EDISON

Scandion Oncology

Funding update

Outcome of rights issue

Pharma and biotech

Scandion Oncology has announced the outcome of a rights issue of up to SEK93.7m. At the end of the subscription period (1 July 2022), approximately 80% of the rights issue has been subscribed, including c 66.5% from guarantors. Management has communicated that it has raised c SEK75m gross, which we estimate will result in a net cash injection of c SEK58m based on estimated transaction costs of SEK17m that were previously announced. Management will now register the rights issue with Danish authorities, at which point the total number of shares outstanding will be raised to 40.7m, an increase of 8.6m shares. We will adjust our forecasts and valuation once the final raise and fee amounts are included in the company's financial accounts. Management estimates that this cash injection will fund the company into 2024; however, we note this may vary according to clinical trial timelines. We value Scandion Oncology at SEK586.5m or SEK18.3 per share.

Year end	Revenue (DKKm)	PBT* (DKKm)	EPS* (DKK)	DPS (DKK)	DPS (%)	Yield (%)
12/20	1.0	(21.5)	(0.53)	0.0	N/A	N/A
12/21	0.8	(57.2)	(1.61)	0.0	N/A	N/A
12/22e	0.8	(60.1)	(1.70)	0.0	N/A	N/A
12/23e	0.8	(114.7)	(3.40)	0.0	N/A	N/A

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

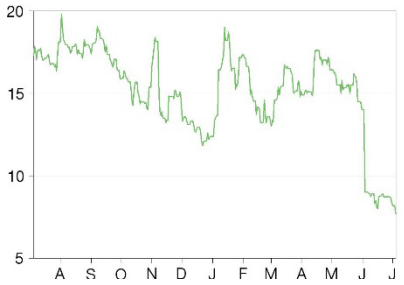
As a reminder, Scandion Oncology is a Danish biotechnology company focused on developing novel solutions to address chemotherapy resistance in oncology. Management's present development programme revolves around one asset, SCO-101, which is in trials investigating its use in the treatment of metastatic colorectal cancer (mCRC, Phase II) and pancreatic cancer (Phase Ib). Of these studies, the Phase II CORIST trial (NCT04652206) in mCRC is the most advanced and aims to demonstrate proof-of-concept for SCO-101 in patients with mCRC in combination with FOLFIRI (folinic acid + fluorouracil + irinotecan). Top-line results from CORIST are expected in Q322. SCO-101 is a first-in-class chemotherapy add-on that is designed to inhibit two well-documented mechanisms of chemotherapy resistance.

Management intends to use the proceeds from the rights issue to expand the clinical development of SCO-101 into earlier lines of therapy (being investigated in last-line setting) and patients with mutant-RAS mCRC. The company plans to initiate pivotal Phase II/III trials in second-line mCRC patients in 2023, provided proof-of-concept data from CORIST are supportive. We see the movement of SCO-101 up the treatment lines as an important event for value creation for Scandion Oncology. The funds raised from the rights issue will provide much needed funding for the company moving into 2023, however, as outlined in our recent initiation report, we expect the company will need to raise more capital to complete the intended pivotal Phase II/III trials.

5 July 2022

Price	**SEK7.68**
Market cap	**SEK246m**
Net cash (DKKm) at end-Q122	88.0
Shares in issue	32.1m
Free float	82%
Code	SCOL
Primary exchange	Nasdaq First North Growth Market
Secondary exchange	N/A

Share price performance



Business description

Scandion Oncology is a biotechnology company focused on the development of add-on therapies to reverse chemotherapy resistance in oncology. The company's lead asset SCO-101 is in Phase II trials for metastatic colorectal cancer and Phase Ib trials for pancreatic cancer. Proof-of-concept data, expected in Q322, will be crucial in shaping management's future development plans.

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