



COMPANY UPDATE

Healthcare

Fair value: SEK0.42–0.62

Share price: SEK0.33

Spago Nanomedical

Cleared for a higher dose, noting encouraging uptake

Research analysts:

Klas Palin
DNB Carnegie Investment Bank AB

Tumorad has received another positive recommendation from the independent Data Monitoring Committee, allowing the study to advance to a higher dose level. Analysis of patients' SPECT images showed visible tumour uptake of the drug, which we view as highly encouraging and is a key reason we raise our fair value range to SEK0.42–0.62 (0.27–0.44).

Imaging data supportive of Tumorad. Another analysis has been conducted by the independent Data Monitoring Committee (DMC), including data from three additional patients treated with Tumorad (¹⁷⁷Lu-SN201) at the so far highest dose of 15 MBq/kg. Following its review, the DMC recommends proceeding to higher dose levels in the ongoing Phase I/IIa trial. In total, 12 patients across 10 different tumour types have now been treated. The DMC's assessment indicates that treatment-related adverse events remain manageable, with no dose-limiting toxicities observed. Notably, significant tumour uptake of Tumorad has been observed on SPECT images.

Continues to a higher dose. With the DMC's clearance, Spago is now set to escalate dosing further to determine a recommended Phase IIa dose. Based on our previous discussions with the company, this is expected to involve 3–4 additional patients, although enrolling a larger number of patients at higher dose levels would be viewed positively.

Lowered risk adjustment. What stood out in the announcement were the encouraging signs of tumour uptake of Tumorad observed on patients' SPECT images, providing further support for the drug's mechanism. This was particularly evident in one patient diagnosed with adenoid cystic carcinoma. In light of these early indications supporting the concept, we reduce our risk adjustment for Tumorad and increase the probability of approval by 3%-points to 11%. This has a positive impact on the project valuation, leading us to raise our fair value range to SEK0.42–0.62 (previously SEK0.27–0.44).

Changes in this report				Key figures (SEK)					Share price – 5-year	
	From	To	Chg	2024	2025e	2026e	2027e			
EPS adj. 2025e	-0.09	-0.09	+0%	2	1	1	1			
EPS adj. 2026e	-0.11	-0.11	+0%	-33	-30	-39	-50			
EPS adj. 2027e	-0.15	-0.15	+0%	-34	-30	-39	-50			
Upcoming events				EPS	-0.11	-0.09	-0.11	-0.14		
Q3 Report				EPS adj.	-0.11	-0.09	-0.11	-0.14		
				DPS	0.00	0.00	0.00	0.00		
				Sales growth Y/Y	59%	-62%	95%	-14%		
				EPS adj. growth Y/Y	+chg	+chg	-chg	-chg		
				EBIT margin	n.m.	n.m.	n.m.	n.m.		
				P/E adj.	n.m.	n.m.	n.m.	n.m.		
				EV/EBIT	neg.	neg.	neg.	neg.		
				EV/EBITA	neg.	neg.	neg.	neg.		
				EV/EBITDA	neg.	neg.	neg.	neg.		
				P/BV	3.5	3.5	4.0	4.0		
				Dividend yield	0.0%	0.0%	0.0%	0.0%		
				FCF yield	-29.1%	-24.6%	-34.1%	-41.8%		
				Equity/Total Assets	84.0%	83.0%	68.8%	63.0%		
				ROCE	-86.4%	-89.4%	-123.0%	-167.7%		
				ROE adj.	-87.2%	-91.1%	-126.0%	-172.5%		
				Net IB debt/EBITDA	1.0	1.2	0.7	0.6		
									High/Low (12M) SEK0.4/0.2	
									Perf. 3M 6M 12M YTD	
									Abs. 21.77 50.68 47.32 68.37	
									Rel. 18.39 37.96 47.03 63.46	

Source: DNB Carnegie (estimates), FactSet, Infront & company data

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Equity story

Near term: within 12M

The Phase I/IIa trial of Tumorad is progressing, and we expect a recommended Phase II dose to be determined in 2025, paving the way for advancement to the next stage. We believe the most critical factor for the stock will be any early clinical data supporting Tumorad's proposed mechanism of action, particularly evidence of its accumulation in tumours without significant safety concerns. This would represent a key de-risking event.

Long-term outlook: 5Y+

The success of Tumorad is crucial for Spago's potential to become a highly profitable company with marketable products generating recurring revenues. However, as a small company with limited resources, securing a partner will be essential for achieving long-term success and profitability. If Spago can generate data supporting Tumorad's mechanism of action while maintaining a manageable safety profile, we believe this will trigger significant industry interest and create valuable partnering opportunities.

Key risks:

- Clinical development of Tumorad is at an early stage with high risks of setbacks
- Underfinanced – Spago will need further financing to deliver on its business model
- Early partnering for Tumorad would unlock significant value and provide considerable validation for the project

Company description

Spago Nanomedical specialises in the design and development of nanoparticles. Its pipeline includes SpagoPix (pegfosimer), a contrast agent for magnetic resonance imaging (MRI), and Tumorad, a radiotherapy designed for the treatment of metastatic cancer. Tumorad is the company's lead asset, consisting of nanoparticles loaded with radioactive lutetium-177 (¹⁷⁷Lu), optimised for selective accumulation in cancer cells. The therapy has shown promising results in preclinical models of aggressive and metastatic cancer and is currently being evaluated in a Phase I/IIa study.

Key industry drivers

- The global incidence of cancer is projected to increase and drive demand for treatments
- Demand for more effective targeted therapies to improve overall survival and quality of life

Industry outlook

- The oncology market is the largest therapeutic area, with the highest deals activity
- Overall oncology pharmaceutical market is expected to grow by 12–13% per year up to 2028

Largest shareholders, capital

Peter Lindell	45.4%
Mikael Lönn	9.2%
Eva Redhe	5.3%

Cyclicality

Cyclicality: N/A

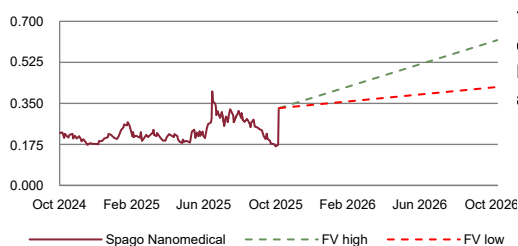
Key peers

We view its key listed Swedish peers to be: Active Biotech, Ascelia, Cantargia, Curasight, Medivir, and Mendus

Valuation and methodology

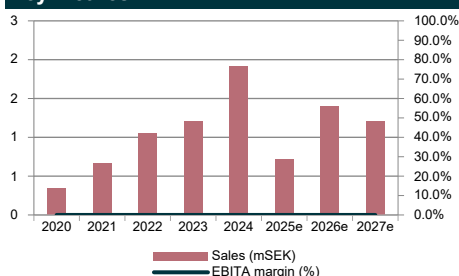
Our valuation of Spago Nanomedical is based on a risk-adjusted cash flow model (rNPV), where each project is assessed individually over its patent lifespan and then aggregated in our sum-of-the-parts (SOTP) model. We focus on the company's active programme, Tumorad, while excluding SpagoPix from our model as we await a partner to provide funding or take control of its further development.

Fair value range 12M



The upper end of our fair value range is based on our SOTP analysis, using a WACC of 20%, while the lower end applies a discount rate of 25%. In both scenarios, we anticipate continued progress in the Phase I/IIa study. Investor sentiment toward biotech remains very weak in our lower estimate, whereas our upper estimate assumes improved sentiment.

Key metrics



P/E 12-months forward



Long-term valuation trend



Source: DNB Carnegie (estimates) & company data

Valuation and risks

We raise our fair value range to SEK0.42–0.62 (0.27–0.44) per share following the encouraging clinical signs of Tumorad accumulation in patients' tumours. We view this as a somewhat de-risking event and have therefore raised our LOA for Tumorad (see text below). Our valuation is based on a sum-of-the-parts (SOTP) analysis, applying a WACC of 20–25%. Each project is assessed over its patent lifespan, with forecasts risk-adjusted according to the respective stage of development. We include only projects with a clearly defined path forward, while excluding the SpagoPix project pending a partnership or alternative solution to support its further development and commercialisation.

Tumorad assumptions

Tumorad consists of nanoparticles loaded with radioactive lutetium-177 (¹⁷⁷Lu), designed for selective uptake by cancer cells. The project has demonstrated promising results in preclinical models of aggressive and widespread cancer. If approved, we believe Tumorad holds significant market potential, and we estimate a peak sales potential of USD1.5bn, targeting patients with advanced-stage solid tumours. We estimate market entry in 2032, and a likelihood of approval raised from 8% to 11%. We believe further safety and tolerability data would de-risk of the case.

For the company to advance Tumorad beyond the early stages, we believe it will need to secure a partner, and we have included a licensing agreement in our 2027 forecast. We estimate such a deal could comprise an upfront payment of USD20m, total milestones of up to USD400m, and a 15% royalty on future sales. In our model, we have risk-adjusted this potential agreement with a 20% probability.

SOTP valuation (SEKm)

Project	Indication	Likelihood of approval (LOA)	Peak sales (USDm)	Launch estimate	WACC 20%	WACC 25%
					NPV*	NPV*
SpagoPix (pegfosimer)	Breast cancer, Endometriosis	11%	190	2030	46	46
Tumorad	Solid tumours	11%	1 500	2032	239	161
Project valuation					239	161
Net cash					19	19
Shared overhead costs					-43	-33
NPV					215	147
Number of shares					348.2	348.2
NPV per share (SEK)					0.62	0.42
*SEKm						

Source: DNB Carnegie (estimates)

Sensitivity analysis – WACC scenarios and value per share (SEK)

	15%	20%	25%	30%	35%
Tumorad	1.06	0.69	0.46	0.32	0.23
Spago Nanomedical	0.94	0.62	0.42	0.30	0.22

Source: DNB Carnegie (estimates)

Sensitivity analysis – LOA scenarios and value per share (SEK)

	5.0%	8.0%	11.0%	14.0%	17.0%
Tumorad	0.29	0.43	0.69	0.90	1.10
Spago Nanomedical	0.22	0.50	0.62	0.83	1.03

Source: DNB Carnegie (estimates), WACC of 20%

Risks

Spago Nanomedical faces several risks as a company, and here we outline the key challenges we have identified. However, this list is not intended to be exhaustive.

Financial risks

The company has recurring capital needs, which typically increase as its projects progress in clinical development. To successfully execute its development plan and strategy, we believe the company will need to further strengthen its finances during H2 2025. In our estimates we have included financing of SEK35m in 2025, and additional financing of SEK35m in 2026.

Regulatory hurdles

The pharmaceutical market is highly regulated across all major regions. To bring a product to market, extensive clinical testing is required to demonstrate both efficacy and a manageable safety profile. However, once approved, the clinical data package not only supports commercialisation but also helps maintain exclusivity against competition.

Commercialisation risks

Spago is a small company with limited resources, and we believe, to develop its asset through later stages and eventually commercialise, it needs a partner.

Competition

Oncology is the largest therapeutic field but also a highly competitive space, with hundreds of clinical projects in development. While Spago's clinical projects are unique, many other treatments are being developed for similar patient populations.

Financial statements

Profit & loss (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Sales	0	0	0	1	1	1	2	1	1	1
COGS	0	0	0	0	0	0	0	0	0	0
Gross profit	0	0	0	1	1	1	2	1	1	1
Other income & costs	-11	-20	-19	-39	-44	-44	-35	-30	-40	-51
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
EBITDA	-11	-20	-19	-39	-43	-43	-33	-30	-39	-50
Depreciation PPE	0	0	0	0	0	0	0	0	0	0
Depreciation lease assets	0	0	0	0	0	0	0	0	0	0
Amortisation development costs	0	0	0	0	0	0	0	0	0	0
Amortisation other intangibles	0	0	0	0	0	0	0	0	0	0
Impairments / writedowns	0	0	0	0	0	0	0	0	0	0
EBITA	-11	-20	-19	-39	-43	-43	-34	-30	-39	-50
Amortization acquisition related	0	0	0	0	0	0	0	0	0	0
Impairment acquisition related	0	0	0	0	0	0	0	0	0	0
EBIT	-11	-20	-19	-39	-43	-43	-34	-30	-39	-50
Share in ass. operations and JV	0	0	0	0	0	0	0	0	0	0
Net financial items	0	0	0	0	0	1	1	0	0	0
of which interest income/expenses	0	0	0	0	0	0	0	0	0	0
of which interest on lease liabilities	0	na	0	na	na	na	na	na	na	na
of which other items	0	na	0	na	na	na	na	na	na	na
Pre-tax profit	-11	-20	-19	-39	-43	-42	-33	-30	-39	-50
Taxes	0	0	0	0	0	0	0	0	0	0
Post-tax minorities interest	0	na	na	na	na	na	na	na	na	na
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Net profit	-11	-20	-19	-39	-43	-42	-33	-30	-39	-50
Adjusted EBITDA	-11	-20	-19	-39	-43	-43	-33	-30	-39	-50
Adjusted EBITA	-11	-20	-19	-39	-43	-43	-34	-30	-39	-50
Adjusted EBIT	-11	-20	-19	-39	-43	-43	-34	-30	-39	-50
Adjusted net profit	-11	-20	-19	-39	-43	-42	-33	-30	-39	-50
Sales growth Y/Y	na	na	+chg	93.3%	59.5%	14.2%	58.7%	-62.4%	94.7%	-14.3%
EBITDA growth Y/Y	-chg	-chg	+chg	-chg	-chg	+chg	+chg	+chg	-chg	-chg
EBITA growth Y/Y	-chg	-chg	+chg	-chg	-chg	+chg	+chg	+chg	-chg	-chg
EBIT growth Y/Y	-chg	-chg	+chg	-chg	-chg	+chg	+chg	+chg	-chg	-chg
EBITDA margin	nm	nm	na	na	na	na	na	na	na	na
EBITA margin	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
EBIT margin	nm	nm	na	na	na	na	na	na	na	na
Tax rate	na	na	na	na	na	na	na	na	na	na
Cash flow (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
EBITDA	-11	-20	-19	-39	-43	-43	-33	-30	-39	-50
Paid taxes	0	0	0	0	0	0	0	0	0	0
Change in NWC	1	-1	0	3	1	-3	-3	2	1	2
Interests paid	0	0	0	0	0	1	1	0	0	0
Actual lease payments	0	0	0	0	0	0	0	0	0	0
Non cash adjustments	0	0	0	0	0	1	2	0	-1	1
Discontinued operations	0	0	0	0	0	0	0	0	0	0
Total operating activities	-10	-21	-19	-35	-42	-44	-33	-28	-39	-47
Capex tangible assets	0	0	-1	0	0	0	0	-1	-1	-1
Capitalised development costs	-28	-18	-5	-3	0	0	0	0	0	0
Capex - other intangible assets	-1	0	-1	-1	0	0	0	0	0	0
Acquisitions/divestments	0	0	0	0	0	0	0	0	0	0
Other non-cash adjustments	0	0	0	0	0	0	0	0	0	0
Total investing activities	-29	-18	-6	-5	0	-1	0	-1	-1	-1
Dividend paid and received	0	0	0	0	0	0	0	0	0	0
Share issues & buybacks	26	35	41	64	52	29	22	30	35	50
Change in bank debt	0	0	0	0	0	0	0	0	0	0
Other cash flow items	0	0	0	0	0	-1	-1	0	0	0
Total financing activities	26	35	41	64	51	28	21	30	35	50
Operating cash flow	-10	-21	-19	-35	-42	-44	-33	-28	-39	-47
Free cash flow	-39	-40	-25	-40	-42	-45	-33	-28	-39	-48
Net cash flow	-13	-4	16	24	10	-17	-12	2	-4	2
Change in net IB debt	-13	-4	16	24	10	-17	-12	2	-4	2
Capex / Sales	nm	nm	178.9%	56.4%	12.7%	12.7%	12.0%	83.4%	42.9%	85.8%
NWC / Sales	nm	nm	-534.2%	-547.9%	-529.2%	-463.0%	-133.9%	-131.5%	-175.0%	-316.7%

Source: DNB Carnegie (estimates) & company data

Financial statements, cont.

Balance sheet (SEKm)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Acquired intangible assets	0	0	0	0	0	0	0	0	0	0
Other fixed intangible assets	6	6	7	7	0	0	0	0	0	0
Capitalised development	102	120	125	129	0	0	0	0	0	0
Tangible assets	1	1	1	1	1	1	1	0	1	1
Lease assets	0	0	0	0	0	0	0	0	0	0
Other IB assets (1)	0	0	0	0	0	0	0	0	0	0
Other non-IB assets	0	0	0	0	0	0	0	1	0	1
Fixed assets	109	127	133	137	1	1	1	1	1	1
Inventories (2)	0	0	0	0	0	0	0	0	0	0
Receivables (2)	0	0	0	0	0	0	0	0	3	3
Prepaid exp. & other NWC items (2)	0	1	1	1	2	5	5	4	6	6
IB current assets (1)	0	0	0	0	0	0	0	0	0	0
Other current assets	1	1	1	1	1	1	0	1	3	3
Cash & cash equivalents (1)	16	12	28	52	62	45	32	35	29	32
Current assets	17	14	30	54	65	52	39	39	41	45
Total assets	126	141	163	192	66	53	40	40	42	46
Shareholders' equity	122	138	160	185	57	41	33	33	29	29
Minorities	0	0	0	0	0	0	0	0	0	0
Other equity	0	0	0	0	0	0	0	0	0	0
Total equity	122	138	160	185	57	41	33	33	29	29
Deferred tax	0	0	0	0	0	0	0	0	0	0
LT IB debt (1)	0	0	0	0	0	0	0	0	0	0
Other IB provisions (1)	0	0	0	0	0	0	0	0	0	0
Lease liabilities	0	0	0	0	0	0	0	0	0	0
Other non-IB liabilities	0	0	0	0	0	0	0	1	1	1
LT liabilities	0	0	0	0	0	0	0	1	1	1
ST IB debt (1)	0	0	0	0	0	0	0	0	0	0
Payables (2)	2	1	1	4	5	6	3	3	6	8
Accrued exp. & other NWC items (2)	1	2	2	3	4	5	3	3	6	7
Other ST non-IB liabilities	1	1	1	0	0	0	0	0	1	2
Liabilities - assets held for sale	0	0	0	0	0	0	0	0	0	0
Current liabilities	4	3	3	7	9	11	6	6	12	16
Total equity and liabilities	126	141	163	192	66	53	40	40	42	46
Net IB debt (=1)	-16	-12	-28	-52	-62	-45	-32	-34	-29	-31
Net working capital (NWC) (=2)	-3	-2	-2	-5	-6	-5	0	-2	-3	-5
Capital employed (CE)	122	138	160	185	57	42	34	34	30	30
Capital invested (CI)	3	5	6	3	-5	-4	1	-2	-2	-4
Equity / Total assets	97%	98%	98%	96%	87%	78%	84%	83%	69%	63%
Net IB debt / EBITDA	1.5	0.6	1.5	1.4	1.5	1.1	1.0	1.2	0.7	0.6
Per share data (SEK)	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
Adj. no. of shares in issue YE (m)	16.72	21.03	31.54	41.18	90.94	224.7	348.2	348.2	348.2	348.2
Diluted no. of Shares YE (m)	16.72	21.03	31.54	41.18	90.94	224.7	348.2	348.2	348.2	348.2
EPS	-0.71	-1.07	-0.72	-1.07	-0.65	-0.27	-0.11	-0.09	-0.11	-0.14
EPS adj.	-0.71	-1.07	-0.72	-1.07	-0.65	-0.27	-0.11	-0.09	-0.11	-0.14
CEPS	-0.69	-1.05	-0.71	-1.06	-0.64	-0.27	-0.11	-0.09	-0.11	-0.14
DPS	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
BVPS	7.31	6.54	5.06	4.49	0.63	0.18	0.10	0.10	0.08	0.08
Performance measures	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
ROE	-9.6%	-15.6%	-12.7%	-22.7%	-35.4%	-85.6%	-87.2%	-91.1%	-126.0%	-172.5%
Adj. ROCE pre-tax	-9.6%	-15.6%	-12.7%	-22.7%	-35.4%	-85.5%	-86.4%	-89.4%	-123.0%	-167.7%
Adj. ROIC after-tax	-401.1%	-490.4%	-354.5%	-893.9%	4509.9%	919.2%	1882.9%	6125.4%	1957.7%	1613.2%
Valuation	2018	2019	2020	2021	2022	2023	2024	2025e	2026e	2027e
FCF yield	-33.9%	-34.4%	-21.9%	-34.9%	-36.3%	-38.8%	-29.1%	-24.6%	-34.1%	-41.8%
Dividend yield YE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend payout ratio	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Dividend + buy backs yield YE	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
EV/Sales YE	nm	nm	>50	>50	neg.	23.64	18.98	>50	>50	>50
EV/EBITDA YE	neg.	neg.	neg.	neg.	0.2	neg.	neg.	neg.	neg.	neg.
EV/EBITA YE	neg.	neg.	neg.	neg.	0.2	neg.	neg.	neg.	neg.	neg.
EV/EBITA adj. YE	neg.	neg.	neg.	neg.	0.2	neg.	neg.	neg.	neg.	neg.
EV/EBIT YE	neg.	neg.	neg.	neg.	0.2	neg.	neg.	neg.	neg.	neg.
P/E YE	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
P/E adj. YE	nm	nm	nm	nm	nm	nm	nm	nm	nm	nm
P/BV YE	1.35	2.04	1.58	1.01	0.96	1.78	2.05	3.47	3.96	3.96
Share price YE (SEK)	9.90	13.4	8.02	4.52	0.60	0.33	0.20	0.33		

Source: DNB Carnegie (estimates) & company data

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**DNB Bank ASA
DNB Carnegie**

Dronning Eufemias gate 30
0191 Oslo | Norway
Telephone: +47 915 04800

www.dnb.no

DNB Carnegie Investment Bank AB

Regeringsgatan 56
103 38 Stockholm | Sweden
Telephone: +46 8 676 88 00

www.dnbcarnegie.se

**DNB Carnegie Investment Bank,
Denmark Branch**

Overgaden neden Vandet 9B PO Box 1935
1414 Copenhagen K | Denmark
Telephone: +45 32 88 02 00

**DNB Bank ASA, Singapore Branch
DNB Carnegie**

1 Wallich Street Downtown Core 06
#30-01, Guoco Tower, Singapore 078881
Telephone: +65 6260 0111

**DNB Carnegie Investment Bank AB,
Finland Branch**

Eteläesplanadi 2 PO Box 36
FI-00131 Helsinki | Finland
Telephone: +358 9 618 71 230

**DNB Bank ASA, London Branch
DNB Carnegie**

The Walbrook Building, 25 Walbrook
London EC4N 8AF | England
Telephone: +44 20 7216 4000

**DNB Carnegie Investment Bank AB,
UK Branch**

Finwell House, 26 Finsbury Square
London EC2A 1DS | England
Telephone: +44 20 7216 4000

DNB Carnegie, Inc.

30 Hudson Yards
New York, NY 10001 USA
Telephone: +1 212 551 9800