

Update: Report Q2 2024

2024-08-29

CombiGene: Advancements according to plan

- New agreement with Spark Therapeutics regarding CG01
- Activities advances the COZY programme
- We keep our fair value of SEK 12.19 per share

Analysts

Tobias Karlsson
076-8337098
tobias.karlsson@vhcorp.se

Martin Dominique
073-3607085
martin.dominique@vhcorp.se

Stock ticker: COMBI
Industry: Biotech
Listed on: Nasdaq First North
Latest share price (SEK): 2,8
Market cap (MSEK): 55,0
Enterprise Value (MSEK): na
Total number of shares (M): 19,8
- of which free float (M): 13,6

VHCF fair value per share
DCF model SEK 12.19

CombiGene
Address: Agavägen 52A
181 55 Lidingö
Webpage: combigene.com
CEO: Peter Ekolind

Main owners (30 Jun 2024)

	Capital (%)
Orphazyme AS	10,0
Nordqvist, Ivar	9,5
Avanza Pension	6,0
M&L Industriförvaltning AB	3,0
Nordnet Pensionsförsäkring AB	2,6

Share price history (SEK)



	-1m	-3m	-12m
Change (%)	-4,8	-18,0	-56,6
52 w k range (Low /Hi) - SEK	2.3 / 6.4		

Source: Västra Hamnen Corporate Finance

The most significant event during **CombiGene's** Q2 was the new license agreement with **Spark Therapeutics**. The terms for returning *CG01* is now formalised. CombiGene will receive data from past and current studies conducted by Spark, and Spark will be entitled a single digit sales royalty from an approved product.

In the [web conference](#), CEO **Peter Ekolind** explained that the data from Spark will be valuable information in finding a new licensee to the project.

Within COZY, CombiGene has advanced the programme through several activities. Most significantly, a study confirmed that the target protein was expressed in human peripheral neuronal tissue. The results support further development of the programme, including the peptide treatment COZY01 and the gene therapy COZY02.

Financially, the company reported a cash flow of MSEK -17.8 for Q2 and the cash holdings amounted to MSEK 83.5 by the end of June. As expected, no revenue was reported and costs were in line with our estimates.

As there were no significant financial surprises in the report, we repeat our risk adjusted fair value of SEK 12.19 per share.

Table 1: Valuation - SEK per share (left), MSEK market cap (right)

CG01	4,73	94
COZY01	3,57	71
COZY02	3,90	77
Sum	12,19	241

Source: Västra Hamnen Corporate Finance

Access to CG01 data**New license agreement with Spark Therapeutics**

In June, CombiGene and Spark Therapeutics agreed on the terms for returning the epilepsy project CG01 to CombiGene. Spark will share study data and other progress, including data from an ongoing study. CombiGene will gain access to the data no later than Q4 2024. In exchange, Spark is entitled to a single-digit percentage in royalties on future net sales of licensed products originating from CG01.

Finding a licensee for CG01

CombiGene sees great potential in CG01 and is committed to finding a new licensee for the project. The company is engaged in discussions with potential partners, but it is difficult to predict when these might materialize into an actual deal. Access to the full data will be valuable to CombiGene in these negotiations.

Advancing with planned activities**The COZY programme advances**

The COZY program is progressing as the company has undertaken several activities. A study confirmed that the target protein PICK1 (protein interacting with C kinase) is expressed in human peripheral neuronal tissue. This result marks a milestone for the COZY program, supporting the next step in development.

With the support of a **Eurostars** grant, CombiGene has initiated the development of a simple formulation of COZY01, intended for the first human studies. The company also plans to explore more advanced formulations. Progress in COZY02 is still in the early phases, and CombiGene hopes this will lead to the identification of a viable drug candidate.

Learn more about CG01, the COZY programme and our financial model in our [initiation report](#) published in June 2024.

Anna Ericsson new CSO**New CSO appointed**

During Q2, CombiGene appointed **Annika Ericsson** as new Chief Scientific Officer, replacing **Karin Agerman** who decided to leave the company. Ericsson joined the company in 2018 and has been involved in the preclinical testing of CG01, and as project manager for COZY-02.

Financial development

CombiGene reported an operating cash flow of MSEK -17.8, with cash holdings of MSEK 83.5 at the end of Q2. The costs are primarily driven by the volume of development activities undertaken. The company must balance the pace of development with its financial resources.

We keep our fair value of SEK 12.19 per share

Short term, the recent activities and the financial situation do not prompt any changes in our financial model. The outlicensing of CG01 will add significant value, as would the addition of new projects to the pipeline.

In summary, we maintain our fair value of SEK 12.19 per share.

Upcoming triggers

- Development activities in the COZY programme
- Receiving the final data from Spark Therapeutics regarding CG01
- Inlicensing of new projects
- The outlicensing of CG01

Income Statement - Annual Data

TSEK	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Net revenues	84 042	26 700	5 544	326	0	0	0	0
Other revenues	0	14 552	1 464	0	0	0	0	0
Total revenues	84 042	41 252	7 008	326	0	0	0	0
Cost of goods sold	0	0	0	0	0	0	0	0
Personnel costs	-11 692	-13 032	-14 868	-15 473	-16 694	-18 043	-19 513	-21 105
Other external costs	-54 591	-32 494	-26 834	-24 599	-26 276	-42 511	-72 135	-128 375
Other operating expenses	-1 677	0	-1 281	0	0	0	0	0
EBITDA	16 082	-4 275	-35 975	-39 746	-42 970	-60 554	-91 648	-149 480
Amortisation & depreciation	-2 596	-300	-2 624	-3 150	-3 479	-3 634	-3 797	-3 967
EBIT	13 486	-4 575	-38 599	-42 897	-46 450	-64 188	-95 445	-153 447
Financials, net	0	-1 505	2 935	0	0	0	0	0
EBT	13 486	-6 079	-35 665	-42 897	-46 450	-64 188	-95 445	-153 447
Taxes	0	0	0	0	0	0	0	0
Net profit	13 486	-6 079	-35 665	-42 897	-46 450	-64 188	-95 445	-153 447
Earnings per share (SEK)	0,00	0,00	0,00	0,00	0,00	0,00	0,00	0,00
Growth (%)								
Net revenues	na	-68,2%	-79,2%	na	na	na	na	na
EBITDA	na	na	na	na	na	na	na	na
EBIT	na	na	na	na	na	na	na	na
Net profit	na	na	na	na	na	na	na	na
% of revenues (%)								
EBITDA margin	19,1%	na	na	na	na	na	na	na
EBIT margin	16,0%	na	na	na	na	na	na	na
EBT margin	16,0%	na	na	na	na	na	na	na
Profit margin	16,0%	na	na	na	na	na	na	na
Personnel costs	13,9%	48,8%	268,2%	4746,4%	na	na	na	na
Total OPEX	80,9%	170,5%	775,3%	12292,2%	na	na	na	na
Profitability (%)								
ROE	8,5%	na	na	na	na	na	na	na
ROIC	49,7%	na	na	na	na	na	0,0%	0,0%

Source: Västra Hamnen Corporate Finance

Balance Sheet - Annual Data

TSEK	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Inventories	0	0	0	0	0	0	0	0
Receivables	0	4 216	0	0	0	0	0	0
Other short-term receivables	686	1 395	1 799	1 697	1 741	1 763	1 771	1 774
Prepaid costs & accrued incc	7 193	1 829	0	0	0	0	0	0
Cash and cash equivalents	136 744	131 777	101 440	63 296	16 111	151 177	54 970	500 731
Total current assets	144 623	139 217	103 239	64 993	17 852	152 940	56 741	502 504
Tangible assets	0	0	851	794	859	930	1 007	1 090
Intangible assets	21 599	19 004	16 518	15 526	16 156	16 812	17 495	18 205
Financial assets	0	0	5	5	5	5	5	5
Total fixed assets	21 599	19 004	17 374	16 325	17 021	17 747	18 507	19 300
Total assets	166 222	158 221	120 613	81 318	34 872	170 688	75 247	521 804
Accounts payable	3 377	1 788	0	0	0	0	0	0
Accrued cost & prepaid incor	3 844	3 720	0	0	0	0	0	0
Other short term liabilities	700	513	4 156	6 219	6 223	6 227	6 231	6 235
Short term tax liabilities	21	77	0	0	0	0	0	0
Total current liabilities	7 942	6 099	4 156	6 219	6 223	6 227	6 231	6 235
Long term liabilities	0	0	0	0	0	0	0	0
Total equity	158 279	152 122	116 457	75 100	28 650	164 462	69 017	515 570
Total equity and liabilities	166 221	158 221	120 613	81 319	34 873	170 689	75 248	521 805

Source: Västra Hamnen Corporate Finance

Cash flow statement

TSEK	2021	2022	2023	2024e	2025e	2026e	2027e	2028e
Operating activities	23 560	-15 261	-34 255	-38 288	-42 970	-60 554	-91 648	-149 480
Changes in working capital	-1 445	-1 404	3 697	2 255	-40	-18	-3	1
Investing activities	-148	0	-989	-2 020	-4 175	-4 361	-4 556	-4 760
Financing activities	65 881	0	0	0	0	200 000	0	600 000
Cash flow for the period	87 848	-16 666	-31 546	-38 054	-47 185	135 066	-96 207	445 761
Other adjustments		11 704	1 213					
Beginning cash balance	48 891	136 739	131 777	84 791	46 738	-448	134 619	38 411
Ending cash balance	136 739	131 777	101 444	46 738	-448	134 619	38 411	484 172

Source: Västra Hamnen Corporate Finance

Income Statement - Quarterly Data

TSEK	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024e	Q4 2024e	Q1 2025e
Net revenues	1 788	992	596	326	0	0	0	0
Other revenues	1 413	173	875	1 042	416	0	0	0
Total revenues	3 201	1 165	1 471	1 368	416	0	0	0
Cost of goods sold	0	0	0	0	0	0	0	0
Personnel costs	-4 060	-2 804	-4 504	-3 707	-4 075	-3 696	-3 995	-4 062
Other external costs	-4 778	-5 985	-4 307	-11 162	-3 216	-4 986	-5 235	-5 497
Other operating expenses	0	-127	-1 281	0	0	0	0	0
EBITDA	-5 637	-7 751	-8 621	-13 501	-6 875	-8 682	-9 231	-9 559
Amortisation & depreciation	-649	-649	-678	-693	-774	-837	-846	-856
EBIT	-6 286	-8 400	-9 299	-14 194	-7 649	-9 519	-10 077	-10 414
Financials, net	0	-4	0	0	0	0	0	0
EBT	-6 286	-8 404	-9 299	-14 194	-7 649	-9 519	-10 077	-10 414
Taxes	0	0	0	0	0	0	0	0
Net profit	-6 286	-8 404	-9 299	-14 194	-7 649	-9 519	-10 077	-10 414
Earnings per share (SEK)	-0,00	-0,00	-0,00	-0,00	-0,00	na	na	na
Y-o-Y Growth (%)								
Net revenues	-62,3%	-81,0%	-88,9%	na	na	na	na	na
EBITDA	na	na	na	na	na	na	na	na
EBIT	na	na	na	na	na	na	na	na
Net profit	na	na	na	na	na	na	na	na
% of revenues (%)								
EBITDA margin	na	na	na	na	na	na	na	na
EBIT margin	na	na	na	na	na	na	na	na
EBT margin	na	na	na	na	na	na	na	na
Profit margin	na	na	na	na	na	na	na	na
Personnel costs	126,8%	240,7%	306,2%	271,0%	979,6%	na	na	na
Total OPEX	276,1%	765,3%	686,1%	1086,9%	1752,6%	na	na	na
Profitability (%)								
ROE	na	na	na	na	na	na	na	na
ROIC	na	na	na	na	na	0,0%	0,0%	0,0%

Source: Västra Hamnen Corporate Finance

Balance Sheet - Quarterly Data

TSEK	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024e	Q4 2024e	Q1 2025e
Inventories	0	0	0	0	0	0	0	0
Receivables	1 032	183	0	0	0	0	0	0
Other short-term receivables	3 344	3 706	1 799	1 480	1 111	2 393	1 697	1 671
Accrued cost & prepaid incor	0	0	0	0	0	0	0	0
Cash and cash equivalents	115 442	107 187	101 440	90 318	83 553	72 845	63 296	52 737
Total current assets	119 818	111 076	103 239	91 798	84 664	75 238	64 993	54 409
Tangible assets	0	0	851	807	763	778	794	810
Finacial assets	5	5	5	5	5	5	5	5
Intangible assets	17 815	17 167	16 518	15 869	15 220	15 372	15 526	15 681
Total fixed assets	17 820	17 172	17 374	16 681	15 988	16 155	16 325	16 496
Total assets	137 638	128 248	120 613	108 479	100 652	91 394	81 318	70 904
Accounts payable	0	0	0	0	0	0	0	0
Other short term liabilities	6 419	5 431	4 156	6 216	5 957	6 218	6 219	6 220
Short term tax liabilities	0	0	0	0	0	0	0	0
Accrued cost & prepaid incor	0	0	0	0	0	0	0	0
Total current liabilities	6 419	5 431	4 156	6 216	5 957	6 218	6 219	6 220
Long term liabilities	0	0	0	0	0	0	0	0
Total equity	131 220	122 817	116 457	102 263	94 696	85 177	75 100	64 685
Total equity and liabilities	137 639	128 248	120 613	108 479	100 653	91 395	81 319	70 905

Source: Västra Hamnen Corporate Finance

Cash flow statement

TSEK	Q2 2023	Q3 2023	Q4 2023	Q1 2024	Q2 2024	Q3 2024e	Q4 2024e	Q1 2025e
Operating activities	-6 640	-6 703	-10 751	-13 501	-6 875	-8 682	-9 231	-9 559
Changes in working capital	578	-501	815	3 566	-987	-1 021	697	27
Investing activities	-5	0	-880	0	0	-1 005	-1 016	-1 027
Financing activities	0	0	0	0	0	0	0	0
Cash flow for the period	-6 067	-7 204	-10 816	-9 935	-7 862	-10 708	-9 549	-10 559
Other adjustments								
Beginning cash balance	120 506	115 442	107 187	101 440	90 318	83 553	72 845	63 296
Ending cash balance	115 442	107 187	101 440	90 318	83 553	72 845	63 296	52 737

Source: Västra Hamnen Corporate Finance

Disclaimer

This marketing material has been prepared by Västra Hamnen Corporate Finance AB ("Västra Hamnen").

The material has not been prepared in accordance with the regulations designed to promote the independence of investment research and it is not subject to any legal prohibition on dealing ahead of the dissemination of the report.

The material has been prepared on the basis of publicly available information that Västra Hamnen has deemed to be reliable. However, it cannot be guaranteed that the information is correct. The material is published for marketing purposes and does not purport to constitute a basis for any investment decision. The information provided herein does not constitute investment advice and neither does the information take into consideration the individual needs, goals and circumstances of any particular recipient of this material. The reader is recommended to seek supplementary information elsewhere and to obtain relevant and specific professional advice before making any investment decision.

All views, opinions and conclusions communicated through this material shall be seen as valid on the publication date of this report only and are subject to change without notice. None of the information herein shall be construed as a recommendation or solicitation for the purchase or sale of any financial instrument.

In no event will Västra Hamnen be liable for direct, indirect or incidental damages resulting from the information in this report. Financial instruments can decrease as well as increase in value. Past performance is not indicative of future results.

The material is not directed at any such person, physical or legal, to whom the distribution of such material would imply a risk of violation of any laws or regulations applicable in Sweden or any other jurisdiction.

Contents of this report shall not be copied, reproduced or distributed to any third party without prior written permission from Västra Hamnen.

Conflicts of interest

Recipients should note that this material has been commissioned by the company mentioned in this report and that Västra Hamnen has received remuneration from the company for the production of the report. The remuneration is fixed and predetermined and in no way dependent on the content of the report or the views expressed herein.

The company mentioned in the report has reviewed the material prior to publication. The recipient may assume that this review has led to changes in the factual information presented in the report. Any assumptions, conclusions and scenarios are however the result of Västra Hamnen's own analysis of available information.

Västra Hamnen has internal rules prohibiting all of its employees from buying or selling shares issued by companies with which Västra Hamnen has ongoing agreements to produce marketing material like the present.

Västra Hamnen has a separate agreement with CombiGene to act as its Certified Adviser on Nasdaq First North Growth Market Stockholm.

Västra Hamnen Corporate Finance AB

Stortorget 13 A

211 22 Malmö

Telefon: +46 40 200 250

E-post: info@vhcorp.se

