



Interim Report
1 July 2015 – 30 September 2015

Cantargia AB | 556791-6019



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

Highlights

Nine months (1 Jan. 2015 – 30 Sep 2015)

- Other operating revenue was KSEK 0 (0).
- Earnings after financial items were KSEK -12,187 (-5,823).
- Earnings per share were approximately SEK -0.91 (-0.86).
- The equity/assets ratio was approximately 95.2 (3.7) per cent.

Third quarter (1 Jul 2015 – 30 Sep 2015)

- Other operating revenue was KSEK 0 (0).
- Earnings after financial items were KSEK -3,127 (-2,116).
- Earnings per share were approximately SEK -0.23 (-0.31).

Definitions

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

Significant events in the third quarter of 2015

In the beginning of July Cantargia announced that the Company had signed an agreement with Glycotope Biotechnology GmbH for production of its 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 results from the use of Cantargia’s antibodies were published in the respected journal “Proceedings of the National Academy of Sciences of the United States of America (PNAS)”. The article, entitled “*Antibodies targeting human IL1RAP (IL1R3) show therapeutic effects in xenograft models of acute myeloid leukemia*”, documents that Cantargias antibodies targeted at IL1RAP have a potent anti-tumour effect in preclinical models of acute myeloid leukaemia.

Significant events after the end of the period

In October the European Patent Office (EPO) issued an official approval of the Company’s patent application for IL1RAP as target molecule for antibody therapy and leukaemia diagnostics. The EPO had previously issued an intention to grant notification. In the same week as the announcement of the patent approval Cantargia also announced that the EPO had issued an intention to grant for the Company’s application concerning IL1RAP as a target molecule for antibody therapy and diagnostics of several types of solid tumours.

In the autumn David Liberg was recruited for the position of Vice President Cancer Research. Dr Liberg has previously worked in tumour immunology research and has headed research projects in this field in the pharmaceutical industry. Liberg will take up his position on 1 December 2015.

In November the Company published its choice of primary indications. Clinical development activities will initially be focused on non-small cell lung cancer and pancreatic cancer. The Company also announced that data from the first toxicity study had been obtained. The data showed no indications of toxicity in clinically relevant doses.

CEO Göran Forsberg comments

During the past period Cantargia has continued to develop in accordance with the plan presented in the prospectus for the Company's initial public offering. We have chosen non-small cell lung cancer and pancreatic cancer as initial indications in our development plan for CAN04. The goal is to initiate clinical studies in these cancer forms at the end of 2016.

We have passed two further very important milestones in our development plan. The first concerns the production agreement that was signed with GlycoTope Biotechnology GmbH for production of our CAN04 drug candidate. GlycoTope Biotechnology GmbH will be producing CAN04 for use in toxicological studies and clinical trials. A decision on commercial production will be taken at a later stage. The second milestone is that we have conducted our first toxicity study. After administering a clinically relevant dose of CAN04 no toxic symptoms or effects on biomarkers for safety could be observed.

We have also provided information on further progress for our patent portfolio. In October the European Patent Office (EPO) made two decisions of great importance for our CAN04 product candidate. Firstly, our patent application for IL1RAP as target molecule for antibody therapy and leukaemia diagnostics was approved. Thanks to the approval we now have patent protection in Europe until 2029, covering treatment and diagnostics of leukemic cancer diseases. In the same week that the approval was announced we were also informed that EPO has issued an intention to grant of our patent application for IL1RAP as target molecule for antibody therapy for solid tumours.

Finally, I would like to welcome David Liberg as Vice President Cancer Research. David is the right person for the job and has a long background in the pharmaceutical industry and twenty years' experience of research in immunology and tumour biology. He will take up his position on 1 December 2015. We have many important tasks ahead of us, not least the task of identifying and developing biomarkers in our priority tumour forms. David is a very welcome addition to our team.

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 Cantargia 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 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 30.09.15 the number of shares of Cantargia was 13,394,874 (183,930). At the beginning of the period, 1 July 2015, the number of shares of Cantargia was 13,394,874 (183,930). The average number of shares of Cantargia during the period 1 July 2015 to 30 September 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 11.04.16. 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 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 audited.

Financial calendar

Future financial reports are scheduled for release as follows:

- Year-end report for 2015 1 March 2016

Employees

The average number of employees of Cantargia for the period January to September 2015 was 3 (0), including 1 (0) woman.

Submission of interim report

Lund, 17 November 2015

Cantargia AB
The Board of Directors

For further information, please contact:

Göran Forsberg – CEO, Cantargia AB
Telephone: +46 46 275 62 60
E-mail: goran.forsberg@cantargia.com

Financial information

Revenue and results

No revenue was generated.

Financial position

The Company reports an operating loss of approximately KSEK -3,128 (-1,980) for the interim period July to September. The financial result was approximately KSEK -3,127 (-2,116) and total assets were approximately KSEK 34,090 (20,129).

Cash flow and investments

Cash flow for the interim period was approximately KSEK -5,281 (17,133).

Condensed income statement

(SEK)	1 Jul 2015 -30 Sep 2015 3 months	1 Jul 2014 -30 Sep 2014 3 months	1 Jan 2015 -30 Sep 2015 9 months	1 Jan 2014 -30 Sep 2014 9 months
Operating expenses				
Project development	-1,029,894	-902,664	-5,168,830	-2,722,993,
Other external expenses	-692,332	-692,608	-3,611,396	-2,573,448
Staff costs	-1,330,396	-384,578	-3,160,954	-385,028
Other operating expenses	-75,534	-	-183,567	-
Operating loss	-3,128,156	-1,979,850	-12,124,747	-5,681,469
Profit/loss from financial items				
Interest income and similar items	999	76	2,261	-
Interest expense and similar items	-	-135,842	-64,134	-141,239
Loss after net financial expense	-3,127,157	-2,115,616	-12,186,620	-5,822,708
Loss before tax	-3,127,157	-2,115,616	-12,186,620	-5,822,708
Loss for the period	-3,127,157	-2,115,616	-12,186,620	-5,822,708

Condensed balance sheet

(SEK)	30 Sep 2015	31 Dec. 2014
ASSETS		
Non-current assets		
<i>Intangible assets</i>		
Concessions, patents, licenses and trademarks	3,668,237	2,446,718
<i>Financial assets</i>		
Other securities held as non-current assets	1,310,448	394,312
Total non-current assets	4,978,685	2,841,030
Current assets		
<i>Current receivables</i>		
Tax assets	-	-
Other receivables	208,232	431,981
Prepaid expenses and accrued income	405,574	196,570
Total current receivables	613,806	628,551
<i>Short-term investments</i>		
Fixed income fund	15,000,000	-
Total current receivables	15,000,000	-
Cash and bank balances	13,497,667	16,659,521
Total current assets	13,497,667	17,295,341
TOTAL ASSETS	34,090,158	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	-12,186,620	-8,370,189
Total non-restricted equity	31,386,949	3,850,339
Total equity	32,458,538	4,097,426
Non-current liabilities		
Provisions	127,512	-
Total non-current liabilities	127,512	-
Current liabilities		
Trade payables	758,171	1,407,225
Short-term loans	-	13,659,594
Tax liabilities	-	-
Other liabilities	201,114	110,717
Accrued expenses and deferred income	544,823	854,140
Total current liabilities	1,504,108	16,031,676
TOTAL EQUITY AND LIABILITIES	34,090,158	20,129,102
Pledged assets	None	None

Contingent liabilities

None

None

Condensed statement of changes in equity

1 Jul 2015 – 30 Sep 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	-	43,573,569	-9,059,464	34,514,105
Issue of new shares	-	-	-	-	-
Shareholder contributions received	-	-	-	-	-
Appropriation of retained earnings under resolution of AGM	-	-	-	-	-
Non-registered issue of new shares	-	-	-	-	-
Capital acquisition cost	-	-	-	-	-
Loss for the period	-	-	-	-3,127,156	-3,127,156
Amount at end of period	1,071,589	-	43,573,569	-12,186,620	31,386,949

1 Jul 2014 – 30 Sep 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	183,930	-	6,447,759	-3,707,092	2,740,667
Issue of new shares	-	-	-	-	-
Shareholder contributions received	-	-	-	-	-
Appropriation of retained earnings under resolution of AGM	-	-	-	-	-
Non-registered issue of new shares	-	-	-	-	-
Capital acquisition cost	-	-	-	-	-
Loss for the period	-	-	-	-2,115,616	-2,115,616
Amount at end of period	183,930	-	6,447,759	-5,822,708	625,051

1 Jan 2015 – 30 Sep 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	183,930	63,157	12,220,528	-8,370,189	3,850,339
Issue of new shares	887,659	-63,157	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	-	-	-	-	-
Capital acquisition cost	-	-	-3,532,268	-	-3,532,268
Loss for the period	-	-	-	-12,186,620	-12,186,620
Amount at end of period	1,071,589	-	43,573,569	-12,186,620	31,386,949

1 Jan 2014 – 30 Sep 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	-	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	-	-	-	-	-
Capital acquisition cost	-	-	-	-	-
Loss for the period	-	-	-	-5,822,708	-5,822,708
Amount at end of period	183,930	-	6,447,759	-5,822,708	625,051

Condensed cash flow statement

(SEK)	1 Jul 2015 -30 Sep 2015 3 months	1 Jul 2014 -30 Sep 2014 3 months	1 Jan 2015 -30 Sep 2015 9 months	1 Jan 2014 -30 Sep 2014 9 months
Cash flow from operating activities before changes in working capital	-3,127,157	-2,115,616	-12,186,620	-5,822,708
Changes in working capital	-1,106,001	19,432,945	-14,512,822	20,542,599
Cash flow from operating activities	-4,233,158	17,317,329	-26,699,442	14,719,891
Cash flow from investing activities	-1,048,226	-184,510	-2,010,143	-516,447
Cash flow from financing activities	-	-	40,547,731	3,500,000
Total cash flow for the period	-5,281,384	17,132,819	11,838,146	17,703,444
Cash and cash equivalents at beginning of period	33,779,051	2,066,959	16,659,521	1,496,334
Cash and cash equivalents at end of period	28,497,667	19,199,778	28,497,667	19,199,778

Change in cash and cash
equivalents

-5,281,384

17,132,819

11,838,146

17,703,444



Medicon Village | SE-223 81 Lund | www.cantargia.com

