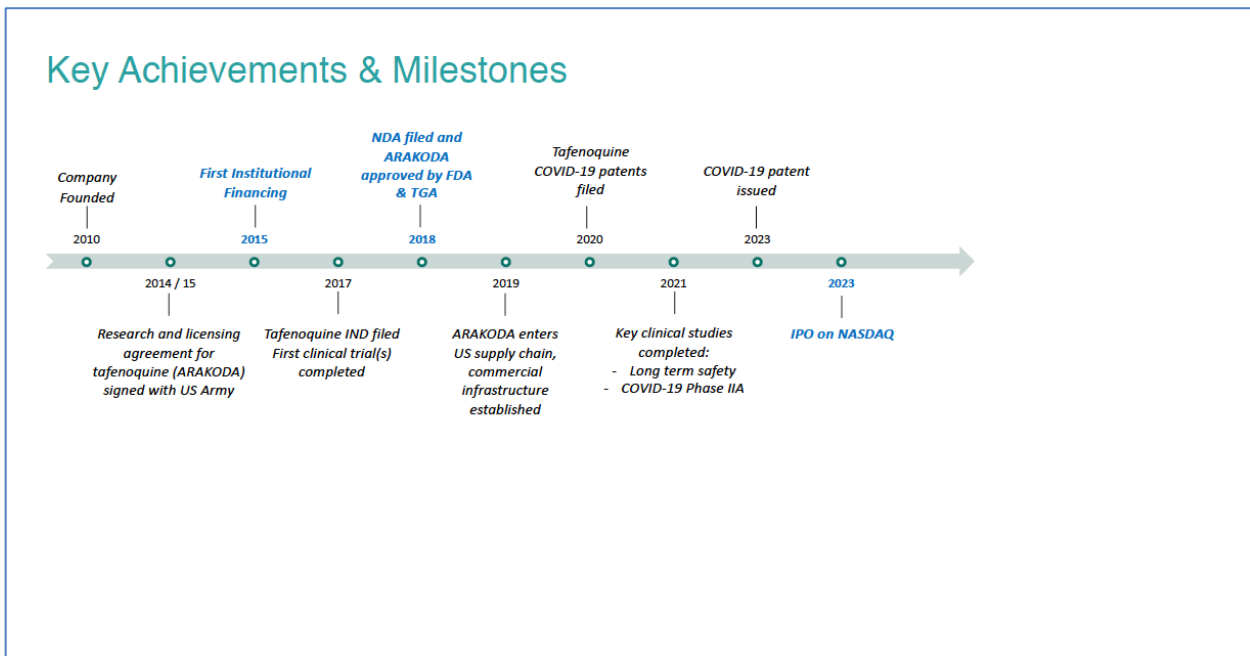
Source: Company Reports

Exhibit 3: 60 Degrees Pharmaceuticals Product Portfolio



Source: Company Reports

Exhibit 4: 60 Degrees Pharmaceuticals Key Milestones



Source: Company Reports

Exhibit 5: 60 Degrees Pharmaceuticals Supply Chain



Source: Company Reports

Exhibit 6: 60 Degrees Pharmaceuticals Intellectual Property

Intellectual Property & Licensing

60 Degrees Pharmaceuticals has freedom to operate

- **U.S. Arakoda Patents (2 issued/6 in progress)**
 - Tafenoquine for malaria prevention patent family: Earliest expiration December 2034
 - Tafenoquine for lung Infections/COVID Treatment: Earliest expiration March 2041
- **U.S. Celgosivir Patents**
 - Dengue/RSV (4 issued/2 in progress)
 - COVID-19 licensed from FSU (1 issued/1 in progress)
- **International Patents**
 - 6/2 for Celgosivir issued/in progress, 1/8 for tafenoquine issued/in progress
- **Clinical, non-clinical and manufacturing information:**
 - Worldwide rights for all indications [except P. vivax malaria] licensed from US Army

Existing License & Distribution Agreements [Malaria]

Territory	Partner
Europe	Scandinavian Biopharma
Australia, NZ, Pacific Islands	Bioelect
Canada, Latin America, Israel, Russia	Knight Therapeutics

Source: Company Reports

Exhibit 7: 60 Degrees Pharmaceuticals Officers and Directors

Officers & Directors



Geoffrey Dow MBA PHD, CEO & Chairman

- Affiliations: WRAIR, USAMMDA
- Founded & led 60P from 2010-2023
- Industry Project Leader on Arakoda NDA



Ty Miller, CFO

- CPA
- CFO since 2014
- Over 20 years in Private Practice



Bryan Smith MD, Chief Medical Officer

- Retired US Army Colonel/30+ years experience
- Two successful NDAs as a Chief Medical Officer
- Medical affairs/regulatory expert in GxP environment



Jenny Herz, Director of 60P Australia since 2013

- 20 years commercial experience in pharma (Sanofi, AZ)
- International launch experience with multiple products
- Co-founder of Biointelect and Biocelet
- Board experience in public, private, NFP sectors



Cheryl Xu, Director

- First PhRMA representative to China
- Senior Advisor to multinationals (market access and expansion)
- Project Leader (multiple public health projects)



Stephen Toovey MD, PHD Director

- Affiliations: Roche, Pegasus Research, WHO Collaborating Centre for Vaccines and Travel Medicine, London, UK
- Tropical medicine subject matter expert
- Respiratory virus subject matter expert



Paul Field, Director

- Affiliations: GARDP, Immunexus, Marinova
- 30 years global biotech business development experience
- Previously investment specialist at Austrade, focused on tropical medicine and NTDs



Charles Allen, Director

- Affiliations: BTCS & GBV
- CEO & Chairman of NASDAQ listed company
- Managing Director, several boutique investment banks
- Broad business experience across multiple sectors

Source: Company Reports

Exhibit 8: ARAKODA Product Factsheet

About ARAKODA® [tafenoquine succinate]

- Developed by US Army as a prophylactic antimalarial (through 2013)
- 60P and USAMMDA formed a partnership in 2014:
 - FDA approval in 2018 [for malaria prevention]
 - Commercially available in U.S. from Q3 2019
- Dosing & Duration of Use
 - Load: 200 mg/day x 3 days
 - Maintenance: 200 mg once per week
- Safety Profile
 - 8 published clinical studies involving > 1,100 patients
 - Overall adverse event rate of tafenoquine 200 mg weekly for 52 weeks is comparable to placebo.
 - G6PD screening required prior to use
 - See paper in *Travel Medicine & Infectious Disease* [Long-term safety of the tafenoquine antimalarial chemoprophylaxis regimen: A 12-month, randomized, double-blind, placebo-controlled trial - ScienceDirect]



Source: Company Reports

Exhibit 9: Tafenoquine Use in Multiple Indications

Tafenoquine – Potential Use in Multiple Indications

A – Malaria¹

Legend: Mean tafenoquine (solid line with squares), Mean placebo (dashed line with circles), Individual subject tafenoquine (solid lines), Individual subject placebo (dashed lines).

C – Yeasts & Fungi³

Species/Strain	Tafenoquine MIC [µg/mL]		
	50% inhibition	Complete suppression	Fluconazole MIC [µg/mL]
<i>Candida parapsilosis</i> ATC 22019	4	4	1
<i>C. azouzi</i> ATCC 6258	4	4	32
<i>C. albicans</i> SC5314	8	8	0.5
<i>C. albicans</i> ATC 90028	4	4	0.25
<i>C. albicans</i> CA1	4	4	> 64
<i>C. azouzi</i> D17-47	4	4	> 64
<i>C. azouzi</i> D17-48	2	4	2
<i>C. azouzi</i> D17-46	4	4	> 64
<i>C. glabrata</i> 05-42	8	8	> 64
<i>C. glabrata</i> 05-761	8	8	8
<i>C. glabrata</i> CG3	8	8	32
<i>C. guilliermondii</i> Cgu11	2	2	2
<i>C. guilliermondii</i> Cgu2	2	2	2
<i>C. guilliermondii</i> Cgu3	4	4	2
<i>C. parapsilosis</i> CP1	4	4	0.5
<i>C. parapsilosis</i> CP2	4	4	0.5
<i>Cryptosporidium nayloriformans</i> USC1597	4	4	4
<i>C. neoformans</i> H99	4	4	16
<i>C. neoformans</i> CN3	4	4	64
Average (SD)	4.5 (1.9)	4.9 (1.9)	NC

NC = Not calculated.

B – Babesiosis²

Legend: Serum (blue circles), PCR (red squares), Atovaquone (green triangles), Atovaquone/azithromycin (yellow diamonds), Quinine (purple inverted triangles), Atovaquone/azithromycin/tafenoquine (orange stars), Tafenoquine (red circles).

D- SARS-CoV-2/COVID-19⁴

1. McCarthy et al. CID 2019;69:480-486. 2. Rogers et al CID 2022. doi: 10.1093/cid/ciac473. 3. Dow & Smith. New Microbes New Infections; doi: 10.1016/j.nmni.2022.100964. 4. U.S. Patent Application Publication No. 2021-0267963.

Source: Company Reports

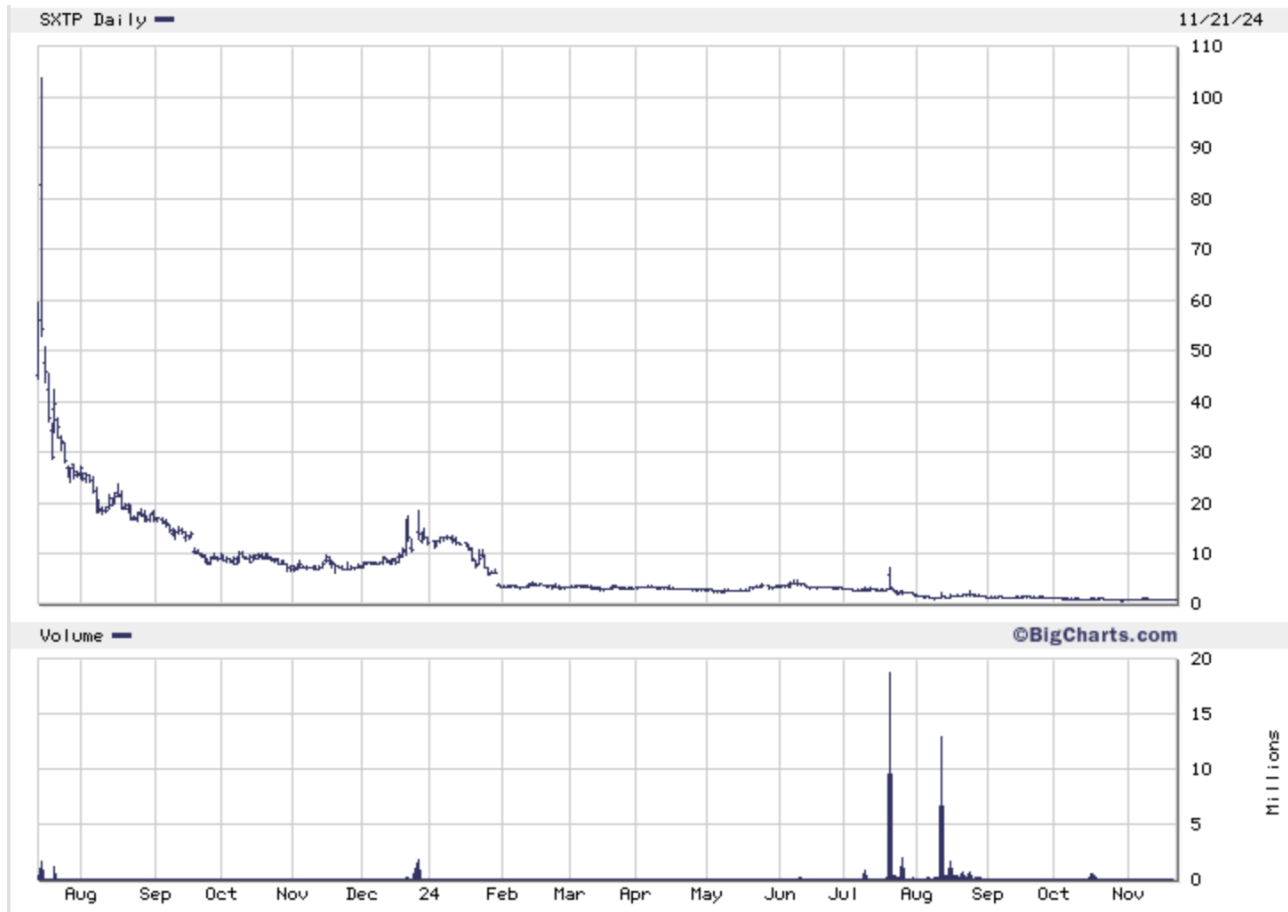
Exhibit 10: SXTP Consensus Expectations

11/20/24

	Revenue (\$ million)		EPS		
	FY2024E	FY2025E	FY2024E	FY2025E	
Q1 Mar	\$0.1A	0.3E	Q1 Mar	\$(1.58)A	\$(0.84)E
Q2 Jun	\$0.1A	0.4E	Q2 Jun	\$(4.11)A	\$(0.80)E
Q3 Sep	\$0.1A	0.6E	Q3 Sep	\$(0.87)A	\$(0.74)E
Q4 Dec	\$0.3E	0.8E	Q4 Dec	\$(0.81)E	\$(0.63)E
Total	\$0.7E	\$2.0E	Total	\$(6.41)E	\$(3.01)E

Source: Company reports, CapitalIQ, Ascendant Capital Markets Estimates

Exhibit 11: 60 Degrees Pharmaceuticals, Inc. Daily Stock Price Since IPO (July 2023)



* Reflects a 1:12 reverse stock split in August 2024

Source: <https://bigcharts.marketwatch.com/>

FINANCIAL MODEL

60 Degrees Pharmaceuticals, Inc.

Income Statement (\$ mils)	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025
Fiscal Year End: December 31	FY-A	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Research Grant Revenues (1,2)	5.2	0.3	0.0	0.0	0.1	(0.1)	0.0	0.0	0.0	0.0		0.0					0.0
Product Revenues (3)	1.1	0.2	0.0	0.06	0.05	0.13	0.3	0.11	0.12	0.14	0.2	0.6	0.3	0.3	0.4	0.4	1.4
Service Revenues	0.1	0.0					0.0	0.0				0.0					0.0
Total Revenue	6.4	0.5	0.02	0.06	0.13	0.0	0.3	0.1	0.1	0.1	0.2	0.6	0.3	0.3	0.4	0.4	1.4
Cost Of Goods Sold	0.9	0.4	0.1	0.2	0.1	0.1	0.5	0.1	0.1	0.1	0.2	0.5	0.3	0.3	0.4	0.4	1.4
Gross Profit	5.5	0.1	(0.1)	(0.1)	0.1	(0.1)	(0.2)	0.1	0.0	0.04	0.0	0.2	(0.0)	0.0	(0.0)	0.0	0.0
R & D Exp.	5.5	0.5	0.1	0.2	0.3	0.1	0.7	0.3	3.1	0.9	0.6	5.0	0.6	0.6	0.7	0.7	2.6
Selling General & Admin Exp.	1.1	1.3	0.8	0.5	1.3	1.7	4.2	1.1	1.1	1.2	1.0	4.4	1.0	1.0	1.0	1.0	4.0
Other Operating Expense/(Income)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Expenses	6.6	1.8	0.9	0.7	1.6	1.8	4.9	1.4	4.2	2.2	1.6	9.4	1.6	1.6	1.7	1.7	6.6
Operating Income	(1.1)	(1.8)	(1.0)	(0.8)	(1.5)	(1.9)	(5.2)	(1.3)	(4.2)	(2.1)	(1.6)	(9.2)	(1.6)	(1.6)	(1.7)	(1.7)	(6.6)
Interest Expense	(3.2)	(4.0)	(1.1)	(1.1)	(0.0)	(0.0)	(2.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Interest and Invest. Income																	
Total Interest and Other Income (Expense)	(3.2)	(4.0)	(1.1)	(1.1)	(0.0)	(0.0)	(2.3)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)
Derivative Expense		(0.5)		(0.4)	0.0	0.0	(0.4)		0.0			0.0					0.0
Change in Fair Value of Derivative Liabilities		(0.0)	(0.0)	0.0	0.1	(0.1)	(0.0)	1.7	(0.0)	(0.1)		1.7					0.0
Gain on Debt Extinguishment		0.1	(0.8)	0.0	(0.4)	0.0	(1.2)					0.0					0.0
Gain in Fair Value of Promissory Note			0.3	(1.1)	6.1	0.0	5.4					0.0					0.0
Other (Expense) Income	0.0	(0.0)	0.0	0.0	(0.1)	(0.0)	(0.1)	0.0	0.0	0.0		0.1					0.0
Extra Items	0.0	(0.4)	(0.5)	(1.5)	5.7	(0.1)	3.6	1.8	0.0	(0.0)	0.0	1.7	0.0	0.0	0.0	0.0	0.0
Earnings Before Tax	(4.3)	(6.2)	(2.6)	(3.3)	4.2	(2.0)	(3.8)	0.4	(4.2)	(2.2)	(1.6)	(7.5)	(1.6)	(1.6)	(1.7)	(1.7)	(6.6)
Income Tax Expense	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net Income before Minority Interest	(4.3)	(6.2)	(2.6)	(3.3)	4.2	(2.0)	(3.8)	0.4	(4.2)	(2.2)	(1.6)	(7.5)	(1.6)	(1.6)	(1.7)	(1.7)	(6.6)
Unrealized Foreign Currency Translation Gain (Loss)					0.0	0.1	0.1	(0.0)	0.0	0.0		0.0					0.0
Minority Int. in Earnings	(0.0)	(0.0)	0.0	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	0.0	(0.0)	0.0	0.0	0.0	0.0	0.0
Comprehensive Net Income	(4.3)	(6.2)	(2.6)	(3.3)	4.2	(2.0)	(3.7)	0.4	(4.2)	(2.2)	(1.6)	(7.5)	(1.6)	(1.6)	(1.7)	(1.7)	(6.6)
Cumulative dividends on Series A Preferred Stock					(0.1)	(0.1)	(0.2)	(0.1)	(0.1)	(0.1)		(0.4)					0.0
Net Income to Common	(4.3)	(6.2)	(2.6)	(3.3)	4.1	(2.1)	(3.9)	0.3	(4.3)	(2.3)	(1.6)	(7.8)	(1.6)	(1.6)	(1.7)	(1.7)	(6.6)
Net Income Pro Forma	(4.3)	(5.7)	(2.1)	(1.9)	(1.6)	(1.9)	(7.6)	(1.5)	(4.3)	(2.2)	(1.6)	(9.6)	(1.6)	(1.6)	(1.7)	(1.7)	(6.6)
Diluted EPS	NA	(31.12)	(13.54)	(16.84)	9.23	(4.27)	(11.89)	0.37	(4.23)	(0.93)	(0.65)	(4.65)	(0.67)	(0.65)	(0.71)	(0.68)	(2.71)
Diluted EPS Pro Forma	NA	(28.91)	(10.91)	(9.49)	(3.71)	(3.97)	(22.88)	(1.72)	(4.24)	(0.91)	(0.65)	(5.68)	(0.67)	(0.65)	(0.71)	(0.68)	(2.71)
Weighted Avg. Diluted Shares Out.	NA	0.20	0.19	0.20	0.44	0.49	0.33	0.84	1.01	2.4	2.4	1.7	2.4	2.4	2.4	2.4	2.4

1) research revenues have historically been derived mostly from a single, awarded research grant in the amount of \$5.72 million in 2021 from the JPEO to study ARAKODA in low risk COVID-19 patients.
2) Research revenues from the Australian Tax Authority were \$4,292 in Q1 2023 compared to \$22,239 in Q2 2022.
3) The decrease in sales was mainly due to end of a 3-year Arakoda US Army acquisition contract that involved purchasing a full lot (7,500 boxes) in 2020 and a half lot (3,750 boxes) in 2021.

Margins	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025
Gross margin	87%	15%	-241%	-194%	44%	-242%	-87%	55%	29%	25%	9%	27%	-11%	6%	-5%	9%	1%
R & D Exp.	87%	103%	578%	325%	208%	235%	273%	231%	2462%	635%	273%	777%	222%	188%	184%	159%	184%
Selling General & Admin Exp.	18%	255%	3611%	739%	1036%	3958%	1673%	736%	899%	820%	455%	691%	370%	313%	263%	227%	284%
Operating margin	-18%	-342%	-4429%	-1258%	-1201%	-4435%	-2033%	-912%	-3332%	-1430%	-718%	-1441%	-604%	-494%	-453%	-377%	-467%
Net margin	-64%	-338%	-289%	-500%	266%	-109%	-75%	30%	-99%	-100%	-99%	-80%	-103%	-99%	-102%	-98%	-100%
Y/Y % change	2021	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025
Revenue	149%																
COGS	21%	-49%	-19%	111%	-46%	18%	10%	-11%	-51%	57%	37%	-2%	358%	235%	258%	100%	200%
Gross Profit	198%	-99%	-170%	144%	-75%	-49%	-380%	-256%	-130%	-34%	-119%	-178%	-137%	-45%	-155%	100%	-94%
R & D Exp.	583%	-90%	97%	-12%	44%	107%	32%	172%	1418%	256%	499%	619%	78%	-81%	-26%	17%	-48%
Selling General & Admin Exp.	-23%	17%	344%	14%	408%	264%	225%	39%	144%	-8%	-41%	4%	-7%	-11%	-18%	0%	-9%
Total operating expenses	193%	-72%	278%	5%	257%	249%	170%	57%	534%	37%	-11%	90%	13%	-62%	-21%	6%	-30%
Operating Income	169%	56%	481%	15%	607%	165%	194%	40%	432%	39%	-17%	79%	22%	-62%	-19%	5%	-29%
Net income	40%	45%	185%	5%	-448%	1%	-40%	-116%	25%	-151%	-19%	102%	-485%	-62%	-20%	5%	-11%
EPS				54%	-252%	-56%	-62%	-103%	-75%	-110%	-85%	-61%	-284%	-85%	-24%	5%	-42%

Source: Company reports, Ascendant Capital Markets estimates

60 Degrees Pharmaceuticals, Inc.

Balance Sheet (\$ mils)	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
Fiscal Year End: December 31	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Current Assets													
Cash And Equivalents	0.3	0.0	0.0	2.2	2.1	2.9	1.6	3.3	1.7	0.1	(1.5)	(3.3)	(4.9)
Accounts Receivable	0.0	0.1	0.1	0.1	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Prepaid Exp.	0.2	6.5	6.3	5.9	4.4	4.3	1.5	1.1	1.1	1.1	1.1	1.1	1.1
Short-Term Investments								1.7	1.7	1.7	1.7	1.7	1.7
Deferred Offering Costs	0.1	0.1	0.2		0.0		0.0						
Inventory	0.5	0.6	0.5	0.6	0.5	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.5
Total Current Assets	1.1	7.3	7.1	8.9	7.2	7.9	3.8	6.9	5.3	3.7	2.1	0.3	(1.3)
Property, Plant & Equipment, net	0.0	0.1	0.0	0.0	0.1	0.1	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Right of Use Asset	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Intangible Assets	0.2	0.2	0.2	0.2	0.2	0.2	0.3	0.3	0.3	0.3	0.3	0.3	0.3
Other Long-Term Assets					0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1
Total Assets	1.3	7.6	7.4	9.2	7.8	8.4	4.3	7.4	5.8	4.2	2.6	0.9	(0.8)
LIABILITIES													
Accounts Payable	0.8	0.8	1.1	0.3	0.5	0.5	0.6	0.7	0.7	0.7	0.7	0.7	0.7
Lease Liability	0.0	0.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Deferred Compensation	0.3		0.3	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Related Party Notes	0.2	0.5	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Debenture	4.3			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
SBA EIDL	0.0		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Promissory Notes at Fair Value	16.9	22.6	23.5	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Promissory Notes			1.1	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Derivative Liabilities	1.1		2.1	2.2	2.3	0.6	0.6	0.6	0.6	0.6	0.6	0.6	0.6
Derivative Liabilities - Related Parties	0.4		0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Other Current Liabilities		1.5											
Short-term Borrowings	0.2	0.5	0.4	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Curr. Port. of LT Debt	21.1	22.6	24.7	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Current Liabilities	23.9	25.5	28.9	2.5	2.8	1.1	1.2	1.3	1.3	1.3	1.3	1.3	1.3
Deferred Compensation	0.3	0.3		0.0	0.0								
Long-Term Leases				0.0	0.0								
Debenture				0.0	0.0								
Related Party Note				0.0	0.0								
SBA EIDL	0.2	0.2	0.2	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Promissory Notes	1.1	1.2	1.2	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total Long-Term Debt	1.3	1.3	1.4	0.2	0.2	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Total Liabilities	25.4	27.1	30.2	2.6	3.0	1.3	1.4	1.5	1.5	1.5	1.5	1.5	1.5
Members' Capital		0.0	0.0	0.0	0.0								
Preferred Stock				9.9	9.9	9.9	9.9	9.6	9.6	9.6	9.6	9.6	9.6
Common Stock	0.0			0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Additional Paid In Capital	5.2	12.4	12.4	27.2	27.5	29.4	29.4	34.8	34.8	34.8	34.8	34.8	34.8
Accumulated Other Comprehensive In	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1	0.1
Retained Earnings	(28.8)	(31.4)	(34.8)	(30.6)	(32.6)	(32.2)	(36.3)	(38.5)	(40.1)	(41.7)	(43.3)	(45.0)	(46.7)
Total Common Equity	(23.6)	(19.0)	(22.3)	6.6	4.9	7.2	3.0	6.0	4.4	2.8	1.2	(0.5)	(2.2)
Minority Interest	(0.6)	(0.6)	(0.6)	(0.0)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)	(0.1)
Total Equity	(24.1)	(19.5)	(22.9)	6.5	4.8	7.1	3.0	6.0	4.4	2.7	1.1	(0.6)	(2.3)
Total Liabilities And Equity	1.3	7.6	7.4	9.2	7.8	8.4	4.3	7.4	5.8	4.2	2.6	0.9	(0.8)

	Dec-22	Mar-23	Jun-23	Sep-23	Dec-23	Mar-24	Jun-24	Sep-24	Dec-24	Mar-25	Jun-25	Sep-25	Dec-25
	Q4A	Q1A	Q2A	Q3A	Q4A	Q1A	Q2A	Q3A	Q4E	Q1E	Q2E	Q3E	Q4E
Balance Sheet Drivers													
Accounts Receivable (Days)	(53)	347	180	98	488	195	212	197	132	108	91	77	66
Inventory (Days)	(601)	2610	669	425	982	268	305	275	185	151	127	107	92
Accounts Payable (Days)	549	1029	518	343	311	728	647	546	305	203	203	152	152
Book & Cash Value (per share)													
Book Value per Share (diluted)	(121.13)	(101.73)	(115.44)	14.70	9.86	8.45	2.92	2.44	1.79	1.12	0.47	(0.24)	(0.92)
Cash per Share (diluted)	1.33	0.16	0.10	5.00	4.40	3.43	1.55	1.35	0.70	0.03	(0.62)	(1.33)	(2.01)
Net cash per Share (diluted)	(112.03)	(127.12)	(133.11)	4.66	4.09	3.25	1.41	1.29	0.64	(0.03)	(0.68)	(1.39)	(2.08)

Source: Company reports, Ascendant Capital Markets estimates

60 Degrees Pharmaceuticals, Inc.

Cash Flow Statement (\$ mils)	2022	Mar-23	Jun-23	Sep-23	Dec-23	2023	Mar-24	Jun-24	Sep-24	Dec-24	2024	Mar-25	Jun-25	Sep-25	Dec-25	2025
Fiscal Year End: December 31	FY-A	Q1A	Q2A	Q3A	Q4A	FY-A	Q1A	Q2A	Q3A	Q4E	FY-E	Q1E	Q2E	Q3E	Q4E	FY-E
Net Income	(6.2)	(2.6)	(3.3)	4.2	(2.0)	(3.8)	0.43	(4.17)	(2.2)	(1.6)	(7.5)	(1.6)	(1.6)	(1.7)	(1.7)	(6.6)
Adjustments to Net Income																
Depreciation	0.0		0.0	0.0	0.0	0.0	0.00	0.00	0.0		0.0					0.0
Amortization	0.0	0.3	0.6	(0.9)	0.0	0.0	0.01	0.01	0.0		0.0					0.0
Amortization of Debt Discount	1.1	0.3		0.3	0.0	0.7	0.00	0.00	0.0		0.0					0.0
Amortization of ROU Asset	0.0	0.0		0.0	0.0	0.1	0.01	0.00	0.0		0.0					0.0
Amortization of Note Issuance Costs	0.1	0.0		0.0	0.0	0.1	0.00	0.00	0.0		0.0					0.0
Amortization of Capitalized Services				0.7	0.3	1.0	0.13	2.75	1		3.5					0.0
Stock-based Compensation to Vendors for services				0.7	(0.5)	0.2	0.00	0.00	0.0		0.0					0.0
Stock-based Compensation under 2022 Equity Incentive Plan					0.5289	0.5	0.00	0.00	0.0		0.0					0.0
Deemed Capital Contribution for Related Party Compensation Expense						0.2	0.00	0.00			0.0					0.0
Gain on Debt Extinguishment	(0.1)			1.2	0.0	1.2	0.00	0.00			0.0					0.0
Change in Fair Value of Derivative Liabilities	0.0			(0.1)	0.1	0.0	(1.74)	0.00	0.1		(1.7)					0.0
Writeoffs of Capitalized Patents							0.01	0.00	0.0		0.01					0.0
Derivative Expense	0.5			0.4	0.0	0.4	0.00	0.00			0.0					0.0
Change in Fair Value of Promissory Note				(5.4)	0.0	(5.4)	0.00	0.00			0.0					0.0
Inventory Reserve	0.2			(0.1)	(0.0)	(0.2)	0.00	0.00			0.0					0.0
Changes in Operating Assets and Liabilities																
Change in Acc. Receivable	0.1	(0.0)	(0.0)	(0.8)	0.7	(0.2)	(0.08)	0.02	(0.0)	0.0	(0.1)	0.0	0.0	0.0	0.0	0.0
Prepaid and Other	0.0	0.0		(1.5)	1.0	(0.5)	0.06	0.09	(0.3)		(0.1)					0.0
Change in Inventories	(0.1)	(0.1)	0.1	0.1	0.2	0.2	0.03	0.01	(0.0)	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Change in Inventory Reserves		0.0			(0.0)		0.00	0.00	0.00		0.0					0.0
Change in Acc. Payable	0.2	0.1	0.2	(0.8)	0.3	(0.2)	0.02	0.10	0.0	0.0	0.2	0.0	0.0	0.0	0.0	0.0
Accrued Interest	2.7	0.8		0.5	(0.0)	1.3	(0.00)	(0.00)	(0.0)		(0.0)					0.0
Reduction of Lease Liability	(0.0)	(0.0)		(0.0)	(0.0)	(0.1)	(0.01)	0.00	0.0		(0.0)					0.0
Deferred Compensation	0.4	0.0	0.6	(0.7)	0.0	(0.1)					0.0					0.0
Stock based Compensation		0.2	0.1	(0.3)	0.0	0.0					0.0					0.0
Gain on Debt Extinguishment		0.8									0.0					0.0
Change in Fair Value of Derivatives Liability		0.0									0.0					0.0
Change in Fair Value of Promissory Notes		(0.3)									0.0					0.0
Other Operating Activities			1.5	(1.2)	0.0	0.0	0.00	0.00	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Net cash used in operating activities	(1.0)	(0.4)	(0.3)	(3.7)	0.8	(4.5)	(1.14)	(1.19)	(1.68)	(1.6)	(5.6)	(1.6)	(1.6)	(1.7)	(1.7)	(6.6)
Capitalization of Patents	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.0)	(0.00)	(0.03)	(0.0)		(0.0)					0.0
Purchase of PP&E				(0.0)	(0.1)	(0.1)	0.00	(0.09)	(0.0)		(0.1)					0.0
Sale (Purchase) of Intangible assets	(0.0)			(0.0)	0.0	(0.0)	(0.01)	(0.01)	(0.0)		(0.0)					0.0
Purchase of Short-Term Investments									(1.7)		(1.7)					0.0
Net cash used in investing activities	(0.1)	(0.0)	(0.0)	(0.0)	(0.1)	(0.1)	(0.0)	(0.1)	(1.7)	0.0	(1.9)	0.0	0.0	0.0	0.0	0.0
Proceeds from Stock Offering				6.5	0.0	6.5	1.91	0.00	0.0	0.0	1.9	0.0	0.0	0.0	0.0	0.0
Payment of Deferred Offering Costs	(0.1)	(0.0)	(0.1)	(0.0)	(0.0)	(0.2)	(0.02)	0.00	(0.1)		(0.1)					0.0
Payment of Deferred Offering Costs for Proposed Offering								(0.01)	0.0		0.0					0.0
Proceeds from ATM Offering									1.8		1.8					0.0
Proceeds from Private Placement									3.4		3.4					0.0
Proceeds from Exercise of Warrants				1.1	0.0	1.1	0.00	0.00	0.0		0.0					0.0
Proceeds from Notes Payable	0.8			0.7	0.0	0.7					0.0					0.0
Repayment of Notes Payable				(1.6)	0.0	(1.6)					0.0					0.0
Proceeds from Notes Payable - Related Parties	0.3	0.2	0.7	(0.9)	0.0	0.0					0.0					0.0
Repayments on Notes Payable - Related Parties			(0.3)		0.0	(0.3)					0.0					0.0
Proceeds from Advances - Related Party	0.2			0.3	0.0	0.3					0.0					0.0
Net cash provided by financing activities	1.2	0.2	0.3	6.0	(0.0)	6.5	1.90	(0.00)	5.2	0.0	7.1	0.0	0.0	0.0	0.0	0.0
Foreign Exchange Rate Adj.	(0.0)	(0.0)	(0.0)	0.0	0.1	0.1	(0.00)	0.00	0.0		0.0					0.0
Net Change in Cash	0.1	(0.2)	(0.0)	2.2	(0.1)	1.9	0.75	(1.32)	1.7	(1.6)	(0.4)	(1.6)	(1.6)	(1.7)	(1.7)	(6.6)
Cash balance at beginning of period	0.1	0.3	0.0	0.0	2.2	0.3	2.14	2.89	1.6	3.3	2.1	1.7	0.1	(1.5)	(3.3)	1.7
Cash balance at end of period	0.3	0.0	0.0	2.2	2.1	2.1	2.89	1.58	3.30	1.7	1.7	0.1	(1.5)	(3.3)	(4.9)	(4.9)

Source: Company reports, Ascendant Capital Markets estimates

* Reflects a 1:12 reverse stock split in August 2024

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60 Degrees Pharmaceuticals, Inc.



Report	Date	Rating	PT split adjusted	PT
1	2-Oct-23	BUY	\$28.80	\$2.40
2	14-Oct-23	BUY	\$28.80	\$2.40
3	11-Dec-23	BUY	\$28.80	\$2.40
4	26-Feb-24	BUY	\$14.40	\$1.20
5	9-Apr-24	BUY	\$15.60	\$1.30
6	21-May-24	BUY	\$15.60	\$1.30
7	19-Aug-24	BUY	\$5.50	\$5.50
8	22-Nov-24	BUY	\$3.40	\$3.40

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BUY: We expect the stock to provide a total return of 15% or more within a 12-month period.

HOLD: We expect the stock to provide a total return of negative 15% to positive 15% within a 12-month period.

SELL: We expect the stock to have a negative total return of more than 15% within a 12-month period.

Total return is defined as price appreciation plus dividend yield.

Ratings Distribution and Investment Banking Disclosure (As of October 11, 2024)

	Investment Banking Services Past 12 Months			
	Count	Percent	Count	Percent
Buy	58	98%	21	36%
Hold	0	0%	0	0%
Sell	1	2%	0	0%
Total	59	100%	21	36%

Other Important Disclosures

Our analysts use various valuation methodologies including discounted cash flow, price/earnings (P/E), enterprise value/EBITDA, and P/E to growth rate, among others. Risks to our price targets include failure to achieve financial results, product risk, regulatory risk, general market conditions, and the risk of a change in economic conditions.

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