

Cantargia: New CAN10 Data in Systemic Sclerosis

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Redeye comments on the new systemic sclerosis data and the potential of CAN10 in autoimmune diseases.




Richard Ramanius

Last Thursday (March 14), Cantargia reported new preclinical results with CAN10 in systemic sclerosis, a potentially life-threatening skin disorder that can affect internal organs. Cantargia has shown that IL-1, IL-33 and IL-36 are upregulated in the skin biopsies from systemic sclerosis patients. These cytokines recruit fibroblasts that produce collagen, leading to fibrosis. Adding CAN10 to fibroblasts from these biopsies decreased collagen deposition. Furthermore, mouse CAN10 reduced skin and lung fibrosis in three mouse models of systemic sclerosis. New data presented on Thursday also demonstrate normalisation of the gene expression related to systemic sclerosis in mice.

Systemic sclerosis is a disease with a high unmet need and a suitable first indication for CAN10. However, its potential is likely larger than this. AbbVie has a competing antibody, lutikizumab, which targets IL-1 alpha and beta. Positive topline results from a phase II study in hidradenitis suppurativa (a severe type of acne) were presented early this year, with more detailed data published this month (American Academy of Dermatology 2024, 8-12 March 2024). They show a significant improvement over placebo in several measures (response rates, draining fistulas and skin pain) after 16 weeks of treatment in either the 300mg weekly or bi-weekly doses with good tolerability. This makes lutikizumab ready for phase III. This also bodes well for CAN10, which blocks the same pathways (IL-1 alpha and beta) and more (IL-33 and IL-36). Abbvie is currently also testing its drug Rinvoq in hidradenitis suppurativa (a drug for psoriasis arthritis with sales of USD4bn in 2023). It has a completely different mode of action, however, being a JAK inhibitor.

The study of lutikizumab in hidradenitis suppurativa recruited patients who have failed anti-TNF therapy. Lutikizumab is also being tested in ulcerative colitis. TNF alpha inhibitors have been the world's best-selling drugs, but patent expirations are now opening up for biosimilars. They are approved for treating Crohn's disease, hidradenitis suppurativa, juvenile idiopathic arthritis, plaque psoriasis, polyarticular juvenile idiopathic arthritis, psoriatic arthritis, rheumatoid arthritis, ulcerative colitis, and uveitis. Although many of these autoimmune diseases are well served by TNF alpha inhibitors and other drugs, some patients will not respond or become tolerant to therapy, so there will always be space for new drugs unless a cure is found. A drug that could treat several of these diseases likely has a large economic potential.

We have valued CAN10 in systemic sclerosis, which is an orphan indication because it is the indication where there is the best evidence. However, there may be potential in one or more large autoimmune indications as well, such as hidradenitis suppurativa or ulcerative colitis. These are commercially attractive since they require lifelong treatment. CAN10 will be tested in psoriasis patients in Q3 this year, which is also a very large indication. We will continue valuing CAN10 in systemic sclerosis for now, but, depending on what new data emerges, we might add more indications in the future, which would increase the programme valuation. Our base case is SEK15.



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3	3	0
People	Business	Financials

FAIR VALUE RANGE

Price 2.69

Bear 6.00	Bull 28.0
Base 15.0	

TIMELINESS

0

KEY STATS

Market Cap	493.7 MSEK
Entprs. Value (EV)	324.0 MSEK
Net Debt (2024e)	-169.6 MSEK
30 Day Avg Vol	458 K
Shares Outstanding	183.7M
Price / Earnings	N/A
PEG	0.0x
Dividend Yield	N/A

Data from 2024-03-18 07:23

IMPORTANT INFORMATION

All information regarding limitation of liability and potential conflicts of interest can be found at the end of the report.

Redeye, Mäster Samuelsgatan 42, 10tr, Box 7141, 103 87 Stockholm. Tel. +46 8-545 013 30
E-post: info@redeye.se

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