Biotechnology

IMMP - NASDAQ December 10, 2020

Closing Price 12/9/20	**$2.16**
Rating:	Buy
12-Month Target Price:	*(prior $4.00)* $8.00
52-Week Range:	$0.53 - $3.10
Market Cap (M):	106.5
Shares O/S (M):	49.3
Float:	NA
Avg. Daily Volume (000):	278.8
Debt (M):	$6.2
Dividend:	$0.00
Dividend Yield:	0.0%
Risk Profile:	Speculative
Fiscal Year End:	June

Total Expenses ('000)

	2020A	2021E	2022E
H1	9,572	8,713	9,148
H2	7,715	9,439	9,911
FY	17,287	18,151	19,059

EVENT INFORMATION

Immutep Conference Call

Phase 2b AIPAC data to be presented

Today, December 10, 4:30pm ET

Jason McCarthy, Ph.D.
(212) 895-3556
jmccarthy@maximgrp.com

Immutep Limited

Buy

Efti Was Out in Breast Cancer...Or Was it? Update from Ongoing SABCS meeting, Raising PT to $8

Summary

- **The San Antonio Breast Cancer Symposium (SABCS) is ongoing and yesterday (12/9), there was significant activity in the space, including from Immutep, whose update on its P2b program in metastatic breast cancer (mBC) (efti + chemo vs. placebo + chemo) last night has resulted in IMMP shares up over 100% in the pre-market. So...wasn't efti essentially out of breast cancer following the miss on PFS back in March? Most thought so, including us, but not Immutep, nor did its China-based partner EOC Pharma (private).**
- **The data around overall survival, particularly in pre-defined subgroups, suggests efti is having a meaningful and significant impact. The improvement in the ITT was 2.7 months but in patients under 65 years of age, which was 2/3 of the efti-treated patients, that improvement rose to 7.1 months. In low-monocyte count patients, the improvement was 9.4 months. There is more data to come in 1Q21 and concurrent with the SABCS data, EOC Pharma also announced it will start a new P2 efti trial in mBC in 1Q21 as well. IMMP conference call to discuss is today at 4:30pm ET (LINK).**
- **Given the data in March, we had previously removed an indication for efti in mBC from our model. However, considering the SABCS update, EOC's activity and the continued demonstration of efti's potential and progression in lung and H&N cancers, we factor back in mBC into our model. We apply a 75% risk adjustment in mBC based on clinical trial risk, stage of development, and the prior data. Immutep is also well-capitalized with ~$38M in cash on the balance sheet. The net result is our PT increases to $8, from $4.**

Details

Phase 2b AIPAC combination study overview. The trial is evaluating eftilagimod alpha (efti) in combination with paclitaxel chemotherapy in patients with HER2-/HR+ metastatic breast cancer. The trial is made up of two stages, a safety run-in stage, in which the Phase 2 dose of efti in conjunction with paclitaxel was determined, followed by the randomization stage. N=227 patients are randomized 1:1 to a combination of efti with frontline paclitaxel (n=114) vs. paclitaxel + placebo (n=112). Patients were treated with six cycles of therapy for four weeks comprising weekly 80 mg/m2 doses of paclitaxel on days 1, 8, and 15 in addition to either 30mg efti or placebo on days 2 and 16 of each 4-week cycle. This will then be followed by a maintenance phase in which responsive or stable patients will receive a 30mg dose of efti or placebo every four weeks.

The primary endpoint of the study was progression free survival (PFS), ,which was missed in March of 2020. While the efti combination was numerically greater against SOC,it was not statistically significant. At 6-months, 63% of patients treated with efti +paclitaxel were progression-free vs. 54% of patients that received paclitaxel plus placebo (HR=0.93; p=0.341). Additionally, the overall response rate (ORR) for the study arm was 48.3% vs. 38.4% in the control arm. However, key secondary endpoints include overall survival (OS), adverse events (AEs), and duration of response (DOR) which is the subject of the data presented at SABCS 12/8 -12/12.

Phase 2b AIPAC trial update at SABCS, 12/9. Among the total patient population, as of the September 24 data cutoff date, a median overall survival (mOS) of 20.2 months was observed compared to 17.5 months in the active comparator arm (p=0.14, HR=0.83), not a statistically significant difference, but still meaningful. The delta on mOS then starts to widen as different pre-defined subgroups are evaluated for mOS. In patients under the age of 65 mOS delta was 21.9 vs. 14.8 months (p=0.012, HR=0.62). This actually represented 66.7% of the efti treated patients. Additionally, among patients with a low monocyte count, mOS was 22.4 months vs. 12.9 months (p=0.02, HR=0.47). We would note that this group is relatively

small, making up ~22% of efti treated patients. Among 48.8% of patients with a more aggressive and immunogenic luminal B type of breast cancer, an mOS of 16.3 months was noted compared to 12.6 months in the comparator arm (p=0.077, HR=0.69). It was also noted that it appeared that the control group experienced significant deterioration in QoL, whereas deterioration was not observed in the efti group. This readout was the first OS data at ~60% of events. Final data readout expected mid-2021 where we could see these OS deltas widen further and see also if the observed changes in QoL continue.

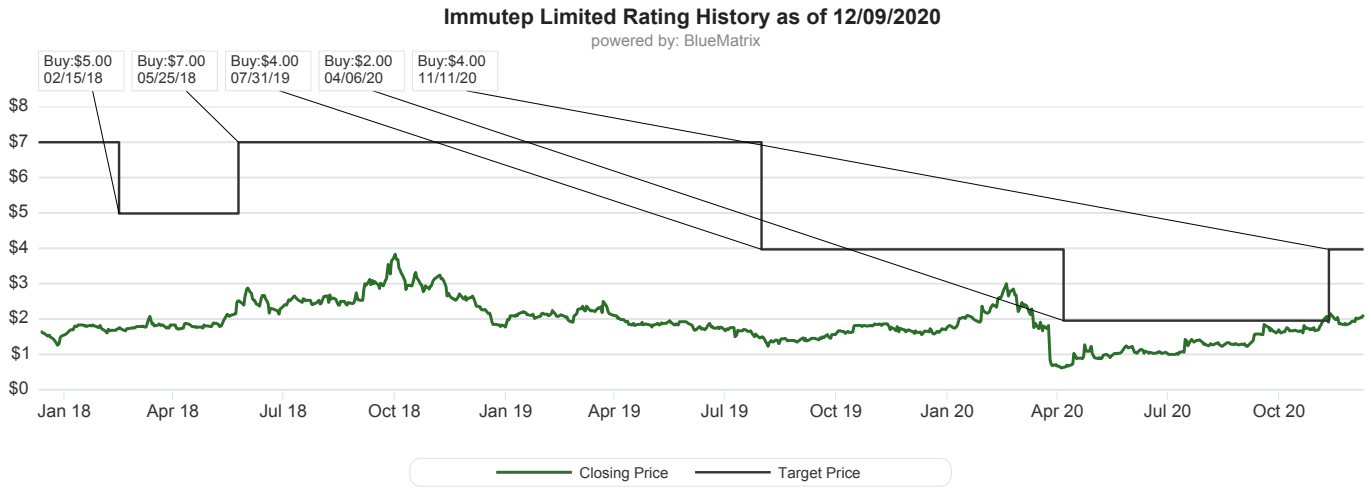
A significant increase in CD8 T cells in patients treated with efti and chemotherapy appeared to correlate with improved OS outcomes, providing proof-of-concept of efti's mechanism of action as an antigen presenting cell activator (APC activator). This then supports the rationale that tumor cell killing with chemotherapy is inducing immune activity which is ehanced by the APC-activating ability of efti. Recall it's a soluble LAG3, a checkpoint target that continues to gain traction in the space, led by groups like Bristol (BMY - NR) and Immutep, which has multiple large pharma partners for its LAG3 candidates.

New study coming in from partner EOC Pharma (private). Concurrent with the SABCS data came the announcement that China-based partner EOC Pharma plans commence phase 2 metastatic breast cancer study. The trial will enroll up to 152 patients in China and will take place across 20 clinical trial sites in the country over 24 months. Efti in combination with paclitaxel will be evaluated in HER2-/HR+ metastatic breast cancer patients who have progressed after undergoing endocrine therapy. EOC Pharma expects to enroll and dose its first patient in 1Q21.

Income Statement ($'000, USD)				July-Dec			Jan-Jun												
Immutep I: YE June 30	**2017A**	**2018A**	**2019A**	**1H-2020A**	**2H-2020A**	**2020A**	**1H-2021E**	**2H-2021E**	**2021E**	**2022E**	**2023E**	**2024E**	**2025E**	**2026E**	**2027E**	**2028E**	**2029E**	**2030E**	**2031E**
Revenue (000's)																			
Eftilagimod Alpha - Breast Cancer (US)												-	58,192	141,057	225,574	299,776	339,107	366,962	395,341
Eftilagimod Alpha - Breast Cancer (EU)											-	-	49,075	118,957	190,232	252,808	285,977	309,467	333,400
Eftilagimod Alpha - Lung Cancer (US)												27,019	41,752	71,689	147,707	182,602	235,145	274,546	332,750
Eftilagimod Alpha - Lung Cancer (EU)												27,633	42,701	73,317	151,063	186,750	240,487	280,783	340,310
Eftilagimod Alpha (IMP321) - HNSCC (US)												5,878	18,167	31,193	44,989	48,334	51,158	54,108	57,914
Eftilagimod Alpha (IMP321) - HNSCC (EU)												6,311	19,506	33,492	48,305	51,896	54,928	58,096	62,182
Total Revenues	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**66,841**	**229,393**	**469,705**	**807,870**	**1,022,166**	**1,206,802**	**1,343,964**	**1,521,896**
License revenue		1,947	95	4,420	72	4,492													
Miscellaneous income	616	746	785	48	120	168													
Grant Income	2,553	2,379	2,953	1,291	2,293	3,584													
Milestones and Royalties:																			
IMP321 (Melanoma)							-	-	-	-	-	-	-	-	-	-	-	-	-
IMP731 (Psoriasis)							-	-	-	-	-	-	4,157	8,564	10,588	13,634	15,919	19,294	21,864
IMP701 (Solid tumors)							-	-	-	-	-	-	512	791	1,086	3,357	3,688	4,156	4,893
CVac																			
Total Revenues	3,169	5,072	3,833	5,759	2,485	8,244	-	-	-	-	-	66,841	234,061	479,060	819,544	1,039,157	1,226,410	1,367,413	1,548,653
Expenses																			
Cost Of Goods Sold											-	20,052	70,218	143,718	204,886	259,789	306,602	273,483	309,731
%Gross Margin											70%	70%	70%	70%	75%	75%	75%	80%	80%
Research & Development	5,585	7,392	11,282	7,139	5,098	12,238	6,168	6,682	12,849	13,492	14,167	14,875	15,619	16,400	17,220	18,080	18,985	19,934	20,930
R&D % Rev's																			
General & Administrative Expense	3,347	5,359	4,329	1,853	1,949	3,801	1,916	2,076	3,991	4,191	4,401	4,621	4,852	5,094	5,349	5,616	5,897	6,192	6,502
SG&A %																			
Depreciation and amortization	1,702	1,339	1,278	579	669	1,248	629	681	1,310	1,376	1,444	1,517	1,593	1,672	1,756	1,844	1,936	2,033	2,134
Total expenses	**10,633**	**14,090**	**16,889**	**9,572**	**7,715**	**17,287**	**8,713**	**9,439**	**18,151**	**19,059**	**20,012**	**41,065**	**92,281**	**166,884**	**229,210**	**285,330**	**333,420**	**301,641**	**339,297**
Oper. Inc. (Loss)	(7,464)	(9,019)	(13,056)	(3,813)	(5,231)	(9,043)	(8,713)	(9,439)	(18,151)	(19,059)	(20,012)	25,777	141,780	312,176	590,334	753,827	892,990	1,065,772	1,209,357
Other income and expenses																			
Interest income	80	131	270	79	41	120													
Loss on foreign exchange	333	239	336	135	73	208													
Finance cost					(6)	(6)													
Changes in fair value of comparability milestone					-														
Net Change in fair value of financial liability	(579)	(641.47)	(678)	(343)	1,031	688													
Gain/Loss on fair value change of warrants		(141)	654	372	957	1,329													
Loss on disposal of assets																			
Exchange differences on the translation of foreign operations																			
Total other income	(165)	(412)	582	243	107	2,338	-	-	-	-	-	-	-	-	-	-	-	-	-
Pre-tax income	**(7,629)**	**(9,431)**	**(12,474)**	**(3,570)**	**(5,123)**	**(6,705)**	**(8,713)**	**(9,439)**	**(18,151)**	**(19,059)**	**(20,012)**	**25,777**	**141,780**	**312,176**	**590,334**	**753,827**	**892,990**	**1,065,772**	**1,209,357**
Pretax Margin																			
Taxes (or benefits)	738	(1)		(0)		(0)					-	1,289	14,178	31,218	59,033	90,459	107,159	138,550	157,216
Tax Rate												5%	10%	10%	10%	12%	12%	13%	13%
Exchange differences on the tranasations of foreign operations	209	1,329	558	(257)	(50)	(100)													
GAAP Net Income (loss)	**(7,101)**	**(9,432)**	**(12,474)**	**(3,570)**	**(5,123)**	**(6,705)**	**(8,713)**	**(9,439)**	**(18,151)**	**(19,059)**	**(20,012)**	**24,488**	**127,602**	**280,959**	**531,300**	**663,368**	**785,831**	**927,222**	**1,052,140**
Total Comprehensive Income (loss)	**(7,101)**	**(8,103)**	**(11,915)**	**(3,827)**	**(5,123)**	**(6,705)**	**(8,713)**	**(9,439)**	**(18,151)**	**(19,059)**	**(20,012)**	**24,488**	**127,602**	**280,959**	**531,300**	**663,368**	**785,831**	**927,222**	**1,052,140**
GAAP -EPS	**(0.32)**	**(0.40)**	**(0.49)**	**(0.09)**	**(0.13)**	**(0.17)**	**(0.20)**	**(0.21)**	**(0.41)**	**(0.40)**	**(0.38)**	**0.47**	**2.44**	**5.36**	**10.11**	**12.60**	**14.90**	**17.54**	**19.87**
Wgtd Avg Shrs (Bas) - '000s	22,111	23,799	25,414	38,880	38,919	38,899	43,958	44,002	43,980	48,046	52,124	52,228	52,333	52,437	52,542	52,647	52,753	52,858	52,964
Wgtd Avg Shrs (Dil) - '000s	22,111	23,799	25,414	38,880	38,919	38,899	43,958	44,002	43,980	48,046	52,124	52,228	52,333	52,342	52,341	52,341	52,341	52,341	52,341

Source: Company reports and Maxim

DISCLOSURES



Maxim Group LLC Ratings Distribution			As of: 12/09/20
		% of Coverage Universe with Rating	% of Rating for which Firm Provided Banking Services in the Last 12 months
Buy	Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to outperform its relevant index over the next 12 months.	**81%**	**54%**
Hold	Fundamental metrics are currently at, or approaching, industry averages. Therefore, we expect this stock to neither outperform nor underperform its relevant index over the next 12 months.	**19%**	**49%**
Sell	Fundamental metrics and/or identifiable catalysts exist such that we expect the stock to underperform its relevant index over the next 12 months.	**0%**	**0%**
	**See valuation section for company specific relevant indices*		

I, Jason McCarthy, Ph.D., attest that the views expressed in this research report accurately reflect my personal views about the subject security and issuer. Furthermore, no part of my compensation was, is, or will be directly or indirectly related to the specific recommendation or views expressed in this research report.

The research analyst(s) primarily responsible for the preparation of this research report have received compensation based upon various factors, including the firm's total revenues, a portion of which is generated by investment banking activities.

Maxim Group makes a market in Immutep Limited

Maxim Group expects to receive or intends to seek compensation for investment banking services from Immutep Limited in the next 3 months.

IMMP: For Immutep, we use the BTK (Biotechnology Index) as the relevant index.

Valuation Methods

IMMP: Our therapeutic model assumes a royalty structure for IMP701 and IMP731 with commercialization in 2025, eftilagomod (efti) (royalty-free) in 2025 for 1L and 2L NSCLC, as well as 2L HNSCC and metastatic breast cancer (1L + chemo) in 2025. Our models assume risk adjustments for each product based on the stage(s) of development. Our therapeutic models assume a risk adjustment. We then apply a 30% discount to our free-cash-flow, discounted EPS, and sum-of-the-parts models, which are equally weighted to derive a price target.

Price Target and Investment Risks

IMMP: Aside from general market and other economic risks, risks particular to our price target and rating for Immutep include: (1) Development—To date, LAG-3 checkpoint modulators have not been approved; (2) Regulatory—The company's ongoing and future studies may not be sufficient to

gain approval; (3) Commercial—The company lacks commercial infrastructure to support a launch if approved; (4) Financial—The company is not yet profitable and may need to raise additional capital to fund operations; (5) Collaborative—The company has ongoing collaborations with large pharmaceutical companies who could back out of the partnerships, setting back development on product lines and increasing costs; (6) foreign exchange fluctuations as the company reports in A$; (7) High volatility of the company's stock price.

RISK RATINGS

Risk ratings take into account both fundamental criteria and price volatility.

Speculative – Fundamental Criteria: This is a risk rating assigned to early-stage companies with minimal to no revenues, lack of earnings, balance sheet concerns, and/or a short operating history. Accordingly, fundamental risk is expected to be significantly above the industry. Price Volatility: Because of the inherent fundamental criteria of the companies falling within this risk category, the price volatility is expected to be significant with the possibility that the investment could eventually be worthless. Speculative stocks may not be suitable for a significant class of individual investors.

High – Fundamental Criteria: This is a risk rating assigned to companies having below-average revenue and earnings visibility, negative cash flow, and low market cap or public float. Accordingly, fundamental risk is expected to be above the industry. Price Volatility: The price volatility of companies falling within this category is expected to be above the industry. High-risk stocks may not be suitable for a significant class of individual investors.

Medium – Fundamental Criteria: This is a risk rating assigned to companies that may have average revenue and earnings visibility, positive cash flow, and is fairly liquid. Accordingly, both price volatility and fundamental risk are expected to approximate the industry average.

Low – Fundamental Criteria: This is a risk rating assigned to companies that may have above-average revenue and earnings visibility, positive cash flow, and is fairly liquid. Accordingly, both price volatility and fundamental risk are expected to be below the industry.

DISCLAIMERS

Some companies that Maxim Group LLC follows are emerging growth companies whose securities typically involve a higher degree of risk and more volatility than the securities of more established companies. The securities discussed in Maxim Group LLC research reports may not be suitable for some investors. Investors must make their own determination as to the appropriateness of an investment in any securities referred to herein, based on their specific investment objectives, financial status and risk tolerance.

This communication is neither an offer to sell nor a solicitation of an offer to buy any securities mentioned herein. This publication is confidential for the information of the addressee only and may not be reproduced in whole or in part, copies circulated, or disclosed to another party, without the prior written consent of Maxim Group, LLC (“Maxim”).

Information and opinions presented in this report have been obtained or derived from sources believed by Maxim to be reliable, but Maxim makes no representation as to their accuracy or completeness. The aforementioned sentence does not apply to the disclosures required by FINRA Rule 2241. Maxim accepts no liability for loss arising from the use of the material presented in this report, except that this exclusion of liability does not apply to the extent that such liability arises under specific statutes or regulations applicable to Maxim. This report is not to be relied upon in substitution for the exercise of independent judgment. Maxim may have issued, and may in the future issue, other reports that are inconsistent with, and reach different conclusions from, the information presented in this report. Those reports reflect the different assumptions, views and analytical methods of the analysts who prepared them and Maxim is under no obligation to ensure that such other reports are brought to the attention of any recipient of this report.

Past performance should not be taken as an indication or guarantee of future performance, and no representation or warranty, express or implied, is made regarding future performance. Information, opinions and estimates contained in this report reflect a judgment at its original date of publication by Maxim and are subject to change without notice. The price, value of and income from any of the securities mentioned in this report can fall as well as rise. The value of securities is subject to exchange rate fluctuation that may have a positive or adverse effect on the price or income of such securities. Investors in securities such as ADRs, the values of which are influenced by currency volatility, effectively assume this risk. Securities recommended, offered or sold by Maxim: (1) are not insured by the Federal Deposit Insurance Company; (2) are not deposits or other obligations of any insured depository institution; and (3) are subject to investment risks, including the possible loss of principal invested. Indeed, in the case of some investments, the potential losses may exceed the amount of initial investment and, in such circumstances, you may be required to pay more money to support these losses.

ADDITIONAL INFORMATION IS AVAILABLE UPON REQUEST

Corporate Headquarters

The Chrysler Building
405 Lexington Ave., 2nd FL
New York, NY 10174
Tel: 212-895-3500

Capital Markets/Syndicate: 212-895-3695
Corporate Finance: 212-895-3811
Corporate Services: 212-895-3631
Equity/Options Trading: 212-895-3790
Equity Research: 212-895-3736
Fixed Income Trading: 212-895-3875
Global Equity Trading: 212-895-3623
Institutional Sales: 212-895-3873
Institutional Sales Trading: 212-895-3873
Portfolio/Transition Trading: 212-895-3567
Prime Brokerage: 212-895-3723
Wealth Management: 212-895-3624

Woodbury, Long Island

20 Crossways Park Drive North
Suite 304
Woodbury, NY 11797
Tel: 516-393-8300

Red Bank, New Jersey

246 Maple Avenue
Red Bank, NJ 07701
Tel: 732-784-1900

West Palm Beach, Florida

105 South Narcissus Avenue
Suite 222
West Palm Beach, FL 33401
Tel: 561-508-4433

San Rafael, California

4040 Civic Center Drive
Suite 200
San Rafael, CA 94903
Tel: 212-895-3670

Aventura, Florida

20801 Biscayne Blvd
Suite 432 / 433
Aventura, FL 33180
Tel: 516-396-3120

Stamford, Connecticut

700 Canal Street
Stamford, CT 06902