

# Chimeric Therapeutics Ltd

## A novel treatment to sting brain cancer

Chimeric Therapeutics (ASX:CHM) is an early-stage cell therapy company using CAR T technology, which is the engineering of T cells taken from the patient's blood and given back to patients by infusion. The initial target was Glioblastoma, the most common and lethal brain cancer, utilising a molecule from the toxin of a particular species of North American scorpion (Chlorotoxin or CLTX). CLTX is used as the tumour targeting domain and administered both intratumorally and intraventricularly. Additional pre-clinical studies are underway in a number of solid tumours. CLX CAR T had been under development for 5-years at the well renowned City of Hope in LA before CHM acquired the technology in FY20 for an upfront payment of US\$10m plus potential milestones and royalties. CHM has subsequently licensed the CDH17 CAR T cell therapy from the University of Pennsylvania in July 2021, a 3rd generation cell therapy with broad application in solid tumours. CHM intends to take CDH17 into a phase 1 basket trial in CY22. CAR T has grown in focus and acceptance following the FDA approval of two drugs in 2017, and it is estimated more than 300 companies are developing the technology globally. A phase 1 safety and maximum tolerated dose study in humans for CLTX commenced in September 2020, and in August 2021 the first Investigational New Drug (IND) clearance was received from the FDA for CLTX.

### Business model

CHM's business model is to license drugs/technology under development and assume the rights and responsibility for the development, manufacturing and commercialisation of the drug. This model avoids the time consuming and often expensive pre-clinical development, and typically comprises an initial upfront payment, development milestones, commercial milestones and royalties. The first cell therapy acquired under this model is CLTX-CAR T, a novel cell therapy using a component of scorpion toxin called chlorotoxin developed by City of Hope in LA. The initial indication is Glioblastoma, but it is also being studied in a preclinical environment in other solid tumours including melanoma, CRC and prostate. A recent licensing deal with the University of Pennsylvania for their 3rd generation CDH17 CAR T cell therapy will see CHM take this into a phase 1 basket trial in CY22 focusing on gastrointestinal tumours following promising pre-clinical studies.

### A summary of the City of Hope (COH) license agreement

CHM signed the City of Hope license agreement in September 2020. An initial payment of US\$10m in (6) instalments over 30-months was reliant on IPO funding, and the group successfully raised A\$35m in January 2021 at \$0.20/share. To-date there have been two instalments totalling US\$4m paid. CHM have the license for CLTX-CAR T for 15-years post commercialisation, after which the IP and ownership reverts back to the COH. In the interim CHM must meet certain development milestones, pay royalties and commercialisation milestone payments including Marketing approval in the US and Europe. The management team was appointed in November 2020 and first IND clearance received from the FDA in August 2021, allowing additional trial sites to be added.

### Domestic listed peers are early stage with novel technologies

The independent review report by acuity Technology Management in the prospectus highlighted early-stage clinical companies as peers to CHM, namely Adalta (ASX:1AD), Prescient (ASX:PTX), Exopharm (ASX:EX1) and Nyrada (ASX:NYR). On an enterprise value basis the average of this group is \$57m against \$95m for CHM (adjusted for the remaining COH instalments). This peer group was selected because of their early stage and "novel" approaches for notoriously difficult to treat indications. Internationally Mustang Bio (NASDAQ:MBIO) and Autolus (AULT) operate in a similar field.

Biotechnology

10<sup>th</sup> September 2021

#### Share details

ASX Code	CHM
Share price	\$0.32
Market Capitalisation	\$110.0M
Shares on issue	330.9M
Net cash at 30/06/2021	\$22.4M
Free float	39.17%

#### Share performance (since listing)



#### Upside Case

- Successful Phase I safety readout
- Commence Phase IIb efficacy trial
- On-license technology

#### Downside Case

- Safety issues in Phase I trials
- Patient recruitment disruptions
- Ability to access funding for trial progression

#### Catalysts/upcoming events

- Continued dosing of patients (ongoing)
- Taking CDH17 into the clinic (CY22)

#### Comparable companies (Aust/NZ)

Adalta (ASX:1AD), Prescient (ASX:PTX), Nyrada (ASX:NYR), Exopharm (ASX:EX1).

#### Top 5 shareholders\*

Paul Hopper	39.5%
City of Hope	5.9%
Michael Barish	5.9%
Cristine Brown	5.9%
Hudson Bay Master Fund	1.4%

\*Sourced from Refinitiv Eikon

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# FINANCIAL SERVICES GUIDE

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**of**

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**ABN 92 168 734 530**

**AFSL 456663**

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