

Mendus AB

Company report

20.11.2024 18.00 CET



Antti Siltanen
+358 45 119 6869
antti.siltanen@inderes.fi

✓ Inderes corporate customer

inde
res.

We are discontinuing coverage

We are discontinuing our coverage of Mendus as the company has terminated the equity research agreement. Consequently, we will no longer be giving a target price (was SEK 14) or a recommendation (was Accumulate) for the stock. In the mid-term, the equity story culminates in Mendus transitioning into a Phase III company in acute myeloid leukemia (AML) indications. Achieving this requires further funding, likely via a partnering deal with a larger pharma player. We see this transition as a major value inflection point with the main risks related to clinical trial results and success in securing funding without major dilution in the number of shares outstanding. In the long-term, if supported by favorable clinical data, the lead product vididencel could be commercialized for the first indication in AML by the end of the decade. Further launches in other indications could follow in the next few years.

Mendus is focusing on AML with additional potential in ovarian cancer and soft-tissue sarcomas

Mendus' lead product, vididencel, is being developed as a maintenance therapy for AML and ovarian cancer. Results from previous trials have shown a favorable safety profile and indicated possible efficacy. A recently initiated Phase II clinical trial CADENCE is evaluating vididencel in combination with standard-of-care in AML maintenance. In parallel, the company is building pivotal-stage readiness by H2'25. This includes planning for a registrational trial in AML and building manufacturing capabilities with partner NorthX Biologics. In addition to AML, other programs include vididencel for ovarian cancer and ilixadencel for soft tissue sarcomas. Mendus has a cash runway until Q4'25, which should enable the company to conduct a data readout of the CADENCE trial and to acquire readiness to undertake a global registrational trial. We expect the launch of vididencel for the first indication (AML) in 2029, with further launches to follow in 2030 and 2031. Profitability could be achieved by 2032.

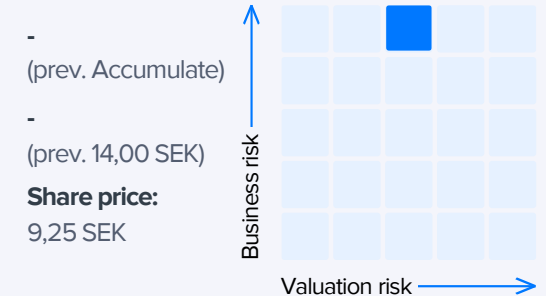
In the mid-term, the equity story culminates in Mendus transitioning into a Phase III company

We see the data readout of the CADENCE trial in H1'25 and the readiness to undertake a global registrational trial by H2'25 as the main short-term value drivers for the company. These targets should be achievable with the current cash position. In the mid-term, we see Mendus' ability to transition into a Phase III company as a major value driver. Undertaking the Phase III trial in AML will be costly and we expect Mendus to need an agreement with a larger pharma player to fund for the trial. Funding the Phase III trial by a share issue carries the risk of major dilution in the number of shares outstanding. Mendus has not commented on the possible schedule of the Phase III trial, but we estimate that patient recruitment could begin at the earliest in late 2026, assuming funding is secured well in advance.

We are discontinuing coverage of the stock

Our research coverage of Mendus has been based on an equity research service agreement between Inderes and Mendus. We will discontinue our coverage for the investor community and Mendus owners as the company has terminated the agreement. We recommend that investors follow Mendus' reporting and news feed. Equity research will continue to be available via Edison and Redeye. All of our previously published research on Mendus continues to be available in our service [here](#).

Recommendation



Key indicators

	2023	2024e	2025e	2026e
Revenue	0,0	0,0	0,0	0,0
EBIT adj.	-125,9	-123,2	-117,4	-92,4
Net Income	-126,9	-124,4	-120,4	-95,4
EPS (adj.)	-3,04	-2,47	-2,39	-1,90

P/E (adj.)	neg.	neg.	neg.	neg.
P/B	0,0	0,8	0,9	1,1
Dividend yield-%	0,0 %	0,0 %	0,0 %	0,0 %
EV/EBIT (adj.)	0,8	neg.	neg.	neg.
EV/EBITDA	0,7	neg.	neg.	neg.
EV/S	neg.	>100	>100	>100

Source: Inderes

Guidance

Mendus does not provide guidance.

Share price



Source: Millistream Market Data AB



Value drivers

- Urgent need for new cancer treatments
- Target market is estimated to grow to 9.5 BNUSD by 2030 (CAGR >8%)
- Very defensive sector with potential for high profitability
- Potential for globally sold products with annual revenue potential estimated in several billions SEK per indication.
- Potential can also materialize through a partnering agreement or an M&A deal.



Risk factors

- Therapy development requires substantial upfront investment
- Failed development is likely to result in permanent loss of invested capital
- Success depends on the safety and efficacy of the therapy candidates, which may prove to be insufficient in clinical trials
- Even if market entry is successful, the market share, sales price and royalties involve significant uncertainties

Valuation	2024e	2025e	2026e
Share price	10,0	10,0	10,0
Number of shares, millions	50,4	50,4	50,4
Market cap	504	504	504
EV	427	548	643
P/E (adj.)	neg.	neg.	neg.
P/E	neg.	neg.	neg.
P/FCF	neg.	neg.	neg.
P/B	0,8	0,9	1,1
P/S	>100	>100	>100
EV/Sales	>100	>100	>100
EV/EBITDA	neg.	neg.	neg.
EV/EBIT (adj.)	neg.	neg.	neg.
Payout ratio (%)	0,0 %	0,0 %	0,0 %
Dividend yield-%	0,0 %	0,0 %	0,0 %

Source: Inderes

Valuation table

Valuation	2020	2021	2022	2023	2024e	2025e	2026e	2027e
Share price	6,82	3,95	2,22	0,52	10,0	10,0	10,0	10,0
Number of shares, millions	8,31	9,97	9,97	41,8	50,4	50,4	50,4	50,4
Market cap	57	39	22	22	504	504	504	504
EV	-87,8	-115,9	9,5	-98,9	427	548	643	741
P/E (adj.)	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.
P/E	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.
P/FCF	neg.	neg.	neg.	neg.	neg.	neg.	neg.	neg.
P/B	0,1	0,1	0,0	0,0	0,8	0,9	1,1	1,5
P/S	>100	>100	>100	>100	>100	>100	>100	>100
EV/Sales	neg.	neg.	>100	neg.	>100	>100	>100	>100
EV/EBITDA	1,0	0,9	neg.	0,7	neg.	neg.	neg.	neg.
EV/EBIT (adj.)	1,0	0,9	neg.	0,8	neg.	neg.	neg.	neg.
Payout ratio (%)	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %
Dividend yield-%	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %

Income statement

Income statement	2021	2022	2023	Q1'24	Q2'24	Q3'24e	Q4'24e	2024e	2025e	2026e	2027e
Revenue	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EBITDA	-132,0	-138,5	-133,2	-35,3	-34,1	-22,7	-31,1	-123,2	-117,4	-92,4	-94,7
Depreciation	1,9	4,8	7,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
EBIT (excl. NRI)	-130,1	-133,7	-125,9	-35,3	-34,1	-22,7	-31,1	-123,2	-117,4	-92,4	-94,7
EBIT	-130,1	-133,7	-125,9	-35,3	-34,1	-22,7	-31,1	-123,2	-117,4	-92,4	-94,7
Net financial items	-3,3	-5,1	-1,0	-0,3	-0,3	-0,3	-0,3	-1,2	-3,0	-3,0	-3,0
PTP	-133,4	-138,8	-126,9	-35,6	-34,4	-23,0	-31,4	-124,4	-120,4	-95,4	-97,7
Taxes	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Net earnings	-133,4	-138,8	-126,9	-35,6	-34,4	-23,0	-31,4	-124,4	-120,4	-95,4	-97,7
EPS (adj.)	-13,38	-13,92	-3,04	-0,71	-0,68	-0,46	-0,62	-2,47	-2,39	-1,90	-1,94
EPS (rep.)	-13,38	-13,92	-3,04	-0,71	-0,68	-0,46	-0,62	-2,47	-2,39	-1,90	-1,94

Source: Inderes

Balance sheet

Assets	2022	2023	2024e	2025e	2026e
Non-current assets	573	568	568	568	568
Goodwill	108	108	108	108	108
Intangible assets	450	447	447	447	447
Tangible assets	13,9	11,2	11,2	11,2	11,2
Associated companies	0,0	0,0	0,0	0,0	0,0
Other investments	0,0	0,0	0,0	0,0	0,0
Other non-current assets	0,6	0,6	0,6	0,6	0,6
Deferred tax assets	0,0	0,0	0,0	0,0	0,0
Current assets	47,2	188	144	74,4	74,4
Inventories	0,0	0,0	0,0	0,0	0,0
Other current assets	1,9	64,4	64,4	64,4	64,4
Receivables	3,4	3,3	0,0	0,0	0,0
Cash and equivalents	41,9	120,8	80,0	10,0	10,0
Balance sheet total	620	756	712	642	642

Source: Inderes

Liabilities & equity	2022	2023	2024e	2025e	2026e
Equity	514	705	656	536	440
Share capital	10,0	43,2	43,2	43,2	43,2
Retained earnings	-626,0	-727,6	-852,0	-972,4	-1067,9
Hybrid bonds	0,0	0,0	0,0	0,0	0,0
Revaluation reserve	-0,2	-5,6	0,0	0,0	0,0
Other equity	1131	1395	1465	1465	1465
Minorities	0,0	0,0	0,0	0,0	0,0
Non-current liabilities	46,5	22,0	22,0	22,0	149
Deferred tax liabilities	0,0	0,0	0,0	0,0	0,0
Provisions	0,0	0,0	0,0	0,0	0,0
Interest bearing debt	0,0	0,0	0,0	0,0	127
Convertibles	0,0	0,0	0,0	0,0	0,0
Other long term liabilities	46,5	22,0	22,0	22,0	22,0
Current liabilities	59,4	29,3	33,7	84,1	52,6
Interest bearing debt	29,2	0,0	3,5	53,9	22,4
Payables	0,0	0,0	0,0	0,0	0,0
Other current liabilities	30,2	29,3	30,2	30,2	30,2
Balance sheet total	620	756	712	642	642

DCF calculation

DCF model	2023	2024e	2025e	2026e	2027e	2028e	2029e	2030e	2031e	2032e	2033e	2034e	2035e
Revenue growth-%	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %	NA	131,4 %	201,8 %	112,2 %	104,2 %	100,1 %	39,3 %
EBIT-%								-619,6 %	30,0 %	35,0 %	35,0 %	35,0 %	35,0 %
EBIT (operating profit)	-125,9	-123,2	-117,4	-92,4	-94,7	-97,0	-94,3	-90,1	13,2	32,6	66,5	133	185
+ Depreciation	-7,3	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Paid taxes	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Tax, financial expenses	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
+ Tax, financial income	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Change in working capital	-63,2	4,2	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Operating cash flow	-196,5	-119,0	-117,4	-92,4	-94,7	-97,0	-94,3	-90,1	13,2	32,6	66,5	133	185
+ Change in other long-term liabilities	-24,6	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
- Gross CAPEX	12,9	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
Free operating cash flow	-208,1	-119,0	-117,4	-92,4	-94,7	-97,0	-94,3	-90,1	13,2	32,6	66,5	133	185
+/- Other	0,0	69,1	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0	0,0
FCFF	-208,1	-49,9	-117,4	-92,4	-94,7	-97,0	-94,3	-90,1	13,2	32,6	66,5	133	185
Discounted FCFF		-49,1	-103,3	-72,6	-66,4	-60,8	-52,8	-45,0	5,9	13,0	23,7	42,4	52,7
Sum of FCFF present value		624	673	776	849	915	976	1029	1074	1068	1055	1031	989
Enterprise value DCF		624											
- Interest bearing debt		0,0											
+ Cash and cash equivalents		121											
-Minorities		0,0											
-Dividend/capital return		0,0											
Equity value DCF		745											
Equity value DCF per share		14,8											

WACC

Tax-% (WACC)	20,6 %
Target debt ratio (D/(D+E))	0,0 %
Cost of debt	10,0 %
Equity Beta	1,78
Market risk premium	4,75 %
Liquidity premium	1,00 %
Risk free interest rate	2,5 %
Cost of equity	12,0 %
Weighted average cost of capital (WACC)	12,0 %

Source: Inderes

Summary

Income statement	2021	2022	2023	2024e	2025e	Per share data	2021	2022	2023	2024e	2025e
Revenue	0,0	0,0	0,0	0,0	0,0	EPS (reported)	-13,38	-13,92	-3,04	-2,47	-2,39
EBITDA	-132,0	-138,5	-133,2	-123,2	-117,4	EPS (adj.)	-13,38	-13,92	-3,04	-2,47	-2,39
EBIT	-130,1	-133,7	-125,9	-123,2	-117,4	OCF / share	-13,48	-11,17	-4,70	-2,36	-2,33
PTP	-133,4	-138,8	-126,9	-124,4	-120,4	FCF / share	-11,52	-13,45	-4,98	-0,99	-2,33
Net Income	-133,4	-138,8	-126,9	-124,4	-120,4	Book value / share	65,87	51,59	16,86	13,03	10,64
Extraordinary items	0,0	0,0	0,0	0,0	0,0	Dividend / share	0,00	0,00	0,00	0,00	0,00
<hr/>											
Balance sheet	2021	2022	2023	2024e	2025e						
Balance sheet total	721,0	620,4	756,0	711,9	641,9						
Equity capital	656,7	514,4	704,7	656,3	535,8						
Goodwill	108,4	108,4	108,4	108,4	108,4						
Net debt	-155,3	-12,7	-120,8	-76,5	43,9						
<hr/>											
Cash flow	2021	2022	2023	2024e	2025e						
EBITDA	-132,0	-138,5	-133,2	-123,2	-117,4						
Change in working capital	-2,4	27,1	-63,2	4,2	0,0						
Operating cash flow	-134,4	-111,4	-196,5	-119,0	-117,4						
CAPEX	2,1	-32,6	12,9	0,0	0,0						
Free cash flow	-114,9	-134,1	-208,1	-49,9	-117,4						
<hr/>											
Valuation multiples	2021	2022	2023	2024e	2025e						
EV/S	neg.	>100	neg.	>100	>100						
EV/EBITDA	0,9	neg.	0,7	neg.	neg.						
EV/EBIT (adj.)	0,9	neg.	0,8	neg.	neg.						
P/E (adj.)	neg.	neg.	neg.	neg.	neg.						
P/B	0,1	0,0	0,0	0,8	0,9						
Dividend-%	0,0 %	0,0 %	0,0 %	0,0 %	0,0 %						

Source: Inderes

Disclaimer and recommendation history

The information presented in Inderes reports is obtained from several different public sources that Inderes considers to be reliable. Inderes aims to use reliable and comprehensive information, but Inderes does not guarantee the accuracy of the presented information. Any opinions, estimates and forecasts represent the views of the authors. Inderes is not responsible for the content or accuracy of the presented information. Inderes and its employees are also not responsible for the financial outcomes of investment decisions made based on the reports or any direct or indirect damage caused by the use of the information. The information used in producing the reports may change quickly. Inderes makes no commitment to announcing any potential changes to the presented information and opinions.

The reports produced by Inderes are intended for informational use only. The reports should not be construed as offers or advice to buy, sell or subscribe investment products. Customers should also understand that past performance is not a guarantee of future results. When making investment decisions, customers must base their decisions on their own research and their estimates of the factors that influence the value of the investment and take into account their objectives and financial position and use advisors as necessary. Customers are responsible for their investment decisions and their financial outcomes.

Reports produced by Inderes may not be edited, copied or made available to others in their entirety, or in part, without Inderes' written consent. No part of this report, or the report as a whole, shall be transferred or shared in any form to the United States, Canada or Japan or the citizens of the aforementioned countries. The legislation of other countries may also lay down restrictions pertaining to the distribution of the information contained in this report. Any individuals who may be subject to such restrictions must take said restrictions into account.

Inderes issues target prices for the shares it follows. The recommendation methodology used by Inderes is based on the share's 12-month expected total shareholder return (including the share price and dividends) and takes into account Inderes' view of the risk associated with the expected returns. The recommendation policy consists of four tiers: Sell, Reduce, Accumulate and Buy. As a rule, Inderes' investment recommendations and target prices are reviewed at least 2–4 times per year in connection with the companies' interim reports, but the recommendations and target prices may also be changed at other times depending on the market conditions. The issued recommendations and target prices do not guarantee that the share price will develop in line with the estimate. Inderes primarily uses the following valuation methods in determining target prices and recommendations: Cash flow analysis (DCF), valuation multiples, peer group analysis and sum of parts analysis. The valuation methods and target price criteria used are always company-specific and they may vary significantly depending on the company and (or) industry.

Inderes' recommendation policy is based on the following distribution relative to the 12-month risk-adjusted expected total shareholder return.

Buy	The 12-month risk-adjusted expected shareholder return of the share is very attractive
Accumulate	The 12-month risk-adjusted expected shareholder return of the share is attractive
Reduce	The 12-month risk-adjusted expected shareholder return of the share is weak
Sell	The 12-month risk-adjusted expected shareholder return of the share is very weak

The assessment of the 12-month risk-adjusted expected total shareholder return based on the above-mentioned definitions is company-specific and subjective. Consequently, similar 12-month expected total shareholder returns between different shares may result in different recommendations, and the recommendations and 12-month expected total shareholder returns between different shares should not be compared with each other. The counterpart of the expected total shareholder return is Inderes' view of the risk taken by the investor, which varies considerably between companies and scenarios. Thus, a high expected total shareholder return does not necessarily lead to positive performance when the risks are exceptionally high and, correspondingly, a low expected total shareholder return does not necessarily lead to a negative recommendation if Inderes considers the risks to be moderate.

The analysts who produce Inderes' research and Inderes employees cannot have 1) shareholdings that exceed the threshold of significant financial gain or 2) shareholdings exceeding 1% in any company subject to Inderes' research activities. Inderes Oyj can only own shares in the target companies it follows to the extent shown in the company's model portfolio investing real funds. All of Inderes Oyj's shareholdings are presented in itemised form in the model portfolio. Inderes Oyj does not have other shareholdings in the target companies analysed. The remuneration of the analysts who produce the analysis are not directly or indirectly linked to the issued recommendation or views. Inderes Oyj does not have investment bank operations.

Inderes or its partners whose customer relationships may have a financial impact on Inderes may, in their business operations, seek assignments with various issuers with respect to services provided by Inderes or its partners. Thus, Inderes may be in a direct or indirect contractual relationship with an issuer that is the subject of research activities. Inderes and its partners may provide investor relations services to issuers. The aim of such services is to improve communication between the company and the capital markets. These services include the organisation of investor events, advisory services related to investor relations and the production of investor research reports.

More information about research disclaimers can be found at www.inderes.fi/research-disclaimer.

Inderes has made an agreement with the issuer and target of this report, which entails compiling a research report.

Recommendation history (>12 mo)

Date	Recommendation	Target	Share price
10.4.2024	Accumulate	0,70	0,49
20.5.2024	Buy	0,70	0,45
<i>Reverse stock split 1:20</i>			
26.8.2024	Buy	14,00	7,93
11.11.2024	Accumulate	14,00	10,00
15.11.2024	Coverage discontinued		9,25



Inderes democratizes investor information by connecting investors and listed companies.

We help over 400 listed companies better serve investors. Our investor community is home to over 70,000 active members.

We build solutions for listed companies that enable frictionless and effective investor relations. For listed companies, we offer Commissioned Research, IR Events, AGMs, and IR Software.

Inderes is listed on the Nasdaq First North growth market and operates in Finland, Sweden, Norway, and Denmark.

Inderes Oyj

Itämerentori 2

FI-00180 Helsinki, Finland

+358 10 219 4690

Award-winning research at [inderes.fi](https://www.inderes.fi)



**STARMINE
ANALYST AWARDS
FROM REFINITIV**



THOMSON REUTERS
ANALYST AWARDS



Juha Kinnunen
2012, 2016, 2017, 2018, 2019, 2020



Mikael Rautanen
2014, 2016, 2017, 2019



Sauli Vilén
2012, 2016, 2018, 2019, 2020



Antti Viljakainen
2014, 2015, 2016, 2018, 2019, 2020



Olli Koponen
2020



Joni Grönqvist
2019, 2020



Erkki Vesola
2018, 2020



Petri Gostowski
2020



Atte Riikola
2020

**Connecting investors
and listed companies.**