Research as a Service

Opthea Limited

Eyeing the global opportunity in retinal diseases

Pharmaceuticals, Biotechnology & Life Sciences

11th March 2022

Opthea Ltd (ASX:OPT) is a clinical-stage biotechnology company focused on developing and commercialising therapies to treat progressive retinal diseases including wet age-related macular degeneration (Wet AMD) and diabetic macular edema (DME). The company's leading product candidate is OPT-302 which is in Phase III clinical trials for Wet AMD and is being developed for use in combination with anti-Vascular Endothelial Growth Factor-A (VEGF-A) monotherapies to achieve broader inhibition of the VEGF family. Opthea has also completed a Phase IIa clinical trial in patients with persistent DME. Opthea is listed on both the ASX and NASDAQ. The company was previously called Circadian Technologies, which listed on the ASX in 1985, making it one of Australia's oldest listed biotechs. Opthea listed on NASDAQ in October 2020, after raising US$128.2m in gross proceeds at an IPO price of US$13.50 per American Depository Share (ADS). The stock is currently trading at US$4.73 per ADS or at a ratio of eight ordinary shares to one ADS.

Business model

Opthea is focused on developing its lead product OPT-302 to better optimise visual outcomes for patients with Wet AMD and DME. Wet AMD is the leading cause of blindness in the developed world in people over the age of 50 years and is caused by leakage of blood vessels at the back of the eye which causes degeneration of the retina and vision loss. DME is caused by a complication of diabetes called diabetic retinopathy which is the most common diabetic eye disease and the leading cause of blindness in diabetics. Current standard-of-care treatments for Wet AMD and DME share the common mechanism of inhibiting VEGF-A. The market-leading VEGF-A inhibitors approved for the treatment of Wet AMD and DME, Lucentis (ranibizumab) and Eylea (aflibercept), had worldwide sales of more than US$12b in 2021. While these have achieved widespread adoption, many patients experience suboptimal clinical responses with the majority of patients failing to achieve 20/40 vision after 12 months' treatment. OPT-302 is an inhibitor of VEGF-C and VEGF-D and is being developed for use in combination with a VEGF-A inhibitor to block the signalling pathways that contribute to retinal diseases. OPT-302 is administered by intra-vitreal injection into the eye, which is the same route of administration of approved standard-of-care treatments for Wet AMD.

Phase III programme the key focus over 2022 and 2023

Opthea's Phase III programme consists of two concurrent, global, randomized, sham-controlled studies enrolling approximately 990 patients across more than 20 countries in each trial. The primary end-point in both trials is mean change to visual acuity from base-line to week 52 for OPT-302 and anti-VEGF-A combination therapy compared with anti-VEGF-A monotherapy on its own. Following completion of the primary efficacy phase of the trials, Opthea intends to submit biologics license and marketing authorisation applications with the FDA and EMA respectively.

Look to biotechs conducting Phase III trials as peers

There are few Australian-listed biotechs which can be considered direct peers to Opthea. We look to biotechs such as Dimerix (ASX:DXB), Neuren Pharmaceuticals (ASX:NEU) and Telix Pharmaceuticals (ASX:TLX) as peers given they are all conducting Phase III trials. The US market yields more comparable peers both from the stage in their pipeline and disease targets. NASDAQ-listed peers include Kodiak (NASDAQ:KOD), which is also in late-stage trials for its Wet AMD and DME targets amongst other diseases; and Outlook Therapeutics (NASDAQ:OTLK), which is in Phase III trials on its therapies for Wet AMD.

Share Details

ASX code	OPT
Share price	$0.815
Market capitalisation	$287.8M
Shares on issue	351.0M
Net cash at 30-Jun-21	US$118.2M
Free float	88.0%

Share Performance (12 months)

Upside Case

- Phase III trials successful
- Takeover offer emerges from big pharma
- FDA and EMA approvals secured quickly

Downside Case

- Commercial rights fail to be taken up by major pharma
- Additional capital required to complete trials
- Other treatments with better efficacy emerge

Catalysts

- Outcome of Phase III trial in 2024
- Progression of DME to Phase IIb clinical trial

Comparable companies (Aust/NZ)

Dimerix (ASX:DXB), Neuren Pharmaceutical (ASX:NEU), Telix Pharmaceutical (ASX:TLX)

Board and Management

Dr Jeremy Levin	Non-Executive Chair
Dr Megan Baldwin	Managing Director/CEO
Daniel Spiegelman	Non-Executive Director
Dr Julia Haller	Non-Executive Director
Lawrence Gozlan	Non-Executive Director
Michael Sistenich	Non-Executive Director

Company Contact

Rudi Michelson (Media/Investors) +61 3 9826 0399

info@opthea.com

RaaS Contact

Finola Burke +61 414 354 712

finola.burke@raasgroup.com

FINANCIAL SERVICES GUIDE

RaaS Advisory Pty Ltd

ABN 99 614 783 363

Corporate Authorised Representative, number 1248415

of

BR SECURITIES AUSTRALIA PTY LTD

ABN 92 168 734 530

AFSL 456663

Effective Date: 6th May 2021

About Us

BR Securities Australia Pty Ltd (BR) is the holder of Australian Financial Services License ("AFSL") number 456663. RaaS Advisory Pty Ltd (RaaS) is an Authorised Representative (number 1248415) of BR.
This Financial Service Guide (FSG) is designed to assist you in deciding whether to use RaaS's services and includes such things as

- who we are
- our services
- how we transact with you
- how we are paid, and
- complaint processes

Contact Details, BR and RaaS
BR Head Office: Suite 5GB, Level 5, 33 Queen Street, Brisbane, QLD, 4000
RaaS. 20 Halls Road Arcadia, NSW 2159
P: +61 414 354712
E: finola.burke@raasgroup.com

RaaS is the entity providing the authorised AFSL services to you as a retail or wholesale client.

What Financial Services are we authorised to provide? RaaS is authorised to

- provide general advice to retail and wholesale clients in relation to
  - Securities
- deal on behalf of retail and wholesale clients in relation to
  - Securities

The distribution of this FSG by RaaS is authorized by BR.

Our general advice service

Please note that any advice given by RaaS is general advice, as the information or advice given will not take into account your particular objectives, financial situation or needs. You should, before acting on the advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Prospectus, Product Disclosure Statement or like instrument. As we only provide general advice we will not be providing a Statement of Advice. We will provide you with recommendations on securities

Our dealing service

RaaS can arrange for you to invest in securities issued under a prospectus by firstly sending you the offer document and then assisting you fill out the application from if needed.

How are we paid?

RaaS earns fees for producing research reports. Sometimes these fees are from companies for producing research reports and/or a financial model. When the fee is derived from a company, this is clearly highlighted on the front page of the report and in the disclaimers and disclosures section of the report.
We may also receive a fee for our dealing service, from the company issuing the securities.

Associations and Relationships

BR, RaaS, its directors and related parties have no associations or relationships with any product issuers other than when advising retail clients to invest in managed funds when the managers of these funds may also be clients of BR. RaaS's representatives may from time to time deal in or otherwise have a financial interest in financial products recommended to you but any material ownership will be disclosed to you when relevant advice is provided.

Complaints

If you have a complaint about our service you should contact your representative and tell them about your complaint. The representative will follow BR's internal dispute resolution policy, which includes sending you a copy of the policy when required to. If you aren't satisfied with an outcome, you may contact AFCA, see below.
BR is a member of the Australian Financial Complaints Authority (AFCA). AFCA provide fair and independent financial services complaint resolution that is free to consumers.
Website: www.afca.org.au; Email: info@afca.org.au; Telephone: 1800931678 (free call)
In writing to: Australian Financial Complaints Authority, GPO Box 3, Melbourne, VIC, 3001.

Professional Indemnity Insurance

BR has in place Professional Indemnity Insurance which satisfies the requirements for compensation under s912B of the Corporations Act and that covers our authorized representatives.

DISCLAIMERS and DISCLOSURES

This report has been prepared and issued by RaaS Advisory Pty Ltd trading as Research as a Service ("RaaS"). This research is issued in Australia by RaaS and any access to it should be read in conjunction with the Financial Services Guide on the preceding two pages. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable. Opinions contained in this report represent those of the principals of RaaS Advisory at the time of publication. RaaS Advisory provides this financial advice as an honest and reasonable opinion held at a point in time about an investment's risk profile and merit and the information is provided by the RaaS Advisory in good faith. The views of the adviser(s) do not necessarily reflect the views of the AFS Licensee. RaaS Advisory has no obligation to update the opinion unless RaaS Advisory is currently contracted to provide such an updated opinion. RaaS Advisory does not warrant the accuracy of any information it sources from others. All statements as to future matters are not guaranteed to be accurate and any statements as to past performance do not represent future performance. RaaS Advisory's principals, employees and associates may hold shares in companies that are covered and, if so, this will be clearly stated on the front page of each report.

Assessment of risk can be subjective. Portfolios of equity investments need to be well diversified and the risk appropriate for the investor. Equity investments in listed or unlisted companies yet to achieve a profit or with an equity value less than $50 million should collectively be a small component of a balanced portfolio, with smaller individual investment sizes than otherwise.

The science of climate change is common knowledge and its impacts may damage the global economy. Mitigating climate change may also disrupt the global economy. Investors need to make their own assessments and we disclaim any liability for the impact of either climate change or mitigating strategies on any investment we recommend.

Investors are responsible for their own investment decisions, unless a contract stipulates otherwise. RaaS Advisory does not stand behind the capital value or performance of any investment. Subject to any terms implied by law and which cannot be excluded, RaaS Advisory shall not be liable for any errors, omissions, defects or misrepresentations in the information (including by reasons of negligence, negligent misstatement or otherwise) or for any loss or damage (whether direct or indirect) suffered by persons who use or rely on the information. If any law prohibits the exclusion of such liability, RaaS Advisory limits its liability to the re-supply of the Information, provided that such limitation is permitted by law and is fair and reasonable.