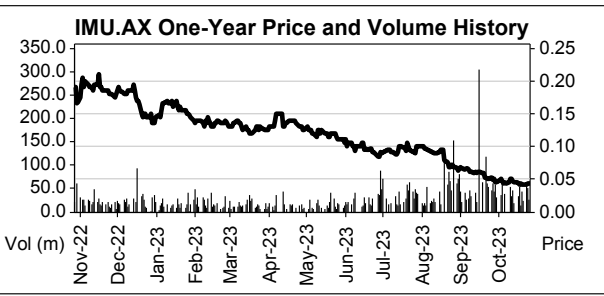


**Healthcare: Biotechnology**
**Company Update**  
 Target Price Changed

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

Stock Data			
52-Week Low - High	\$0.04 - \$0.21		
Shares Out. (mil)	7,164.98		
Mkt. Cap.(mil)	\$315.26		
3-Mo. Avg. Vol.	47,883,850		
12-Mo.Price Target	AUD0.46		
Cash (mil)	AUD206.4		
Tot. Debt (mil)	AUD0.0		
Cash (mil): Pro forma cash includes \$53.2M raised after June 30, 2023.			
Revenue (\$AUD millions)			
Yr Jun	—2023—	—2024E—	—2025E—
		<b>Curr</b>	<b>Curr</b>
1Half	0.0A	0.0E	0.0E
2Half	0.0A	0.0E	0.0E
YEAR	0.0A	0.0E	0.0E
EPS \$AUD			
Yr Jun	—2023—	—2024E—	—2025E—
		<b>Curr</b>	<b>Curr</b>
1Half	0.00A	0.00E	0.00E
2Half	0.00A	0.00E	0.00E
YEAR	(0.01)A	(0.01)E	(0.01)E

## IMU: Initiates Dosing In First Cancer Trial Combining onCARlytics With Blincyto

IMU dosed the first patient in a Phase 1 trial evaluating its CD19 oncolytic virotherapy onCARlytics either alone or in combination with Blincyto, in patients with advanced or metastatic solid tumors. IMU is evaluating onCARlytics via two different routes of administration, intratumoral injection and intravenous infusion, either as a monotherapy, or in combination with Blincyto. The trial will evaluate escalating doses of onCARlytics and a fixed Blincyto dose, and is being conducted entirely in the U.S. The first patient was dosed at City of Hope.

- IMU dosed the first patient (ovarian cancer) in a Phase 1 trial evaluating its CD19 oncolytic virotherapy onCARlytics either alone or in combination with Blincyto, in patients with advanced or metastatic solid tumors. Blincyto works in concert with onCARlytics by targeting malignant (and normal) B cells via the CD19 cell surface antigen while simultaneously engaging the patient's own T cells through the CD3 antigen. As a result, Blincyto activates the T cell, resulting in a connection between the T cell and malignant B cell. IMU is evaluating onCARlytics via two different routes of administration, intratumoral injection and intravenous infusion, either as a monotherapy, or in combination with Blincyto. The trial will evaluate escalating doses of onCARlytics and a fixed Blincyto dose, and is being conducted entirely in the U.S. The first patient was dosed at City of Hope.
- The rationale behind the combination therapy cohorts is that onCARlytics expresses its CD19 transgene once inside the cancer cell, thereby allowing Blincyto, a CD19 x CD3 bispecific antibody, to better recognize the malignant cell via its higher CD19 expression and link it to a cancer cell destroying T cell via CD3. A future potential all-IMU combination therapy could be onCARlytics combined with IMU's recently licensed azer-cel therapy.
- We have also broken out FY2025 financial periods and made some operating expense adjustments to our model, which as a result support a \$0.46 price target, versus our prior target of \$0.51.

## VALUATION

Our 12-month price target of AUD0.46 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 AUD1.3 billion. We arrive at this valuation by projecting future revenue from CHECKvacc in TNBC, HER-Vaxx in advanced HER2+ gastric cancer, and PD1-Vaxx in NSCLC. Commercial success outside these financially modeled programs would serve as a potential upside to our valuation.

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. Its 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. Its product pipeline 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. It is 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. The company's vision is to help transform and improve the treatment of cancer and the lives of the millions of patients who need effective treatments. This vision is backed by a growing body of clinical evidence and peer-reviewed research. Imugene is well funded and resourced, to deliver on its commercial and clinical milestones. Together with leading specialists and medical professionals, the company believes Imugene's immuno-oncology therapies will become foundation treatments for cancer. Its goal is to ensure that Imugene and its shareholders are at the forefront of this rapidly growing global market.

Imugene Limited																				
Income Statement																				
Fiscal Year ends June																				
(in AUD\$000, except per share items)																				
	FY2018A	FY2019A	FY2020A	FY2021A	FY2022A	FY1H23	FY2H23	FY2023A	FY1H24E	FY2H24E	FY2024E	FY1H25E	FY2H25E	FY2025E	FY2026E	FY2027E	FY2028E	FY2029E	FY2030E	FY2031E
CHEKvacc royalty revenue															10,533	72,047	136,670	205,662	272,981	329,859
HER-Vaxx royalty revenue															16,663	39,681	66,049	94,579	107,611	116,443
PDI-Vaxx royalty revenue															36,478	199,821	414,303	644,494	828,482	927,547
<b>Total royalty revenue</b>															<b>63,674</b>	<b>311,549</b>	<b>617,022</b>	<b>944,735</b>	<b>1,209,074</b>	<b>1,373,849</b>
R&D	3,224	7,612	9,364	15,355	36,612	12,651	18,214	30,865	20,035	22,039	42,074	23,141	24,298	47,439	49,811	52,301	52,824	53,353	53,886	54,425
SG&A	2,554	4,777	5,515	10,311	14,061	9,255	11,173	20,428	11,732	12,318	24,050	12,565	12,816	25,381	26,650	27,982	29,381	30,851	32,393	34,013
<b>Total operating expenses</b>	<b>5,778</b>	<b>12,389</b>	<b>14,879</b>	<b>25,667</b>	<b>50,673</b>	<b>21,906</b>	<b>29,387</b>	<b>51,293</b>	<b>31,767</b>	<b>34,357</b>	<b>66,125</b>	<b>35,705</b>	<b>37,114</b>	<b>72,820</b>	<b>76,461</b>	<b>80,284</b>	<b>82,206</b>	<b>84,203</b>	<b>86,279</b>	<b>88,438</b>
<b>Operating income</b>	<b>(5,778)</b>	<b>(12,389)</b>	<b>(14,879)</b>	<b>(25,667)</b>	<b>(50,673)</b>	<b>(21,906)</b>	<b>(29,387)</b>	<b>(51,293)</b>	<b>(31,767)</b>	<b>(34,357)</b>	<b>(66,125)</b>	<b>(35,705)</b>	<b>(37,114)</b>	<b>(72,820)</b>	<b>(12,787)</b>	<b>231,265</b>	<b>534,817</b>	<b>860,532</b>	<b>1,122,795</b>	<b>1,285,411</b>
Other income/loss (R&D tax incentive, etc)	1,750	4,205	4,074	7,200	12,684	4,046	6,173	10,219	5,000	6,000	11,000	8,500	9,500	18,000	19,177	20,136	20,337	20,541	20,746	20,954
Finance income/expense net	94	409	297	11	72	479	1,373	1,852	900	900	1,800	900	900	1,800	2,160	2,808	4,212	6,318	9,477	14,216
<b>Net income (pretax)</b>	<b>(3,934)</b>	<b>(7,775)</b>	<b>(10,508)</b>	<b>(18,456)</b>	<b>(37,917)</b>	<b>(17,380)</b>	<b>(21,841)</b>	<b>(39,222)</b>	<b>(25,867)</b>	<b>(27,457)</b>	<b>(53,325)</b>	<b>(26,305)</b>	<b>(26,714)</b>	<b>(53,020)</b>	<b>8,550</b>	<b>254,209</b>	<b>559,366</b>	<b>887,391</b>	<b>1,153,018</b>	<b>1,320,580</b>
Income tax expense (benefit)															-	50,842	167,810	266,217	345,905	396,174
<b>Net income</b>	<b>(3,934)</b>	<b>(7,775)</b>	<b>(10,508)</b>	<b>(18,456)</b>	<b>(37,917)</b>	<b>(17,380)</b>	<b>(21,841)</b>	<b>(39,222)</b>	<b>(25,867)</b>	<b>(27,457)</b>	<b>(53,325)</b>	<b>(26,305)</b>	<b>(26,714)</b>	<b>(53,020)</b>	<b>8,550</b>	<b>203,367</b>	<b>391,556</b>	<b>621,173</b>	<b>807,112</b>	<b>924,406</b>
EPS basic	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	0.00	0.02	0.04	0.06	0.07	0.08
EPS diluted	(0.00)	(0.00)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	(0.00)	(0.00)	(0.01)	0.00	0.02	0.04	0.06	0.07	0.08
Basic shares outstanding	2,637,870	3,581,919	4,074,894	4,663,541	5,637,197	6,132,017	6,419,335	6,275,676	7,065,301	7,418,566	7,241,934	8,114,495	8,520,219	8,317,357	8,946,230	9,393,542	9,863,219	10,356,380	10,874,199	11,417,909
Diluted shares outstanding	2,637,870	3,581,919	4,074,894	4,663,541	5,637,197	6,132,017	6,419,335	6,275,676	7,065,301	7,418,566	7,241,934	8,114,495	8,520,219	8,317,357	9,412,946	9,860,257	10,329,935	10,823,096	11,340,915	11,884,624

Source: SEC filings, company press releases, and ROTH MKM

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**Distribution of IB Services Firmwide**

Rating	Count	Percent	IB Serv./Past 12 Mos. as of 10/26/23	
			Count	Percent
Buy [B]	356	74.17	218	61.24
Neutral [N]	85	17.71	30	35.29
Sell [S]	2	0.42	1	50.00
Under Review [UR]	32	6.67	3	9.38

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**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.

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