

Scancell

Material fund raise means clinical progress in sight

22 July 2020

- Scancell is proposing to raise up to £15m through a combination of shares and convertible loan notes. The raise is underpinned by an investment of £10m (£5m shares and £5m convertible) by Redmile Group LLC, a US based specialist healthcare and life sciences investment fund. Vulpes, the existing major investor, will subscribe £2m (£1m equity and £1m convertible).
- The raise will consist of four elements: Redmile will subscribe for £5m as 90.9m new shares at 5.5p (a 19.7% discount to the closing price of 6.85p); Convertible Loan Notes totalling £6m, with a conversion price of 6.2p, will be issued with Redmile subscribing for £5m and Vulpes for £1m; a c £2m placing with new and existing institutional investors at 5.5p, with Vulpes subscribing for £1m; and an open offer to qualifying shareholders for up to £2m, again at 5.5p, on the basis of 4 shares per 51 shares held.
- The size of the raise would be transformational for Scancell and would allow it to pursue its strategy with greater clarity and purpose. The use of funds is stated as: supporting partnering discussions for the antibody technology platform, progressing the Phase I/II trial for Modi-1 and Phase II study for SCIB2, and continuing work on the COVID-19 programme until non-dilutive funding or partnering support is found.
- The introduction of Redmile, a knowledgeable specialist investor, as such a sizeable shareholder is important validation of Scancell's technology platforms and its clinical, and commercial, value. Importantly, Vulpes remains a supportive cornerstone investor.
- The placing element of the raise will take the form of an accelerated book build and close by 4.30pm today (22nd July). The open offer element is conditional upon the placing closing successfully. All are conditional on shareholder approvals from a General Meeting due to be held 11th August.

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| Price | 6.85p |
| Market Cap | £31.8m |
| Primary exchange | AIM |
| Sector | Healthcare |
| Company Code | SCLP.L |
| Corporate client | Yes |

Company description:

Scancell is a clinical-stage immuno-oncology specialist that has three technology platforms. Two flexible therapeutic vaccine platforms are progressing through development. ImmunoBody and Moditope induce high avidity cytotoxic CD8 and CD4 responses, respectively, with the potential to treat various cancers.

Trinity Delta view: The size of the fund raise provides sufficient resources for Scancell to pursue the clinical opportunities it has. We detailed these in our recent Outlook note ([May 2020](#)) and outlined our belief that Scancell was under-funded relative to the size and scope of these clinical opportunities. In line with our policy, we suspend our valuation and forecasts with the aim of reinstating updated values as soon as practicable. For context, our previous valuation was £72.4m, equivalent to 15.6p a share. We reiterate that there are various likely share catalysts over the coming year including: further AvidiMab collaborations, the SCIB1 UK/US trial being underway, and the initiation of enrolment of the first SCIB2 and Moditope studies.

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