



Interim report
1 January 2015 – 30 June 2015

Cantargia AB | 556791-6019



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

Summary

First half (1 Jan. 2015 – 30 June 2015)

- Other operating revenue was KSEK 0 (0).
- Earnings after financial items were KSEK -9,059 (-3,707).
- Earnings per share were approximately SEK -0.68 (-20.15).
- The equity/assets ratio was approximately 90 (63) per cent.

Second quarter (1 April 2015 – 30 June 2015)

- Other operating revenue was KSEK 0 (0).
- Earnings after financial items were KSEK -5,432 (-1,839).
- Earnings per share were approximately SEK -0.41 (-10.00).

Definitions

- Earnings per share: Profit for the period divided by 13,394,874 shares as of 30 June 2015.
- Equity/assets ratio: Equity divided by total capital.
- Figures in parentheses refer to same period in the previous year.

Significant events in the second quarter of 2015

Notice of the Annual General Meeting was published on the Company’s website in April. The Annual General Meeting was held at Medicon Village on 22 May 2015 and a report from the AGM was published on the same date. At the AGM a resolution was adopted authorising the Board of Directors to decide on the issuance of new shares, on one or several occasions, during the period until the next Annual General Meeting. In April Cantargia published its annual report for the financial year 2014. The annual report is available for download at the Company’s website, www.cantargia.com.

In May Cantargia announced that the Company had received notice that the European Patent Office (EPO) had issued an “intention to grant” for Cantargia’s patent application for IL1RAP as a target molecule for antibody therapy and leukemia diagnostics. Intention to grant essentially means that the EPO is likely to approve the patent application. Before final notice of approval can be received, however, further actions will be required by both parties.

On 1 June 2015 Lars Thorsson took up the position of Vice President Clinical Development at Cantargia. Before joining Cantargia Lars Thorsson worked at Novo Nordisk A/S, where he held the role of Senior Clinical Pharmacology Scientist with responsibility for preparation and implementation of clinical pharmacological studies in development projects.

In June Cantargia received a non-exclusive license to use BioWa’s POTELLIGENT® technology platform for production of its CAN04 drug candidate. BioWa Inc. is a wholly owned subsidiary of Kyowa Hakko Kirin Co., Ltd., a leading Japanese pharmaceutical company.

Significant events after the end of the period

At the beginning of July Cantargia announced that the Company had concluded an agreement with Glycotope Biotechnology GmbH for production of Cantargia’s CAN04 drug candidate. Glycotope Biotechnology will be responsible for process development and manufacture in accordance with good manufacturing practices and will produce CAN04 for use in future toxicological studies as well as clinical trials.

In August the respected international journal Proceedings of the National Academy of Sciences of the United States of America (PNAS) published a scientific article on the use of Cantargia's antibodies in preclinical models of acute myeloid leukemia (AML). The article, entitled "*Antibodies targeting human IL1RAP (IL1R3) show therapeutic effects in xenograft models of acute myeloid leukemia*", documents that Cantargia's antibodies targeted at IL1RAP have a potent antitumour effect in preclinical models of AML.

CEO Göran Forsberg comments:

Looking back at the second quarter of 2015, I would like to take this opportunity to summarise what happened in Cantargia over the period.

As of 1 June we have a new member of staff, Lars Thorsson. Now Cantargia's Vice President Clinical Development, Lars will be very valuable to the Company, as he has extensive knowledge and long experience of clinical studies and project management.

In May we received notice that our patent application for IL1RAP as a target molecule for antibody therapy and leukemia diagnostics had received an intention to grant notification from the European Patent Office. This is of course very good news, as we continue to work consistently to strengthen the protection of our intellectual property rights. We currently have three patent families in order to ensure a strong protection for our product candidate, CAN04.

During the summer we also signed two important agreements – one with BioWa Inc. concerning licensing of POTELLIGENT® and one with Glycotope Biotechnology GmbH concerning production of CAN04. By using BioWa's technology platform, CAN04 can be produced with significantly higher potency than would normally be possible in other standard production systems. POTELLIGENT® will be a very important tool for increasing the antitumour activity of CAN04 and for establishing a state-of-the-art production process. Glycotope Biotechnology will be responsible for process development and manufacture in accordance with good manufacturing practices and will produce CAN04 for use in future toxicological studies as well as clinical trials. We look forward to working with these two companies, which will be important cornerstones for the continued development of CAN04.

In August we were proud to announce that a scientific article on the use of Cantargia's antibodies, written by the research team behind Cantargia, had been published in the highly respected journal Proceedings of the National Academy of Sciences of the United States of America. The article shows that Cantargia's antibodies targeted at IL1RAP have a potent antitumour effect in preclinical models of AML. The results show clearly that an antibody targeted at IL1RAP functions in two independent ways, partly by stimulating the immune system's "NK cells" to kill cancer cells and partly by blocking the signalling via IL1RAP. In addition to the confirmation and recognition which the Company receives through an article of this type, our confidence in CAN04 as an attractive target molecule for treatment of different forms of cancer is further strengthened.

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 developing an antibody-based cancer treatment which attacks mature cancer cells as well as cancer stem cells – the root of the disease. The Company has selected and applied for a patent for a product candidate (named CAN04), targeted at IL1RAP, which has a specific and strong bind to leukemia stem cells and mature cancer cells. In preclinical studies the antibody has been shown to have two potential mechanisms of action which complement each other: it helps the immune system's killer cells to identify and attack the source of the disease, and it blocks the signals from the target molecule, preventing the cancer cells from spreading. In 2015 Cantargia will be conducting further studies and developing a production method in preparation for the start of clinical studies in 2016.

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 all development activities, including clinical studies, in-house until the end of 2017, when the clinical phase I/IIa study is expected to be concluded. The Board is open to doing this in collaboration with a potential partner, provided that this is deemed to add value.

Share information

Cantargia's shares were listed on Nasdaq First North Stockholm on 17 March 2015, under the ticker "CANTA". At 30 June 2015 the number of shares of Cantargia was 13,394,874 (183,930). At the beginning of the period, 1 April 2015, the number of shares was 13,394,874 (183,930). The average number of shares of Cantargia during the period 1 April 2015 to 30 June 2015 was 13,394,874 (183,930).

Warrants of series TO 1 and TO 2

In October 2014 the Company completed a SEK 6 million debt-for-equity swap. The debt-for-equity swap, which was subject to the same terms as the initial public offering in 2015, involved the issue of 197,366 new units, representing 789,464 shares, 592,098 warrants of series TO 1 and 394,732 warrants of series TO 2. The warrants were issued free of charge. One warrant entitles the holder to subscribe for one new share. The exercise price for warrants of series TO 1 and TO 2 is SEK 7.60 per warrant. Warrants of series TO 1 for the subscription of shares will be exercisable during the period 23 March – 13 April 2016. Warrants of series TO 2 for the subscription of shares will be exercisable during the period 27 September – 18 October 2016. Warrants of series TO 1 and series TO 2 are not traded on Nasdaq First North Stockholm.

Warrants of series TO 3 and TO 4

In connection with the IPO the Company issued (in addition to 5,800,000 shares) 4,350,000 warrants of series TO 3 and 2,900,000 warrants of series TO 4. One warrant entitles the holder to subscribe for one new share. The exercise price for warrants of series TO 3 and TO 4 is SEK 7.60 per warrant. Warrants of series TO 3 for the subscription of shares will be exercisable during the period 23 March – 13 April 2016. The last day of trading in warrants of series TO 3 is expected to be 11 April 2016. Warrants of series TO 4 for the subscription of shares will be exercisable during the period 27 September – 18 October 2016. The last day of trading in warrants of series TO 4 is expected to be 14 October 2016. Warrants of series TO 3 and series TO 4 are traded on Nasdaq First North Stockholm.

Principles for preparation of the half-year report

The financial statements contained in this 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 audited.

Financial calendar

Future financial reports are scheduled for release as follows:

- Q3 interim report 17 Nov 2015
- Year-end report for 2015 1 Mar 2016

Employees

The average number of employees of Cantargia for the period January to June 2015 was 2 (0), including 1 (0) woman.

Submission of interim report

Lund, 25 August 2015

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 approximately KSEK -5,433 (-1,833) for the interim period April- June, of which project development costs constitutes the largest item.

The financial loss was approximately KSEK -5,432 (-1,839).

Total assets are approximately KSEK 39,477 (4,619), with the share issuing being the single largest factor behind the change compared with the previous year.

Cash flow and investments

Cash flow for the interim period was KSEK -5,432 (-1,839).

Condensed income statement

(SEK)	1 April 2015 -30 June 2015 3 months	1 April 2014 -30 June 2014 3 months	1 Jan. 2015 -30 June 2015 6 months	1 Jan. 2014 -30 June 2014 6 months
Operating expenses				
Project development	-2,899,596	-884,000	-4,138,936	-1,820,329,
Other external expenses	-1,762,612	-948,626	-2,919,065	-1,880,840
Staff costs	-711,494	-450	-1,830,558	-450
Other operating expenses	-58,883	0	-105,740	0
Operating loss	-5,432,585	-1,833,076	-8,994,299	-3,701,619
Profit/loss from financial items				
Interest income and similar items	369	0	1,262	0
Interest expense and similar items	-186	-6,246	-66,427	-5,473
Loss after net financial expense	-5,432,402	-1,839,322	-9,059,464	-3,707,092
Loss before tax	-5,432,402	-1,839,322	-9,059,464	-3,707,092
Loss for the period	-5,432,402	-1,839,322	-9,059,464	-3,707,092

Condensed balance sheet

(SEK)	30 June 2015	31 Dec. 2014
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Concessions, patents, licenses and trademarks	2,915,745	2,446,718
<i>Financial assets</i>		
Other securities held as non-current assets	972,210	394,312
Total non-current assets	3,887,955	2,841,030
Current assets		
<i>Current receivables</i>		
Tax assets	-	-
Other receivables	1,428,400	431,981
Prepaid expenses and accrued income	381,485	196,570
Total current receivables	1,809,885	628,551,
<i>Short-term investments</i>		
Fixed income fund	15,000,000	-
Total current receivables	15,000,000	-,
Cash and bank balances	18,779,051	16,659,521
Total current assets	35,588,936	17,295,341
TOTAL ASSETS	39,476,891	20,129,102
EQUITY AND LIABILITIES		
Equity		
<i>Restricted equity</i>		
Share capital	1,071,589	183,930
Share capital not yet registered	-	63,157
Total restricted equity	1,071,589	247,087
<i>Non-restricted equity</i>		
Shareholder contributions received*	3,416,000	3,416,000
Share premium account	64,213,447	24,490,217,
Retained earnings	-24,055,878	-15,685,689
Loss for the period	-9,059,464	-8,370,189
Total non-restricted equity	34,514,105	3,850,339
Total equity	35,585,694	4,097,426
Non-current liabilities		
Provisions	85,008	-
Total non-current liabilities	85,008	-
Current liabilities		
Trade payables	3,371,878	1,407,225
Short-term loans	-	13,659,594
Tax liabilities	-	-
Other liabilities	162,165	110,717
Accrued expenses and deferred income	272,146	854,140
Total current liabilities	3,806,189	16,031,676
TOTAL EQUITY AND LIABILITIES	39,476,891	20,129,102
Pledged assets	None	None
Contingent liabilities	None	None

Condensed statement of changes in equity

1 April 2015 – 30 June 2015

	Share capital	Paid-up not regd share cap	Other non- restricted equity	Profit/loss for the period	Total non- restr. equity
Amount at beginning of period	1,071,589	-	43,577,520	-3,627,062	39,950,458
Issue of new shares	-	-	-	-	-
Shareholder contributions received	-	-	-	-	-
Appropriation of retained earnings under resolution of AGM	-	-	-	-	-
Non-registered issue of new shares	-	-	-	-	-
Capital acquisition cost	-	-	-3,951	-	-3,951
Loss for the period	-	-	-	-5,432,402	-5,432,402
Amount at end of period	1,071,589	-	43,573,569	-9,059,464	34,514,105

1 April 2014 – 30 June 2014

	Share capital	Paid-up not regd share cap	Other non- restricted equity	Profit/loss for the period	Total non- restr. equity
Amount at beginning of period	171,430	12,500	6,447,759	-1,867,769	4,579,990
Issue of new shares	12,500	-12,500	-	-	-
Shareholder contributions received	-	-	-	-	-
Appropriation of retained earnings under resolution of AGM	-	-	-	-	-
Non-registered issue of new shares	-	-	-	-	-
Loss for the period	-	-	-	-1,839,323	-1,839,323
Amount at end of period	183,930	-	6,447,759	-3,707,092	2,740,667

1 Jan. 2015 – 30 June 2015

	Share capital	Paid-up not regd share cap	Other non- restricted equity	Profit/loss for the period	Total non- restr. equity
Amount at beginning of year	183,930	63,157	12,220,528	-8,370,189	3,850,339
Issue of new shares	887,659	-	43,255,498	-	43,255,498
Shareholder contributions received	-	-	-	-	-
Appropriation of retained earnings under resolution of AGM	-	-	-8,370,189	8,370,189	-
Non-registered issue of new shares	-	-63,157	-	-	-
Capital acquisition cost	-	-	-3,532,268	-	-3,532,268
Loss for the period	-	-	-	-9,059,464	-9,059,464
Amount at end of period	1,071,589	-	43,573,569	-9,059,464	34,514,105

1 Jan. 2014 – 30 June 2014

	Share capital	Paid-up not regd share cap	Other non- restricted equity	Profit/loss for the period	Total non- restr. equity
Amount at beginning of year	171,430	-	10,906,196	-7,945,937	2,960,259
Issue of new shares	12,500	-	3,487,500	-	3,487,500
Shareholder contributions received	-	-	-	-	-
Appropriation of retained earnings under resolution of AGM	-	-	-7,945,937	7,945,937	-
Non-registered issue of new shares	-	-	-	-	-
Loss for the period	-	-	-	-3,707,092	-3,707,092
Amount at end of period	183,930	-	6,447,759	-3,707,092	2,740,667

Condensed cash flow statement

(SEK)	1 April 2015 -30 June 2015 3 months	1 April 2014 -30 June 2014 3 months	1 Jan. 2015 -30 June 2015 6 months	1 Jan. 2014 -30 June 2014 6 months
Cash flow from operating activities before changes in working capital	-5,432,402	-1,839,322	-9,059,464	-3,707,092
Changes in working capital	703,053	461,906	-13,406,820	1,109,654
Cash flow from operating activities	-4,729,349	-1,377,416	-22,466,284	-2,597,438
Cash flow from investing activities	-177,482	-177,867	-469,027	-331,937
Cash flow from financing activities	-299,685	-	40,054,841	3,500,000
Total cash flow for the period	-5,206,516	-1,555,283	17,119,530	570,625
Cash and cash equivalents at beginning of period	38,985,567	3,622,242	16,659,521	1,496,334
Cash and cash equivalents at end of period	33,779,051	2,066,959	33,779,051	2,066,959
Change in cash and cash equivalents	-5,206,516	-1,555,283	17,119,530	570,625



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