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IN8bio, Inc. (INAB: NASDAQ)

INAB: 1Q:24 Results

IN8Bio's valuation relies on a DCF model and a 15% discount rate applied to our cash flow estimates. Additionally, we apply a success probability of 20% to the γδ T Cell programs selecting acute myeloid leukemia (AML) and glioblastoma multiforme (GBM) as move forward indications. The adjustments recognize regulatory and commercialization risks. The model includes contributions from the United States and the developed world.

Current Price (5/17/2024)	$1.03
Valuation	**$5.00**

OUTLOOK

IN8Bio is a clinical-stage, oncology-focused biotechnology company using γδ T cells against solid and hematological tumors. Its pipeline is built on the DeltEx platform & drug resistant immunotherapy (DRI) technology which have produced clinical candidates targeting leukemia & GBM. INB-100 is evaluating leukemia in a Ph1 study, while INB-200 & INB-400 are Ph1 and Ph2 assets evaluating GBM.

INB-100 is an allogeneic DeltEx-produced cell therapy for leukemia patients undergoing HSCT transplant. Leukemia patients see a high rate of recurrence which may be effectively treated by INB-100. INB-200 is a DeltEx DRI product completing Ph1 studies in GBM. INB-400 is the successor to INB-200. It is an autologous DeltEx DRI product to treat newly diagnosed and recurrent GBM, dosing first patients in 2024. It may add autologous treatment arms in 2025. The DRI genetic modification allows it to resist chemotherapy and persist in the tumor microenvironment.

While initial clinical studies target leukemia & GBM, we see DeltEx DRI as a platform that can expand beyond these initial initiations. Combination studies with chemotherapy, checkpoint and PARP inhibitors may emerge in future iterations.

SUMMARY DATA

52-Week High	**3.48**
52-Week Low	**0.65**
One-Year Return (%)	**-62.9**
Beta	**0.0**
Average Daily Volume (sh)	**346,574**
Shares Outstanding (mil)	**44.7**
Market Capitalization ($mil)	**46.0**
Short Interest Ratio (days)	**0.3**
Institutional Ownership (%)	**38.3**
Insider Ownership (%)	**22.9**
Annual Cash Dividend	**$0.00**
Dividend Yield (%)	**0.00**
5-Yr. Historical Growth Rates	
Sales (%)	**N/A**
Earnings Per Share (%)	**N/A**
Dividend (%)	**N/A**
P/E using TTM EPS	**N/A**
P/E using 2024 Estimate	**N/A**
P/E using 2025 Estimate	**N/A**
Zacks Rank	**N/A**

Risk Level	**Above Average**
Type of Stock	**Small-Growth**
Industry	**Med-Biomed/Gene**

ZACKS ESTIMATES

Revenue

(In millions of US$)

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	$0.0 A	$0.0 A	$0.0 A	$0.0 A	$0.0 A
2024	$0.0 A	$0.0 E	$0.0 E	$0.0 E	$0.0 E
2025					$0.0 E
2026					$0.0 E

Earnings per Share

	Q1 (Mar)	Q2 (Jun)	Q3 (Sep)	Q4 (Dec)	Year (Dec)
2023	-$0.30 A	-$0.27 A	-$0.23 A	-$0.24 A	-$1.00 A
2024	-$0.20 A	-$0.15 E	-$0.15 E	-$0.13 E	-$0.62 E
2025					-$0.63 E
2026					-$0.60 E

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What's New?

IN8bio, Inc (NASDAQ: INAB) reported first quarter 2024 financial results and achievements on May 9th. Since our initiation last month, the company has dosed its first patient in the INB-400 trial and presented technical details of its manufacturing at the American Society of Gene & Cell Therapy (ASGCT) 2024 Annual Meeting. Other recent highlights include presentation of new preclinical data on the non-signaling chimeric antigen receptor (nsCAR) platform and publication of a paper on MGMT-Modified γδ T cells in glioblastoma (GBM) in Frontiers in Immunology. We are looking forward to the European Hematology Association (EHA) Congress in mid-June for what we hope is impressive survival data for INB-100 in leukemia patients.

IN8bio released first quarter 2024 earnings along with the filing of its Form 10-Q on May 9th. IN8bio generated no revenues in 1Q:24 and incurred operating expense of $8.6 million, producing a net loss of ($8.6) million or ($0.20) per share.

For the quarter ending March 31st, 2024 and versus the same comparable prior year period:

- Research & development expenses totaled $4.9 million, rising 12% from $4.4 million due to higher personnel related costs and direct clinical costs. By program, more spending on the INB-100 and INB-200 program were partially offset by lower INB-400 spending. Preclinical and facility-related expenses were also down;
- General & administrative expenses were $3.7 million, rising 8% from $3.5 million. Increases in personnel-related costs, including stock-based compensation and rent expense were offset by cost savings related to directors' and officers' insurance premiums and a reduction in professional services;
- Interest income was $83,000 versus $0 with the contribution from interest income coming from cash balances. Other income was $0 versus $330,000 which was related to a non-recurring contractual arrangement in the prior year;
- Net loss was ($8.6) million, or ($0.20) per share, compared to ($7.5) million, or ($0.30) per share.

At the end of 1Q:24 cash and marketable securities on the balance sheet totaled $13.0 million, compared to year end 2023 cash balance of $21.3 million. Cash burn for the first quarter was ($8.0) million versus ($7.9) million in the prior year. Cash used in financing was ($277,000) which was mostly related to principal payments on finance leases. This compares to $547,000 of cash from financing in 1Q:23.

ASGCT Presentation

IN8bio presented its γδ T cell manufacturing platform at the American Society of Gene & Cell Therapy (ASGCT) 2024 Annual Meeting on May 10th, in Baltimore, Maryland. The oral presentation was titled Healthy Donor vs Patient Manufactured Autologous Deltex DRI Product; Immunophenotyping Gene Expression. The data demonstrated that the company's proprietary manufacturing process can produce investigational products with upregulated markers of potency, effector functions and trafficking capabilities, which IN8bio believes represents a significant advancement in the characterization of γδ T cell-based therapies. IN8bio's Chief Operating Officer Dr. Kate Rochlin, noted that the data presented provide additional clarity on the complex gene-expression changes that occur throughout the manufacturing process. This understanding helps improve the consistency and robustness of γδ T cell manufacture. One of the conclusions is that the characteristics of the final product are tied more closely to the process used to manufacture it rather than the individual γδ T cell donor profiles.

INB-400 (Autologous and Allogeneic)

INB-400 has grabbed the baton from INB-200 in the DeltEx DRI γδ T cell therapy for GBM. It is a Phase Ib/II study that will deploy activated, modified (DRI) γδ T cells along with TMZ for recurrent or newly diagnosed GBM. It is entitled A Phase 1b / 2 Drug Resistant Immunotherapy With Activated, Gene Modified Allogeneic or Autologous γδ T Cells (DeltEx) in Combination With Maintenance Temozolomide in Subjects With Recurrent or Newly Diagnosed Glioblastoma. Trial details are provided under identifier NCT05664243.

The study has three arms which includes Arm A that will incorporate autologous cells, while Arms B and C will incorporate allogeneic cells. Arms A and C will enroll patients with newly diagnosed disease while Arm B will enroll individuals with relapsed disease. Subjects will receive SoC. During surgical resection of the tumor, a Rickham catheter will be placed so that INB-400 therapy can be delivered directly. Following resection, Arm A patients will undergo apheresis to extract γδ T cells that will be modified to be TMZ resistant. Allogeneic donors will provide cell

product for Arms B and C. Subjects in all arms will then receive six weeks of chemotherapy with TMZ and radiation. The patients will take a break as they recover from the initial round of SoC then maintenance therapy will begin.

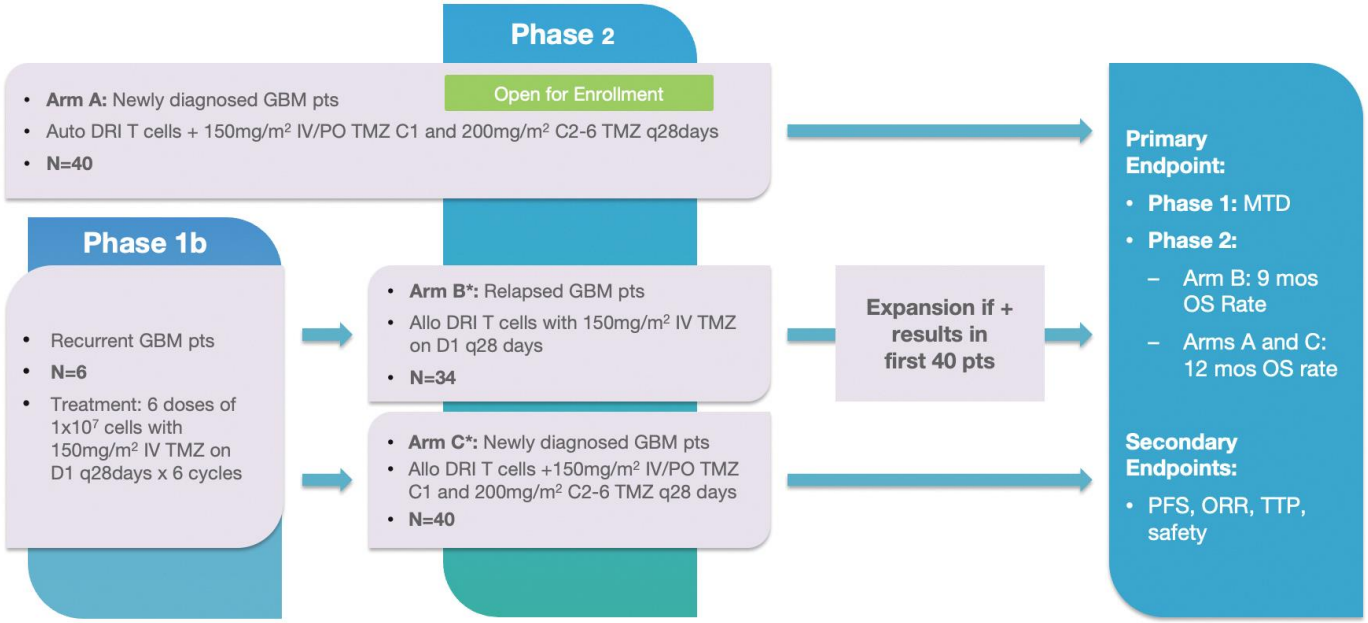
The Phase Ib portion of the trial will further develop the safety and efficacy profile for allogeneic cells (INB-400 DeltEx DRI allogeneic cells) administered to relapsed GBM patients. If determined safe, two cohorts of patients with either relapsed disease (Arm B) or newly diagnosed disease (Arm C) will receive allogeneic γδ T cells. Trial objectives seek to:

- establish the safety of allogeneic, genetically modified γδ T cells;
- assess the efficacy of these cells in treating patients with relapsed GBM; and
- assess the relative benefit and risk of treating newly diagnosed GBM patients with either allogeneic or autologous genetically modified γδ T cells.

Primary outcome measures are overall survival (OS) and maximum tolerated dose. Secondary measures include further safety assessments, overall response rate (ORR), time to progression, and progression free survival (PFS) among others.

Twelve sites in the United States have been identified to enroll patients and three are open and enrolling. An April 30th press release announced that IN8bio had dosed its first patient in the Phase II trial. An expansion cohort will enroll 10 additional patients and data from the trial will be gathered to support an investigational new drug (IND) submission to allow for a Phase II study.

Exhibit I –Clinical Trial Design for INB-400



*Arm B and C subject to additional IND for allogeneic drug product (INB-400) as per FDA Guidance for Industry updated Nov. 2022 (https://clinicaltrials.gov/ct2/show/NCT05664243)

IN8bio 2023 Form 10-K filing

Previous work has been conducted evaluating allogeneic products showing that they may benefit from a younger and healthier donor These have demonstrated direct anti-tumor cytotoxicity. However, further elaboration and validation of the autologous product is necessary. The allogeneic version is considered a separate product from the autologous cell therapy and requires a separate investigational new drug (IND) application.

IN8bio's longer term goal with this program is to move towards an allogeneic therapy that would allow for an off-the-shelf alternative. This approach would provide a number of benefits relative to an autologous version. Some of these advantages include lower manufacturing costs, immediate availability of drug product and sourcing of γδ T cells from subjects with younger, healthier and better-balanced immune systems.

INB-400 is enrolling subjects in the Phase II trial and should report initial data from the study in 2025.

Exhibit II – IN8bio Pipeline



Source: IN8bio Website, Accessed May 2024

Milestones

- Future goals outlined for IN8bio – January 2024
- Present additional preclinical data for INB-300 (nsCAR) at AACR (poster) – April 2024
- Oral presentation at American Society of Gene & Cellular Therapy (ASGCT) - May 2024
- Two poster presentations at International Society for Cell & Gene Therapy (ISCT) - May 2024
- ASCO INB-200 presentation – June 2024
- EHA presentation: INB-100 & -200 (important data expected) – June 2024
- IND filing for allogeneic arms of INB-400 – 2024
- Topline announcement for INB-100 expansion cohort – 2025

Summary

IN8bio has shown impressive survival data for both GBM and leukemia patients in Phase I trials. This has supported the launch of a Phase II in GBM with INB-400 and preparation for an IND to launch a Phase II in leukemia. The near-term important milestone is an update on the INB-100 leukemia trial at EHA next month. We think that continued impressive survival data for these patients will attract attention and provide the support needed to kick off a Phase II. We maintain our price target of $5.00 per share.

PROJECTED FINANCIALS

IN8bio, Inc. - Income Statement

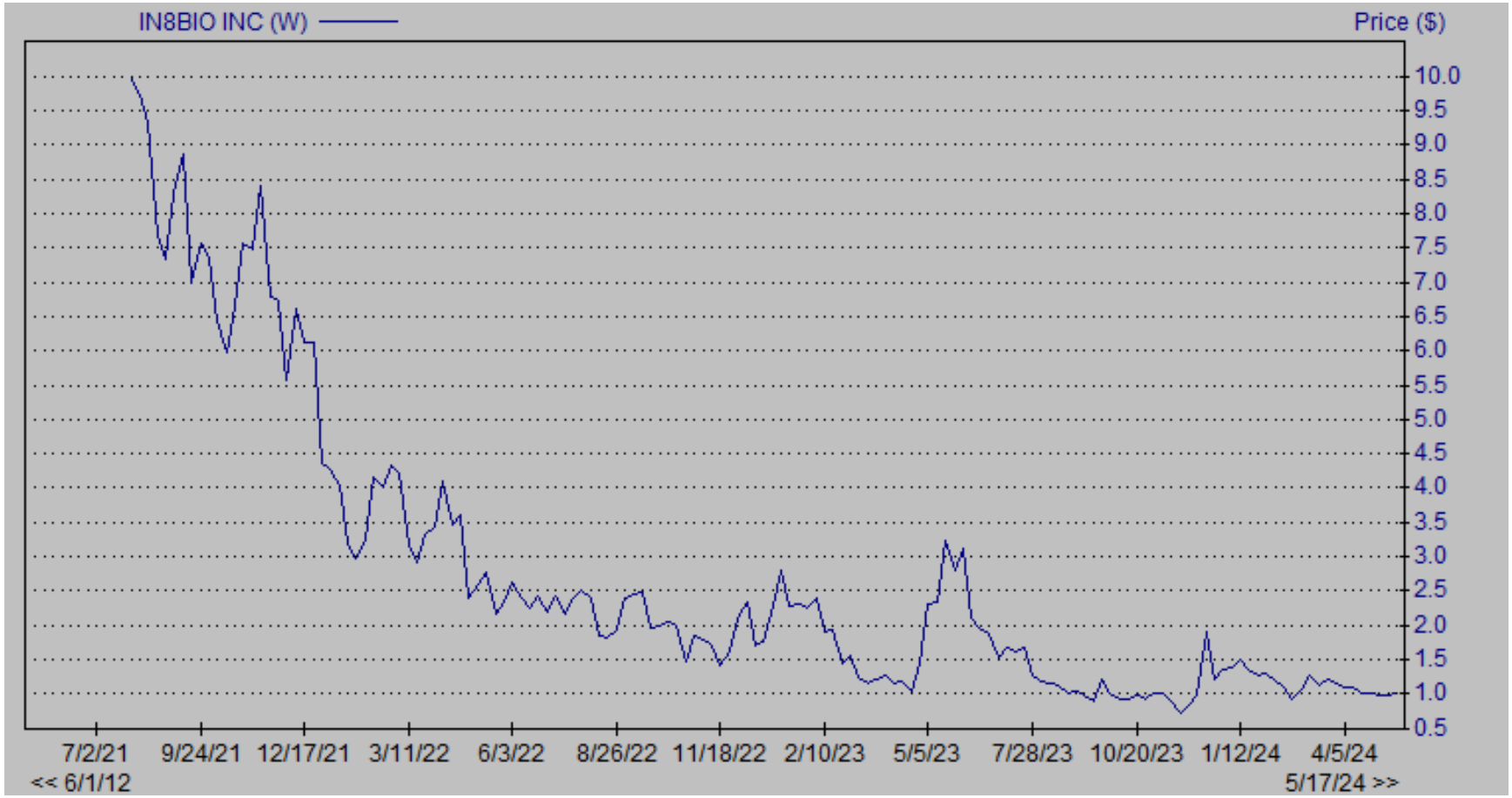
IN8bio, Inc.	2023 A	Q1 A	Q2 E	Q3 E	Q4 E	2024 E	2025 E	2026 E
Total Revenues ($USD)	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**	**$0**
YOY Growth								
Research & Development	$16,827	$4,903	$3,650	$3,601	$3,675	$15,829	$22,218	$22,150
General & Administrative	$13,510	$3,742	$2,950	$2,920	$3,000	$12,612	$12,990	$12,542
Income from Operations	($30,337)	($8,645)	($6,600)	($6,521)	($6,675)	($28,441)	($35,208)	($34,692)
Other Items	$330	$0	$0	$0	$0	$0	$0	$0
Pre-Tax Income	($30,007)	($8,562)	($6,600)	($6,521)	($6,675)	($28,358)	($35,208)	($34,692)
Net Income	**($30,007)**	**($8,562)**	**($6,600)**	**($6,521)**	**($6,675)**	**($28,358)**	**($35,208)**	**($34,692)**
Net Margin								
Reported EPS	**($1.00)**	**($0.20)**	**($0.15)**	**($0.15)**	**($0.13)**	**($0.62)**	**($0.63)**	**($0.60)**
YOY Growth								
Basic Shares Outstanding	29,865	43,287	43,850	44,110	52,225	45,868	56,000	58,000

Source: Company Filing // Zacks Investment Research, Inc. Estimates

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HISTORICAL STOCK PRICE

IN8bio, Inc. – Share Price Chart[1]



[1] Source: Zacks Research System

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