

AVITA

Positive surprise in FY24 guidance

Reiterate Rating: BUY | PO: 23.00 USD | Price: 13.85 USD

FY24 revenue guidance 6.5% ahead of Street

Positive surprise in today's announcement with AVH FY24 commercial revenue guidance (\$78.5-\$84.5m) 6.5% ahead of the Street (at midpoint); and 1Q24 commercial revenue (\$14.8-\$15.6m). We lift FY24 BofAe to \$83m (+16%) and lift 1Q24e to \$16.3m (+2.5%) accordingly. We reiterate our Buy rating on AVITA & our PO of US\$23/A\$6.50 (unchanged) given strong growth momentum.

FY23 revenue within guide

AVITA provides preliminary FY23 and 4Q23 data: (1) FY23 commercial revenue (\$49.8m) to fall within Nov23 updated guidance (\$49.5-\$50.5m); (BofAe \$50m); (2) 4Q23 commercial rev expected \$14.1m (vs BofAe \$14.3m); (3) FY23 GM 84.5%; (4) \$89.1m in cash & equivalents (ahead of BofAe \$86.9m).

TONE study ahead of schedule

AVH has announced that TONE study for Vitiligo ahead of schedule, with enrolment of 109 patients now completed (previously expected end of Feb24). Patients expected to be followed up at 6 months and 12 months.

AVITA leverages salesforce with Stedical agreement

AVITA has signed an exclusive 5yr distribution agreement with Stedical Scientific to commercialise FDA approved PermeaDerm Biosynthetic Wound Matrix in the US. PermeaDerm is a transparent matrix for use in the treatment of a variety of wound types until healing is achieved. GM from sale of PermeaDerm expected to be 50%. In our view, the agreement allows AVITA to leverage its salesforce for compatible products.

Reiterate Buy. PO unchanged US\$23/A\$6.50

We reiterate our Buy rating given growth momentum. PO unchanged at US\$23/A\$6.50. Upcoming catalysts: (1) RECELL GO submission 28Feb 24 with 180-day approval timetable; (2) TONE study follow up; (3) Health Economic Study (publish by 4Q24) to assist with reimbursement; (4) Vitiligo (launch CY25).

| Estimates (Dec) (US\$) | 2021A | 2022A | 2023E | 2024E | 2025E |
|-----------------------------|---------|---------|---------|---------|---------|
| Net Profit b/f Abnormals | (25) | (27) | (40) | (28) | (11) |
| EPS | (1.02) | (1.06) | (1.57) | (1.09) | (0.43) |
| EPS Change (YoY) | 50.0% | -3.9% | -48.4% | 30.4% | 60.6% |
| Dividend / Share | 0 | 0 | 0 | 0 | 0 |
| Free Cash Flow / Share | (0.75) | (0.78) | (1.29) | (1.18) | (0.41) |
| ADR EPS (US\$) | (0.204) | (0.212) | (0.314) | (0.219) | (0.086) |
| ADR Dividend / Share (US\$) | 0 | 0 | 0 | 0 | 0 |
| Valuation (Dec) | | | | | |
| EV / EBITDA* | -10.45x | -9.99x | -7.28x | -13.15x | -40.57x |
| Free Cash Flow Yield* | -5.23% | -5.52% | -9.16% | -8.41% | -2.93% |

* For full definitions of *IQmethod*SM measures, see page 6.

11 January 2024

Equity

Key Changes

| (US\$) | Previous | Current |
|------------------|----------|---------|
| 2024E EPS | -1.13 | -1.09 |
| 2024E EBITDA (m) | -26.2 | -25.3 |
| 2025E EBITDA (m) | -8.5 | -8.4 |

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Stock Data

| | |
|-----------------------------|---------------------------|
| Price (Common / ADR) | 13.85 USD / 4.05 AUD |
| Price Objective | 23.00 USD / 6.50 AUD |
| Date Established | 19-Oct-2023 / 19-Oct-2023 |
| Investment Opinion | C-1-9 / C-1-9 |
| 52-Week Range | 7.21 USD-21.70 USD |
| Market Value (mn) | 354 USD |
| Shares Outstanding (mn) | 25.6 / 127.8 |
| Average Daily Value (mn) | 1.82 USD |
| Free Float | 98.2% |
| BofA Ticker / Exchange | RCEL / NAS |
| BofA Ticker / Exchange | AVHHL / ASX |
| Bloomberg / Reuters | RCEL US / RCEL.OQ |
| ROE (2023E) | -59.7% |
| Net Dbt to Eqty (Dec-2022A) | -93.0% |

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Refer to important disclosures on page 7 to 10. Analyst Certification on page 4. Price Objective Basis/Risk on page 4.

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Timestamp: 10 January 2024 06:59PM EST

iQprofileSM AVITA

| Key Income Statement Data (Dec) | 2021A | 2022A | 2023E | 2024E | 2025E |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|
| (US\$ Millions) | | | | | |
| Sales | 33 | 34 | 50 | 83 | 95 |
| Associates & Other Revenue | 2 | 3 | 1 | 1 | 0 |
| Operating Expenses | (59) | (65) | (93) | (110) | (104) |
| EBITDA | (25) | (27) | (42) | (25) | (8) |
| Depreciation & Amortization | (1) | (1) | (1) | (1) | (1) |
| EBIT | (25) | (28) | (42) | (26) | (10) |
| Net Interest & Other income | 0 | 1 | 3 | (1) | (1) |
| Pretax Income | (25) | (27) | (40) | (28) | (11) |
| Tax (expense) / Benefit | 0 | 0 | 0 | 0 | 0 |
| Outside Equity interest in Npat | NA | NA | NA | NA | NA |
| Preference dividends | NA | NA | NA | NA | NA |
| Net Profit b/f Abnormals | (25) | (27) | (40) | (28) | (11) |
| Non-Recurring Items | 0 | 0 | 0 | 0 | 0 |
| Net Income (Reported) | (25) | (27) | (40) | (28) | (11) |

| Key Cash Flow Statement Data | 2021A | 2022A | 2023E | 2024E | 2025E |
|---|-------------|-------------|-------------|-------------|-------------|
| EBITDA | (25) | (27) | (42) | (25) | (8) |
| Change in Working Capital | (1) | (1) | 5 | (3) | 0 |
| Other C'flow Items before int & tax | 0 | 0 | 0 | 0 | 0 |
| Net Interest Paid | 0 | 0 | 3 | (1) | (1) |
| Tax Paid | 0 | 0 | 0 | 0 | 0 |
| Other C'flow from Operations | 8 | 9 | 2 | 0 | 0 |
| Cash Flow from Operations | (18) | (19) | (32) | (29) | (10) |
| Capital Expenditure (PP&E) | 0 | 0 | 0 | (1) | (1) |
| (Acquisition) / Disposal of Investments | 0 | 0 | 0 | 0 | 0 |
| Other C'flow from Investing | (50) | (19) | 0 | 0 | 0 |
| Cash Flow from Investing | (50) | (19) | 0 | (1) | (1) |
| Shares Issue / (Repurchase) | 69 | 0 | 0 | 0 | 0 |
| Dividend paid | 0 | 0 | 0 | 0 | 0 |
| Other C'flow from Financing | (5) | 1 | 40 | 0 | 0 |
| Cash Flow from Financing | 64 | 1 | 40 | 0 | 0 |
| Free Cash Flow | (19) | (20) | (32) | (30) | (10) |
| Net Debt | (85) | (79) | (47) | (17) | (7) |

| Key Balance Sheet Data | 2021A | 2022A | 2023E | 2024E | 2025E |
|----------------------------------|------------|-----------|------------|-----------|-----------|
| Cash Equivalents | 85 | 79 | 87 | 57 | 47 |
| Receivables & Inventories | 6 | 7 | 7 | 12 | 12 |
| Property, Plant & Equipment | 1 | 1 | 1 | 1 | 1 |
| Intangibles | 0 | 0 | 0 | 0 | 0 |
| Other assets | 24 | 11 | 11 | 10 | 10 |
| Total Assets | 116 | 98 | 106 | 81 | 69 |
| Payables | 3 | 3 | 9 | 11 | 11 |
| Provisions | 5 | 7 | 7 | 7 | 7 |
| Short term debt & Long term debt | 0 | 0 | 40 | 40 | 40 |
| Other Liabilities | 3 | 3 | 3 | 3 | 3 |
| Total Liabilities | 11 | 13 | 59 | 61 | 61 |
| Total Equity | 105 | 85 | 47 | 20 | 9 |

| iQmethod SM - Bus Performance* | 2021A | 2022A | 2023E | 2024E | 2025E |
|---|--------|--------|--------|--------|--------|
| Return on Capital Employed | -26.8% | -24.7% | -40.2% | -31.2% | -15.2% |
| Return on Equity | -30.6% | -28.1% | -59.7% | -82.2% | -75.9% |
| Operating Margin | -76.1% | -79.9% | -84.9% | -31.7% | -10.1% |
| EBITDA Margin | -71.0% | -71.7% | -81.0% | -29.9% | -8.9% |

| iQmethod SM - Quality of Earnings* | 2021A | 2022A | 2023E | 2024E | 2025E |
|---|--------|--------|--------|--------|--------|
| Cash Realization Ratio | 0.7x | 0.7x | 0.8x | 1.1x | 0.9x |
| Dividend Payout Ratio | 0% | 0% | 0% | 0% | 0% |
| Tax Rate (Reported) | -0.2% | -0.1% | 0% | 0% | 0% |
| Net Debt-to-Equity Ratio | -81.4% | -93.0% | -99.2% | -86.9% | -76.4% |
| Interest Cover | NA | NA | NA | -20.4x | -7.4x |

| Key Metrics | 2021A | 2022A | 2023E | 2024E | 2025E |
|-------------|-------|-------|-------|-------|-------|
| Franking | 0% | 0% | 0% | 0% | 0% |

* For full definitions of iQmethodSM measures, see page 6.

Company Sector

Healthcare Technology & Distribution

Company Description

AVITA Therapeutics Inc (RCEL) is a medical device company which has developed an innovative spray-on skin for the treatment of dermal loss. Its flagship product, RECELL, is currently the only FDA approved spray-on skin for use in acute thermal burns. RECELL is technologically superior to the current standard of care.

Investment Rationale

With no real competition and growing surgeon advocacy, we forecast revenue to grow strongly. Usage will improve as RCEL increases its penetration. There is significant runway for growth in new patient groups (paediatrics), in new indications (wounds, vitiligo) and new markets (Europe).

Stock Data

| | |
|---------------------|------|
| Shares / ADR | 0.20 |
| Price to Book Value | 7.5x |

Key Changes

| (US\$) | Previous | Current |
|-----------|----------|---------|
| 2024E EPS | -0.23 | -0.22 |



Price objective basis & risk

AVITA (RCEL / AVHHL)

Our EV/Sales-based price objective for RCEL is US\$23 per share (AVH is A\$6.50 per share). We use 6x FY25E sales discounted (WACC: 12.5%) to present value. We believe 6x is justified as it represents global high-growth small cap medical technology companies whose sales are growing at rates equivalent to AVITA.

Risks to our price objective are: (i) changes to reimbursement regimes (ii) new entrants in the spray-on skin market (iii) economic downturns (iv) currency fluctuations (v) slower/faster than forecast revenue growth (vi) product recall and/or safety issues.

Analyst Certification

I, Lyanne Harrison, hereby certify that the views expressed in this research report accurately reflect my personal views about the subject securities and issuers. I also certify that no part of my compensation was, is, or will be, directly or indirectly, related to the specific recommendations or view expressed in this research report.

APR - Healthcare Coverage Cluster

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|-------------------|----------------------------------|-------------|------------------|----------------------|
| BUY | | | | |
| | Adicon Holdings | XADKF | 9860 HK | David Li |
| | Aier Eye Hospital | XAEOF | 300015 CH | David Li |
| | Amvis Holdings | XEPSF | 7071 JP | Ritsuo Watanabe |
| | Angelalign Technology Inc | AGLFF | 6699 HK | David Li |
| | APM Human Services | XBZXF | APM AU | Lyanne Harrison |
| | Apollo Hospital | XWQAF | APHS IN | Neha Manpuria |
| | Asahi Intecc | AHICF | 7747 JP | Ritsuo Watanabe |
| | Aurobindo | XLZFF | ARBP IN | Neha Manpuria |
| | Australian Clinical Labs | XAUKF | ACL AU | Lyanne Harrison |
| | Autobio Diagnostics Co Ltd | XQDXF | 603658 CH | Sandra Sun |
| | AVITA | AVHHL | AVH AU | Lyanne Harrison |
| | AVITA | RCEL | RCEL US | Lyanne Harrison |
| | Baiyunshan | GZPHF | 874 HK | Sandra Sun |
| | Bangkok Chain Hospital | BKKFF | BCH TB | Charti Phrawphraikul |
| | Bangkok Dusit Medical Services | BDUFF | BDMS TB | Charti Phrawphraikul |
| | Beijing Tongrentang Co., Limited | BJTGF | 600085 CH | David Li |
| | Biocon | XLOFF | BIOS IN | Neha Manpuria |
| | Bumrungrad Hospital | BUHHF | BH TB | Charti Phrawphraikul |
| | Cansino Bio | CASBF | 6185 HK | David Li |
| | Chugai Pharm. | CHGCF | 4519 JP | Koichi Mamegano |
| | Chularat Hospital Group | XOCOF | CHG TB | Charti Phrawphraikul |
| | CSL Limited | CMXHF | CSL AU | Lyanne Harrison |
| | Daiichi Sankyo | DSKYF | 4568 JP | Koichi Mamegano |
| | Daiichi Sankyo | DSNKY | DSNKY US | Koichi Mamegano |
| | Dr. Reddy's | DRYBF | DRRD IN | Neha Manpuria |
| | Dr. Reddy's | RDY | RDY US | Neha Manpuria |
| | EBOS Group Limited | EBOSF | EBO NZ | Lyanne Harrison |
| | EBOS Group Limited | XEBOF | EBO AU | Lyanne Harrison |
| | Eisai | ESALF | 4523 JP | Koichi Mamegano |
| | Everest Medicine | XMLKF | 1952 HK | David Li |
| | Fisher & Paykel Healthcare | XPAXF | FPH AU | Lyanne Harrison |
| | Fisher & Paykel Healthcare | FSPKF | FPH NZ | Lyanne Harrison |
| | Fortis Health | XFFTF | FORH IN | Neha Manpuria |
| | Frontage | FGHQF | 1521 HK | David Li |
| | Gland Pharma | XGLPF | GLAND IN | Neha Manpuria |
| | Glenmark Life Sciences | XWDPF | GLS IN | Neha Manpuria |
| | Gushengtang | GSHTF | 2273 HK | David Li |
| | Huadong Medicine | XCPDF | 000963 CH | Ethan Cui |
| | Hualan Biological | XCBEF | 002007 CH | Ethan Cui |
| | Hygeia Healthcare | HYHHF | 6078 HK | Ethan Cui |
| | IHH Healthcare Berhad | IHHHF | IHH MK | Paul Dewberry |

APR - Healthcare Coverage Cluster

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|---------------------|----------------------------|-------------|------------------|----------------------|
| | IHH Healthcare Bhd | XFAHF | IHH SP | Paul Dewberry |
| | Imeik | ZMITF | 300896 CH | Ethan Cui |
| | Innovent | IVBXF | 1801 HK | David Li |
| | Integral Diagnostics | ITGDF | IDX AU | Lianne Harrison |
| | Jinxin Fertility | JXFGF | 1951 HK | Ethan Cui |
| | Jinyu Bio-Tech | XMTDF | 600201 CH | David Li |
| | Kangji Medical | KMHLF | 9997 HK | David Li |
| | Medley | XEQNF | 4480 JP | Ritsuo Watanabe |
| | MicroPort | MCRPF | 853 HK | Sandra Sun |
| | Mindray | XDVVF | 300760 CH | Sandra Sun |
| | Nanosonics Limited | NNCSF | NAN AU | Lianne Harrison |
| | Olympus Corp. | OCPNF | 7733 JP | Ritsuo Watanabe |
| | Ovctek | XOCKF | 300595 CH | David Li |
| | Pharmaron | PHBBF | 3759 HK | David Li |
| | Polynovo | CALZF | PNV AU | Lianne Harrison |
| | Praram 9 Hospital | XPNHF | PR9 TB | Charti Phrawphraikul |
| | ResMed Inc | RSMDF | RMD AU | Lianne Harrison |
| | ResMed Inc. | RMD | RMD US | Lianne Harrison |
| | Sawai Group Holdings | SWGHE | 4887 JP | Ritsuo Watanabe |
| | Shanghai Pharmaceuticals | SHPMF | 2607 HK | David Li |
| | Shanghai United Imaging | XCAOF | 688271 CH | Sandra Sun |
| | Shionogi | SGIOF | 4507 JP | Koichi Mamegano |
| | Shionogi | SGIOY | SGIOY US | Koichi Mamegano |
| | Sino Biopharm | SBMFF | 1177 HK | David Li |
| | Sinopharm | SHTDF | 1099 HK | David Li |
| | SMS | SMSZF | 2175 JP | Ritsuo Watanabe |
| | Sonic Healthcare Limited | SKHCF | SHL AU | Lianne Harrison |
| | Sosei | SOLTF | 4565 JP | Koichi Mamegano |
| | Takeda Pharm. | TKPHF | 4502 JP | Koichi Mamegano |
| | Takeda Pharm. | TAK | TAK US | Koichi Mamegano |
| | Terumo | TRUMF | 4543 JP | Ritsuo Watanabe |
| | TigerMed | HTMDF | 3347 HK | David Li |
| | TRYT | XHXTF | 9164 JP | Ritsuo Watanabe |
| | Wuxi Apptec | WUXIF | 2359 HK | David Li |
| | Wuxi Apptec | XLUHF | 603259 CH | David Li |
| | Yifeng Pharmacy | XYHCF | 603939 CH | Ethan Cui |
| | Yunnan Baiyao | YBAIF | 000538 CH | Sandra Sun |
| | Zai Lab | ZLAB | ZLAB US | David Li |
| | Zai Lab | XCDZF | 9688 HK | David Li |
| | Zhifei | XCHOF | 300122 CH | David Li |
| NEUTRAL | | | | |
| | Ansell Limited | ANSLF | ANN AU | Lianne Harrison |
| | Astellas Pharma | ALPMF | 4503 JP | Koichi Mamegano |
| | Astellas Pharma | ALPMY | ALPMY US | Koichi Mamegano |
| | Beigene | XBETF | 6160 HK | David Li |
| | Beigene | BGNE | BGNE US | David Li |
| | Healius Limited | PHCRF | HLS AU | Lianne Harrison |
| | JMDC | JMDCF | 4483 JP | Ritsuo Watanabe |
| | Joynn Lab | XQTSF | 6127 HK | David Li |
| | Kyowa Kirin | KYKOF | 4151 JP | Koichi Mamegano |
| | Max Healthcare | XMHLF | MAXHEALT IN | Neha Manpuria |
| | PHC Holdings | PHCCF | 6523 JP | Ritsuo Watanabe |
| | Pien Tze Huang | XUVHF | 600436 CH | Sandra Sun |
| | Ramsay Health Care Limited | RMSYF | RHC AU | Lianne Harrison |
| | Sigma Healthcare Limited | SIGGF | SIG AU | Lianne Harrison |
| | Sun Pharma | XPUCF | SUNP IN | Neha Manpuria |
| | Topchoice Medical | XZDXF | 600763 CH | Ethan Cui |
| | Torrent Pharma | TOPHF | TRP IN | Neha Manpuria |
| | WuXi Biologics | WXIBF | 2269 HK | David Li |
| | Zydus Lifesciences | XMQLF | ZYDUSLIF IN | Neha Manpuria |
| UNDERPERFORM | | | | |
| | Ain Holdings | AINPF | 9627 JP | Ritsuo Watanabe |
| | Alkem | XAMLF | ALKEM IN | Neha Manpuria |
| | Asymchem Laboratories | XALPF | 002821 CH | David Li |



APR - Healthcare Coverage Cluster

| Investment rating | Company | BofA Ticker | Bloomberg symbol | Analyst |
|-------------------|------------------------------------|-------------|------------------|-----------------|
| | Baiyunshan | XOUFF | 600332 CH | Sandra Sun |
| | Beijing Wantai Biological Pharmacy | XBHIF | 603392 CH | David Li |
| | Cipla | XCLAF | CIPLA IN | Neha Manpuria |
| | Cochlear Limited | CHEOF | COH AU | Lyanne Harrison |
| | CSPC Pharmaceutical | CHJTF | 1093 HK | Ethan Cui |
| | Divis Laboratories | XXQPF | DIV IN | Neha Manpuria |
| | Hansoh | HNSPF | 3692 HK | David Li |
| | Hengrui Medicine | XMOKF | 600276 CH | David Li |
| | Joinn Lab | JOLCF | 603127 CH | David Li |
| | Lupin | XEFSF | LPC IN | Neha Manpuria |
| | M3 | MTHRF | 2413 JP | Ritsuo Watanabe |
| | Mankind Pharma | XDXZF | MANKIND IN | Neha Manpuria |
| | Medipal Holdings | MEPDF | 7459 JP | Ritsuo Watanabe |
| | Ono Pharm. | OPHLF | 4528 JP | Koichi Mamegano |
| | Otsuka HD | OTSKF | 4578 JP | Koichi Mamegano |
| | Otsuka HD | OTSKY | OTSKY US | Koichi Mamegano |
| | Pharmaron | XLGYF | 300759 CH | David Li |
| | Shanghai Pharmaceuticals | XKCRF | 601607 CH | David Li |
| | Sysmex | SSMXF | 6869 JP | Ritsuo Watanabe |
| | TigerMed | XHTHF | 300347 CH | David Li |

IQmethodSM Measures Definitions**Business Performance**

Return On Capital Employed

Return On Equity

Operating Margin

Earnings Growth

Free Cash Flow

Numerator

NOPAT = (EBIT + Interest Income) × (1 – Tax Rate) + Goodwill Amortization

Net Income

Operating Profit

Expected 5 Year CAGR From Latest Actual

Cash Flow From Operations – Total Capex

Denominator

Total Assets – Current Liabilities + ST Debt + Accumulated Goodwill

Amortization

Shareholders' Equity

Sales

N/A

N/A

Quality of Earnings

Cash Realization Ratio

Asset Replacement Ratio

Tax Rate

Net Debt-To-Equity Ratio

Interest Cover

Numerator

Cash Flow From Operations

Capex

Tax Charge

Net Debt = Total Debt – Cash & Equivalents

EBIT

Denominator

Net Income

Depreciation

Pre-Tax Income

Total Equity

Interest Expense

Valuation Toolkit

Price / Earnings Ratio

Price / Book Value

Dividend Yield

Free Cash Flow Yield

Enterprise Value / Sales

Numerator

Current Share Price

Current Share Price

Annualised Declared Cash Dividend

Cash Flow From Operations – Total Capex

EV = Current Share Price × Current Shares + Minority Equity + Net Debt +

Other LT Liabilities

Enterprise Value

Denominator

Diluted Earnings Per Share (Basis As Specified)

Shareholders' Equity / Current Basic Shares

Current Share Price

Market Cap = Current Share Price × Current Basic Shares

Sales

Basic EBIT + Depreciation + Amortization

IQmethodSM is the set of BofA Global Research standard measures that serve to maintain global consistency under three broad headings: Business Performance, Quality of Earnings, and valuations. The key features of *IQmethod* are: A consistently structured, detailed, and transparent methodology. Guidelines to maximize the effectiveness of the comparative valuation process, and to identify some common pitfalls.

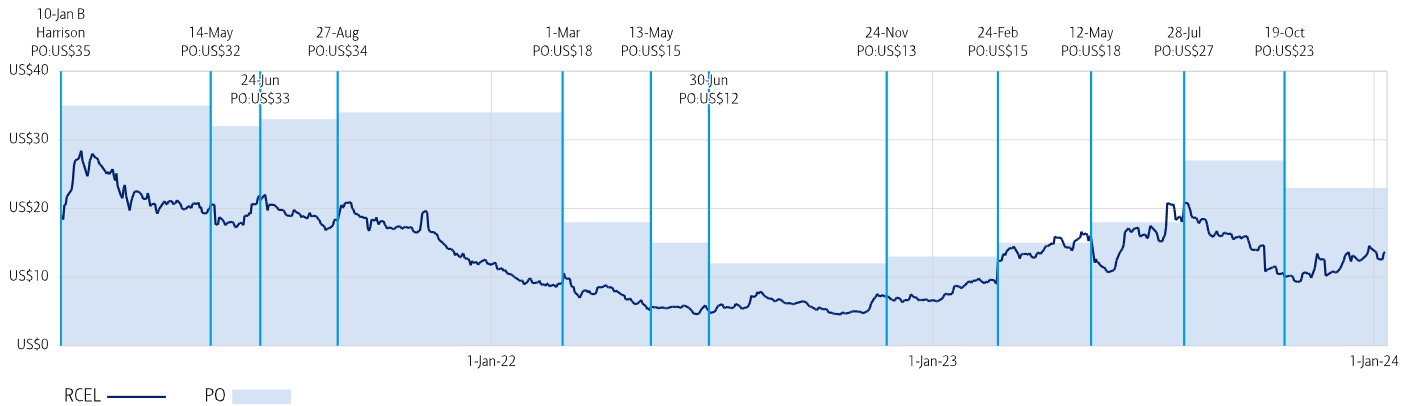
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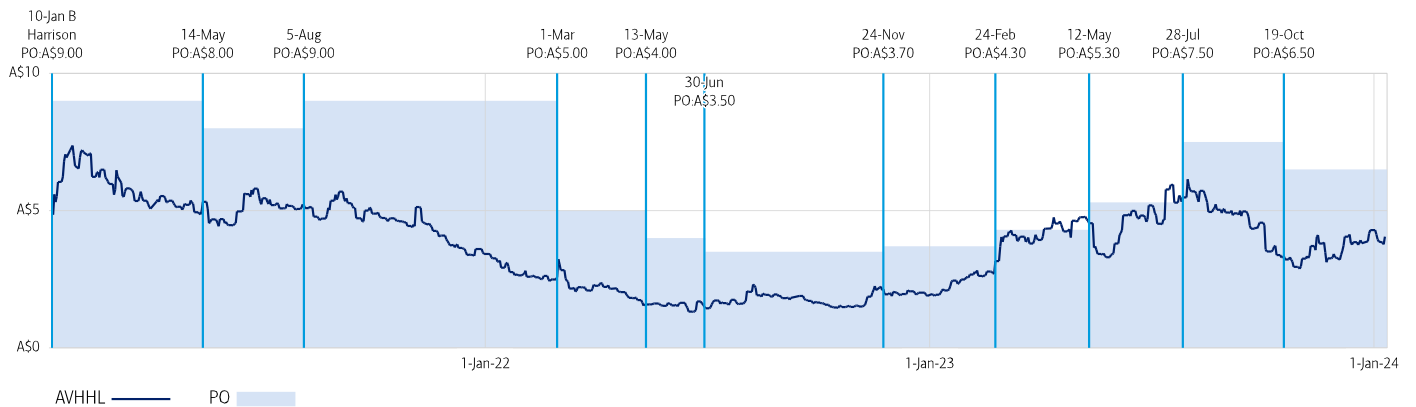
Important Disclosures

AVITA (RCEL) Price Chart



The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

AVITA (AVHHL) Price Chart



The Investment Opinion System is contained at the end of the report under the heading "Fundamental Equity Opinion Key". Dark grey shading indicates the security is restricted with the opinion suspended. Medium grey shading indicates the security is under review with the opinion withdrawn. Light grey shading indicates the security is not covered. Chart is current as of a date no more than one trading day prior to the date of the report.

Equity Investment Rating Distribution: Health Care Group (as of 31 Dec 2023)

| Coverage Universe | Count | Percent | Inv. Banking Relationships ^{R1} | Count | Percent |
|-------------------|-------|---------|--|-------|---------|
| Buy | 234 | 60.94% | Buy | 115 | 49.15% |
| Hold | 80 | 20.83% | Hold | 36 | 45.00% |
| Sell | 70 | 18.23% | Sell | 29 | 41.43% |

Equity Investment Rating Distribution: Global Group (as of 31 Dec 2023)

| Coverage Universe | Count | Percent | Inv. Banking Relationships ^{R1} | Count | Percent |
|-------------------|-------|---------|--|-------|---------|
| Buy | 1895 | 53.62% | Buy | 1083 | 57.15% |
| Hold | 832 | 23.54% | Hold | 454 | 54.57% |
| Sell | 807 | 22.84% | Sell | 383 | 47.46% |

^{R1} Issuers that were investment banking clients of BofA Securities or one of its affiliates within the past 12 months. For purposes of this Investment Rating Distribution, the coverage universe includes only stocks. A stock rated Neutral is included as a Hold, and a stock rated Underperform is included as a Sell.

FUNDAMENTAL EQUITY OPINION KEY: Opinions include a Volatility Risk Rating, an Investment Rating and an Income Rating. **VOLATILITY RISK RATINGS**, indicators of potential price fluctuation, are: A - Low, B - Medium and C - High. **INVESTMENT RATINGS** reflect the analyst's assessment of both a stock's absolute total return potential as well as its attractiveness for investment relative to other stocks within its Coverage Cluster (defined below). Our investment ratings are: 1 - Buy stocks are expected to have a total return of at least 10% and are the most attractive stocks in the coverage cluster; 2 - Neutral stocks are expected to remain flat or increase in value and are less attractive than Buy rated stocks and 3 - Underperform stocks are the least attractive stocks in a coverage cluster. An investment rating of 6 (No Rating) indicates that a stock is no longer trading on the basis of fundamentals. Analysts assign investment ratings considering, among other things, the 0-12 month total return expectation for a stock and the firm's guidelines for ratings dispersions (shown in the table below). The current price objective for a stock should be referenced to better understand the total return expectation at any given time. The price objective reflects the analyst's view of the potential price appreciation (depreciation).

| Investment rating | Total return expectation (within 12-month period of date of initial rating) | Ratings dispersion guidelines for coverage cluster ^{R2} |
|-------------------|---|--|
| Buy | ≥ 10% | ≤ 70% |
| Neutral | ≥ 0% | ≤ 30% |
| Underperform | N/A | ≥ 20% |

^{R2} Ratings dispersions may vary from time to time where BofA Global Research believes it better reflects the investment prospects of stocks in a Coverage Cluster.

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