Biotechnology

IMMP - NASDAQ August 30, 2021

Intraday Price 8/30/21	**$3.71**
Rating:	Buy
12-Month Target Price:	$8.00
52-Week Range:	$1.22 - $7.95
Market Cap (M):	282.7
Shares O/S (M):	76.2
Float:	NA
Avg. Daily Volume (000):	418.3
Debt (M):	$6.2
Dividend:	$0.00
Dividend Yield:	0.0%
Risk Profile:	Speculative
Fiscal Year End:	June

Total Expenses ('000)

	2021A	2022E	2023E
H1	9,707	9,399	9,948A
H2	7,462	9,799	10,777
FY	17,169	19,198	20,726
Prior	19,146	20,104	21,109

Immutep is listed on the ASX (IMM) and with ADR's traded on NASDAQ (IMMP). 1 ADR= 10 shares of common stock.

Naureen Quibria, Ph.D.
(212) 895-3620
nquibria@maximgrp.com

Immutep Limited

Buy

Annual FY Update; AIPAC Final Data Approaching

Summary

- **Immutep reported FY21 (Jun) results this morning with a net loss of (~$22M or A$29.9M) and ended the period with ~$44M (A$60.6M) in cash and cash equivalents on the balance sheet, excluding the second tranche of a two-tranche placement and share purchase plan completed in July (~A$50M). (See our prior note on 7/16 for details.) Post-raise, Immutep should have ~$80M US (~A$100M+) and sufficient runway into late CY23.**
- **Near-term catalysts. While multiple operational updates are expected (such as trial initiations and recruitment updates), we are watching for data readouts on: (1) AIPAC final overall survival (OS) data; and (2) TACTI-002.**
- **Conclusion. We believe the significant interest in and validation of LAG-3 as a checkpoint target, following Bristol Myers' (BMY - NR) combination data with an anti-PD-1 (RELATIVITY study), bodes well for Immutep's eftilagimod alpha (efti, soluble LAG-3 protein) studies. In addition, with a bolstered balance sheet, Immutep should be firmly in the driver's seat to execute on the expansion of its pipeline of trials for efti, in our view, including gearing up for potentially two pivotal stage studies (metastatic breast cancer and head and neck), if AIPAC and TACTI-002 are positive. Reiterate Buy.**

Details

Phase 2b AIPAC study. The multi-center, placebo-controlled, randomized trial (N=227) is evaluating eftilagimod alpha (efti) in combination with paclitaxel standard-of-care chemotherapy in patients with HER2-/HR+ metastatic breast cancer. The primary endpoint of the study was progression free survival (PFS), which was missed in March 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). Secondary endpoints include overall response rate (ORR) and overall survival (OS). ORR for the study arm was 48.3% vs. 38.4% in the control arm.

At SABCS in December 2020, among the total patient population, a median OS of 20.2 months was reported compared to 17.5 months in the active comparator arm (p=0.14, HR=0.83), which, while not statistically significant, is still meaningful. Interestingly, in a pre-defined subgroup of patients, the delta on mOS widened. In patients under the age of 65, mOS was 21.9 vs. 14.8 months (p=0.012, HR=0.62), a +7.1-month survival benefit; this actually represented 66.7% of the efti treated patients. Among patients with low-starting monocyte counts, mOS was 22.4 months vs. 12.9 months (p=0.02, HR=0.47), a +9.4-month survival benefit. The latter group makes 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), a survival trend of +3.8 months. Given the data thus far, the Phase 3 study is likely expected to incorporate OS as the primary endpoint with a focus on one or more of the above subgroup(s). Final OS data is expected in 2H21.

TACTI-002 (KEYNOTE-798) study. The ongoing Phase 2 study is evaluating efti with pembrolizumab in 1L non-small-cell lung cancer (NSCLC), 2L in NSCLC in PDX-refractory patients, and 2L head and neck squamous cell carcinoma (HNSCC). Compelling data from prior updates led to an expansion of the Merck (MRK - NR) collaboration; into a program in 1L HNSCC (TACTI-003) and an expansion of the 1L NSCLC arm (addition of 74 more patients). Of note, efti received Fast Track designation for 1L recurrent or metastatic HNSCC by the FDA in April 2021.

- **1L NSCLC.** At ASCO 2021, efti + pembro combination reported an overall response rate (ORR) of 41.7% (CR 5.6%, PR 36.1%, SD 27.8%). Although the patient numbers are still small, the data suggests not only superior activity to

pembro alone but indicates that efti/pembro has activity in low-PD-L1 expressors. Given this initial activity (even in low PD-L1 expressors), the data suggests that the combination could potentially be employed in an “all-comer” setting. Further, if these responses continue to be durable, an efti/pembro combination with its benign safety profile could also be an ideal regimen for “less fit” patients who cannot undergo chemo/pembro treatment.

- **2L HNSCC**. While the numbers are again small, overall response rates with an efti + pembro combination was ~2x (~30%) what has been observed with pembro monotherapy (based on a cross trial comparison with KEYNOTE-040 study, ~15%). And while the ORR reported was slightly lower than prior updates (~36% in Oct. 2020, ~31% in January 2021), the response rates suggest a competitive profile thus far, in our view.

Further updates from the ongoing study are expected in YE21/1H22.

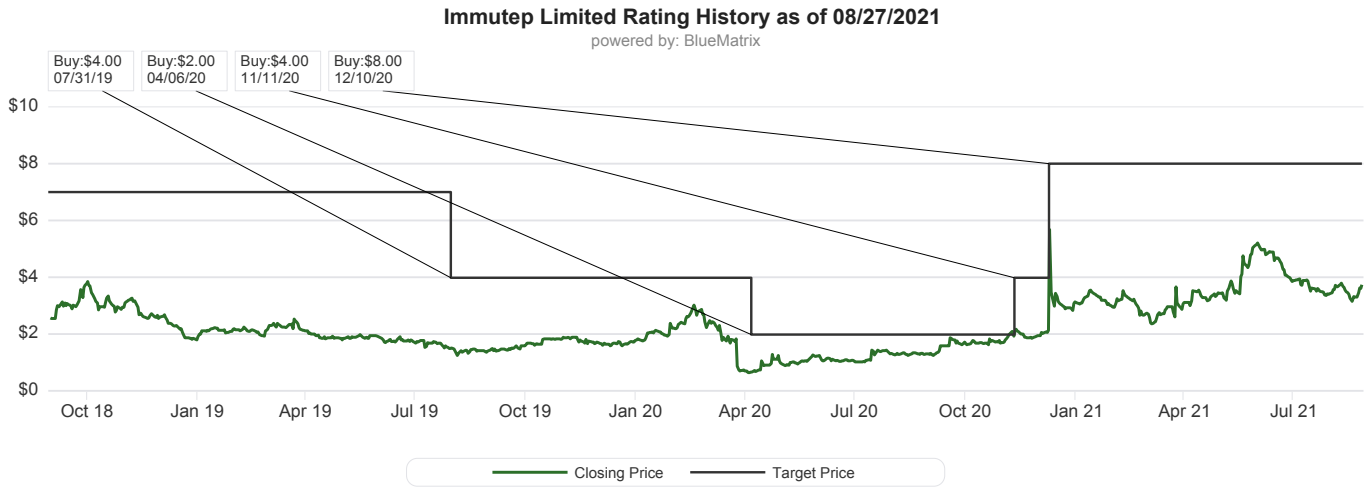
Prepping for pivotal studies – manufacturing. Immutep and its manufacturing partner WuXi Biologics have begun scaling up GMP manufacturing of efti (up to 2,000L capacity from 200L) in preparation for potential registration studies and commercial manufacturing.

Company overview: *Immutep is a clinical-stage biotechnology company that is focused on developing LAG-3 both as an immune stimulator and an immune suppressor, for cancer and for autoimmune diseases, respectively. The company’s lead product candidate is eftilagimod alpha (efti), a soluble LAG-3 fusion protein, that is being evaluated in combination with chemotherapy or immune therapy for multiple advanced cancers. The company also has licensing deals with large pharma for additional LAG-3 products: GSK’781 with GlaxoSmithKline (GSK - NR) and LAG525 with Novartis (NVS - NR).*

Immutep (IMMP) Income Statement ($'000, USD) YE June 30	2018A	2019A	2020A	July-Dec 1H-2021A	Jan-Jun 2H-2021A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	2031E
Revenue (000's)																
Eftilagimod Alpha - mBC									-	79,742	246,450	287,746	348,748	395,208	407,143	476,635
Eftilagimod Alpha - NSCLC									-	15,468	164,147	263,529	339,559	480,966	903,965	1,607,020
Eftilagimod Alpha - HNSCC									69,358	119,088	171,758	227,500	260,412	281,690	469,844	768,758
Net Revenue	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**69,358**	**214,297**	**582,355**	**778,775**	**948,719**	**1,157,865**	**1,780,952**	**2,852,413**
License revenue	1,947	95	4,492			-										
Miscellaneous income	746	785	168	149	79	228										
Grant Income	2,379	2,953	3,584	1,555	1,037	2,591										
Milestones and Royalties:																
GSK'781(IMP731) - psoriasis				-	-	-	-					4,390	8,345	11,419	14,943	20,199
LAG525 (IMP701)-mTNBC				-	-	-	-			1,514	2,207	3,058	3,958	4,910	5,916	6,978
Eftilagimod Alpha - mBC (China)												1,033	1,916	2,412	3,389	6,284
Total Revenues	**5,072**	**3,833**	**8,244**	**1,704**	**1,116**	**2,819.848**	**-**	**-**	**69,358**	**215,812**	**584,562**	**787,255**	**962,938**	**1,176,606**	**1,805,199**	**2,885,873**
Expenses																
Cost Of Goods Sold									20,807	64,744	175,369	196,814	240,734	294,152	361,040	577,175
Research & Development and intellectual property expenses	7,392	11,282	12,238	6,497	6,086	12,583	14,200	15,478	16,252	17,064	17,918	18,814	19,754	20,742	21,779	22,868
R&D % Rev's																
General & Administrative Expense	5,359	4,329	3,801	2,400	2,186	4,586	4,998	5,248	5,510	5,786	6,075	6,379	6,698	7,033	7,384	7,754
SG&A %																
Depreciation and amortization	1,339	1,278	1,248	811	(811)	-	-	-	-	-	-	-	-	-	-	-
Total expenses	**14,090**	**16,889**	**17,287**	**9,707**	**7,462**	**17,169**	**19,198**	**20,726**	**42,570**	**87,594**	**199,361**	**222,006**	**267,187**	**321,926**	**390,203**	**607,796**
Oper. Inc. (Loss)	**(9,019)**	**(13,056)**	**(9,043)**	**(8,004)**	**(6,345)**	**(14,349)**	**(19,198)**	**(20,726)**	**26,788**	**128,218**	**385,201**	**565,249**	**695,751**	**854,680**	**1,414,996**	**2,278,077**
Other income and expenses																
Interest income	131	270	120	37	40	77										
Loss on foreign exchange	239	336	208	(600)	230	(370)										
Finance cost			(6)	(3)	(5)	(7)										
Changes in fair value of comparability milestone																
Net Change in fair value of financial liability	(641.47)	(678)	688	(506)	(349)	(856)										
Gain/Loss on fair value change of warrants	(141)	654	1,329	(6,204)	(120)	(6,324)										
Loss on disposal of assets																
Exchange differences on the translation of foreign operations																
Total other income	**(412)**	**582**	**2,338**	**(7,276)**	**(204)**	**(7,480)**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Pre-tax income	**(9,431)**	**(12,474)**	**(6,705)**	**(15,280)**	**(6,549)**	**(21,828.9)**	**(19,198)**	**(20,726)**	**26,788**	**128,218**	**385,201**	**565,249**	**695,751**	**854,680**	**1,414,996**	**2,278,077**
Pretax Margin																
Taxes (or benefits)	(1)		(0)	(0)	0	(0)	-	-	1,339	12,822	38,520	56,525	83,490	102,562	183,949	296,150
Tax Rate									*5%*	*10%*	*10%*	*10%*	*12%*	*12%*	*13%*	*13%*
Exchange differences on the tranasations of foreign operations	1,329	558	(100)	(478)	54	(424)										
GAAP Net Income (loss)	**(9,432)**	**(12,474)**	**(6,705)**	**(15,280)**	**(6,549)**	**(21,829)**	**(19,198)**	**(20,726)**	**25,449**	**115,396**	**346,681**	**508,724**	**612,261**	**752,118**	**1,231,047**	**1,981,927**
Total Comprehensive Income (loss)	**(8,103)**	**(11,915)**	**(6,705)**	**(15,758)**	**(6,495)**	**(22,253)**	**(19,198)**	**(20,726)**	**25,449**	**115,396**	**346,681**	**508,724**	**612,261**	**752,118**	**1,231,047**	**1,981,927**
GAAP -EPS	**(0.40)**	**(0.49)**	**(0.17)**	**(0.24)**	**(0.10)**	**(0.34)**	**(0.28)**	**(0.28)**	**0.35**	**1.57**	**4.72**	**6.91**	**8.30**	**10.17**	**16.62**	**26.70**
Wgtd Avg Shrs (Bas) - '000s	23,799	25,414	38,899	64,872	64,873	64,873	68,938	73,047	73,193	73,340	73,486	73,633	73,781	73,928	74,076	74,225
Wgtd Avg Shrs (Dil) - '000s	23,799	25,414	38,899	64,872	64,873	64,873	68,938	73,047	73,193	73,340	73,353	73,352	73,352	73,352	73,352	73,352

Source: Company reports and Maxim

DISCLOSURES



Maxim Group LLC Ratings Distribution			As of: 08/29/21
		% 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.	**86%**	**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.	**14%**	**41%**
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, Naureen Quibria, 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: We forecast sales for efti in metastatic breast cancer in 2025 (EU, US) and in 2027 (China), in non-small-cell lung cancer in 2025 (EU, US), and in head and neck in 2024 (EU, US). We assume royalty revenues for LAG525 in 2025 (EU, US) and for GSK'781 in 2027 (EU, US). We use a 30% discount rate and attribute equal weighting to our FCF, discounted EPS and SOTP to derive our 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 is domiciled in Australia; (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

New York City
300 Park Ave., 16th Floor
New York, NY 10022
Tel: 212-895-3500

Miami Beach
555 Washington Ave., Suite 320
Miami Beach, FL 33139
Tel: 786-864-0880

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

100 Crossways Park Drive West
Suite 207
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: 561-465-2605

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