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Zacks Small-Cap Research

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Virax Biolabs (VRAX-NASDAQ)

UPDATE: Innovative biotechnology company developing a potentially groundbreaking immunology platform based around proprietary T-Cell testing technology.

Utilizing a DCF valuation process containing conservative estimates combined with other valuation methodologies, we believe VRAX could be worth $2.60 per share.

Current Price (5/4/23)	$0.34
Valuation	**$2.60**

OUTLOOK

Virax Biolabs is a biotechnology company focused on the detection of immune responses and the diagnosis of viral diseases within the in-vitro diagnostic (IVD) market. The company is developing an immunology platform based around their proprietary T-Cell testing technology which could be effective at predicting the adaptive immune response to COVID-19 and other viral threats. The company raised $11.8 million in 2022 through an IPO and PIPE offering. We believe the company is funded to support its planned operations through the fiscal year ending March 2024.

SUMMARY DATA

52-Week High	**$29.00**
52-Week Low	**$0.34**
One-Year Return (%)	**-98.0**
Beta	**N/A**
Average Daily Volume (sh)	**1,762,896**
Shares Outstanding (mil)	**15.5**
Market Capitalization ($mil)	**$5.6**
Short Interest Ratio (days)	**N/A**
Institutional Ownership (%)	**0**
Insider Ownership (%)	**42.9**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2022 Estimate	**N/A**
P/E using 2023 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**High**
Type of Stock	**Small Growth**
Industry	**Biotechnology**

ZACKS ESTIMATES

Revenue
(in millions of $)

	Q1	H1 (Sep)	Q3	H2 (Mar)	Year (Mar)
2022		0.0 A		0.0 A	0.0 A
2023		0.0 A		0.2 E	0.2 E
2024		0.4 E		1.0 E	1.4 E
2025		3.0 E		5.0 E	8.0 E

EPS / Loss Per Share

	Q1	H1 (Sep)	Q3	H2 (Mar)	Year (Mar)
2022					(0.18) A
2023					(0.37) E
2024					(0.21) E
2025					(0.10) E

Quarterly revenues may not equal annual revenues due to rounding. Quarterly EPS may not equal annual EPS due to rounding, dilution, or intangibles.

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WHAT'S NEW

The company has made recent announcements regarding business operations and capital financing as well as provided an updated investor presentation.

New Regional Headquarters

On May 4th, 2023, the company announced that it established a regional headquarters at Dubai Science Park, a member of TECOM Group PJSC. TECOM Group is an organization that has been developing strategic, sector-focused business districts across the emirate of Dubai since 1999. Founded in 2005, Dubai Science Park is a thriving holistic community dedicated to supporting customers in the sciences, energy, and environmental sectors. With ample office and lab space as well as robust infrastructure, Dubai Science Park has created an enabling science-focused ecosystem that is home to major international, regional, and local companies.

By entering the region, Virax hopes to increase its distribution reach of high-quality in-vitro diagnostics, innovative products and proprietary T-Cell tests while creating logistical regional efficiencies. The new headquarters will create new jobs and drive investment and talent to the UAE in line with the Dubai Economic Agenda 'D33'.

Virax CEO James Foster stated, *"The addition of a regional headquarters in Dubai Science Park aligns perfectly with our mission to bring world-class testing solutions for viral threats to additional geographies. The new headquarters will strengthen the distribution network we have developed for ViraxClear and enable further development of our innovative technology behind Virax Immune, while tapping into an esteemed science and business community established at Dubai Science Park."*

Distribution of Marburg Virus PCR Testing Kits

On April 19th, 2023, the company announced that it has entered into an agreement for the distribution of Marburg Virus PCR testing kits. The Marburg Virus Real Time PCR Kit is an in-vitro diagnostic test based on real-time PCR technology for the detection of ribonucleic acid (RNA) from the Marburg Virus. The company intends to launch the kit into areas accepting a CE mark.

The Marburg Virus Disease is a highly virulent disease that causes hemorrhagic fever and requires assessment under the International Health Regulations by the World Health Organization (WHO). The use of accurate and reliable test kits is critical to ensure the best possible outcomes for individuals affected by the disease, as well as for safeguarding public health on a global basis.

Company CEO James Foster commented, *"We are committed to developing and distributing innovative diagnostic tools to combat infectious diseases. Our Marburg Virus PCR testing kit is a significant step forward in our mission to improve global health."*

$4 Million Private Placement

On March 10th, 2023, the announced the closing of its private placement of 3,843,309 ordinary shares, Series A preferred investment options to purchase up to an aggregate of 3,497,412 ordinary shares and Series B preferred investment options to purchase up to an aggregate of 3,843,309 ordinary shares at a purchase price of $1.04077 per ordinary share.

Both the Series A preferred investment options and Series B preferred investment options have an exercise price of $0.80202 per ordinary share and are exercisable immediately for a period of five and a half years.

Gross proceeds from the private placement were approximately $4 million before deducting placement agent fees and other offering expenses. Virax intends to use the net proceeds from the private placement for the development and commercialization of its proprietary T-Cell Test technology (ViraxImmune) as well as for working capital and other general corporate purposes.

Avian Influenza A Virus Real-Time PCR Test Kit

On March 7th, 2023, the company announced that it has entered into an agreement for the distribution of an Avian Influenza A Virus (AIV) real-time PCR test kit to markets accepting the CE mark, primarily in the European Union. The test kit is for the detection and differentiation of ribonucleic acid from AIV and the H5, H7 and H9 subtypes, including the H5N1 strain currently spreading in Europe.

The test kit is for use in laboratory settings and can help healthcare professionals accurately identify an AIV infection. It also serves as an important initial screening test for individuals that have been exposed to AIV infected livestock or a related high-risk environment.

Company CEO James Foster stated, *"We continue to expand our ViraxClear distribution platform to bring test solutions to a widening range of viral threats. With a real-time PCR test kit poised to accurately and reliably detect AIV, including the deadly H5N1 strain, we expect to facilitate rapid and potentially life-saving interventions especially in vulnerable jurisdictions."*

New Investor Presentation

In early May 2023, the company posted an updated investor presentation on its website which contained additional information on the company's products and strategies. We have incorporated some of the newer graphics in this report. The presentation can be found here.

Valuation and Estimates

There are no changes to our price target and estimates at this time as we wait for the latest financial results to be released. Virax Biolabs is positioning itself for strong profitable growth and we believe the stock is worth **$2.60** based on our discounted cash flow calculation which incorporates conservative estimates and a high discount rate.

KEY POINTS

Source: viraxbiolabs.com

- Virax Biolabs (NASDAQ:VRAX) is an innovative biotechnology company focused on the detection of immune responses and the diagnosis of viral diseases within the in-vitro diagnostic (IVD) market.
- Virax Biolabs is developing a potentially game-changing immunology platform based around their proprietary T-Cell testing technology, which is currently undergoing development studies and trials to show effectiveness at predicting the adaptive immune response to COVID-19. Subsequently, the company also intends to look at responses to Hepatitis B, Epstein-Barr virus, Human Papillomavirus, and other viral threats.

- The development of the ViraxImmune platform intends to be partially funded by revenues from its other distribution related business, ViraxClear.

- Virax Biolabs is positioned to be a growth-oriented biotechnology company with the launch of Virax Immune. We believe the product suite is disruptive, innovative and will gain market share rapidly.

- The company has applied for patent protection over their T-Cell IVD testing and continues to develop its IP portfolio regularly.

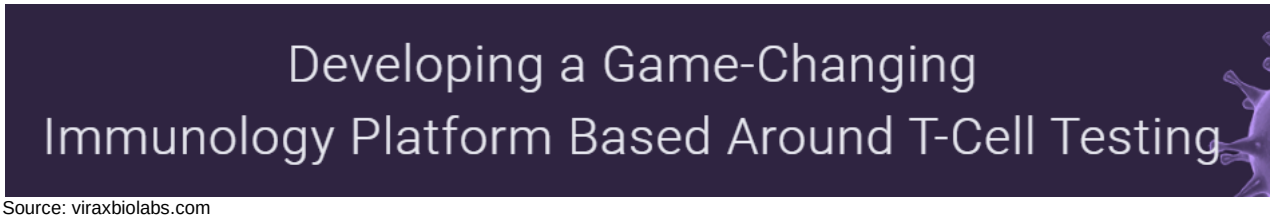
- The company went public in July 2022 raising approximately $7.8 million in gross proceeds. A PIPE offering in November 2022 raised an additional $3.8 million in capital.

- The company is led by a seasoned management team with expertise in the areas of medical devices, technology and corporate finance.

- As of January 26, 2023, the company had approximately $6.7 million in cash and no long-term debt.

- Assuming no revenue generation going forward, we believe the company is funded to support its clinical trials and commercial launch of the Virax Immune platform.

- We believe Virax Biolabs is poised for strong profitable growth and believe the stock is worth **$2.60** based on our discounted cash flow calculation which incorporates conservative estimates and a high discount rate.



Source: viraxbiolabs.com

OVERVIEW

Virax Biolabs is an innovative biotechnology company focused on the detection and diagnosis of viral diseases. Virax Biolabs believes it is developing a game-changing immunology platform called Virax Immune that is based around proprietary T-Cell testing technology which is anticipated to be effective in the diagnosis of COVID-19, Monkeypox, Hepatitis B, Epstein-Barr virus, Human Papillomavirus, and other viral threats. This platform intends to assess each individual's immune risk profile against major global viral diseases. Currently, the company has developed a functioning prototype of T-Cell IVD Test under the ViraxImmune brand but is still in the process of conducting further tests. This platform is expected to be particularly useful in the assessment of personal protection from, and threat analysis of the major virus's people are facing globally.

The company also operates one other distribution platform called ViraxClear. ViraxClear distributes diagnostic testing kits developed by other manufacturers on a global scale. These include tests for Covid-19, HPV, RSV and Monkeypox. The company does not manufacture or produce products sold through ViraxClear. However, it is the company's goal to maximize consumers' access to these products services through competitive pricing and efficient distribution. Revenue streams from this distribution platform should help fund the research & development and commercialization of the company's key Virax Immune platform.

The company's mission is to focus on the immunology markets. Immunology is the study of the human immune system and is an important branch of the medical and biological sciences. The immune system protects people from infection through various lines of defense. If the immune system is not functioning as it should, it can result in diseases such as autoimmunity, allergies, and cancer. Research has also shown that immune responses contribute to the development of many common disorders not traditionally viewed as immunologic, including metabolic, cardiovascular, and neurodegenerative conditions such as Alzheimer's.

The company went public in July 2022 selling 1,350,000 shares of common stock at a price of $5.00 per share. Gross proceeds raised was approximately $7.8 million. In November 2022, the company completed a PIPE offering selling 2,330,000 shares at a price of $1.65 per share raising approximately $3.8 million in gross proceeds.

Cash balances as of January 26, 2023, were $6.7 million and the company has no long-term debt on the balance sheet. Assuming no meaningful revenue generation over the next 12 months, we believe the company is funded to support planned operations through the 1st calendar quarter of 2024. This time frame will likely allow for the development and commercial launch of the Virax Immune platform.

BUSINESS DESCRIPTION

1. Virax Immune

Source: viraxbiolabs.com

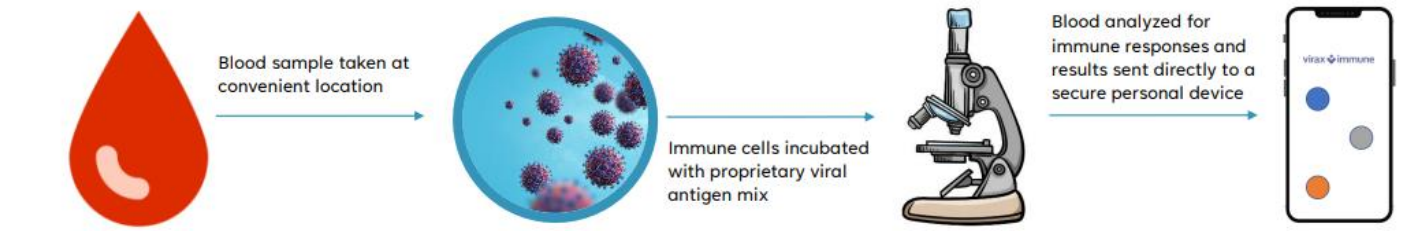
Virax Immune is the company's primary focus. Virax Biolabs is developing proprietary T-Cell test technology with the intention of providing an immunology profiling platform that assesses each individual's immune risk profile against major global viral threats.

Virax Immune T-Cell Test

Virax Immune first application is a new Covid-19 test seeking detection of T-Cell immune responses to the SARS-Cov-2 virus. Unlike antibodies, T-Cells coordinate the immune system against viral attack. Their detection can indicate inherent protection from disease for those yet to be infected and may be useful to determine the degree of long-term protection an individual has after recovering from Covid-19. Virax Immune is intended to detect T-cells present in the body long after the initial antibody-related immune response to vaccination or infection has faded. This will give a more accurate understanding of the human body's immunity as opposed to simple antibody levels.

The test will be submitted for regulatory approval in Canada, Europe, U. K. and the U.S. initially and could be an important tool to identify immune protection from diseases including, but not limited to Human Papillomavirus (HPV), Malaria, Hepatitis B, and Herpes (HSV-1). This T-Cell IVD test will eventually be linked to the company's mobile immunology software application (described below).

Ethical Approval in The Netherlands was received in the 1st quarter of 2022 with Virax Immune entering into clinical trials in Europe in the 4th quarter of 2022. Commercialization and sales are anticipated to commence by the 3rd quarter of 2023.

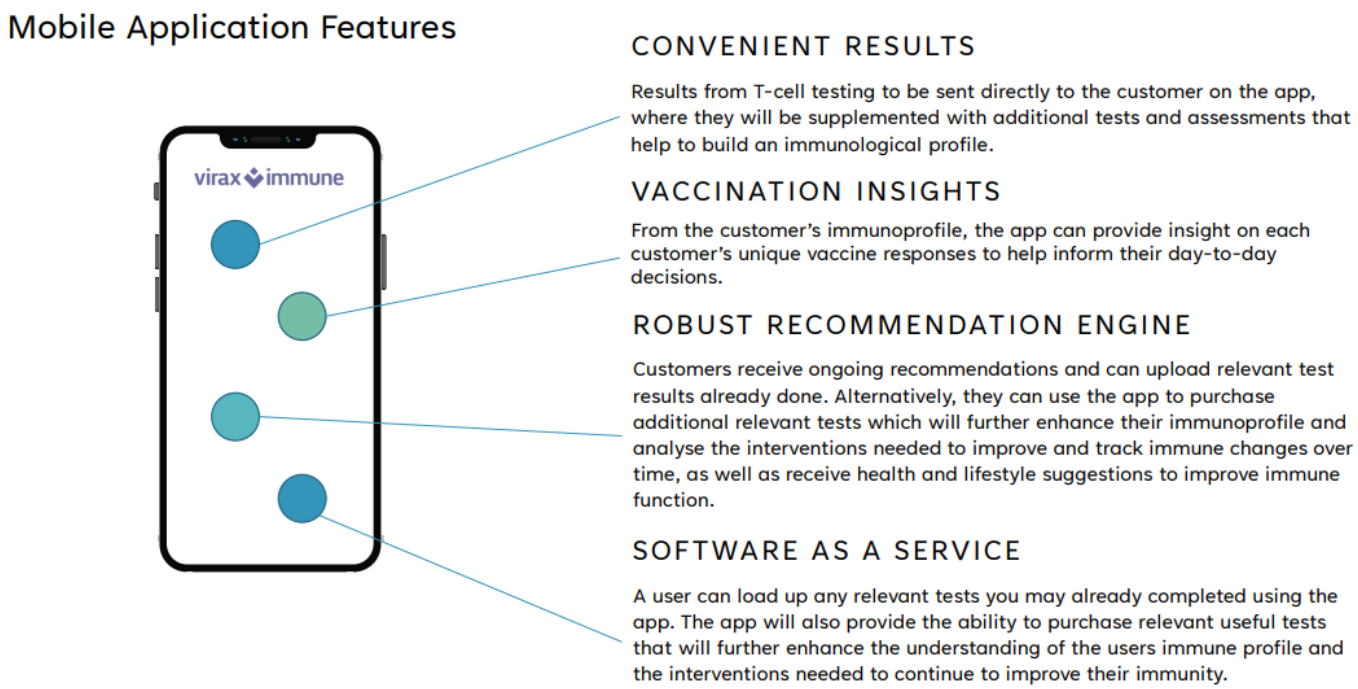


Source: viraxbiolabs.com

Virax Immunity Mobile App

The Virax Immune mobile app, currently under development, is planned to provide a total immunological picture of the body's ability to respond to a variety of viruses. It is expected to highlight the body's innate or inherited ability to cope with certain dangerous viruses. It is intended to also show if vaccines have been successful in producing the necessary antibodies to cope with a viral threat and if further vaccines are required.

Users are intended to receive an initial immunological overview and then subscribe to ongoing advice and regular tests to track improvements. The app plans to advise on health, medical and lifestyle measures to improve the body's immune responses.



Source: viraxbiolabs.com

This product is currently in development and expected to be rolled out in the 2nd quarter of 2023. Approvals and sales are anticipated to commence to coincide with the Virax Immune T-Cell Test planned for the 3rd quarter of 2023.

2. ViraxClear



Source: viraxbiolabs.com

ViraxClear is a diagnostics distributor which distributes the following test kits that are sourced from third-party suppliers:

1) Influenza A/B + COVID-19 + RSV Combo Ag Test (self-testing)
2) Monkeypox Real Time PCR Detection Kit
3) Monkeypox Virus Antigen Rapid Test Kit
4) SARS-CoV Rapid Antibody IgC/IgM Test
5) SARS-CoV Antigen Test Kit
6) SARS-CoV Fluorescence PCR Detection Kit
7) SARS-CoV Neutralizing Antibody Test
8) Human Papillomavirus Test (HPV) PCR Detection Kit

The company has previously distributed these products in Europe, South America, Africa and Asia and are hoping to penetrate new markets such as North America by working with strategic distribution partners.

On December 6th, 2022, the company announced that the over-the-counter COVID-19 Rapid Antigen Test to be distributed by ViraxClear received Emergency Use Authorization (EUA) in U.S. In addition, another Point of Care SARS -CoV Rapid Antigen test distributed by ViraxClear is seeking an approval with Health Canada for Canadian distribution.

On February 7th, 2023, the company announced that it has signed a purchase order with Cosmos Health (COSM) to launch and market COVID-19 & Influenza A+B Antigen Combo Rapid Detection Kits. Pursuant to a previously signed distribution agreement in September 2022, Cosmos will have exclusive distribution rights for Greece and Cyprus, with the opportunity to distribute the ViraxClear branded test kits across Europe on a non-exclusive basis. The COVID-19 & Influenza A+B antigen combo rapid test is a single-use test kit intended for qualitative detection of nucleocapsid protein antigen of Influenza A and B viral antigens and COVID-19 antigen from nasal swab specimens.

T-CELL TESTING

T-cells are a key part of the human adaptive immune system. They are activated in response to infection and act to coordinate cytokines and immune cells to fight foreign antigens in the body. A proportion of these T-cells remain in the body after recovery from an infection. The effectiveness of immune function is influenced by age, nutrition status, exercise and your immunological profile. This profile is influenced by prior exposure to viruses or immune threats during your life or your mother's exposure during pregnancy.

Each exposure in the past creates a specific type of immune cell (memory T-cells). These are specific to the antigen the body was exposed to and mounted a T-cell response to Virus antibodies can decline after months, however memory T-cells remain in the body for many years after initial infection and contribute to an individual's unique immunological profile. It may be the only way to assess long-term immunity. The test can detect if you have previously had COVID-19 long after the initial antibody response has disappeared. If the body is exposed to the same antigen again, or even an antigen with a similar profile to the original, memory T-cells can recognize that antigen and help the body to rapidly respond to the threat when secondary exposure happens.

T-cell testing has become a valuable method to detect prior or recent infection for COVID-19 and other infectious diseases. Further, the presence of T-cells in an immunized person can be used to check vaccine efficacy. In addition, people who recovered from SARS-Cov (the original Covid virus) 17 years ago still have protection through their T-Cells against SARS. These memory T-cells have been shown to protect against COVID-19, through cross-reactivity with the current SARS-Cov-2 coronavirus.

Virax is focused on measuring T-cell responses to viral threats. Using this approach, the company can build an individual's immune profile. This can prove useful information about which viruses an individual would be expected to mount a rapid immunological response to if infected. And concurrently, viruses they have not been exposed to in the past may be less protected against by their immune system in its current state.

The more knowledge people can get about their unique immune profiles, the more they can make informed decisions on viral avoidance, shielding, vaccinations and boosters. This is also useful for governments and hospital groups to determine public health policy and vaccination priority and assess population risks as viral threats are ever more prevalent in society.

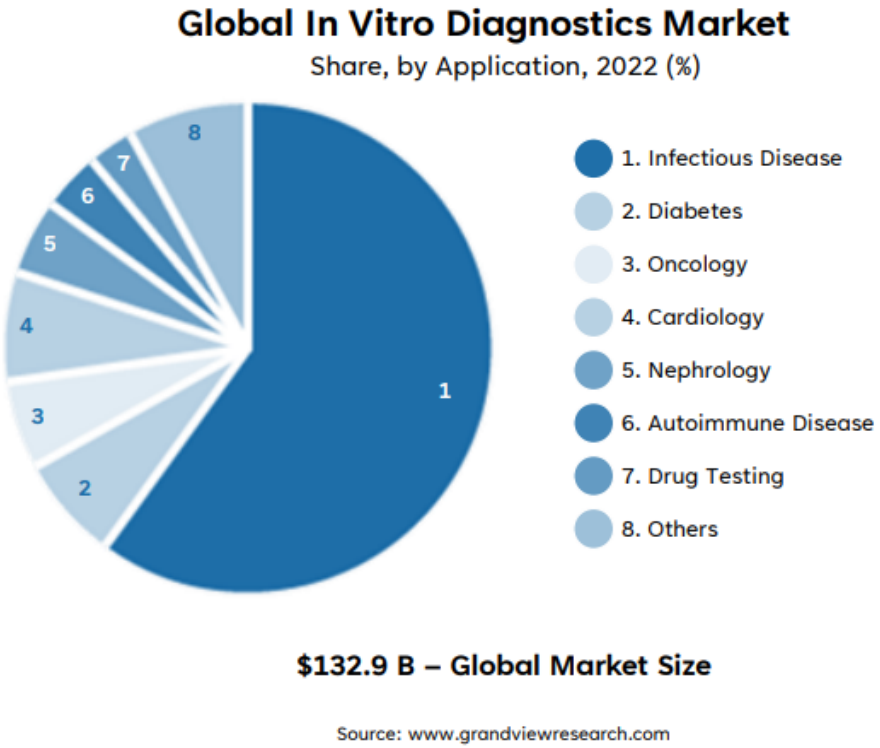
In addition, this test will be useful to pharmaceutical companies and clinical research organizations as they will be able to use this test to pre-screen potential trial populations for adaptive immunity to a virus that is being studied. This will allow for more optimal selection of control and treatment groups, decreasing the chance of seeing any masking of the effects within a study due to pre-existing adaptive immune responses.

ADDRESSABLE MARKET

The company operates in the global immunology market and the in-vitro diagnostic (IVD) market. The IVD tests are defined as medical devices and reagents that are used to analyze specimens derived from the human body (including blood, tissues, and other body fluids) to detect diseases, conditions, and infections. IVD tests are usually performed at either stand-alone laboratory, hospital-based laboratory, or point-of-care (POC) centers. The technologies used for test sample preparation majorly include polymerase chain reaction (PCR), microarray techniques, sequencing technology, and mass spectrometry. Based on the key technologies involved, the global IVD market is fragmented into sub-segments including Immunoassay, Hematology, Clinical Chemistry, Molecular Diagnostics, Microbiology, Haemostasias, and Flow Cytometry.

The global IVD market is estimated to be valued at around $132.9 billion in 2022. This has the potential to experience mid-single digit growth rates in coming years expanding at a CAGR of around 5.2%. The overall global immunology addressable market is expected to expand to almost $150 billion by 2026.

In light of the COVID-19 pandemic and healthcare being a perennial necessity for human beings, the IVD sector is ever-expanding and is expected to experience above average growth rates due to factors such as aging global population, increase in the occurrence of complex infectious diseases, and an increase in awareness among the global urban populations. However, lack of proper reimbursement policies in the developing nations and skepticism among patients to get regular healthcare consulting are still hindrances in some regions which impedes the growth of the IVD market.



COMPETITION

We believe the company currently has limited competition in the T-cell testing space. The Virax Immune's tests are being developed to maximize the chance of detecting activated T-cells, therefore, sensitivity of the test is expected to be at a high level. In addition, the company's core processes and technology should require less specialized lab equipment than some competitors. Further, Virax focuses on diagnostic population health management, immune profiling and lifestyle recommendations as compared to T-cell therapeutics like some competitors.

COMPETITOR	DETAILS	VALUATION	VIRAX IMMUNE POINT OF DIFFERENCE
Oxford Immunotec	Oxford Immunotec is a diagnostics company that currently offers a T-Cell Test for COVID, Cytomegalovirus and Tuberculosis.	Acquired by Perkin Elmer in January 2021 for $591 million.	• We believe that our sensitivity will be higher. • Expected to increase the number of detectable T-cells over the presence of just one cytokine in isolation.
Adaptive biotechnologies	Adaptive Biotechnologies is a clinical diagnostics company that operates under the premise that data from the immune system is the key to diagnosing and treating diseases.	The Company listed on NASDAQ in 2020 and has a market cap of $1.12 billion[1].	• Virax Immune flow cytometry-based test should require less specialized laboratory equipment and reagents than Adaptive Biotech's testing kits. • Virax's test kits are being developed with the intent to cost significantly less than those offered by Adaptive.
TSCAN THERAPEUTICS	TScan Therapeutics is a biopharmaceutical company focused on the development of T-cell receptor (TCR)-engineered T cell therapies in oncology.	The Company recently partnered with Qiagen, a NYSE-listed company with a market cap of $68.49 million[1].	• Virax focuses on diagnosis and tailored lifestyle recommendations while TScan is more focused on T-Cell therapeutics.

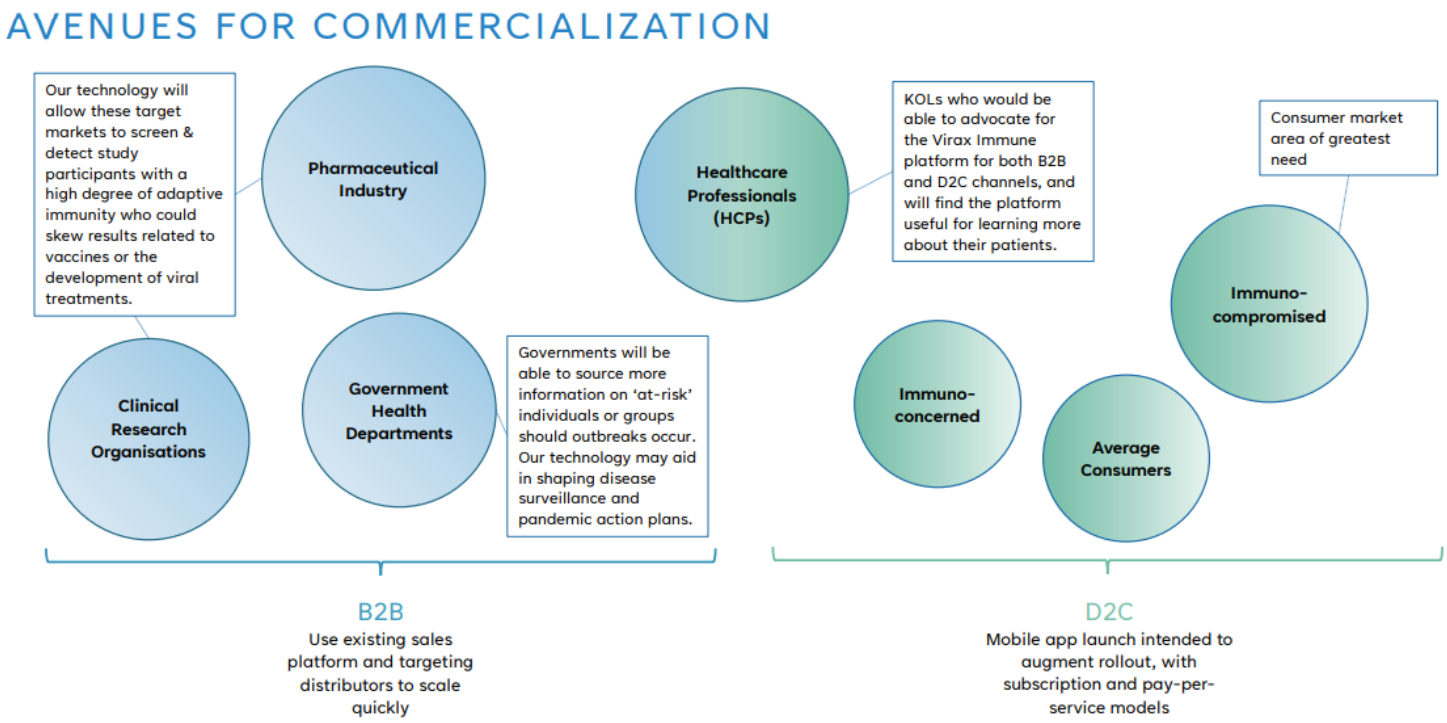
Source: viraxbiolabs.com

FINANCIAL REVIEW

Virax's last reported audited financials are for the twelve-month period ending 3/31/22. Virax generated no revenues during the fiscal year and spent $1.3 million on selling, general & administrative expenses and $0.4 million on research and development. Net loss for the year was ($1.7) million and the cash burn rate (operating cash flow less capital expenditures) was ($0.8) million. Cash levels were de minimis at fiscal year end as the company's IPO occurred subsequent to the end of the fiscal year.

On February 2nd, 2023, the company released unaudited financials for the six-month period ending 9/30/22. Revenue generation from Virax Clear was limited at $5,760 and total operating expenses were $1.44 million. Operating use of cash for the six-month period was ($2.3) million. Cash balances at the end of the six-month period was $4.6 million. On the same date, the company also updated its current cash position to approximately $6.7 million.

The company is investing heavily in research & development in preparation for the development and commercialization of the Virax Immune platform. We expect the burn rate in the 4th quarter of 2022 (calendar) to be approximately $750 thousand and $1.0 million in the 1st quarter of 2023 (calendar). Normalized burn rate without any revenue generation and normalized levels of R&D is approximately $550,000 per quarter.



Source: viraxbiolabs.com

CAPITAL FINANCING

On July 25, 2022, the company completed its IPO of 1,350,000 shares of common stock at a price of $5.00 per share raising approximately $7.8 million when warrants and options are included.

In November 2022 the company raised approximately $3.8 million in a private placement PIPE offering at a price of $1.65 per share. Warrants were also issued at an exercise price of $1.73 per share. In March 2023, the company raised $4 million in gross proceeds through a private placement transaction.

As of September 30, 2022, the company had $4.6 million in cash and equivalents. The updated cash position as of late January 2023 was $6.7 million and the company had no outstanding long-term debt.

ZACKS INDUSTRY OUTLOOK

Our outlook for the biotechnology sector is positive. There are a number of strong secular growth drivers that still power the pharmaceutical industry-namely, an aging population and an enormous research and development (R&D) effort to bring new, better drugs to market. People are living longer, and many have prescription pharmaceuticals to thank for it. Recent breakthroughs in oncology, neurology, and cardiology offer sizable market opportunities. Biotechnology research is finally starting to deliver. Expanded knowledge of genomics and proteomics is attracting significant attention from some of the industry's larger players. Drug companies are finding ways to reformulate and enhance current products which is a clear positive for the group.

We expect further consolidation throughout the industry as smaller specialty and generic pharmaceutical companies get together in an attempt to create scale. This should better allow these companies to compete with the large-cap players. In the large-cap space, we are pleased to see rationalization finally starting to take hold. Companies are divesting slower growth divisions or products and focusing more on R&D. Bloated sales forces and marketing budgets are also being reigned in to streamline costs and improve margins.

In recent years, the technological revolution that spans across industries includes healthcare and biotechnology. With digitalization being the leader of this transformation, healthcare has been one of the most successful digitally integrated industries. Technologies such as POC testing, liquid biopsy and molecular diagnostics have witnessed revolutionary advancements that are milestones to modern medicine.

Biotechnology should deliver the next wave of pharmaceutical products to the market. This should allow the group to outperform the broader pharmaceutical sector. Thanks to favorable tax legislation and low debt levels, large pharmaceutical companies are in an excellent position to acquire their smaller biotechnology competitors. We would be buyers of large profitable biotechnology stocks as well as small-cap biotechnology stocks with promising pipelines.

MANAGEMENT

James Foster
Chief Executive Officer

A co-founder of Virax Biolabs, James is an investment, product development, and distribution expert in the medical device sector. He started his career in London with the Royal Bank of Canada. Subsequently, he moved to Beijing in 2011 to co-found Emerging Asia Capital, a resource-focused Mergers & Acquisitions Boutique. He then co-founded Natural Source Group, a product development and distribution company, in 2013, which was subsequently merged with the Virax group of companies.

Dr. Tomasz George
Chief Scientific Officer

Tomasz has a Ph.D. in Applied Physiology and Ageing from King's College London. He has 12 years of experience developing digital healthcare systems focusing on diagnostics, physiological assessments, biochemistry, and laboratory analysis. Tomasz has held the position of Chief Scientific Officer for London-based Soza Health and Singapore-based Verita Healthcare Group. He has also worked in scientific research at Imperial College London and Liverpool John Moore's University.

Cameron Shaw
Chief Operations Officer

Cameron is a co-founder of Virax Biolabs and has a depth of experience in running successful companies and teams across Asia and the UK. Previous to Virax Biolabs, Cameron co-founded and served as the COO of Natural Source Group, a product development and distribution company before merging with our Group. Since June 2016, he has served as a board member and strategic advisor at Pent Developments Ltd, an award-winning airspace developer and innovator. He also served as the CEO of Merzura Ltd, a Hong Kong Investment advisory company, and CEO of Femme 500 Ltd, a luxury lifestyle membership tech startup.

Mark Ternouth
Chief Technical Officer

Mark is a graduate of Cambridge University and a Chartered Accountant (ACA -ICAEW). He specializes in transforming businesses through the use of technology and improved structure and process to improve their support system's performance. The industries he has worked across include telecoms, retail, and government and for companies including KPMG and the UK's Ministry of Justice. Mark has been based in Shanghai for the last two years.

Jason Davis
Chief Financial Officer

Jason previously acted as CFO for Hyperdynamics Corporation. He first joined the company in June 2009 as the Chief Financial Officer and subsequently held the position of Vice President of Finance and Treasurer from August 2010 to December 2014. Jason is a licensed certified public accountant and has served in various financial positions for several companies, including as the Chief Financial Officer of CASA Exploration from May 2015 to May 2017, Assistant Controller at Isolagen, Inc. from March 2004 to August 2005, the Manager of SEC Reporting at Texas Genco, LLC from August 2005 to June 2006, and the Controller at Particle Drilling Technologies, Inc. from June 2006 to June 2009. He also served as the interim Chief Financial Officer for Particle Drilling Technologies, Inc. from January 2009 to June 2009.

Richard Pallin
Vice President of In-Vitro Diagnostic Sales

Richard is an experienced and successful commercial leader with a demonstrated history of working in the global diagnostics and biotechnology industries. Before joining Virax, he was the Vice President of Global Commercial Operations of Omixon, a global transplantation diagnostic company dedicated to transitioning the human leukocyte antigen community to Next Generation Sequencing (NGS) technologies. Prior to that, he was the Director of Commercial Operations for Singulex, the developer and leading provider of single molecule counting technology for clinical diagnostics and scientific discovery. Richard also held senior commercial roles at Genmark Diagnostics UK, Vela Diagnostics GmbH, Luminex B.V., Affymetrix and Roche Diagnostics. He is a strong business development professional with a BSc focused on molecular biology, infectious diseases, and oncology, from The University of Sunderland.

RISKS

- The company has a limited operating history and have incurred operating losses throughout most of its history. The company expects to incur significant losses for the foreseeable future. Biotechnology product development is a highly speculative undertaking and involves a substantial degree of risk. The company is a clinical-stage biopharmaceutical company with a limited operating history.

- The company plans to make significant investments in research and development of new products and services which may not be successful. The company is seeking to build upon existing R&D to develop a pipeline of T-Cell testing IVD kits and medical devices that are effective in the assessment of immune responses to, and diagnosis of major viral threats, including, but not limited to COVID-19.

- A key element of the company's strategy is to leverage the Virax Immune platform to discover, develop and potentially commercialize additional products and services through synergy with the T-Cell testing kits and Virax Immune Mobile App. If the company is unable to generate compelling evidence supporting these T-Cell test results, the platform may face a broader obstacle to using diagnostics data for commercially viable products and services.

- A downturn in the Hong Kong, China or global economy, and economic and political policies of China could materially and adversely affect business and financial conditions. Part of the company's operations are located in Hong Kong and China. Accordingly, business, prospects, financial condition and results of operations may be influenced to a significant degree by political, economic and social conditions in Hong Kong and China generally and by continued economic growth in Hong Kong and China as a whole.

- The company may need to access the capital markets to support ongoing operations or to make acquisitions. Capital financing through equity or debt markets may not be readily available based on prevailing economic conditions at the time.

INSIDER TRADING AND OWNERSHIP

Subsequent to the share offerings in 2022, James Foster, the co-founder, director and Chief Executive Officer of the company beneficially owns 25.3% of the Ordinary Shares of the company and Mr. Cameron Shaw, co-founder, director and Chief Operating Officer beneficially owns 18.3% of the Ordinary Shares of the company. Executive officers and directors collectively own 42.9% of the ordinary shares of the company.

Name of Beneficial Owners[1]	Ordinary Shares Beneficially Owned Prior to This Offering[2]		Ordinary Shares Beneficially Owned After This Offering[3]	
	Number	%	Number	%
Directors and Executive Officers:				
James Foster	2,879,865	28.7%	2,879,865	25.3%
Cameron Shaw	2,080,943	20.8%	2,080,943	18.3%
Tomasz George	201,058	2.0%	201,058	1.77%
Mark Ternouth	59,551	*	59,551	*
Jason Davis	—	—	—	—
Evan Norton	—	—	—	—
Yair Erez	—	—	—	—
Margaret E. Gilmour	—	—	—	—
All directors and executive officers as a group (8 persons)	5,221,417	52.1%	5,221,417	45.91%
5% shareholders:				
Patrick Henry Cunliffe Foster	1,053,878	10.5%	1,053,878	9.3%

Source: Virax SEC filings

VALUATION

The addressable market that Virax is focused on is expected to produce above industry average growth rates for an extended period of time. We expect the company to generate limited levels of revenue in the fiscal years ending March 2023 and March 2024. Meaningful revenues could occur fiscal 2025.

We expect revenues to grow at a compound annual growth rate (CAGR) of approximately 25% over the next 10 years. Sales for the Virax Immune platform could reach $15 million in the fiscal year 2027. We expect company gross margins to grow from 10% in fiscal year 2024 to 30% by fiscal year 2027.

Our primary valuation tool utilizes a Discounted Cash Flow process. Our base case includes revenues growing at a CAGR of 25% and cash flow breakeven and net profitability in the fiscal year 2026. Under this scenario, our DCF based valuation target is approximately **$2.60**. We believe this to be conservative as the discount rate utilized is 15%.

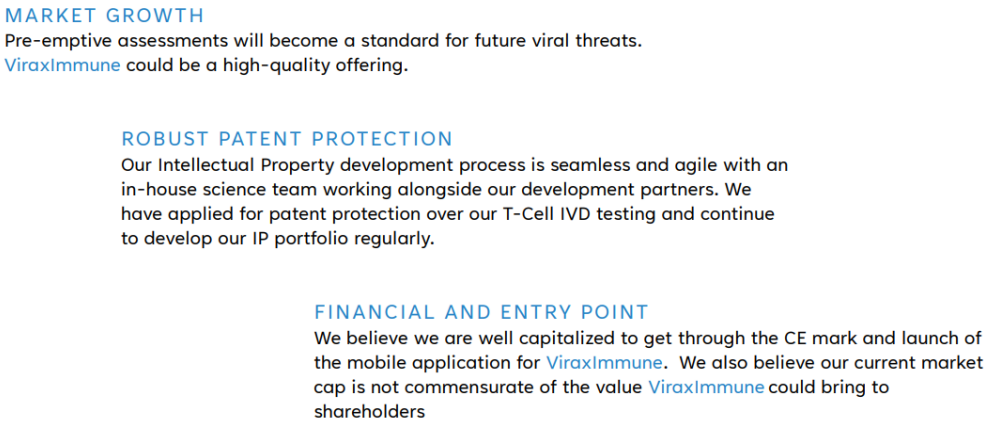
We also believe this to be a conservative estimate based on a scenario where revenue growth rates could greatly exceed our estimates as a result of new product commercialization being achieved sooner than expected and future sales of Virax Immune could greatly exceed our estimates. Lastly, it's possible that the increasing operating efficiencies of the company would shorten the timeline to when meaningful profits or generated which would increase our valuation target.

SUMMARY

We believe Virax Biolabs transformative T-cell based testing technology will provide substantial opportunities for profitable revenue growth over a mid-to-long term time frame. The in vitro diagnostic market could exceed $100 billion in market value in coming years and even minuscule market share gains in that market would generate substantial revenues for the company.

In addition, profitable growth in the Virax Clear distribution business is now possible as the company is well capitalized to support that business. It's possible that the growth in that business will support the development of the Virax Immune platform and may eliminate the need for any additional equity or debt capital support if necessary.

Virax has the potential to grow both revenues and earnings at very robust double-digit growth rates starting in 2024 if it is able to execute on the commercialization of its Virax Immune platform. The company's current stock price does not likely reflect that potential level of profitable growth going forward and we believe the stock to be significantly undervalued at this time.

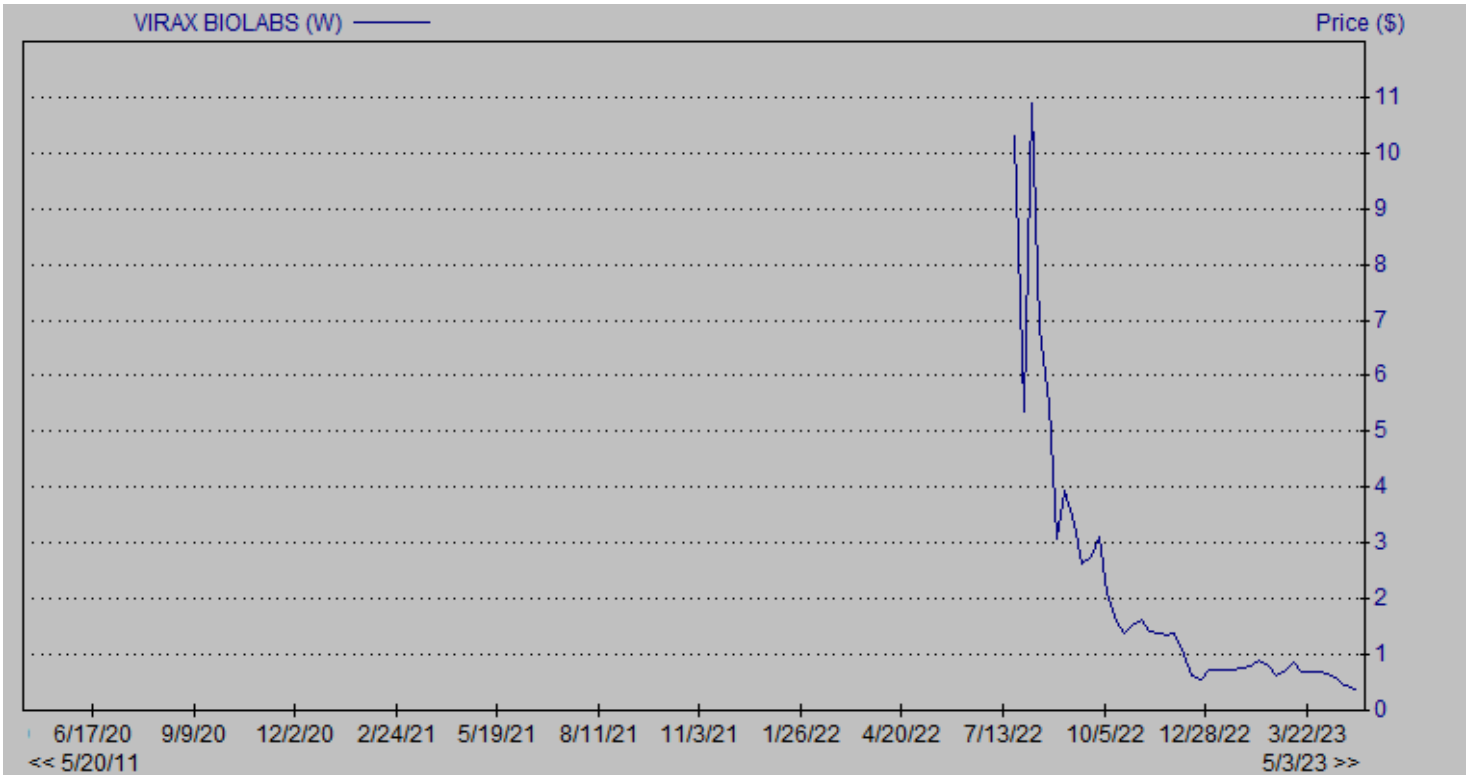


Source: viraxbiolabs.com

PROJECTED INCOME STATEMENT

Income Statement		Mar-22	Mar-23	Mar-24	Mar-25	Mar-26
Consensus Estimates - Sales						
Consensus Estimates - EBITDA						
Net Sales		**0**	**200,000**	**1,400,000**	**8,080,000**	**13,492,000**
Growth		*-100.0%*	*#DIV/0!*	*600.0%*	*477.1%*	*67.0%*
Cost of Goods Sold		**0**	**200,000**	**1,260,000**	**6,464,000**	**10,253,920**
%		*N/A*	*100.0%*	*90.0%*	*80.0%*	*76.0%*
Depreciation & Amort		**0**	**0**	**0**	**0**	**0**
Gross Profit		**0**	**0**	**140,000**	**1,616,000**	**3,238,080**
Margin		*N/A*	*0.0%*	*10.0%*	*20.0%*	*24.0%*
Sales & Marketing		**13,818**	**350,000**	**500,000**	**525,000**	**551,250**
% of sales		*N/A*	*175.0%*	*35.7%*	*6.5%*	*4.1%*
Research & Development		**433,743**	**1,850,000**	**832,500**	**840,825**	**849,233**
% of sales		*#DIV/0!*	*925.0%*	*59.5%*	*10.4%*	*6.3%*
General & Administrative		**1,286,118**	**2,500,000**	**1,700,000**	**1,734,000**	**1,751,340**
% of sales		*14`%*	*1250.0%*	*121.4%*	*21.5%*	*13.0%*
Other Operating Income & Loss Provision		**0**	**0**	**0**	**0**	**0**
% of sales		*N/A*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Operating Income		**(1,733,679)**	**(4,700,000)**	**(2,892,500)**	**(1,483,825)**	**86,257**
Margin		*#DIV/0!*	*-2350.0%*	*-206.6%*	*-18.4%*	*0.6%*
EBITDA		**(1,733,679)**	**(4,700,000)**	**(2,892,500)**	**(1,483,825)**	**86,257**
Margin		*N/A*	*-2350.0%*	*-206.6%*	*-18.4%*	*0.6%*
Other Expenses/(Income)		**753**	**0**	**0**	**(13,470)**	**(10,035)**
%		*N/A*	*0.0%*	*0.0%*	*-0.2%*	*-0.1%*
EBIT		**(1,734,432)**	**(4,700,000)**	**(2,892,500)**	**(1,470,355)**	**96,292**
%		*N/A*	*-2350.0%*	*-206.6%*	*-18.2%*	*0.7%*
Total Interest Exp (net)		**15,438**	**0**	**0**	**0**	**0**
%		*N/A*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Net Profit Before Tax		**(1,749,870)**	**(4,700,000)**	**(2,892,500)**	**(1,470,355)**	**96,292**
%		*N/A*	*-2350.0%*	*-206.6%*	*-18.2%*	*0.7%*
Income Tax		**0**	**0**	**0**	**0**	**0**
% Effective Rate		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
% Cash Tax Rate		*0.0%*	*0.0%*	*0.0%*	*0.0%*	*0.0%*
Minority Interests or Preferred Stock		**(37,022)**	**0**	**0**	**0**	**0**
Net Profit		**(1,712,848)**	**(4,700,000)**	**(2,892,500)**	**(1,470,355)**	**96,292**
%		*N/A*	*-2350.0%*	*-206.6%*	*-18.2%*	*0.7%*
Non-recurring income (expense)		-				
Average Diluted Shares Outstanding		9,563,260	12,825,000	14,047,089	14,047,089	14,047,089
Reported FD EPS						
Zacks Cash EPS						
Zacks EPS		**(0.18)**	**(0.37)**	**(0.21)**	**(0.10)**	**0.01**

HISTORICAL STOCK PRICE



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