

Mendus

H122 results

Funding secured; catalyst rich H222 incoming

Mendus is gearing up for a catalyst-rich H222 as its focus remains centred on the development of the company's cancer relapse vaccine, DCP-001. Readouts from DCP-001's use in acute myeloid leukaemia (AML) and ovarian cancer are expected in Q422 and October 2022 respectively, which we see as important near-term catalysts for the company. Mendus has reported an operating loss of SEK55.0m for H122, significantly lower than H121 (SEK72.1m) due to reduced R&D expenditure over the period. The company had a gross cash position of SEK84.9m at end-H122, which we see as sufficient to fund operations to end-FY22. However, Mendus also announced the securing of up to SEK250m in financing commitments, which we expect to significantly lengthen our estimated cash runway to H224, if fully utilised. We value Mendus at SEK1.87bn or SEK9.35 per share (previously SEK1.78bn or SEK8.93 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	1.9	(126.0)	(0.63)	0.0	N/A	N/A
12/23e	0.0	(128.9)	(0.65)	0.0	N/A	N/A

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

Preparing for a catalyst rich H222

Mendus expects to report key six-month relapse-free survival and overall survival data, from the ADVANCE II study ([NCT03697707](#)) of DCP-001 in AML maintenance therapy, in Q422. We see this as an important near-term catalyst for the company as the data will be important in defining the treatment's clinical utility, in our view. Additionally, the company expects to present interim data from the Phase I ALISON ([NCT04739527](#)) trial (DCP-001 in ovarian cancer) at the European Society of Gynaecological Oncology conference in October 2022.

Up to SEK250m financing secured

In parallel with H122 results, Mendus announced financing commitments of up to SEK250m: a shareholder loan of SEK50k (Van Herk Investments) and up to SEK200m in convertible bonds (Negma Group). With a H122 cash position of SEK84.9m and H122 burn rate of SEK70.7m, we estimate a cash runway into Q123, previously [end-FY22](#). However, assuming Mendus fully exercises the committed financing, we believe this could extend our runway estimate to H224.

Valuation: SEK1.87bn or SEK9.35 per share

We value Mendus at SEK1.87bn or SEK9.35 per share ([previously](#) SEK1.78bn or SEK8.93 per share) based on our risk-adjusted NPV and including a net cash position of SEK45.6m at end-H122. We have rolled our model forward two months and updated our FX assumptions and net cash position. We have reduced our FY22 profit before tax loss estimate to SEK126m (previously SEK134m) post the H122 results but will revisit our estimates as more details on the financing are made public.

Pharma and biotech

26 August 2022

Price **SEK2.35**

Market cap **SEK468m**

US\$/SEK 10.6

Net cash (£m) at 30 June 2022 45.6m

Shares in issue 199.4m

Free float 37%

Code IMMU

Primary exchange Nasdaq Stockholm

Secondary exchange N/A

Share price performance



% 1m 3m 12m

Abs 5.8 (11.5) (46.2)

Rel (local) 6.8 (9.6) (32.1)

52-week high/low SEK5.9 SEK1.8

Business description

Mendus (formerly Immunicum) is a clinical-stage immunoncology (IO) 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.

Next events

DCP-001 Phase II six-month RFS and OS data Q422

DCP-001 Phase I ovarian cancer interim data October 2022

Ilixadencel GIST Phase II begins enrolment H222

Analysts

Soo Romanoff +44 (0)20 3077 5700

Harry Shrives +44 (0)20 3077 5700

healthcare@edisongroup.com

[Edison profile page](#)

**Mendus is a research client of
Edison Investment Research
Limited**

Exhibit 1: Financial summary

Accounts: IFRS, year-end 31 December, SEK'000s	2019	2020	2021	2022e	2023e
Income statement					
Total revenue	0	0	31	1,946	0
Cost of sales	0	0	0	0	0
Gross profit	0	0	31	1,946	0
SG&A (expenses)	(11,734)	(37,193)	(43,490)	(40,656)	(41,876)
R&D costs	(48,980)	(47,883)	(85,796)	(82,504)	(82,504)
Other income/(expense)	16,689	(64)	(845)	0	0
Exceptionals and adjustments	0	0	0	0	0
Reported EBITDA	(44,025)	(85,140)	(130,100)	(121,214)	(124,380)
Depreciation and amortisation	(831)	(887)	0	(842)	(4,485)
Reported Operating Profit/(loss)	(44,856)	(86,027)	(130,100)	(122,057)	(128,865)
Finance income/(expense)	(2,915)	(3,220)	(3,310)	(3,896)	0
Other income/(expense)	0	(1)	0	0	0
Exceptionals and adjustments	0	0	0	0	0
Reported PBT	(47,771)	(89,248)	(133,410)	(125,953)	(128,865)
Adjusted PBT	(47,771)	(89,248)	(133,410)	(125,953)	(128,865)
Income tax expense	0	0	0	0	0
Reported net income	(47,771)	(89,248)	(133,410)	(125,953)	(128,865)
Basic average number of shares, m	73.9	76.2	182.8	199.4	199.4
Basic EPS (SEK)	(0.65)	(1.17)	(0.73)	(0.63)	(0.65)
Diluted EPS (SEK)	(0.65)	(1.17)	(0.73)	(0.63)	(0.65)
Balance sheet					
Property, plant and equipment	4,328	2,909	2,470	13,152	9,545
Intangible assets	0	532,441	532,441	532,441	532,441
Right of use assets	0	0	0	25,868	25,868
Other non-current assets	442	678	843	609	609
Total non-current assets	4,770	536,028	535,754	572,070	568,463
Cash and equivalents	14,032	167,643	155,313	12,756	500
Trade and other receivables	0	0	0	0	0
Other current assets	19,117	24,990	29,917	30,982	30,982
Total current assets	33,150	192,633	185,230	43,738	31,482
Non-current loans and borrowings*	31,062	18,982	36,666	39,268	152,270
Total non-current liabilities	32,292	19,285	36,666	63,186	176,188
Trade and other payables	1,898	10,365	11,610	6,941	6,941
Other current liabilities	8,537	22,158	15,657	12,632	12,632
Total current liabilities	11,306	48,282	27,576	21,832	21,832
Equity attributable to company	(5,677)	661,094	656,742	530,789	401,924
Cashflow statement					
Operating Profit/(loss)	(44,856)	(86,027)	(130,100)	(122,057)	(128,865)
Depreciation and amortisation	831	887	992	842	4,485
Other adjustments	0	0	0	0	0
Movements in working capital	(14,186)	27,731	(10,089)	(8,759)	0
Interest paid / received	(166)	(103)	(140)	(3,896)	0
Income taxes paid	0	0	0	0	0
Cash from operations (CFO)	(57,569)	(56,626)	(138,031)	(133,635)	(124,380)
Capex	(809)	(464)	(1,361)	(11,524)	(878)
Acquisitions & disposals net	0	0	0	0	0
Other investing activities	0	0	0	0	0
Cash used in investing activities (CFIA)	(809)	157,298	(1,361)	(11,524)	(878)
Net proceeds from issue of shares	0	0	128,949	0	0
Movements in debt	(760)	(725)	(1,922)	2,602	113,002
Other financing activities	67,818	51,629	0	0	0
Cash flow from financing activities	67,058	50,904	127,027	2,602	113,002
Increase/(decrease) in cash and equivalents	9,627	153,611	(12,330)	(142,557)	(12,256)
Cash and equivalents at beginning of period	4,405	14,032	167,643	155,313	12,756
Cash and equivalents at end of period	14,032	167,643	155,313	12,756	500
Net (debt) cash	(17,030)	133,782	118,647	(26,512)	(151,770)

Source: Mendus company accounts, Edison Investment Research. Note: *Long term debt used instead of equity issue.

General disclaimer and copyright

This report has been commissioned by Mendus and prepared and issued by Edison, in consideration of a fee payable by Mendus. 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