goetzpartners SECURITIES

COMPANY NOTE

Immutep Limited (IMM-AU)

Efti-PD-X synergy opens >$6bn NSCLC opportunity

OUTPERFORM

Target Price AUD2.000
Current Price AUD0.295

KEY TAKEAWAY

Data from Immutep's Phase II TACTI-002 trial in metastatic non-small cell lung carcinoma ("NSCLC") presented at ASCO indicate efti-PD-1 / L1 (PD-X) combination could become a mainstay of 1st line therapy. With previous data, this suggests not only that efti combinations provide a safer and better tolerated alternative to chemotherapy, but also have potential to substantially expand treatment responsive populations in this hard-to-treat indication. With biosimilars on the horizon and much of Keytruda's ("pembrolizumab / pembro") $17.2bn annual revenues generated in NSCLC, without direct competition we see increased penetration of efti into the NSCLC market generating upwards or $6bn pa in NSCLC alone. With encouraging data in metastatic breast ("mBC") and head and neck cancer ("HNSCC") cancers, we anticipate efti total peak sales of at least $8bn; valuing the company at c.AUD 1.7bn (AUD 2.03 / share). Although share hit by market turbulence and flight from risk, efti looks an attractive asset as PD-X patents expire. Financed to 2024E and with more data in the pipeline, IMM looks well-placed to explore licensing or other opportunities to crystalise its value. We reiterate our OUTPERFORM recommendation with an increased target price of AUD 2.00 / share target price.

Safer and better tolerated alternative to chemo: Governed by PD-L1 status, PD-X-chemo is the current 1st line standard of care ("SoC") for 70% of late-stage NSCLC patients. Pembro-efti combinations delivered a 42% overall response rate ("ORR") and 9.3-month median progression free survival ("mPFS") compared to 50% and 7.2 month with pembro-chemo SoC respectively. Avoiding the severe acute and long-term side-effects, efti could provide an alternative to chemo for the majority of NSCLC patients.

Potential to expand responsive patient population: Safe and well tolerated, efti has already shown signs of synergy with chemo in the AIPAC Phase 2 in metastatic breast cancer ("mBC"). A triple pembro-chemo-efti combination could significantly expand the treatment responsive population in this hard top treat indication.

NSCLC opportunity in excess of $6bn: The bulk of Merck's $17.2bn pembro revenues come from NSCLC. With increased penetration from the substitution for chemo and triple therapy, we estimate that global peak revenues in NSCLC could reach $6.5bn.

Approaching PD-X patent expiry feed pharma appetite: Key patents are due to expire on PD-X products including pembrolizumab. Under threat from biosimilars, large pharma will be hungry for new products to protect and extend their proprietary markets.

Phase 3 focus on NSCLC but value in the pipeline: While, given its clear value, NSCLC will now almost certainly be the focus of IMM for Phase 3, the rest of the efti pipeline will continue to generate value. The ongoing TACTI-002 and -003 trials will continue to generate efti-PD-X combo data in HNSCC. With the focus now on NSCLC, AIPAC-003 in mBC is unlikely to move forwards for the time being, but the mBC programme in China should continue.

AUD	2020A	2021A	2022E
Sales	17	4	6
EBIT	(13)	(30)	(34)
Net Profit	(13)	(30)	(34)
Cash			
FY Jun	26.3	60.6	77.7

Source: Company data, goetzpartners Research estimates. Warning Note: Past performance and forecasts are not a reliable indicator of future results or performance. The return may increase or decrease as a result of currency fluctuations.

FINANCIAL SUMMARY

Net Cash/Debt (M):	20.00

MARKET DATA

Current Price:	AUD0.295
Target Price:	AUD2.000
52 Week Range:	AUD0.710 - AUD0.290
Total Enterprise Value:	130
Market Cap (M):	251
Shares Out (M):	854.1
Float (M):	818.8
Average Daily Volume:	1,367,209

EQUITY RESEARCH

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PRICE PERFORMANCE

Source: Factset

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Company overview

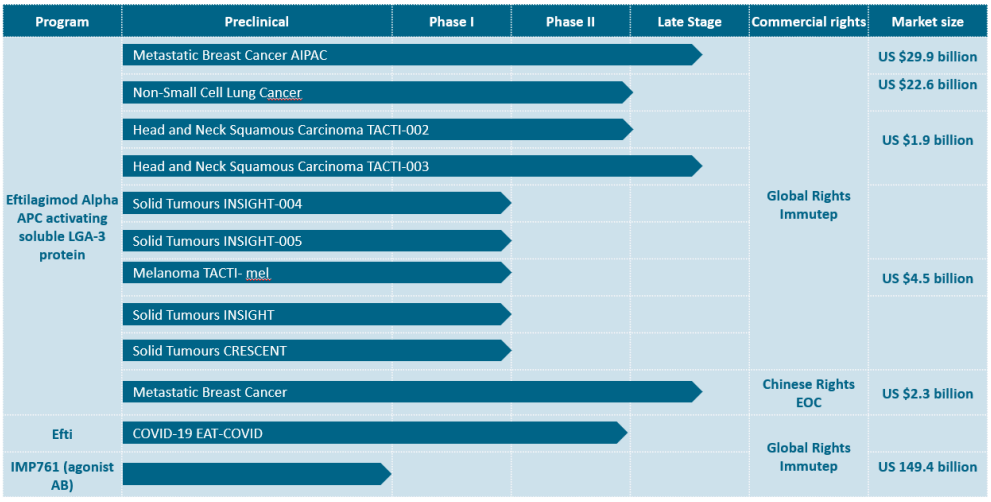
Listed on the ASX and with ADR's traded on NASDAQ, Immutep ("IMM" or "IMMP") is uniquely focussed on the development of cancer and immunotherapies utilising the LAG3 ("Lymphocyte Activation Gene-3") protein. With its HQ in Sydney, Australia and operations in Germany and the USA, Immutep has established a pipeline of in-house (FIGURE 1), and large-pharma-out-licensed programmes which utilise the LAG-3 protein's dual role as both an activator and inhibitor of the adaptive immune system.

The company's lead in-house programme is a first-in-class LAG-3 fusion protein IMP321 / eftilagimod alpha ("efti") that exploits the protein's ability to stimulate the immune response through the activation of antigen presenting cells ("APCs").

Recent data from the Two ACTive Immunotherapies-002 (TACTI-002) Phase 2b trial in 1st line NSCLC has shown that combination of efti with pembrolizumab ("pembro"), a PD-1 inhibitor, elicits an overall response rate ("ORR") of 41.7% in the difficult to treat, low PD-L1 expressing patients compared to 16.8% with pembro alone. Efti has demonstrated both safety and efficacy to be on par and in some instances more beneficial than the current standard of care for NSCLC patients. This data confirms results from the Active immunotherapy PAClitaxel trial ("AIPAC") mBC Phase 2b trial which combined efti with chemotherapy and indicated a survival benefit for two major subpopulations. Further TACTI- trials evaluating efti + pembro in 2nd line head and neck cancer ("HNSCC") and NSCLC, has preliminary data showing ORRs similar to 1st line treatment, with more data expected this year. Having achieved regulatory advice for mBC phase 3, it is highly likely that IMM will also get the go-ahead to progress with TACTI-002 in NSCLC based on the strong phase 2 data.

Led by experienced CEO Marc Voigt, Immutep has raised A$100m in the last year. Now financed to the beginning of 2024E, the company is in a position to progress one trial forward to phase 3 and aims to use the data from AIPAC and the ongoing TACTI trials to assess partnering options during the course of the next 12 -18 months.

FIGURE 1: Pipeline



Source: Company data, goetzpartners Research estimates

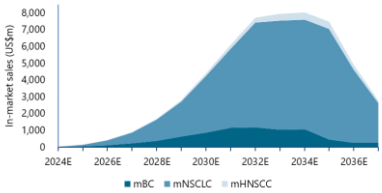
Investment thesis

Substantial in expansion of NSCLC treatment responsive population

The recent data presented at ASCO confirms the synergy between efti and PD-1 / L1 immune checkpoint inhibitors ("ICI") and the substantial potential of efti in NSCLC. With generic biosimilars on the horizon and much of the $17bn pembrolizumb ("Keytruda") sales generated in NSCLC, there is clearly a substantial value in a drug capable of safely strengthening and extending ICI efficacy in NSCLC and potentiallly other cancers. This and compelling OS data in metastatic breast cancer make efti / Immutep an attractive licensing / acquisition target.

IMM continues to generate powerful data for efti in a range of solid cancers, including lung, head & neck and breast cancers. It has shown to be effective and well tolerated and has apparent synergy with both existing PD-1 / L1 ICI and conventional therapies such as chemo. No other drug is known to act in synergy with ICIs in NSCLC bar chemo, meaning an efti combination treatment could offer a chemo-free and effective alternative for patients without the additional chemo asssociated toxicities. On this basis, we have increased our peak sales for efti in NSCLC from around $2.7bn to >$6.5bn resulting in peak sales of over $8bn for the product for all indications curently in development (FIGURE 2).

FIGURE 2: Efti revenue forecasts



Source: goetzpartners Research estimates.
Warning Note: Forecasts are not a reliable indicator of future results or performance. The return may increase or decrease as a result of currency fluctuations.

With >$80m in cash IMM is well-placed to progress efti into phase 3. Although data from the AIPAC Phase 2b supports movement to Phase 3 in mBC, we suspect IMM will focus on a phase 3 trial in NSCLC. Lung cancer presents a larger unmet need. The TACTI-002 phase 2b trial data was an all comers trial with no PD-L1 pre-selection, yet the data obtained still competes with trial data that dictates the current standard of care. IMM is exploring the opportunity to broaden the patients potential to respond to treatment by going an extra step and forming a triple combination efti-pembro-chemo in the the INSIGHT-003 phase 1 trial.

The increasing volume of data supporting efti's synergy with PD-1 / PD-L1 ICIs is making the company an attractive partner for licensing and co-develoment programmes. Immutep looks increasingly valuable and is an attractive acquisition target for ICIs looking to extend shelf-life. Merck's Q4 revenue highlighted pembro as their top selling product, generating $17.19 billion last year with NSCLC indication being a main driver in pembro sales. Several key patents for pembro will expire over the coming years and without a combination product such as efti to maintain a proprietry edge, Merck and other pharma with PD-1 / L1 products will likely face increasing biosimilar competition.

Immutep's share price has decline 33% in the past 12 months resulting from the market's flight from risk; despite a sustained flow of positive efti data. Given the recent NSCLC data and with PD-1 / PD-L1 biosimilars on the horizon, we believe that Immutep will become an increasingly attractive acquisition target for large pharma. On the basis of our increased revenue forecasts for efti in NSCLC, our SoTP ("Sum of the Parts") valuation indicates a valuation of A$1.7bn or A$2.04 per share. While this is clearly not reflected in the current market valuation, financed till beginning of 2024E Immutep is well placed to ride out current market turbulence and potentially assess an efti licence or full company sale at this price point.

News flow

Investigators looking to run additional trials with edit for their ICI

We anticipate continuing positive news flow throughout 2022 as further TACTI data becomes available on 2nd line HNSCC and NSCLC indications, while TACTI-003 is currently recruiting to start phase 2b in 1st line HNSCC (FIGURE 3). We expect IMM to get approval to continue development with TACTI-002 1st line NSCLC, progressing to phase 3. INSIGHT-003, the first trial using triple combo treatment will have data from phase 1 in solid tumours in 2022. We can expect to hear announcements of investigator-led trials from various ICI's in combination with efti over the next year as companies look to IMM to strengthen their portfolios.

FIGURE 3: Expected news flow for Immutep in 2022

- TACTI-002: data from 2nd line NSCLC & HNSCC
- TACTI-003: ongoing patient recruitment & updates for phase 2b 1st line HNSCC
- INSIGHT-003: investigator-initiated trial recruitment & first results
- Expansion of an existing program to phase 3
- New investigator-initiated trial announcements
- Updates from out-licensed programs
- Regulatory updates

Source: Company data, goetzpartners Research estimates

Expanding PD-1 responsive population

Efti-pembro combo as safe and effective as current SoC

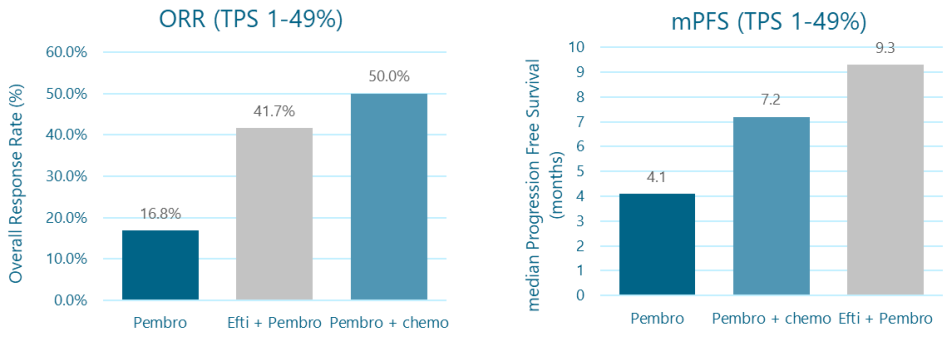
Recent data from TACTI-002 Phase 2b trial in 1st line NSCLC trial shows that efti is effective and safe when used in combination with pembro; providing the first viable safer and better tolerated alternative to combination with chemotherapy. With indications of safety and efficacy when also combined with chemo, the prospect of a efti-pembro-chemo triple therapy holds the promise of further expanding the treatment responsive population in this notoriously challenging indication.

Efficacy and tolerability surpasses current standard of care

Efti combination more effective than pembro-chemo combo

Current standard of care ("SoC") for NSCLC is largely directed by the expression levels of PD-L1 in tumour cells. Patients with high PD-L1 expression (50%+) undergo pembro monotherapy with the addition of chemotherapy only if the cancer is particularly aggressive. For patients with low PD-L1 expression (1% - 49%) their tumours are less responsive to pembro treatment, meaning they require a combination of pembro and chemo. 70% of NSCLC patients fall into this category and require the addition of chemo to promote pembro efficacy. Data from TACTI-002 Phase 2b trial in 1st line NSCLC patients showed that the combination of efti + pembro resulted in ORR of 42.7% in evaluable patients across the PD-L1 spectrum and 52.6% with high PD-L1 expression and 41.7% in patients with Low PD-L1 expression (1% - 49%). The low PD-L1 group are less likely to respond to pembro monotherapy experiencing an ORR of 16.8% in past pembro monotherapy trials. The strong efficacy for low PD-L1 group is mirrored in the mPFS readout, with 9.3 months for efti-pembro combo vs 4.1 months for pembro monotherapy and 7.2 months for the current SoC of pembro-chemo (FIGURE 4). The strong efti-pembro efficacy data for diffucult to treat populations is mirrored in the 2nd line HNSCC group. The readout so far show 30% ORR with 5CRs in this ongoing trial.

FIGURE 4: Efti-pembro efficacy in low PD-L1 population



Source: goetzpartners Research estimates.

FIGURE 5: Efti combination better tolerated than current standard of care

Adverse Events leading to discontinuation
Efti-Pembro combination
9.6%
Pembro-chemo combination
14%

Source: goetzpartners Research estimates.

Efti combo is better tolerated compared to current standard of care

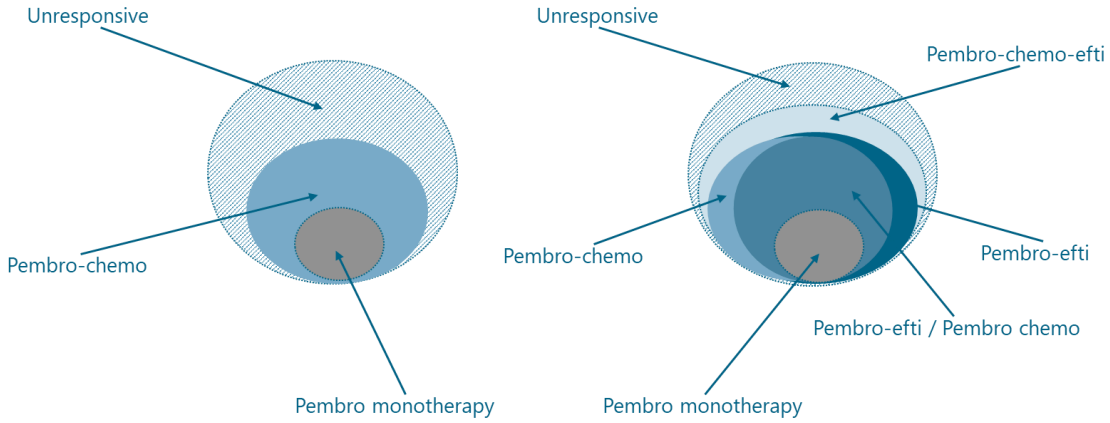
The safety data from TACTI-002 shows that efti-pembro combo has a similar tolerability to pembro monotherapy, with less than 10% of patients discontinuing treatment. The TAEs reported were similar or less than that of pembro monotherapy (FIGURE 5). For the NSCLC patients who make up the low PD-L1 expression population, treated with pembro-chemo these patients are exposed to the unpleasant and well documented acute and potentially long term side effects of chemotherapy; absent with the pembro-efti treatment.

IMM chemo-free option for large patient pool

Efti-Pembro; an additional chemo-free treatment option

IMM's efti-pembro combo offers an additonal treatment option that is on par with the current SoC for high PD-L1 expression NSCLC pateints (ORR 52.6% efti-pembro vs. ORR 35-45% pembro mono). While we don't yet know the size of the overlap between the pembro-chemo and pembro-efti responding patients, we would asume that it is significant. The pembro-efti combination could thus provide an effective alternative to pembro-chemo regimens with patients avoiding chemo-associated AEs and allowing patients who would otherwise not tolerate chemo due to age or comorbidities to receive treatment.

FIGURE 6: Efti combinations expand treatment responsive NSCLC patient population



Source: goetzpartners Research estimates.

The triple threat: Efti, chemo, pembro

An essential combination immunotherapy will be in hot demand from market leaders looking to extend shelf-life

Another route for IMM is exploring is a triple combo of efti-pembro-chemo in INSIGHT-003 to treat aggressive cancers and reach a broader patient cohort. Data from AIPAC revealed a potential synergy with the efti-chemo combo in mBC, coupled with the efti-pembro efficacy data from TACTI-002 provides rationale for an effective triple combination treatment. There is an opportuntity to combine to a triple formula and to include a wider patient response, although some patient overlap will occur and reponses are not collectively exhaustive. Further rationale for the triple combo comes down to the role each drug plays in the anti-cancer immune reponse. Chemo will create a supply of tumour antigens from cancer cell death which the efti-activated DCs can present to T cells, while pembro will ensure that the resulting T cell attack on the tumour is not dampened down culminating in an aggressive anti-cancer response. Triple therapy could thus further expand the population of NSCLC patients rsponsive to therapy (FIGURE 6)

Efti well placed to take significant share of NSCLC market

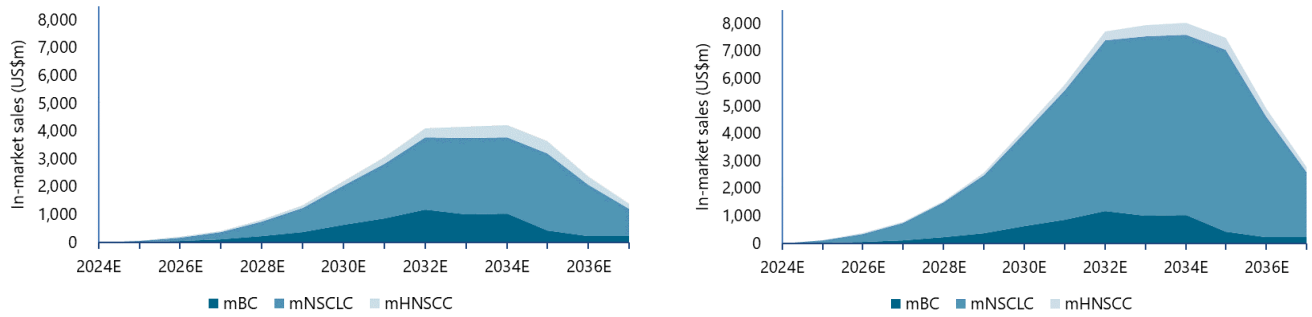
Our previous estimates had assumed 15% and 10% penetration of the US and European markets respectively. Based on the quality of the current data and the potential of efti combinations to expand the responsive NSCLC population, we have substantially increased these penetrations to 35% and 25% respectively. This yields peak sales of over $6.5bn. This seems reasonable given that pembrolizumab is currently generating $17.2bn in annual sales and in large part from NSCLC. Also, while pembro faces competing products with the same MoA, there are no other products with the MoA of efti at the current time.

Financial modelling

Product sales

Although Immutep is expected to receive revenue from it's other partnered programmes most immediately from LAG525, in the absence of direct competition efti is clearly the most significant revenue driver. Maintaining forecast revenues from the other indications in HNSCC and mBC, our increased forecast penetration in NSCLC will increase peak efti revenues to around $8bn generating royalties of $2.5bn (FIGURE 7FIGURE 7).

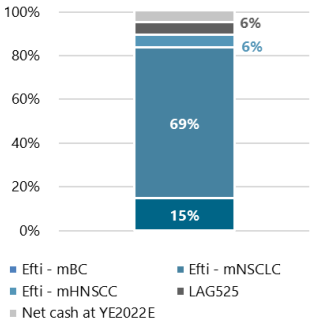
FIGURE 7: Increased penetration of efti in NSCLC boosts revenues



Source: goetzpartners Research estimates. Warning Note: Forecasts are not a reliable indicator of future results or performance. The return may increase or decrease as a result of currency fluctuations.

Sum of the parts (SoTP) valuation

FIGURE 8: Relative product value contribution



Source: goetzpartners Research estimates.

As a result of our increased forecast revenues from NSCLC our SoTP valuation yields a fair value of A$2.03 / share with NSCLC accounting for 69% of the value (FIGURE 8). This indicates substantial upside from current levels (FIGURE 7) based on risk-adjusted net present values ("rNPVs") for efti in mBC, lung and head & neck cancer, LAG525 in multiple tumours, (all discounted using a WACC of 14%) and net cash at YE2022E). Now funded until the end of 2024E and with the expectation of efti moving into Phase 3 for NSCLC and additional data, we believe that the company has a strong chance of out-licensing efti or being acquired. While in the light of the recent data, we have decreased our probability of success of efti in mBC to 20% from 40%, the positive TACTI-002 trial has allowed us to increase the probablity to 22% from 10%. The NSCLC indication now accounts for c.69% of our fair value (FIGURE 9).

FIGURE 9: Immutep sum-of-the-parts valuation

Product	Indications	Stage	Peak sales ($m)	Year	NPV (A$m)	Prob.	Adj. NPV (A$m)	NPV/sh (A$)
Eftilagimod alpha	mBC	Phase IIb	1,180	2029E	425	60%	255	0.298
Eftilagimod alpha	mNSCLC	Phase II	6,607	2035E	2,665	45%	1,199	1.404
Eftilagimod alpha	mHNSCC	Phase II	436	2035E	220	45%	99	0.116
LAG525	Cancer	Phase II	4,000	2033E	161	65%	105	0.123
Net cash at YE2022E					78	100%	78	0.091
Fair value					**3,549**		**1,736**	**2.033**
Current share price (A$)								0.320
Upside								535%

Source: goetzpartners Research estimates. Warning Note: Forecasts are not a reliable indicator of future results or performance. The return may increase or decrease as a result of currency fluctuations.

FIGURE 10: Immutep profit and loss model

Profit & Loss Statement	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Jun YE (A$k except EPS)	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26	30-Jun-27	30-Jun-28	30-Jun-29
Revenue	**3,968**	**5,674**	**7,494**	**64,912**	**47,063**	**215,564**	**295,030**	**415,969**	**916,562**
growth	(76%)	43%	32%	766%	(27%)	358%	37%	41%	120%
License income	-	-	-	58,279	40,101	214,296	289,664	405,967	908,655
% sales	0%	0%	0%	90%	85%	99%	98%	98%	99%
growth	(100%)				(31%)	434%	35%	40%	124%
Other income	3,968	5,674	7,494	6,634	6,962	1,269	5,366	10,002	7,907
% sales	100%	100%	100%	10%	15%	1%	2%	2%	1%
growth	(56%)	43%	32%	(11%)	5%	(82%)	323%	86%	(21%)
R&D and intellectual property	(17,237)	(22,886)	(39,403)	(41,346)	(5,646)	(31,138)	(59,984)	(46,754)	(138,501)
% sales	434%	403%	526%	64%	12%	14%	20%	11%	15%
growth	(23%)	33%	72%	5%	(86%)	451%	93%	(22%)	196%
Corporate administrative expenses	(6,282)	(6,756)	(6,955)	(10,714)	(2,688)	(12,197)	(23,950)	(21,153)	(73,687)
% sales	158%	119%	93%	17%	6%	6%	8%	5%	8%
growth	(1%)	8%	3%	54%	(75%)	354%	96%	(12%)	248%
D&A expenses	(2,070)	(1,329)	(1,363)	(1,245)	(1,255)	(1,181)	(1,176)	(1,212)	(1,305)
% sales	52%	23%	18%	2%	3%	1%	0%	0%	0%
growth	(0%)	(36%)	2%	(9%)	1%	(6%)	(0%)	3%	8%
Other external expenses	(8,282)	(9,097)	(2,467)	(2,005)	(2,306)	17,678	-	-	-
% sales	209%	160%	33%	3%	5%	(8%)	0%	0%	0%
growth	(1000%)	10%	(73%)	(19%)	15%	(867%)	(100%)		
Total costs & operating expenses	**(33,871)**	**(40,067)**	**(50,188)**	**(55,310)**	**(11,894)**	**(26,838)**	**(85,110)**	**(69,119)**	**(213,493)**
EBIT	**(29,903)**	**(34,394)**	**(42,693)**	**9,602**	**35,169**	**188,726**	**209,920**	**346,850**	**703,068**
Interest expenses	-	-	-	-	-	-	-	-	-
Profit/Loss before tax	**(29,903)**	**(34,394)**	**(42,693)**	**9,602**	**35,169**	**188,726**	**209,920**	**346,850**	**703,068**
growth	122%	15%	24%	(122%)	266%	437%	11%	65%	103%
% sales	(754%)	(606%)	(570%)	15%	75%	88%	71%	83%	77%
Income tax	-	-	-	(960)	(7,034)	(56,618)	(62,976)	(104,055)	(210,921)
Tax rate	0%	0%	0%	10%	20%	30%	30%	30%	30%
Net income/loss	**(29,903)**	**(34,394)**	**(42,693)**	**8,642**	**28,135**	**132,108**	**146,944**	**242,795**	**492,148**
Earnings per Share (Basic)	**(0.040)**	**(0.040)**	**(0.050)**	**0.010**	**0.033**	**0.155**	**0.172**	**0.284**	**0.576**

Source: Company data, goetzpartners Research estimates. Warning Note: Past performance and forecasts are not a reliable indicator of future results or performance. The return may increase or decrease as a result of currency fluctuations.

FIGURE 11: Immutep balance sheet model

Balance Sheet	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Jun YE (A$k)	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26	30-Jun-27	30-Jun-28	30-Jun-29
ASSETS									
CURRENT ASSETS	**68,419**	**85,651**	**41,284**	**49,921**	**68,830**	**173,147**	**309,770**	**541,671**	**1,020,511**
Cash and cash equivalents	60,593	77,669	33,142	41,615	60,359	164,506	300,956	532,681	1,011,341
GST receivable	-	-	-	-	-	-	-	-	-
Grant and other receivables	6,124	6,247	6,372	6,499	6,629	6,762	6,897	7,035	7,176
Other current assets	1,702	1,736	1,771	1,806	1,842	1,879	1,917	1,955	1,994
FIXED ASSETS	**13,611**	**12,644**	**11,571**	**11,760**	**11,110**	**11,141**	**11,575**	**12,581**	**15,999**
Tangible assets, net	41	72	106	144	185	230	281	336	396
Plant & Equipment									
Computer									
Furniture and fittings									
Goodwill	-	-	-	-	-	-	-	-	-
Intangible assets, net	13,116	12,572	11,464	11,616	10,925	10,911	11,295	12,245	15,603
Patents	-	-	-	-	-	-	-	-	-
Intellectual property	13,116	12,572	11,464	11,616	10,925	10,911	11,295	12,245	15,603
Total goodwill & Other intangible assets	14,628	12,572	11,464	11,616	10,925	10,911	11,295	12,245	15,603
as % of revenue	4	2	2	0	0	0	0	0	0
Net investment	(1,460)	(2,056)	(1,107)	152	(691)	(15)	384	950	3,358
Amortization	**(1,540)**	**(1,312)**	**(1,257)**	**(1,146)**	**(1,162)**	**(1,093)**	**(1,091)**	**(1,129)**	**(1,225)**
as % of prior year's total goodwill & intangible assets	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%	10.0%
Gross investment	79	113	150	1,298	471	1,078	1,475	2,080	4,583
as % of revenue	2.0%	2.0%	2.0%	2.0%	1.0%	0.5%	0.5%	0.5%	0.5%
Other	454								
TOTAL ASSETS	**82,031**	**98,295**	**52,855**	**61,680**	**79,940**	**184,288**	**321,345**	**554,252**	**1,036,510**
LIABILITIES									
CURRENT LIABILITIES	**5,340**	**5,447**	**5,556**	**15,715**	**15,828**	**15,944**	**16,062**	**16,182**	**16,305**
Trade payables	4,782	4,877	4,975	5,074	5,176	5,279	5,385	5,493	5,603
Borrowings	-	-	-	-	-	-	-	-	-
Current tax payable	-	-	-	-	-	-	-	-	-
Employee benefits	350	357	364	372	379	387	394	402	410
Other payables	208	212	217	221	225	230	234	239	244
Deferred revenue	-	-	-	10,048	10,048	10,048	10,048	10,048	10,048
NON-CURRENT LIABILITIES	**3,419**	**12,519**	**13,543**	**5,504**	**(2,235)**	**(29,957)**	**(40,002)**	**(50,046)**	**(60,090)**
Convertible note liability	2,527	11,624	13,367	15,372	17,678	-	-	-	-
Warrant liability	723	723	-	-	-	-	-	-	-
Employee benefits	169	172	176	179	183	187	190	194	198
Deferred tax liability and other	-	-	-	-	-	-	-	-	-
Deferred revenue, less of current portion	-	-	-	(10,048)	(20,096)	(30,144)	(40,192)	(50,240)	(60,288)
TOTAL LIABILITIES	**8,759**	**17,966**	**19,099**	**21,218**	**13,593**	**(14,014)**	**(23,940)**	**(33,864)**	**(43,785)**
EQUITY									
SHAREHOLDERS EQUITY	**73,272**	**80,329**	**33,756**	**40,462**	**66,347**	**198,302**	**345,285**	**588,116**	**1,080,296**
Contributed equity	313,422	354,874	350,908	348,903	346,597	346,399	346,399	346,399	346,399
Reserves	34,492	34,492	34,492	34,492	34,492	34,492	34,492	34,492	34,492
Accumulated losses	(274,642)	(309,036)	(351,643)	(342,932)	(314,741)	(182,589)	(35,605)	207,225	699,405
TOTAL LIABILITIES & SHAREHOLDERS' EQUITY	**82,031**	**98,295**	**52,855**	**61,681**	**79,941**	**184,288**	**321,345**	**554,252**	**1,036,510**

Source: Company data, goetzpartners Research estimates. Warning Note: Past performance and forecasts are not a reliable indicator of future results or performance. The return may increase or decrease as a result of currency fluctuations.

FIGURE 12: Immutep cash flow model

Cash Flow Statement	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E
Jun YE (A$k)	30-Jun-21	30-Jun-22	30-Jun-23	30-Jun-24	30-Jun-25	30-Jun-26	30-Jun-27	30-Jun-28	30-Jun-29
OPERATING CASH FLOW									
Payments to suppliers and employees	(19,514)	(38,784)	(48,872)	(54,114)	(20,737)	(35,755)	(94,033)	(78,008)	(222,290)
License income	-	-	-	58,279	40,101	214,296	289,664	405,967	908,655
Interest received	112	107	110	112	114	116	119	121	123
Tax received / paid	(0)	-	-	(968)	(7,048)	(56,637)	(62,993)	(104,070)	(210,934)
Miscellaneous income	448	328	345	362	380	399	419	440	462
Grant income	1,314	5,238	7,040	6,160	6,468	753	4,829	9,441	7,321
NET CASH USED IN OPERATING ACTIVITIES	**(17,640)**	**(33,111)**	**(41,378)**	**9,831**	**19,279**	**123,173**	**138,004**	**233,891**	**483,338**
CASH FLOW FROM INVESTING									
Payments for held-to-maturity investments	-	-	-	-	-	-	-	-	-
Proceeds from held-to-maturity investments	-	-	-	-	-	-	-	-	-
Payments for P&E and intangibles	(16)	(162)	(204)	(1,357)	(536)	(1,149)	(1,554)	(2,166)	(4,678)
Proceeds from disposal of P&E	-	-	-	-	-	-	-	-	-
Acquisitions, net of cash acquired	-	-	-	-	-	-	-	-	-
Net cash provided by investing activities	**(16)**	**(162)**	**(204)**	**(1,357)**	**(536)**	**(1,149)**	**(1,554)**	**(2,166)**	**(4,678)**
CASH FLOW FROM FINANCING									
Proceeds from issue of shares / options / warrants	55,039	52,975	-	-	-	-	-	-	-
Proceeds from borrowings	-	-	-	-	-	-	-	-	-
Repayment of borrowings	(214)	(200)	(2,945)	-	-	(17,876)	-	-	-
Transaction costs	(2,144)	(2,427)	-	-	-	-	-	-	-
Net cash provided by financing activities	**52,680**	**50,348**	**(2,945)**	**-**	**-**	**(17,876)**	**-**	**-**	**-**
Net change in cash and cash equivalents	35,024	17,075	(44,527)	8,474	18,743	104,147	136,450	231,725	478,660
Effect of exchange rate on cash and cash equivalents	(753)	-	-	-	-	-	-	-	-
Cash and cash equivalents, beginning of period	26,322	60,593	77,669	33,142	41,615	60,359	164,506	300,956	532,681
Cash and cash equivalents, end of period	**60,593**	**77,669**	**33,142**	**41,615**	**60,359**	**164,506**	**300,956**	**532,681**	**1,011,341**
Cash generation/(burn)	**(17,656)**	**(33,273)**	**(41,581)**	**8,474**	**18,743**	**122,023**	**136,450**	**231,725**	**478,660**

Source: Company data, goetzpartners Research estimates. Warning Note: Past performance and forecasts are not a reliable indicator of future results or performance. The return may increase or decrease as a result of currency fluctuations.

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COMPANY DESCRIPTION

Immutep (known as Prima BioMed until November 2017) is an Australian clinical-stage biotechnology company that develops immunotherapies for cancer and autoimmune diseases. Immutep is the global leader in the understanding of and in developing therapeutics that modulate Lymphocyte Activation Gene-3 ("LAG-3"). LAG-3 was discovered in 1990 at the Institut Gustave Roussy by Dr Frédéric Triebel, Immutep's Chief Scientific Officer and Chief Medical Officer. The company has three assets in clinical and one asset in preclinical development. The lead product candidate is eftilagimod alpha ("efti"), a first-in-class antigen presenting cell ("APC") activator being investigated in combination with chemotherapy or immune therapy for advanced breast cancer and melanoma. Immutep is dual-listed on the Australian Stock Exchange ("IMM") and on the NASDAQ Global Market ("IMMP") in the US (American Depository Receipts), and has operations in Europe, Australia, and the US. The company has licensing deals with Novartis, GSK and EOC (China only), and clinical trial collaboration and supply agreements with Merck & Co. and Merck KGaA / Pfizer, the latter for lead asset efti.

SCENARIOS

Base Case - GP Investment Case
Immutep generates further clinical data on efti and secures an outlicensing deal over the next 12 - 18 months.

Bluesky Scenario
N/A

Downside risk
Company is unable to generate further positive data on efti and fails to achieve licensing deal.

Peer Group Analysis

SWOT

Strengths: Global leadership position in LAG-3 with 4 LAG-3 related product candidates; many active clinical trials with readouts expected 2022E; strong performance of efti alongside many FDA-approved therapies; established collaborations with big players (Merck (MSD), Merck KGaA / Pfizer, Novartis and GSK).

Weaknesses: Sales growth in China dependent on EOC Pharma collaboration; single asset (efti) accounts for most of value and does not have strong efficacy data as a monotherapy; expired composition of matter patent means efti is only protected by use and formulation patents.

Opportunities: Provide a novel class of immunotherapy for use alongside many existing approved therapies across many cancer and auto-immune indications; efti may become the first immunotherapy licensed for use in mBC; M&A activity in the immune-oncology space.

Threats: Market entry by competitors and alternative therapies may erode sales; EMA and FDA approval for immune-oncology drugs subject to stringent criteria.

INDUSTRY EXPECTATIONS

Immutep is developing immunotherapies for cancer, with a focus on the immune checkpoint LAG-3. The immune checkpoint inhibitor ("ICI") class has experienced rapid adoption since the launch of BMS's Yervoy (ipilimumab) in 2011, owing to their ability to elicit durable responses in 20 - 50% of patients for up to 10 years. The global ICI market was worth $16.8bn in 2018 and is expected to nearly triple by 2022E, driven largely by expanding use of existing therapies both in approved and new indications. The race is on to develop novel compounds with complementary mechanisms of action for combination therapy able to augment response rate without increasing toxicity, which, if successful, are expected to enjoy rapid uptake.

Please see analyst certifications, important disclosure information, and information regarding the status of analysts on pages 11-13 of this research report.

Important Disclosures: Non-Independent Research

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I, Dr. Chris Redhead, hereby certify that the views regarding the companies and their securities expressed in this research report are accurate and are truly held. I have not received and will not receive direct or indirect compensation in exchange for expressing specific recommendations or views in this research report.

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- (BIOTECHNOLOGY)
- (MERCK)
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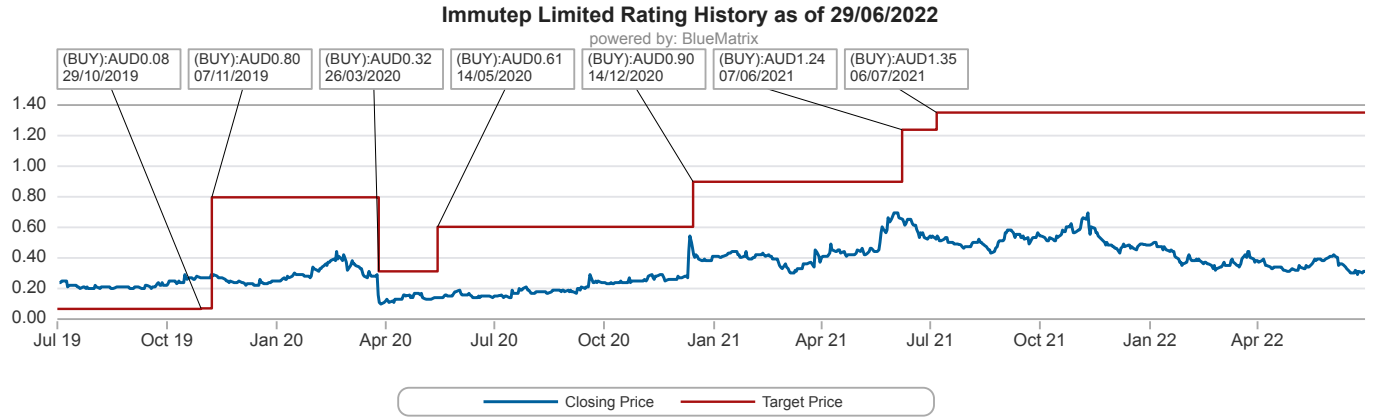

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AUD2.000 | Company Update
29 June 2022

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