EDISON

Cantargia

Q122 results

CAN04 progressing on all fronts

Pharma and biotech

Cantargia's Q122 results were in line with our expectations. Management highlighted progress in the development of its lead IL1RAP-targeting antibody, CAN04 (nadunolimab) in two of the prioritised indications, pancreatic cancer (PDAC) and non-small cell lung cancer (NSCLC). In PDAC, CAN04 has been included, pending remaining regulatory approvals, in the Pancreatic Cancer Action Network's pivotal, Phase II/III Precision Promise clinical trial. This is a potentially registrational study that the company estimates will report results by 2027. Cantargia plans to submit a pre-IND application, to facilitate inclusion in the trial, in Q222. Progress in CAN04's development in both NSCLC and PDAC is expected to be presented at the upcoming American Society of Clinical Oncology (ASCO) Annual Meeting in Chicago on 3–7 June 2022. Management also gave an update on new, positive preclinical data for CAN10, which it is investigating for the treatment of systemic sclerosis. We continue to value Cantargia at SEK6.02bn or SEK60.1/share.

Year end	Revenue (£m)	PBT* (£m)	EPS* (p)	DPS (p)	DPS (%)	Yield (%)
12/20	0.0	(173.1)	(1.94)	0.0	N/A	N/A
12/21	0.0	(370.3)	(3.70)	0.0	N/A	N/A
12/22e	0.0	(368.5)	(3.68)	0.0	N/A	N/A
12/23e	0.0	(369.1)	(3.68)	0.0	N/A	N/A

Note: *PBT and EPS are normalised, excluding amortisation of acquired intangibles, exceptional items and share-based payments.

The CAN04 development programme continued to progress in Q122. In addition to the announcement of inclusion (pending regulatory clearances) in the Precision Promise trial, developments for CAN04 include first patient dosing in Phase IIa CANFOUR (non-squamous NSCLC-arm) and Phase Ib/II TRIFOUR (triple negative breast cancer) trials**.** These events represent important steps in developing nadunolimab's data package and, in our view, build confidence in Cantargia's strategy. The company plans to present more mature results from the lead Phase IIa CANFOUR trial (CAN04 plus chemotherapy in NSCLC and PDAC) and first efficacy data from the Phase Ib CIRIFOUR trial (CAN04 plus pembrolizumab in solid tumours) at ASCO in June 2022.

Management also communicated progress in the preclinical development for CAN10, another IL1RAP-targeting antibody. New preclinical model data suggest that IL1RAP as a target of interest in the treatment of atherosclerotic plaques and has shown a CAN10 surrogate can reduce plaque burden and inflammatory responses in the same model. We see the data as encouraging support for the hypothesis of CAN10 use in systemic sclerotic diseases. Cantargia is planning to initiate Phase I trials with CAN10 in early-2023.

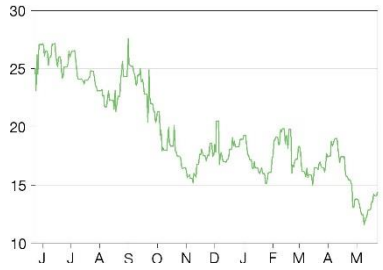
Operating expenses for the period increased by 66% to SEK121.6m compared to Q121. This increase was due to higher expenses associated with the expansion of nadunolimab trials and exceeded our previous estimates. At end-March 2021 the company had a net cash position SEK442.8m including short-term investments, which we see as providing a cash runway into 2023.

24 May 2022

Price	**SEK14.4**
Market cap	**SEK1.44bn**

Net cash and short-term investments (SEKm) at end-March 2022	443
Shares in issue	100.2m
Free float	98%
Code	CANT
Primary exchange	Nasdaq Stockholm
Secondary exchange	N/A

Share price performance



Business description

Cantargia is a clinical-stage biotechnology company based in Sweden. It is developing two assets against IL1RAP, CAN04 and CAN10. CAN04 is being studied in several solid tumours with a main focus on NSCLC and PDAC. The most advanced trial is in Phase II.

Analysts

Soo Romanoff +44 (0)20 3077 5700

Dr Harry Shrives +44 (0)20 3077 5700

healthcare@edisongroup.com

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Frankfurt +49 (0)69 78 8076 960
Schumannstrasse 34b
60325 Frankfurt
Germany

London +44 (0)20 3077 5700
280 High Holborn
London, WC1V 7EE
United Kingdom

New York +1 646 653 7026
1185 Avenue of the Americas
3rd Floor, New York, NY 10036
United States of America

Sydney +61 (0)2 8249 8342
Level 4, Office 1205
95 Pitt Street, Sydney
NSW 2000, Australia