EDISON

# Immix Biopharma

Q322 update

## IMX-110 clinical expansion on the horizon

Pharma and biotech

**Immix Biopharma's 9M22 financial results were consistent with our full year estimates. The company reported operating losses of US$4.4m, up from US$0.8m in 9M21, due to the increased costs associated with the clinical development activities for the company's lead asset, IMX-110. With a net cash position of US$16.9m at end Q322, and based on our projected cash burn rates, we estimate Immix's operations are funded into Q424, past rolling clinical readouts from its Phase IIa study in soft tissue sarcoma (STS) and its Phase Ib in advanced solid tumours in FY23. Our valuation of Immix Biopharma is largely unchanged at US$55.4m or US$4.0 per share.**

| Year end | Revenue (US$m) | PBT* (US$m) | EPS* (US$) | DPS (US$) | P/E (x) | Yield (%) |
|---|---|---|---|---|---|---|
| 12/20 | 0.0 | (0.56) | (0.51) | 0.0 | N/A | N/A |
| 12/21 | 0.0 | (1.31) | (0.36) | 0.0 | N/A | N/A |
| 12/22e | 0.0 | (6.09) | (0.44) | 0.0 | N/A | N/A |
| 12/23e | 0.0 | (8.78) | (0.63) | 0.0 | N/A | N/A |

Note: *PBT and EPS are normalized, excluding amortization of acquired intangibles, exceptional items and share-based payments.

## On track for trial starts by end FY22

Q422 is expected to be a period of significant activity for Immix with the initiation of its key phase IIa expansion study investigating IMX-110 in first-line STS as well as a Phase Ib basket combination trial in advanced solid tumours. The Phase Ib study will assess IMX-110 in combination with Beigene/Novartis' immune checkpoint inhibitor (ICI), tislelizumab. Management expects to provide rolling data readouts from both studies throughout FY23, with top-line data from each expected by end FY24. We see the timely initiation of both studies as the next major milestone for the company. For more details on IMX-110's clinical development strategy please see our recent initiation.

## Costs expected to rise in FY23

With the expected ramp in clinical activities, and the simultaneous running of two trials, we anticipate that total operating expenses will increase significantly from FY22e (US$6.2m) into FY23e (US$8.8m), largely driven by increased R&D expenditure. We estimate R&D expenses for FY22 to be US$3.0m, rising to US$5.5m in FY23. We base our R&D costs on estimated expenses incurred by the company in previous clinical trials and management's communicated budget of c US$11m for the Phase Ib and Phase IIa IMX-110 studies.

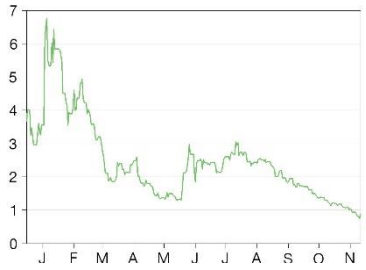
## Valuation: US$55.4m or US$4.0 per share

Our valuation of Immix Biopharma remains largely unchanged at US$55.4m or US$4.0 per share (US$56.7m or US$4.1 per share previously). The slight value change comes as a result of the company's lower net cash position at end-Q322 of US$16.9m. Considering Q322 results, our financial estimates remain broadly unchanged and our underlying long-term assumptions are unchanged.

**14 November 2022**

| | |
|---|---|
| **Price** | **US$0.88** |
| **Market cap** | **US$12m** |
| Net cash ($m) at 30 September 2022 | 16.9 |
| Shares in issue | 13.9m |
| Free float | 42% |
| Code | IMMX |
| Primary exchange | Nasdaq |
| Secondary exchange | N/A |

### Share price performance




| % | 1m | 3m | 12m |
|---|---|---|---|
| Abs | (28.3) | (64.4) | N/A |
| Rel (local) | (35.5) | (62.5) | N/A |
| 52-week high/low | | $6.75 | $0.75 |

### Business description

Immix Biopharma is developing a new class of tissue-specific therapeutics targeting oncology and immune-dysregulated disease. In Q422, the company's lead clinical asset, IMX-110, is expected to begin a Phase IIa study for the treatment of STS and a Phase Ib trial in advanced solid tumours in combination with the ICI tislelizumab. The company also has a preclinical pipeline based on the TSTx technology.

### Next events

| | |
|---|---|
| Phase IIa expansion trial STS initiation | Q422 |
| Phase Ib IMX-110 combination trial initiation | Q422 |

### Analysts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## Approval for paediatric patient enrolment

In addition to the financial update Immix has also received approval from the Institutional Review Board (IRB) to recruit paediatric patients suffering from rhabdomyosarcoma, a rare soft tissue cancer in children into its upcoming Phase IIa expansion trial. Immix had previously been awarded rare paediatric disease designation (RPDD) by the US FDA for IMX-110 in the treatment of rhabdomyosarcoma. An RPDD qualifies Immix Biopharma to receive fast track review and a priority review voucher (PRV), upon marketing approval of IMX-110. A PRV would entitle Immix to obtain a six-month priority review for any subsequent new drug application for IMX-110 into any new indication. Notably, PRVs are tradable assets that regularly fetch upwards of US$100m in value. A prerequisite to FDA approval of a PRV is the enrolment of paediatric patients in a clinical trial, so we see the IRB's decision as a positive step for IMX-110's clinical development strategy.

## Exhibit 1: Financial summary

| Accounts: IFRS, Yr end: December 31, USD:000s | 2019 | 2020 | 2021 | 2022e | 2023e |
|---|---|---|---|---|---|
| **PROFIT & LOSS** | | | | | |
| Total revenues | 0 | 0 | 0 | 0 | 0 |
| Cost of sales | 0 | 0 | 0 | 0 | 0 |
| Gross profit | 0 | 0 | 0 | 0 | 0 |
| Total operating expenses | (842) | (454) | (1,352) | (6,206) | (8,770) |
| Research and development expenses | (583) | (248) | (127) | (3,020) | (5,520) |
| SG&A | (259) | (206) | (1,225) | (3,186) | (3,250) |
| EBITDA (normalized) | (841) | (452) | (1,350) | (6,205) | (8,769) |
| Operating income (reported) | (842) | (454) | (1,352) | (6,206) | (8,770) |
| Finance income/(expense) | (110) | (102) | (180) | (0) | 0 |
| Exceptionals and adjustments | 0 | (574) | (22,846) | 0 | 0 |
| Profit before tax (reported) | (952) | (1,130) | (24,378) | (6,207) | (8,770) |
| Profit before tax (normalised) | (952) | (555) | (1,313) | (5,913) | (8,770) |
| Income tax expense (includes exceptionals) | (21) | (18) | (6) | (7) | (10) |
| Net income (reported) | (973) | (1,148) | (24,384) | (6,214) | (8,780) |
| Net income (normalised) | (973) | (572) | (1,319) | (5,920) | (8,780) |
| Basic average number of shares, m | 1.1 | 1.1 | 3.7 | 13.9 | 13.9 |
| Basic EPS (US$) | (0.86) | (1.02) | (6.64) | (0.45) | (0.63) |
| Adjusted EPS (US$) | (0.86) | (0.51) | (0.36) | (0.43) | (0.63) |
| Dividend per share (US$) | 0.00 | 0.00 | 0.00 | 0.00 | 0.00 |
| | | | | | |
| **BALANCE SHEET** | | | | | |
| Property, plant and equipment | 10 | 7 | 6 | 4 | 3 |
| Total non-current assets | 10 | 7 | 6 | 4 | 3 |
| Cash and equivalents | 734 | 391 | 17,644 | 15,096 | 6,317 |
| Current tax receivables | 176 | 127 | 26 | 182 | 182 |
| Trade and other receivables | 0 | 0 | 0 | 0 | 0 |
| Other current assets | 24 | 14 | 516 | 292 | 292 |
| Total current assets | 933 | 532 | 18,186 | 15,571 | 6,792 |
| Non-current loans and borrowings | 0 | 0 | 0 | 0 | 0 |
| Non-current lease liabilities | 0 | 0 | 0 | 0 | 0 |
| Other non-current liabilities | 0 | 0 | 0 | 0 | 0 |
| Total non-current liabilities | 0 | 0 | 0 | 0 | 0 |
| Accounts payable | 248 | 252 | 143 | 646 | 646 |
| Illustrative debt | 0 | 4,050 | 0 | 0 | 0 |
| Current lease obligations | 0 | 0 | 0 | 0 | 0 |
| Other current liabilities | 4,342 | 968 | 59 | 0 | 0 |
| Total current liabilities | 4,589 | 5,270 | 202 | 646 | 646 |
| Equity attributable to company | (3,646) | (4,731) | 17,990 | 14,928 | 6,148 |
| | 0 | 0 | 0 | 0 | 0 |
| **CASH FLOW STATEMENT** | | | | | |
| Net Income | (973) | (1,148) | (24,384) | (6,214) | (8,780) |
| Depreciation and amortisation | 1 | 2 | 2 | 2 | 1 |
| Share based payments | 0 | 0 | 219 | 294 | 0 |
| Other adjustments | 0 | 575 | 22,964 | 0 | 0 |
| Movements in working capital | 182 | 166 | (391) | 562 | 0 |
| Cash from operations (CFO) | (790) | (405) | (1,589) | (5,356) | (8,779) |
| Capex | (7) | 0 | (1) | 0 | 0 |
| Acquisitions & disposals net | 0 | 0 | 0 | 0 | 0 |
| Other investing activities | 0 | 0 | 0 | 0 | 0 |
| Cash used in investing activities (CFIA) | (7) | 0 | (1) | 0 | 0 |
| Capital changes | 1,050 | 0 | 18,849 | 2,914 | 0 |
| Debt Changes | 0 | 0 | 0 | 0 | 0 |
| Other financing activities | 0 | 0 | 0 | (106) | 0 |
| Cash from financing activities (CFF) | 1,050 | 0 | 18,849 | 2,808 | 0 |
| Cash and equivalents at beginning of period | 462 | 734 | 391 | 17,644 | 15,096 |
| Increase/(decrease) in cash and equivalents | 253 | (405) | 17,259 | (2,548) | (8,779) |
| Effect of FX on cash and equivalents | 19 | 62 | (5) | 0 | 0 |
| Cash and equivalents at end of period | 734 | 391 | 17,644 | 15,096 | 6,317 |
| Net (debt)/cash | 734 | (3,659) | 17,644 | 15,096 | 6,317 |

Source: Immix Biopharma company accounts, Edison Investment Research

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