



Imugene

Jun 01, 2022

Progress Continues With New Trial and ASCO Abstracts

Healthcare

IUGNF

OTC

Rating

Outperform

Unchanged

Current Price

\$0.15

Target Price

\$0.50

Market Capitalization

877.32M

Shares Outstanding

5.58B

Float

5.58B

Institutional Holdings

9.2%

12-Month Low/High

\$0.10/\$0.47

Average 90-Day Volume

313730

Fiscal Year End

06/30/2022

Product Development Platforms Reach Clinical Trial Milestones. A Phase 1 dose escalation trial has begun treating patients with CF-hNIS Vaccinia, a product from Imugene's oncolytic virus platform. The trial will enroll patients with metastatic or advanced solid tumors. The company has also published abstracts from three trials at the ASCO annual meeting, held June 3-7.

Vaccinia Platform Continues To Make Progress. Imugene is developing two vaccines from its oncologic virus platform, CF-hNIS Vaccinia and CHECKVacc, that deliver a genetically modified poxvirus to infect cancer cells. The virus takes over the cell functions, reproducing inside the cell. This causes the cell to die and burst, releasing new viral particles that infect other cancer cells and stimulating an immune response against the cancer cell antigens. CHECKVacc is currently in its second Phase 1 dosing cohort in triple negative breast cancer (TNBC).

Preliminary Data Announced At ASCO. Imugene presentations at the American Society of Clinical Oncology (ASCO) include interim data from the HERVaxx HERIZON Phase 1b/2 trial in gastric cancer. HERVaxx uses Imugene's B-Cell Immunotherapy technology to stimulate an immune response against the HER2 surface marker. An interim analysis by the independent data monitoring committee (IDMC) confirmed safety, no additional toxicity, and a favorable risk-benefit. Full Phase 2 data is expected later in 2022.

Phase 1 PD1-Vaxx Data. The second product in the B-Cell Immunotherapy platform, PD1-Vaxx, will present data from the dose-escalation stage of the Phase 1 IMPRINTER trial in non-small cell lung cancer (NSCLC). These data show there were no dose-limiting toxicities and were preliminary signs of efficacy. This data justified moving to the current trial stage testing PD1-Vaxx in combination with the checkpoint inhibitor Tecentriq (atezolizumab).

Conclusion. The start of the CF-hNIS trial in solid tumors is another milestone for the company's three technology platforms, with ASCO data from PD1-Vaxx and HER-Vaxx supporting our expectations for those trials. We are reiterating our Outperform rating and price target of \$0.50 per share.

Equity Research

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**Refer to the last two pages for
Analyst Certification & Disclosures**

Revenues (\$ MIL)

Period	2021A	2022A	2022E
Q1			
Q2	4.1	0.0A	0.0E
Q3			
Q4	3.2	0.0	0.0E
	7.3	0.0	0.0E

EPS (\$)

Period	2021A	2022A	2023E
Q1			
Q2	(0.00)	(0.00)A	(0.00)E
Q3			
Q4	(0.00)	(0.00)E	(0.00)E
	(0.00)	(0.01)E	(0.01)E

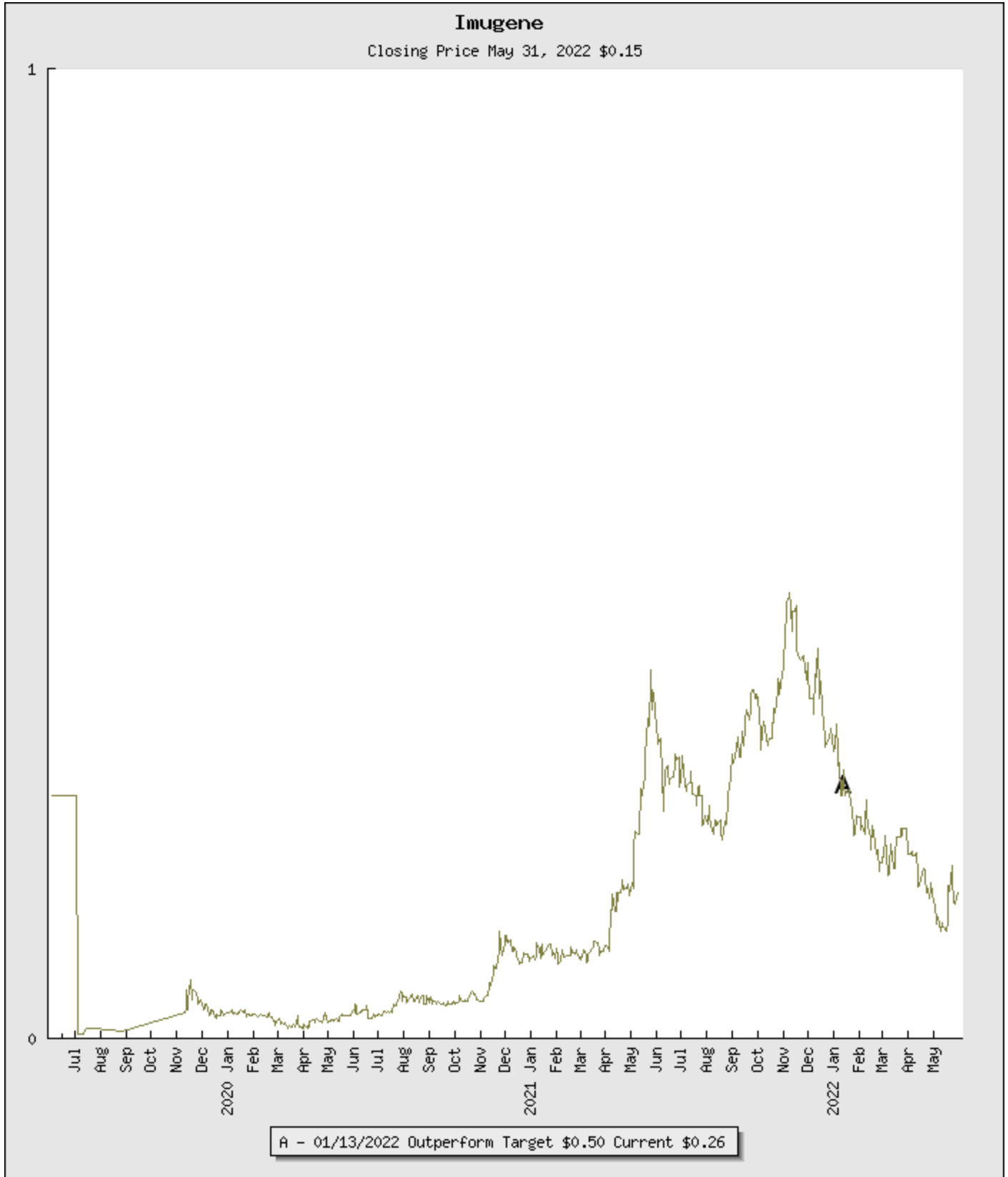
Company Profile

Imugene is a clinical stage biotechnology company developing novel immunotherapy products. Its drugs are based on three technology platforms that were in-licensed by the company for development and commercialization. These novel technologies use different methods to stimulate a patient's immune system, including oncolytic viruses, gene transfers, and B-cell immunotherapies to use the patient's immune system to kill cancer cells.

Based on the stages of development for its in-licensed products, its experienced management and Scientific Advisory Board, and cash balance, we rate the company 4.0 out of 5 check marks.

Valuation Summary

We believe the company should be valued based on comparable companies that are developing technologies for similar applications. Imugene has three technology platforms that we believe have products in development that could change clinical practice and treatment of cancer. The products it will potentially compete with or replace have billions of dollars in annual sales. Based on the valuations of companies developing drugs in these fields of therapy, we believe Imugene has a fair value of about \$3 billion. With an estimated 5,850 million shares outstanding, our price target is \$0.50 per share.



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Noble intends to seek compensation for investment banking services and non-investment banking services (securities and non-securities related) within the next 3 months.

Noble is not a market maker in the Company.

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The fundamental assessment rating system is designed to provide insights on the company's fundamentals both on a macro level, which incorporates a company's market opportunity and competitive position, and on a micro/company specific level. The micro/company specific attributes include operating & financial leverage, and corporate governance/management. The number of check marks that a company receives is designed to provide a quick reference and easy determination of the company's fundamentals based upon the following five attributes of the company (weighting reflects the importance of each attribute in the overall scoring of company's fundamental analysis):

Attribute	Weighting
Corporate Governance/Management	20%
Market Opportunity Analysis	20%
Competitive Position	20%
Operating Leverage	20%
Financial Leverage	20%

For each attribute, the analysts score the company from a low of zero to a high of ten based upon the analysis described below. The final rating and resulting check marks is a result of dividing the overall score (out of 100%) by ten.

Rating	Score	Checks
Superior	9.1 to 10	Five Checks
Superior	8.1 to 9	Four & A Half Checks
Above Average	7.1 to 8	Four Checks
Above Average	6.1 to 7	Three & A Half Checks
Average	5.1 to 6	Three Checks
Average	4 to 5	Two & A Half Checks
Below Average	3 to 3.9	Two Checks
Below Average	2 to 2.9	One & A Half Checks
Low Quality	0 to 1.9	One Check

While these are the attributes currently used for the analyst's fundamental analysis, the attributes and weighting may be reviewed, updated with additional attributes, and/or changed in the future based on discussions with the analysts and recommendations from the Director of Research.

Following is the description of each attribute in the fundamental analysis.

Corporate Governance/Management

We believe that a review of corporate governance and assessment of the senior management are important tools to determine investment merit. Good corporate governance aligns management with the interests of stakeholders. As such, analysts are to rank the company on the basis of good corporate governance principles that may include rules and procedures, board composition and staggered term limits, rights and responsibilities, corporate objectives, monitoring of actions and policies, and accountability. In addition, analysts will assess issues with controlling shareholders and whether decisions have been made in the past that were in the interests of all shareholders. In addition, management will be assessed based on industry experience, expertise, and/or track record.

High ranking example: Board and management that is aligned with the interests of shareholders with incentives based on stock price appreciation and with an experienced management team known for exceptional shareholder returns.

Low ranking example: Concentrated ownership without independent directors that do not necessarily align with all shareholders' interests.

The Market Opportunity Analysis

In this review, the analyst assesses the company's macro environment as a measure of understanding the industry. Factors considered include the size and growth potential of the industry under various economic conditions, the emerging demands in the market, technological benefits/disruptions, competition, geographical opportunities, and customer demands/needs, and an assessment of supply and distribution channels. In addition, the analyst will review legal and regulatory trends, as well as potential shifts in consumer or social behavior and natural environment changes.

High rank example: A company in an industry that is growing revenues well above GDP rates (which are on average 2% plus) and/or may have unmet or underserved needs in a rapidly growing market opportunity.

Low rank example: A mature industry that is in secular decline and likely to grow below GDP rates.

Competitive Position

The evaluation of the company's competitive position is another macro environment attribute designed to measure the relevance, market share, position and value proposition, and sustainable differentiations of the company and its products/services within its industry. Ease of entry into the industry and the ability of other well-funded players to potentially enter the market would be determined. As such, the assessment would consider the company's strengths and advantages of its products/services against weaknesses and limitations. This may include the company's current brand awareness, pricing and cost structure, current market strategies and geographic penetration that may affect demand for its products/services. In addition, the company's competitors would be evaluated.

High rank example: An analyst would consider the company's product to be superior to its competitors and that should allow the company to gain market share.

Low rank example: A company with a "me-too" product that does not have any significant technology advantages in an industry that has low barriers to entry.

Operating Leverage

Simplistically, operating leverage is determined by the operating income relative to changes in revenue. The analyst will calculate the impact on sensitivity on gross margins and variable costs to determine operating leverage. The analyst will take into account the ability of the company to cut fixed and variable costs in a challenged revenue environment and technological changes that may impact operating expenses. In addition, the analyst is to assess corporate strategies that include capital investment, which may be required for sustainable revenue growth, marketing expenses, and the company's ability to attract and retain talent and/or employees. The analyst should focus on the revenue opportunity and determine the price elasticity of demand for the company's products or services. In other words, the analyst is to rank the company based on improved operating margins going forward on an absolute and relative basis.

High rank example: A company that has improving margins for the foreseeable future, with significant price elasticity.

Low rank example: A company that is in a challenged revenue environment with a fixed cost structure and limited ability to cut costs, indicating an outlook for declining margins.

Financial Leverage

A strict definition of financial leverage is total debt divided by total shareholder's equity. Financial leverage analysis is to determine the company's ability to improve shareholder value by means of utilizing its balance sheet to grow organically or to acquire assets. Analysts may look at the company's debt to cash flow leverage ratio, interest coverage ratios, or debt to equity ratios. In addition, the interest rate environment and the outlook for interest rates are a factor in determining the company's ability to manage financial leverage. Finally, the analyst is expected to determine the ability to service the debt given the industry and/or company profile, such as cyclical, barriers to entry, history of bankruptcy, consistency in revenue and profit growth, or predictability in sales and profits and large cash reserves. The analyst is expected to take into account capital intensity of the company and the anticipated of capital allocation decisions.

High rank example: A company with predictable and growing revenue and cash flow with modest debt levels. This may indicate that the company could improve shareholder value through growth investments, including acquisitions, using debt financing.

Low rank example: A company in a cyclical industry in a late stage economic cycle that has above average debt leverage and is in an industry that has a history of financial challenges, including bankruptcies.

ANALYST CREDENTIALS, PROFESSIONAL DESIGNATIONS, AND EXPERIENCE

Senior Equity Research Analyst focusing on the Biotechnology and Specialty Pharmaceuticals industry. 16 years of industry experience. BA in Economics from Tulane University and an MBA from Columbia Business School. FINRA licenses 7, 24, 63, 86, 87

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NOBLE RATINGS DEFINITIONS	% OF SECURITIES COVERED	% IB CLIENTS
Outperform: potential return is >15% above the current price	94%	27%
Market Perform: potential return is -15% to 15% of the current price	6%	3%
Underperform: potential return is >15% below the current price	0%	0%

NOTE: On August 20, 2018, Noble Capital Markets, Inc. changed the terminology of its ratings (as shown above) from "Buy" to "Outperform", from "Hold" to "Market Perform" and from "Sell" to "Underperform." The percentage relationships, as compared to current price (definitions), have remained the same.

Additional information is available upon request. The recipient of this report who wishes further information regarding the subject company or the disclosure information mentioned herein, should contact by mail or phone.

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