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Immutep Ltd.

Buy

Estimate Change

Volatility: 5

Indications Come and Go, But Immutep's Development of Efti Is About LAG-3 Itself

(NASDAQ: IMMP)	
Price	$2.70
52 Week Range	($2.20 - $5.44)
Price Target	**$9.00**
Market Cap (mil)	$239.54
Exchange rate	1US$ = 1.40 AUD
Shares out (mil)	88.72
3-Mo Avg Vol	333,900
Cash per share	$0.48
Total Debt (mil)	AUD2.53

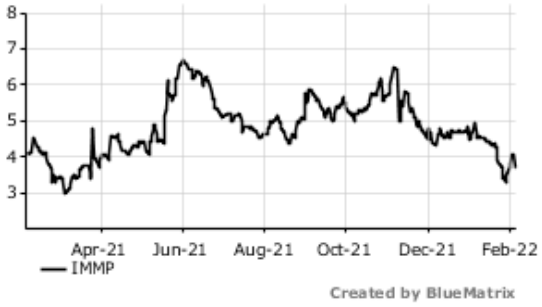
Shares out (mil): 10:1 Common Share to ADS Ratio

Revenues (thousands) AUD

Yr Jun	2021A	2022E		2023E	
	Actual	Curr	Prev	Curr	Prev
Dec	0A	0E	–	0E	–
YEAR	0A	0E	–	0E	–

EPS AUD

Yr Jun	2021A	2022E		2023E	
	Actual	Curr	Prev	Curr	Prev
Dec	(0.38)A	(0.23)E	(0.30)E	(0.29)E	–
YEAR	(0.50)A	(0.46)E	(0.59)E	(0.55)E	–



In the past two weeks, Immutep has provided its quarterly update and participated in the first ever medical symposium centered around LAG-3 (the LAG-3 Targeted Drug Development Summit). As such, and amidst a precipitous sell-off in the biotech sector that began late last year, we believe updated analysis of Immutep and its soluble LAG-3 product candidate eftilagimod alpha (efti) is warranted. Since our last report, Immutep has progressed development of efti in all three pillars of the asset's clinical program: 1) AIPAC (late-stage testing of efti + paclitaxel in HR+ HER2- metastatic breast cancer [MBC]); 2) TACTI (mid-stage testing of efti + pembrolizumab [pembro] in non-small cell lung cancer [NSCLC] and head and neck squamous cell carcinoma [HNSCC]); and 3) INSIGHT (early-stage testing of various efti combinations in mixed solid tumor settings). Our take on how each of these programs is advancing as of their latest respective updates from Immutep (and following conversations with management) is described in the sections below, and we believe is worth investor consideration ahead of several significant company milestones anticipated throughout 2022. We maintain our BUY rating and 12-month price target of $9.00/ADS.

AIPAC conclusions generally unchanged as our focus remains on the design of its Phase 3 encore. Data presentations at the SITC conference last November comprised the most meaningful new insights surrounding efti in recent months, prominently including final results from the Phase 2b AIPAC trial of efti + paclitaxel in MBC — underpinning Immutep's decision to devise the pending Phase 3 AIPAC-003 trial of the combination in this setting. As a refresher, it was a notable setback for the AIPAC program when efti + paclitaxel was unable to demonstrate a statistically significant improvement in median progression-free survival (PFS) relative to paclitaxel monotherapy in MBC patients in March of 2020 (the study's primary goal); however, median overall survival (OS) outcomes measured secondarily in prespecified patient subgroups (below age 65, low monocyte, and luminal B) had trended positively for efti + paclitaxel compared to paclitaxel alone when first presented at SABCS in December 2020. At the time of the latter readout, we had predicted that these OS findings would dwindle to some extent with longer-term follow-up, given that these largely nonsignificant OS benefits had been observed alongside similarly nonsignificant median PFS improvements. On the contrary, the median OS benefits for efti +paclitaxel in the total trial population (n=226) and the three aforementioned patient subgroups have all improved since last report (albeit rather marginally outside of the low monocyte patient subgroup, see Exhibit 1), offering positive evidence of durability for these findings (despite their lack of statistical significance in most cases). Of these, we believe outcomes for the low monocyte subgroup are particularly intriguing, as the only criterion associated with a statistically significant improvement in both PFS and OS for efti + paclitaxel vs. paclitaxel monotherapy (see Exhibit 2). Furthermore, patients with low monocyte counts at baseline exhibited by far the strongest improvement in median OS since the December 2020 AIPAC readout, though it is worth noting that this subgroup is also by far the smallest (n=47/226 or 21% of total patients, compared to 65% and 49% of total patients who were below age 65 or host to the luminal B disease subtype, respectively) and these results may be subject to greater statistical error. (Continued in report body).

Valuation:

Our 12-month price target of $9.00/ADS is derived from a standard DCF valuation analysis in which we project cash flows out to fiscal 2030 with an assumed 2% terminal growth rate, discounted back at 33% over 8 years (please refer to our Discounted Cash Flow analysis in the Financial Tables section of this report).

Risks to achievement of target price:

Clinical/regulatory risk: Though Immutep has already presented encouraging initial data in several solid tumor settings, this does not guarantee future clinical outcomes will prove positive. Should Immutep successfully complete all required clinical work sufficient to file for marketing approval of one or more product candidates the FDA, and regulatory agencies in any other pursued geographies, may choose not to approve Immutep's eftilagimod alpha or other product candidates, or may approve them with a label that is not ideal for the company's commercialization strategy. Additionally, any negative outcomes associated with ongoing or future clinical trials for candidates in Immutep's pipeline, including delays to expected clinical timelines or study protocol modifications resulting from the COVID-19 global pandemic, could have a materially detrimental effect on the company's stock price.

Commercial/competitive risk: Assuming that Immutep receives regulatory approval for eftilagimod alpha and/or other product candidates in one or more indications, the company may not be able to achieve the favorable pricing and market penetration needed to meet our revenue estimates. Though we believe eftilagimod alpha may have broad applicability in the treatment of oncology indications if clinical outcomes continue to prove favorable, Immutep still has significant clinical work ahead to confirm the potential benefits of its LAG-3 based therapeutics relative to existing treatment options. If ultimately approved, displacing these existing treatment patterns may also prove more difficult than anticipated by current data and company estimates alone.

Financial risk: Immutep has sufficient cash to carry it through fiscal 1H:23 by our estimates, but future capital demands may exceed our current expectations. The company may require additional sources of capital to fund the clinical development of eftilagimod alpha or other clinical pipeline projects depending on clinical and pre-clinical trial outcomes. Failure to secure needed financing to complete this work through the capital markets, partnerships, or grants may have significant consequences for company revenue estimates and the stock. Should the company choose to raise capital through future public offerings, investors may face dilution of their holdings.

These final data reiterate multiple questions about the design of the AIPAC-003 trial that we have had since the prior SABCS readout from AIPAC, including: 1) Whether Immutep will seek to structure enrollment criteria in order to select patients corresponding to one or more of these better performing subgroups; and 2) Whether regulators can be swayed to approve efti + paclitaxel based on an OS benefit (generally the greater challenge in oncology trials) despite no conclusive evidence of improved PFS (the standard endpoint for approval in MBC but one of lesser relevance on its own), should results in AIPAC-003 mimic those of AIPAC. Immutep has stated that it is discussing these possibilities with regulators and KOLs before publicly disclosing the AIPAC-003 design, but has also commented that the EMA has provided the company with positive and constructive feedback regarding its intention to conduct the Phase 3 trial in MBC. Given that the final design may have significant ramifications for the path to potential approval for efti + paclitaxel in this market (and its addressable size if the trial is enriched for specific patient subgroups), we believe investors should pay close attention to the AIPAC-003 protocol upon announcement (most likely later this year). Based on the final results of AIPAC presented at SITC, we would anticipate that an OS-directed trial in the broader MBC population is unlikely to succeed, and that a narrower focus on mechanistically defined patient subgroups (such as low monocyte or luminal B) is the more logical, if less commercially attractive, approach.

TACTI data holds steady in 2nd-line HNSCC as Immutep and collaborators push to enroll a line earlier. Also at SITC, Immutep presented updated results from the open-label Phase 2 TACTI-002 study of efti + pembro in frontline NSCLC (Part A), 2nd-line NSCLC (Part B), and 2nd-line HNSCC (Part C), specifically for HNSCC patients in Part C. We continue to believe that the efti + pembro combination being explored in the TACTI programs is the most compelling clinical-stage utilization of efti at present, and TACTI-002 data at SITC reaffirmed this conviction, with a reported ORR of 30% overall (n=11/37), 41% in PD-L1 expressors (n=11/27, quantified by CPS score), and 64% in high PD-L1 expressors (n=9/14). Though these response rates were down slightly (from 36% overall and 46% in PD-L1 expressors as of ASCO 2021), they still handily outclass pembro, nivolumab (nivo), or chemo when given individually (with ORRs ranging from 10-17% in this treatment setting). As of ASCO 2021, 2nd-line HNSCC patients treated with efti + pembro exhibited a median PFS of 4.1 months among PD-L1 expressors and 2.1 months for the study population as a whole, though no update on these figures was provided at SITC. The 4.1-month median PFS figure for ≥1% expressors (realistically where efti + pembro would be employed) is nearly double that of pembro monotherapy (at 2.1-2.2 months regardless of PD-L1 classification), chemo, or nivo (all of which fall in a tight band as single agents). Days after presenting updated TACTI-002 data at SITC, Immutep also announced that it has fully enrolled all open cohorts in the trial (see breakdown in Exhibit 3) following final patient enrollment in the 74-patient, frontline NSCLC expansion phase. Accordingly, further NSCLC data (potentially in both frontline and 2nd-line settings, per management commentary) are expected to be the highlight of additional TACTI-002 data slated for presentation in calendar 1H:22 – what we would consider to be the most significant near-term catalyst outside of the disclosure of a final AIPAC-003 design. At the same time, the TACTI-003 study of efti + pembro in frontline HNSCC (conducted in collaboration with Merck [MRK; not rated] and under a Fast Track Designation that was granted in April 2021, see design in Exhibit 4) continues to enroll (n=6/154 total patients were enrolled as of Immutep's quarterly update), as we anxiously await data from this study due to its potential to justify inclusion of HNSCC-associate revenues in Street valuations of efti.

INSIGHT triplet combination of efti + chemo + IO takes its first steps safely in solid tumor patients. While more exploratory in nature, the INSIGHT program is also pressing ahead encouragingly, with the preliminary determination that the efti + PD-1 + chemo (carboplatin) triplet regimen has been well tolerated (no additional safety signals in efti's first triplet combination) among the first five patients enrolled into the INSIGHT-003 study (in a mix of solid tumors) as of December 2021. As of Immutep's quarterly update, n=6/20 total patients had been enrolled into INSIGHT-003 (since initial recruitment began in August 2021) and interim clinical findings are anticipated sometime in 2022.

Exhibit 1: Median OS Data for Efti + Paclitaxel in AIPAC Phase 2b as of SITC 2021 and SABCS 2020

Group	Interim data (SABCS 20)	Final data (SITC 21)	Median OS improvement [months]
Total Population	**+2.7 months** HR = 0.83 p = 0.14	**+2.9 months** HR = 0.88 p = 0.197	**+0.2**
< 65 years	**+7.1 months** HR = 0.62 p = 0.012	**+7.5 months** HR = 0.66 p = 0.017	**+0.4**
Low monocytes < 0.25/nl	**+9.4 months** HR = 0.47 p = 0.02	**+19.6 months** HR = 0.44 p = 0.008	**+10.2**
Luminal B	**+3.8 months** HR = 0.69 p = 0.077	**+4.2 months** HR = 0.67 p = 0.049	**+0.4**

Group	% of patients in efti group	Efti group / Comparator group	Median OS (months)	Absolute OS benefit from efti
Total Population	100%	Efti + paclitaxel	20.4	**+2.9 months** HR = 0.88 p = 0.197
		Placebo + paclitaxel	17.5	
< 65 years	66.7%	Efti + paclitaxel	22.3	**+7.5 months** HR = 0.66 p = 0.017
		Placebo + paclitaxel	14.8	
Low monocytes < 0.25/nl	21.9%	Efti + paclitaxel	32.5	**+19.6 months** HR = 0.44 p = 0.008
		Placebo + paclitaxel	12.9	
Luminal B	48.8%	Efti + paclitaxel	16.8	**+4.2 months** HR = 0.67 p = 0.049
		Placebo + paclitaxel	12.6	

Source: Company presentation (SITC, November 2021).

Exhibit 2: Median PFS and OS Outcomes by Prespecified Subgroup in Final AIPAC Readout at SITC 2021; Age <65 Years (Top), Low Monocyte (Middle), and Luminal B (Bottom)

	mOS	mPFS	ORR
Benefit	**+7.5 months** HR 0.66 (p=0.02)	**+2.0 months** HR 0.77 (p=0.07)	**+8%** (46% vs. 38%)

	Efti + Paclitaxel	Placebo + Paclitaxel	Benefit
mOS	32.5 months	12.9 months	**+19.6 months** HR 0.44 (p=0.008)
mPFS	7.5 months	5.2 months	**+2.3 months** HR 0.40 (p=0.006)
ORR	44%	32%	**+12%**

	Efti + Paclitaxel	Placebo + Paclitaxel	Benefit
mOS	16.8 months	12.6 months	**+4.2 months** HR 0.67 (p=0.049)
mPFS	7.2 months	5.6 months	**+1.6 months** HR 0.69 (p=0.158)
ORR	43%	33%	**+10%**

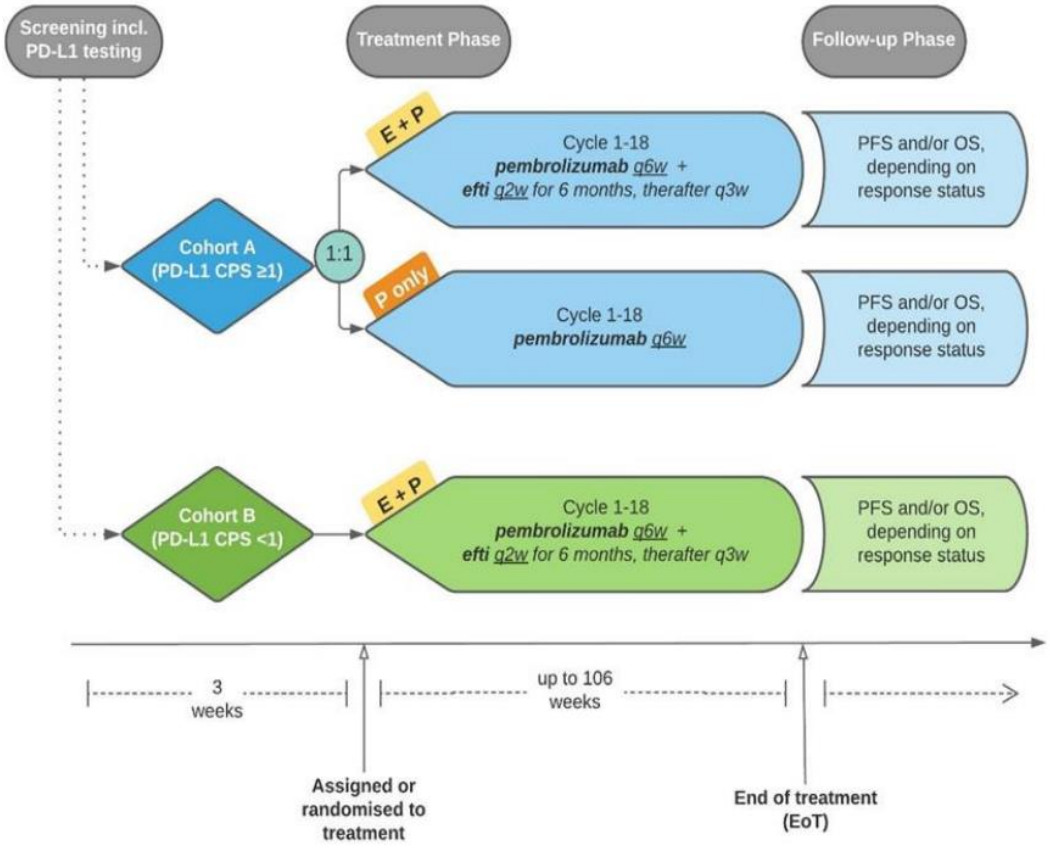
Source: Company presentation (SITC, November 2021).

Exhibit 3: TACTI-002 Enrollment Status by Treatment Setting and Stage as of November 2021

	Stage 1 (N) Actual / Target	Stage 2 (N) Actual / Target	Expansion Stage Actual / Target	Recruitment Status
Part A (1st line NSCLC)	17/17	19/19	74/74[1]	COMPLETE
Part B (2nd line NSCLC)	23/23	13/13	-	COMPLETE
Part C (2nd line HNSCC)	18/18	21/19[2]	-	COMPLETE

Source: Company presentation (November 2021).

Exhibit 4: TACTI-003 Trial Design



Source: Company presentation (SITC, November 2021).

FINANCIAL TABLES

IMMP Income Statement, with Projections				*Projections are shaded light gray*												
($ AU, in thousands; FY end June)	2019A	2020A	2021A	1H:22E	2H:22E	2022E	1H:23E	2H:23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
Operating Revenue																
Product Sales	-	-	-	-	-	-	-	-	-	14,301	187,493	482,192	839,844	1,130,664	1,359,743	1,523,104
Milestone Revenues	140	7,486	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL Revenue	**140**	**7,486**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**14,301**	**187,493**	**482,192**	**839,844**	**1,130,664**	**1,359,743**	**1,523,104**
Operating costs and expenses																
Cost of products sold	-	-	-	-	-	-	-	-	-	1,977	25,914	62,203	100,601	125,019	137,820	140,343
Depreciation and amortization	1,879	2,080	-	393	691	1,083	729	668	1,397	1,388	1,710	2,120	2,639	3,290	4,108	5,131
Research and development	16,591	20,396	17,237	9,679	10,163	19,843	13,212	12,155	25,368	27,905	34,881	48,833	73,249	102,549	133,314	153,311
Selling, general and administrative	6,366	6,336	6,282	3,355	3,456	6,812	3,975	3,776	7,750	13,176	19,764	27,669	35,970	46,761	56,113	67,335
TOTAL Operating Expenses	**24,872**	**27,753**	**33,871**	**13,967**	**14,969**	**28,936**	**18,467**	**17,273**	**35,740**	**45,697**	**83,549**	**142,134**	**213,797**	**278,987**	**332,752**	**367,549**
TOTAL Operating Income (Loss)	**(24,732)**	**(20,267)**	**(33,871)**	**(13,967)**	**(14,969)**	**(28,936)**	**(18,467)**	**(17,273)**	**(35,740)**	**(31,397)**	**103,944**	**340,058**	**626,047**	**851,677**	**1,026,991**	**1,155,555**
Other income (expense):																
Grant income	4,342	5,973	3,550	-	-	-	-	-	-	-	-	-	-	-	-	-
Interest income	397	200	105	64	46	110	30	55	85	141	225	653	1,901	3,762	6,450	9,788
Interest expense	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Miscellaneous income	1,155	280	313	-	-	-	-	-	-	-	-	-	-	-	-	-
Total Other Income (Expenses)	**6,388**	**6,799**	**3,968**	**64**	**46**	**110**	**30**	**55**	**85**	**141**	**225**	**653**	**1,901**	**3,762**	**6,450**	**9,788**
Profit or Loss Before Taxes	**(18,344)**	**(13,468)**	**(29,903)**	**(13,903)**	**(14,922)**	**(28,826)**	**(18,437)**	**(17,218)**	**(35,656)**	**(31,256)**	**104,170**	**340,711**	**627,948**	**855,440**	**1,033,441**	**1,165,343**
Income tax (expense) / gain	-	0	0	-	-	-	-	-	-	-	-	39,095	172,686	235,246	284,196	320,469
Net Profit or Loss	**(18,344)**	**(13,468)**	**(29,903)**	**(13,903)**	**(14,922)**	**(28,826)**	**(18,437)**	**(17,218)**	**(35,656)**	**(31,256)**	**104,170**	**301,616**	**455,262**	**620,194**	**749,245**	**844,874**
Basic weighted average common shares	3,225,576	400,980	594,927	603,851	621,967	621,967	628,395	644,346	644,346	670,506	691,966	726,565	762,893	801,037	841,089	883,144
Diluted weighted average common shares	3,225,576	400,980	594,927	603,851	621,967	621,967	628,395	644,346	644,346	670,506	691,966	726,565	762,893	801,037	841,089	883,144
Basic net (loss) / income per common share $	**(0.01)**	**(0.03)**	**(0.05)**	**(0.02)**	**(0.02)**	**(0.05)**	**(0.03)**	**(0.03)**	**(0.06)**	**(0.05)**	**0.15**	**0.42**	**0.60**	**0.77**	**0.89**	**0.96**
Diluted net (loss) / income per common share $	**(0.01)**	**(0.03)**	**(0.05)**	**(0.02)**	**(0.02)**	**(0.05)**	**(0.03)**	**(0.03)**	**(0.06)**	**(0.05)**	**0.15**	**0.42**	**0.60**	**0.77**	**0.89**	**0.96**
Basic net (loss) / income per ADR $	**(0.57)**	**(0.34)**	**(0.50)**	**(0.23)**	**(0.24)**	**(0.46)**	**(0.29)**	**(0.27)**	**(0.55)**	**(0.47)**	**1.51**	**4.15**	**5.97**	**7.74**	**8.91**	**9.57**
Diluted net (loss) / income per ADR $	**(0.57)**	**(0.34)**	**(0.50)**	**(0.23)**	**(0.24)**	**(0.46)**	**(0.29)**	**(0.27)**	**(0.55)**	**(0.47)**	**1.51**	**4.15**	**5.97**	**7.74**	**8.91**	**9.57**

Source: Company reports and Alliance Global Partners projections.

IMMP Balance Sheet, with Projections				*Projections are shaded light gray*										
($ AU, in thousands; FY end June)	2019A	2020A	2021A	1H:22E	2022E	1H:23E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
ASSETS														
Cash and cash equivalents	16,568	26,322	60,593	44,304	28,189	52,550	30,997	49,495	143,491	417,876	827,143	1,418,135	2,152,067	2,996,385
Short-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Prepaid and other current assets	1,780	1,536	1,702	1,290	2,150	1,706	2,481	3,164	5,800	9,868	14,843	19,316	23,101	25,517
Accounts receivable	5,194	3,294	6,124	8,756	11,387	16,280	21,173	28,565	35,958	66,054	115,047	154,462	186,266	208,644
Inventories	-	-	-	-	-	-	-	972	9,940	17,042	27,562	34,158	37,759	38,450
TOTAL current assets	**23,542**	**31,152**	**68,419**	**54,350**	**41,726**	**70,537**	**54,652**	**82,196**	**195,189**	**510,839**	**984,595**	**1,626,071**	**2,399,193**	**3,268,997**
Property and equipment, net	53	49	41	38	37	33	32	39	48	59	74	92	115	144
Intangibles	16,947	15,195	12,847	11,896	11,014	10,198	9,443	8,096	6,941	5,951	5,102	4,374	3,750	3,215
Long-term investments	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restricted cash	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other assets	-	-	454	454	454	454	454	454	454	454	454	454	454	454
TOTAL long-term assets	**17,000**	**15,244**	**13,342**	**12,388**	**11,506**	**10,686**	**9,929**	**8,589**	**7,443**	**6,464**	**5,630**	**4,920**	**4,319**	**3,813**
TOTAL assets	**40,541**	**46,597**	**82,031**	**67,007**	**53,501**	**81,491**	**64,850**	**91,054**	**202,900**	**517,572**	**990,494**	**1,631,260**	**2,403,781**	**3,273,078**
LIABILITIES														
Accounts payable	5,060	2,934	4,782	3,188	3,473	4,215	4,008	5,111	9,370	15,940	23,977	31,202	37,317	41,220
Employee benefits	239	300	350	223	325	240	341	358	376	395	414	435	457	480
TOTAL current liabilities	**5,299**	**3,364**	**5,340**	**3,619**	**4,007**	**4,663**	**4,557**	**5,677**	**9,954**	**16,543**	**24,599**	**31,845**	**37,982**	**41,908**
Convertible note liability	7,643	8,789	2,527	2,716	2,920	2,628	2,336	934	-	-	-	-	-	-
Warrant liability	3,164	950	723	759	797	717	638	383	230	57	-	-	-	-
Employee benefits	48	62	89	89	89	89	89	89	89	89	89	89	89	89
Other liabilities	-	-	-	-	-	-	-	-	-	-	-	-	-	-
TOTAL liabilites	**16,154**	**13,298**	**8,759**	**7,264**	**7,893**	**8,178**	**7,700**	**7,163**	**10,352**	**16,769**	**24,768**	**32,014**	**38,151**	**42,077**
TOTAL stockholders' equity (deficit)	**24,388**	**33,299**	**73,272**	**59,743**	**45,608**	**73,313**	**57,150**	**83,891**	**192,548**	**500,803**	**965,726**	**1,599,245**	**2,365,630**	**3,231,002**
Total liabilities and stockholders' equity	**40,541**	**46,597**	**82,031**	**67,007**	**53,501**	**81,491**	**64,850**	**91,054**	**202,900**	**517,572**	**990,494**	**1,631,260**	**2,403,781**	**3,273,078**
End of period shares used in computation (thousands)	3,225,576	400,980	594,927	612,775	621,967	634,824	665,922	675,089	708,843	744,286	781,500	820,575	861,604	904,684
SELECTED METRICS														
Current ratio	4.44x	9.26x	12.81x	15.02x	10.41x	15.13x	11.99x	14.48x	19.61x	30.88x	40.03x	51.06x	63.17x	78.00x
Working capital	$18,243	$27,788	$63,079	$50,731	$37,719	$65,873	$50,095	$76,519	$185,235	$494,297	$959,996	$1,594,225	$2,361,211	$3,227,089
Book value per share	$0.01	$0.08	$0.12	$0.10	$0.07	$0.12	$0.09	$0.12	$0.27	$0.67	$1.24	$1.95	$2.75	$3.57
Cash, cash equivalents and current investment	$16,568	$26,322	$60,593	$44,304	$28,189	$52,550	$30,997	$49,495	$143,491	$417,876	$827,143	$1,418,135	$2,152,067	$2,996,385
Cash, cash equivalents and all investment	$16,568	$26,322	$60,593	$44,304	$28,189	$52,550	$30,997	$49,495	$143,491	$417,876	$827,143	$1,418,135	$2,152,067	$2,996,385
Cash, cash equivalents/common share	$0.01	$0.07	$0.10	$0.07	$0.05	$0.08	$0.05	$0.07	$0.20	$0.56	$1.06	$1.73	$2.50	$3.31
Debt														
Debt to (stockholder's) equity ratio														

Source: Company reports and Alliance Global Partners projections.

IMMP Cash Flow Statement, with Projections	*Projections are shaded light gray*											
($ AU, in thousands; FY end June)	2019A	2020A	2021A	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E
OPERATING ACTIVITIES												
Net Profit / (Loss)	(18,344)	(13,468)	(29,903)	(28,826)	(35,656)	(31,256)	104,170	301,616	455,262	620,194	749,245	844,874
Reconciliation of net loss to net cash:												
Depreciation and amortization	1,879	2,080	2,070	1,083	1,397	1,388	1,710	2,120	2,639	3,290	4,108	5,131
Stock-based compensation expense	1,582	1,724	1,702	1,929	2,397	2,973	3,955	5,537	7,905	10,806	13,710	15,969
Change in fair value of convertible note liability	997	1,146	1,172	393	(584)	(1,402)	(934)	-	-	-	-	-
Change in fair value of warrants	(961)	(2,215)	8,663	74	(159)	(255)	(153)	(172)	(57)	-	-	-
Changes in operating assets and liabilities:												
Account receivables	(1,762)	1,900	(2,831)	(5,263)	(9,786)	(7,392)	(7,392)	(30,096)	(48,993)	(39,415)	(31,804)	(22,378)
Inventories	-	-	-	-	-	(972)	(8,968)	(7,102)	(10,520)	(6,596)	(3,601)	(691)
Prepaid expenses and other current assets	(44)	244	(620)	(448)	(331)	(683)	(2,636)	(4,067)	(4,975)	(4,473)	(3,786)	(2,416)
Accounts payable	1,397	(2,126)	1,382	(1,308)	535	1,103	4,259	6,570	8,037	7,225	6,115	3,902
Change in employee benefits	64	76	77	(25)	16	17	18	19	20	21	22	23
NET OPERATING CASH FLOWS	**(15,286)**	**(10,839)**	**(17,640)**	**(32,391)**	**(42,171)**	**(36,478)**	**94,028**	**274,424**	**409,316**	**591,052**	**734,009**	**844,413**
INVESTING ACTIVITIES												
Purchase of property and equipment	(41)	(19)	(16)	(14)	(20)	(25)	(31)	(39)	(49)	(61)	(76)	(95)
Purchases of investments	-	-	-	-	-	-	-	-	-	-	-	-
Maturities of investments	-	-	-	-	-	-	-	-	-	-	-	-
NET INVESTING CASH FLOWS	**(41)**	**(19)**	**(16)**	**(14)**	**(20)**	**(25)**	**(31)**	**(39)**	**(49)**	**(61)**	**(76)**	**(95)**
FINANCING ACTIVITIES												
Net proceeds from the issuance of common stock and options	4,871	22,031	43,307	-	45,000	55,000	-	-	-	-	-	-
Share issue transaction costs	(773)	(1,475)	(2,144)	-	-	-	-	-	-	-	-	-
Others	-	(78)	251	-	-	-	-	-	-	-	-	-
NET FINANCING CASH FLOWS	**8,013**	**20,478**	**52,680**	**-**	**45,000**	**55,000**	**-**	**-**	**-**	**-**	**-**	**-**
Net increase (decrease) in cash and cash equivalents	**(7,315)**	**9,619**	**35,024**	**(32,405)**	**2,809**	**18,497**	**93,996**	**274,385**	**409,267**	**590,991**	**733,933**	**844,318**
Cash and cash equivalents at beginning of year or period	23,476	16,568	26,322	60,593	28,189	30,997	49,495	143,491	417,876	827,143	1,418,135	2,152,067
CASH AND CASH EQUIVALENTS AT THE END OF PERIOD	**16,568**	**26,322**	**60,593**	**28,189**	**30,997**	**49,495**	**143,491**	**417,876**	**827,143**	**1,418,135**	**2,152,067**	**2,996,385**

Source: Company reports and Alliance Global Partners projections.

IMMP Discounted Cash Flow Analysis

($ AU, in thousands; FY end June)	2022E	2023E	2024E	2025E	2026E	2027E	2028E	2029E	2030E	Terminal Value
EBIT	(28,936)	(35,740)	(31,397)	103,944	340,058	626,047	851,677	1,026,991	1,155,555	
Effective Tax Rate	*0%*	*0%*	*0%*	*0%*	*11%*	*28%*	*28%*	*28%*	*28%*	
Tax	-	-	-	-	39,095	172,686	235,246	284,196	320,469	
EBIT after tax	(28,936)	(35,740)	(31,397)	103,944	300,963	453,362	616,432	742,795	835,085	
Add: Depreciation and amortization	3,012	3,794	4,362	5,665	7,657	10,543	14,097	17,817	21,100	
Add: Changes in working capital	(7,045)	(9,566)	(7,927)	(14,719)	(34,677)	(56,432)	(43,238)	(33,053)	(21,560)	
Less: Capex	14	20	25	31	39	49	61	76	95	
Free cash flow to the firm (FCFF)	**(32,982)**	**(41,532)**	**(34,987)**	**94,859**	**273,905**	**407,424**	**587,229**	**727,483**	**834,530**	**2,759,081**
Time period (years)	-	1	2	3	4	5	6	7	8	8
PV Factor	1.000	0.753	0.567	0.426	0.321	0.242	0.182	0.137	0.103	0.103
Discounted FCFF	**(32,982)**	**(31,262)**	**(19,823)**	**40,455**	**87,929**	**98,449**	**106,809**	**99,599**	**86,002**	**284,335**

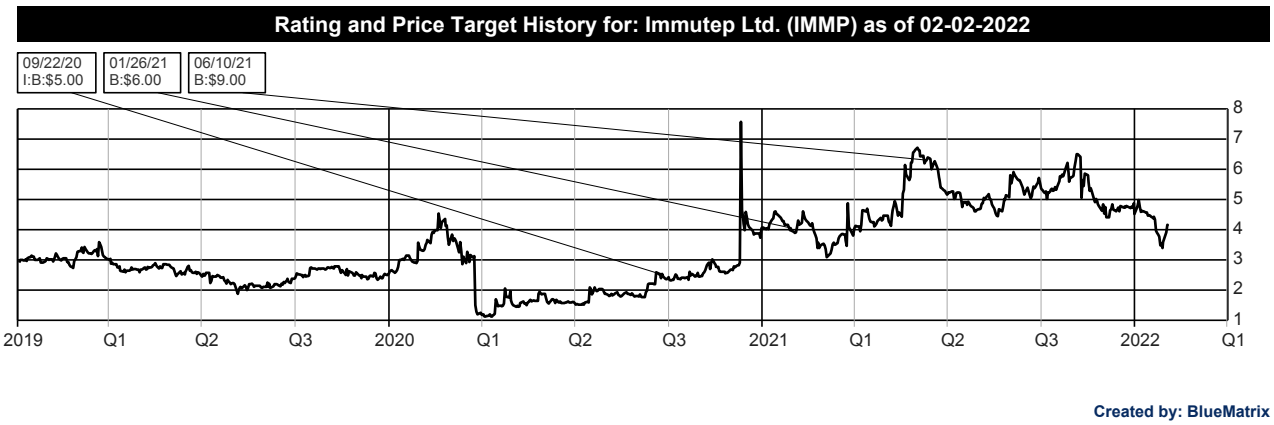
Terminal Value and NPV Worksheet ($ AU, thousands)	
Discounted FCFF (Fiscal 2023-2030)	468,158
Terminal Value	284,335
Implied Enterprise Value	**752,493**
Less: Net Debt \ (Cash)	(25,268)
Add:Investments	-
Implied Market Cap ($ USD)	**552,211**
NPV per ADR (target price)	**$9.00**
Current Market Price per ADR (Last Closing Price)	$2.70
Upside/(Downside)	*233.3%*
Common shares outstanding (est. at fiscal year-end 2022)	621,966,892
Common share to ADR ratio	10:1
Discount Rate	33%
Terminal Growth Rate	2%

Sensitivity Table		Terminal Growth Rate				
		0.0%	***1.0%***	***2.0%***	***3.0%***	***4.0%***
Discount Rate	***23%***	$17.00	$17.50	$18.00	$18.50	$19.25
	28%	$11.75	$12.00	$12.25	$12.50	$13.00
	33%	$8.50	$8.75	**$9.00**	$9.00	$9.25
	38%	$6.50	$6.50	$6.50	$6.75	$6.75
	43%	$5.00	$5.00	$5.00	$5.00	$5.25

(Rounded to nearest $0.25)

Source: Company reports and Alliance Global Partners projections.

Important Research Disclosures



Distribution of Ratings/IB Services

			IB Serv./Past 12 Mos.	
Rating	**Count**	**Percent**	**Count**	**Percent**
BUY [BUY]	109	85.16	22	20.18
HOLD [NEUTRAL]	15	11.72	0	0
SELL [SELL]	0	0.00	0	0
NOT RATED [NR]	4	3.12	0	0
UNDER REVIEW [UR]	0	0.00	0	0

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2 (Low to medium): Modest changes in stock price in a 12 month period

3 (Medium): Average fluctuation in stock price in a 12 month period

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