
**Performance VS OMXS30**

**Share Information**

Share Price SEK	<b>2.585</b>
Number of shares (M)	<b>248.6</b>
Marketplace	<b>NASDAQ Stockholm</b>
CEO	<b>Damian Marron</b>
Chairman	<b>Magnus Persson</b>

**Key Stats**

Market Cap	<b>642.6m SEK</b>
Entprs. Value (EV)	<b>583.1m SEK</b>
Net Debt (2025Q2)	<b>-59.4m SEK</b>
30 Day Avg Vol	<b>2598 K</b>
Dividend Yield	<b>N/A</b>

**Top Holders**

Name	Ownership
Fjärde AP-fonden	9.98%
Första AP-fonden	6.63%
Avanza Pension	6.22%
Alecta Tjänstepension	4.53%
Henrick Schill	1.74%
The Invus Group	1.68%
Brushamn Invest AB	1.36%
Nordnet Pensionsförsäkring	1.24%
Tibia Konsult AB	1.13%
Pia Althin	0.75%

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**More research on Cantargia**


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[redeye.se/company/cantargia](https://redeye.se/company/cantargia)

# Cantargia Q2 2025: Major Deal and Negative TRIFOUR Readout

Cantargia's Q2 report covers one of the most eventful periods in the company's history. The company signed a major deal with Otsuka Pharmaceutical for CAN10, while TRIFOUR showed no improved ORR when nadunolimab was added to chemotherapy. With the USD33m upfront, however, the company is now in great shape and is reviewing the next steps for nadunolimab. In August, the board appointed a new CEO, Dr Hilde Steineger, effective from September.

## Deal with Otsuka Pharmaceutical

In July, Cantargia signed a large license deal for CAN10. Cantargia will receive USD33m upfront and milestones (including commercial ones) of up to USD580m plus tiered double-digit royalties. This deal comes at the right moment in time, as Cantargia only had cash until Q4 before raising some money from a loan in May. With a cash injection of USD33m (almost SEK320m), Cantargia will not have to worry about money for some time. With the current burn rate of SEK40-SEK45m per quarter, its cash will last more than two years now, although the burn rate may change. Cantargia will also receive future milestone income if CAN10 progresses (which we believe it has a good probability of doing), which can fund Cantargia's future operations. It remains to be seen which indications Otsuka will pursue.

## TRIFOUR

Just a few days after the Otsuka deal, Cantargia presented a negative TRIFOUR topline result, with no ORR difference versus the control group. This is a study in triple-negative breast cancer comparing chemotherapy versus nadunolimab on top of chemotherapy. The study will continue until progression free and median overall survival results are obtained, but we do not expect any differences. Still, further analysis of all data is necessary to see subgroup data. There could be an explanation for why nadunolimab did not improve ORR. One must also keep in mind that triple-negative breast cancer is very different from pancreatic cancer. Cancer drugs often only work in a few types.

## Base case SEK7

We reiterate our base case of SEK7. With a pro-forma cash position of almost SEK400m and a market cap of 650m, Cantargia now looks like an attractive investment in the medium term. The share trades at our bear case, which only includes CAN10 and cash. So you could argue that you get nadunolimab for free when investing at the current share price. Both CAN10 and nadunolimab have triggers in 2025-2026, while we see little risk for a dilutive rights issue in the medium term.

**Key Financials**

SEKm	2024	2025e	2026e	2027e
Total Revenue	0.0	314.0	17.4	546.8
Revenue Growth	nm.	nm.	-94.4%	3034%
EBITDA	-168.7	137.8	-150.1	379.3
EBIT	-168.7	137.8	-150.1	379.3
EBIT Margin	nm.	43.9%	-860%	69.4%
Net Income	-161.8	137.8	-150.1	379.3
EV/Sales	nm.	nm.	nm.	nm.
EV/EBIT	-1.0	0.7	-1.7	-0.3

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## Investment Thesis

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### 🏢 Case

#### Clarity on the path forward for nadunolimab can drive the share

Cantargia's main candidate, nadunolimab (CAN04) which acts on inflammatory pathways, has demonstrated impressive objective response rates in two cancer indications but showed no difference against the control group in a phase IIb study in breast cancer (TRIFOUR). After licensing CAN10 to Otsuka Pharmaceuticals in 2025, Cantargia has funding for two years. Otsuka has the option to license more antibodies from the CANxx platform. The share can rally on a new development plan for nadunolimab and positive clinical results, especially if the full TRIFOUR readout with overall survival, likely in Q4 2025, were to show any positive results.

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### 🔍 Evidence

#### Results in phase IIa CANFOUR in pancreatic and lung cancer are superior to historical controls

Nadunolimab has demonstrated impressive overall and progression-free survival in pancreatic cancer and second-line non-small cell lung cancer. Patients with NSCLC (n=40) showed a response rate of 55% versus 22-28% in historical controls, with two complete responses. In patients with pancreatic cancer (n=73), the median OS was 12.9 months vs an OS of 8.5 months in historical controls. IL1RAP-high patients had an OS of 14.2 vs 10.6 for IL1RAP-low showing nadunolimab engages its target. Nadunolimab most likely also reduces neuropathy from chemotherapy.

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### ⚠️ Challenge

#### Further negative placebo controlled clinical outcomes are a risk

The TRIFOUR study with a control group had a negative topline result. We think this has increased the risk in pancreatic and breast cancer, although we need to see the full TRIFOUR readout before drawing definite conclusions.

#### Partnering

Cantargia is currently well funded. However, it cannot bring nadunolimab to the market without a partner. Finding partners in oncology is currently challenging. Placebo controlled results will be required.

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### 💎 Valuation

#### Low valuation despite convincing results

Our base case of SEK7 includes a risk-adjusted deal with nadunolimab in 2027 on the back of positive pancreatic cancer data, with an upfront of USD50m and total deal value of USD1000m. Our bear case is SEK2.5 and bull case SEK13.

## Review of Q2

Cantargia finally selected a permanent CEO, Dr Hilde Steineger, who will commence on September 1. [We commented on this in a note.](#)

Otsuka has taken over the development of CAN10 (and a back-up antibody, 3G5). It has the right and obligation to develop until market approval and commercialisation. Cantargia will only communicate major milestones, such as the start of clinical trials or clinical results. Otsuka has an option to license any new antibodies from the CANxx platform for two years, assuming the conditions are acceptable for both parties. We think investing in new antibodies that are attractive to Otsuka, potentially resulting in a new deal, could be a way to create value for Cantargia. The most interesting such antibodies are ILRAP targeting antibodies conjugated to a chemotherapy drug (ADCs), though Otsuka is more focused on immunology. A bispecific antibody targeting IL1RAP and another target is another potential programme.

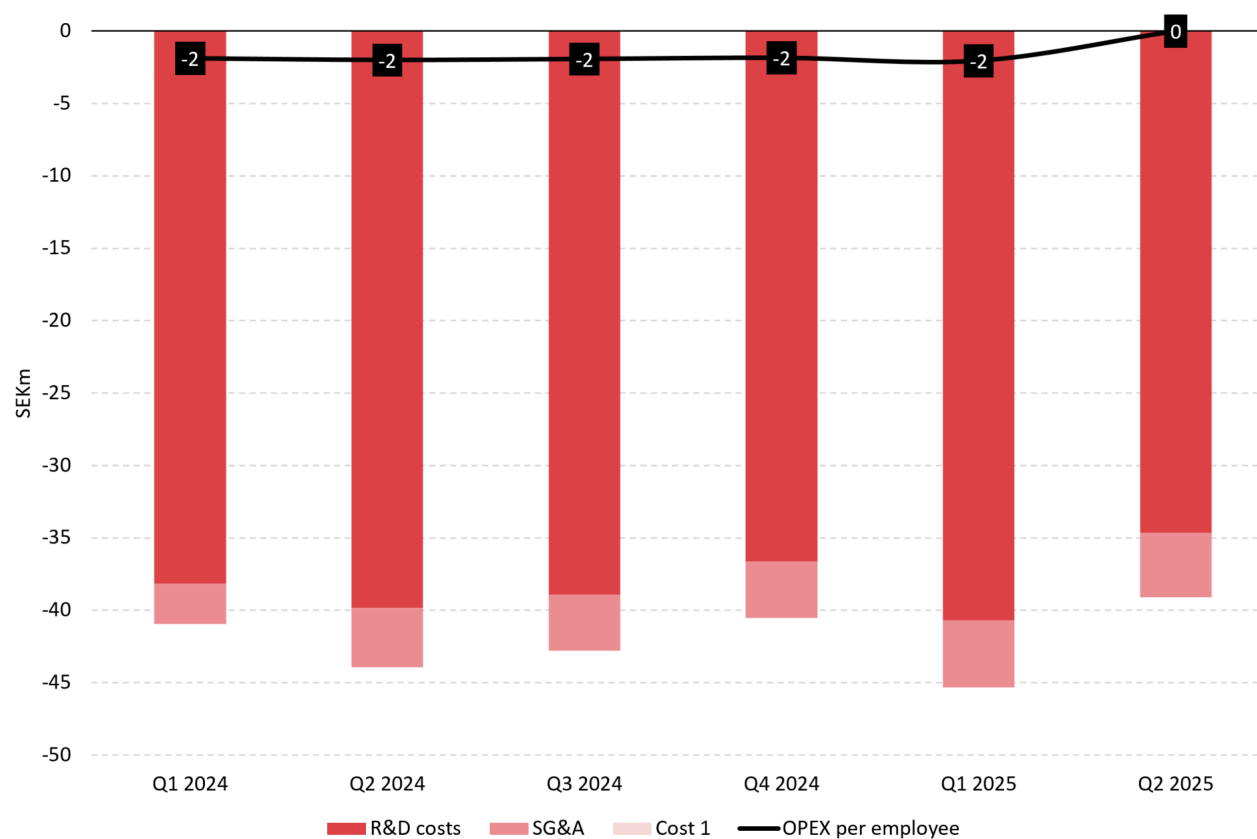
Cantargia has to decide which direction to take with nadunolimab. The negative result in TRIFOUR highlights the risks in oncology, which has the lowest likelihood of approval probability of all major pharmaceutical areas. While the ORR was the same for the control group, it is possible the survival data will be different, although believe this is not that likely since ORR has historically correlated well with overall survival in breast cancer. However, the survival results remain to be seen; and subgroup data will be interesting and can shed light on whether nadunolimab is effective in certain patients.

Management thinks the positive safety profile of nadunolimab suggests further development in pancreatic cancer. The chemotherapy given to treat this disease is very toxic, so it is usually not possible to add a drug on top of it, making nadunolimab very suitable for this indication. The better survival of IL1RAP-high patients versus low in pancreatic cancer suggests nadunolimab engages the target in this cancer type. Once the diagnostic tool is completed, and IL1RAP high patients can be selected for recruitment, future development will be derisked. The fast track designation in IL1RAP high-patients in PADC means the FDA confirms Cantargia's findings. It can speed up the clinical programme through more frequent dialogues with the FDA etc.

According to the Q2 report, Cantargia plans a randomised phase II/III study of nadunolimab in pancreatic cancer. Cantargia will communicate its plans in more detail in Q3. In our Q4 2023 update, [we described a proposed phase IIb study in pancreatic cancer with 150 patients](#). The study design will be updated since Cantargia will now have a diagnostic tool for selecting IL1RAP high patients. This would make it possible to exclude IL1RAP-low patients and make the study smaller and cheaper. Cantargia may want to conduct such a study in tranches to minimise the risk, beginning with 60 patients, for example, then raising money if the readout is positive and proceeding with full recruitment.

## Quarterly financials

The operating costs in Q2 were SEK-40m versus SEK-45m in Q1. We expect costs to decline in H2 as CAN10 is transferred to Otsuka. Before that happens, Cantargia will be responsible for the trial costs. Cantargia had SEK81m in cash, but has to repay a short-term loan of SEK25m. If we add the upfront that will be paid when the Otsuka transaction closes, the net cash position will be almost SEK380m. Cantargia expects the transaction to close in Q3 and the upfront to be transferred to Cantargia on that occasion. The current runway is around two years, but how long the cash last depends on



## Valuation

### Sum-of-the-parts

We have transitioned to a new version of Redeye's valuation model. We removed the AML indication during this process, since it is a slow investigator-sponsored trial in an indication that is not Cantargia's focus. After the negative TRIFOUR readout, we set the phase II probability of the study to 0. The valuation is now negative since costs for the trial remain. Should the overall survival readout be positive, which we deem unlikely, we can revisit our assumptions and increase the phase II probability and arrive at a positive valuation. We also lowered the likelihood of approval in pancreatic cancer from 31% to 22% after the negative TRIFOUR readout. We believe a deal involving nadunolimab at this stage would be worth at least USD1bn including milestones, so we have distributed USD500m in deal value on pancreatic cancer and the same on lung cancer (NSCLC). This results in a base case of SEK7.

Project	Indication	Phase	Estimated launch	LoA	Peak sales (USDm)	Deal size (USDm)	rNPV (SEKm)
CAN10	HS	II ready	2031	19%	1600	613	858

<b>CAN04</b>	PDAC	I/II	2031	18%	1300	500	<b>703</b>
<b>CAN04</b>	TNBC	II	2030	0%	530	0	<b>-58</b>
<b>CAN04</b>	NSCLC	I/II	2031	13%	1100	500	<b>374</b>

Technology value (SEKm)	1877
Net cash (SEKm)	59
Shared costs (SEKm)	-258
Equity value (SEKm)	1679
Shares outstanding (million)	249
Diluted shares outstanding (million)	249
Equity value per share (SEK)	<b>6.8</b>

Source: Redeye research (estimates)

Our bull case of SEK13 assumes positive developments in pancreatic cancer and lung cancer resulting in an LoA of 37% and 26%, respectively. It also assumes the final readout of TRIFOUR (phase II in breast cancer) is positive. Our bear case of SEK2.5 assumes a negative readout of nadunolimab in pancreatic cancer, resulting in a write-down of the entire oncology programme, but we retain CAN10.

## Redeye Quality Rating

### Company Quality

Company Quality is based on a set of quality checks across three categories; PEOPLE, BUSINESS, FINANCE. These are the building blocks that enable a company to deliver sustained operational outperformance and attractive longterm earnings growth.

Each category is grouped into multiple sub-categories assessed by five checks. These are based on widely accepted and tested investment criteria and used by demonstrably successful investors and investment firms. Each sub-category may also include a complementary check that provides additional information to assist with investment decision-making.

If a check is successful, it is assigned a score of one point; the total successful checks are added to give a score for each sub-category. The overall score for a category is the average of all sub-category scores, based on a scale that ranges from 0 to 5 rounded up to the nearest whole number. The overall score for each category is then used to generate the size of the bar in the Company Quality graphic.

### People

**2** At the end of the day, people drive profits. Not numbers. Understanding the motivations of people behind a business is a significant part of understanding the long-term drive of the company. It all comes down to doing business with people you trust, or at least avoiding dealing with people of questionable character.

The People rating is based on quantitative scores in seven categories:

1. Passion 2. Execution 3. Capital Allocation 4. Communication 5. Compensation 6. Ownership 7. Board

#### + Positives

- Strong founder mentality with CEO's long-term vision and deep industry knowledge, driving innovative drug development based on IL1RAP.
- Lean organization with a virtual business model, promoting self-direction and accountability.
- Transparent and timely communication, focusing on long-term business value and consistently presenting the same story and key metrics.
- Reasonable executive compensation structure with evenly distributed pay and sensible exit packages.
- Independent board with diverse expertise aligning with business strategy, capable of challenging management without adverse consequences.

#### - Negatives

- Inconsistent delivery on promises, evidenced by delays in pancreatic cancer studies and early cancellation of three programs.
- Suboptimal capital allocation, as seen in the cancellation of three programs and inability to generate returns due to pre-revenue status.
- Weak insider ownership, with management and board members holding insignificant stakes in the company.
- Lack of gender diversity in leadership, with less than a third of board members being female.
- Absence of sustainability-related performance incentives in executive compensation plans.

### Business

**3** If you don't understand the competitive environment and don't have a clear sense of how the business will engage customers, create value and consistently deliver that value at a profit, you won't succeed as an investor. Knowing the business model inside out will provide you some level of certainty and reduce the risk when you buy a stock.

The Business rating is based on quantitative scores in seven categories:

1. Business Scalability 2. Market Structure 3. Value Proposition 4. Economic Moat 5. Operational Risks

#### + Positives

- Strong potential for growth in oncology market, particularly in pancreatic cancer, supported by aging population trends and limited competition in the pipeline.
- Robust intellectual property protection through patents and proprietary clinical data, providing a competitive advantage for 10-15 years post-approval.
- Commitment to environmental sustainability and ethical practices, including energy reduction and waste management initiatives.
- Close collaboration with hospitals, research networks, and key opinion leaders in product development, ensuring alignment with customer needs.
- High employee satisfaction and low turnover, indicating a positive work environment and potential for talent retention.

#### - Negatives

- Pre-revenue status with no profits and negative cash flow, requiring significant capital investment for drug development.
- High dependence on capital markets for funding, increasing vulnerability to market fluctuations and investor sentiment.
- Potential for binary outcomes in clinical trials, presenting a risk of core business failure if lead candidate nadunolimab is unsuccessful.
- Limited revenue diversification, with future dependence on partners for commercialization and revenue generation.
- Highly regulated industry environment, exposing the company to potential regulatory challenges and compliance costs.

## Redeye Quality Rating

### Financials

**1** Investing is part art, part science. Financial ratios make up most of the science. Ratios are used to evaluate the financial soundness of a business. Also, these ratios are key factors that will impact a company's financial performance and valuation. However, you only need a few to determine whether a company is financially strong or weak.

The Financial rating is based on quantitative scores that are grouped into five separate categories:

1. Earnings Power 2. Profit Margin 3. Growth Rate 4. Financial Health 5. Earnings Quality

#### + Positives

- Cantargia is not burdened by dividend obligations, allowing it to reinvest all available capital into research and development.
- The company's lack of debt-related metrics indicates it may have a clean balance sheet, potentially providing financial flexibility.

#### - Negatives

- Lack of profitability: The company shows no positive gross profit margin, operating margin, or return on equity/assets.
- Weak historical growth: No evidence of consistent revenue or earnings growth above industry averages or historical rates.
- Poor financial health: Current assets do not sufficiently cover liabilities, and debt levels appear high relative to cash flow.
- Low earnings quality: The company fails to meet benchmarks for inventory management, accounts receivable, and cash flow conversion.
- No dividend power: The company does not demonstrate any positive indicators related to dividend yield, growth, or sustainability.

### Rating Distribution

Redeye Covered Companies			
Rating	People	Business	Financials
5	6	7	0
3-4	128	117	46
0-2	15	25	103
Companies	149	149	149

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## Financials

Income Statement				
SEKm	2024	2025e	2026e	2027e
Net Sales	0.0	0.0	0.0	0.0
Other Income	0.0	0.0	0.0	0.0
Total Revenue	0.0	314.0	17.4	546.8
Cost of Sales	0.0	0.0	0.0	0.0
Gross Profit	0.0	314.0	17.4	546.8
Operating Expenses	-168.7	-176.2	-167.5	-167.5
EBITDA	-168.7	137.8	-150.1	379.3
Depreciation and Amortization	0.0	0.0	0.0	0.0
EBIT	-168.7	137.8	-150.1	379.3
Net Financial Items	6.9	0.0	0.0	0.0
EBT	-161.8	137.8	-150.1	379.3
Income Tax Expenses	0.0	0.0	0.0	0.0
Net Income	-161.8	137.8	-150.1	379.3
Balance Sheet				
SEKm	2024	2025e	2026e	2027e
<b>Assets</b>				
<b>Non-current assets</b>				
Property, Plant and Equipment (Net)	2.3	2.3	2.3	2.3
Goodwill	0.0	0.0	0.0	0.0
Intangible Assets	3.8	3.8	3.8	3.8
Right-of-Use Assets	0.0	0.0	0.0	0.0
Other Non-Current Assets	0.0	0.0	0.0	0.0
Total Non-Current Assets	6.1	6.1	6.1	6.1
<b>Current assets</b>				
Inventories	0.0	0.0	0.0	0.0
Accounts Receivable	121.8	121.8	121.8	121.8
Other Current Assets	9.5	9.5	9.5	9.5
Cash Equivalents	33.0	170.9	20.8	400.1
Total Current Assets	164.4	302.2	152.1	531.4
Total Assets	170.4	308.2	158.2	537.5
<b>Equity and Liabilities</b>				
<b>Non-current liabilities</b>				
Long Term Debt	0.0	0.0	0.0	0.0
Long Term Lease Liabilities	0.0	0.0	0.0	0.0
Other Non-Current Lease Liabilities	0.08	0.08	0.08	0.08
Total Non-Current Liabilities	0.08	0.08	0.08	0.08
<b>Current liabilities</b>				
Short Term Debt	0.0	0.0	0.0	0.0
Short Term Lease Liabilities	0.0	0.0	0.0	0.0
Accounts Payable	11.0	11.0	11.0	11.0
Other Current Liabilities	43.1	43.1	43.1	43.1
Total Current Liabilities	54.0	54.0	54.0	54.0
Equity	116.3	254.1	104.1	483.3
Total Liabilities and Equity	170.4	308.2	158.2	537.5
Cash Flow				
SEKm	2024	2025e	2026e	2027e
Operating Cash Flow	-162.8	137.8	-150.1	379.3
Investing Cash Flow	0.0	0.0	0.0	0.0
Financing Cash Flow	-1.1	0.0	0.0	0.0
Cash Flow For The Period	-163.8	137.8	-150.1	379.3

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## Disclaimer

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