

Evommune: Funding the Next Clinical Evidence

Internal ID: S&F-STR-238

Topic: Capital Allocation, Innovation, Corporate Strategy

Industry: Biotechnology

Source: Strategy & Finance

Publication date: 5 October 2026

License: Not specified

Audience: MBA students and working professionals

Case version: Final, 3 October 2026

Decision date / information cutoff: September 9, 2026, end of day U.S. Eastern Time

Decision scope: Hypothetical recommendation on future discretionary capital-release gates around Evommune's publicly announced post-miss development plan.

The assignment

Evommune, Inc. is a clinical-stage biotechnology company developing medicines for inflammatory diseases. Its September 8, 2026 update reported that EVO756 did not meet the primary or secondary endpoints in a Phase 2b atopic dermatitis (AD) study. The company said it did not plan to advance EVO756 in AD, would continue EVO756 development in migraine prophylaxis, and planned to advance EVO301 as its lead AD program, with a Phase 2b study planned for mid-2027. Management also said the company expected to have operating runway into 2029. ([P1], 8-K Item 8.01 lines 66-69; Exhibit 99.1 lines 6-19, 47-53.)

Assume you are an independent strategy adviser preparing a recommendation for the next portfolio review. **This is a classroom exercise, not a disclosed Evommune board vote or management disagreement.** Recommend how the company should govern future discretionary capital releases around the announced plan. Do not assume that existing trial obligations can be cancelled or that a specific dollar amount is available. Identify evidence gates, review dates, and the facts that would cause you to change course. Use only the cited written sources listed below; the cutoff is September 9, 2026, 11:59 p.m. ET. The September 8 8-K was accepted after 6 p.m. ET and filed September 9. No oral call remarks are included.

What changed-and what did not

The AD result was a company-reported top-line disclosure: 121 adults received 12 weeks of treatment, with follow-up through week 14, and the study did not meet its primary or secondary endpoints at any tested dose. The release did not provide a dose-level effect table or full clinical study report. The result does not establish why the trial failed, nor does it establish the efficacy of EVO756 in a different indication. ([P1], Exhibit 99.1 lines 13-18.)

The earlier EVO756 Phase 2b chronic spontaneous urticaria (CSU) trial also missed its primary UAS7 endpoint. It enrolled 160 antihistamine-refractory patients and compared three active-dose regimens with placebo. Evommune said it planned to cease CSU development. ([P2], Item 8.01 lines 66-74.)

The August 2026 Form 10-Q described EVO756's migraine Phase 2b study as underway since July. The randomized, double-blind, placebo-controlled dose-ranging study was planned to enroll

about 330 adults with refractory migraine and at least six migraine days each month; initial results were expected in 2027. The migraine study is a separate indication and remains ongoing in this case's information set. ([P3], MD&A, printed pp. 17-18 / HTML lines 853-860.)

EVO301 had an earlier positive Phase 2a top-line result in AD. The issuer reported 70 randomized adults (48 receiving EVO301 and 22 placebo), and stated that the study met its primary endpoint under a Bayesian success criterion. At week 12 it reported a placebo-adjusted EASI reduction of 33 percentage points (95% CI –50 to –17), and vIGA-AD 0/1 in 23% of EVO301 participants versus 0% on placebo. These are company-reported Phase 2a results, not proof of Phase 2b success or comparative superiority. ([P4], lines 96-126.)

The company's stated development sequence is therefore clear, while the economics and evidence gates for future discretionary spending are not. EVO301 requires formulation and scale-up/toxicology work before its planned Phase 2b; the company had not publicly disclosed a program-level budget or probability of success. ([P3], lines 858-861; [P1], Exhibit 99.1 lines 10-18.)

Financial context

At June 30, 2026, Evommune reported \$60.034 million in cash and cash equivalents, \$140.759 million in short-term investments, and \$87.214 million in long-term investments. It separately reported \$1.203 million in restricted cash, which it said was unavailable for general operating activities and related to an office-lease letter of credit. These are June 30 balances, not September 9 balances. ([P3], balance sheet, printed p. 4 / HTML lines 245-263; Note 1, "Restricted Cash," printed p. 7 / HTML lines 470-472.)

Management expected continued net losses and rising research and development, general and administrative, and capital expenditures. The \$275.0 million accumulated deficit is a cumulative accounting measure, not cash burn. The company's runway-into-2029 statement is a forward-looking management estimate; it is not a program-by-program funding schedule. ([P3], MD&A, printed p. 18 / HTML lines 868-876; [P1], Exhibit 99.1 lines 19, 47-53.)

The public information does not disclose remaining study costs by program, scenario-specific cash burn, technical success probabilities, commercial forecasts, license economics by indication, or a comparative portfolio valuation. Do not infer that runway means excess cash or that the reported balances can all be spent on either program.

Exhibit 1. Public development evidence at the cutoff

Program / indication	Public status and evidence	What remains uncertain
EVO756 - AD	Phase 2b missed primary and secondary endpoints at every studied dose; company said it did not plan to advance the program in AD. ([P1], Exhibit 99.1 lines 13-18.)	Dose-level effects, reason for failure, remaining obligations and any residual rights or costs.
EVO756 - CSU	Phase 2b missed primary UAS7 endpoint at every dose; company planned to cease development. ([P2], Item 8.01 lines 66-74.)	Dose-level effects and any remaining wind-down obligations.
EVO756 - migraine	Phase 2b underway from July 2026; about 330 adults planned; results expected in 2027. ([P3], lines 858-860.)	Migraine-specific efficacy evidence, trial costs and possible outcomes.
EVO301 - AD	Positive issuer-reported Phase 2a top-line result; Phase 2b planned for mid-2027, subject to formulation and scale-up/toxicology work. ([P4], lines 107-126; [P3], lines 860-861; [P1], Exhibit 99.1 lines 10-12.)	Replication in Phase 2b, dose selection, readiness timing, program cost and commercial value.

The exhibit summarizes public statements. Planned enrollment, readout dates and future trial timing are not realized outcomes.

Three classroom approaches

These are hypothetical capital-governance approaches, not alternatives publicly proposed by Evommune. A and B differ in when future discretionary EVO301 funding is released: A supports the announced schedule as readiness work proceeds; B holds each next tranche for an explicit readiness and resource review.

Approach	Capital-release posture	Principal risk to examine
A. Maintain the announced dual path	Protect the ongoing migraine study and resource EVO301 preparation on a schedule consistent with the announced mid-2027 Phase 2b plan, subject to ordinary operational readiness.	Running two programs may consume resources before either provides decisive next-stage evidence; management runway is an estimate.
B. Evidence-gate the next EVO301 tranche	Preserve the ongoing migraine trial and its obligations; hold future discretionary EVO301 tranches until explicit formulation, scale-up/toxicology and protocol-readiness evidence is reviewed alongside refreshed cash and commitment information.	Staging could delay the announced lead AD program or increase execution risk if the schedule is compressed later.
C. Concentrate discretionary investment on EVO301 readiness	Maintain the ongoing migraine trial as a commitment, but prioritize incremental discretionary resources toward the announced lead AD program and its prerequisites.	EVO301 Phase 2a was small and company-reported; concentration increases exposure to replication risk and may reduce flexibility before migraine data arrive.

For all approaches, distinguish future discretionary commitments from costs already incurred or obligations attached to ongoing work. Do not invent a funding amount, cancellation right, or internal resource conflict.

Questions for discussion

1. How much weight should the two EVO756 Phase 2b misses carry when they concern different indications from the ongoing migraine trial?
2. What evidence would justify releasing the next discretionary tranche for EVO301 before its Phase 2b begins? What evidence would make you defer it?
3. How should the company use the positive Phase 2a result without treating it as confirmatory evidence?
4. What resource and trial obligations must be understood before comparing the alternatives? Which information should be reviewed at each gate?
5. State the strongest argument against your recommendation and the specific evidence that would change it.

Public source list

- **[P1]** Evommune, Inc., Form 8-K, accession 0001193125-26-385430, event September 8, 2026; filed September 9, 2026. **SEC filing; Exhibit 99.1**. Relevant locators: 8-K Item 8.01 lines 66-69; release lines 6-19 (trial result and plans), 30-37 (issuer descriptions), and 47-53 (forward-looking statements).
- **[P2]** Evommune, Inc., Form 8-K, accession 0001193125-26-286918, June 29, 2026. **SEC filing**. Relevant locator: Item 8.01 lines 66-74 (CSU study and company plan).
- **[P3]** Evommune, Inc., Form 10-Q for quarter ended June 30, 2026, filed August 6, 2026. **SEC filing**. Relevant locators: balance sheet lines 245-263; restricted cash lines 470-472; MD&A lines 853-861 and 868-876.
- **[P4]** Evommune, “Evommune Announces Positive Top-line Data from Phase 2a Proof-of-Concept Trial of EVO301 in Moderate-to-Severe Atopic Dermatitis,” February 10, 2026. **Company release**. Relevant locators: lines 96-126.