IMUGENE
Developing Cancer Immunotherapies

Letter to IMU Shareholders

1 May 2025

Dear Fellow Shareholders,

Along with CEO Leslie Chong and COO Brad Glover, I would like to thank those who joined our recent update and frequently asked questions webinar for shareholders. We had a record number of attendees, and we were pleased to answer all your questions.

If you were unable to attend, you can listen to the recording here:
https://us02web.zoom.us/webinar/register/WN_EH_SAZ5HRhSqakP_yDKHeA#/registration

We have also summarised the key points below:

Let me start by commenting on the share price, which is on everyone's mind.

1. Share Price

For many investors, the share price is the measurement of how the company is doing, and we understand that. When the price is depressed and people are losing money on their investment, anxiety levels rise, and questions are raised about what is wrong with the company. When you have a company that was valued at $3 billion several years ago, and is now worth $200 million, it's only natural to ask what is wrong and to blame the Board and CEO. We understand and accept that sentiment – we too are investors in the business.

We recognise that you are worried about your company's performance, and future prospects, and we can assure you that the Board and management are deeply focused on getting it right. But from a practical perspective, we have no direct control over the daily trading of the shares.

While external factors have to be considered, such as the last 3 difficult years for biotech companies, the recent market turmoil caused by the US tariff situation, and the 28% decline in the US biotech index (XBI) since the start of the year, we don't want to just blame these issues for our current share price.

We admit to not knowing exactly why we have been hit so hard by the share price, but let me be transparent with some explanations;

- **Slow news on CF33 and OnCARlytics programs** – it is correct that data read outs are a little slower than expected. In the MAST CF33 study, we spent some time streamlining the manufacturing process, focused enrolment on specific indications like biliary tract with strict inclusion and exclusion criteria which impeded enrolment as only a few trial sites can participate, these patients are only seen at specialised centers. On the onCARlytics study, this involves bringing two separate areas of oncology together, those that practice in hematology and solid tumours to combine a blood cancer drug in combination with onCARlytics which is a therapy to treat solid tumours. This requires educating and training the solid tumour specialist on administrating a hematology drug and more time and effort at the hospital centers to co-ordinate after finding patients that meet the inclusion and exclusion criteria.
- **Market perception that we are a high cash burn business –** the reality is that in fact we are – drug development, particularly CAR Ts, cost large sums of money, and the specialist medical and scientific teams and facilities needed to manufacture and run these programs, are not cheap.
- **Short Position –** at the time of writing the Company's short position is 5.20%. We think this has had a knock-on effect to other sellers/investors who view a short position as an expectation that the share price will fall, and possibly this has dragged other sellers in -- we have no control over that. In the US, increasing short interest has been a steady trend for years across SMID-cap biotech (small to mid-sized companies), with the average company now seeing almost 10% of their shares short. That's up from 5-6% in 2021/2022 and nearly double the average for Russell 2000 index. (a small-cap U.S. stock market index that makes up the smallest 2,000 stocks in the Russell Index.)
- **No licensing deals, particularly HER-Vaxx –** we have not yet signed a deal with any of our programs. Business development or licensing is a slow process and has to remain confidential until a deal is signed. Lack of news does not mean we are doing nothing. We are actively marketing at all the major industry conferences around the world and have direct dialogue with those pharmaceutical companies which are involved in the same technology space as Imugene.

2. Raising Money and Capital Markets

Some shareholders have asked why we are always raising money and diluting shareholders. Most biotech companies which are in clinical development stage (i.e. human clinical trials), including Imugene, face long dated negative cash flows, high capital needs, high risk and zero revenues.

Running three technology platforms is capital intensive. Azer-cel is an allogeneic cell therapy trial which is characterised by high manufacturing and clinical trial costs.

Apart from the recent $20 million convertible note, the last time we raised money was in Aug/Sept 2023 and only 9.3% came from retail shareholders.

Due to the capital demands of our business, we monitor the markets carefully and remain in touch regularly with Australian and US bankers/brokers. We will announce any capital raise when it is complete, not before.

Some shareholders have asked questions about consolidating the shares and a Nasdaq listing. These are relevant items for consideration and are regularly under review by the Board and an announcement will be made, if and when a decision to proceed, is reached.

3. Our pipeline and programs

Before we address some of the questions related to our programs, we want to point out a few key takeaways:

- All of our programs are in clinical trials, treating critically ill cancer patients, more than 200 cancer patients have received our therapies, many of whom have failed multiple prior drugs;
- We are seeing early signs of clinical activity across our programs, particularly azer-cel where the results have been very encouraging;
- Our strategic focus is on advancing assets with near-term value and partnering potential;
- Capital and resources are being prioritised toward programs with strong clinical signals and defined paths to doing a deal with big pharma.

3.1 Azer-cel

Azer-cel continues to deliver encouraging results, including a 57% complete response rate (meaning the cancer is gone) and strong durability (meaning the length of time a patient experiences a positive response to treatment) in a patient population who have been on many prior drugs which have failed. We continue to see azer-cel perform to expectations as evidenced by the 4 out 7 complete responses and patients continuing to be disease free, with the longest up to 1 year.

We are finalising a Phase 2/3 clinical strategy that balances scientific rigor with speed to potential registration, including exploring CNS lymphoma which may have a streamlined path to registration (less money and time).

We are looking to expand the clinical trials internationally to increase enrolment. Australian sites have responded very positively to recent visits by our senior management, and we now have up to six Australian sites looking to treat patients with azer-cel.

For Phase 2/3, or a registrational or pivotal study, we are considering several trial design strategies that continue to focus on DLBCL (diffuse large B cell lymphoma) but also indications such as CNS lymphoma. With anticipated costs exceeding $30M USD, we are structuring a focused trial and engaging key opinion leaders to design the best trial.

As mentioned previously, the trial design and size are driven by many factors including number of arms, overseas sites, number of patients, and competing trials etc.

It is likely our Phase 2/3 trial will last 2-3 years depending on the factors mentioned above. We hope to update the market on azer-cel Phase 1b progress by the end of 1H or early in 2H of 2025.

3.2 OnCARlytics

Our onCARlytics program is progressing through dose escalation, with higher dosing expected to begin shortly — a higher dose potentially results in stronger clinical signals. Five patients have been dosed via IT and IV, and the treatment was well tolerated thus far. Even at early dose levels, we're seeing some biological activity, including viral presence and CD19 expression within tumours. We plan to continue our dose escalation in OASIS study and will likely have a progress update in the second half of 2025.

We are exploring combination strategies with other CD19 targeting drugs, and potential partnerships to maximise the platform's impact, and will share updates as data matures.

3.3 CF33

In the VAXINIA study, a bile tract cancer patient has remained in complete remission for over two years where only ~8% typically respond, and for only a few months.

Two melanoma patients achieved partial responses, and 47% of all participants across many dosing levels—despite being heavily pre-treated—achieved stable disease (the cancer is neither growing nor shrinking significantly).

Phase 1 bile tract trial continues to progress as planned.

Some of you have asked about Professor Yuman Fong. We continue to work with Professor Fong and his team and have an ongoing research agreement in place, and he remains a shareholder and strong supporter.

3.4 HER-Vaxx

Licensing discussions are continuing. Once again, lack of news does not mean we aren't active in pursuing licensing opportunities, and it continues to be a priority.

3.5 PD1-Vaxx

The Phase II 'Neo-POLEM' Investigator Sponsored Trial (IST) will investigate the potential of PD1-Vaxx to improve treatment outcomes in a specific kind of colorectal cancer. The trial is planned to enrol up to 44 patients. Colorectal cancer is the world's third most common cancer, with 80% of cases treatable at diagnosis. The trial is being conducted by the Cancer Research UK Southampton Clinical trials Unit in collaboration with Royal Surrey Hospital NHS Foundation Trust and the Australasian Gastro-Intestinal Trial Group (AGITG).

4.0 Business Development and Commercialisation

Our commercialisation strategy is consistent with global biotech norms—generate compelling data and pursue strategic out-licensing or partnerships with pharma.
We do not intend to take the drugs through Phase 3 and market approval, but to find a big pharma partner to manage this.

5.0 Investor Relations and Shareholder Communications

Shareholder communication is extremely important to us, and we continue to highlight Imugene's activities:

- Already this year we have made 27 ASX releases on a variety of topics including clinical trials, financial matters & investor presentations.
- Imugene made a total of 70 releases to the ASX in 2024. Of these, 24 were price sensitive.
- We have published 6 shareholder newsletters in the last 18 months.
- We regularly post a range of updates on LinkedIn and Twitter.
- Under continuous disclosure rules, we have to disclose anything material, positive or negative.

6.0 Conferences and Presentation in 2025

We have consistently attended or plan to attend industry, investor and partnering conferences.

- JP Morgan Healthcare Conference (Attended in January 2025) in San Francisco
- 2025 ASTCT and CIBMTR Tandem Meetings February in Hawaii
- Wholesale Investors Emergence February in Sydney
- Bell Potter Healthcare Horizon Summit March in Sorrento, Victoria
- Imugene Investor Presentation: NWR Communications Virtual Healthcare Conference in March
- Cholangiocarcinoma Foundation Annual Conference (CFAC) 2025 in April
- Barrenjoey Emerging Healthcare Forum in May

- BIO 2025 Boston in June
- Bioshares Summit presentation in August in Tasmania with Dr. Jakob Dupont, Imugene's board of director as the keynote speaker
- E&P Investor Conference September
- Cell and Gene Meeting on the Mesa October in Arizona
- ASIA BIO (September; under consideration) in Singapore
- BIOHK2025 (September; under consideration) in Hong Kong
- Bell Potter Virtual Healthcare conference November

7.0 Operating Costs/Overheads

The vast majority of our funds go directly into manufacturing and running clinical trials (R&D), which is our core focus. We benchmark compensation against industry standards and have recently implemented cost-saving measures, including infrastructure and headcount reductions. It is not possible to cut, or trim, clinical trials without impacting the data readouts, which are the lifeblood of any biotech company.

As a biotech company, we run a science-based business across both the U.S. and Australia, overseen by highly qualified physicians and scientists. In the financial year ending 30 June 2024 and at the highest number of employees, salaries made up only about 20% of our total spend. Most of our money went directly into research and development (R&D), which is the heart of what we do.

Biotech professionals are highly specialised, educated and located mostly in the U.S. biotech clusters of Boston, San Francisco and San Diego. This is where the biotech industry is strongest, and salaries are naturally higher.

Approximately 50% of our employees have either an MD, PhD or MBA and when hiring employees, we use current benchmarks from remuneration specialists like Radford, to set compensation for specific roles and geographies.

Since June of 2024, we have taken steps to reduce our infrastructure cost and reduce headcount significantly to less than 24 FTEs, from a previous high of 100 people.

8.0 In Closing

We recognise the concerns about our share price and want to assure investors that management and the Board are fully aligned, focused on executing a clear, value-driven strategy which will lead to a re-rating of the share price.

Our pipeline is advancing with encouraging clinical activity across our trials, and we remain committed to prioritising programs with the strongest near-term potential.

We remind you that none of our trials have failed. There are patients alive today as a result of our therapies.

Continuous disclosures dictated by the ASX means we have to disclose positive and negative data.

We continue to manage our cash prudently, balancing the demands of running three advanced platforms with disciplined cost control, including recent overhead and headcount reductions.

Transparent and frequent communication with shareholders remains a priority, and we appreciate your feedback, and continued support.

Yours sincerely,

Paul Hopper
Executive Chairman

Leslie Chong
CEO & Managing Director