

Clal Biotechnology Industries

Financial update

Progress on multiple fronts

Clal Biotechnology Industries' (CBI's) portfolio of investments continues to make headway. MediWound is in advanced discussions with multiple third parties interested for a strategic transaction. With \$23m in proceeds from its recent financing, Anchiano Therapeutics (previously BioCanCell) plans to initiate the first of two trials for its lead development programme in H218. Lastly, Gamida Cell recently reported preliminary safety and efficacy data from its donor-derived natural killer (NK) cell expanded ex vivo with nicotinamide (NAM) Phase I study in patients with lymphoma and multiple myeloma.

Year end	Revenue (NISm)	PBT* (NISm)	EPS* (NIS)	DPS (NIS)	P/E (x)	Yield (%)
12/15	55.8	(209.4)	(1.44)	0.0	N/A	N/A
12/16	30.5	(454.1)	(2.89)	0.0	N/A	N/A
12/17	73.6	(54.2)	(0.15)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

MediWound narrows down potential suitors

MediWound (35% owned by CBI) recently announced its Q218 results. Revenues, which are based on NexoBrid sales in the EU, were \$1.0m, which is a 43% increase from Q217 (\$0.7m). The company remains in advanced discussions with multiple third parties interested in a strategic transaction and has narrowed down its list of potential scenarios. The exact nature of the proposed transactions remains vague, but could include a sale or an out-licensing agreement.

Anchiano completes \$23m private equity financing

Anchiano Therapeutics announced the completion of a \$22.9m private equity funding. The net proceeds of this financing will be used primarily to initiate the first of two registrational trials for its lead programme, inodiftagene vixteplasmid (formerly BC-819) in non-muscle invasive bladder cancer (NMIBC) in H218. Following this transaction, CBI's ownership of Anchiano has decreased to 31% (from 36%).

Exciting year to date

2018 has been an eventful year for CBI thus far with ~\$180m (~\$7m contributed by CBI) raised by several portfolio companies including Anchiano (\$23m), Cadent (\$40m), Vedantra (\$17.5m), as well as Neon's \$100m listing on the NASDAQ. We expect the remaining half of the year to be equally eventful, with key data expected from MediWound as well as NASDAQ listings currently targeted for three investments, namely Gamida Cell and Anchiano Therapeutics.

Valuation: NIS958m or NIS5.94 per share

We have adjusted our valuation to NIS958m or NIS5.94 per share from NIS958m or NIS6.13 per share, which was mainly driven by the increase in value of CBI's stake in Neon following its \$100m listing on the NASDAQ and the slight increase in the strength of the US dollar (NIS3.69/US\$). This change was offset by decreasing the value of CBI's stake in Anchiano Therapeutics and Cadent due to dilution from each financing round.

Pharma & biotech

23 August 2018

Price* **NIS3.17**
Market cap **NIS511m**

*Priced at 20 August 2018

NIS3.69/US\$

Net cash (\$m, unconsolidated) at 30 June 2018 1.5

Shares in issue 161.2m

Free float 37.2%

Code CBI

Primary exchange TASE

Secondary exchange N/A

Share price performance



%	1m	3m	12m
Abs	(1.2)	8.2	(8.0)
Rel (local)	(5.0)	1.31	(18.1)

52-week high/low NIS3.7 NIS2.7

Business description

Clal Biotechnology Industries is a healthcare investment company focused on investing in a variety of therapeutic, diagnostic and medical device companies covering a full range of development phases from preclinical to post-market. The company holds 10 direct investments, with interests ranging between 5% and 62%. It also has five indirect investments through its 50% stake in the Anatomy Fund, which it manages.

Next events

Gamida Cell IPO H218

MediWound NexoBrid Phase III results YE18

MediWound EscharEx Phase III initiation YE18

Analysts

Maxim Jacobs +1 646 653 7027

Nathaniel Calloway +1 646 653 7036

healthcare@edisongroup.com
[Edison profile page](#)

Continued progress at MediWound

In August, MediWound provided a brief update regarding the status of a potential strategic transaction. The company remains in advanced discussions with multiple third parties, and has enlisted Moelis & Company to evaluate these potential scenarios and advise the board of directors. At this time, MediWound has confirmed that this short group of potential suitors has narrowed. As a reminder, the exact nature of these proposed transactions was not disclosed, but could include anything from a product out-licensing to the acquisition of all of MediWound. If it does involve licensing the rights to a MediWound product, a logical candidate might be EscharEx, which has a larger addressable market than NexoBrid. It is important to note that we do not currently include any upfront or milestone payments in our EscharEx model, so a licensing agreement could have a significant impact on our valuation of the product. MediWound expects to disclose more details regarding the path forward as soon as a decision is made, but could not provide a timeline. We will update our model once an agreement, if any, is finalised.

In terms of the underlying business, MediWound recently reported its Q218 results. Revenues, which are based on NexoBrid sales in the EU, were \$1.0m, double the previous quarter this year (\$0.5m). In June, the company announced completion of enrolment of the 175-patient US NexoBrid Phase III trial (DETECT) with top-line results expected around year-end. The company plans to file a BLA in H219 with these data and further supplement the application with 12-month follow-up data during FDA review. Additionally, the company announced that the FDA has approved the study protocol to expand the 160-patient Phase III study of NexoBrid, which is fully funded by the US Biomedical Advanced Research and Development Authority (BARDA), for debridement in children (CIDS) to the US. Enrolment is ongoing in the US and EU for paediatric patients (0-17 years) with deep partial or full thickness burns covering 1-30% total body surface area. Regarding EscharEx, the company expects to submit the Phase III protocol to the FDA in H218, with the actual initiation of the study likely sometime around the end of 2018 or the beginning of 2019.

Furthermore, the company announced that the FDA has approved the protocol for its new NexoBrid development programme for the treatment of sulphur mustard skin injuries via the animal rule. This allows for approval based on animal studies for conditions that cannot feasibly be studied in human clinical trials. Provided that adequate safety and efficacy data are established, the FDA agreed that one animal species should be sufficient to grant marketing approval. These data are also supported by existing chemistry, manufacturing and control information currently available for NexoBrid. The company plans to partner with a government agency before initiating the study and we will update our model to include this programme at that time.

Clinical progress at Gamida Cell

In June, Gamida Cell (18% owned by CBI) presented [preliminary data](#) on the first two patients treated with donor-derived natural killer (NK) cells expanded ex vivo with nicotinamide (NAM) at the Inaugural American Association for Cancer Research (AACR) meeting from the ongoing Phase I study. As a reminder, Gamida Cell is investigating the use of NAM-NK cells for the treatment of lymphoma and multiple myeloma. A favourable safety profile was demonstrated in the two patients with no severe adverse events (grade 3 or 4) and no dose-limiting toxicities. However, the patients did experience short-term neutropenia and thrombocytopenia, although this was expected. The dose-escalation portion of the trial is underway and enrolment is ongoing (Exhibit 1).

Exhibit 1: NAM-NK TNC dose levels

Dose cohort	Dose 1, day 0 (per kg)	Dose 2, day 2+ (per kg)	Total (per kg)
1	1×10 ⁷	1×10 ⁷	2×10 ⁷
2	5×10 ⁷	5×10 ⁷	10×10 ⁷
3	1×10 ⁸	1×10 ⁸	2×10 ⁸

Source: Gamida Cell. Note: TNC= total nucleated cell dose.

Gamida Cell also presented preliminary efficacy data from one patient with follicular lymphoma treated with NAM-NK at dose level 1 in March 2018. The patient had evidence of donor NK cell expansion in peripheral blood and biopsy of the residual mass revealed no evidence of lymphoma. We cannot draw any conclusions from the initial safety and efficacy data at this time based on the limited number of patients. The primary endpoint of the trial is the safe maximum tolerated dose of NAM-NK cells and the study is expected to read out preliminary data in 2019. The company has stated that NAM-NK cells can be manufactured cost-effectively and could potentially be distributed as an off-the-shelf product. If validated, this offers a significant opportunity for the company because, historically, NK cell expansion into a clinically significant quantity has presented challenges as NK cells only represent a minor portion of peripheral blood mononuclear cells.¹

Moreover, Gamida Cell recently announced that the FDA has granted orphan drug designation for NiCord as a treatment for haematopoietic stem cell transplantation (HSCT). Gamida Cell has also received orphan drug designation for NiCord as treatment for HSCT by the EMA.

Anchiano Therapeutics closes private equity financing

In July, Anchiano Therapeutics (previously BioCanCell) announced the completion of a \$22.9m private equity fund-raise. The financing was led by Shavit Capital, an Israeli private equity fund, as well as other new and existing US and Israeli investors. CBI contributed \$5m to the financing, which includes the \$3m bridging loans that were repaid at the conclusion of the transaction, and concurrently reinvested in Anchiano along with an additional investment of \$2m. Anchiano issued 5,960,787 ordinary shares at a price per share of \$3.84 and options to purchase up to 80% of the number of shares allocated (at an exercise price of \$4.43). Following this transaction, CBI's ownership of Anchiano has decreased to 31% (from 36%).

The net proceeds of this financing will primarily be used to advance the development of its lead programme, inodiftagene vixteplasmid (formerly BC-819) in non-muscle invasive bladder cancer (NMIBC). BC-204 will be an open-label, Phase II single-arm trial in 140 patients who are unresponsive to BCG therapy and the primary endpoint is durable response rate (either partial or complete) at 12 months. BC-301 will be an open-label Phase III trial in approximately 495 patients of BC-819 in combination with BCG in versus BCG alone. The BC-301 trial has been granted a special protocol assessment (SPA) by the FDA and the primary endpoint is median time to recurrence. The BC-301 trial will be the first comparative study and we expect the results to elucidate the clinical value of BC-819 for NMIBC. The company expects to initiate enrolment for the first registrational trial in H218, while enrolment for the second trial will begin in 2019.

Due to the completion of this financing and the company's strategy to begin two pivotal clinical trials by year-end, CBI now considers Anchiano Therapeutics a material asset.

Multiple readouts from Biokine

On 7 August 2018, Biokine's (27% owned by CBI) partner BioLineRx provided an update on top-line results from its 42-patient, single-arm Phase IIa clinical trial evaluating BL-8040 in combination with HiDAC in patients with relapsed/refractory AML. As a reminder, the study was divided into a dose-

¹ Fujisaki, H., et al. (2009) Expansion of highly cytotoxic human natural killer cells for cancer cell therapy. *Cancer Research*, 69(9), 4010-4017.

escalation cohort (0.5-2.0mg/kg) and a dose-expansion cohort (1.5mg/kg) and patients were treated with BL-8040 monotherapy for two days followed by combination BL-8040 and HiDAC therapy (select endpoints illustrated in Exhibit 2). These early data will also support its ongoing Phase I/IIa trial collaboration with Genentech, investigating the combination of BL-8040 with Tecentriq (atezolizumab), the anti-PDL1 immunotherapy for AML.

Exhibit 2: Select endpoints from Phase IIa evaluation of BL-8040 with HiDAC

	All doses tested (n=42)	Dose-expansion cohort (n=23)	Responders at dose-expansion cohort (n=9)
Response rate	29%	39%	N/A
Median overall survival	9.1 months	10.2 months	21.8 months
1-year survival rate	N/A	31.6%	66.7%
2-year survival rate	N/A	23.8%	44.4%
3-year survival rate	N/A	23.8%	44.4%

Source: BioLineRx. Notes: Response rate = complete response/incomplete haematologic recovery.

BioLineRx also announced the expansion of its Phase II trial evaluating BL-8040 in combination with KEYTRUDA (pembrolizumab), the anti-PD-1 therapy, in patients with metastatic pancreatic adenocarcinoma, to include a triple combination arm investigating the safety, tolerability and efficacy of BL-8040, KEYTRUDA and chemotherapy focused on second-line pancreatic cancer patients. This follows previous results, which showed that BL-8040 induced an increase in the number of total immune cells in peripheral blood while reducing the frequency of peripheral blood regulatory cells that may impede the anti-tumour immune response. Top-line clinical results from this portion of the trial are on track for H218. The third arm of the trial is expected to initiate in Q418 with a target enrolment of 30 to 50 patients. We do not currently include pancreatic cancer in our model, so any positive data from the trial could provide upside to our valuation for Biokine.

Most recently, BioLineRx announced interim data from the first 11 out of 30 patients from the single-arm, open-label, lead-in period of the Phase III trial investigating the safety, efficacy, pharmacokinetics, and pharmacodynamics of the combination treatment of BL-8040 and granulocyte colony-stimulating factor (G-CSF) versus G-CSF alone for stem cell mobilization for autologous transplantation for multiple myeloma treatment. According to the company, BL-8040 (1.25mg/kg) in combination with G-CSF (10µg/kg/day) was safe and tolerable for all 11 patients. Nine out of 11 patients reached the primary endpoint threshold ($\geq 6 \times 10^6$ CD34+ cells/kg) with one dose of BL-8040 and up to two apheresis sessions, while seven out of the 11 patients reached the threshold with only one apheresis session. The second half of the Phase III study will include enrolment of an additional 177 patients. Top-line results from the placebo-controlled, double-blind, randomized trial are expected in 2020.

CureTech cancels acquisition agreement

In early July, CBI announced that the agreement to sell CureTech (53% owned by CBI) to InSight Innovations had been cancelled. According to CBI, the acquisition was cancelled by CureTech, but further details have not been disclosed. The agreement to sell CureTech, which was first announced in late March, did not come as a surprise following the termination of the CureTech agreement with Pfizer for CureTech's pidilizumab in October 2017 and the announcement by CBI that CureTech would no longer be considered a material portfolio company. Our valuation remains unchanged by this announcement and we continue to exclude CureTech in our valuation of CBI.

Update on rest of portfolio

On 26 June, Neon Therapeutics (4% owned by CBI) closed its \$100m IPO on NASDAQ under the symbol NTGN, having offered 6,250,000 shares of common stock at \$16.00 per share. Trading commenced on 27 June 27. Morgan Stanley, Bank of America/Merrill Lynch and Mizuho acted as joint book-running managers, while Oppenheimer acted as lead manager for the offering.

Cadent Therapeutics also announced the signing of a \$40m financing led by Atlas Venture, Access Industries, Cowen Group and Qiming Venture Partners. As part of the agreement, the company will receive \$25m upfront, followed by an additional \$15m at the start of the CAD-1883 Phase II study. As a reminder, CAD-1883, which is a positive allosteric modulator (PAM) of calcium-sensitive potassium (SK) channels, entered the clinic earlier this year in a Phase I trial. CD-1883 increases the sensitivity of SK channels, which play an essential role in regular neuronal firing with the intent to restore regularity and improve motor function for the potential treatment of spinocerebellar ataxia, an orphan genetic disorder characterised by cerebellum dysfunction or degeneration that causes difficulty co-ordinating movements, and essential tremor (ET), a neurological disorder characterised by involuntary and rhythmic shaking, most commonly of the hands and forearms. Following this transaction, CBI's ownership of Cadent has decreased to 16% (from 24%).

Additionally, Vedantra Pharmaceuticals (62% owned by CBI) recently announced a \$17.5m raise of convertible notes, primarily from US investors, and was joined by CBI (\$1.0m). The convertible notes will be converted into Vedantra shares as part of a potential capital raise, which management expects to take place in the near future. The funding has not closed yet, but if it does Vedantra will have the funding to enter the clinic with its amphiphile technology-based vaccine to inhibit mutant KRAS for the treatment of pancreatic cancer. Studies suggest that mutated KRAS plays a key role in the development and progression of pancreatic cancer whereas KRAS mutations are found in approximately 95% of early pre-neoplastic stages of pancreatic cancer progression.² In June, Vedantra named Dr Gregory Berk as its first president and chief medical officer. He has held senior leadership roles at a number of biotechnology companies including Abraxis Biosciences, which was acquired by Celgene for approximately \$2.9bn in 2010, as well as Intellikine, which was acquired by Takeda for \$190m in 2012.

Moreover, Sight Diagnostics (owned by CBI via its 50% stake in the Anatomy Fund) initiated a prospective clinical trial in the US and Israel examining its complete blood count (CBC) table-top system called OLO. Clinical and analytical tests will be performed to verify that the device meets the system specifications. Sight Diagnostics expects to conclude this trial by year-end, and to obtain 510k approval by mid-2019 and a CLIA waiver in 2020. Furthermore, the company announced that the OLO device received the CE mark in mid-July.

² Zeitouni, D., Pylayeva-Gupta, Y., Der, C. J., & Bryant, K. L. (2016). KRAS Mutant Pancreatic Cancer: No Lone Path to an Effective Treatment. *Cancers*, 8(4), 45.

Exhibit 3: CBI's key investments

Investment	Technology	% held	Founded	Status	Advantages	Targets
MediWound*	Enzyme technology for severe burns and chronic wounds	35%	2001	NexoBrid: launched in Europe; in Phase III development in the US EscharEx: Phase II complete	Reduces time to successful eschar removal, reduces need for surgery and need for grafting	NexoBrid Phase III study readout YE18; EscharEx Phase III trial initiation at end-2018 or beginning of 2019
Gamida Cell*	Cord stem cell transplant for haematologic diseases	18%	1998	NiCord: enrolling Phase III; CordIn: two ongoing Phase I/II trials; NK cells: initiated Phase I	UCB for transplantation only requires partial matching and nicotinamide technology increases the limited population and quality of stem and progenitor cells. NiCord received FDA breakthrough therapy designation	Enrolment is underway for a Phase III study of NiCord; NASDAQ listing targeted for H218
Anchiano Therapeutics*	BC-819 is a DNA plasmid for non-muscle invasive bladder cancer	31%	2004	Ongoing Phase II BC-819 and BCG combination trial	BC-819 is a 4.5kb recombinant DNA plasmid containing H19 regulatory sequences that drives expression of the potent diphtheria toxin A and inhibits protein translation in malignant bladder cells. Monotherapy clinical studies demonstrated promising efficacy rates	Initiate two (monotherapy and combination therapy) pivotal clinical trials in 2018 and 2019, respectively; NASDAQ listing targeted for H218
Biokine	Cyclic peptide inhibitor of CXCR4 for AML and other malignancies	27%	2000	Phase III in stem cell mobilisation. Phase II in relapsed/refractory AML with BioLineRx; Phase Ib/II: collaboration with Genentech, combination BKT-140/BL-8040 and Tecentriq (atezolizumab) for multiple oncology indications	Phase I/II trials showed vigorous mobilisation of CD34+ stem and progenitor cells from the bone marrow, inducing cell death and sensitising the malignant cells to anti-cancer therapies	Phase II pancreatic top-line results in H218; Third arm of Phase II pancreatic cancer trial to initiate in Q418; Third arm of Phase II pancreatic cancer results in H219

Source: Clal Biotechnology Industries. Notes: *Material assets according to CBI. All key investments included in our rNPV.

Exhibit 4: CBI's direct holdings

Investment	Technology	% held	Founded	Status	Advantages	Targets
eXlthera	Factor Xla inhibition to prevent thrombosis and stroke	54%	2012	Phase I: Safety, tolerability, PK, PD of parenteral EP-7041	Positive Phase I dose escalation readout showed EP-7041 was safe and well tolerated in healthy volunteers and also demonstrated positive PK and PD data	Potential licensing deal for EP-7041 in H218. Phase II initiation in 2019. Selection of oral candidate expected in coming months
Vedantra	Cancer and infectious disease immunotherapy	62%	2011	Preclinical	Engineering a molecular vaccine that possesses both hydrophilic and hydrophobic properties (amph-vaccine) to exploit albumin to transport small payloads to the lymph node to initiate effective T- and B-cell responses	Amphiphile technology-based vaccines targeting mutant KRAS oncogenes for the treatment of pancreatic cancer expected in the clinic in H218
Neon	Personalised neoantigen therapeutics for cancer	4%	2015	Phase I: NEO-PV-01 and OPDIVO combination therapy Phase I: NEO-PV-01 and combination with KEYTRUDA and chemotherapy	Initial results published in Nature. Several collaborations in the pipeline with large pharma, academic institutions, and other clinical-stage biopharmaceutical companies. Recently completed a \$106m crossover Series B financing	NEO-PV-01 and OPDIVO combination results expected H119; NEO-PV-01 and KEYTRUDA combination results expected H119
Cadent	Treatment of CNS disorders by targeting calcium-sensitive potassium (SK) channels	16%	2010	Phase I: NMDAR2B NAM molecule for treatment of treatment-resistant depression out-licensed to Novartis Phase I: CD-1883 for spinocerebellar ataxia and essential tremor.	CD-1883 increases the sensitivity of SK channels that play an essential role in regular neuronal firing with the intent to restore regularity and improve motor function	Potential NASDAQ listing in 2019.

Source: Clal Biotechnology Industries. Notes: DIPG = diffuse intrinsic pontine glioma, CXCR4 = CXC-chemokine receptor-4 pathway, AML = acute myeloid leukaemia, NMDAR = N-methyl-D-aspartate receptor subtype 2B, NAM = negative allosteric modulator.

Exhibit 5: CBI's indirect holdings through 50% stake in Anatomy

Investment	Technology	Anatomy investments at fair value to CBI (\$m)	Founded	Status	Advantages	Targets
FDNA	Genetic disease diagnostics with facial recognition	1.1	2011	Market	Combines computer vision, machine learning and artificial intelligence to analyse facial features, genomic data, and patient symptoms	Innovation needs to be linked to clinical outcomes
Sight Diagnostics	Computer vision point-of-care blood diagnostics system	1.0	2011	Parasight: Market; OLO: CE mark, pivotal trial in US	Point-of-care full complete blood count system	OLO: Pivotal clinical trial complete in Q418; 510k approval mid-2019; CLIA waiver in 2020.
Colospan	Developing bypass device (CG-100) for colorectal surgery	1.6	2010	CE approved in Europe.	Prevents life-threatening leakage and makes it possible to cut down the use of stomas. Positive initial clinical results	CG-100: Soft launch in Europe in 2018 for market feasibility. Recruiting approximately 137 patients to participate in the safety and efficacy trial through H219 and expects to file for FDA marketing approval following trial results
MinInvasive	Device for arthroscopic rotator cuff repair	1.6	2011	Market	Needle-based shoulder tendon repair device that eliminates the need for suture anchors	MicroPort granted exclusive rights to distribute device in China. FDA cleared and anticipating US launch
Pi-Cardia*	Non-implant based technology for aortic valve stenosis	1.6	2009	Clinical	Developed a low-profile catheter to treat aortic stenosis without replacing the valve	Clinical validation
Total, including \$1.5m in additional investments		8.5**				

Source: Clal Biotechnology Industries. Note: *As of year-end 2017. **Pi-Cardia is also held directly (21% stake includes direct costs of CBI and 50% stake in Anatomy).

Valuation

We have adjusted our valuation to NIS958m or NIS5.94 per share from NIS958m or NIS6.13 per share. This change was largely driven by the increase in value of CBI's stake in Neon following the \$100m IPO on the NASDAQ and was compounded by the increase in the strength of the US dollar (NIS3.69/US\$). This change was partially offset by the lower value of Anchiano Therapeutics' stake (from 36% to 31%), which fell from \$51.1m to \$44.0m following the completion of the private equity investment in the company in July 2018, the lower value of CBI's stake in Cadent (24% to 16%), which fell from \$18m to \$12m following investment in the company also in July 2018, as well as the decrease in CBI's cash balance at the corporate level. The lower valuation reflects the increase in share count as a result of CBI's recent exercise of warrants. We expect to update our valuation of MediWound further once we get more information about the discussions with potential strategic partners.

Exhibit 6: CBI valuation breakdown

Product	Setting	Status	Launch	Peak sales (\$m)	Probability of success	Royalty rate	rNPV (\$m)	% owned by Clal B	Clal B rNPV (\$m)
MediWound	Burns	Market and Phase III ready	NexoBrid: Market, EscharEx: Phase III	375	NexoBrid US 80%, Europe 100%, EscharEx 50%	NexoBrid: 100% EscharEx: 20%	207	35%	72.4
Gamida Cell	Leukaemia (AML, ALL, CML, CLL)	Phase III	2020	437	50%	100%	423	18%	76.1
Biokine	AML	Phase II	2023	1,286	30%	40% of what BioLineRx receives from a sublicense (assume 20%)	43	27%	11.6
Anchiano Therapeutics*	Bladder cancer	Phase II and Phase III ready	2022	530	30%	100%	142	31%	44.0
Neon							334	4%	13.3
Vedantra								62%	9.1
ExlThera								54%	10.3
Cadent								16%	12.0
Anatomy portfolio									8.5
Portfolio total (\$m)									257
Cash, unconsolidated (As of 30 June 2018) (\$m)									2
Overall valuation									259
Shekel/dollar conversion rate									3.7
Overall valuation in Shekels (NISm)									958
Shares outstanding (m)									161.2
Per share (NIS)									5.94

Source: Edison Investment Research, Clal Biotechnology Industries reports. Note: *BioCanCell was renamed Anchiano Therapeutics in July 2018.

Financials

As a reminder, due to significant ownership stakes, CBI consolidates the financials of several of its investments (MediWound, Vedantra, CureTech and the Anatomy fund) and, on this basis, it had NIS116.9m (\$33.4m) in cash, cash equivalents and bank deposits as of H118. CBI's cash position at the corporate level (excluding consolidation) was NIS5.6m (\$1.5m) at 30 June 2018. Additionally, the company received \$4m from an exercise of warrants by existing institutional investors, including Yellin Lapidot and Meitav Dash.

Total consolidated revenues of NIS3.7m (\$1.0m) were generated through the sales of MediWound's NexoBrid in Europe, Israel and Argentina, licensing agreements and rent for the quarter, which is down approximately 26% from the same period of the previous year (NIS5.0m in Q217). The company also reported NIS5.4m (\$1.5m) from the decrease of equity interest in associates in Q218.

Substantial investment was made into the development of underlying technologies and products of CBI's material assets, as indicated by R&D spend of NIS10.0 (\$2.7m) for Q218, which is up roughly 51% from the same period in 2017 (NIS6.6m/\$1.8m). For the period, general and admin costs, which include payroll and related expenses, management fees, and marketing and advertising expenses on a consolidated basis, were NIS13.5m (\$3.6m).

Exhibit 7: Financial summary

	NIS'000s	2015	2016	2017
Year end 31 December		IFRS	IFRS	IFRS
PROFIT & LOSS				
Revenue		55,759	30,484	73,635
Cost of Sales		(42,549)	(46,967)	(32,433)
Gross Profit		13,210	(16,483)	41,202
R&D expenses		(54,094)	(42,011)	(32,644)
SG&A expenses		(82,747)	(81,107)	(61,679)
EBITDA		(175,382)	(434,812)	(103,330)
Operating Profit (before amort. and except.)		(179,999)	(451,764)	(103,633)
Intangible Amortisation		0	0	0
Exceptionals		0	0	0
Operating Profit		(179,999)	(451,764)	(103,633)
Other		(35,553)	(11,850)	(31,078)
Net Interest		6,197	9,510	80,478
Profit Before Tax (norm)		(209,355)	(454,104)	(54,233)
Profit Before Tax (FRS 3)		(209,355)	(454,104)	(54,233)
Tax		14,023	60,104	31,795
Profit After Tax (norm)		(195,332)	(394,000)	(22,438)
Profit After Tax (FRS 3)		(195,332)	(394,000)	(22,438)
Average Number of Shares Outstanding (m)		135.8	136.2	149.4
EPS - normalised (NIS)		(1.44)	(2.89)	(0.15)
EPS - FRS 3 (NIS)		(1.44)	(2.89)	(0.15)
Dividend per share (NIS)		0.0	0.0	0.0
BALANCE SHEET				
Fixed Assets		1,225,127	927,359	849,112
Intangible Assets		1,035,753	741,543	626,342
Tangible Assets		17,077	16,536	14,854
Other		172,297	169,280	207,916
Current Assets		307,645	191,351	185,228
Stocks		6,691	3,248	6,539
Debtors		18,784	16,415	13,612
Cash		256,105	171,022	165,077
Other		26,065	666	0
Current Liabilities		(66,785)	(68,277)	(31,182)
Creditors		(14,782)	(8,507)	(7,975)
Short term borrowings		0	0	0
Short term leases		0	0	0
Other		(52,003)	(59,770)	(23,207)
Long Term Liabilities		(373,520)	(297,938)	(194,962)
Long term borrowings		0	0	0
Long term leases		0	0	0
Other long term liabilities		(373,520)	(297,938)	(194,962)
Net Assets		1,092,467	752,495	808,196
CASH FLOW				
Operating Cash Flow		(156,274)	(52,529)	(59,400)
Net Interest		23,298	0	0
Tax		(14,023)	(60,104)	(32,005)
Capex		0	0	0
Acquisitions/disposals		27,971	(395)	(3,876)
Financing		22,499	23,123	80,611
Dividends		0	0	0
Other		146,116	5,447	72,644
Net Cash Flow		49,587	(84,458)	57,974
Opening net debt/(cash)		(207,517)	(256,105)	(171,022)
HP finance leases initiated		0	0	0
Other		(999)	(625)	(10,253)
Closing net debt/(cash)		(256,105)	(171,022)	(218,743)

Source: Edison Investment Research, Clal Biotechnology Industries reports

Edison is an investment research and advisory company, with offices in North America, Europe, the Middle East and AsiaPac. The heart of Edison is our world-renowned equity research platform and deep multi-sector expertise. At Edison Investment Research, our research is widely read by international investors, advisers and stakeholders. Edison Advisors leverages our core research platform to provide differentiated services including investor relations and strategic consulting, is authorised and regulated by the [Financial Conduct Authority](#), Edison Investment Research (NZ) Limited (Edison NZ) is the New Zealand subsidiary of Edison. Edison NZ is registered on the New Zealand Financial Service Providers Register (FSP number 247505) and is registered to provide wholesale and/or generic financial adviser services only. Edison Investment Research Inc (Edison US) is the US subsidiary of Edison and is regulated by the Securities and Exchange Commission. Edison Investment Research Pty Limited (Edison Aus) [46085869] is the Australian subsidiary of Edison. Edison Germany is a branch entity of Edison Investment Research Limited [4794244]. www.edisongroup.com

EDISON ISRAEL DISCLAIMER

Disclosure regarding the scheme to enhance the awareness of investors to public companies in the technology and biomed sectors that are listed on the Tel Aviv Stock Exchange and participate in the scheme (hereinafter respectively "the Scheme", "TASE", "Participant" and/or "Participants"). Edison Investment Research (Israel) Ltd, the Israeli subsidiary of Edison Investment Research Ltd (hereinafter respectively "Edison Israel" and "Edison"), has entered into an agreement with the TASE for the purpose of providing research analysis (hereinafter "the Agreement"), regarding the Participants and according to the Scheme (hereinafter "the Analysis" or "Analyses"). The Analysis will be distributed and published on the TASE website (Maya), Israel Security Authority (hereinafter "the ISA") website (Magna), and through various other distribution channels. The Analysis for each participant will be published at least four times a year, after publication of quarterly or annual financial reports, and shall be updated as necessary after publication of an immediate report with respect to the occurrence of a material event regarding a Participant. As set forth in the Agreement, Edison Israel is entitled to fees for providing its investment research services. The fees shall be paid by the Participants directly to the TASE, and TASE shall pay the fees directly to Edison. Subject to the terms and principals of the Agreement, the Annual fees that Edison Israel shall be entitled to for each Participant shall be in the range of \$35,000-50,000. As set forth in the Agreement and subject to its terms, the Analyses shall include a description of the Participant and its business activities, which shall inter alia relate to matters such as: shareholders; management; products; relevant intellectual property; the business environment in which the Participant operates; the Participant's standing in such an environment including current and forecasted trends; a description of past and current financial positions of the Participant; and a forecast regarding future developments in and of such a position and any other matter which in the professional view of the Edison (as defined below) should be addressed in a research report (of the nature published) and which may affect the decision of a reasonable investor contemplating an investment in the Participant's securities. To the extent it is relevant, the Analysis shall include a schedule of scientific analysis of an expert in the field of life sciences. An "equity research abstract" shall accompany each Equity Research Report, describing the main points addressed. The full scope reports and reports where the investment case has materially changed will include a thorough analysis and discussion. Short update notes, where the investment case has not materially changed, will include a summary valuation discussion. The Agreement with TASE regarding the participation of Edison in the scheme for the research analysis of public companies does not and shall not constitute an approval or consent on the part of TASE or the ISA or any other exchange on which securities of the Company are listed, or any other securities' regulatory authority which regulates the issuance of securities by the Company to the content of the Report or to the recommendation contained therein. A summary of this report is also published in the Hebrew language. In the event of any contradiction, inconsistency, discrepancy, ambiguity or variance between the English Report and the Hebrew summary of said Report, the English version shall prevail; and a note to this effect shall appear in any Hebrew summary of a Report. Edison is regulated by the Financial Conduct Authority. According to Article 12.3.2, Chapter 12 of the Conduct of Business Sourcebook, Edison, which produces or disseminates non-independent research, must ensure that it: 1) is clearly identified as a marketing communication; and 2) contains a clear and prominent statement that (or, in the case of an oral recommendation, to the effect that) it: a) has not been prepared in accordance with legal requirements designed to promote the independence of investment research; and b) is not subject to any prohibition on dealing ahead of the dissemination of investment research. The financial promotion rules apply to non-independent research as though it were a marketing communication.

EDISON INVESTMENT RESEARCH DISCLAIMER

Copyright 2018 Edison Investment Research Limited. All rights reserved. This report has been prepared and issued by Edison for publication globally. All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report. Opinions contained in this report represent those of the research department of Edison at the time of publication. The securities described in the Investment Research may not be eligible for sale in all jurisdictions or to certain categories of investors. This research is issued in Australia by Edison Investment Research Pty Limited (Corporate Authorised Representative (1252501) of Myonlineadvisers Pty Ltd (AFSL: 427484)) and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. The investment Research is distributed in the United States by Edison US to major US institutional investors only. Edison US is registered as an investment adviser with the Securities and Exchange Commission. Edison US relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. As such, Edison does not offer or provide personalised advice. We publish information about companies in which we believe our readers may be interested and this information reflects our sincere opinions. The information that we provide or that is derived from our website is not intended to be, and should not be construed in any manner whatsoever as, personalised advice. Also, our website and the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. This document is provided for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research. Edison has a restrictive policy relating to personal dealing. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report. Edison or its affiliates may perform services or solicit business from any of the companies mentioned in this report. The value of securities mentioned in this report can fall as well as rise and are subject to large and sudden swings. In addition it may be difficult or not possible to buy, sell or obtain accurate information about the value of securities mentioned in this report. Past performance is not necessarily a guide to future performance. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (ie without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision. To the maximum extent permitted by law, Edison, its affiliates and contractors, and their respective directors, officers and employees will not be liable for any loss or damage arising as a result of reliance being placed on any of the information contained in this report and do not guarantee the returns on investments in the products discussed in this publication. FTSE International Limited ("FTSE") © FTSE 2018. "FTSE®" is a trade mark of the London Stock Exchange Group companies and is used by FTSE International Limited under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. Neither FTSE nor its licensors accept any liability for any errors or omissions in the FTSE indices and/or FTSE ratings or underlying data. No further distribution of FTSE Data is permitted without FTSE's express written consent.

Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
295 Madison Avenue, 18th Floor
10017, New York
US

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia

Tel Aviv +44 (0)20 3734 1007
Medinat Hayehudim 60
Herzliya Pituach, 46766
Israel