# OncoZenge

Sector: Biotech

## Q1 2025 – Pieces falling into place

Redeye provides a research update following the Q1 report published by OncoZenge earlier today. The company manages to maintain a low OPEX and cash burn as the prepares for the upcoming phase III trial. Bolstered by a binding partnership agreement with Molteni, an NDRC approval of the financing agreement with Yangtian Pharma and a new licensing agreement with Avernus Pharma, we argue that the pieces are falling into place for the company. We reiterate our recently raised fair value range (SEK3.5 – SEK26) with a base case valuation of SEK11.5.

### Summary of the Q1 report

In Q1 2025, OncoZenge reported an EBIT of SEK0.0m (-2.4), while net cash flow for the period amounted to SEK-2.6m (-3.0). OncoZenge reported OPEX at SEK2.7m (2.4) in line with our expectations of SEK2.8m. Furthermore, the company reported a cash position at quarter-end of SEK1.3m (9.7). However, while seeming like an alarmingly low cash position, this does not include the SEK2.7m upfront payment from Molteni as the payment was received after the reporting period. Neither does it include the proceeds from the SEK30.2m financing agreement with Yangtian Pharma. Accordingly, given that the company receives all the tranches, we estimate that OncoZenge has a financial runway well into 2026e.

### Progress on all fronts

OncoZenge continues to make meaningful progress toward the commercialization of BupiZenge, following its binding agreement with Molteni Farmaceutici for the European market. Most recently, the company announced the approval of its investment agreement with Yangtian Pharma by the Chinese National Development and Reform Commission (NDRC)—a critical step in securing the SEK30.2 million funding package that will finance the upcoming phase III trial. This regulatory milestone significantly reduces near-term financing risk and strengthens OncoZenge's position as it advances toward late-stage development and global market access.

### Valuation – Base case of SEK11.5

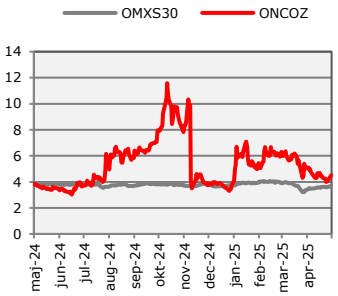
We value OncoZenge using a DCF model based on our sales model of the company's lead candidate BupiZenge. We reiterate our fair value range of SEK3.5-26 per share with a base case of SEK11.5, bull case: SEK26; bear case: SEK3.5. This demonstrates an attractive upside potential from current share price levels. Looking ahead, we see multiple inflection points that could narrow the valuation gap. Primarily, milestone payments from the Molteni deal, receival of the tranches from the financing agreement and the initiation of the upcoming phase III trial.

| Key Financials (SEKm)* | 2023 | 2024 | 2025e | 2026e | 2027e |
|---|---|---|---|---|---|
| Revenues | 0 | 0 | 3 | 10 | 6 |
| Revenue growth | n/a | n/a | n/a | 3 | 0 |
| EBIT | -15,9 | -8,7 | -10,9 | -13,6 | -19,0 |
| EBIT Margin (%) | n/a | n/a | -404% | -140% | -297% |
| Net Income | -16 | n/a | -11 | -14 | -19 |

**FAIR VALUE RANGE**

| BEAR | BASE | BULL |
|---|---|---|
| 3.5 | 11.5 | 26 |

**ONCOZ VS OMXS30 LTM**




**REDEYE RATING**


**KEY STATS**

| | |
|---|---|
| Ticker | ONCOZ |
| Market | First North |
| Share Price (SEK) | 5.2 |
| Market Cap (MSEK) | 61 |
| Net Debt 25e (MSEK) | -7.6 |
| Free Float | 74% |
| Avg. daily volume ('000) | 300 |

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# Investment Case

**Case: A comeback story in the making**

With its sights set on the multibillion-dollar oral mucositis (OM) treatment market, OncoZenge aims to provide innovative treatment to a population in urgent need of a paradigm shift. The demand for a safe and cost-effective treatment is glaring as the current standard of care entails multiple side effects, lacks efficacy in the majority of patients, and encourages troubling opioids.

We believe that OncoZenge's lead candidate, BupiZenge, is well-positioned to eradicate this discrepancy. Building on the well-known and clinically proven anesthetic bupivacaine, BupiZenge's unique lozenge formulation allows for precise and safe local pain relief with a rapid onset (within minutes) and extended duration (3-5 hours). Following the new and improved reformulation of the candidate and revised development plan, OncoZenge is now on the cusp of initiating pivotal phase III studies with the aim of reaching market approval already in 2026.

Beyond this, we see appealing optionality value in OncoZenge as we argue that there is clear potential for broadening the scope of BupiZenge to other indications. Given the applicability and flexibility of bupivacaine as a local anesthetic, BupiZenge could theoretically act as a pain relief in a plethora of mouth-related diseases and conditions.

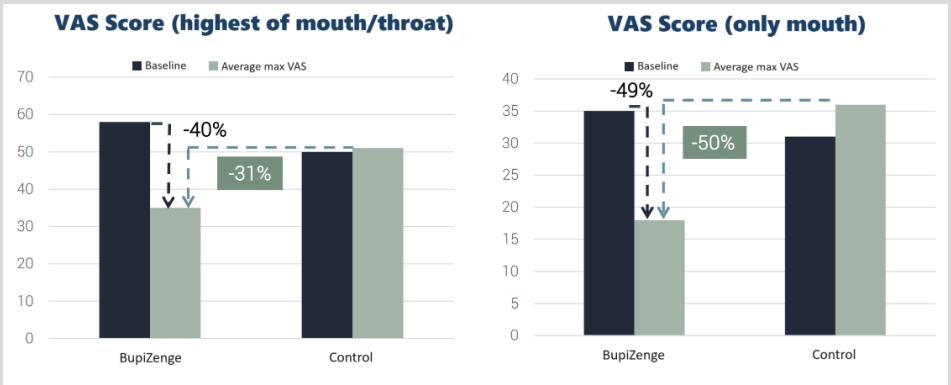
**Evidence: Backed by international pharmaceutical player**

To prepare for its phase III studies, OncoZenge has established a (non-binding) partnership with Molteni Farmaceutici, an Italian specialty pharma company with an international presence. This collaboration will provide OncoZenge with the necessary capabilities, expertise, and resources to conduct pivotal studies and subsequently launch BupiZenge.

**Supportive analysis: Promising clinical evidence**

In the phase II trial with BupiZenge, which included 70 HNC patients with OM, the candidate demonstrated a significant pain relief compared to standard of care. The primary endpoint of the study was the mean Visual Analogue Scale (VAS) score, a subjective pain assessment score. The active group receiving BupiZenge reported 40% less pain compared to baseline and 31% less pain (p=0.0032) compared to the control group when rating the pain experienced in either the mouth or throat. Similarly, the active group reported 49% less pain compared to baseline and 50% less pain (p=0.0002) compared to the control group when rating the pain experienced in the mouth alone.

Phase II trial – Study results




*Source: OncoZenge*

### Challenge I: Patent expiry

Intangible protection and data exclusivity are essential for biotech companies, especially those developing treatments based on small molecules, which are generally easier to replicate. The current patent protection for BupiZenge is set to run out in 2032/2033. However, the company announced in February 2024 that it had filed a new patent application for BupiZenge. With the new application, the patent protection of BupiZenge will be extended to 2045, subject to approval.

### Challenge II: Short-term financing

OncoZenge, being a pre-revenue company in the clinical development stage, is dependent on capital markets and partnerships to finance its operations. However, OncoZenge has recently entered into an investment agreement with the Chinese pharmaceutical company Sichuan Yangtian Bio-Pharmaceutical. Should it secure all four tranches, tied to specific milestones related to the phase III trial process, OncoZenge is set to receive SEK30.2m.

### Valuation: Long-term value potential

Our base case fair valuation amounts to SEK11.5 per share, suggesting a significant upside from today's share price levels. Further, our bull and bear cases equal SEK26 and SEK3.5 per share, respectively. While the share has experienced a surge in price recently, we argue that the share still trades at a discount to its fundamental value and offers an attractive entry point at current levels.

We foresee an exciting 2025 and beyond for OncoZenge as lead candidate BupiZenge enters phase III trials. Primarily, we judge that interim- and top-line data from the phase III study, possible patent extension, and milestone payments could induce share price re-ratings.

OncoZenge – Valuation

| Valuation summary (SEKm) - Base case | | | | | | |
|---|---|---|---|---|---|---|
| Program | Indication | Stage | Launch | Peak sales ($m) | Probability (LoA) | Value, r-adj (SEKm) |
| BupiZenge | Oral Mucositis | Phase III | 2027 | 262 | 61% | 312 |
| | | | | **Tech Value (SEKm)** | | **312** |
| | | | | Est. net cash (inc. issues) | | 31,6 |
| | | | | Shared costs | | -147,5 |
| | | | | **Equity Value** | | **196** |
| | | | | Shares outstanding (post issues) | | 17,4 |
| **WACC: 17%** | | | | **Base case** | | **11,5** |

Source: Redeye Research

# Counter points

**One-trick pony characteristics**

The company could be seen as a one-trick pony given its high dependency on lead candidate BupiZenge. There is certainly a significant risk allocated to the upcoming phase III trial. If the treatment fails to replicate the promising efficacy seen in previous clinical trials, the pipeline will have almost no residual value. However, the potential of targeting other possible indications reduces some of the risk.

**Previous complications**

The development of the company's lead candidate, BupiZenge, was discontinued after complications with the previous formulation of the treatment. The formulation was judged to pose a potential safety risk for patients following the FDA's skepticism over BupiZenge's sweetening substance of that time, glycyrrhizin, and new directives regarding bupivacaine concentration limits in humans.

However, following this, OncoZenge analyzed and identified the cause of the previous impurity and adjusted the formulation of BupiZenge, including a new flavoring agent. In November 2023, the company announced that comprehensive analyses had shown that the new adjusted formulation of BupiZenge was completely clean and stable.

**Dependency on partners and investors**

OncoZenge is a pre-revenue and pre-market company without any established marketing or sales channels. Therefore, it is heavily reliant on finding and cooperating with licensing partners to commercialize its products on the key markets. There is a risk that the company may be squeezed for cash to finance its operations. This could lead to heavily dilutive and rebated rights issues in the future.

# Key catalysts

- **BupiZenge phase III study initiation**

  The upcoming pivotal phase III study will be a significant milestone for the company, the study is expected to commence in the second quarter of next year. We argue that investors may see this as the true starting point for the resurrection of BupiZenge's development.

  *Timeframe: 3-6 months*

  *Impact: Moderate*

- **Milestone payments**

  The partnership agreement between OncoZenge and Molteni includes potential milestone payments, up to EUR4.3m, in support of the phase III study program and commercialization for BupiZenge.

  *Timeframe: 0-18 months*

  *Impact: Moderate to major*

- **BupiZenge phase III data**

  The phase III trial will be pivotal and the basis for regulatory approvals in Europe and markets that use the EMA as a reference. Accordingly, the phase III topline data will constitute the most important inflection point for the company ahead. We believe that positive results could act as a major catalyst for the stock.

  *Timeframe: 9-15 months*

  *Impact: Major*

# Table of Contents

# Share price development

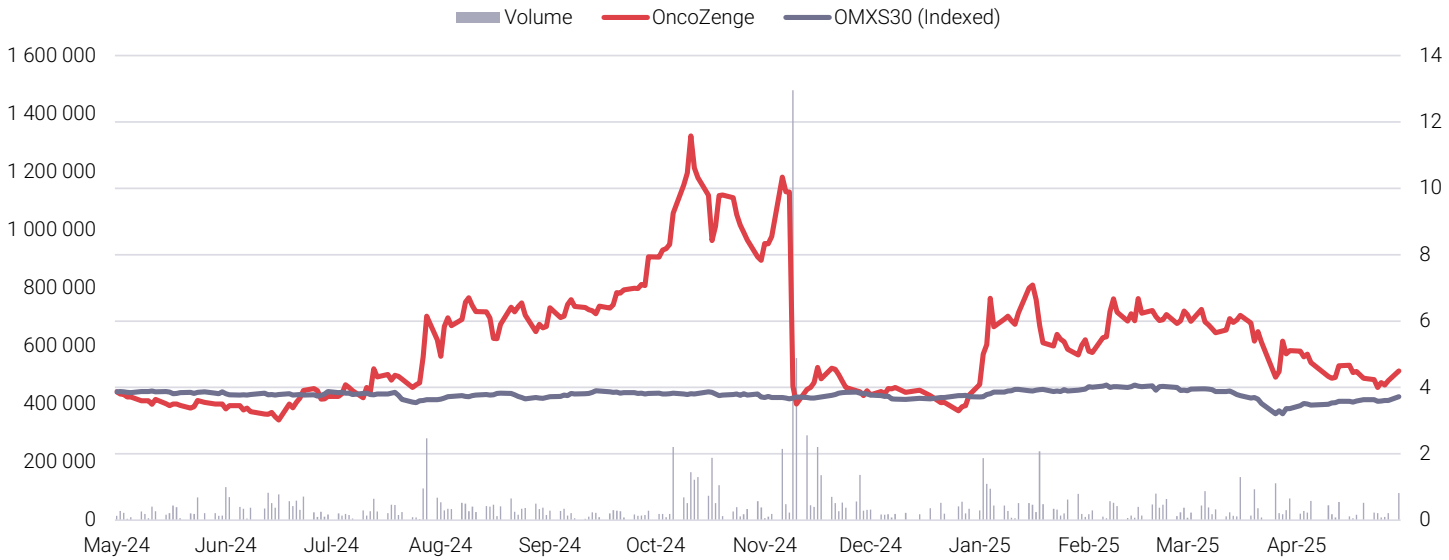
The OncoZenge share has experienced a volatile trajectory over the past 12 months, shaped by both shifting investor sentiment and the company's evolving partnership landscape. During the summer and early fall of 2024, the share appreciated steadily, supported by investor anticipation of a licensing agreement for its lead candidate, BupiZenge. Optimism was fueled by the company's active dialogue with potential commercial partners and growing recognition of the unmet clinical need BupiZenge aims to address.

However, this positive momentum was sharply interrupted in late 2024, following Pharmanovia's unexpected decision to discontinue its non-binding partnership with OncoZenge. The announcement triggered a rapid decline in the share price, reflecting renewed doubts around the company's ability to bring its candidate to the market without a strong commercial partner. The development raised questions about the candidate's perceived market value and strategic fit, which temporarily clouded investor confidence.

Encouragingly, the share price rebounded at the start of 2025, driven by the announcement of a finalized, binding licensing agreement with Molteni Farmaceutici and a SEK30.2m investment agreement with Yangtian Pharma to fund the upcoming European phase III trial. These developments helped restore investor sentiment and underscored the commercial potential of BupiZenge, particularly with Molteni's strong regional presence and Yangtian's financial backing.

Since the initial rebound, the share has experienced a gradual downward drift, likely influenced by broader market headwinds impacting small-cap biotech stocks. Risk appetite remains muted in the sector amid persistent macroeconomic uncertainty, higher interest rates, and more selective investor focus on late-stage or revenue-generating assets. Nonetheless, OncoZenge's low cash burn and extended financial runway offer a degree of insulation compared to more capital-intensive biotech peers, we argue.

**OncoZenge: Share price development (LTM)**




Source: Millistream, Redeye Research

Importantly, BupiZenge's value proposition remains intact. The candidate addresses a significant unmet need with few effective non-opioid alternatives, and its late-stage development status provides a clearer regulatory and commercial path than many early-stage biotech assets. Continued positive news flow, including the recent regulatory progress on the Yangtian investment and new licensing activity in the GCC region with Avernus Pharma, suggests that OncoZenge is executing well on its business development strategy.

While the share may remain sensitive to broader market trends in the near term, we believe that OncoZenge's disciplined financial approach and the high potential of BupiZenge position the company favorably for long-term upside. We believe that key upcoming milestones, particularly the progression and eventual readout of the phase III trial, will be central to reshaping investor expectations and driving renewed interest in the stock.

# Q1 2025 – Review

## Financials Q1 2025

- Net Sales for Q1 were SEK2.7m (0m) following the initial upfront payment of EUR0.25m received from Molteni.
- OPEX was SEK2.7m (2.4m), in line with our estimate of SEK2.8m.

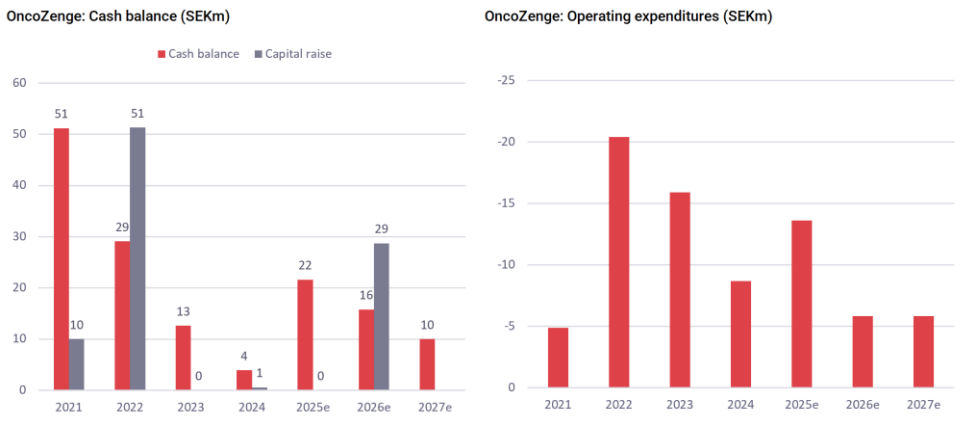
**OncoZenge: Q1 Financial estimates (SEKm)**

| OncoZenge: Actual vs. Estimates (SEKm) | | | | |
|---|---|---|---|---|
| SEKm | Q1 24 | Q1 25a | Q1 25e | Diff (%) |
| **Net sales** | **0,0** | **2,7** | **2,5** | **7%** |
| Sales growth Y/Y | N/A | N/A | N/A | N/A |
| **OPEX** | **-2,4** | **-2,7** | **-2,8** | **-4%** |
| **EBITDA** | **-2,4** | **0,0** | **-0,3** | **-112%** |
| EBITDA margin (%) | N/A | 1% | -14% | 16% |
| **EBIT** | **-2,4** | **0,0** | **-0,3** | **-112%** |
| EBIT margin (%) | N/A | 1% | -14% | 16% |
| **Net cash flow** | **-3,0** | **-2,6** | **-0,3** | **643%** |
| **Cash & Equivalents** | **9,7** | **1,3** | **3,5** | **-63%** |

Source: Company data, Redeye Research

- Net cash flow was SEK-2.6m (-3.0m), lower than our estimate of SEK-0.3m. This was primarily due to a negative net change in working capital. Specifically, as outlined by the company in the Q1 report, the EUR0.25m milestone payment from Molteni was received after the end of the reporting period and is included in the company's reported net sales for the period but not the company's reporting cash and cash equivalents at the end of the period.
- Cash position at the end of Q1 was SEK1.3m (9.7m), accordingly.

**Cash Balance and Operating Expenditures, 2021-2027e, risk-adjusted (SEKm)**




Source: Redeye Research, OncoZenge

OncoZenge reported a net cash flow at quarter-end of SEK-2.6m following an OPEX of SEK2.7m for the period. Accordingly, the company has managed to maintain good cost control during the quarter, reporting an OPEX in line with what we anticipated. However, as previously

explained, we do still expect a certain increase in OPEX with the start of the phase III program preparations.

Furthermore, OncoZenge reported a cash position at quarter-end of SEK1.3m. While seeming alarmingly low, it is important to note that this does not include the SEK2.7m upfront payment from Molteni as the payment was received after the reporting period. Accordingly, this amount will instead be added to the cash position for Q2. Similarly, the reported cash does not include any of the potential proceeds the company is expected to receive from the investment agreement with Yangtian Pharma either. Should the company receive all four traches, the company will secure SEK30.2m over the course of the year. Furthermore, OncoZenge is set to receive another EUR250,000 from Molteni following a successful completion of the planned phase III trial.

Accordingly, we believe that OncoZenge has sufficient funding to finance operations well into 2026e, given that it receives these fundings. During this period, the primary objective for the company will be to initiate and complete the EU phase III study. The results of this study will be decisive for a potential market approval in the EU and other geographies that use EU approval as a reference for their own approval processes. Accordingly, we argue that the phase III data will constitute the most important inflection point for the company ahead.

**OncoZenge: Financial forecasts, 2022-2027e, risk-adjusted (SEKm)**

| Financial forecast | | | | | | |
|---|---|---|---|---|---|---|
| SEKm | 2022 | 2023 | 2024 | 2025e | 2026e | 2027e |
| Risk-adjusted revenues | 0,0 | 0,0 | 0,0 | 2,7 | 9,7 | 6,4 |
| Growth y/y | N/A | N/A | N/A | N/A | 2,6 | -0,3 |
| Gross profit | 0,0 | 0,0 | 0,0 | 2,7 | 9,7 | 6,1 |
| Gross margin | N/A | N/A | N/A | 1,0 | 1,0 | 1,0 |
| OPEX | -20,4 | -15,9 | -8,7 | -13,6 | -23,3 | -25,1 |
| G&A | -4,1 | -4,7 | -2,2 | -3,3 | -4,3 | -5,6 |
| Other | -16,3 | -11,2 | -6,5 | -10,3 | -19,0 | -19,5 |
| EBITDA | -20,4 | -15,9 | -8,7 | -10,9 | -13,6 | -19,0 |
| EBITDA margin | N/A | N/A | N/A | neg | neg | neg |
| EBIT | -43,6 | -15,9 | -8,7 | -10,9 | -13,6 | -19,0 |
| EBIT margin | N/A | N/A | N/A | neg | neg | neg |
| Cash end of period | 29,1 | 12,6 | 3,9 | 21,6 | 8,0 | 8,9 |

Source: Company data, Redeye Research

## Recent events

**Binding partnership agreement with Molteni Farmaceutici**

In January, OncoZenge announced a significant step forward in its efforts to bring BupiZenge to the market as the company disclosed an intended strategic partnership with Italian pharmaceutical company Molteni Farmaceutici. The later finalization of the (binding) agreement in March represented an important milestone for the company and a validation of BupiZenge's commercial potential.

Compared to the preliminary agreement, OncoZenge has managed to secure improved commercial milestones and royalties, underscoring both the management's negotiating strength and Molteni's confidence in the market opportunity for BupiZenge.

From a financial perspective, the binding agreement includes structured milestone payments totaling EUR4.3m, which are contingent on various commercial and sales targets. OncoZenge received the initial EUR250,000 upfront payment in Q1, with additional payments tied to the successful completion of the phase III trial, first commercial sales, and cumulative sales

milestones providing a clear long-term financial roadmap. Additionally, the tiered royalty structure—starting at 15% and scaling up to 20% for sales exceeding EUR60m—indicates OncoZenge's ability to retain a significant share of future revenue, ensuring meaningful long-term upside potential.

The improved financial term in the finalized agreement suggests that Molteni has strengthened its commitment following the due diligence process. This is in contrast to the uncertainties we noted earlier, particularly in light of OncoZenge's previously discontinued partnership with Pharmanovia. The shift from a non-binding to a binding agreement confirms Molteni's belief in BupiZenge's market potential and provides a degree of stability for OncoZenge's commercialization strategy.

Molteni Farmaceutici - Logo


*Source: Molteni Farmaceutici*

On the operational front, OncoZenge and Molteni are now set to proceed with refining their manufacturing capabilities, as well as finalizing the study plan for the European phase III trial. The two companies will also collaborate on regulatory strategy and commercial launch planning, ensuring a cohesive go-to-market approach. Molteni's comprehensive in-house capabilities in manufacturing, research and development, regulatory affairs, supply chain management, and commercial operations, adds confidence to its role as a capable partner. This is further strengthened by its expertise in pain management and established distribution network across Europe.

Overall, we view this binding agreement as a positive step for OncoZenge. The finalized deal not only reinforces the market potential for BupiZenge but also validates the company's ability to navigate the challenging biotech licensing landscape. The improved terms compared to the non-binding agreement, coupled with the strengthened finances through the recent investment agreement, indicate a more secure path forward. The next phase will be execution-focused, with attention turning toward regulatory interactions, trial progression and manufacturing readiness—all of which will be key determinants of OncoZenge's success in realizing the full commercial potential of BupiZenge.

**NRDC approves investment agreement with Yangtian Pharma**

The upfront payment in the agreement with Molteni would not have been enough to fund the upcoming phase III trial. Encouragingly, the recent investment agreement with Yangtian Pharma provides a crucial capital injection, mitigating immediate concerns over liquidity while enabling OncoZenge to maintain its strategic focus. The SEK30.2m investment, structured through four tranches based on operative milestones in 2025/2026, not only supports the upcoming clinical trial but also strengthens OncoZenge's position as it moves toward commercialization.

In May, OncoZenge announced that the Chinese National Development and Reform Commission (NDRC) had approved the company's investment agreement with Yangtian Pharma. This regulatory green light marks a key step in the multi-stage Overseas Direct Investment (ODI) process required under Chinese law for outbound investments and brings the company materially closer to accessing the full financing package. With shareholder approval already granted in Sweden in March, the focus was shifted entirely to the regulatory pathway in China. Approval from the NDRC is the most critical and time-consuming step of the ODI process and receiving this certificate signals that the investment has passed central scrutiny and meets national policy criteria.

Yangtian Pharma - Logo


*Source: Yangtian Pharma*

Next steps include finalizing the review at the Sichuan Provincial Department of Commerce and completing foreign exchange registration with the State Administration of Foreign Exchange (SAFE). While these are more procedural, they are necessary before the capital can be transferred and deployed. Importantly, both OncoZenge and Yangtian express confidence that the process will be completed with a favorable outcome, suggesting no major regulatory roadblocks at this stage.

This update reduces a major near-term risk for OncoZenge—namely, uncertainty around the timing and completion of the funding. Given OncoZenge's dependency on external capital to advance its clinical program, we argue that the completion of this financing is vital.

**Licensing agreement with Avernus Pharma**

Following the finalization of the binding partnership agreement with Molteni Farmaceutici, OncoZenge also announced an exclusive licensing agreement with Avernus Pharma in April. We argue that this marks another strategically important step in the company's global commercialization strategy for BupiZenge as the deal expands OncoZenge's geographic reach into the Gulf Cooperation Council (GCC) region. While not being one of the key commercial regions for BupiZenge, we see it as a promising and underserved market in terms of supportive oncology care, requiring minimal near-term financial commitments from the company.

Under the agreement, Avernus will assume responsibility for regulatory filings in the GCC and invest in marketing and distribution infrastructure. OncoZenge, in turn, will provide regulatory support and ensure product supply. Commercial milestone payments of up to USD130,000 are relatively modest, especially when compared to the licensing deal signed with Molteni Farmaceutici for European rights. Furthermore, the initial press release does not mention any specifics regarding potential royalty payments. However, it's important to view this deal as complementary to the Molteni agreement: while the Molteni partnership secures OncoZenge's access to the highly regulated and commercially essential European market—with high royalties (up to 20%) and more substantial milestones—the Avernus deal opens up access to emerging markets, diversifying risk and expanding BupiZenge's long-term revenue potential.

Avernus Pharma is a UAE-based specialty pharmaceutical company with a growing presence in the GCC region, primarily focused on oncology and specialty care. The company has a staff

of more than 130 employees and over 1,200 customers and is the marketing arm of the ZAS Group, which has more than 60 healthcare and retail facilities across the UAE. Although not as established or vertically integrated as Molteni, Avernus brings valuable regional knowledge and commercial infrastructure within a market where regulatory dynamics and local relationships are essential for market entry. Its willingness to take on regulatory efforts and commercial investments also reduces OncoZenge's burden, which is particularly beneficial given the company's current focus on late-stage development and limited cash flow. With both deals now in place, OncoZenge is better positioned to leverage its future phase III trial outcomes and scale BupiZenge's commercial rollout once a potential approval is secured.

Avernus Pharma - Logo


*Source: Avernus Pharma*

Looking ahead, we believe that the key catalysts for OncoZenge include securing necessary agreements with contract development and manufacturing organizations (CDMOs) and contract research organizations (CROs), initiating and completing the phase III trial, and executing successful market launches in partnership with Molteni and Avernus. These developments will also see the company realizing the tranches from its investment agreement with Yangtian. The company's ability to effectively utilize its funding and efficiently execute its development plan will be critical in determining how proficiently it can reach the commercial stage and generate shareholder value.

# Valuation

## Valuation Summary

In our valuation of OncoZenge, we estimate the sales potential of its main candidate, BupiZenge, and assign an associated likelihood of reaching market approval. We then incorporate this into a risk-adjusted discounted cash flow (DCF) valuation model, which provides us with our Base Case. We use a weighted average cost of capital (WACC) of 17%, based on both qualitative and quantitative aspects of the company using our Redeye Company Quality model.

### OncoZenge – Valuation

| Valuation summary (SEKm) - Base case | | | | | | |
|---|---|---|---|---|---|---|
| Program | Indication | Stage | Launch | Peak sales ($m) | Probability (LoA) | Value, r-adj (SEKm) |
| BupiZenge | Oral Mucositis | Phase III | 2027 | 262 | 61% | 312 |
| | | | | **Tech Value (SEKm)** | | **312** |
| | | | | Est. net cash (inc. issues) | | 31,6 |
| | | | | Shared costs | | -147,5 |
| | | | | **Equity Value** | | **196** |
| | | | | Shares outstanding (post issues) | | 17,4 |
| WACC: 17% | | | | **Base case** | | **11,5** |

Source: Redeye Research

** Numbers may not add up due to rounding.*

## Summary of changes in valuation (since last update)

- We adjust the likelihood of a partnership agreement being entered into from our previous 70% to 100% in our valuation model. Furthermore, we include the new and improved financial terms under the finalized agreement with Molteni.
- We include the partnership agreement with Avernus.

## Bear Case 3.5SEK

We factor in negative results from the BupiZenge phase III trials and see limited prospects in the OM indication. The company's cash position and the candidate's potential in other ulcer/pain indications constitute the company's remaining value.

## Base Case 11.5SEK

The DCF model above represents our Base Case scenario.

## Bull Case 26SEK

We factor in positive phase III top-line results for BupiZenge that strongly support an EMA application. Consequently, OncoZenge finds a partner for the US market and other non-European markets. As such, the company does not have to carry out any additional dilutive share issue.

## Sensitivity Analysis

Our valuation of OncoZenge is highly affected by the WACC that we attribute to the company. WACC plays an essential part in calculating the discounted cash flow and reflects the uncertainties related to the company and the market. We illustrate the impact of applying changes to the WACC on our fair value range (Base Case, Bull Case, and Bear Case) valuation in a sensitivity analysis below.

OncoZenge: Sensitivity Analysis

| Sensitivity analysis: WACC | | | | | | |
|---|---|---|---|---|---|---|
| | | 15% | 16% | 17% | 18% | 19% |
| Value (SEK/share) | Bull | 31,8 | 29,0 | **26,5** | 24,1 | 21,9 |
| | **Base** | **13,8** | **12,6** | **11,5** | **10,5** | **9,5** |
| | Bear | 4,1 | 3,8 | **3,5** | 3,1 | 2,9 |

*Source: Redeye Research*

## Peer Valuation

To provide additional insight into the current valuation of similar biotech companies, we include a peer group analysis. The valuation of listed biotech companies in clinical development varies considerably, depending on project validation, potential, financial position, risk, etc. However, we base our relative valuation on the enterprise value (EV) (market cap minus net cash) of what we consider to be comparable drug development companies. Below we present a sample of Nordic peers.

OncoZenge: Peer Valuation

| Peer Group Valuation | | | | | |
|---|---|---|---|---|---|
| (SEKm) | Market Cap | Cash* | EV | No. Projects | Dev. Stage |
| Company | | | | | |
| SynAct | 895 | 39 | 856 | 1 | Phase II |
| Active Biotech | 124 | 27 | 97 | 3 | Phase II |
| Coegin Pharma | 102 | 10 | 93 | 3 | Phase II |
| Scandion Oncology | 5 | 22 | -17 | 2 | Phase II |
| Modus Therapeutics | 49 | 8 | 41 | 1 | Phase II |
| Kancera | 127 | 58 | 69 | 2 | Phase II |
| Lipum | 310 | 13 | 297 | 1 | Phase I |
| Lipigon | 57 | 11 | 46 | 4 | Phase II |
| Average | 209 | 23 | 185 | 2 | Phase II |
| Median | 113 | 17 | 96 | 2 | Phase II |
| OncoZenge | 61 | 1 | 60 | 1 | Phase III |

*Source: Redeye Research*
**Based on latest reports.*

Our peer valuation has no impact on our fair value range. It is instead a snapshot of comparable companies. However, based on the companies listed in the table, OncoZenge's valuation is currently below its peers. The median market cap (SEK113m) is significantly above the current market cap of OncoZenge (SEK61m). Similarly, the median EV of the listed peers (SEK96m) is also much higher than the EV of OncoZenge (SEK60m). The discrepancy in value reflects an upside potential similar to what our base case valuation suggests. Although, it is worth noticing that the peer median number of projects in the pipeline is three and the median current development stage (for lead candidate) is phase II. OncoZenge currently only has one project in development but is entering pivotal phase III studies.

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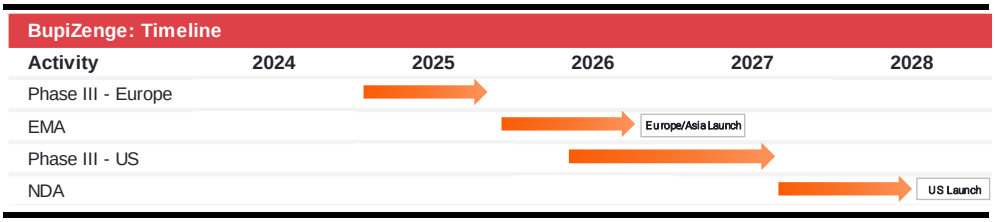
# General summary

## Medical need and project description

OncoZenge is developing an innovative solution for patients with severe oral pain, with the aim of defining a new standard of care (SoC). The lead indication for BupiZenge is oral mucositis (OM), a large and growing patient population with a great unmet need for effective pain relief.

BupiZenge: Estimated development plan



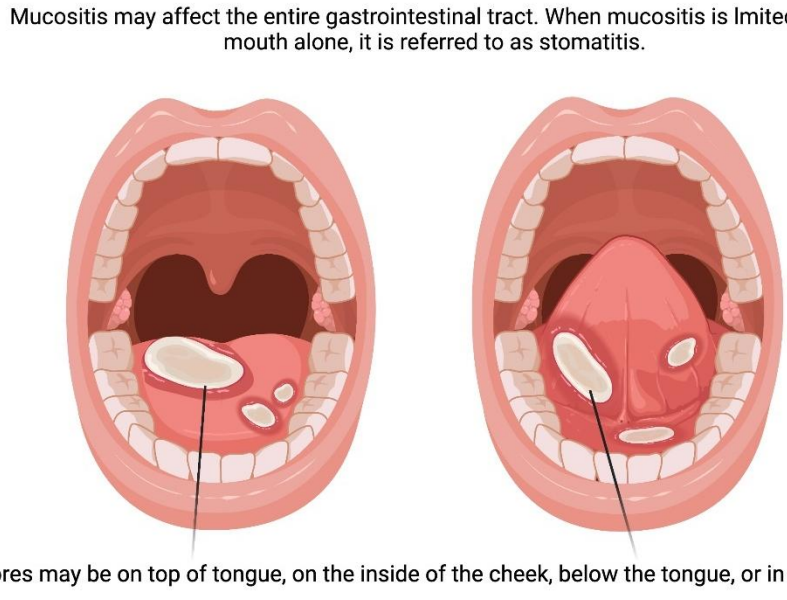

*Source: OncoZenge, Redeye Research*

Following extensive clinical and preclinical development progress, the candidate is now set to enter pivotal phase III trials with a European, Asian and, subsequently, US market launch in sight.

**Disease overview: Oral mucositis**

OM is a severely debilitating condition characterized by erythema, edema, and ulcerations of the oral mucosa. OM is among the most painful and debilitating side effects of radiation and chemotherapy against cancer. Also known as "stomatitis" or "chemo mouth," OM has emerged as the most significant adverse event in oncology, according to a National Comprehensive Cancer Network (NCCN) task force. It involves the inflammation and ulceration of the mucous membranes in the mouth, leading to significant discomfort and difficulty in eating, speaking, and maintaining oral hygiene.

Oral Mucositis - Visualized



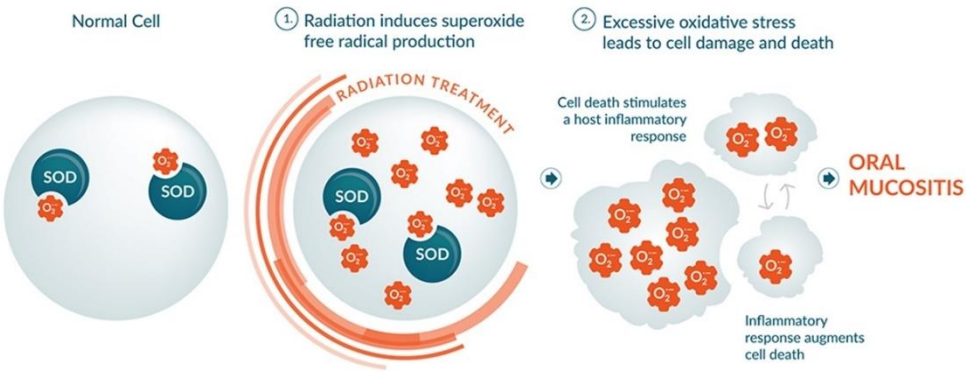

*Source: ChemoExperts*

Typical symptoms include:

- Swollen mucosa
- Mouth sores or ulcers that may bleed
- White patches or pus in the mouth
- Pain and burning sensations
- Difficulty swallowing and speaking
- Increased risk of infection due to open sores

The primary causes of OM include cytotoxic drugs from chemotherapy that damage the rapidly dividing cells of the mucosal lining, and radiation therapy (RT) targeting the head and neck, which can cause direct injury to the oral mucosa. Hematopoietic stem cell transplantation (HSCT), due to its conditioning regimens, can also lead to mucositis.

Why oral mucositis occurs in patients receiving radiotherapy




*Source: Dentistry Today*

OM typically develops through a series of stages occurring consecutively, including initiation, signaling, amplification, ulceration, and healing. The initiation phase involves DNA damage, tissue injury caused by chemotherapy or radiation, resulting in the death of the basal epithelial cells and the formation of reactive oxygen species. The mucositis starts as acute inflammation in the oral mucosa, tongue, and pharynx. The soft palate is most seriously damaged, followed by the hypopharynx, mouth floor, cheeks, tongue, and lips. This is followed by up-regulation of the inflammatory pathway, where the reactive oxygen species cause direct cellular death. During the signaling and amplification phase, pro-inflammatory cytokines are further released, while other pathways are amplified, such as TNF alpha. This leads to the ulceration phase, where the mucosal barrier breaks down and ulcers form. Finally, the healing phase involves cellular and tissue repair processes that restore the mucosa.[1]

Between 20% to 40% of patients with solid tumors receiving chemotherapy develop mucositis, usually within five to fourteen days of starting treatment. However, one study reported that patients who receive high doses of chemotherapy or undergo bone marrow transplantation have a 76% risk of OM. Furthermore, radiation-induced OM occurs in 90-100% of head and neck cancer (HNC) patients receiving radiotherapy. The frequency of mucositis is higher in patients with poor nutritional status and inadequate oral care, while younger age patients are also thought to have a higher risk of developing OM.[2]

[1] Bell A, Kasi A. Oral Mucositis. (2023).

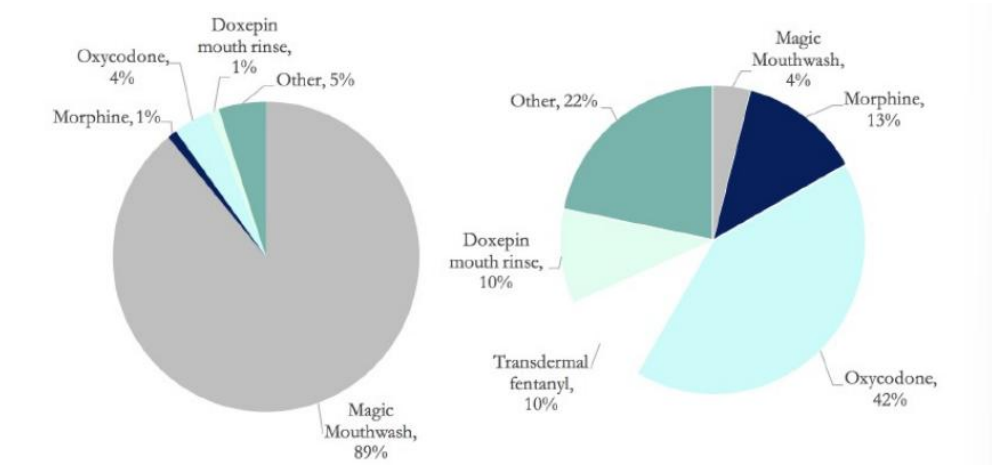
[2] Maria OM, Eliopoulos N, Muanza T. Radiation-Induced Oral Mucositis. (2017).

**Current Treatment Paradigm of OM**

The approach to managing OM pain in cancer treatment involves various strategies. However, current treatments are distinctly inadequate, leaving many patients suffering. Based on a comprehensive systematic review of the literature, the Mucositis Study Group of the Multinational Association for Supportive Care in Cancer, and the International Society of Oral Oncology (MASCC/ISOO) developed clinical practice guidelines for the management of OM. MASCC/ISOO guidelines emphasize basic oral care and recommend pain relief, dietary support, and secondary infection prevention as key elements in management. However, the lack of standardized treatments and high-quality evidence complicates OM management, exacerbated by varying opioid prescription practices among physicians. Patients face the risk of opioid dependence or inadequate pain relief.

For chemotherapy- and radiation-induced OM, treatments include bland rinses and topical anesthetics like 2% viscous lidocaine, dietary modifications to avoid rough foods and alcohol, and 2% morphine mouthwash for pain control with minimal systemic absorption. In early OM stages (usually below a cumulative dose <20 Gy), over-the-counter analgesics or topical agents such as Gelclair or MuGard are common. As mucosal integrity breaches (typically at doses of 20– 30 Gy), escalating pain often requires oral narcotics, like morphine mouthwashes, despite concerns about tolerance and dependency, especially for young, active patients.

First-line (left) and second-line (right) treatments for OM




*Source: OncoZenge*

So-called "magic mouthwash", typically containing mixtures of topical anesthetics, antihistamines, and steroids, although commonly used, lack standardization and may not be more effective than bland rinses, posing risks of systemic toxicity. Viscous lidocaine solutions, while providing topical anesthesia, have limitations in duration and may increase the risk of accidental trauma. Overwhelmingly, 89% of physicians utilize magic mouthwash in the first-line setting, nonetheless.

Severe cases may require hospitalization for systemic analgesics and monitoring for secondary infections. Patient-controlled analgesia with morphine or transdermal formulations like morphine or fentanyl may provide long-term pain management, addressing breakthrough pain, but is associated with several health concerns.

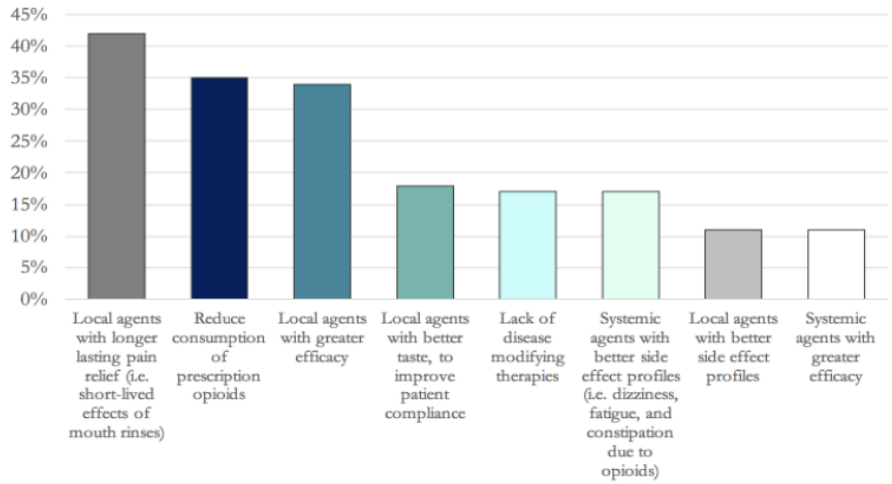
**Unmet medical need**

The current treatment landscape for OM pain presents significant shortcomings, creating a substantial unmet medical need that BupiZenge aims to address. Current approaches lack standardization, leading to varied treatments based on insufficient evidence and exposing patients to safety risks. Individualized treatment, optimal dosing, and timing are lacking, resulting in inadequate pain relief for most OM patients. Studies show a direct correlation between the increase in cumulative pain scores and the progression of OM, despite strategic interventions and the escalation in opioids usage.[3]

With OM affecting younger demographics and the opioid epidemic highlighting risks, existing pain management, often reliant on opioids, poses long-term health hazards. OM-related pain adversely impacts physical, social, and economic well-being, causing severe complications like weight loss, interruption of cancer treatment, and immune system weakening. This cycle of inflammation, ulceration, and bacterial colonization perpetuates OM, underscoring the need for effective pain management like BupiZenge, which can potentially modify disease progression.

Additionally, OM-related pain has substantial negative psychological effects, exacerbating the challenges of coping with cancer treatment side effects. BupiZenge offers promise in addressing these critical gaps in OM pain management, aiming to improve patients' quality of life and treatment outcomes

The proportion of physicians viewing attributes as high unmet need




*Source: OncoZenge*

Based on a survey carried out by OncoZenge on physicians, the most frequently cited unmet needs within OM treatment were:

- longer lasting pain relief agents (42%)
- reduced opioid consumption (35%)
- greater efficacy of local agents (34%)

[3] Salama, V. et al. (2023). *Temporal characterization of acute pain and toxicity kinetics during radiation therapy for head and neck cancer. A retrospective study.*

# BupiZenge: An innovative non-steroidal solution for OM pain

### Background

BupiZenge is a unique, non-opioid, effective, and convenient product for local treatment of pain in the mouth and larynx. The candidate is a new formulation of the well-established molecule bupivacaine in the form of a lozenge for oral administration. Bupivacaine is a well-known local anesthetic that was developed in Sweden already in the 1960s and has since been used for local anesthesia in millions of patients to achieve long-term anesthesia through nerve blockade.

Several commercially available bupivacaine-based products are on the market today. Common uses for bupivacaine include pain relief during surgical procedures and local anesthesia in dentistry. However, no oral formulations are approved within the EU, nor has any previous bupivacaine-based treatment been approved for pain relief in relation to OM. The most prominent current bupivacaine products are summarized in the table below.

Prominent Bupivacaine products on the market

| Bupivacaine treatments | | | | |
|---|---|---|---|---|
| Product | Approval | Indication | Administration | Application |
| Marcaine | 1958 | Spinal anaesthesia for surgery | Intrathecal injection | Single dose |
| Exparel liposomal | 2011 (US) 2020 (EU) | Brachial plexus-/femoral nerve block for post-op pain | Infiltration or perineural use | Single dose |
| Xaracoll | 2020 (US) | post-op analgesia after open inguinal hernia repair | Implant | Single dose |
| Zynrelef | 2020 (EU) 2021 (US) | Somatic post-op pain from surgical wounds | Intralesional | Single dose, local application |
| Posimir | 2021 (US) | Post-op analgesia after arthroscopic subacromial decompression | Infiltration or perineural use | Single dose |

*Source: OncoZenge, Redeye Research*

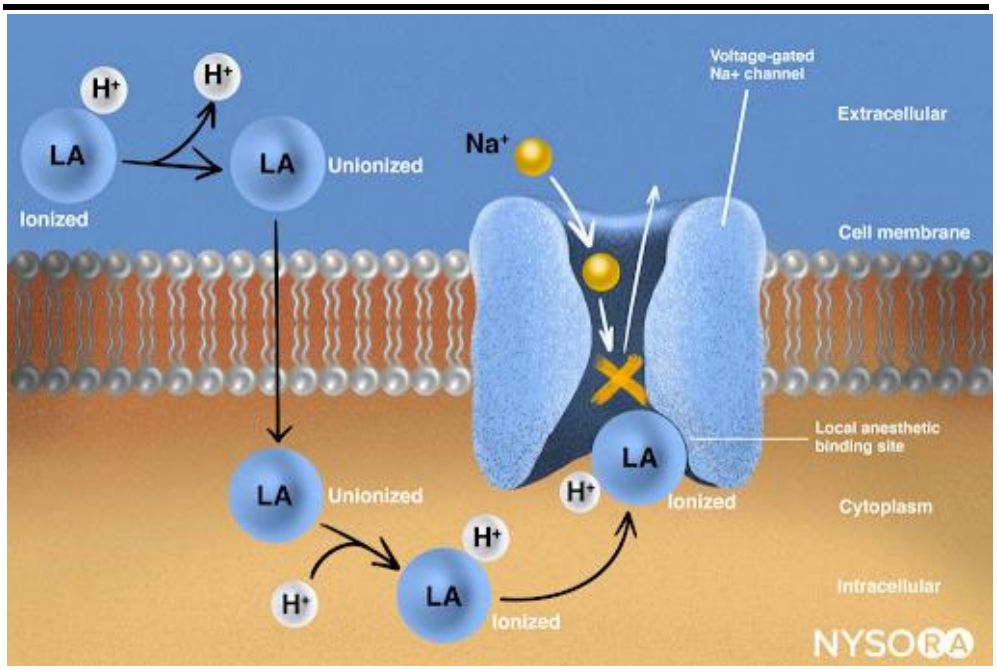
In 2014, Moberg Pharma acquired the global rights to BupiZenge from Oracain ApS. The company then invested over SEK50m into the candidate's development, including a successful phase II clinical study that showed significantly better pain relief compared to the current treatment. In December 2020, Moberg Pharma transferred the rights to OncoZenge, who has been preparing the candidate for phase III trials since.

### BupiZenge: Scientific evidence and mechanism of action

BupiZenge (bupivacaine) is a local anesthetic medication belonging to the amide group. It works by blocking sodium channels, thereby inhibiting the propagation of nerve impulses responsible for transmitting pain signals to the brain. This action results in temporary numbing or loss of sensation in the affected area.

In the context of OM, BupiZenge's unique lozenge formulations allow for precise och safe local pain relief with a rapid onset (within minutes) and extended duration (3-5 hours). When applied topically to the oral mucosa, bupivacaine numbs the nerve endings, reducing the perception of pain associated with mucositis lesions. This localized effect helps alleviate discomfort and allows patients to eat, drink, and speak more comfortably during cancer treatment.

Mechanism of action of local anesthetics (BupiZenge)




*Source: Nysora*

Bupivacaine's mechanism of action (MoA) involves its ability to bind to and block voltage-gated sodium channels in the nerve cell membranes, inhibiting the influx of sodium ions and preventing the generation and propagation of action potentials along the nerve fibers. By interrupting the transmission of pain signals, BupiZenge effectively reduces the sensation of pain in the affected area, providing relief for patients suffering from OM-associated pain.

A key attribute in the management of HNC patients with BupiZenge is to delay the onset, which may decrease the severity of OM and allow the patients to continue meeting their nutritional needs without having to go on a feeding tube. In turn, this supports their ability to withstand their 6 weeks of radiation therapy without having to go to lower doses or treatment interruptions and to avoid the need for heavy prescription medications, such as opioids, to manage the OM-related pain.

**Phase II Clinical Trial**

In 2014, Moberg Pharma initiated a phase II trial with the candidate. The trial was a randomized, open-label, controlled parallel assignment study carried out in collaboration with leading clinicians from Hvidovre Hospital in Denmark. The aim of the study was to investigate the efficacy and tolerability of repeated administration of BupiZenge as pain relief in OM. As such, the study included 70 patients, between the ages 18 and 80 years, who had been diagnosed with HNC and were starting RT treatment. The patients were randomized into either an active arm, receiving up to 8x25mg BupiZenge a day (every other awaken hour) for 7 days, or a control group receiving SoC (lidocaine viscous solution, morphine, paracetamol, NSAID, gabapentin).

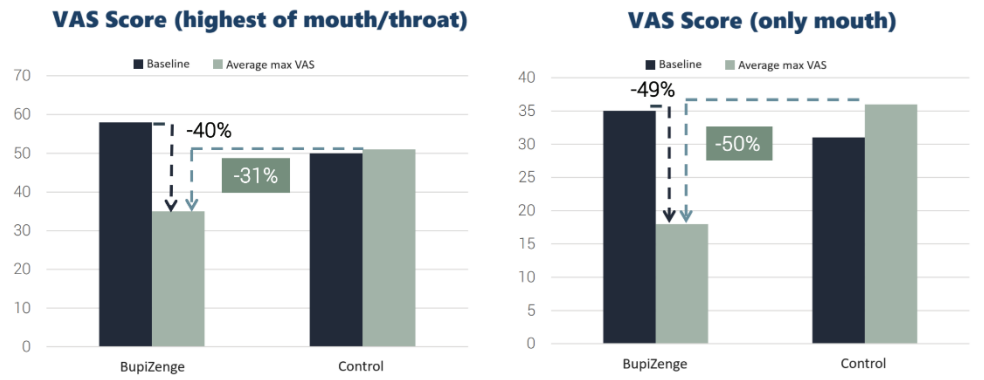
Phase II trial – Study design

| Phase II study design | |
|---|---|
| Study type | Randomized, open label, parallel assignment |
| Inclusion criteria | HNC patients starting RT |
| Dosing | Up to 8 25mg BupiZenge a day for 7 days, control arm uses SoC |
| Duration | 7 days of treatment |
| Primary outcome measure | Reduction of oral and pharyngeal pain measured on Visual Analogue Scale (VAS) |
| Secondary outcome measures | Duration of the effect, Effect of the BupiZenge, Peak plasma concentrations (safety) |

*Source: Clinicaltrials.gov*

The primary endpoint of the study was the mean Visual Analogue Scale (VAS) score, a subjective pain assessment score, for the patients in the active arm compared with the mean VAS score for the patients in the control group. The active treatment group measured VAS score in the mouth and throat before and 60min after administration of BupiZenge for 7 days. The standard treatment group measured VAS every second hour for 7 days. Secondary endpoints included (i) duration of the effect, measured as mean VAS 120min post administration, (ii) effect of BupiZenge, measured as the difference in VAS between the first score in the morning before treatment and the score 60min post administration and (iii) a safety endpoint in peak plasma concentrations of bupivacaine measured through blood samples drawn before a lozenge is administrated and at 30min, 60min. and 90min post administration.

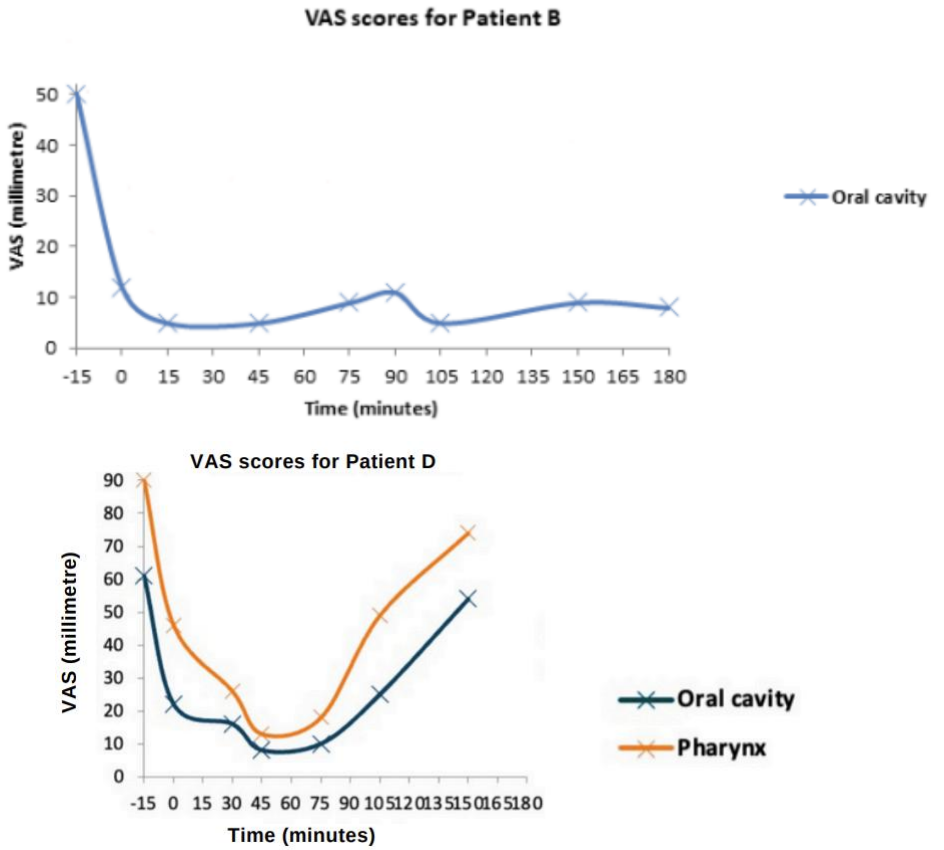
Phase II trial – Study results




*Source: OncoZenge*

The chart above showcases the results of the primary endpoint of the study, with the VAS score measured as a range of 0 (no pain at all) to 100 (the worst imaginable pain). For reference, 50–60 on the VAS scale indicates moderate pain, while 80 or more represents severe pain. The results showed a statistically significant reduction in pain assessment in the active group receiving BupiZenge. The active group reported 40% less pain compared to baseline and 31% less pain (p=0.0032) compared to the control group when rating the highest pain experienced in either the mouth (oral cavity) or throat (pharynx). Similarly, the active group reported 49% less pain compared to baseline and 50% less pain (p=0.0002) compared to the control group when rating the pain experienced in the mouth alone.

Phase II trial – Study results




*Source: OncoZenge*

The charts above shows two separate patient cases, demonstrating the reported pain relief over 3 hours post administration with BupiZenge. In both cases, there is a significant reduction in perceived pain following treatment. Patient B reported a reduction in VAS score from 50 to 8 in the oral cavity approximately 1 hour after administration, while patient D reported a reduction from 90 to 15 in the oral cavity and from 60 to 10 in the pharynx. Noticeably, the charts demonstrates the immediate pain reduction after administration of the lozenge. Patient B reported a reduction from 50 to 12 after only 15min. Similarly, patient D reported a reduction from 90 to 50 and from 60 to 20, respectively, after 15min. This indicates faster pain relief compared to other current treatment methods for OM, while also being long acting due to the lozenge formulation.

Accordingly, we argue that the data from the phase II study clearly demonstrate that BupiZenge has a strong and fast-acting local analgesic effect that is substantially better than existing treatment options. Furthermore, together with the robust data from previously completed phase I studies, BupiZenge has shown good safety and no serious side effects have been reported. This indicates that BupiZenge has significant potential to be developed into an effective treatment for pain in OM.

**Pivotal phase III Study**

Following the revised formulation of BupiZenge, the positive confirmation from stability studies and the strengthened IP protection, the next step in the development of the candidate is to carry out pivotal phase III studies. Given the additional requirements for marketing approval posed by the US Food and Drug Administration (FDA) in comparison to the European

Medicines Agency (EMA), a US market-approval based study is expected to be significantly more extensive and costly than an EU market-approval based study. However, this could potentially be adjusted after possible success in the EU study.

Accordingly, the shortest path to approval in a market with significant commercial potential is in the EU, and other geographies that use EU approval as a reference for their own approval processes. This is the company's current priority and primary focus.

The study is expected to be conducted as a multi-country trial in which most patients are recruited in India due to (1) the availability of HNC patients, as there is a high incidence of cancer from e.g. chewing tobacco, and (2) the opportunity to recruit patients quickly and cost-effectively. As the active substance, bupivacaine, has been used for a long time and has been shown to work under different ethnicities, the FDA and EMA do not require the studies to be entirely local. However, the trial is expected to have three study sites across Europe as well. In addition, the strategic partner may have additional requirements or suggestions for specific sites that would support commercialization through the engagement it would foster with selected Key Opinion Leaders (KOLs).

OncoZenge has chosen to partner with a commercial entity rather than a development partner to bring its product to market. The company also plans to work with a Contract Development and Manufacturing Organization (CDMO) and a Contract Research Organization (CRO) to handle different aspects of the program. The key reason behind this decision is to retain full control over future revenues and intellectual property (IP) rights for BupiZenge. By using a standard commercial setup, OncoZenge aims for a more streamlined and risk-managed process, ensuring better control over the outcomes of the project.

Regarding the protocol for the study, it is set to be designed similar to the previous phase II study. It is expected to include HNC patients receiving RT as part of the cancer treatment. While we want to highlight that there is a risk that only including HNC patients could result in a limited label upon potential market approval, HNC patients are the most severe cases of OM, which implies that the outcome should be able to be extended to other OM patients as well. The study is expected to include around 150 patients over six weeks, who will be randomized into either the active arm receiving treatment or the control group (receiving SoC).

We anticipate that the active arm will receive 6-weeks treatment of BupiZenge and are expected to consume an average of 4 lozenges per day. To maximize the benefits associated with BupiZenge, it is recommended to be administered primarily in conjunction with breakfast, lunch, dinner, and before sleep. By reducing pain in the patient's mouth and throat, eating is facilitated, which strengthens the immune system and promotes faster recovery of OM. Improvement of the patients' food intake is a key factor for BupiZenge and is expected to be evaluated in the phase III study by including differences in weight loss as a secondary endpoint. However, similar to the phase II study, pain assessment before and after treatment will likely be the primary endpoint of the study.

In 2024, OncoZenge appointed Anna Asplind as a phase III Program Manager. Ms. Asplind has more than 20 years of experience from leading and managing large cross-functional, national and international, project teams within the pharmaceutical industry across phase I to phase IV and will work to finalize the scope, plans and preparations for regulatory approval. Together with the company's collaboration with PharmaRelations, the appointment of Ms. Asplind completes the core team for its sponsor oversight, securing the capabilities required for initiating the phase III program.

The EU phase III study is set to commence in 2025, with the first patient expected to be dosed in H2 2025. Furthermore, top-line results are expected in H1 2026. Provided a successful outcome, an EU market approval for BupiZenge in 2026 is considered feasible.

## The Market for OM Treatment

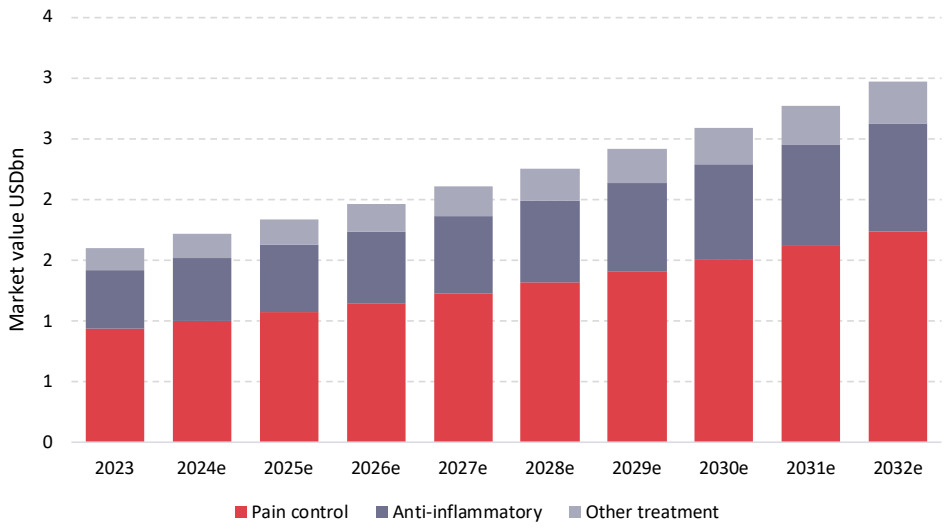
The OM Treatment market was valued at USD1.6bn in 2023, according to Global Market Insight. Furthermore, the market is expected to grow to USD2.9bn in 2032 at a compound annual growth rate (CAGR) of 7.1% until then. The market growth is expected to be attributed to the increasing prevalence of cancer, rising geriatric population, growing demand for targeted therapies and ongoing advancements in OM/cancer therapy.

The Oral mucositis treatment market - Summary


*Source: Global Market Insight*

Based on the type of treatment, the OM market is primarily segmented into the pain control medication and anti-inflammatory treatment sections. The pain control medication segment dominated the market in 2023 with an estimated annual revenue of USD934.7m. With severe pain from OM frequently impairing patients' ability to eat and drink, pain alleviation is often the most acute and important treatment. As this is also the segment in which BupiZenge will pertain to, this demonstrates the great sales potential for the candidate should it be able to grab a solid market share.

Oral mucositis treatment market 2023-2032, by treatment type (USDbn)




*Source: Global Market Insight, Redeye Research*

## BupiZenge Sales Model – OM

Our sales projections are based on a 30% market penetration of the addressable patient population in the US and Europe and a 10% ditto in Asia, based on our view of the current and future competitive landscape. We assume a six-year launch curve before reaching this market penetration, based on a study by Robey & David (2017) which analyses historical averages for prescription drugs. Our estimate for sales erosion from this point relates mainly to patent expiry. BupiZenge is expected to be patent-protected until 2045e, following the company's priority-based patent application. Considering our estimated market launch in 2026e, this would provide 19 years of market exclusivity.

The key assumptions in our BupiZenge OM sales model are:

- Market Launch in 2026e
- Peak market penetration of 30% in the US and Europe and 10% in Asia.
- An average total price per patient of USD1,008, USD504, and USD336 in the US, Europe, and Asia, respectively.
- Royalty rates of 15% in the US and 12% in Europe and Asia.
- Upfront payments of USD0.25m and USD2m for the European and US licensing deals, respectively.
- 61% likelihood of reaching the market

Based on these assumptions, we arrive at annual global peak sales of more than **USD250m** for BupiZenge in OM by 2045e.

**BupiZenge Sales Model in OM – US, Europe & Asia**

| | | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **US** | | | | | | | | | | | | | | | | |
| Total cancer patients | | 2,20 | 2,24 | 2,29 | 2,34 | 2,39 | 2,44 | 2,49 | 2,57 | 2,65 | 2,73 | 2,82 | 2,94 | 3,06 | 3,19 | 3,32 |
| % On radiotherapy/chemotherapy | 50% | 1,10 | 1,12 | 1,15 | 1,17 | 1,19 | 1,22 | 1,24 | 1,28 | 1,32 | 1,37 | 1,41 | 1,47 | 1,53 | 1,59 | 1,66 |
| % Oral mucositis | 40% | 0,44 | 0,45 | 0,46 | 0,47 | 0,48 | 0,49 | 0,50 | 0,52 | 0,54 | 0,55 | 0,57 | 0,59 | 0,62 | 0,64 | 0,67 |
| Adherence rate | 75% | 0,33 | 0,34 | 0,34 | 0,35 | 0,36 | 0,37 | 0,37 | 0,39 | 0,40 | 0,41 | 0,42 | 0,44 | 0,46 | 0,48 | 0,50 |
| Launch curve | | 0,4 | 0,6 | 0,8 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 |
| Market share | 30% | 12% | 18% | 23% | 29% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% |
| Treated patients | | 0,02 | 0,04 | 0,06 | 0,08 | 0,10 | 0,11 | 0,11 | 0,11 | 0,12 | 0,12 | 0,12 | 0,13 | 0,13 | 0,14 | 0,14 |
| List price (annual) | $840 | $840 | $840 | $840 | $840 | $840 | $840 | $840 | $840 | $840 | $840 | $840 | $840 | $840 | $840 | $840 |
| Gross to net % | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% |
| Net price | $672 | $672 | $672 | $672 | $672 | $672 | $672 | $672 | $672 | $672 | $672 | $672 | $672 | $672 | $672 | $672 |
| **Revenue ($m)** | | **$33m** | **$51m** | **$65m** | **$84m** | **$91m** | **$92m** | **$94m** | **$97m** | **$100m** | **$104m** | **$107m** | **$111m** | **$116m** | **$121m** | **$126m** |
| growth | | 63% | 53% | 28% | 29% | 7% | 2% | 2% | 3% | 3% | 3% | 3% | 4% | 4% | 4% | 4% |

| | | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Europe** | | | | | | | | | | | | | | | | |
| Total cancer patients | | 3,12 | 3,19 | 3,26 | 3,32 | 3,39 | 3,46 | 3,54 | 3,61 | 3,69 | 3,77 | 3,84 | 3,92 | 4,01 | 4,09 | 4,18 |
| % On radiotherapy/chemotherapy | 50% | 1,56 | 1,59 | 1,63 | 1,66 | 1,70 | 1,73 | 1,77 | 1,81 | 1,84 | 1,88 | 1,92 | 1,96 | 2,00 | 2,05 | 2,09 |
| % Oral mucositis | 40% | 0,63 | 0,64 | 0,66 | 0,67 | 0,69 | 0,70 | 0,71 | 0,73 | 0,74 | 0,76 | 0,78 | 0,79 | 0,81 | 0,83 | 0,84 |
| Adherence rate | 75% | 0,75 | 0,75 | 0,75 | 0,75 | 0,75 | 0,75 | 0,75 | 0,75 | 0,75 | 0,75 | 0,75 | 0,75 | 0,75 | 0,75 | 0,75 |
| Launch curve | | 0,8 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 |
| Market share | 30% | 23% | 29% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% | 30% |
| Treated patients | | 0,11 | 0,14 | 0,15 | 0,15 | 0,15 | 0,16 | 0,16 | 0,16 | 0,17 | 0,17 | 0,17 | 0,18 | 0,18 | 0,18 | 0,19 |
| List price (annual) | $487 | $487,2 | $487,2 | $487,2 | $487,2 | $487,2 | $487,2 | $487,2 | $487,2 | $487,2 | $487,2 | $487,2 | $487,2 | $487,2 | $487,2 | $487,2 |
| Gross to net % | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% |
| Net price | $390 | $390 | $390 | $390 | $390 | $390 | $390 | $390 | $390 | $390 | $390 | $390 | $390 | $390 | $390 | $390 |
| **Revenue ($m)** | | **$52m** | **$67m** | **$72m** | **$73m** | **$75m** | **$76m** | **$78m** | **$79m** | **$81m** | **$83m** | **$85m** | **$86m** | **$88m** | **$90m** | **$92m** |
| growth | | 28% | 29% | 7% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% | 2% |

| | | 2031 | 2032 | 2033 | 2034 | 2035 | 2036 | 2037 | 2038 | 2039 | 2040 | 2041 | 2042 | 2043 | 2044 | 2045 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| **Asia & North Africa** | | | | | | | | | | | | | | | | |
| Total cancer patients | | 8,02 | 8,10 | 8,18 | 8,27 | 8,36 | 8,44 | 8,53 | 8,62 | 8,71 | 8,81 | 8,90 | 8,99 | 9,09 | 9,18 | 9,28 |
| % On radiotherapy/chemotherapy | 50% | 4,01 | 4,05 | 4,09 | 4,14 | 4,18 | 4,22 | 4,27 | 4,31 | 4,36 | 4,40 | 4,45 | 4,50 | 4,54 | 4,59 | 4,64 |
| % Oral mucositis | 40% | 1,62 | 1,64 | 1,65 | 1,67 | 1,69 | 1,71 | 1,72 | 1,74 | 1,76 | 1,78 | 1,80 | 1,82 | 1,84 | 1,85 | 1,87 |
| Adherence rate | 75% | 1,21 | 1,22 | 1,23 | 1,24 | 1,26 | 1,27 | 1,28 | 1,30 | 1,31 | 1,33 | 1,34 | 1,35 | 1,37 | 1,38 | 1,40 |
| Launch curve | | 0,6 | 0,8 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 | 1,0 |
| Market share | 10% | 6% | 8% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% | 10% |
| Treated patients | | 0,07 | 0,09 | 0,12 | 0,12 | 0,13 | 0,13 | 0,13 | 0,13 | 0,13 | 0,13 | 0,13 | 0,14 | 0,14 | 0,14 | 0,14 |
| List price (annual) | $319 | $319,2 | $319,2 | $319,2 | $319,2 | $319,2 | $319,2 | $319,2 | $319,2 | $319,2 | $319,2 | $319,2 | $319,2 | $319,2 | $319,2 | $319,2 |
| Gross to net % | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% | 20% |
| Net price | $255 | $255,4 | $255,4 | $255,4 | $255,4 | $255,4 | $255,4 | $255,4 | $255,4 | $255,4 | $255,4 | $255,4 | $255,4 | $255,4 | $255,4 | $255,4 |
| **Revenue ($m)** | | **$23m** | **$29m** | **$37m** | **$40m** | **$40m** | **$41m** | **$41m** | **$41m** | **$42m** | **$42m** | **$43m** | **$43m** | **$44m** | **$44m** | **$45m** |
| growth | | 52% | 26% | 28% | 6% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% | 1% |

*Source: Redeye Research*

**The depiction above does not include the full sales model.*

# Summary Redeye Rating

The rating consists of three valuation keys, each constituting an overall assessment of several factors that are rated on a scale of 0 to 1 points. The maximum score for a valuation key is 5 points.

## Rating changes in the report

**People:** 2

We view the company's management and board as competent, and we believe shareholders can be confident in its executive and strategic abilities. Despite being small, the management team is dynamic and experienced. CEO Stian Kildal has “done it before”, having recently served as CEO of the Irish company Ammeon Ltd, which was sold to Intive GmbH following a structured exit process.

**Business:** 3

OncoZenge is a biotech company in the research and development stage. Consequently, the company has not yet registered any recurring revenue. Instead, it is highly dependent on capital markets and potential licensing partners for near-term funding and commercialization. However, we argue that BupiZenge’s future sales potential is significant, as our sales model estimates global annual peak sales of more than USD250m.

**Financials:** 0

OncoZenge is currently a pre-revenue and pre-market company without any established marketing or sales channels. Therefore, the company lacks a history of recuring revenue streams and profitability and is heavily reliant on finding and cooperating with licensing partners to commercialize its products on the key markets.

| | 2023 | 2024 | 2025e | 2026e |
|---|---|---|---|---|
| **INCOME STATEMENT** | | | | |
| Net sales | 0 | 0 | 3 | 10 |
| Revenues | 0 | 0 | 3 | 10 |
| Cost of Revenues | 0 | 0 | 0 | 0 |
| Operating Expenses | 16 | 9 | 14 | 23 |
| EBITDA | -16 | -9 | -11 | -14 |
| Depreciation & Amortization | 0 | 0 | 0 | 0 |
| EBIT | -16 | -9 | -11 | -14 |
| Net Financial Items | 0 | 0 | 0 | 0 |
| EBT | -16 | -9 | -11 | -14 |
| Income Tax Expenses | 0 | #N/A | 0 | 0 |
| Non-Controlling Interest | 0 | 0 | 0 | 0 |
| Net Income | -16 | #N/A | -11 | -14 |
| | | | | |
| **BALANCE SHEET** | | | | |
| **Assets** | | | | |
| Current assets | | | | |
| Cash & Equivalents | 13 | 4 | 19 | 5 |
| Inventories | 0 | 0 | 0 | 0 |
| Accounts Receivable | 1 | 0 | 3 | 3 |
| Other Current Assets | 0 | 1 | 1 | 1 |
| Total Current Assets | 13 | 5 | 23 | 9 |
| | | | | |
| Non-current assets | | | | |
| Property, Plant & Equipment, Net | 0 | 0 | 0 | 0 |
| Goodwill | 0 | 0 | 0 | 0 |
| Intangible Assets | 7 | 7 | 7 | 7 |
| Right-of-Use Assets | 0 | 0 | 0 | 0 |
| Shares in Associates | 0 | 0 | 0 | 0 |
| Other Long-Term Assets | 0 | 0 | 0 | 0 |
| Total Non-Current Assets | 7 | 7 | 7 | 7 |
| | | | | |
| Total Assets | 20 | 11 | 30 | 16 |
| | | | | |
| **Liabilities** | | | | |
| Current liabilities | | | | |
| Short-Term Debt | 0 | 0 | 0 | 0 |
| Short-Term Lease Liabilities | 0 | 0 | 0 | 0 |
| Accounts Payable | 1 | 1 | 1 | 1 |
| Other Current Liabilities | 1 | 1 | 1 | 1 |
| Total Current Liabilities | 2 | 1 | 2 | 2 |
| | | | | |
| Non-current liabilities | | | | |
| Long-Term Debt | 0 | 0 | 0 | 0 |
| Long-Term Lease Liabilities | 0 | 0 | 0 | 0 |
| Other Long-Term Liabilities | 0 | 0 | 0 | 0 |
| Total Non-current Liabilities | 0 | 0 | 0 | 0 |
| | | | | |
| Non-Controlling Interest | 0 | 0 | 0 | 0 |
| Shareholder's Equity | 19 | 10 | 28 | 15 |
| Total Liabilities & Equity | 20 | 11 | 30 | 16 |
| | | | | |
| **CASH FLOW** | | | | |
| NOPAT | -16 | #N/A | -11 | -14 |
| Change in Working Capital | -1 | 0 | -3 | 0 |
| Operating Cash Flow | -17 | -9 | -14 | -14 |
| | | | | |
| Capital Expenditures | 0 | 0 | 0 | 0 |
| Investment in Intangible Assets | 0 | 0 | 0 | 0 |
| Investing Cash Flow | 0 | 0 | 0 | 0 |
| | | | | |
| Financing Cash Flow | 1 | 0 | 29 | 0 |
| Free Cash Flow | -17 | -9 | -14 | -14 |

| **DCF Valuation Metrics** | **Sum FCF (SEKm)** |
|---|---|
| Technology value (SEKm) | 312 |
| Net cash* (SEKm) | 3 |
| Shared costs** (SEKm) | -147 |
| Equity value (SEKm) | 167 |
| Shares outstanding (million) | 12 |
| Est. Increase in shares from issue | 6 |
| Equity value per share (SEK) | 11,5 |

| | 2023 | 2024 | 2025e | 2026e |
|---|---|---|---|---|
| **CAPITAL STRUCTURE** | | | | |
| Equity Ratio | 0,9 | 0,9 | 0,9 | 0,9 |
| Debt to equity | 0,0 | 0,0 | 0,0 | 0,0 |
| Net Debt | -13 | -4 | -19 | -5 |
| Capital Employed | 19 | 10 | 28 | 15 |
| Working Capital Turnover | 0,0 | 0,0 | 1,4 | 4,9 |
| | | | | |
| **GROWTH** | | | | |
| Revenue Growth | n/a | n/a | n/a | 259% |
| Basic EPS Growth | -66% | n/a | n/a | 25% |
| Adjusted Basic EPS Growth | -66% | n/a | n/a | 25% |
| | | | | |
| **PROFITABILITY** | | | | |
| ROE | -60% | n/a | -58% | -64% |
| ROCE | -85% | -87% | -39% | -93% |
| ROIC | -293% | n/a | -145% | -149% |
| EBITDA Margin (%) | n/a | n/a | -404% | -140% |
| EBIT Margin (%) | n/a | n/a | -404% | -140% |
| | | | | |
| **VALUATION** | | | | |
| Basic EPS | -1,4 | n/a | -0,8 | -1,0 |
| P/E | -40477,0 | n/a | -120514 | -96620,1 |
| EV/Revenue | n/a | n/a | 68070,8 | 18947,5 |
| EV/EBITDA | neg | neg | neg | neg |
| EV/EBIT | neg | neg | neg | neg |
| EV/R&D | n/a | n/a | n/a | n/a |
| P/B | 34527,0 | 47781,7 | 47175,7 | 89896,0 |

| **SHAREHOLDER STRUCTURE** | **CAPITAL %** | **VOTES %** |
|---|---|---|
| Niclas Holmgren | 12,5% | 12,5% |
| Linc AB | 10,0% | 10,0% |
| Andreas Adnan Özbek | 5,8% | 5,8% |
| Avanza Pension | 5,5% | 5,5% |
| Östersjöstiftelsen | 4,9% | 4,9% |

| **SHARE INFORMATION** | |
|---|---|
| Ticker | ONCOZ |
| List | First North |
| Share price | 4,89 |
| Shares outstanding (mn) | 11,7132 |
| Shares outstanding diluted (mn) | 17,41136 |

| **MANAGEMENT & BOARD** | |
|---|---|
| CEO | Stian Kildal |
| CFO | Michael Owens |
| Chairman | Daniel Ehrenstråhle |


| **ANALYSTS** | Redeye AB |
|---|---|
| Kevin Sule | Mäster Samuelsgatan 42, 10tr |
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# Redeye Rating and Background Definitions

**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 long-term 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**

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:

- Passion, Execution, Capital Allocation, Communication, Compensation, Ownership, and Board.

**Business**

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 grouped into five sub-categories:

- Business Scalability, Market Structure, Value Proposition, Economic Moat, and Operational Risks.

**Financials**

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:

- Earnings Power, Profit Margin, Growth Rate, Financial Health, and Earnings Quality.

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# Disclaimer

**Important information**
Redeye AB ("Redeye" or "the Company") is a specialist financial advisory boutique that focuses on small and mid-cap growth companies in the Nordic region. We focus on the technology and life science sectors. We provide services within Corporate Broking, Corporate Finance, equity research and investor relations. Our strengths are our award-winning research department, experienced advisers, a unique investor network, and the powerful distribution channel redeye.se. Redeye was founded in 1999 and since 2007 has been subject to the supervision of the Swedish Financial Supervisory Authority.
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Redeye does not issue any investment recommendations for fundamental analysis. However, Redeye has developed a proprietary analysis and rating model, Redeye Rating, in which each company is analyzed and evaluated. This analysis aims to provide an independent assessment of the company in question, its opportunities, risks, etc. The purpose is to provide an objective and professional set of data for owners and investors to use in their decision-making.

**Redeye Rating (2025-05-15)**

| Rating | People | Business | Financials |
|---|---|---|---|
| 5p | 6 | 8 | 1 |
| 3p - 4p | 135 | 121 | 44 |
| 0p - 2p | 16 | 28 | 112 |
| Company N | 157 | 157 | 157 |

**Duplication and distribution**


**CONFLICT OF INTERESTS**

Kevin Sule owns shares in the company : No
Fredrik Thor owns shares in the company :No
Redeye performs/have performed services for the Company and receives/have received compensation from the Company in connection with this.