

## Precise testing ready to take the lead

Mangold is initiating coverage of 2cureX with a strong buy recommendation and a price target of SEK 48 over a 12 months' period. 2cureX is a Danish medtech company that has developed IndiTreat, a test that will improve cancer treatment by identifying the right drug and making treatment more individualised. 2cureX has initially chosen to position IndiTreat for colorectal cancer. The company intends to develop IndiTreat for other cancer variations, which in turn increases the company's potential.

## Cancer cases are increasing, as is the number of treatments

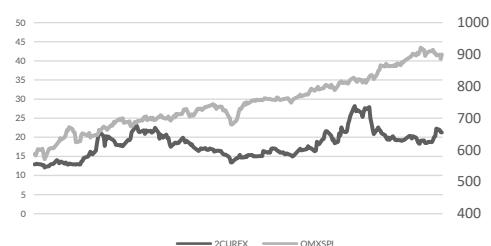
2cureX has bolstered its management team with the aim of commercialising IndiTreat in Europe. Mangold has chosen to base its projections on an intended market share for tests on patients in the late stage of colorectal cancer. We expect the growth rate during the forecasted period up until 2027, to average 70 percent a year. This results in a turnover of over SEK 300 million at the end of our projection period. In our analysis we have chosen to apply the industry operating margin of almost 40 percent.

## ASCO – a springboard into Europe

Mangold values 2cureX using a DCF-model, which shows an upside of over 120 percent in a base-case scenario. 2cureX faces limited competition on the intended market and is therefore expected to capture market share quickly. Important catalysts for the share will be the upcoming ASCO Annual Meeting in June, getting sales up and running, and the continued development of IndiTreat for more cancer variations.

## Information

Price target	Buy 48 SEK
Risk	High
Price (SEK)	21,50
Market value (MSEK)	319
No. of shares (million)	14.9
Free float	70.4%
Ticker	2CUREX
Next report	27 May 2021
Website	<a href="https://2curex.com">2curex.com</a>
Analyst	Jan Glevén



## Share price performance %

	1 m	3 m	12 m
2CUREX	10,6	15,4	67,7
OMXSPI	4,3	14,6	48,4

## Key ratios

	2019	2020	2021P	2022P	2023P
Revenue (MSEK)	12.0*	15.4*	13.8	27.7	55.4
EBIT (MSEK)	-8.7	-7.4	-8.1	-3.9	6.2
Profit/loss before tax (MSEK)	-9.4	-8.6	-8.8	-4.6	5.5
EPS, adjusted (SEK)	-0.64	-0.59	-0.71	-0.37	0.35
EV/Sales	44.7	34.8	38.6	19.3	9.7
EV/EBITDA	neg	neg	-66.4	-138.0	85.5
EV/EBIT	neg	neg	-65.9	-136.1	86.2
P/E	neg	neg	-26.1	-49.7	53.5

\*Funds (not sales)

## Ownership structure

	Shares	Capital
Ole Thastrup	3,778,304	25.4%
Avanza Pension	1,127,399	7.6%
Clear Stream Banking	943,193	6.3%
Grith Hagel	619,735	4.2%
SVM Förvaltning mbH	386,000	2.6%
Nordnet Pensionsförsäkring	374,543	2.5%
Futur Pension	350,000	2.4%
Commerzbank	309,687	2.1%
Total	14,856,600	100%

# 2cureX – Investment case

## **Precise testing ready to take the lead**

Mangold initiate coverage of 2cureX with a strong buy recommendation and a price target of SEK 48 in 12 months' time. This implies an upside in the share of over 120 percent. 2cureX is a Danish medtech company that has developed IndiTreat, a test that will improve cancer treatment by identifying the right drug and making treatment more individualised; also known as precision medicine. The company has chosen to position IndiTreat for colorectal cancer, but also intends to develop it for other cancer variations, such as ovarian and pancreatic cancer, which increases the potential and strengthens the investment case.

*Buy the share with a price target of SEK 48.*

*Upside in share of over 120 percent*

## **IndiTreat enables individualised treatment**

The number of cases of cancer is rising globally, as is the number of drugs used to treat the disease. The majority of all cancer treatment is unsuccessful, making it costly and inefficient for healthcare. This leads to unnecessary suffering for the patient. 2cureX has developed IndiTreat to help oncologists (doctors specialising in cancer) to identify the right drug for patients diagnosed with colorectal cancer. Standard treatments are not enough; instead the treatment needs to be individualised, which is where IndiTreat can help.

*Unique test for better cancer treatment could become standard*

## **ASCO annual Meeting - a springboard**

IndiTreat has shown positive results in clinical trials. These results will be presented at the upcoming ASCO Annual Meeting in June, which is taking place online. This is the most important and most influential congress within cancer care, which will help raise the profile of IndiTreat and thus help the company to grow rapidly on the European market.

*ASCO Annual Meeting shows the way (American Society of Clinical Oncology)*

## **Commercialisation the next step**

The company has bolstered its management team with a new CEO who has previous experience from commercialising medtech products. This bodes well for 2cureX's chances of quickly reaching out to the intended market with IndiTreat. Long-term relationships with university hospitals also benefit the company as they can be used as good reference cases. The company is starting with cancer clinics in the Nordics and will then add more countries in Europe. Large hospitals will then be cultivated, and in the long term the company may take IndiTreat to Asia and North America.

*IndiTreat – ready for Europe*

## **Potential for IndiTreat**

Mangold has chosen to base its projections on an intended market share for tests on patients with colorectal cancer. This provides a relatively large market for the company to grow on for some years. Over a seven-year period Mangold sees that 2cureX could have a turnover of SEK 300 million. Mangold is also of the opinion that achieving an operating margin of almost 40 percent by the end of the projection period is reasonable. Mangold has reviewed the competitive landscape for 2cureX and does not see any immediate threat. There are no companies that use their tests for medical advisory purposes like 2cureX, which indicates that IndiTreat may take the lead in the fight for improved cancer treatment.

*2cureX has an advantage – weak competition*

*Large market to grow on*

# 2cureX – Company and management

## The company in brief

2cureX has developed IndiTreat (individual treatment design), which is intended to be used to ensure the most optimal treatment method for every single cancer patient. This is achieved by taking samples of the cancer tissue from the patient and then testing all conceivable treatments on the tissue, before consulting the doctor about which drugs are the most effective. 2cureX has chosen to position IndiTreat for colorectal cancer, but it also intends to develop the product for more variations. 2cureX is a Danish medtech company established in 2007. The company has been listed on the Nasdaq Stockholm First North Growth Market since 2017. It was originally a spin-off from the Carlsberg Research Center and was then established as a company in Hamburg, Germany in 2015.

*IndiTreat – for optimal cancer treatment*

*IndiTreat developed for multiple variations*

## Management

Fernando Andreu became the CEO of the company in 2021. He has an MBA from Esade Business School in Barcelona and extensive experience within medtech, plus experience of commercialising products in the in vitro diagnostics (IVD) segment. He was previously CEO of Indivumed Inc and of a subsidiary to the Japanese Sysmex. Fernando Andreu has also held senior roles at Chiron Diagnostics and Roche Diagnostics.

*New experienced CEO at the helm*

Ole Thastrup is the Chief Scientific Officer (CSO). He was previously the CEO from when the company was founded. He has a masters degree in Pharmacy and a doctorate (PhD) in pharmacology and medical chemistry. Ole Thastrup was formerly responsible for Carlsberg's biomedical research. He was also CSO for Bioimage, a spin-off from the Danish pharma company Novo Nordisk. He is also the largest shareholder of 2cureX.

*Ole Thastrup – one of the company's key figures and its largest shareholder*

Kenneth Graabek Johansen became CFO in 2021. He has previous business development experience from senior roles as CFO and COO for an array of Danish biotech companies, such as Raven Biosciences and Qiagen Denmark. He also has artificial intelligence experience and several years of auditing experience work from KPMG in Denmark.

*New CFO with a solid background*

The management team also includes Maarten van der Linden, CBO (Chief Business Officer); Henrik Harling, CMO (Chief Medical Officer); Grith Hagel, COO (Chief Operating Officer) and a co-founder of the company; and Jürgen Kupper, the Managing Director of 2cureX in Germany.

*Grith Hagel – one of the co-founders*

*See appendix for information on the board*

# 2cureX – The business

## Product and strategy

IndiTreat aims to help oncologists, i.e. doctors specialising in cancer, to determine which of the available drugs is most likely to be effective for an individual patient. This is becoming increasingly important as the number of drugs approved by the FDA and EMA to treat cancer is increasing dramatically. Cancer used to be treated in a standardised way with a number of different treatment methods, which is ineffective and expensive. 2cureX aims to improve cancer treatment by making it more patient specific, and it can be used during several different stages of a cancer patient's treatment.

*IndiTreat – contributes to improved cancer treatment for each individual patient*

## Individualised treatment

IndiTreat can be used in several stages of a patient's treatment journey, and thereby improve the overall patient outcome. During the pandemic the number of new cancer diagnoses has fallen, as a result of fewer visits to the doctor. Once the pandemic subsides and normal healthcare get reprioritised, the number of cancer patients in a later stage of the disease and in need of more advanced treatment is expected to increase. In such a scenario, IndiTreat can help improve cancer care and keep costs down. According to a survey by Incentive Health Economics, the use of IndiTreat has been shown to increase quality of life amongst patients. It has also proven to be more cost effective to use IndiTreat, which improves the incremental cost effectiveness ratio (ICER).

*Increased life expectancy with IndiTreat*

*Individuals are different and require individualised drugs*

IndiTreat is based on the fact that no two individuals are identical, and therefore do not react to drug treatment in the same way. As there is a high level of uncertainty regarding the efficacy of some drugs, clinics can use IndiTreat to test all the available drugs on the individual patient's cancer tissue, without the patient being affected.

## Colorectal cancer – a first step

2cureX has initially chosen to focus on colorectal cancer, the second most common cancer among women and the third most common among men. This cancer requires repeated treatment due to its resistance. As a result, the need for individual treatment has increased. 2cureX also intends to develop IndiTreat for other variations, such as ovarian cancer and pancreatic cancer.

*IndiTreat can help reduce resistance*

## The benefits of IndiTreat

Cancer treatments are often ineffective. Ernst&Young reports that approximately 70 percent of all cancer treatments are unsuccessful. This creates difficulties for clinics and suffering for patients. Unsatisfactory cancer therapy also incurs major costs for society. Examining the individual's cancer tissue using IndiTreat increases the probability of patients being prescribed the right drug. The patients' quality of life increases, while at the same time the risk of developing drug resistance decreases. From a societal perspective, IndiTreat improves the incremental cost effectiveness ratio (ICER), according to a survey by Incentive Health Economics. ICER is used to examine how cost-effective an innovation is in relation to the benefit it creates for the patient.

*The majority of all cancer treatment is unsuccessful – IndiTreat can contribute to improvement*

# 2cureX – Process

## The IndiTreat test process

- The process for using IndiTreat begins with the doctor consulting the patient about the benefits and risks of a chemosensitivity assay, which the use of IndiTreat requires.
- The doctor then carries out a biopsy of the patient's primary tumour or of a metastasis, which is usually found in the liver. The tumour is then placed in a special medium that preserves the original properties of the tumour. The tumour is then transported to a 2cureX laboratory within 24 hours.
- Once the tumour has arrived at the laboratory, 2cureX creates several hundred three-dimensional microtumours.
- Individual drugs and combinations of drugs are then applied to the microtumours. These microtumours are monitored, usually up to 14 days.
- After this, the various treatments are analysed to examine which drugs the cancer tissue is resistant to and which drugs are effective against the cancerous tissue. Once 2cureX has analysed the tumours, a drug sensitivity report is sent to the patient's doctor with information on how the different drugs affect the microtumours.
- Based on the results from the IndiTreat report and any other information about the patient's medical background, the doctor can choose the most appropriate treatment for the patient.

*A biopsy of the tumour is taken from the patient*

*Cancer drugs are tested on microtumours*

## Commercial partners

2cureX has chosen to sign business and distribution agreements with a number of companies in Europe. The company also has far-reaching collaborations with Vejle and Bispebjerg University hospitals in Denmark. In addition, there are collaborations with hospitals in Skåne (Sweden), the UK and Germany.

*Several collaborations with university hospitals*

In 2019, 2cureX signed a commercial agreement with Docrates, a private hospital based in the Nordics. The partnership with Docrates covers the Finnish and Baltic markets. During the first quarter of 2020, an agreement was signed with Swedish Yourrad, which operates in the Nordic markets. In the same period the company also signed agreements with Paralax Life Science Group, under which they will initially distribute IndiTreat in Bulgaria and eventually in other countries in Eastern Europe. 2cureX has also entered into a partnership with LAB52, whose reach covers Portugal and Spain.

*Several agreements for commercialisation*

# 2cureX – Studies

## Results to be presented at the ASCO Annual Meeting

The company has conducted clinical trials of IndiTreat for colorectal cancer with positive results. These results were partially disclosed in early March, with some restrictions, by the American Society of Clinical Oncology (ASCO). The trial will be presented in full at the ASCO Annual Meeting in early June. The company has achieved the goals set out in the trial. Improvements have been seen in progression-free cancer eight weeks after the start of treatment, i.e. no symptoms or signs of illness were evident during the period after treatment. Mangold interprets these results very positively. The company is unable to provide an interpretation, due to restrictions ahead of the presentation at the ASCO Annual Meeting. The ASCO Annual Meeting is the world's largest cancer congress, where the most important trials of cancer treatments are presented.

*American congress a launchpad*

*Unable to provide interpretation before ASCO*

2cureX began clinical trials with IndiTreat for colorectal cancer in 2017. The patients recruited for the trials have had metastatic colorectal cancer that has not responded to the usual treatment of cytostatics, such as Folfox and Folfri, and Cetuximab, an antibody that acts as a cytotoxin. The company has also commenced trials into ovarian cancer and pancreatic cancer. A collaboration with Scandion Oncology regarding breast cancer patients has also been initiated.

*Trials on other forms of cancer have begun*

A 2cureX clinical trial of IndiTreat for colorectal cancer (TICC) showed positive results in an interim trial in 2019. The trial covered eight people who had developed an advanced form of colorectal cancer and who, despite two previous rounds of standard treatment, had developed cancer. Based on these positive interim results, 2cureX and Vejle University Hospital will complete the clinical trial.

*Positive result for TICC trial*

2cureX and its business partner Vejle University Hospital chose to include off-label drugs in the trial due to resistance to standard treatments. Off-label drugs are drugs that have been approved to treat cancer in other cancer variations, but are not included in the standard treatment of colorectal cancer.

*Off-label drugs provide an edge*

## Other trials with IndiTreat

Together with the University Hospital in Vejle, a preliminary clinical trial of IndiTreat is under way for pancreatic cancer. The aim of the trial is to identify the most effective treatment for the disease. The trial commenced in 2018 and the outcome data will be collected up to and including 2023. The costs for the trial are shared by 2cureX and Vejle University Hospital. A preliminary clinical trial of IndiTreat for ovarian cancer, carried out with Rigshospitalet in Denmark and the University Medical Center Hamburg-Eppendorf, also began in 2018.

*Vejle university hospital – a long-term partner*

# 2cureX – Market

## Sales of IndiTreat

2cureX will initially sell IndiTreat to selected cancer clinics in the Nordic region and in selected European countries, both via distributors and its own sales organisation. The IndiTreat test will be sold within the framework of an evaluation agreement, which aims to enable the client to validate the product and to convince the client that IndiTreat is well suited for use in their clinics.

*Will reach market via distributors and own sales force*

2cureX gets paid for each patient the company tests, a business model that clinics are already accustomed to. The price varies and correlates to the volumes ordered by the individual client. In general, established cancer treatments are usually covered by the public health insurance in each respective country. IndiTreat is not an established cancer treatment and is therefore not currently covered by this insurance. This means that the patient, or their private insurance, will have to bear the cost. For IndiTreat to be a commercial success, we consider it extremely important that 2cureX actively strives to have IndiTreat included in public and private health insurance.

## MANGOLD – ROAD MAP FOR IndiTreat

	2021	2022	2023
<b>Variation</b>	Colorectal cancer	Ovarian cancer	Pancreatic cancer
<b>Markets</b>	Nordics	EU and UK	Asia
<b>Clients</b>	Cancer clinics	Regional hospitals	Large hospitals

Source: 2cureX

## Patent

A strong patent portfolio is vital for 2cureX to succeed in commercialising IndiTreat. The 2cureX patents include the fundamental principles of combining drugs with cells on matrices, the IndiTreat test itself and the use of IndiTreat to identify drug candidates. The patent exists in key markets such as Europe, the USA, Canada, India and Hong Kong.

*IndiTreat is patent protected on important markets*

# 2cureX – Market

## Cancer cases are increasing

With rising life expectancies and an ageing population, cancer cases are expected to increase. In 2018, just over 18 million people were diagnosed with cancer and 9.5 million died. It is estimated that by 2040, 29.5 million people per year will be diagnosed with cancer, half of whom are expected to die.

Colorectal cancer is the third most common cancer with 1.8 million cases globally. IndiTreat can help reduce the high pressure on clinics and reduce suffering among cancer patients. Higher cancer cases also create higher costs for already strained healthcare budgets, which governments are anxious to keep the same.

IndiTreat has positioned itself within a segment called precision cancer medicine. This market is expected to grow by an average of 12.5 percent a year to EUR 117 billion in 2025. The USA is expected to become the largest market, followed by Europe. 2cureX will initially launch its products in Europe. Growth in the European market can primarily be attributed to the development of diagnostic products, electronic journals and new cancer treatments for specific types of cancer. The Asian market is the fastest growing. The reason for this is the development of medical infrastructure, rising incomes and higher demand for individualised healthcare. 2cureX thinks that a launch could take place in Asia in 2023.

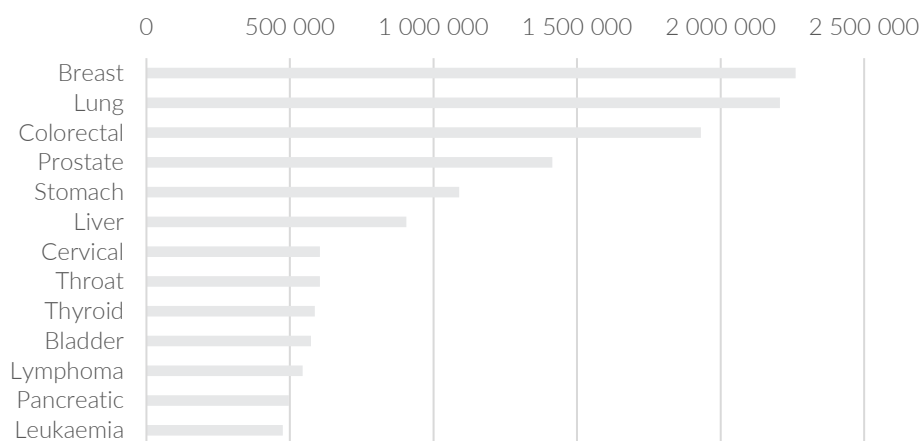
*Cancer cases approaching 30 million by 2040*

*Increased costs – threat to healthcare*

*IndiTreat correctly positioned*

*Asian market possible*

Cancer cases globally 2020



Source: WHO

In 2020, there were over 700,000 new patients in Europe with colorectal, ovarian or pancreatic cancer. This represents a market value of EUR 1.3 billion for IndiTreat tests.

The first market IndiTreat is being launched on, for the colorectal variation, is the Nordics, where there are around 23,000 patients a year in total. There are five stages (0–IV) of colorectal cancer, depending on how advanced the cancer is. 2cureX has targeted far advanced cancer, i.e. stages III–IV.

*See appendix for information on the stages of colorectal cancer*



# 2cureX – Market

## Few similar companies compare to IndiTreat

2cureX is far ahead regarding its technological development and clearly stands out from potential competitors by using the test for medical advisory purposes. The area of precision medicine and AI (artificial intelligence) is still evolving, and a number of start-ups have emerged. Some of the more established ones are Notable Labs and Sengine Precision Medicine, both of which are American non-listed companies. They both use 3D microtumours to predict how well a patient will respond to a particular cancer drug. Sengine is a spin-off from the Fred Hutchinson Cancer Research Center. The company was established in 2015 and has raised over USD 16 million of capital. Notable Labs specialises in blood cancers (leukaemia, lymphoma and myeloma) and also collaborates with Tempus, an American company in the field of precision medicine. Tempus uses AI in cancer research.

*IndiTreat – tests for medical advisory purposes*

*American companies well-funded*

One company that has been on the market for some time and uses tests to optimise cancer treatment is German TherapySelect. The company has several diagnostic tests to identify the right treatment. The CRT test is used to identify the most effective cytostatic treatment.

*Tests for cytostatics*

Helomics is an American company that operates in the field of precision medicine. The company focuses on developing better cancer drugs using AI in an early phase (drug discovery). The company has also developed tests for better treatment of different types of gynaecological cancer.

Freenome, an American start-up, uses AI to develop better cancer treatments using diagnostic tests and screening. The company raised USD 270 million in 2020 to develop a screening test for colorectal cancer. In total the company has raised over USD 500 million.

*Freenome a start-up has raised over \$500 million*

## MANGOLD – COMPETITORS IN CANCERTESTS

Company	Name / Type	Technology	Cancer type
Sengine Precision Medicine	Paris Test	AI / 3D organoid	Large cancer bank
Notable Labs	Flow cytometry	AI / 3D organoid	AML/MDS
Helomics	TDRT test	AI	Gynaecological cancer
TherapySelect	CTR test	AI	Solid tumour

Source: The companies' websites

# 2cureX – Estimates

## Sales to start in 2021

2cureX intends to start sales of IndiTreat for the colorectal cancer indication in the Nordics and selected European countries in 2021. The company will use its own sales force. The clients are initially expected to comprise of specialist cancer centres before also including regional and then major hospitals. IndiTreat is also expected to be used for ovarian cancer and pancreatic cancer in 2022–2023. Mangold expects to see sales in other EU countries and in the UK, increase as a result of strengthened sales force. After 2023, IndiTreat is expected to have broadened its use to include breast cancer. Sales should also have begun on the Asian market. In the long run, Mangold also believes that the North American market may come into play, which is expected to contribute to a sharp increase in sales.

*Colorectal market forms basis for analysis*

## The projection data is based on the colorectal market

Mangold has chosen to only make projections for the colorectal cancer indication, where the company has achieved positive results in trials. Other variations should be viewed as having further potential, but the company has not completed trials here.

*Green light for colorectal cancer*

### MANGOLD – TYPES OF CANCER

New cases 2020	Europe	Nordics	Sweden
Colorectal	519,820	21,304	6,779
Pancreatic	140,116	5,654	2,143
Ovarian	66,693	2,071	695

Source: WHO

## Assumptions for projections

Mangold has assumed that the company sale will begin in 2021. The Nordics is the market the company will cultivate first. Mangold expects EU countries such as Germany along with the UK to be added in 2022 and 2023. Mangold has based its estimates on a price of EUR 2,500 for IndiTreat, which should be viewed as an average because the price can vary. Mangold thinks that the company could capture 10 percent of the targetmarket for colorectal cancer. We have calculated the size of the targetmarket based on the number of advanced cases of cancer (stages III–IV), which is estimated to be 25 percent of the cases.

*The Nordics first*

*Capture 10% of the targetmarket*

### MANGOLD – CASES OF COLORECTAL CANCER

Number of cases of colorectal cancer in Europe	519,820
25% of the market for colorectal cancer in a late stage	129,955
10% of the market	12,996
Price of IndiTreat (EUR)	2,500
Market potential over a 7-year period (MSEK)	330

Source: Mangold Insight

# 2cureX – Estimates

## Revenue model

Using the previously made market assumptions, Mangold has produced a revenue model spanning seven years. Mangold therefore estimates that 2cureX will capture 10 percent of the market within a seven-year period. The growth rate is expected to be consistently high over the years because of the addition of new European countries. Launches in Asia and North America, which have been excluded from this analysis, create further potential.

*Revenue from 2021 and positive EBIT from 2023*

### 2CUREX – ESTIMATES

(MSEK)	2021P	2022P	2023P	2024P	2025P	2026P	2027P
<b>Revenue</b>	14	28	55	111	185	264	330
<b>Growth rate</b>							
<b>EBIT</b>	-8.1	-3.9	6.2	28.4	59.5	96.8	124.3
<b>Operating margin</b>							

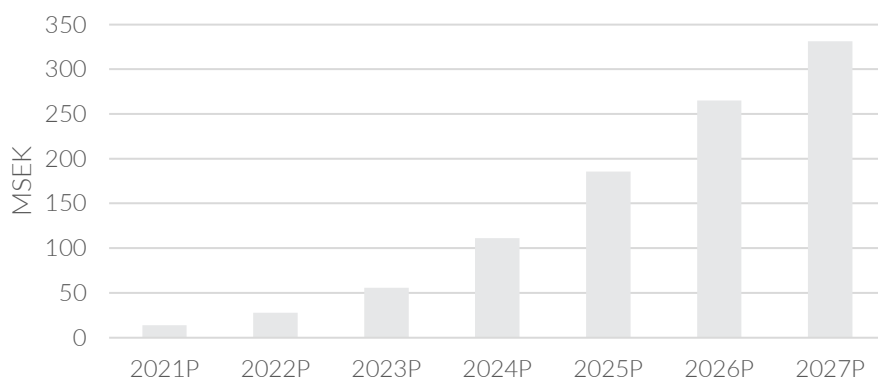
Source: Mangold Insight

## High growth

Mangold projects growth of 70 percent a year on average (CAGR). The industry operating margin for medtech companies is around 40 percent, and in some cases higher depending on if the operation can be scaled up. We therefore consider an operating margin in the region of 40 percent within a five-year period to be a reasonable assumption.

*70% CAGR over a 7-year period*

### Sales - IndiTreat



Source: Mangold Insight

# Valuation

## DCF model for fair valuation

Mangold values 2cureX using a DCF-model. In our assumptions we have chosen a discount rate of 12 percent. This is based on the market risk premium and a small cap riskfactor using PwC's recommendations. Based on these assumptions, we arrive at a Fair Value of SEK 47.55.

*Fair value of SEK 47.55*

*Price target of SEK 48*

## 2CUREX – DCF

(KSEK)	2021	2022	2023	2024	2025	2026	2027
EBIT	-8,117	-3,930	6,214	28,395	59,461	96,782	124,306
Free cash flow	-7,293	-5,583	1,634	15,516	37,466	65,922	88,981
Terminal value							988,682

Assumption	Disc rate	Growth	Tax
	12%	3%	22%

## Price target

Enterprise value	535,171
Equity value	590,568
Fair Value (SEK)	47.55

Source: Mangold Insight

## Sensitivity analysis

To see how different discount rates affect the Fair Value, Mangold has chosen to conduct a sensitivity analysis. The starting point has been to see how the value changes when sales decrease and increase in relation to a change in discount rate. In our base-case scenario, we use fundamental projections detailed in the section on projections.

*Different return requirements produce a range in the base-case scenario of SEK 31–77.*

## MANGOLD – SENSITIVITY ANALYSIS

Disc rate	0.75x	Base case	1.25x
10%	53	65	77
12%	39	48	56
14%	31	37	43

Source: Mangold Insight

# 2cureX – SWOT analysis

## Strengths

- Unique product that can capture a high market share
- Positioned in a growing market

## Weaknesses

- Market is difficult to cultivate and conservative
- Lack of support in health insurance

## Opportunities

- Product can be extended to more variations
- Takeover candidate

## Threats

- Key personnel can leave the company
- Competitors develop a similar product

# 2cureX – Appendix

## **Colorectal cancer**

Colon and rectal cancer, shortened to colorectal cancer or CRC, is a form of cancer that mainly affects older people, those aged over 65. The course of the disease is slow and it starts as a protruding tissue growth (polyp). If these polyps are not removed they can become cancerous.

*Polyps – the beginning of cancerous growth*

There is no known triggering factor, but hereditary factors and diet affect the risk. If the cancer is detected early on, there are effective treatments available. If the cancer has spread, there is less chance of a cure. Surgery is the most common method of removing colorectal cancer. Surgery is usually combined with cytostatics (chemotherapeutic) and radiotherapy.

*Surgery common in early stage*

Colorectal cancer is divided into different stages depending on its progression. There are also preliminary stages, for example a polyp can be a benign tumour that could later develop into malignant cells. In stages I–II the tumour has grown into the nearest cell layer, and in a later stage through the intestinal wall but has not spread to local lymph nodes. This is termed metastatic colorectal cancer, mCRC. The prognosis for survival is good if the cancer is diagnosed early.

*Early diagnosis – good prognosis*

In stage III, the cancer has spread to the local lymph nodes, but not to any other organs. Adjuvant therapy is used in this stage. After surgery, cytostatics are used to counter relapse. In stage IV, the tumour has spread to other organs, such as the liver and lungs, and palliative treatment is given. At this stage the cancer is not curable and the patient is put on cytostatics. Surgery is not usually carried out in this stage, except for in some cases. For patients in a late stage, the prognosis for survival is worse. The five-year survival rate after diagnosis for these patients is only 10 percent.

*In stage IV the cancer cannot be cured*

## **Ovarian cancer**

Ovarian cancer is a collective name for different types of malignant tumours in the ovary. It is a gynaecological cancer disease with a high mortality rate. This is because it is difficult to detect at an early stage and it is often resistant to treatment. The five-year survival rate is close to 50 percent and the median age is 65 years. Heredity is the biggest risk factor, particularly mutations in the BRCA genes. Surgery is the primary treatment for ovarian cancer. The uterus, fallopian tubes, ovaries and omentum (a fold of the peritoneum) are removed. This is followed by cytostatic treatment using platinum (carboplatin) and taxane (paclitaxel). Additional treatment with Avastin is common to slow tumour progression in patients in stages III–IV.

*Ovarian cancer has a high mortality rate*

# 2cureX – Appendix

## Pancreatic cancer

Cancer in the pancreas is one of the less common cancers and usually affects older people, aged over 70. It often has time to spread in the body before it is detected. Pancreatic cancer can spread to the lymph nodes, liver, peritoneum or lungs. The pancreas is close to the stomach, where it produces pancreatic juice. Pancreatic juice contains enzymes that help to break down food. The pancreas also produces the hormones insulin and glucagon. The most common type of cancer is called ductal adenocarcinoma. The disease then begins in the duct through which the pancreatic juice flows. Surgery can be attempted if the cancer has not spread. The gall bladder is removed along with part of the duodenum and the bile duct. After surgery, the patient is treated with cytostatics to reduce the risk of the disease returning.

*Pancreatic cancer spreads fast*

## Cancerstages

When a patient is diagnosed with cancer, doctors also assess what stage the cancer is at. The size of the tumour is assessed, as well as if it has grown into surrounding tissues and spread to other parts of the body, known as secondary tumours or metastases.

*Metastases – cancer has spread*

### MANGOLD – CANCERSTAGES

Stage I	Small tumour, has not spread from the primary tumour	Good prognosis
Stage II	Larger tumour, has not spread from the primary tumour	80–90% can be cured
Stage III	Larger tumour, has spread to the lymph nodes	Worse prognosis
Stage IV	Larger tumour, has spread to the lymph nodes and with distant metastases	Poor prognosis

Source: The Swedish Cancer Society

# 2cureX – Appendix

## **The board**

Povl-André Bendz became chairman of the board of 2cureX A/S in 2014 and then of 2cureX AB in 2017. He has extensive experience of medtech and biotech businesses. He was previously CEO and owner of Upfront Chromatography and Delta Technology. He is also on the boards of Audientes, Thornæs Destilleri, Imatra Holding and Agilco.

*Povl-André Bendz is the Chairman of 2cureX*

Other board members include founder and former CEO Ole Thastrup and Nils Brünner, who also founded Scandion Oncology.

*Nils Brünner from Scandion Oncology is a new member on the board*

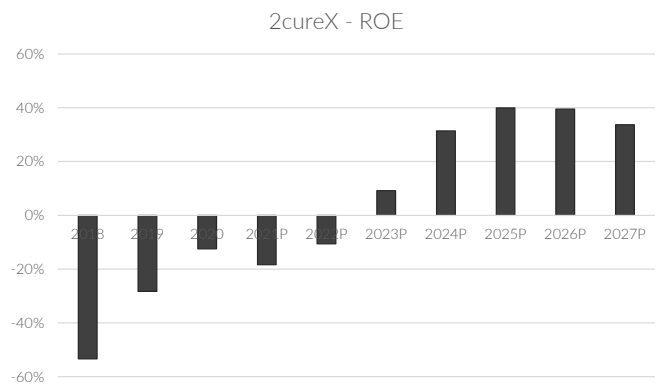
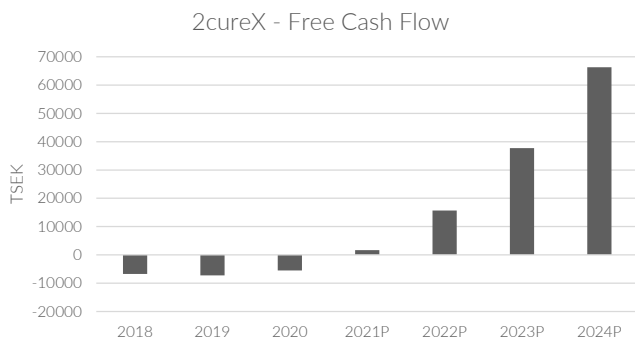
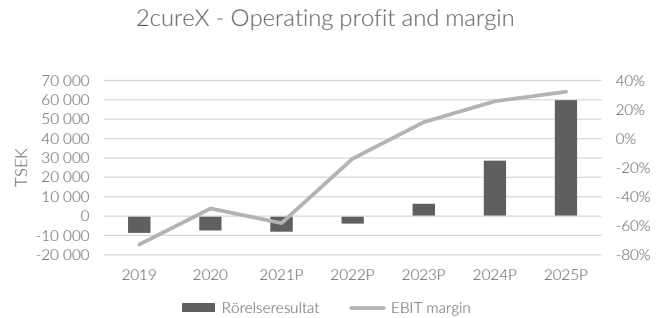
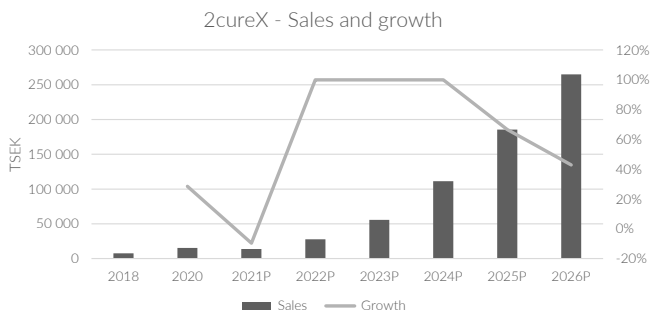
Jørgen Drejer, the main owner of biotech company Saniona, also sits on the board, as does Camilla Huse Bondesson. The latter has over 30 years' experience from international and senior roles in biotech companies and chairs the boards of Gradientech, Immuneed and Tdb Consultancy.

*Jørgen Drejer from Saniona on the board*

Michael Lutz has 15 years of experience from senior roles in multiple European and American life science companies. He is also the CEO of biotech company Hepar-egenix.



# 2cureX – Appendix Diagram



Source: Mangold Insight

# Income statement and balance

<b>Income statement (KSEK)</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021P</b>	<b>2022P</b>	<b>2023P</b>	<b>2024P</b>
Revenue	7,675*	11,982*	15,391*	13,852	27,704	55,409	110,818
Employee benefit expenses	-8,842	-10,919	-12,360	-13,596	-14,956	-16,451	-18,096
Other operating expenses	-6,838	-9,376	-10,063	-3,463	-6,926	-13,852	-27,704
Depreciation/amortisation	-431	-436	-386	-61	-55	-49	-44
Operating profit/loss	-8,436	-8,749	-7,418	-8,116	-3,928	6,217	28,403
Operating margin		-73%	-48%	-59%	-14%	11%	26%
Net interest income/expense	-106	-662	-1,173	-698	-698	-698	-698
Profit	-8,542	-9,411	-8,591	-8,814	-4,627	5,519	27,705
Taxes	1,278	1,478	1,271	0	0	-1,214	-6,095
Net profit	-7,264	-7,933	-7,320	-8,814	-4,627	4,305	21,610

\*Funds (not sales)

<b>Balance sheet</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021P</b>	<b>2022P</b>	<b>2023P</b>	<b>2024P</b>
<b>Assets</b>							
Cash and bank	20,063	33,720	58,577	50,587	44,307	45,245	60,068
Accounts receivable	2,579	3,106	3,471	1,708	3,416	6,831	13,662
Inventories	0	0	0	797	1,594	3,097	6,011
Non-current assets	1,384	1,015	996	545	491	442	398
Total assets	24,026	37,841	63,044	53,637	49,807	55,615	80,139
<b>Liabilities</b>							
Accounts payable	523	1,598	1,000	797	1,594	3,097	6,011
Liabilities	9,882	8,167	3,180	4,987	4,987	4,987	4,987
Total liabilities	10,405	9,765	4,180	5,784	6,581	8,084	10,998
<b>Equity</b>							
Restricted equity	1,035	1,242	51,544	51,544	51,544	51,544	51,544
Non-restricted equity	12,586	26,834	7,320	-3,691	-8,318	-4,013	17,597
Total equity	13,621	28,076	58,864	47,853	43,226	47,531	69,141
Total liabilities and equity	24,026	37,841	63,044	53,637	49,807	55,615	80,139

Source: Mangold Insight

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Buy – An upside in the share of at least 20 percent

Accumulate – An upside in the share of 10–20 percent

Hold – An upside and downside in the share of 0–10 percent

Sell – A downside in the share of 10–20 percent