OncoZenge – Coverage comment

Rights issue funds Phase III execution as specialist life science investors step in behind the guarantee

Impala Nordic comments on the resolution by OncoZenge AB (publ) ("OncoZenge" or the "Company") to carry out a rights issue of approximately SEK 33.3m, and on the interim report for the first half of 2026 published on 27 August. The issue is covered to approximately 80 percent through subscription and guarantee commitments, and behind the guarantee stands a group of life science investors including Life Science Invest Fund, John Haurum and Erik Selin. The financing removes the near-term liquidity constraint at a high transaction cost, and moves attention to recruitment pace in the pivotal BEAM-Pain trial, where twelve of 150 patients had been enrolled at the report date.

Rights issue provides funding through the pivotal trial

The Board has resolved, under the authorisation granted at the annual general meeting on 27 May, to issue a maximum of 11 115 648 new shares on a 3:4 basis. Each existing share carries three subscription rights and four rights entitle the holder to subscribe for one new share at SEK 3.00. Fully subscribed, the issue raises SEK 33.3m before issue costs of approximately SEK 5.5m, leaving net proceeds of around SEK 27.8m. The share count may rise from 14 820 865 to 25 936 513, corresponding to dilution of 42.9 percent for shareholders who do not participate.

The market's verdict has been the opposite of what a 47 percent discount would suggest. Against the closing price of SEK 5.68 on 25 August the subscription price implied a discount of roughly 47 percent, yet the share closed the first day of trading after the announcement at SEK 6.00, up 5.6 percent, and traded at SEK 5.61 on the morning of 27 August. At that level the theoretical price after the rights are detached (TERP) lands at approximately SEK 4.49, the discount to TERP is around 33 percent and each subscription right is theoretically worth some SEK 0.37. That the shares have held around the pre-announcement level through the announcement of a 43 percent dilution is the clearest indication so far that the market reads the financing as risk-reducing rather than value-destroying.

Proceeds are earmarked with 65 percent for completion of the Phase III study and extension of the financial runway, 25 percent for preparation of the Marketing Authorization Application (MAA) and 10 percent for general corporate purposes, business development and intellectual property. We regard the allocation as appropriate. The weighting toward trial completion reflects where the value is created near term, while the MAA allocation confirms that regulatory preparation is running in parallel with execution rather than sequentially after readout.

Specialist life science capital stands behind the guarantee

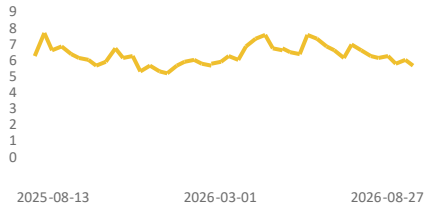
Vator Securities AB is the formal guarantor with a commitment of SEK 21.2m, or 63.6 percent of the issue. Behind Vator, Life Science Invest Fund (LSIF), John Haurum, Erik Selin and a life science focused family office have entered into put option agreements covering any shares allotted to the guarantor. According to the Company the commitments follow a detailed review of the clinical programme and the regulatory path.

Having investors of this calibre on board is a strong signal itself. John Haurum is one of the most experienced life science profiles in the Nordics, co-founder and CSO of Symphogen and CEO of F-star, whose board he joined in May 2012 and left in October 2018, where the company licensed its technology to AbbVie and to Denali, the latter acquiring F-star Gamma outright in 2018. He chairs Saniona and Synklino and sits on the board of NeoPhore. LSIF, for its part, states through CEO Jan Poulsen that the fund does not normally invest in clinical stage companies and has made an exception for OncoZenge. Erik Selin is among the most well known investors in Sweden as founder and principal owner of Balder, and at the end of July was the second largest shareholder in Bonesupport, a Nasdaq Stockholm Large Cap company valued at some SEK 12.6bn at the year end, with 7.7 percent of the shares. As a generalist rather than a life science specialist the signal is nonetheless more general than sector specific.

Overview

Ticker	ONCOZ
List	First North
Share Price	5.61 SEK
Number of Shares	14 820 865
Market Cap	83 MSEK
CEO	Stian Kildal
Chairman	Daniel Ehrenstråhle
HQ	Stockholm
Q2	27 August

Share price development (SEK)



Main shareholders (2026-07-29)

16.62%	Sichuan Yangtian Bio-Pharma.
9.70%	Niclas Holmgren
9.00%	Andreas Adnan Özbek
8.33%	Linc AB
5.05%	Avanza Pension
3.56%	Stian Kildal
3.03%	Kalle Holmgren
2.23%	Emad Masihzadeh
2.19%	Nordnet Pensionsförsäkring
1.99%	Jimmy Mattias Olsson

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We would, however, be precise about what the structure is. A put option agreement behind a guarantee is not a cornerstone investment. These investors become shareholders to the extent the issue is not taken up by existing owners, at SEK 3.00, and without buying a single share in the market. The better the subscription rate, the smaller their eventual positions. We read it as a genuine but price disciplined vote of confidence, and as an indication that a conventional directed issue to institutional investors was not available on acceptable terms.

Guarantee compensation is a material cost in the round

Compensation to the guarantor amounts to 14 percent of the guaranteed amount in cash, or alternatively 15 percent in new shares at the subscription price plus a further 2 percent in cash, for a combined 17 percent. On a guarantee of SEK 21.2m that equals SEK 3.0m to 3.6m. Together with the remaining issue costs the total reaches approximately SEK 5.5m, or 16.5 percent of gross proceeds. Expressed per new share, the Company receives roughly SEK 2.50 of the SEK 3.00 the subscriber pays.

That sits at the upper end of the range for Swedish small caps, where cash compensation of approx. 12 percent is more common. Should the guarantors elect share compensation, a further 1.06m shares would be issued and dilution for non-participating holders would rise from 42.9 percent to approximately 45 percent. We would also note that 80 percent coverage leaves SEK 6.7m uncovered. In a scenario where the issue is subscribed to precisely the committed level, net proceeds fall to around SEK 21m while the cost base is largely fixed, lifting the cost ratio above 20 percent of gross.

Insider participation is the more encouraging signal

Subscription commitments of SEK 5.5m come from the board, management and larger shareholders, with Linc AB at SEK 2.6m, Andreas Özbek at SEK 1.4m, CEO Stian Kildal at SEK 1.1m privately and through companies and board member Paul Murtagh at SEK 0.3m. No compensation is paid for these commitments. Linc and Stian Kildal are subscribing in the region of their respective pro rata entitlements, which we regard as the clearest positive signal in the announcement. We note that Niclas Holmgren, the second largest holder with just under 10 percent, does not appear among the commitments, although absence from the list does not preclude participation.

Rights issue at a glance

Subscription price	3.00 SEK
Terms	3:4
Gross proceeds	33.3 MSEK
Net proceeds	~27.8 MSEK
Issue costs	~5.5 MSEK
New shares, max	11 115 648
Subscription comm.	16.4%
Guarantee comm.	63.6%
Total coverage	~80%
Guarantee fee	14–17%
Dilution	42.9%
TERP, est.	~4.49 SEK
Discount to TERP	~33%

Key dates (2026)

Yangtian deadline	28 Aug
Last day incl. rights	31 Aug
Ex-date	1 Sep
Record date	2 Sep
Information brochure	~3 Sep
Subscription period	4–18 Sep
Rights trading	4–15 Sep
Preliminary outcome	~18 Sep
Final outcome	~22 Sep
Last day BTA trading	~9 Oct

Use of proceeds

Phase III and runway	65%
MAA preparation	25%
General corporate, BD, IP	10%

Yangtian remains the open item in the funding plan

The investment agreement with Sichuan Yangtian Bio-Pharmaceutical, entered into in January 2025, covered a maximum of 4 669 647 shares at SEK 6.47, a premium of some 40 percent to the VWAP over the twenty trading days to 24 January 2025, for a total of approximately SEK 30.2m across four tranches. The agreement has carried the Phase III preparation phase and has in substance worked. Payment discipline, however, has failed on two separate occasions.

In January 2026 the Company flagged uncertainty around the third tranche, which sent the share down 11 percent on the day and required a SEK 5m convertible loan from Linc AB. The proceeds arrived in February. The Company has throughout attributed the delays to Chinese currency exchange administration, most recently to the expiry of a certificate with the State Administration of Foreign Exchange. Following CTA approval in May the fourth and final tranche of SEK 15.1m was triggered and resolved on 5 June. Since then the payment deadline has been extended eight times, in practice on a weekly basis from 26 June to 14 August. A partial payment of SEK 5.0m was received on 10 July and registered only on 21 August, covering 772 797 shares. The outstanding amount is approximately SEK 10.1m, corresponding to 1 562 026 shares, with the deadline most recently extended to 28 August.

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In our view this is the most underappreciated risk in the case, and the rights issue has changed its character. Yangtian's contractual price is SEK 6.47 against a TERP of approximately SEK 4.49, and the share now trades at SEK 5.61. The investor is therefore being asked to pay well above the level at which the market is now being offered stock, for shares that in all likelihood will not be registered before the record date of 2 September and will consequently not carry subscription rights. The financial incentive to complete has weakened materially.

The counterweight is that Yangtian is a strategic rather than a financial investor, with OncoZenge describing a future Chinese launch of BupiZenge™ and a collaboration agreement it is still finalising with the investor. For a counterparty whose value lies in market rights rather than in the share price, completion may remain rational. We would nonetheless treat the outstanding SEK 10.1m as an option rather than a receivable, and would build the runway calculation without it. The message expected on 28 August is the single most important near-term trigger.

BEAM-Pain has started and recruitment now sets the timeline

Operationally the Company has delivered. Following conditional acceptance in April, full European approval was granted on 26 May with Denmark as Reference Member State and Sweden, Norway and Germany as Concerned Member States. The first patient was enrolled on 7 July and five of up to twelve sites were actively recruiting at the report date. BZ003 is a randomised, multi-centre, open-label registrational trial comparing BupiZenge™ with standard-of-care lidocaine in approximately 150 head and neck cancer patients with radiotherapy-induced oral mucositis, across up to 12 sites in Norway, Sweden, Denmark and Germany, with LINK Medical as CRO. The study is designed to support a European MAA, the preparation of which runs in parallel together with Molteni Farmaceutici.

Two features make BEAM-Pain unusually favourable relative to a typical Phase III. Bupivacaine has decades of clinical use, which places the technical risk in the formulation and dosing rather than in the safety profile of the molecule. And the trial is small and inexpensive in context, at roughly 150 patients across a dozen sites. That the comparator is lidocaine rather than placebo is a further strength, since a positive outcome is immediately meaningful to prescribers and payers because it is measured against actual clinical practice.

The design does carry one weakness that we would not dismiss. The trial is open-label against an active comparator in an indication measured by patient-reported pain, and the Company has not published its endpoint definitions. On the reasonable assumption that the primary measure is patient-reported, there is no blinding around a subjective outcome. The authorities accepted the design during CTA review, and for a local anaesthetic lozenge where masking against lidocaine is practically difficult the choice is defensible. It nevertheless leaves the data package more exposed to challenge in the MAA process and, above all, in subsequent pricing and reimbursement discussions. We see this as the principal scientific risk in the case, and it should not be discounted simply because the regulatory gate has already been passed.

Timing is the more immediate question, and the interim report puts a number on it. Twelve of the planned 150 patients had been enrolled at the report date, with five hospitals recruiting in Norway, Sweden and Denmark and site activations in Denmark and Germany continuing. From first patient in on 7 July that is some seven patients per month. The Company maintains that hospital estimates indicate last patient out towards the end of 2026 and guides readout to late 2026 or early 2027, with the CEO pointing to the summer holiday period in explaining the ramp. Reaching 150 by the turn of the year would require roughly 33 per month from here, more than four times the pace achieved so far. Further site activations and the end of the holidays should help, but our reading is unchanged: last patient out in 2027 is the more likely outcome. That is not damaging in itself, but it bears directly on whether the proceeds being raised carry the programme to readout.

Molteni carries the commercial build-out

The commercial model remains partner-led and is, in our view, the most underappreciated strength in the case. Molteni Farmaceutici holds the commercialisation rights for the EU27, the EEA, Switzerland and the UK, has committed to establishing volume supply capability, and pays milestones of which an accelerated EUR 550 000 was received on 2 June following CTA approval. Royalties run at 15 percent on annual sales to EUR 30m, 18 percent between EUR 30m and 60m and 20 percent above that. For a company with 14.8m shares and an annualised cost base in the region of SEK 45m, this means the capital-intensive part of commercialisation sits with the counterparty. A licence for the GCC region is already in place with Avernus Pharma, and discussions continue with potential licensees in further markets that may seek local approvals on the basis of the European dossier. Granted patents run to 2032/33, with a pending application that would extend protection to 2045 if it is granted.

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Q2 report confirms a cost base stepping up with execution

The interim report published on 27 August confirms the preliminary figures released alongside the issue resolution. Net sales of SEK 5.8m relate in all essentials to the EUR 550 000 CTA milestone from Molteni. The operating loss was SEK 5.4m and the loss after tax SEK 5.7m. The one line that moved is cost: reported operating costs of SEK 11.4m for the quarter against the SEK 11.2m we derived from the preliminary release, the difference being other operating income.

SEKm	Q2 2026	Q2 2025	H1 2026	H1 2025
Net sales	5.8	0.0	5.8	2.7
Operating result	−5.4	−2.6	−12.4	−2.6
Result after tax	−5.7	−2.6	−12.8	−2.6
Operating costs	11.4	2.7	18.4	5.3
Cash flow	−0.2	0.3	−3.0	−2.3
Earnings per share, SEK	−0.40	−0.22	−0.94	−0.22
Cash at period end	—	—	0.7	1.6
Equity ratio	—	—	36.5%	84.0%

Figures per the interim report for January–June 2026, published 27 August 2026. Operating costs for 2026 as reported; 2025 figures derived as net sales plus other operating income less operating result.

The figure that matters most is the cost level. Operating costs rose from SEK 7.0m in the first quarter to SEK 11.4m in the second as the CRO engagement, site activation and manufacture of trial material came through. With the study now running, SEK 11m to 13m per quarter is a reasonable assumption. The cash flow statement should be read with care: the reported first-half outflow of SEK 3.0m is flattered by around SEK 10.1m of financing, and the Company puts the outflow excluding convertible loans and the share issue at SEK 13.0m. Set against net proceeds of SEK 27.8m, that implies roughly two to two and a half quarters of runway without the Yangtian payment and around three quarters with it. The chairman's description of a cash runway well beyond the readout therefore assumes either that Yangtian pays, that further Molteni milestones fall due, or that the burn settles below the second quarter rate.

There is also a shorter-term gap worth flagging. Cash stood at SEK 0.7m at 30 June. The SEK 5.0m partial payment arrived in July, while the issue proceeds are in practice available towards the end of September or in October, with BTA trading running preliminarily until 9 October. A quarter carrying a double-digit cost base has to be financed in between. The equity ratio at 36.5 percent, down from 84.0 percent a year earlier though up from 34.7 percent at the year end, indicates that a significant portion is already being carried by trade payables and loans. The report discloses no new borrowing after 30 June, but the SEK 2m loan taken from Linc AB in May remains outstanding and is repayable on receipt of the fourth Yangtian tranche, so SEK 2m of the outstanding SEK 10.1m is already committed. The Board and CEO judge that liquidity is secured for at least twelve months from publication, while flagging a going concern risk should critical conditions not be met. We read that as conditional on the issue completing, which is why the coverage level matters more than the headline proceeds.

The ownership structure shifts regardless of the outcome

Yangtian held 16.62 percent of the shares as of 29 July and, following the partial registration of 772 797 shares on 21 August, we estimate the holding at approximately 21.0 percent. Should the remaining tranche go unpaid and the investor not participate in the rights issue, the position falls toward 12 percent on full subscription. On the same basis Niclas Holmgren moves to roughly 9.2 percent, Andreas Adnan Özbek to 8.5 percent and Linc AB to 7.9 percent before the issue. The register would then be led by a combination of Linc, Özbek and Holmgren, together with whatever the guarantee syndicate ends up holding. For a company that has organised its funding around a single strategic investor for eighteen months, that is a material change in the shareholder base, and one that in our view strengthens rather than weakens the structure.

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Financing risk reduced, recruitment pace now the main driver

Two narratives run through OncoZenge's news flow and they point in different directions. The operational one is strong. In twelve months the Company has moved from a submitted CTA to an approved and ongoing registrational Phase III, with CRO, sites, chief medical officer, head of regulatory affairs and a commercial partner in place, and it has done so broadly on the communicated schedule on an average headcount of one, with the chief medical officer also sitting on the board. Few companies of this size execute that reliably. The financial narrative is the opposite: cash of SEK 0.7m, an equity ratio halved, eight weekly extensions of a contracted payment and an issue that costs 16.5 percent of gross proceeds to complete. The Company also flags that its SEK 99.3m of tax loss carryforwards could be lost on a change of control above 50 percent of the votes, which a large guaranteed issue makes worth watching.

We share the view that the syndicate behind the guarantee is a genuine quality endorsement. That LSIF explicitly departs from its own investment mandate, and that John Haurum puts his name behind the round, carries more weight than the amounts involved. But the structure should be read for what it is. These investors become shareholders to the extent the issue falls short, at SEK 3.00, without acquiring a single share in the market. It is a considered assessment of the asset expressed through the most price-disciplined instrument available, and it is not a commitment to support the share. Nor are the commitments secured by guarantee, escrow or pledge, and Vator, which acts as both guarantor and issuing agent, ranks last in the allocation of shares subscribed without rights.

Taken together, we regard the issue as necessary, appropriately sized and completed on terms that would have been better had the funding been addressed six months earlier. For existing holders the arithmetic is straightforward. Those who stand aside are diluted by 43 to 45 percent with only the sale of their subscription rights as compensation, and on the current share price those rights are worth around SEK 0.37 each. Those who participate invest at an effective valuation of just under SEK 78m ahead of readout in a partner-funded Phase III with limited technical risk in the molecule. We consider that trade-off favourable, and the share price reaction supports it: at SEK 5.61 the market values the whole company at some SEK 83m, and the cushion between the traded price and the subscription price has held at a third rather than collapsing toward the subscription level as it does in a poorly received round. It remains a risk capital decision rather than a defensive one. We would set that against what small-cap life science financing costs in this market. Guarantee fees at this level, and coverage that stops at 80 percent, are what is available to a company with SEK 0.7m of cash and a contracted payment deferred eight times, and the terms say as much about the funding environment as about the Company. The instrument choice also cuts in shareholders' favour: a rights issue leaves the decision with existing holders, where a directed issue would not have.

Three observable points will decide the case, all within six months. The first is the message on Yangtian's final payment on 28 August, which should be treated as an option rather than a receivable. The second is the share price through the subscription period and the outcome of it, which together determine whether the rights retain value, how much reaches the Company, and how far the guarantee is drawn. The third is recruitment pace, where the report gives the first hard datapoint at twelve of 150 patients, and where the Company expects meaningful recruitment metrics by early October, the only figures that say anything about whether readout falls within the funding now being raised. Should the first two land well and the third show pace, SEK 3.00 is an attractive entry into a partner-funded Phase III case. Should they not, the Company returns to the market in 2027 with a thinner balance sheet and an order book that cannot absorb selling pressure. We retain our positive view of the case and will weight our follow-up toward recruitment pace.

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Analyst owns shares in the Company: **[No]**
Impala Nordic or people behind Impala Nordic owns shares in the Company: **[No]**

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