BELL POTTER

13 November 2023

**Speculative**

**See key risks on Page 5 and Biotechnology Risk Warning on Page 9. Speculative securities may not be suitable for Retail Clients.**


**Analyst**
John Hester 612 8224 2871

**Authorisation**
Thomas Wakim 612 8224 2815


# Imugene (IMU)

## Momentum Upswing

**Recommendation**
Buy (unchanged)
**Price**
$0.105
**Valuation**
$0.15 (previously $0.105)
**Risk**
Speculative

**GICS Sector**

**Pharmaceuticals & Biotechnology**

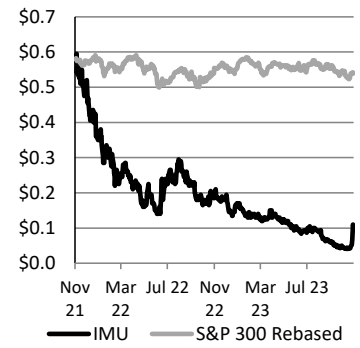
| Expected Return | |
|---|---|
| Capital growth | **42.8%** |
| Dividend yield | **0.0%** |
| Total expected return | **42.8%** |

| Company Data & Ratios | |
|---|---|
| Enterprise value | **$589.3m** |
| Market cap | **$752.3m** |
| Issued capital | **7,165m** |
| Free float | **93%** |
| Avg. daily val. (52wk) | **$3.4m** |
| 12 month price range | **$0.04 - $0.21** |

**Price Performance**

| | (1m) | (3m) | (12m) |
|---|---|---|---|
| Price (A$) | 0.05 | 0.09 | 0.20 |
| Absolute (%) | 133.33 | 12.90 | -46.15 |
| Rel market (%) | 133.18 | 17.51 | -46.42 |

**Absolute Price**




SOURCE: IRESS

## No Time To Waste – Azer-cel Back In The Clinic

IMU recently in-licensed Azer-cel with the transaction supported by an outstanding dossier of safety and efficacy data. This allogeneic CD19 CAR-T cell therapy program commenced enrolment of a dose escalating phase 1B clinical trial in the US last week. Earlier clinical trials in an identical patient population (to the phase 1B) produced an overall response rate of 83% amongst 18 patients with Diffuse Large B Cell Lymphoma. 55% of patients experienced a duration of response lasting greater than 6 months. This data (albeit in small patient numbers) compares exceptionally well to currently marketed autologous CAR-T therapies approved in earlier lines of therapy.

## Interim Data from MAST

IMU recently announced promising interim data from the first 25 patients in the MAST study, investigating the safety and tolerability of CF33 (Vaxinia oncolytic virus) in a variety of solid tumours. As a result the study will expand to include a 10 patient extension in cholangiocarcinoma (bile duct cancer).

IMU has announced a pause of any further acquisitions in addition to a company wide evaluation of all clinical programs for the key purpose of aligning effort with strategic objectives - and (we suspect) shareholder value. In our view this is eminently sensible given the high bar set by equity markets for new capital, particularly for early stage biotechnology assets.

## Investment View: Retain Buy (Spec) Valuation $0.15

Cash as at 30 September was $163.4m inclusive of the recent $53m capital raise related to the Azer-cel in license transaction. Operating cash burn for the quarter was $21.9m. We expect the burn to reduce in subsequent quarters as the R&D program is rationalised. Following this review and the encouraging news flow on Azer-cel and CF33, our valuation increases from $0.10 to $0.15. We maintain our Buy (Speculative) recommendation. Next catalysts include further interim data from the MAST study and from Azer-cel.

**Earnings Forecast**

| June Year End | FY23 | FY24e | FY25e | FY26e |
|---|---|---|---|---|
| Revenues $m | 11.8 | 14.0 | 21.6 | 44.3 |
| EBIT $m | -39.7 | -42.2 | -35.7 | -32.0 |
| NPAT (underlying) $m | -37.9 | -40.2 | -33.7 | -31.5 |
| NPAT (reported) $m | -37.9 | -40.2 | -33.7 | -31.5 |
| EPS underlying (cps) | -0.6 | -0.6 | -0.5 | -0.4 |
| EPS growth % | nm | nm | nm | nm |
| PER (x) | nm | nm | nm | nm |
| FCF yield (%) | nm | nm | nm | nm |
| EV/EBITDA (x) | nm | nm | nm | nm |
| Dividend (cps) | - | - | - | - |
| Franking | 0% | 0% | 0% | 0% |
| Yield % | 0% | 0% | 0% | 0% |
| ROE % | -20% | -20% | -20% | -23% |

SOURCE: BELL POTTER SECURITIES ESTIMATES

# Two Clinical Programs Driving Momentum

## Azer-Cel Phase 1B Commences

IMU has confirmed that a first patient has been dosed in the phase 1B trial for Azer-cel. The asset was recently in licensed by Imugene from Precision Bioscience in the US. The product is an allogeneic CAR-T CD19 directed cell therapy. The phase 1B trial will enrol 10 to 15 patients with non-hodgkin's lymphoma including Diffuse Large B Cell Lymphoma (DLBCL) with endpoints of safety and tolerability. Investigators will also be assessing durability of response in this heavily pre-treated patient population.

Patients in the trial have relapsed or are refractory for autologous CAR-T therapy. Only about 1/3$^{rd}$ of patients treated with CAR-T have a duration of response greater than 1 year.

Pending the results from this phase 1B study, the company intends to proceed swifty to an approval study commencing in CY2025. Azer-cel demonstrated clinically meaningful activity in previous clinical studies with an acceptable safety profile including in DLBCL patients who had relapsed following autologous CAR-T therapy.

## Trial Design

**DOSE-ESCALATION, DOSE-EXPANSION STUDY OF SAFETY OF PBCAR0191 IN PATIENTS WITH R/NHL AND R/R B-CELL ALL (NCT03666000)**

This is a multicenter, nonrandomized, open-label, parallel assignment, dose-escalation, and dose-optimization study to evaluate the safety and tolerability, find an appropriate dose to optimize safety and efficacy, and evaluate clinical activity of PBCAR0191 in subjects with relapsed/refractory (r/r) B-cell acute lymphoblastic leukemia (B-ALL) and non-Hodgkin lymphoma (NHL).

Before initiating PBCAR0191, subjects will be administered lymphodepletion chemotherapy composed of fludarabine and cyclophosphamide. At Day 0 of the Treatment Period, subjects will receive an intravenous (IV) infusion of PBCAR0191. All subjects are monitored during the treatment period through Day 28. All subjects who receive a dose of PBCAR0191 will be followed in a separate long-term follow-up (LTFU) study for up to 15 years after exiting this study.

## Market Size

The relapsed/refractory market in DLBCL is estimated at ~11,000 cases annually across the United States and Europe. We expect pricing for Azer-cell will be similar to the market for the autologous products at ~US$400K/patient (for patients in the US, significantly lower in Europe). US sales are by far the largest sales geography.

Assuming 2,000 patients annually for Azer-cel, peak sales are estimated in the range of US$700-$900m annually.

## CF-33 MAST Study

The MAST study (Metastatic Advanced Solid Tumours) is a phase 1 clinical trial investigating safety, tolerability and efficacy signals for IMU's oncolytic virus known as Vaxinia or CF33 in various late stage cancers.

Patients are currently enrolling in dose escalation cohorts. 25 patients have reached the first evaluation point with 1 complete response, 16 with stable disease and 8 patients with progressive disease. There have been no unexpected adverse safety events across the patient population which means the dose escalation can continue.

**GASTROINTESTINAL CANCERS SHOWING PROMISING EARLY RESPONSE:**

The patient group included eight patients with various gastrointestinal cancers where the disease control rate (i.e. complete response, partial response or stable disease) is 75%, (i.e. 6 of 8) hence most patients had some form of response to treatment. We understand each of these patients were dosed via intra tumoural injection.

The responses included one patient with bile duct cancer (aka Cholangiocarcinoma) who had progressed following numerous rounds of chemotherapy and showed a complete response to CF33 – no identifiable tumour. A second patient with bile duct disease achieved stable disease for >4 months.

As a result, IMU is already planning to expand the trial to include an additional 10 patients with bile duct cancers.

As with most cancers, survival is dependent upon the stage of disease at detection. If the cancer is diagnosed at an early stage with disease contained within the bile duct, the 5-year relative survival rate is 17%. If the cancer has spread to the regional lymph nodes, the 5-year relative survival rate is 16%. If the cancer has spread to a distant part of the body, the 5-year relative survival rate is 2%. Most patients are diagnosed with metastatic disease and of those who are candidates for initial curative surgery, the risks are high. Hence the need for new, effective therapies.

There are approximately 12,000 new cases per year in the US. Assuming a therapy cost of ~US$400K, the TAM in this indication alone is in excess of US$3bn.

The early success in this hard to treat tumour is very encouraging. We expect to see efficacy on other patients treated via intra tumoural injection particularly in melanoma where access (to the tumour) is straight forward.

**INTRAVENOUS DOSING CONTINUES:**

The trial included two intravenous (IV) dosing arms with CF33 either as a monotherapy or in combination with the PD-L1 checkpoint inhibitor pembrolizumab. The dose escalation work is continuing, however, the dosing is so far at sub therapeutic levels – hence no interim response data at this time.

The IV dosing is not critical but advantageous. A systemic therapy which attaches to cancer cells preferentially would be highly advantageous for the treatment of metastatic disease. There is no obvious binding mechanism which will preferentially attract the virus to the cancerous cell, hence we wait for results at higher doses.

We conclude that the early signs for safety appear good and we are encouraged by the efficacy signals in GI tumours. Clearly something is going on in the patients showing a response. Imaging (yet to be published) has shown virus contained within target tumours which is suggestive that the virus's mechanism of action is working as planned.

**Figure 1 - Summary of earnings changes**

| | 2024 | | | 2025 | | | 2026 | | |
|---|---|---|---|---|---|---|---|---|---|
| | New | Old | % change | New | Old | % change | New | Old | % change |
| Revenues | 14.0 | 22.8 | -39% | 21.6 | 21.4 | 1% | 44.3 | 43.5 | 2% |
| EBIT | -42.2 | -43.4 | 3% | -35.7 | -46.8 | 24% | -32.0 | -24.7 | -30% |
| NPAT | -40.2 | -41.4 | 3% | -33.7 | -44.8 | 25% | -31.5 | -24.2 | -30% |
| EPS | -0.6 | -0.6 | 6% | -0.5 | -0.6 | 22% | -0.4 | -0.3 | -47% |

SOURCE: BELL POTTER SECURITIES ESTIMATES

For FY24 we had previously assumed the company may execute an out-license transaction for CF33. It is now clear the data will need more time to mature, hence this assumption is removed.

Following the announcements at the recent 4C regarding prioritisation of the clinical program, we have significantly reduced the assumed R&D spend for FY24 and FY25 resulting in the estimated loss for each financial year being reduced with cash runway now extending well into FY26.

Azer-cel is likely to be the nearest to revenue product. Following commencement of the phase 1B, the risk adjusted revenue model is amended to reflect a modest decrease in risk attached to this asset.

Valuation is amended to $0.15 from $0.10 and we maintain our Buy (Speculative) recommendation.

# Imugene

Imugene is a drug developer specialising in the development of new agents for various cancer indications. The company has a history of in-licensing early stage assets, typically pre-clinical or with phase 1 data, and progressing their development. Consequently, the risk of failure is probably high, however the future financial benefit from development of a new chemical entity for the treatment of disease are immense.

**The key risk include but are not limited to the follow items:**

Imogene's ability to achieve profitability is dependent on a number of factors, including its ability to complete successful clinical trials, obtain regulatory approval for its products (including HER-Vex, PD1-Vaxx, CF33, Azer-cel and onCARlytics) and successfully commercialise those products. There is no guarantee that Imugene's products will be commercially successful.

Imugene does not currently generate revenue from product sales or license income and no revenues are anticipated in the short to medium term.

**Clinical trial risk**

IMU may be unable to secure necessary approvals from regulatory agencies and institutional bodies (clinics and hospitals) to conduct future clinical trials. There is also no assurance that products developed using the Company's technology will prove to be safe and efficacious in clinical trials, or that the regulatory approval to manufacture and market its products will be received. Clinical trials might also potentially expose the Company to product liability claims in the event its products in development have unexpected effects on clinical subjects.

Products, including HER-Vaxx, PD1-Vaxx, CF33 and onCARlytics, developed using the Company's technology must undergo a comprehensive and highly regulated development and review process before receiving approval for marketing. In addition there are numerous, well funded competitors who may achieve breakthroughs in cancer treatment ahead of IMU which may diminish the value of IMU's assets.

The Company is also dependent on commercially attractive markets remaining available to it during the commercialisation phase and there is a risk that, once developed and ready for sale, commercial sales to fund sufficient revenues for continued operations and growth, may not be achieved.

**Arrangements with third-party collaborators**

Imugene may pursue collaborative arrangements with pharmaceutical and life science companies, academic institutions or other partners to complete the development and commercialisation of its products. These collaborators may be asked to assist with funding or performing clinical trials, manufacturing, regulatory approvals or product marketing. There is no assurance that Imugene will attract and retain appropriate strategic partners or that any such collaborators will perform and meet commercialisation goals. If Imugene is unable to find a partner, it would be required to develop and commercialise HER-Vaxx, PD1-Vaxx or CF33 (and other potential products) at its own expense. This may place significant demands on the Company's internal resources and potentially delay the commercialisation of HER-Vaxx, PD1-Vaxx, CF33 (and other products).

**Requirement to raise additional funds**

The Company may be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise that capital when it is required or, even if available, the terms may be unsatisfactory. If the Company is unsuccessful in obtaining funds when they are required, the Company may need to delay or scale down its operations.

**Intellectual property**

The Company's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. The intellectual property may not be capable of being legally protected, it may be the subject of unauthorised disclosure or be unlawfully infringed, or the Company may incur substantial costs in asserting or defending its intellectual property rights.

# Imugene
as at 13 November 2023

| | |
|---|---|
| Recommendation | Buy, Speculative |
| Price | $0.105 |
| Valuation | $0.15 |

## Table 1 - Financial summary

| | FY22 | FY23 | FY24e | FY25e | FY26e |
|---|---|---|---|---|---|
| **Year Ending June** | | | | | |
| R&D incentive | 13.0 | 11.8 | 14.0 | 14.0 | 14.0 |
| Deal revenue (milestones/royalty income) | - | - | - | 7.6 | 30.3 |
| **Total Revenue** | **13.0** | **11.8** | **14.0** | **21.6** | **44.3** |
| COGS | - | - | - | - | - |
| Gross profit | 13.0 | 11.8 | 14.0 | 21.6 | 44.3 |
| | | | | | |
| R&D Expense | -36.6 | -30.9 | -32.0 | -32.0 | -50.0 |
| Other expenses | -14.1 | -18.2 | -22.0 | -23.1 | -24.1 |
| Total Expenses | -50.9 | -51.5 | -56.2 | -57.3 | -76.3 |
| EBIT | -37.9 | -39.7 | -42.2 | -35.7 | -32.0 |
| Interest income | 0.0 | 1.9 | 2.0 | 2.0 | 0.5 |
| Pre tax profit | (37.9) | (37.9) | (40.2) | (33.7) | (31.5) |
| Tax expense | - | - | - | - | - |
| **NPAT- normalised** | **(37.9)** | **(37.9)** | **(40.2)** | **(33.7)** | **(31.5)** |
| Reported NPAT | (37.9) | (37.9) | (40.2) | (33.7) | (31.5) |

| **Cashflow (A$m)** | FY22 | FY23 | FY24e | FY25e | FY26e |
|---|---|---|---|---|---|
| Gross cashflow | -30.8 | -31.5 | -34.8 | -33.4 | -29.7 |
| Net interest | 0.2 | 1.7 | 2.0 | 2.0 | 0.5 |
| **Operating cash flow** | -30.6 | -29.8 | -32.8 | -31.4 | -29.2 |
| Proceeds from asset sales | 0.0 | 0.0 | 0.0 | 0.0 | 0.0 |
| **Free cash flow** | -30.6 | -29.8 | -32.8 | -31.4 | -29.2 |
| Acquistion of intangibles | -0.1 | 0.0 | -12.7 | 0.0 | 0.0 |
| Proceeds from issuance | 102.7 | 83.1 | 50.2 | 0.0 | 0.0 |
| Other | -1.4 | -0.1 | 0.0 | 0.0 | 0.0 |
| **Change in cash held** | 70.5 | 53.2 | 4.7 | -31.4 | -29.2 |
| Cash at beginning of period | 29.5 | 99.9 | 153.1 | 157.7 | 105.7 |
| FX adjustment | 0.1 | 0.1 | 0.0 | 0.0 | 0.0 |
| **Cash at year end** | **99.9** | **153.1** | **157.7** | **105.7** | **76.5** |

| **Balance Sheet (A$m)** | FY22 | FY23 | FY24e | FY25e | FY26e |
|---|---|---|---|---|---|
| Cash | 99.9 | 153.1 | 157.7 | 105.7 | 76.5 |
| Receivables | 12.8 | 12.1 | 7.0 | 7.0 | 7.0 |
| Other current assets | 1.1 | 0.4 | 0.4 | 0.4 | 0.4 |
| Property, Plant and Equipment | 0.9 | 0.7 | 0.7 | 0.7 | 0.7 |
| Intangibles | 32.7 | 30.5 | 61.6 | 59.4 | 57.2 |
| Other non current assets | 0.3 | 0.2 | 0.2 | 0.2 | 0.2 |
| **Total assets** | 147.6 | 197.0 | 227.6 | 173.4 | 142.0 |
| Trade payables | 5.3 | 3.5 | 3.5 | 3.5 | 3.5 |
| Lease debt | - | 0.2 | 0.2 | 0.2 | 0.2 |
| Provisions | - | 0.8 | 0.9 | 0.9 | 1.0 |
| Contingent liability (Azer cel) | - | - | 20.6 | - | - |
| Other provisions - non current | 3.6 | 2.9 | 2.9 | 2.9 | 2.9 |
| **Total Liabilities** | 8.9 | 7.4 | 28.1 | 7.5 | 7.6 |
| **Net Assets** | 138.7 | 189.5 | 199.5 | 165.9 | 134.4 |
| Share capital | 230.8 | 314.4 | 364.6 | 364.6 | 364.6 |
| Other equity | 4.7 | 4.7 | 4.7 | 4.8 | 4.8 |
| Retained earnings | (103.6) | (141.5) | (181.7) | (215.4) | (246.9) |
| Reserves | 6.8 | 11.9 | 11.9 | 11.9 | 11.9 |
| **Shareholders Equity** | 138.7 | 189.5 | 199.5 | 165.9 | 134.4 |

| | | |
|---|---|---|
| Market Cap $m | $ | 752.3 |
| Share price $ | $ | 0.105 |
| Enterprise value $m | $ | 589.3 |

| **Valuation Ratios (A$m)** | FY22 | FY23 | FY24e | FY25e | FY26e |
|---|---|---|---|---|---|
| Reported EPS (cps) | -0.7 | -0.6 | -0.6 | -0.5 | -0.4 |
| Normalised EPS (cps) | -0.7 | -0.6 | -0.6 | -0.5 | -0.4 |
| EPS growth (%) | nm | nm | nm | nm | nm |
| | | | | | |
| **PE(x)** | **nm** | **nm** | **nm** | **nm** | **nm** |
| **EV/EBIT (x)** | nm | nm | nm | nm | nm |
| | | | | | |
| P/NTA (x) | 4.9 | 4.2 | 5.5 | 7.1 | 9.7 |
| Book Value Per Share (cps) | 2.8 | 3.0 | 2.8 | 2.3 | 1.9 |
| Price/Book (x) | 3.8 | 3.6 | 3.8 | 4.5 | 5.6 |
| | | | | | |
| DPS (cps) | - | - | - | - | - |
| Payout ratio % | 0% | 0% | 0% | 0% | 0% |
| Dividend Yield % | 0.0% | 0.0% | 0.0% | 0.0% | 0.0% |
| Franking % | 0% | 0% | 0% | 0% | 0% |
| FCF yield % | nm | nm | nm | nm | nm |
| | | | | | |
| Net debt/Equity | 0% | 0% | 0% | 0% | 0% |
| Net debt/Assets | 0% | 0% | 0% | 0% | 0% |
| Gearing | net cash | net cash | net cash | net cash | net cash |
| Net debt/EBITDA (x) | n/a | n/a | n/a | n/a | n/a |
| Interest cover (x) | n/a | n/a | n/a | n/a | n/a |

SOURCE: BELL POTTER SECURITIES ESTIMATES

**Recommendation structure**

**Buy:** Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.

**Hold:** Expect total return between -5% and 15% on a 12 month view

**Sell:** Expect <-5% total return on a 12 month view

*Speculative Investments are either start-up enterprises with nil or only prospective operations or recently commenced operations with only forecast cash flows, or companies that have commenced operations or have been in operation for some time but have only forecast cash flows and/or a stressed balance sheet.*

*Such investments may carry an exceptionally high level of capital risk and volatility of returns.*

## Research Team

| Staff Member | Title/Sector | Phone | @bellpotter.com.au |
|---|---|---|---|
| Chris Savage | Head of Research/Industrials | 612 8224 2835 | csavage |
| **Analysts** | | | |
| John Hester | Healthcare | 612 8224 2871 | jhester |
| Thomas Wakim | Healthcare | 612 8224 2815 | twakim |
| Michael Ardrey | Industrials | 613 9256 8782 | mardrey |
| Marcus Barnard | Industrials | 618 9326 7673 | mbarnard |
| Sam Brandwood | Industrials | 612 8224 2850 | sbrandwood |
| Olivia Hagglund | Industrials | 612 8224 2813 | ohagglund |
| Joseph House | Industrials | 613 9325 1624 | jhouse |
| Daniel Laing | Industrials | 612 8224 2886 | dlaing |
| Hayden Nicholson | Industrials | 613 92351757 | hnicholson |
| Chami Ratnapala | Industrials | 612 8224 2845 | cratnapala |
| Jonathan Snape | Industrials | 613 9235 1601 | jsnape |
| Andy MacFarlane | Real Estate | 612 8224 2843 | amacfarlane |
| Regan Burrows | Resources | 618 9236 7677 | rburrows |
| David Coates | Resources | 612 8224 2887 | dcoates |
| Stuart Howe | Resources | 613 9325 1856 | showe |
| Brad Watson | Resources | 618 9326 7672 | bwatson |
| James Williamson | Resources | 613 9235 1692 | jwilliamson |
| **Associates** | | | |
| Connor Eldridge | Associate Analyst | 612 8224 2893 | celdridge |
| Baxter Kirk | Associate Analyst | 613 9235 1625 | bkirk |
| Ritesh Varma | Associate Analyst | 613 9235 1658 | rvarma |

**Disclosures**

**Research Coverage & Policies**

For Bell Potter Securities' Research Coverage Decision Making Process and Research Independence Policy please refer to our company website: https://bellpotter.com.au/research-independence-policy/.

**Authoring Research Analyst's Certification**

The Authoring Research Analyst is responsible for the content of this Research Report, and, certifies that with respect to each security that the Analyst covered in this Report (1) all the views expressed accurately reflect the Analyst's personal views about those securities and were prepared in an independent manner and (2) no part of the Analyst's compensation was, is or will be, directly or indirectly, related to specific recommendations or views expressed by that Research Analyst in the Research Report.

**Research Analyst's Compensation**

Research Analyst's compensation is determined by Bell Potter Securities Research Management and Bell Potter Securities' Senior Management and is based upon activities and services intended to benefit the investor clients of Bell Potter Securities Ltd. Compensation is not linked to specific transactions or recommendations. Like all Company employees Research Analysts receive compensation that is impacted by overall Company profitability.

**Prices**

The Price appearing in the Recommendation panel on page 1 of the Research Report is the Closing Price on the Date of the Research Report (appearing in the top right hand corner of page 1 of the Research Report), unless a before midday (am) time appears below the Date of the Research Report in which case the Price appearing in the Recommendation panel will be the Closing Price on the business day prior to the Date of the Research Report.

**Availability**

The completion and first dissemination of a Recommendation made within a Research Report are shortly after the close of the Market on the Date of the Research Report, unless a before midday (am) time appears below the Date of the Research Report in which case the Research Report will be completed and first disseminated shortly after that am time.

**Disclosure of Interest**

Disclosure: Bell Potter Securities acted as lead manager of the company's September 2023 capital raise for $53m and received fees for that service.

**Dissemination**

Bell Potter generally disseminates its Research to the Company's Institutional and Private Clients via both proprietary and non-proprietary electronic distribution platforms. Certain Research may be disseminated only via the Company's proprietary distribution platforms; however such Research will not contain changes to earnings forecasts, target price, investment or risk rating or investment thesis or be otherwise inconsistent with the Author's previously published Research. Certain Research is made available only to institutional investors to satisfy regulatory requirements. Individual Bell Potter Research Analysts may also opt to circulate published Research to one or more Clients by email; such email distribution is discretionary and is done only after the Research has been disseminated.

The level and types of service provided by Bell Potter Research Analysts to Clients may vary depending on various factors such as the Client's individual preferences as to frequency and manner of receiving communications from Analysts, the Client's risk profile and investment focus and perspective (e.g. market-wide, sector specific long term and short term etc.) the size and scope of the overall Client relationship with the Company and legal and regulatory constraints.

**Disclaimers**

This Research Report is a private communication to Clients and is not intended for public circulation or for the use of any third party, without the prior written approval of Bell Potter Securities Limited.

The Research Report is for informational purposes only and is not intended as an offer or solicitation for the purpose of sale of a security. Any decision to purchase securities mentioned in the Report must take into account existing public information on such security or any registered prospectus.

This is general investment advice only and does not constitute personal advice to any person. Because this Research Report has been prepared without consideration of any specific client's financial situation, particular needs and investment objectives ('relevant personal circumstances'), a Bell Potter Securities Limited Broker (or the financial services licensee, or the representative of such licensee, who has provided you with this report by arrangement with Bell Potter Securities Limited) should be made aware of your relevant personal circumstances and consulted before any investment decision is made on the basis of this Research Report.

While this Research Report is based on information from sources which are considered reliable, Bell Potter Securities Limited has not verified independently the information contained in this document and Bell Potter Securities Limited and its directors, employees and consultants do not represent, warrant or guarantee expressly or impliedly, that the information contained in this Research Report is complete or accurate.

Nor does Bell Potter Securities Limited accept any responsibility for updating any advice, views, opinions or recommendations contained in this Research Report or for correcting any error or omission which may have become apparent after the Research Report has been issued.

Bell Potter Securities Research Department has received assistance from the Company referred to in this Research Report including but not limited to discussions with management of the Company. Bell Potter Securities Policy prohibits Research Analysts sending draft Recommendations, Valuations and Price Targets to subject companies. However, it should be presumed that the Author of the Research Report has had discussions with the subject Company to ensure factual accuracy prior to publication.

All opinions, projections and estimates constitute the judgement of the Author as of the Date of the Research Report and these, plus any other information contained in the Research Report, are subject to change without notice. Prices and availability of financial instruments also are subject to change without notice.

Notwithstanding other departments within Bell Potter Securities Limited advising the subject Company, information obtained in such role is not used in the preparation of the Research Report.

Although Bell Potter Research does not set a predetermined frequency for publication, if the Research Report is a fundamental equity research report it is the intention of Bell Potter Research to provide research coverage of the covered issuers, including in response to news affecting the issuer. For non-fundamental Research Reports, Bell Potter Research may not provide regular updates to the views, recommendations and facts included in the reports.

Notwithstanding that Bell Potter maintains coverage on, makes recommendations concerning or discusses issuers, Bell Potter Research may be periodically restricted from referencing certain Issuers due to legal or policy reasons. Where the component of a published trade idea is subject to a restriction, the trade idea will be removed from any list of open trade ideas included in the Research Report. Upon lifting of the restriction, the trade idea will either be re-instated in the open trade ideas list if the Analyst continues to support it or it will be officially closed.

Bell Potter Research may provide different research products and services to different classes of clients (for example based upon long-term or short term investment horizons) that may lead to differing conclusions or recommendations that could impact the price of a security contrary to the recommendations in the alternative Research Report, provided each is consistent with the rating system for each respective Research Report.

Except in so far as liability under any statute cannot be excluded, Bell Potter Securities Limited and its directors, employees and consultants do not accept any liability (whether arising in contract, in tort or negligence or otherwise) for any error or omission in the document or for any resulting loss or damage (whether direct, indirect, consequential or otherwise) suffered by the recipient of the document or any other person.

In the USA and the UK this Research Report is only for institutional investors. It is not for release, publication or distribution in whole or in part in the two specified countries. In Hong Kong this Research Report is being distributed by Bell Potter Securities (HK) Limited which is licensed and regulated by the Securities and Futures Commission, Hong Kong. In the United States this Research Report is being distributed by Bell Potter Securities (US) LLC which is a registered broker-dealer and member of FINRA. Any person receiving this Research Report from Bell Potter Securities (US) LLC and wishing to transact in any security described herein should do so with Bell Potter Securities (US) LLC.

**Biotechnology Risk Warning**

The fact that the intellectual property base of a typical biotechnology company lies in science not generally regarded as accessible to the layman adds further to the riskiness with which biotechnology investments ought to be regarded. Clinical and regulatory risks are inherent in biotechnology stocks. Biotechnology developers usually seek U.S. FDA approval for their technology which is a long and arduous three phase process to prove the safety, effectiveness and appropriate application or use of the developed drug and even after approval a drug can be the subject of an FDA investigation of subsequently discovered possible links between the drug and other diseases not previously diagnosed. Furthermore, the Australian exchange listed biotechnology sector is subject to influence by the global biotechnology sector, particularly that in the USA. Consequently, Australian exchange listed biotechnology stocks can experience sharp movements, both upwards and downwards, in both valuations and share prices, as a result of a re-rating of the sector both globally and in the USA, in particular. Investors are advised to be cognisant of these risks before buying such a stock.

**Bell Potter Securities Limited**
ABN 25 006 390 772
Level 29, 101 Collins Street
Melbourne, Victoria, 3000
Telephone +61 3 9256 8700
www.bellpotter.com.au

**Bell Potter Securities (HK) Limited**
Room 1601, 16/F
Prosperity Tower, 39 Queens Road Central, Hong Kong, 0000
Telephone +852 3750 8400

**Bell Potter Securities (US) LLC**
Floor 39
444 Madison Avenue, New York NY 10022, U.S.A
Telephone +1 917 819 1410

**Bell Potter Securities (UK) Limited**
16 Berkeley Street London, England W1J 8DZ, United Kingdom
Telephone +44 7734 2929