

# OSE Immunotherapeutics

Funding update

## €10m funding secures runway to Q323

OSE Immunotherapeutics (OSE) has [announced](#) the receipt of €10m in financing from the European Investment Bank (EIB), which we estimate will secure management's communicated cash runway into Q323. The funding has been received as the second tranche of a facility that was previously agreed with the EIB, with the first €10m having been drawn down by the company [in July 2021](#). The funding comes with a linked warrant issue that gives the EIB the potential right to 2.97% of share capital (undiluted), if exercised from 2027. While this is potentially dilutive for investors, the company has arrangements in place to limit the risk of dilution. The €10m will provide support to OSE's development programmes, in our view, as FY23 is expected to see Tedopi (the company's cancer vaccine) enter a second Phase III clinical trial in non-small cell lung cancer. We value OSE at €398.3m or €21.5 per share (previously €398.4m or €21.5 per share).

Year end	Revenue (€m)	PBT* (€m)	EPS* (€)	DPS (€)	P/E (x)	Yield (%)
12/20	10.4	(18.5)	(1.02)	0.0	N/A	N/A
12/21	26.3	(16.5)	(0.89)	0.0	N/A	N/A
12/22e	16.0	(28.6)	(1.33)	0.0	N/A	N/A
12/23e	0.0	(46.2)	(2.53)	0.0	N/A	N/A

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

## Runway to Q323 secured; further funding needed

We view the new funding tranche as positive news for the company which, by our estimates, will see OSE funded to Q323, in line with management guidance. At this point the company will need to raise additional funds to fund operations. As we expect OSE's most advanced asset, Tedopi, to enter another Phase III clinical trial in FY23, we anticipate the company will need to raise c €60m (modelled as illustrative debt) to fund development to end-FY24. We note that delays or unexpected milestone payments may change our funding estimates.

## Potentially dilutive but controls in place

In combination with the €10m loan (which bears a 5% interest rate), 550,000 OSE shares (2.97% of share capital) are available to the EIB through warrants. These may not be exercised until after 16 December 2027 (except in the event of an early exercise event such as a change in control), at which point the EIB and OSE retain a put and call option, respectively, with various conditions attached. In our view, these agreements somewhat limit the dilution risk associated with these warrants.

## Valuation: €398.3m or €21.5 per share

We value OSE at €398.3m or €21.5 per share ([previously](#) €398.4m or €21.5 per share). Our new valuation incorporates an estimated net debt position of €17.8m at 31 December 2022 (previously end-June net cash of €0.3m), reflecting the new EIB loan and an estimated €9.0m net cash outflow during FY22. This increase in net debt is offset by rolling our model forward two months and updating our foreign exchange forecasts.

Pharma and biotech

20 December 2022

Price **€6.86**

Market cap **€127m**

€0.94/US\$

Estimated net debt (€m) at 31 December 2022 (including €10m EIB payment) 17.8

Shares in issue 18.5m

Free float 65%

Code OSE

Primary exchange EuroNext Paris

Secondary exchange N/A

### Share price performance



% 1m 3m 12m

Abs (0.7) (1.5) (33.2)

Rel (local) 1.8 (7.2) (27.8)

52-week high/low €10.84 €4.85

### Business description

OSE Immunotherapeutics is based in Nantes and Paris in France and is listed on the Euronext Paris exchange. It is developing immunotherapies for the treatment of solid tumours and autoimmune diseases and has established several partnerships with large pharma companies.

### Next events

Tedopi Phase III trial commencement FY23

### Analysts

Soo Romanoff +44 (0)20 3077 5700

Dr Harry Shrivess +44 (0)20 3077 5700

[healthcare@edisongroup.com](mailto:healthcare@edisongroup.com)

[Edison profile page](#)

**OSE Immunotherapeutics is a research client of Edison Investment Research Limited**

**Exhibit 1: Financial summary**

	€000s	2020	2021	2022e	2023e
December		IFRS	IFRS	IFRS	IFRS
<b>PROFIT &amp; LOSS</b>					
Revenue		10,431	26,306	16,047	0
Cost of Sales		0	0	0	0
Gross Profit		10,431	26,306	16,047	0
Research and development		(22,355)	(30,550)	(30,550)	(30,550)
EBITDA		(18,109)	(13,601)	(25,343)	(42,346)
Operating Profit (before amort. and excepts.)		(18,533)	(15,938)	(27,255)	(43,685)
Intangible Amortisation		(457)	(687)	0	0
Exceptionals		0	0	0	0
Other		0	0	0	0
Operating Profit		(18,990)	(16,625)	(27,255)	(43,685)
Net Interest		0	(589)	(1,335)	(2,557)
Profit Before Tax (norm)		(18,533)	(16,527)	(28,590)	(46,242)
Profit Before Tax (reported)		(18,990)	(17,214)	(28,590)	(46,242)
Tax		2,692	364	4,300	0
Profit After Tax (norm)		(15,841)	(16,163)	(24,290)	(46,242)
Profit After Tax (reported)		(16,298)	(16,850)	(24,290)	(46,242)
Average Number of Shares Outstanding (m)		15.6	18.2	18.3	18.3
EPS - normalised (c)		(101.83)	(89.03)	(132.84)	(252.90)
EPS - reported (€)		(1.05)	(0.93)	(1.33)	(2.53)
Dividend per share (€)		0.0	0.0	0.0	0.0
Gross Margin (%)		100.0	100.0	100.0	N/A
EBITDA Margin (%)		N/A	N/A	N/A	N/A
Operating Margin (before GW and except.) (%)		N/A	N/A	N/A	N/A
<b>BALANCE SHEET</b>					
Fixed Assets		57,141	57,670	55,758	54,419
Intangible Assets		52,600	51,122	51,122	51,122
Tangible Assets		947	926	926	926
Investments		3,594	5,622	3,710	2,371
Current Assets		30,442	34,351	25,399	43,943
Stocks		0	0	0	0
Debtors		1,074	772	811	851
Cash		29,368	33,579	24,588	43,092
Other		0	0	0	0
Current Liabilities		(14,128)	(16,762)	(17,242)	(17,747)
Creditors		(14,078)	(15,151)	(15,631)	(16,136)
Short term borrowings		(50)	(1,611)	(1,611)	(1,611)
Long Term Liabilities		(21,481)	(37,224)	(47,224)	(107,224)
Long term borrowings		(16,552)	(30,801)	(40,801)	(40,801)
Illustrative debt		0	0	0	(60,000)
Other long term liabilities		(4,929)	(6,423)	(6,423)	(6,423)
Net Assets		51,974	38,035	16,690	(26,609)
<b>CASH FLOW</b>					
Operating Cash Flow		(16,807)	(9,857)	(21,957)	(38,938)
Net Interest		273	634	(1,335)	(2,557)
Tax		(2,742)	(696)	4,300	0
Capex		(210)	(472)	0	0
Acquisitions/disposals		0	0	0	0
Financing		17,427	265	0	0
Other		(1,258)	(1,473)	1	0
Dividends		0	0	0	0
Net Cash Flow		(3,317)	(11,599)	(18,991)	(41,496)
Opening net debt/(cash)		(16,083)	(12,766)	(1,167)	17,824
HP finance leases initiated		0	0	0	0
Other		0	0	0	0
Closing net debt/(cash)		(12,766)	(1,167)	17,824	59,320

Source: Edison Investment Research, OSE company accounts

---

## General disclaimer and copyright

This report has been commissioned by OSE Immunotherapeutics and prepared and issued by Edison, in consideration of a fee payable by OSE Immunotherapeutics. Edison Investment Research standard fees are £60,000 pa for the production and broad dissemination of a detailed note (Outlook) following by regular (typically quarterly) update notes. Fees are paid upfront in cash without recourse. Edison may seek additional fees for the provision of roadshows and related IR services for the client but does not get remunerated for any investment banking services. We never take payment in stock, options or warrants for any of our services.

**Accuracy of content:** All information used in the publication of this report has been compiled from publicly available sources that are believed to be reliable, however we do not guarantee the accuracy or completeness of this report and have not sought for this information to be independently verified. Opinions contained in this report represent those of the research department of Edison at the time of publication. Forward-looking information or statements in this report contain information that is based on assumptions, forecasts of future results, estimates of amounts not yet determinable, and therefore involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of their subject matter to be materially different from current expectations.

**Exclusion of Liability:** To the fullest extent allowed by law, Edison shall not be liable for any direct, indirect or consequential losses, loss of profits, damages, costs or expenses incurred or suffered by you arising out of or in connection with the access to, use of or reliance on any information contained on this note.

**No personalised advice:** The information that we provide should not be construed in any manner whatsoever as, personalised advice. Also, the information provided by us should not be construed by any subscriber or prospective subscriber as Edison's solicitation to effect, or attempt to effect, any transaction in a security. The securities described in the report may not be eligible for sale in all jurisdictions or to certain categories of investors.

**Investment in securities mentioned:** Edison has a restrictive policy relating to personal dealing and conflicts of interest. Edison Group does not conduct any investment business and, accordingly, does not itself hold any positions in the securities mentioned in this report. However, the respective directors, officers, employees and contractors of Edison may have a position in any or related securities mentioned in this report, subject to Edison's policies on personal dealing and conflicts of interest.

Copyright: Copyright 2022 Edison Investment Research Limited (Edison).

---

## Australia

Edison Investment Research Pty Ltd (Edison AU) is the Australian subsidiary of Edison. Edison AU is a Corporate Authorised Representative (1252501) of Crown Wealth Group Pty Ltd who holds an Australian Financial Services Licence (Number: 494274). This research is issued in Australia by Edison AU and any access to it, is intended only for "wholesale clients" within the meaning of the Corporations Act 2001 of Australia. Any advice given by Edison AU is general advice only and does not take into account your personal circumstances, needs or objectives. You should, before acting on this advice, consider the appropriateness of the advice, having regard to your objectives, financial situation and needs. If our advice relates to the acquisition, or possible acquisition, of a particular financial product you should read any relevant Product Disclosure Statement or like instrument.

---

## New Zealand

The research in this document is intended for New Zealand resident professional financial advisers or brokers (for use in their roles as financial advisers or brokers) and habitual investors who are "wholesale clients" for the purpose of the Financial Advisers Act 2008 (FAA) (as described in sections 5(c) (1)(a), (b) and (c) of the FAA). This is not a solicitation or inducement to buy, sell, subscribe, or underwrite any securities mentioned or in the topic of this document. For the purpose of the FAA, the content of this report is of a general nature, is intended as a source of general information only and is not intended to constitute a recommendation or opinion in relation to acquiring or disposing (including refraining from acquiring or disposing) of securities. The distribution of this document is not a "personalised service" and, to the extent that it contains any financial advice, is intended only as a "class service" provided by Edison within the meaning of the FAA (i.e. without taking into account the particular financial situation or goals of any person). As such, it should not be relied upon in making an investment decision.

---

## United Kingdom

This document is prepared and provided by Edison for information purposes only and should not be construed as an offer or solicitation for investment in any securities mentioned or in the topic of this document. A marketing communication under FCA Rules, this document has not been prepared in accordance with the legal requirements designed to promote the independence of investment research and is not subject to any prohibition on dealing ahead of the dissemination of investment research.

This Communication is being distributed in the United Kingdom and is directed only at (i) persons having professional experience in matters relating to investments, i.e. investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") (ii) high net-worth companies, unincorporated associations or other bodies within the meaning of Article 49 of the FPO and (iii) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available only to such persons. It is not intended that this document be distributed or passed on, directly or indirectly, to any other class of persons and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document.

This Communication is being supplied to you solely for your information and may not be reproduced by, further distributed to or published in whole or in part by, any other person.

---

## United States

Edison relies upon the "publishers' exclusion" from the definition of investment adviser under Section 202(a)(11) of the Investment Advisers Act of 1940 and corresponding state securities laws. This report is a bona fide publication of general and regular circulation offering impersonal investment-related advice, not tailored to a specific investment portfolio or the needs of current and/or prospective subscribers. As such, Edison does not offer or provide personal advice and the research provided is for informational purposes only. No mention of a particular security in this report constitutes a recommendation to buy, sell or hold that or any security, or that any particular security, portfolio of securities, transaction or investment strategy is suitable for any specific person.

Frankfurt +49 (0)69 78 8076 960  
Schumannstrasse 34b  
60325 Frankfurt  
Germany

London +44 (0)20 3077 5700  
280 High Holborn  
London, WC1V 7EE  
United Kingdom

New York +1 646 653 7026  
1185 Avenue of the Americas  
3rd Floor, New York, NY 10036  
United States of America

Sydney +61 (0)2 8249 8342  
Level 4, Office 1205  
95 Pitt Street, Sydney  
NSW 2000, Australia