



Interim Report
1 Jan 2016 – 31 Mar 2016

Cantargia AB | 556791-6019



“The Company” or “Cantargia” refers to Cantargia AB (publ), corporate ID number 556791-6019.

Highlights

First quarter (1 Jan 2016 – 31 Mar 2016)

- Other operating revenue was kSEK 0 (0).
- Earnings after financial items were kSEK -8,097 (-3,627).
- Earnings per share were approximately SEK -0.60 (-0.27).
- The equity/assets ratio was around 78 (89) per cent compared with the beginning of the year.

Definitions

- Earnings per share: Profit for the period divided by 13,505,874 shares as of 31 March 2016. It should be noted that the number of shares increased by 4,127,260 after the end of the period as a result of the exercise of warrants of series TO 1 and TO 3. Following registration with the Swedish Companies Registration Office, the total number of shares of Cantargia is 17,633,134.
- Equity/assets ratio: Equity divided by total capital.
- Unless otherwise indicated, figures in parentheses refer the same period in the previous year.

Significant events in the first quarter

During the period Cantargia received several patent approvals. In January 2016 the Company received approval from the European Patent Office (EPO) of its patent application for IL1RAP as target for antibody therapy and diagnostics of several types of solid tumours. Subsequently Cantargia also received patent approvals in Australia, Japan and Mexico for use of IL1RAP as target molecule for antibody treatment of hematological malignancies.

In March 2016 Cantargia presented data from the second toxicity study of its CAN04 product candidate. The toxicity study showed that the treatment did not produce any negative effects on repeated treatment with clinically relevant doses and the results further support the impression that CAN04 will have a good safety in patients.

In the first quarter CEO Göran Forsberg made a number of presentations of the Company both internationally and in Sweden.

Significant events after the end of the period

The exercise period for warrants of series TO 1 and TO 3 began on 23 March 2016 and ended on 13 April 2016. In total, 4,127,260 warrants of both series were exercised, representing around 83.5 per cent of the number of warrants issued. Through the warrants Cantargia raised approximately SEK 31.4 million before issue costs.

In April the Company announced that they would be making investor presentations at the international BioEquity conference in Copenhagen on 10 May 2016 and at the Småbolagsdagen small cap investor event at Sheraton Stockholm Hotel on 13 June 2016.

The annual report for the financial year 2015 was published on 29 April 2016 and is available for download on the Company's website, www.cantargia.com.

CEO Göran Forsberg comments

We are operating in a very hot area of cancer research, and it is satisfying to note that we have passed the one-year anniversary of Cantargia AB's IPO and have made headway in preparing for clinical trials at the end of 2016. The details are presented in our annual report – I believe our first year on the stock exchange has been a success.

During the first quarter of the year we have brought several positive announcements concerning the Company's patent applications, with no less than four approvals being notified during the period. Our application related to IL1RAP as target molecule for antibody therapy and diagnostics of several types of solid tumours has been approved by the EPO, and our patent application for use of IL1RAP as target molecule for antibody treatment of hematological malignancies has been approved in Australia, Japan and Mexico. Europe and Japan are very large and important markets for pharmaceuticals, and patent approvals in these territories are therefore of key importance. Our intention is of course to continue to maintain and develop our patent portfolio, with the aim of ensuring that we are able to protect our CAN04 product candidate and related areas.

We have also presented new data from a second toxicity study of our CAN04 product candidate and as in the first study there were no signs of toxicity were observed. The latter study was conducted with higher dose levels that were repeated. After obtaining positive results from these two toxicity studies, there are strong grounds to expect that our product candidate will be associated with a good safety in patients in the coming clinical study.

The exercise period for Cantargia's warrants of series TO 1 and TO 3 ended in April. Exercise of the warrants generated around SEK 31.4 million in proceeds before issue costs – a capital contribution that will enable us to continue developing CAN04 for non-small cell lung cancer and pancreatic cancer as planned.

Göran Forsberg
CEO, Cantargia AB

Cantargia AB

Cantargia was founded in 2009/2010 by Lund University Bioscience AB, Professor Thoas Fioretos, Dr Marcus Järås and Innovagen AB. Cantargia is a biotech company that is developing an antibody-based cancer treatment, which aims to attack cancer cells and arrest the inflammation of the tumour. The original discovery by the research team behind the Company was the overexpression of a specific target molecule, interleukin 1 receptor associated protein “IL1RAP”, in cancer stem cells in patients with leukaemia that is not found in normal stem cells in the bone marrow. In preclinical studies (in vitro and in vivo) the antibody, targeted at IL1RAP, has been shown to have two potential mechanisms of action, which are complementary. The Company has selected a product candidate for future studies in humans and development activities have been focused on non-small cell lung cancer and pancreatic cancer.

Business model

Cantargia’s business model is based on seeking partnerships (such as licensing) for CAN04 after proof of concept in clinical studies (phase I/IIa) that are designed to document both safety and initial signals of antitumour effect. Partnerships with established players in the pharmaceutical industry, which have the resources for and experience of major clinical studies, will promote effective and professional development and the launch of pharmaceutical drugs. Cantargia’s intention is thus to conduct its development activities, including initial clinical studies, in-house, with the aim of communicating its first clinical results in 2017 and looking for partnerships based on these.

Employees

The average number of employees for the period January to March 2016 was 4 (2), of whom 1 (1) was a woman.

Share information

Cantargia’s shares were listed on Nasdaq Stockholm First North on 17 March 2015, under the ticker “CANTA”. At 31 March 2016 the number of shares of Cantargia was 13,505,874 (13,394,874). At the beginning of the period, 1 January 2016, the number of shares of Cantargia was 13,505,874 (183,930). The average number of shares of Cantargia during the period 1 January 2016 to 31 March 2016 was 13,505,874 (10,494,874). It should be noted that the number of shares increased by 4,127,260 after the end of the period as a result of the exercise of warrants of series TO 1 and TO 3. Following registration with the Swedish Companies Registration Office, the total number of shares of Cantargia is 17,633,134.

Warrants of series TO 2 and TO 4

There are 394,732 outstanding warrants of series TO 2, which were issued in connection with a debt-for-equity swap in October 2014, as well as 2,900,000 outstanding warrants of series TO 4, which were issued in connection with the Company’s initial public offering. Warrants of series TO 2 and TO 4 for the subscription of shares will be exercisable during the period 27 September – 18 October 2016. One warrant entitles the holder to subscribe for one new share. The exercise price for the warrants is SEK 7.60 per warrant. Warrants of series TO 2 are not traded. Warrants of series TO 4 are traded on Nasdaq Stockholm First North. The last day of trading in warrants of series TO 4 is expected to be 14 October 2016.

Principles for preparation of the interim report

The financial statements contained in Cantargia’s interim report have been prepared in accordance with the same principles as the last annual report, i.e. in accordance with the Swedish Annual Accounts Act and General Recommendation BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3) of the Swedish Accounting Standards Board.

Examination by auditors

The interim report has not been examined by the Company’s auditor.

Financial calendar

Future financial reports are scheduled for release as follows:

- Interim report 2, 2016 24 Aug 2016
- Interim report 3, 2016 16 Nov 2016
- Year-end report for 2016 1 Mar 2017

Certified Adviser

Sedermersa Fondkommission is the Company's Certified Adviser.

Submission of interim report

Lund, 16 May 2016

Cantargia AB

The Board of Directors

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Financial information

Revenue and results

No revenue was generated.

Financial position

The Company reports an operating loss of kSEK -8,100 (-3,515) for the period January to March. The loss for the period was kSEK -8,097 (-3,627) and total assets were kSEK 25,654 (31,383).

Cash flow and investments

Cash flow for the period was kSEK -7,011 (22,326).

Condensed income statement

| (kSEK) | 1 Jan 2016 -31 Mar 2016 3 months | 1 Jan 2015 -31 Mar 2015 3 months | 1 Jan 2015 -31 Dec 2015 12 months |
|--|---|--|---|
| Operating expenses | | | |
| Project development | -5,056 | -1,239 | -7,045 |
| Other external expenses | -1,414 | -1,157 | -4,953 |
| Staff costs | -1,623 | -1,119 | -4,810 |
| Other operating expenses | -7 | - | -210 |
| Operating loss | -8,100 | -3,515 | -17,018 |
| Financial income and expense | | | |
| Interest income and similar items | 3 | 3 | 23 |
| Interest expense and similar items | - | -115 | -195 |
| Loss after net financial income/expense | -8,097 | -3,627 | -17,190 |
| Loss before tax | -8,097 | -3,627 | -17,190 |
| Loss for the period | -8,097 | -3,627 | -17,190 |

Condensed balance sheet

| (kSEK) | 31 Mar 2016 | 31 Dec 2015 |
|---|---------------|---------------|
| Assets | | |
| Non-current assets | | |
| <u>Intangible assets</u> | | |
| Concessions, patents, licenses and trademarks | 4,905 | 4,282 |
| <u>Financial assets</u> | | |
| Other securities held as non-current assets | 2,128 | 1,747 |
| Total non-current assets | 7,033 | 6,029 |
| Current assets | | |
| <u>Current receivables</u> | | |
| Other receivables | 747 | 253 |
| Prepaid expenses and accrued income | 373 | 589 |
| <u>Total current receivables</u> | 1,120 | 842 |
| <u>Short-term investments</u> | | |
| Fixed income fund | 14,872 | 14,871 |
| <u>Total current receivables</u> | 14,872 | 14,871 |
| Cash and bank balances | 2,629 | 9,641 |
| Total current assets | 18,621 | 25,354 |
| TOTAL ASSETS | 25,654 | 31,383 |
| EQUITY AND LIABILITIES | | |
| Equity | | |
| <u>Restricted equity</u> | | |
| Share capital | 1,080 | 1,080 |
| <u>Total restricted equity</u> | 1,080 | 1,080 |
| <u>Non-restricted equity</u> | | |
| Shareholder contributions received | 3,416 | 3,416 |
| Share premium account | 64,805 | 64,805 |
| Retained earnings | -41,246 | -24,056 |
| Loss for the period | -8,097 | -17,190 |
| <u>Total non-restricted equity</u> | 18,878 | 26,975 |
| Total equity | 19,958 | 28,055 |
| Non-current liabilities | | |
| Provisions | 255 | 170 |
| Total non-current liabilities | 255 | 170 |
| Current liabilities | | |
| Trade payables | 3,631 | 1,794 |
| Tax liabilities | - | 51 |
| Other liabilities | 385 | 194 |
| Accrued expenses and deferred income | 1,425 | 1,119 |
| Total current liabilities | 5,441 | 3,158 |
| TOTAL EQUITY AND LIABILITIES | 25,654 | 31,383 |
| Pledged assets | None | None |
| Contingent liabilities | None | None |

Condensed statement of changes in equity

1 Jan 2016 - 31 Mar
2016

| (kSEK) | Share capital | Paid-up not regd share cap | Other non-restricted equity | Loss for the period | Total non-restricted equity | Total equity |
|--------------------------------------|---------------|----------------------------|-----------------------------|---------------------|-----------------------------|---------------|
| Amount at beginning of period | 1,080 | - | 44,165 | -17,190 | 26,975 | 28,055 |
| Transfer, loss for previous year | - | - | -17,190 | 17,190 | - | - |
| Loss for the period | - | - | - | -8,097 | -8,097 | -8,097 |
| Amount at end of period | 1,080 | - | 26,975 | -8,097 | 18,878 | 19,958 |

1 Jan 2015 - 31 Mar
2015

| (kSEK) | Share capital | Paid-up not regd share cap | Other non-restricted equity | Loss for the period | Total non-restricted equity | Total equity |
|--------------------------------------|---------------|----------------------------|-----------------------------|---------------------|-----------------------------|---------------|
| Amount at beginning of period | 184 | 63 | 12,220 | -8,370 | 3,850 | 4,097 |
| Issue of new shares | 887 | -63 | 43,255 | - | 43,255 | 44,079 |
| Capital acquisition cost | - | - | -3,505 | - | -3,505 | -3,505 |
| Transfer, loss for previous year | - | - | -8,370 | 8,370 | - | - |
| Loss for the period | - | - | - | -3,627 | -3,627 | -3,627 |
| Amount at end of period | 1,071 | - | 43,600 | -3,627 | 39,973 | 41,044 |

1 Jan 2015 - 31 Dec 2015

| (kSEK) | Share capital | Paid-up not regd share cap | Other non-restricted equity | Loss for the period | Total non-restricted equity | Total equity |
|--------------------------------------|---------------|----------------------------|-----------------------------|---------------------|-----------------------------|---------------|
| Amount at beginning of period | 184 | 63 | 12,220 | -8,370 | 3,850 | 4,097 |
| Issue of new shares | 896 | -63 | 43,847 | - | 43,847 | 44,680 |
| Capital acquisition cost | - | - | -3,532 | - | -3,532 | -3,532 |
| Transfer, loss for previous year | - | - | -8,370 | 8,370 | - | - |
| Loss for the period | - | - | - | -17,190 | -17,190 | -17,190 |
| Amount at end of period | 1,080 | - | 44,165 | -17,190 | 26,975 | 28,055 |

Condensed cash flow statement

| (kSEK) | 1 Jan 2016 -31 Mar 2016 3 months | 1 Jan 2015 -31 Mar 2015 3 months | 1 Jan 2015 -31 Dec 2015 12 months |
|---|--|--|---|
| Cash flow from operating activities before changes in working capital | -8,097 | -3,627 | -17,190 |
| Changes in working capital | 2,005 | -14,133 | -13,087 |
| Cash flow from operating activities | -6,092 | -17,760 | -30,277 |
| Cash flow from investing activities | -919 | -292 | -3,019 |
| Cash flow from financing activities | - | 40,378 | 41,148 |
| Total cash flow for the period | -7,011 | 22,326 | 7,852 |
| Cash and cash equivalents at beginning of period | 24,512 | 16,660 | 16,660 |
| Cash and cash equivalents at end of period* | 17,501 | 38,986 | 24,512 |
| Change in cash and cash equivalents | -7,011 | 22,326 | 7,852 |

* Cash and cash equivalents comprise restricted investments (liquid assets only) and cash and bank balances.



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