

Mendus

Financing to provide runway past catalysts

Collaboration and fund-raising update

Pharma and biotech

9 June 2023

Price **SEK0.99**

Market cap **SEK201m**

SEK10.9/US\$

Net debt (SEKm) at 31 March 2023 (excluding proposed fund-raise in June 2023) 46.0

Shares in issue (excluding proposed fund-raise in June 2023) 202.7m

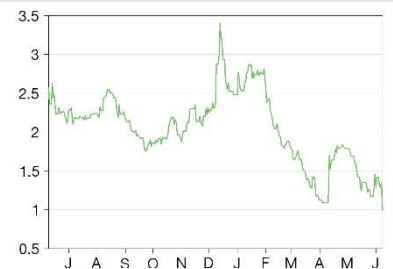
Free float 37%

Code **IMMU**

Primary exchange **Nasdaq Stockholm**

Secondary exchange **N/A**

Share price performance



Business description

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

Analysts

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Mendus has **announced** that it has secured financing commitments of c SEK317m, realised through an equity issue. The proposed capital raise consists of a SEK90m directed issue to Flerie Invest and a SEK227m fully secured rights issue. Through both subscriptions, shares will be offered at SEK0.48 per share, resulting in the issuance of c 660m new shares. Shares in both the directed issue and rights issue are attached with warrants that, if fully exercised at the strike price of SEK0.48/share, could provide an additional SEK90.6m in financing (c 189m shares). Separately, Mendus **announced** a manufacturing agreement with NorthX Biologics to develop a cell therapy manufacturing facility in Sweden. The investment by Flerie will support the realisation of this facility and the manufacturing of vididencel batches for late-stage clinical development. While both the proposed fund-raising and manufacturing alliance are subject to shareholder approval (at the upcoming EGM on 10 July), management expects the financing to extend the company's cash runway to Q424. While the proposed funding is dilutive in nature, the proceeds provide an operational cash runway past key value inflection points, and in parallel, secures the required manufacturing infrastructure for the late-stage development of vididencel.

Year end	Revenue (SEKm)	PBT* (SEKm)	EPS* (SEK)	DPS (SEK)	P/E (x)	Yield (%)
12/21	0.0	(133.4)	(0.73)	0.0	N/A	N/A
12/22	3.4	(138.8)	(0.70)	0.0	N/A	N/A
12/23e	0.0	(133.6)	(0.67)	0.0	N/A	N/A
12/24e	0.0	(145.3)	(0.72)	0.0	N/A	N/A

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

Under the rights issue of SEK227m, all existing shareholders will receive rights to buy one unit for each share held on a record date (likely 11 July 2023) at a subscription price of SEK3.36/unit or SEK0.48 per share. Holders of three unit rights will be entitled to subscribe for one more unit. We note that one unit comprises seven new shares and two warrants of series TO3. Though warrants have been issued at no charge, the exercise price is set at SEK0.48. Additionally, one warrant holder is entitled to subscribe for one new share at a similar exercise price. The subscription for the rights issue is expected to take place between 13 and 27 July 2023. We would like to highlight that the rights issue has been fully secured through subscription commitments, including SEK117.6m (51.8% of the total rights issue) from the company's largest shareholders, Van Herk Investments and Fjärde AP-fonden, SEK4.6m from management and the board of directors and SEK96.8m (42.6% of the rights issue) from a number of investors, as well as an additional commitment of SEK8.0m from Fjärde AP-fonden for units with unit rights.

For the directed issue worth SEK90m to Flerie Invest, the company will issue 187.5m shares at SEK0.48 per share and 53.6m warrants of series TO3, exercisable at a similar price. The funding comes amid an active clinical period, as the company is preparing for the second Phase II ADVANCE trial for vididencel in H223, the ongoing Phase I ALISA trial, and the upcoming ilixadencel proof-of-concept trial. Management expects that this financing should provide an operating cash runway into Q424, which may be further extended to Q325 upon full exercise of the TO3 warrants.

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