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COMPANY NOTE | EQUITY RESEARCH | September 2, 2024

Healthcare: Biotechnology **Company Update**

Imugene Limited | IMU.AX-$0.04-ASX | *Buy*

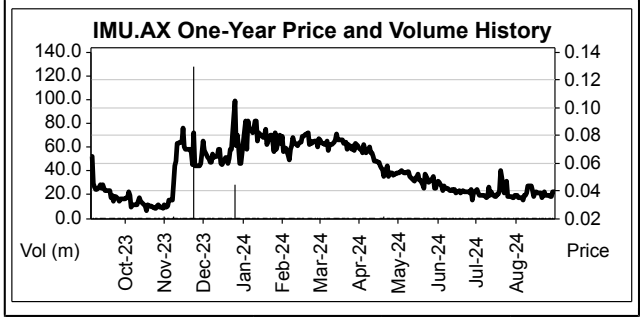
Stock Data	
52-Week Low - High	$0.03-$0.09
Shares Out. (mil)	7,349.25
Mkt. Cap.(mil)	$309.16
3-Mo. Avg. Vol.	95,817
12-Mo.Price Target	$0.42
Cash (mil)	AUD93.1
Tot. Debt (mil)	AUD0.0

Revenue ($AUD millions)

Yr Jun	— 2023—	— 2024—	— 2025E—
		Curr	Curr
1Half	0.0A	0.0A	0.0E
2Half	0.0A	0.0A	0.0E
YEAR	0.0A	0.0A	0.0E

EPS $AUD

Yr Jun	— 2023—	— 2024—	— 2025E—
		Curr	Curr
1Half	0.00A	(0.01)A	(0.01)E
2Half	0.00A	(0.01)A	(0.01)E
YEAR	(0.01)A	(0.02)A	(0.01)E



IMU: Azer-Cel Showing CRs In DLBCL Patients In Phase 1b Trial

Among nine evaluable (of 10 enrolled) DLBCL patients treated with azer-cel, three achieved CRs and one achieved a PR, and all patients had failed prior autologous CAR T therapy among the four or five prior failed therapies. More importantly, in the go-forward cohort B, two of three evaluable patients achieved CR. A big advantage with azer-cel versus the approved autologous CAR T therapies is that azer-cel is an allogeneic CD19 CAR T therapy, which greatly facilitates manufacturing time, complexity, and cost.

- IMU announced encouraging Phase 1b results for azer-cel (azercabtagene zapreleucel, an allogeneic off-the-shelf CD19 CAR T therapy) in rel/ref DLBCL patients for whom their cancer had recurred following autologous CAR T therapy, (i.e., a high unmet need population). All patients had failed four or five prior therapies.
- Nine evaluable, of 10 enrolled, patients were enrolled into cohort A (azer-cel and lymphodepletion) or cohort B (azer-cel, lymphodepletion, and low-dose IL-2 (to improve immune response)). Of all six evaluable cohort A patients, there was one CR and one PR (33% ORR), CR durability was less than 60 days, and all patients no longer on the trial. By contrast, of the three evaluable cohort B patients, there were two CRs (67% ORR). There was also one SD, and upon PET/CT scan imaging, the patient's tumor had decreased, but due to potential T cell infiltration there was an increase in signal intensity, which could indicate pseudoprogression and not actual disease progression. The patient remains on trial and continues to be assessed. Durability of the CRs thus far is greater than 120 days and greater than 90 days and all cohort B patients continue on the trial.
- IMU will continue enrolling cohort B, with the goal of providing a comprehensive package to the FDA for a potential Phase 2/3 registrational trial. If successful, azer-cel has the potential to become the first approved allogeneic CAR T cell therapy for blood cancer. IMU also plans to combine azer-cel with its novel onCARlytics program to treat solid tumors. In the Phase 1b trial, DLBCL patients are being enrolled at 15 leading U.S. cancer centers, including Columbia University, University of Minnesota, Emory, and Moffitt Cancer Centers, and IMU plans to open up to five Australian sites.

VALUATION

Our 12-month price target of AUD0.42 is based on a DCF analysis using a 15% discount rate that is applied to all cash flows and the terminal value, which is based on a 5x multiple of our projected FY2031 operating income of about AUD1.2 billion.

Factors that could impede shares of Imugene from achieving our price target include any of its three modeled immuno-oncology products failing to succeed clinically. Also, the FDA and foreign regulatory authorities could fail to approve Imugene's products even if their respective pivotal clinical trials succeed, in the event the agency views the results as not clinically meaningful. Loss of key management personnel could also impede achieving our Imugene price target, as could the significant delay of clinical progress from, for example, lasting COVID-19 headwinds.

RISKS

- **Clinical risk.** Imugene's clinical staged products could fail to deliver statistically significant results in late-stage clinical trials, substantially reducing the value of Imugene's product candidates and therefore our target price.
- **Regulatory risk.** Even if successful in the clinic, Imugene's products could fail to be approved by domestic and/or foreign regulatory bodies, which would reduce Imugene's value and therefore our target price.
- **Financing risk.** Imugene will need additional capital to fund its operations, and such financing may not occur or it could be substantially dilutive to existing investors.
- **Competitive risk.** For any future approved Imugene products, they may not be well adopted in a competitive marketplace, which would adversely affect Imugene's value and therefore our target price.
- **High stock price volatility.** This issue is common among small-cap biotechnology companies with relatively low trading volumes.

COMPANY DESCRIPTION

Imugene is a clinical stage immuno-oncology company developing a range of new and novel immunotherapies that seek to activate the immune system of cancer patients to treat and eradicate tumours. Our unique platform technologies seek to harness the body's immune system against tumours, potentially achieving a similar or greater effect than synthetically manufactured monoclonal antibody and other immunotherapies. Our pipeline includes an off-the-shelf (allogeneic) cell therapy CAR T drug azer-cel (azercabtagene zapreleucel) which targets CD19 to treat blood cancers. Our pipeline also includes multiple immunotherapy B-cell vaccine candidates and an oncolytic virotherapy (CF33) aimed at treating a variety of cancers in combination with standard of care drugs and emerging immunotherapies such as CAR T's for solid tumours. We are supported by a leading team of international cancer experts with extensive experience in developing new cancer therapies with many approved for sale and marketing for global markets.

Imugene Limited
Income Statement
Fiscal Year ends June
(in AUD$000, except per share items)

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	FY2020A	FY2021A	FY2022A	FY2023A	FY1H24	FY2H24	FY2024A	FY1H25E	FY2H25E	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E
CHECKvacc royalty revenue											-	77,986	153,174	229,488	303,968	366,948
HER-Vaxx royalty revenue										-	-	39,382	65,575	93,978	106,912	115,696
PD1-Vaxx royalty revenue											-	199,821	414,303	644,494	828,482	927,547
Total royalty revenue										-	-	**317,190**	**633,053**	**967,960**	**1,239,362**	**1,410,191**
R&D	9,364	15,355	36,612	30,865	44,676	42,210	86,885	42,632	43,058	85,690	89,974	94,473	95,418	96,372	97,335	98,309
SG&A	5,515	10,311	14,061	20,428	34,557	25,350	59,907	25,603	25,859	51,463	54,036	56,738	59,575	62,553	65,681	68,965
Total operating expenses	**14,879**	**25,667**	**50,673**	**51,293**	**79,233**	**67,559**	**146,792**	**68,235**	**68,917**	**137,152**	**144,010**	**151,211**	**154,992**	**158,925**	**163,017**	**167,274**
Operating income	**(14,879)**	**(25,667)**	**(50,673)**	**(51,293)**	**(79,233)**	**(67,559)**	**(146,792)**	**(68,235)**	**(68,917)**	**(137,152)**	**(144,010)**	**165,979**	**478,060**	**809,035**	**1,076,346**	**1,242,917**
Other income/loss (R&D tax incentive, etc)	4,074	7,200	12,684	10,219	9,230	(15,862)	(6,632)	8,500	9,500	18,000	34,640	36,372	36,736	37,103	37,474	37,849
Finance income/expense net	297	11	72	1,852	2,296	1,741	4,037	900	900	1,800	2,160	2,808	3,650	4,746	6,169	8,020
Net income (pretax)	(10,508)	**(18,456)**	**(37,917)**	**(39,222)**	**(67,707)**	**(81,680)**	**(149,387)**	**(58,835)**	**(58,517)**	**(117,352)**	**(107,210)**	**205,159**	**518,447**	**850,883**	**1,119,989**	**1,288,786**
Income tax expense (benefit)											-	61,548	155,534	255,265	335,997	386,636
Net income	**(10,508)**	**(18,456)**	**(37,917)**	**(39,222)**	**(67,707)**	**(81,680)**	**(149,387)**	**(58,835)**	**(58,517)**	**(117,352)**	**(107,210)**	**143,611**	**362,913**	**595,618**	**783,992**	**902,150**
EPS basic	**(0.00)**	**(0.00)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.02)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**	**0.02**	**0.04**	**0.06**	**0.07**	**0.08**
EPS diluted	**(0.00)**	**(0.00)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.02)**	**(0.01)**	**(0.01)**	**(0.01)**	**(0.01)**	**0.01**	**0.03**	**0.05**	**0.06**	**0.07**
Basic shares outstanding	4,074,894	4,663,541	5,637,197	6,275,676	7,169,087	7,471,624	7,320,355	8,187,189	8,596,548	8,391,869	9,026,376	9,477,695	9,951,579	10,449,158	10,971,616	11,520,197
Diluted shares outstanding	4,074,894	4,663,541	5,637,197	6,275,676	7,169,087	7,471,624	7,320,355	8,187,189	8,596,548	8,391,869	9,026,376	10,908,448	11,382,333	11,879,911	12,402,369	12,950,950

Source: SEC filings, company press releases, and ROTH Capital Partners

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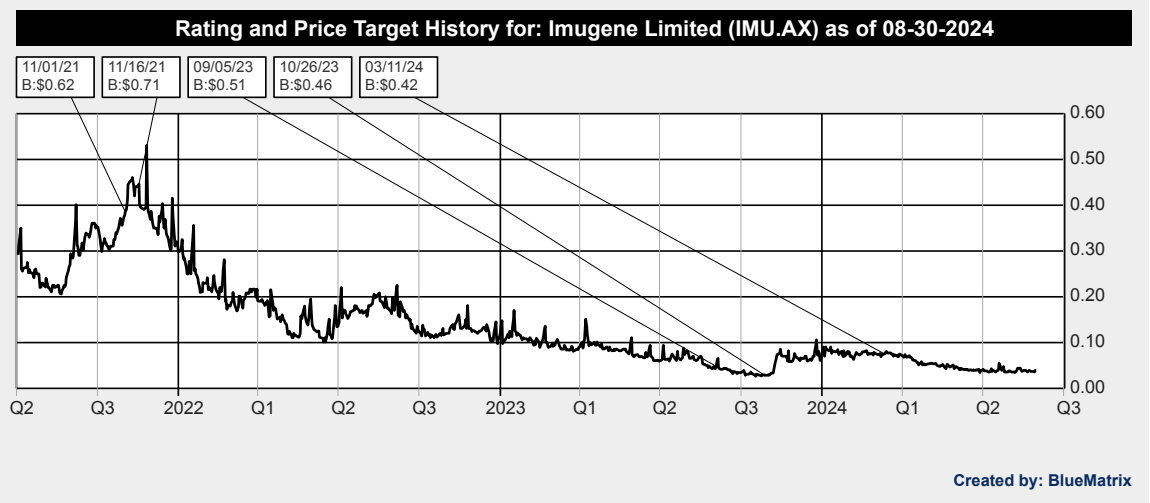

Each box on the Rating and Price Target History chart above represents a date on which an analyst made a change to a rating or price target, except for the first box, which may only represent the first note written during the past three years. **Distribution Ratings/IB Services**shows the number of companies in each rating category from which Roth or an affiliate received compensation for investment banking services in the past 12 month.

Distribution of IB Services Firmwide

			IB Serv./Past 12 Mos. as of 09/02/2024	
Rating	**Count**	**Percent**	**Count**	**Percent**
Buy [B]	**357**	**73.76**	**97**	**27.17**
Neutral [N]	**77**	**15.91**	**6**	**7.79**
Sell [S]	**2**	**0.41**	**0**	**0**
Under Review [UR]	**48**	**9.92**	**0**	**0**

Our rating system attempts to incorporate industry, company and/or overall market risk and volatility. Consequently, at any given point in time, our investment rating on a stock and its implied price movement may not correspond to the stated 12-month price target.

Ratings System Definitions - ROTH Capital employs a rating system based on the following:

Buy: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return of at least 10% over the next 12 months.

Neutral: A rating, which at the time it is instituted and or reiterated, that indicates an expectation of a total return between negative 10% and 10% over the next 12 months.

Sell: A rating, which at the time it is instituted and or reiterated, that indicates an expectation that the price will depreciate by more than 10% over the next 12 months.

Under Review [UR]: A rating, which at the time it is instituted and or reiterated, indicates the temporary removal of the prior rating, price target and estimates for the security. Prior rating, price target and estimates should no longer be relied upon for UR-rated securities.

Not Covered [NC]: ROTH Capital does not publish research or have an opinion about this security.

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