EDISON

Mendus

Operational update

Positive Phase II results for DCP-001 in AML

Pharma and biotech

Mendus has reported encouraging survival data from its Phase II ADVANCE II study, assessing its lead cancer vaccine candidate, DCP-001, as a maintenance monotherapy in acute myeloid leukaemia (AML) patients with measurable residual disease (MRD). At a median follow-up of 19.4 months, median relapse-free survival (mRFS) had not been reached, with 12 out of 20 patients still in complete disease remission, and median overall survival (mOS) was recorded as 30.9 months. In our view, these results represent a significant improvement over existing standard of care AML maintenance therapy, azacitidine (mRFS: 7.1 months; mOS: 14.6 months). Additionally, an increased tumour immune response was observed in 17 out of 20 patients, supportive of DCP-001's immune stimulating mechanism of action. With limited treatment options available in the AML maintenance setting, we view the ADVANCE II data as highly positive, providing important proof of concept of DCP-001's clinical utility in AML. We value Mendus at SEK1.8bn or SEK9.1 per share.

Year end	Revenue (SEKm)	PBT* (SEKm)	EPS* (SEK)	DPS (SEK)	P/E (x)	Yield (%)
12/20	0.0	(89.2)	(1.17)	0.0	N/A	N/A
12/21	0.0	(133.4)	(0.73)	0.0	N/A	N/A
12/22e	3.2	(130.9)	(0.66)	0.0	N/A	N/A
12/23e	0.0	(138.5)	(0.69)	0.0	N/A	N/A

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

The ADVANCE II study is using MRD status as the primary endpoint and assessing mRFS and mOS as key secondary endpoints. Positive interim data were previously reported in May 2022 with complete MRD responses in seven out of 20 AML evaluable patients. Five of the seven patients converted from MRD+ to MRD- and two others had at least a 10-fold reduction in MRD.

To date, no serious adverse events have been reported from the trial, highlighting DCP-001's safety profile. Additionally, AML primarily affects older patient populations and, due to the aggressive nature of current chemotherapy, many patients are unable to complete treatment cycles, so new drug modalities with improved safety profiles in AML are highly sought after.

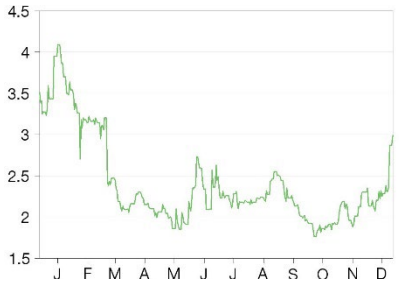
Currently, oral azacitidine (Onureg, Bristol Myers Squibb) is the only therapy approved for AML maintenance therapy and is estimated to reach worldwide sales of $723m in 2028 (source: EvaluatePharma), so we see this market as a sizable opportunity for Mendus to target. While DCP-001's next clinical steps are still to be communicated, synergistic combination therapies may be options management looks to explore. Investigations into maintenance immunotherapies in AML have historically been met with sub-optimal clinical outcomes so these latest positive survival data for DCP-001 represent, in our view, notable progression in the development of new immunologically targeted treatments in AML.

13 December 2022

Price	**SEK2.99**
Market cap	**SEK596m**

Net cash (SEKm) at 30 September 2022 (excluding lease liabilities)	15.7
Shares in issue	199.4m
Free float	37%
Code	IMMU
Primary exchange	Nasdaq Stockholm
Secondary exchange	N/A

Share price performance



Business description

Mendus (formerly Immunicum) is a clinical-stage immunoncology company based in Sweden and the Netherlands. The company specialises in allogeneic dendritic cell (DC) biology and currently has two lead cell-based, off-the-shelf therapies for haematological and solid tumours.

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