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RECOMMENDATION (unchanged)
SPECULATIVE BUY
*See key risks on Page 2 and Biotechnology Risk Warning on Page 5.

PRICE
A$0.115

VALUATION
A$0.250 (unchanged)

Expected return	
Capital growth	**117.4%**
Dividend yield	**0.0%**
Total expected return	**117.4%**

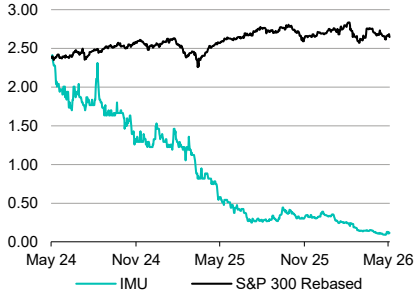
Sector
Biotechnology

Capital structure & trading data	
Enterprise value	**$41m**
Market cap	**$48m**
Issued capital	**416m**
Free float	**96%**
Avg. daily val. (52wk)	**$0.7m**
12 month price range	**A$0.09-0.61**

Price performance

	(1m)	(3m)	(12m)
Price (A$)	0.12	0.24	0.54
Absolute (%)	0.0	-52.1	-78.9
Rel market (%)	1.3	-45.5	-81.3

Share price (A$/sh) vs. XKO



Source: IRESS

RISK - SPECULATIVE

IMUGENE (IMU)

Azer-cel cohort 3 enrols first patient

Meeting the unmet need in NHL

IMU has announced first patient enrolment in cohort 3 of its ongoing Phase 1b trial investigating the concurrent dosing of azer-cel in combination with a BTKi for the treatment of rare forms of Non Hodgkin's Lymphoma (NHL). Patients must be refractory to at least 1 previous line of therapy (being either of the BTKI's including Eli Lilly's Pirtobrutnib). We expect that some will have also progressed to 3L i.e. following disease progression after BCL-2i therapy. The first patient enrolled has R/R mantle cell lymphoma (MCL).

No Hail Mary

The rationale for cohort 3 is relatively straight forward. BTKi and CAR-T are the SOC across multiple haematological cancers. The recent proof of concept TARMAC study (n=20, being a concurrent combo of a BTKi with auto CAR-T) demonstrated an 80% complete response rate in R/R MCL patients, however, toxicity was not insignificant with 20% CRS ≥ G3. The investigators concluded that the addition of a BTKi greatly enhanced the performance of CD19 directed CAR-T result in long DoRs.

The potential advantage of azer-cel is its off the shelf availability and favourable safety profile. Patients in TARMAC were required to eligible for auto CAR-T, i.e. able to survive the 4 week manufacturing period. Access to auto CAR-T is severely limited for this patient group who typically have no remaining treatment options and very poor survival outlook. Patients with uncontrolled disease also have heightened risk of more severe adverse events.

The off-shelf availability of both azer-cel and BTKi therapies will expand eligibility, hence we expect rapid enrolment of ~20 patients in this cohort. Patients will be monitored for ongoing duration of response (DoR), however, short term tumour responses will be known within weeks. Separately, ASCO takes place this weekend. IMU has an oral presentation of data from an earlier cohort involving treatment of 19 patients with various forms of NHL naïve to CAR-T therapies but excluding MCL. This group achieved an ORR of 81% with DoR still maturing.

Investment thesis: Valuation $0.25 (unchanged)

Treatment of R/R NHL remains a clear unmet need both from safety and efficacy standpoint. We eagerly await data from this latest cohort in 2H CY26.

Earnings estimates

Year ending 30 June	2025	2026e	2027e	2028e
Sales (A$m)	4.4	5.0	5.0	33.6
EBITDA (A$m)	(73.5)	(57.3)	(41.9)	(14.1)
NPAT (reported) (A$m)	(69.5)	(59.9)	(45.0)	(16.4)
NPAT (adjusted) (A$m)	(69.5)	(59.9)	(45.0)	(16.4)
EPS (adjusted) (A¢ps)	(0.9)	(14.4)	(8.7)	(3.2)
EPS growth (%)	nm	nm	nm	nm
P/E (x)	nm	nm	nm	nm
FCF Yield (%)	-8.6%	-105.9%	-60.4%	-13.5%
EV/EBITDA (x)	nm	nm	nm	nm
Dividend (A¢ps)	-	-	-	-
Yield (%)	-	-	-	-
Franking (%)	-	-	-	-

Source: Bell Potter Securities estimates

Imugene (IMU)

BUSINESS OVERVIEW

Imugene is a drug developer specialising in the development of new agents for various cancer indications. The company has a history of in-licensing early stage assets, typically pre-clinical or with phase 1 data, and progressing their development. Consequently, the risk of failure is probably high, however the future financial benefit from development of a new chemical entity for the treatment of disease are immense.

VALUATION METHOD

Our primary valuation tool is a discounted cash flow model.

RISKS

Risks to an investment in IMU include but are not limited to:

General risk warning: Imugene's ability to achieve profitability is dependent on a number of factors, including its ability to complete successful clinical trials, obtain regulatory approval for its products (including HER-Vex, PD1-Vaxx, CF33, Azer-cel and onCARlytics) and successfully commercialise or out license those products. There is no guarantee that Imugene's products will be commercially successful. Imugene does not currently generate revenue from product sales or license income and no revenues are anticipated in the short to medium term.

Clinical trial risk: IMU may be unable to secure necessary approvals from regulatory agencies and institutional bodies (clinics and hospitals) to conduct future clinical trials. There is also no assurance that products developed using the Company's technology will prove to be safe and efficacious in clinical trials, or that the regulatory approval to manufacture and market its products will be received. Clinical trials might also potentially expose the Company to product liability claims in the event its products in development have unexpected effects on clinical subjects. Products, including HER-Vaxx, PD1-Vaxx, CF33 and onCARlytics, developed using the Company's technology must undergo a comprehensive and highly regulated development and review process before receiving approval for marketing. In addition there are numerous, well funded competitors who may achieve breakthroughs in cancer treatment ahead of IMU which may diminish the value of IMU's assets.

Third Party Collaborators: Imugene may pursue collaborative arrangements with pharmaceutical and life science companies, academic institutions or other partners to complete the development and commercialisation of its products. These collaborators may be asked to assist with funding or performing clinical trials, manufacturing, regulatory approvals or product marketing. There is no assurance that Imugene will attract and retain appropriate strategic partners or that any such collaborators will perform and meet commercialisation goals. If Imugene is unable to find a partner, it would be required to develop and commercialise HER-Vaxx, PD1-Vaxx or CF33 (and other potential products) at its own expense. This may place significant demands on the Company's internal resources and potentially delay the commercialisation of HER-Vaxx, PD1-Vaxx, CF33 (and other products).

Funding Risk: The Company may be required to raise additional equity or debt capital in the future. There is no assurance that it will be able to raise that capital when it is required or, even if available, the terms may be unsatisfactory. If the Company is unsuccessful in obtaining funds when they are required, the Company may need to delay or scale down its operations.

Intellectual Property: The Company's ability to leverage its innovation and expertise depends upon its ability to protect its intellectual property and any improvements to it. The intellectual property may not be capable of being legally protected, it may be the subject of unauthorised disclosure or be unlawfully infringed, or the Company may incur substantial costs in asserting or defending its intellectual property rights.

RECOMMENDATION (unchanged) PRICE VALUATION

Speculative Buy **A$0.115** **A$0.250** (unchanged)

Table 1: Financial summary

Year Ending June	FY24	FY25	FY26e	FY27e	FY28e
PROFIT AND LOSS (A$m)					
R&D incentive	5.0	4.4	5.0	5.0	5.0
Deal revenue (milestones/royalty income)	-	-	-	-	28.6
Total Revenue	**5.0**	**4.4**	**5.0**	**5.0**	**33.6**
Other expenses	-11.9	-0.9	0.0	0.0	0.0
R&D Expense	-86.9	-46.7	-45.5	-30.0	-30.0
General and admin	-59.9	-33.8	-20.0	-20.0	-20.0
EBIT	-153.7	-76.9	-60.5	-45.0	-16.4
Add back D&A	*3.3*	*3.4*	*3.2*	*3.1*	*2.3*
Add back Share based rem	*7.9*	*6.4*	*6.0*	*6.0*	*6.0*
EBITDA +share based rem	*-142.6*	*-67.1*	*-51.3*	*-35.9*	*-8.1*
Finance charge	4.0	1.9	0.6	0.0	0.0
Revaluation adjustments - non cash	0.0	5.5	0.0	0.0	0.0
Total finance	4.0	7.4	0.6	0.0	0.0
Pre tax profit	-149.7	-69.5	-59.9	-45.0	-16.4
Tax expense	-	-	-	-	-
NPAT- reported	**(149.7)**	**(69.5)**	**(59.9)**	**(45.0)**	**(16.4)**

CASH FLOW STATEMENT	**FY24**	**FY25**	**FY26e**	**FY27e**	**FY28e**
EBITDA	-142.6	-67.1	-51.3	-35.9	-8.1
Working capital movement	40.9	-11.1	0.1	0.1	0.1
Net interest	4.4	2.8	0.6	0.0	0.0
Operating cash flow	-97.3	-75.5	-50.7	-35.8	-8.0
Proceeds from asset sales	1.4	1.8	0.0	0.0	0.0
Free cash flow	-95.8	-73.7	-50.7	-35.8	-8.0
Payment for PP&E	-7.0	0.0	0.0	0.0	0.0
Acquistion of intangibles	-2.4	-14.5	0.0	0.0	0.0
Payment for other assets	-3.6	0.0	0.0	0.0	0.0
Earnout payments	0.0	0.0	0.0	0.0	0.0
Proceeds from issuance - net of fees	51.0	18.7	43.8	32.0	0.0
Other	-1.5	-1.3	0.0	0.0	0.0
Change in cash held	-59.4	-70.8	-6.8	-3.8	-8.0
Cash at beginning of period	153.2	93.1	21.9	15.1	11.3
FX adjustment	0.0	0.0	0.0	0.0	0.0
Cash at year end	**93.1**	**21.9**	**15.1**	**11.3**	**3.3**

Balance Sheet (A$m)	**FY24**	**FY25**	**FY26e**	**FY27e**	**FY28e**
Cash	93.1	21.9	15.1	11.3	3.3
Receivables	12.6	10.0	10.0	10.0	10.0
Other current assets	7.3	9.8	9.8	9.8	9.8
Property, Plant and Equipment	1.7	1.7	0.8	0.0	0.0
Intangibles	34.1	31.7	29.4	27.2	24.9
Other non current assets	2.5	8.4	8.4	8.4	8.4
Total assets	151.4	83.6	73.6	66.7	56.4
Trade payables	7.8	11.7	11.7	11.7	11.7
Contract liabilities	17.1	0.5	0.5	0.5	0.5
Lease liability	0.9	1.1	1.1	1.1	1.1
Debt - convertible note	-	6.7	3.7	0.7	0.2
Provisions	3.5	2.1	2.2	2.3	2.4
Current Liabilities	29.3	22.1	19.2	16.4	16.1
Debt - convertible note	-	2.6	2.6	2.6	2.6
Contract liability (Precision Bioscience)	3.2	13.6	13.6	13.6	13.6
Other provisions - non current	0.6	0.3	0.3	0.3	0.3
Non current liabilities	3.8	16.4	16.4	16.4	16.4
Total Liabilities	33.1	38.5	35.7	32.8	32.5
Net Assets	118.3	45.0	37.9	33.9	23.9
Share capital	370.3	380.7	435.9	476.9	485.9
Retained earnings	(289.8)	(352.7)	(412.6)	(457.6)	(474.0)
Reserves	37.8	17.0	14.6	14.6	12.1
Shareholders Equity	118.3	45.0	37.9	33.9	23.9

Source: Bell Potter Securities estimates

Market Cap $m	$	45.7
Share price $	$	0.110
Enterprise value $m	$	38.7

Valuation Ratios	FY24	FY25	FY26e	FY27e	FY28e
Reported EPS (cps)	-2.1	-0.9	-14.4	-8.7	-3.2
Normalised EPS (cps)	-1.5	-0.9	-14.4	-8.7	-3.2
EPS growth (%)	nm	nm	nm	nm	-64%
PE(x)	**nm**	**nm**	**nm**	**nm**	**nm**
EV/EBIT (x)	nm	nm	nm	nm	nm
P/NTA (x)	9.6	61.9	5.4	8.5 -	57.5
Book Value Per Share (cps)	1.6	0.6	9.1	6.6	4.6
Price/Book (x)	6.8	18.3	1.2	1.7	2.4
DPS (cps)	-	-	-	-	-
Payout ratio %	0%	0%	0%	0%	0%
Dividend Yield %	0.0%	0.0%	0.0%	0.0%	0.0%
Franking %	0%	0%	0%	0%	0%
FCF yield %	nm	nm	nm	nm	nm
Net debt/Equity	0%	0%	0%	0%	0%
Net debt/Assets	0%	0%	0%	0%	0%
Gearing	net cash	net cash	net cash	net cash	net cash
Net debt/EBITDA (x)	n/a	n/a	n/a	n/a	n/a
Interest cover (x)	n/a	n/a	n/a	n/a	n/a

Interim analysis (A$m)	**1H25**	**2H25**	**1H26**	**2H26**
Revenues	1.3	3.1	0.8	4.2
Net expenses	5.7	4.1	4.8	4.4
EBITDA	-44.1	-23.0	-33.4	-18.0
EBIT	-49.8	-27.1	-38.2	-22.3

RECOMMENDATION STRUCTURE

BUY	Expect >15% total return on a 12 month view. For stocks regarded as 'Speculative' a return of >30% is expected.
HOLD	Expect total return between -5% and 15% on a 12 month view.
SELL	Expect <-5% total return on a 12 month view.

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