Channels Switched On, America in View

BCAL Diagnostics Ltd.

BCAL Diagnostics has materially advanced the commercial case we set out in our February 2026 update. On 19 May, BCAL embedded clinical referral forms for its early detection portfolio into Best Practice and Medical Director – together covering approximately 97% of Australian general practitioners – and launched EarlyDetection.com.au, a Medmate-built telehealth channel. On 28 May, BCAL signed a Validation Agreement with Sonic Healthcare USA, the third largest pathology provider in the United States, for BREASTEST plus™ Version 2. The agreement transfers the assay to Sonic's CLIA-certified Reference Laboratory in Austin, Texas, with Sonic USA holding an option to negotiate a commercial licence post-validation.

In our view, these announcements address the two most pressing concerns left open in our last note: (i) the absence of a credible national GP-level distribution mechanism to drive BREASTEST plus™ volume, and (ii) the absence of a named US commercialisation pathway. Neither announcement is a revenue event in its own right – the GP integrations are infrastructure, and the Sonic USA deal is option-based, with no upfront, milestone, or royalty terms disclosed. However, both meaningfully de-risk the path to the revenue ramp embedded in our model and, in the case of Sonic USA, introduce US optionality that was explicitly excluded from our published fair value.

We retain our Speculative Buy recommendation and raise our fair valuation to $0.255 per share (from $0.23), reflecting tighter conviction in our BREASTEST plus™ volume assumptions through FY27–FY28 and the inclusion of the upcoming Avantect® multi-cancer early detection (MCED) test as a new revenue line. US optionality from the Sonic USA pathway is presented as a scenario overlay rather than incorporated into the base case, consistent with our treatment of the ClearNote Health licence at the September 2025 update.

Investment Thesis

- **Two May catalysts de-risk the story on both fronts.** National GP distribution (referral forms across ~97% of GPs, plus specialist and telehealth channels) addresses the slow BREASTEST plus™ uptake flagged in February, while the Sonic Healthcare USA validation deal delivers the first named US commercialisation pathway via the LDT route.
- **From single-asset to multi-product platform.** The June 2026 launch of Avantect® MCED adds a fourth revenue line alongside BREASTEST plus™ and the Avantect Pancreatic and Ovarian tests, broadening the addressable market and the catalyst slate.

Key Catalysts

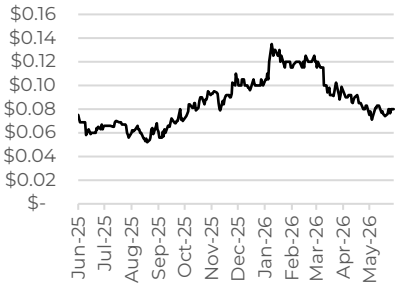
Catalyst	Timing
BREASTEST plus™ V2 commercial launch (AU)	June 2026
Avantect® multi-cancer (MCED) test launch (AU)	June 2026
BREASTEST plus™ 150 tests/month run-rate target	Q4 CY2026
Sonic Healthcare USA validation completion	Indic. CY2027
Sonic Healthcare USA validation completion for BREASTEST plus™ V2	Indicative CY2027

Recommendation	**Spec Buy**
Share Price	**$0.079**
Fair Valuation	(up 11%) **$0.255**
TSR	**+223%**

Company Profile

Market Cap	$29.1M
Enterprise Value	$30.8M
SOI (undiluted)	368.7M
Free Float	51.8%
52-Week Range	$0.052 – 0.155

Price Performance



	1M	3M	12M
Absolute	0.0%	-33.3%	7%
ASX200	0.5%	-4.4%	3.1%

Company Overview

BCAL is an Australian screening and diagnostic company committed to the early, accurate diagnosis of breast cancer, and therefore early intervention and improved outcomes for women. Over the past decade BCAL has developed a non-invasive blood test for the detection of breast cancer, with results to date demonstrating excellent performance. The test is initially designed to complement current imaging technologies, such as the mammogram. With more than two million new cases of breast cancer diagnosed globally each year, a substantial opportunity exists for BCAL to improve patient outcomes.

Analyst

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BDX Coverage

Update	*20 Feb 2026*	*Link*
Update	*24 Sep 2025*	*Link*
Update	*2 Sep 2025*	*Link*
Update	*26 Mar 2025*	*Link*
Initiation	*19 Feb 2025*	*Link*

Australian Distribution: The Missing Piece Is In

Our 20 February 2026 note acknowledged that BREASTEST plus™ uptake had been slower than initially anticipated, with 215 tests sold in 1H FY26 generating product revenue of $42,618. We argued at the time that BCAL had methodically built the back-end infrastructure – Sonic Healthcare/DHM collection across 93 NSW sites, an MSAC consultant engaged, and Best Practice GP software integration in progress – but the front-end mechanism for converting GP intent into test orders remained incomplete. The 19 May announcement closes that gap.

Clinical referral forms are now live on both Best Practice and Medical Director, together covering approximately 97% of Australian GPs. This is a meaningful step-up from Best Practice-only integration. For a private-pay diagnostic without MBS reimbursement, ordering convenience at the point of consultation is arguably the single largest determinant of GP-driven volume. GPs are time-constrained, and the marginal effort required to order a test that is not embedded in their day-to-day software is a well-documented adoption barrier. BCAL has now removed that friction across virtually the entire addressable GP base.

Specialist coverage has been extended through Genie (Magentus), Australia's leading specialist practice management platform. This complements the existing breast-clinic and oncology relationships (Sydney Breast Clinic, Cancer Care Associates, Southern Breast Oncology) by giving specialists who already use Genie an in-workflow ordering pathway, rather than requiring them to access a separate BCAL-specific system.

EarlyDetection.com.au went live on 12 May as a telehealth service developed with Medmate. Dr Martin A. Devitt has been appointed Medical Director of the associated Centre for Early Detection. We view the telehealth channel as the most underappreciated element of the announcement. It introduces a patient-pull pathway that operates independently of GP referral behaviour: patients can self-initiate a consultation, satisfy clinical governance requirements through Medmate's prescribing infrastructure, and access BCAL's tests directly. Private-pay telehealth-enabled diagnostics is a model with growing precedent in Australia (Eucalyptus, InstantScripts, Hub.Health and others), and is particularly well-suited to a women's-health screening product where patient awareness is the binding constraint. The platform has also been registered in New Zealand, the UK, the US, India and other markets, providing optionality for future international rollout – though we do not ascribe value to this at present.

Physical hub. BCAL is establishing a Centre for Early Detection in Sydney CBD focused on high-risk patients. We view this as a strategically useful but financially modest addition: a concierge-style clinical site that provides a controlled environment for new product introductions (notably the MCED test discussed below), patient education, and real-world data capture, rather than a meaningful volume driver on its own.

What this means for our model. Management's target of 150 BREASTEST plus™ tests per month by Q4 CY2026, which we flagged in February as ambitious from a 215-test 1H FY26 base, now has a credible distribution mechanism behind it. We have not raised our BREASTEST plus™ volume estimates – the May announcements are necessary, not sufficient, and there is no Australian precedent for a private-pay blood-based cancer screen achieving meaningful GP-driven volumes without MBS listing – but we have tightened our confidence interval around the FY27 and FY28 forecasts (~1,120 and ~2,300 tests respectively). The June 2026 launch of BREASTEST plus™ V2, which removes the dense-breast restriction and effectively doubles the addressable population, remains the more important volume catalyst.

Portfolio Expansion: Avantect MCED Adds a Fourth Product Line

The 19 May announcement also flagged the imminent Australian launch of the Avantect® multi-cancer early detection (MCED) test in June 2026. The MCED test is licensed from ClearNote Health under the same exclusive Australian and New Zealand distribution agreement signed in September 2025. From BCAL's perspective, MCED is a plug-and-play addition: the laboratory pathway is established (samples ship to ClearNote for processing), the distribution infrastructure is shared with the existing Avantect tests, and pricing, sales-force training, and clinic onboarding all leverage the work already done for the January 2026 Pancreatic and Ovarian launch.

Strategically, the MCED test repositions BCAL more directly against GRAIL's Galleri. Our prior view was that targeted single-cancer assays (Avantect Pancreatic at ~68% sensitivity / ~97% specificity; Avantect Ovarian at >78% / >94%) offered more actionable clinical utility for high-risk individuals than a broad MCED screen with lower per-cancer sensitivity at early stages. The addition of a ClearNote MCED product to BCAL's Australian portfolio does not invalidate that view, but it does reframe the competitive positioning: BCAL can now offer clinicians a menu of screening intensities – broad MCED for general at-risk individuals, targeted Avantect tests for genetically predisposed or symptomatic patients – within a single platform relationship.

Several inputs required to size the MCED opportunity have not yet been disclosed: the Australian sensitivity/specificity profile, the local pricing point, and whether the test will be sold standalone or as a panel alongside the existing Avantect tests. We have incorporated a deliberately conservative MCED revenue line into our updated model (see Valuation), assuming a slower ramp than the targeted single-cancer Avantect products given the more speculative nature of MCED clinical utility positioning in a private-pay setting. We will revisit these assumptions following the formal Australian launch and any publication of local performance data.

US Market Entry: Sonic USA Opens the Largest Diagnostics Market

The 28 May 2026 announcement of a Validation Agreement with Sonic Healthcare USA provides BCAL with a named, top-tier US commercialisation partner for BREASTEST plus™ Version 2 and a concrete regulatory pathway into the world's largest breast cancer diagnostics market.

Deal Mechanics. The Validation Agreement transfers the BREASTEST plus™ V2 assay to Sonic's CLIA-certified Sonic Reference Laboratory in Austin, Texas, where it will be optimised for the US market. The validation is the gating step on the Laboratory Developed Test (LDT) pathway. Following successful validation, Sonic Healthcare USA holds an option to negotiate a commercial licence for BREASTEST plus™ and any related intellectual property and know-how required to use or perform the test. The financial terms of the Validation Agreement, and the form of any subsequent commercial licence, are confidential.

We emphasise that this is an option-style arrangement rather than a binding commercial commitment. No upfront, milestone, or royalty payments have been disclosed, and Sonic USA retains the right to walk away post-validation if the assay does not perform to its expectations in the US laboratory environment. This structure is consistent with how a tier-1 pathology operator would prudently approach a new third-party assay: validate first, commit second.

The Partner. Sonic Healthcare USA is the third-largest pathology provider in the United States and a wholly-owned subsidiary of Sonic Healthcare Limited (ASX: SHL), BCAL's existing Australian collection partner via the Douglass Hanly Moir network. This is an important point of continuity: the relationship between BCAL and the Sonic group already exists, has been operating commercially in Australia since September 2025, and

now extends to the US arm. The Austin reference laboratory is one of Sonic USA's flagship CLIA-certified facilities and provides exactly the technical infrastructure required to commercialise a complex LCMS-based lipidomic assay at scale. From a counterparty-risk perspective, a globally listed, A$25bn+ market-cap pathology group with operational presence across the US, Australia, Germany, the UK, and Switzerland is about as strong as a counterparty as a micro-cap diagnostics company could realistically secure.

Pathway Choice: LDT via CLIA. BCAL's stated US strategy since the February 2025 initiation has been to commercialise BREASTEST plus™ as an LDT under CLIA oversight rather than seeking full FDA 510(k) or PMA clearance. The LDT route is materially faster, less capital-intensive, and does not require the multi-year clinical trial program that an FDA submission would entail. Validation at a CLIA-certified laboratory is the principal regulatory milestone.

The US regulatory backdrop for LDTs has shifted favourably since our initiation report. The FDA's May 2024 LDT Final Rule, which sought to phase in medical-device requirements for LDTs over a four-year period, was vacated and set aside in its entirety by the US District Court for the Eastern District of Texas on 31 March 2025. The FDA declined to appeal, allowing the 60-day appeal window to expire, and subsequently issued a final rule reverting the device regulations to the version in effect prior to the May 2024 rule, maintaining the status quo of enforcement discretion for LDTs without 510(k) clearance or FDA approval. The practical effect is that the LDT pathway remains open, governed by CLIA and CMS rather than FDA, and the regulatory risk that we flagged in earlier notes – namely, the prospect of LDTs being progressively brought under FDA device authority – has been materially reduced.

Clinical Outcomes Studies. In parallel with the Sonic USA validation, BCAL continues to collect clinical samples from US patients in collaboration with leading breast cancer specialists. These samples will support Clinical Outcomes studies – the body of real-world performance evidence required by US private payers and, ultimately, by CMS in the event BCAL pursues reimbursement coverage for BREASTEST plus™ as it scales. This work is slower and more expensive than the assay validation itself, but it is the necessary input into the reimbursement pathway that converts an LDT from a private-pay test into an insurer-funded test. The precedent set by ClearNote Health is instructive: both Avantect Pancreatic and Avantect Ovarian secured CMS reimbursement pricing of US$1,160 per test, and Avantect Pancreatic carries FDA Breakthrough Device Designation. There is no reason in principle why BREASTEST plus™ V2 cannot follow a comparable trajectory, although the timeline will likely be measured in years rather than quarters.

Market Size. Per the announcement, the US market includes more than 40 million mammograms performed annually and 376,000 new breast cancer cases each year, with a breast cancer diagnostic market expected to reach US$4.53 billion by 2033. These figures are consistent with the FDA's MQSA National Statistics referenced in our initiation report (42.8 million mammograms performed in the US in 2024). The point we made in the initiation report holds with even greater force today: capturing even just 0.1% of US mammogram volume – fewer than one in a thousand procedures – would represent ~40,000 BREASTEST plus™ tests annually, a figure that would transform BCAL's revenue profile.

Catalyst Timeline

The May announcements bring forward several catalyst opportunities and add new ones to the slate. The June 2026 V2 and MCED launches, the FY26 full-year result in August/September, and the Q4 CY2026 management run-rate target between them define a six-month window over which the market should be able to form a clearer view on BREASTEST plus™ uptake dynamics. The Sonic USA validation timeline and the MSAC pathway progression for Avantect then carry the story through CY2027.

The next twelve to eighteen months should provide multiple opportunities for the share price to re-rate on company-specific news, rather than relying on a single binary catalyst. This is a meaningful change from the period through mid-2025 when the company's narrative was effectively gated by a single product launch.

Catalyst	Indicative Timing
BREASTEST plus™ V2 commercial launch (AU) – broadens addressable population by removing the breast-density restriction	June 2026
Avantect® multi-cancer early detection (MCED) test launch (AU)	June 2026
Centre for Early Detection (Sydney CBD) clinic opens	2H CY2026
FY26 full-year result – first full-year of BREASTEST plus™ revenue + Avantect contribution from January 2026 launch	Aug/Sep 2026
BREASTEST plus™ 150 tests/month run-rate target (management guidance)	Q4 CY2026
Sonic Healthcare USA validation completion for BREASTEST plus™ V2	Indicative CY2027
Sonic Healthcare USA commercial licence decision (post-validation option)	Indicative CY2027
Avantect MSAC reimbursement pathway – formal pathway running February 2026 → potential MBS implementation	Mid-2027
BREASTEST plus™ MSAC application progression (consultant engaged)	Through FY27

Valuation

We update our fair valuation of BCAL to A$0.255 per share, an uplift of 11% from our prior fair valuation of A$0.23 set at the 20 February 2026 update. The valuation uplift reflects two model changes flowing from the May 2026 announcements – (i) the addition of Avantect® multi-cancer early detection (MCED) as a new product line following confirmation of its June 2026 Australian launch, and (ii) a modest lift to near-term BREASTEST plus™ volume assumptions for FY27–FY29 reflecting the materially improved Australian distribution infrastructure now in place – net of an explicit adjustment for the A$1.7 million of net debt outstanding at the most recent quarter end (A$4.1 million of convertible notes drawn less A$2.4 million of cash), which was not deducted in the February 2026 published valuation. US optionality arising from the Sonic Healthcare USA Validation Agreement is presented as a scenario overlay rather than incorporated into the base case, consistent with our treatment of the original ClearNote Health licence at the September 2025 update and the MBS reimbursement optionality flagged in February 2026.

The updated base case yields an enterprise value of approximately A$188.8 million, an equity value of A$187.0 million after deducting A$1.7 million of net debt, equivalent to A$0.255 per share on the terminal diluted share count.

Valuation Summary	A$m
Sum of PV of UFCF (FY26E–FY35E)	25.3
PV of terminal value	163.4
Enterprise value	188.8
Less: convertible note drawn	(4.1)
Add: cash & equivalents	2.4
Equity value	187.0
Terminal diluted shares (m)	732.6
Fair value per share	A$0.255

Revenue Trajectory. Our updated revenue model carries four product lines. For BREASTEST plus™ (V1 and V2 combined), we now model ~1,380 tests in FY27 (vs ~1,120 prior) and ~2,900 in FY28 (vs ~2,300 prior), reflecting tighter conviction in the near-term volume ramp following the May distribution announcements. Beyond FY29 the trajectory is broadly consistent with the February model, with BREASTEST plus™ reaching ~175,000 tests annually by FY35 as V2 penetration scales across the broader

screening population. Avantect® Pancreatic and Avantect® Ovarian volumes are unchanged from the February model (~180 tests each in FY27, ~370 each in FY28, ramping to ~28,000 each in FY35). The new MCED line is modelled at ~50 tests in FY26, ramping to ~28,000 tests in FY35 – a back-end trajectory comparable to the single-cancer Avantect tests, but with a slower early-year ramp reflecting the more speculative MCED clinical utility positioning under private-pay and the limited local performance data at launch. Combined product revenue grows from A$0.5 million in FY26 to A$2.9 million in FY28, crossing the A$10 million milestone in FY30 and reaching ~A$169 million by FY35.

Path to Profitability. Under our updated base case, EBITDA turns positive in FY31 (one year earlier than in the February model, at approximately A$5.8 million) driven principally by the MCED revenue contribution. By FY32 EBITDA reaches ~A$21.5 million, and by FY35 the business is generating A$83 million of EBITDA on A$169 million of product revenue, implying a terminal EBITDA margin in the high 40s. Gross margin progression follows the same trajectory as prior: ~45% at launch scaling to ~60% at terminal as COGS scales proportionally with volume. R&D expense is capped at A$8 million per annum from FY30 and SG&A scales linearly with rollout intensity.

US Optionality: Scenario Overlay

The Sonic Healthcare USA Validation Agreement, while strategically significant (see US Market Entry above), is structured as an option rather than a binding commercial commitment, with no upfront, milestone, or royalty terms disclosed. Consistent with our prior practice at the ClearNote Health announcement, we present the US opportunity as a scenario overlay rather than incorporating it into the published fair value. This preserves analytical discipline – we do not pay for value that is not yet contracted – while giving investors an indicative sense of the upside if the Sonic USA pathway converts into a commercial licence.

Scenario assumptions. We assume Sonic USA exercises its option following successful validation, with US commercial launch in FY28 (mid-CY27). Volumes ramp from a pilot launch of ~2,000 tests in FY28 to ~95,000 tests by FY35 – equivalent to approximately 0.2% of US mammogram volume, deliberately conservative versus the 0.5% penetration trajectory contemplated in our August 2025 note. We assume BCAL receives net economics of US$350 per test (royalty-style structure where Sonic USA bears the US operating cost base), an AUD/USD rate of 0.65, and a 70% incremental contribution margin on the US revenue line. This generates US-attributable EBITDA of ~A$36 million by FY35.

Probability-weighting. We risk-adjust the US opportunity at 30%, reflecting the cumulative probability of (i) successful technical validation in the Austin laboratory, (ii) Sonic USA exercising its commercial option on terms reasonably aligned with our scenario assumptions, and (iii) sufficient US payer coverage to support the modelled volume trajectory. This is a deliberately conservative probability assignment for an early-stage commercial pathway and would be revised upward materially upon (a) validation completion, (b) execution of a commercial licence agreement, or (c) initial US revenue traction.

Combined view. At our central probability of 30%, the risk-adjusted US optionality is worth approximately A$0.05 per share, taking the total potential value to ~A$0.31 per share. We do not publish this as a fair valuation because the US deal terms are not contracted and we have no basis on which to estimate either the validation outcome or the commercial terms of any subsequent licence. We will revisit the US scenario as each gating event is resolved, and would expect to migrate at least a portion of the US contribution into our published fair value upon execution of a commercial agreement with disclosed economic terms.

Optionality Not Modelled

In addition to US revenue, several further sources of upside remain explicitly excluded from our base case:

- **MBS reimbursement** for BREASTEST plus™ (MSAC consultant engaged) and Avantect tests (formal MSAC pathway running February 2026 → potential MBS implementation by mid-2027). MBS listing would dramatically expand the addressable market by removing the private-pay barrier and would shift unit economics from out-of-pocket to insurer-funded demand.

- **International distribution** beyond the US. The EarlyDetection platform is now registered in New Zealand, the UK, the US, India, and other markets. Each represents a potential future channel that is not currently in our model.

- **Avantect Pancreatic CMS reimbursement** in the US, which establishes a US$1,160 per-test reimbursement precedent that BCAL could potentially access via the ClearNote partnership structure over time.

- **Recurrence-monitoring pipeline.** BCAL has previously flagged R&D work on a recurrence-monitoring test using its proprietary lipidomic platform – a logical extension into the breast cancer survivorship cohort that is not currently modelled.

Financial Forecast

VALUATION DETAILS	FY25	FY26E	FY27E	FY28E	FY29E
Share Price (A$)	$0.079				
Market Cap (A$m)	29.1				
Enterprise Value (A$m)	30.8				
Fair Value/Share (A$)	$0.255				

STATEMENTS (A$m)	FY25	FY26E	FY27E	FY28E	FY29E
Income Statement					
Revenue	2.8	2.4	3.5	5.4	9.8
EBITDA	(6.2)	(7.2)	(8.3)	(8.6)	(7.4)
EBIT	(7.2)	(8.3)	(9.4)	(9.8)	(8.6)
Net Income	**(7.2)**	**(9.3)**	**(10.4)**	**(9.8)**	**(8.6)**
Balance Sheet					
Cash & Cash Equivalents	4.5	7.3	7.9	8.8	10.4
Inventory	0.6	(0.8)	(0.8)	(0.7)	(0.6)
Receivables	0.1	0.0	0.1	0.2	0.6
Other Assets	2.7	2.2	1.5	0.9	0.4
Total Assets	**7.9**	**8.8**	**8.8**	**9.2**	**10.8**
Total Debt	-	10.0	10.0	-	-
Other Liabilities	1.7	(8.3)	(8.1)	2.1	2.3
Total Liabilities	**1.7**	**11.7**	**11.9**	**2.1**	**2.3**
Shareholders' Equity	**6.2**	**(2.9)**	**(3.2)**	**7.1**	**8.4**
Cash Flow Statement					
Net Income	(7.2)	(9.3)	(10.4)	(9.8)	(8.6)
Add: D&A	1.0	1.1	1.1	1.2	1.2
Less: Change in NWC	-	0.2	0.2	0.1	(0.1)
Operations	**(6.9)**	**(7.1)**	**(9.4)**	**(8.9)**	**(7.9)**
Investing	**(0.1)**	**(0.1)**	**(0.1)**	**(0.2)**	**(0.4)**
Equity Raised (net)	-	-	10.2	10.0	10.0
Less: Dividends Paid	-	-	-	-	-
Financing	**(0.1)**	**10.0**	**10.1**	**10.0**	**10.0**
Unlevered FCF	**(6.3)**	**(7.1)**	**(8.3)**	**(8.7)**	**(7.9)**

PER SHARE DATA	FY25	FY26E	FY27E	FY28E	FY29E
Diluted SOI (m)	371.5	371.5	454.9	649.3	732.6
EPS (A$)	-$0.02	-$0.03	-$0.02	-$0.01	-$0.01
DPS (A$)	-	-	-	-	-
Payout	n/m	n/m	n/m	n/m	n/m
Franking	n/m	n/m	n/m	n/m	n/m
Book Val/Share (A$)	$0.02	-$0.01	-$0.01	$0.01	$0.01

RATIOS	FY25	FY26E	FY27E	FY28E	FY29E
Liquidity					
Current Ratio	3.3x	3.9x	0.6x	3.9x	4.4x
Quick Ratio	2.9x	4.4x	0.7x	4.3x	4.7x
Solvency					
Debt to Equity	0.0x	-3.4x	-3.2x	0.0x	0.0x
Equity to Assets	78.6%	-33.2%	-35.9%	76.9%	78.3%
Profitability					
ROA	-92%	-106%	-119%	-106%	-80%
ROE	-116%	319%	331%	-138%	-102%
EBITDA Margin	-220%	-299%	-239%	-158%	-76%
NPAT Margin	-255%	-384%	-299%	-179%	-88%
Growth					
Revenue	n/a	-14.6%	44.1%	56.1%	79.7%
EBITDA	n/a	-15.9%	-15.2%	-3.3%	13.9%
Underlying NPAT	n/a	-28.2%	-12.4%	6.4%	11.6%
EPS	n/a	-28.2%	8.2%	34.4%	21.7%
Valuation					
P/E	n/m	n/m	n/m	n/m	n/m
EV/Sales	8.7x	78.0x	54.2x	34.7x	19.3x
EV/EBITDA	n/m	n/m	n/m	n/m	n/m
Dividend Yield	n/m	n/m	n/m	n/m	n/m

Key Risks

Adoption & Execution Risk. The May 2026 distribution announcements materially de-risk the Australian access pathway – BCAL's referral forms are now live in software covering ~97% of GPs, complemented by specialist (Genie) and telehealth (EarlyDetection.com.au) channels. However, distribution is necessary but not sufficient for adoption. The 1H FY26 result (215 BREASTEST plus™ tests sold) confirms that shifting entrenched referral patterns in a private-pay environment is the principal execution challenge, and there is no Australian precedent for a blood-based cancer screen achieving meaningful GP-driven volumes without MBS listing. Slower-than-expected conversion of GP awareness into test orders would push out the revenue ramp and extend the cash burn profile.

Reimbursement & Margin Pressure. All of BCAL's products are currently sold on a private-pay basis without MBS coverage, with patient out-of-pocket costs of $215–250 for BREASTEST plus™ and $1,495–1,995 for the Avantect tests. The MSAC pathway for both BREASTEST plus™ (MSAC consultant engaged) and Avantect (formal pathway running from February 2026, potential MBS implementation mid-2027) is lengthy, evidence-intensive, and subject to government budgetary considerations. There is no guarantee that any of BCAL's tests will achieve MBS listing within the anticipated timeframe, or at all. The fee-for-service collection model via Sonic Healthcare/DHM also compresses per-test gross margin, and pricing concessions to drive volume ahead of reimbursement could further pressure near-term unit economics.

Funding & Dilution Risk. BCAL's most recent Appendix 4C disclosed A$4.1 million drawn on the A$10 million Convertible Note facility (up from A$3.0 million at 31 December 2025), with A$5.9 million of headroom remaining and capacity to call further draws until 31 August 2026. The notes accrue interest at 10% per annum and convert at a discount to prevailing share prices (floor A$0.096, ceiling A$0.30), creating meaningful dilution beyond the face value. The 1H FY26 report carried a material uncertainty related to going concern, and our model assumes a further ~A$30 million in equity capital across FY27–FY29 at A$0.12 per share. Terminal diluted shares of ~733 million versus 368 million today; the quantum and pricing of future raises will depend on commercialisation momentum, and capital could be raised on more dilutive terms than modelled if milestones slip.

Operational Dependency. BCAL's commercial model relies on third-party partners across every stage of the value chain: Sonic Healthcare/DHM for Australian sample collection (93 NSW sites); Helius Laboratory for national reach; ClearNote Health for Avantect assay processing under an exclusive licence (initial 2-year term, 6-year extension option); Medmate for telehealth infrastructure; and now Sonic Healthcare USA for the US validation pathway. Failure or delay at any node – assay supply interruptions from ClearNote, sample handling variability at Sonic, or changes to commercial terms with any partner – could disrupt volumes and economics. This dependency profile is structurally necessary for a micro-cap commercialising a complex laboratory assay, but it remains material.

US Commercialisation Risk. The Sonic Healthcare USA Validation Agreement is option-based, not a binding commercial licence; no upfront, milestone, or royalty terms have been disclosed, and Sonic USA may decline to exercise its commercial option following validation. Even if exercised, US payer coverage remains the binding constraint on commercial scale, and would require successful completion of BCAL's ongoing Clinical Outcomes studies. The LDT regulatory pathway is currently more permissive following the March 2025 vacatur of the FDA LDT Final Rule, but renewed legislative or regulatory pressure on LDTs cannot be ruled out and would extend timelines and cost. Our base case does not include US revenue; the US scenario overlay carries a 30% risk adjustment for these reasons.

Competition Risk. The cancer diagnostics landscape is evolving rapidly, with significant capital flowing to MCED platforms (GRAIL, Exact Sciences, Freenome), ctDNA panels, and AI-enhanced imaging. BCAL's targeted single-cancer Avantect assays currently offer superior per-cancer sensitivity for early-stage disease, but this moat could narrow as MCED platforms improve. BCAL's own addition of an MCED product line (June 2026 launch) partially repositions this competitive dynamic, though it also exposes BCAL to head-to-head clinical performance comparisons. Real-world sensitivity and specificity lagging published figures, IP challenges to BCAL's lipidomic methods or ClearNote's Virtuoso™ epigenomics platform, or loss of specialist talent in a competitive diagnostics labour market are residual risks across the slate.

Evolution Capital Ratings System

Recommendation Structure	• **Buy:** The stock is expected to generate a total return of >10% over a 12-month horizon. For stocks classified as 'Speculative', a total return of >30% is expected. • **Hold:** The stock is expected to generate a total return between -10% and +10% over a 12-month horizon. • **Sell:** The stock is expected to generate a total return of <-10% over a 12-month horizon.
Risk Qualifier	• **Speculative ('Spec'):** This qualifier is applied to stocks that bear significantly above-average risk. These can be pre-cash flow companies with nil or prospective operations, companies with only forecast cash flows, and/or those with a stressed balance sheet. Investments in these stocks may carry a high level of capital risk and the potential for material loss.
Other Ratings:	• **Under Review (UR):** The rating and price target have been temporarily suppressed due to market events or other short-term reasons to allow the analyst to more fully consider their view. • **Suspended (S):** Coverage of the stock has been suspended due to market events or other reasons that make coverage impracticable. The previous rating and price target should no longer be relied upon. • **Not Covered (NC):** Evolution Capital does not cover this company and provides no investment view.

Expected total return represents the upside or downside differential between the current share price and the price target, plus the expected next 12-month dividend yield for the company. Price targets are based on a 12-month time frame.

Disclaimer & Disclosures

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