



Year-end Report
1 January 2015 – 31 December 2015

Cantargia AB | 556791-6019



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

Highlights

Twelve months (1 Jan 2015 – 31 Dec 2015)

- Other operating revenue was KSEK 0 (0).
- Earnings after financial items were KSEK -17,190 (-8,370).
- Earnings per share were approximately SEK -1.27 (-0.62).
- The equity/assets ratio was approximately 89 (20) per cent.

Fourth quarter (1 Oct 2015 – 31 Dec 2015)

- Other operating revenue was KSEK 0 (0).
- Earnings after financial items were KSEK -5,003 (-2,547).
- Earnings per share were approximately SEK -0.37 (-0.19).

Definitions

- Earnings per share: Profit for the period divided by 13,505,874 shares as of 31 December 2015.
- Equity/assets ratio: Equity divided by total capital.
- Figures in parentheses refer to the same period in the previous year.

Significant events in the first quarter

At the beginning of the period Cantargia held an extraordinary general meeting at which a public issue of units prior to the planned listing of the Company on Nasdaq First North Stockholm was approved. The subscription period for the issue ran from 27 January 2015 to 12 February 2015. Subscriptions for SEK 60 million were received, which means that the issue was 136 per cent subscribed, including subscription undertakings. Cantargia raised around SEK 44.1 million before issue costs through the issue and received about 700 new shareholders. In addition to 5,800,000 new shares, 4,350,000 warrants of series TO 3 and 2,900,000 warrants of series TO 4 were issued, which, if fully exercised, would raise a further estimated SEK 55.1 million for Cantargia in spring and autumn 2016.

In the Company’s prospectus for the listing on Nasdaq First North Stockholm it was communicated that co-founders Professor Thoas Fioretos and Dr Marcus Järås intended, in view of their long-standing involvement in the Company, to exercise their right to sell up to 20 per cent of their shareholdings in Cantargia, in accordance with their lock-up agreements. In March the Company announced that Professor Fioretos and Dr Järås had completed this transaction, leaving them with shareholdings of around 5.5 per cent. Thoas Fioretos and Marcus Järås have a long-term view on their remaining shareholdings, which are also subject to lock-up agreements expiring 12 months from the first day of trading on Nasdaq First North Stockholm.

In March Cantargia was notified that they had met the requirements for listing on Nasdaq First North Stockholm and received formal approval from Nasdaq. Trading in the Company’s shares and warrants of series TO 3 and TO 4 commenced on 17 March 2015.

Significant events in the second quarter

The notice of the Annual General Meeting was published on the Company’s website in April. The AGM was held at Medicon Village on 22 May 2015 and a report on the AGM was published on the same day. At the AGM a resolution was adopted authorising the Board of Directors to decide on the issuance of up to 2 million new shares, on one or several occasions, during the period until the next Annual General Meeting.

In May it was announced that the Company had received notice that the European Patent Office (EPO) had issued an “intention to grant” for the patent application concerning IL1RAP as a target molecule for antibody therapy and diagnostics of leukemia.

On 1 June 2015 Lars Thorsson took up the position as Vice President Clinical Development. He had previously worked as Senior Clinical Pharmacology Scientist at Novo Nordisk A/S, where he was responsible for the preparation and implementation of clinical studies in development projects.

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

Significant events in the third quarter

At the beginning of July the Company announced that the Company had signed an agreement with Glycotope Biotechnology GmbH for production of the 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 the Company's antibodies targeted at IL1RAP have a potent antitumour effect in preclinical models of acute myeloid leukemia.

Significant events in the fourth quarter

In October the European Patent Office (EPO) issued an officially approved patent for IL1RAP as target molecule for antibody therapy and diagnostics of leukemia. At the same time as the announcement of the patent approval Cantargia announced that EPO also 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 took up the position as Vice President Cancer Research. He has previously worked in tumour immunology research and has headed research projects in this field in the pharmaceutical industry.

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.

In December warrants of series 2010:1 were exercised, resulting in a dilution of around 0.8 per cent for existing shareholders. Following registration with the Swedish Companies Registration Office the total number of outstanding shares is 13,505,874. The share capital is SEK 1,080,469.92.

Significant events after the end of the period

In January 2016 the Company received approval from the European Patent Office for the patent application concerning IL1RAP as a target molecule for antibody therapy and diagnostics of several types of solid tumours. Subsequently Cantargia also received approval in Australia for its patent application for use of IL1RAP as target molecule for antibody treatment of haematological cancer diseases.

In February the Company published information on the investor events that the Company will be participating in in March 2016. CEO Göran Forsberg will be giving presentations at Vator Securities Unicorn Summit in Stockholm on 9 March, at the Sedermeradagen in Lund on 16 March and at Redeye Investor Forum in Gothenburg on 17 March.

CEO Göran Forsberg comments

2015 was a very successful year for Cantargia. Our securities issue and IPO in the spring were oversubscribed, , we received several positive announcements concerning our patent portfolio as well as partnerships with highly regarded companies for the manufacture of our CAN04 drug candidate. Progress on obtaining patent protection is of course vital to the Company's future opportunities to achieve exclusivity for the commercialisation of our research and development.

During the year the Company has formed a management team with extensive experience in different areas of drug development – production, clinical trials, preclinical studies and tumour immunology. Our qualified team gives us the ability to implement a programme that will generate valuable results.

In November we announced, based on the studies conducted in our preclinical programme, that we had chosen non-small cell lung cancer and pancreatic cancer as primary indications on which to focus our clinical development activities. Both these cancer forms have a significant medical need. A majority of patients who develop these diseases also die from the disease. The biology of IL1RAP plays an important role in the development of these diseases. It is our hope that CAN04 will have the effect of blocking the tumor growth. The initial toxicological studies point to a good safety for our CAN04 product candidate.

We attend both local and international conferences and meetings. As our strategy is to find a future partner, it is important to ensure not only that we are visible locally but also attract attention in the international arena. In January we gave a presentation at Biotech Showcase in San Francisco.

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 leukemia 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 a clinical study (phase I/IIa) 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, and intends to communicate its first clinical results in 2017 and look for partnerships based on these.

Employees

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

Share information

Cantargia's shares were listed on Nasdaq First North Stockholm on 17 March 2015, under the ticker "CANTA". At 31 December 2015 the number of shares of Cantargia was 13,505,874 (183,930). At the beginning of the period, 1 October 2015, the number of shares of Cantargia was 13,394,874 (183,930). The average number of shares of Cantargia during the period 1 October 2015 to 31 December 2015 was 13,450,374 (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.

Proposed appropriation of earnings

The Board of Directors and Chief Executive Officer propose that no dividend be paid for the financial year 1 January 2015 – 31 December 2015.

Publication of annual report

Cantargia's annual report for the financial year 2015 is planned to be published on the Company's website (www.cantargia.com) in April 2016. As of the financial year 2014 the Company's financial statements have been prepared in accordance with Recommendation "K3" of the Swedish Accounting Standards Board. The Annual General Meeting of the Company is scheduled to be held in Lund on 25 May 2016, 5pm.

Principles for preparation of the year-end report

The financial statements contained in Cantargia's year-end 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 year-end report has not been examined by the Company's auditors.

Financial calendar

Future financial reports are scheduled for release as follows:

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

Submission of year-end report

Lund, 1 March 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 -4,893 (-2,434) for the period October to December. The loss for the period was KSEK -5,003 (-2,547) and total assets were KSEK 31,383 (20,129).

Cash flow and investments

Cash flow was KSEK -3,986 (-2,540) for the fourth quarter and KSEK 7,852 (15,163) for the full year.

Condensed income statement

(SEK)	1 Oct 2015 -31 Dec 2015 3 months	1 Oct 2014 -31 Dec 2014 3 months	1 Jan 2015 -31 Dec 2015 12 months	1 Jan 2014 -31 Dec 2014 12 months
Operating expenses				
Project development	-1,875,946	-772,001	-7,044,776	-3,494,994
Other external expenses	-1,341,954	-634,312	-4,953,350	-3,207,760
Staff costs	-1,648,960	-1,027,776	-4,809,914	-1,412,804
Other operating expenses	-26,576	-	-210,143	-
Operating loss	-4,893,436	-2,434,089	-17,018,183	-8,115,558
Profit/loss from financial items				
Interest income and similar items	20,957	16,105	23,218	16,105
Interest expense and similar items	-130,820	-129,497	-194,954	-270,736
Loss after net financial expense	-5,003,299	-2,547,481	-17,189,919	-8,370,189
Loss before tax	-5,003,299	-2,547,481	-17,189,919	-8,370,189
Loss for the period	-5,003,299	-2,547,481	-17,189,919	-8,370,189

Condensed balance sheet

(SEK)	31 Dec 2015	31 Dec 2014
Assets		
Non-current assets		
<u>Intangible assets</u>		
Concessions, patents, licenses and trademarks	4,281,999	2,446,718
<u>Financial assets</u>		
Other securities held as non-current assets	1,747,264	394,312
Total non-current assets	6,029,263	2,841,030
Current assets		
<u>Current receivables</u>		
Other receivables	252,841	431,982
Prepaid expenses and accrued income	588,938	196,570
<u>Total current receivables</u>	841,779	628,552
<u>Short-term investments</u>		
Fixed income fund	14,871,521	-
<u>Total current receivables</u>	14,871,521	-
Cash and bank balances	9,640,635	16,659,520
Total current assets	25,353,935	17,288,072
TOTAL ASSETS	31,383,198	20,129,102
EQUITY AND LIABILITIES		
Equity		
<u>Restricted equity</u>		
Share capital	1,080,469	183,930
Share capital not yet registered	-	63,157
<u>Total restricted equity</u>	1,080,469	247,087
<u>Non-restricted equity</u>		
Shareholder contributions received*	3,416,000	3,416,000
Share premium account	64,805,077	24,490,217
Retained earnings	-24,055,878	-15,685,689
Loss for the period	-17,189,919	-8,370,189
<u>Total non-restricted equity</u>	26,975,280	3,850,339
Total equity	28,055,749	4,097,426
Non-current liabilities		
Provisions	170,016	-
Total non-current liabilities	170,016	-
Current liabilities		
Trade payables	1,794,073	1,407,225
Short-term loans	-	13,659,594
Tax liabilities	50,724	-
Other liabilities	194,020	110,717
Accrued expenses and deferred income	1,118,616	854,140
Total current liabilities	3,157,433	16,031,676
TOTAL EQUITY AND LIABILITIES	31,383,198	20,129,102
Pledged assets	None	None
Contingent liabilities	None	None

Condensed statement of changes in equity

1 Oct 2015 - 31 Dec 2015

(SEK)	Share capital	Paid-up not regd share cap	Other non-restricted equity	Profit/loss for the period	Total non-restr. equity	Total equity
Amount at beginning of period	1,071,589	-	43,573,569	-12,186,620	31,386,949	32,458,538
Issue of new shares	8,880	-	591,630	-	591,630	600,510
Loss for the period	-	-	-	-5,003,299	-5,003,299	-5,003,299
Amount at end of period	1,080,469	-	44,165,199	-17,189,919	26,975,280	28,055,749

1 Oct 2014 - 31 Dec 2014

(SEK)	Share capital	Paid-up not regd share cap	Other non-restricted equity	Profit/loss for the period	Total non-restr. equity	Total equity
Amount at beginning of period	183,930	-	6,447,759	-5,822,708	625,051	808,981
Non-registered issue of new shares	-	63,157	5,772,769	-	5,772,769	5,835,926
Capital acquisition cost	-	-	-	-	-	-
Loss for the period	-	-	-	-2,547,481	-2,547,481	-2,547,481
Amount at end of period	183,930	63,157	12,220,528	-8,370,189	3,850,339	4,097,426

1 Jan 2015 - 31 Dec 2015

(SEK)	Share capital	Paid-up not regd share cap	Other non-restricted equity	Profit/loss for the period	Total non-restr. equity	Total equity
Amount at beginning of period	183,930	63,157	12,220,528	-8,370,189	3,850,339	4,097,426
Issue of new shares	896,539	-63,157	43,847,128	-	43,847,128	44,680,510
Transfer, profit/loss for previous year	-	-	-8,370,189	8,370,189	-	-
Capital acquisition cost	-	-	-3,532,268	-	-3,532,268	-3,532,268
Loss for the period	-	-	-	-17,189,919	-17,189,919	-17,189,919
Amount at end of period	1,080,469	-	44,165,199	-17,189,919	26,975,280	28,055,749

1 Jan 2014 - 31 Dec 2014

(SEK)	Share capital	Paid-up not regd share cap	Other non-restricted equity	Profit/loss for the period	Total non-restr. equity	Total equity
Amount at beginning of period	171,430	-	10,906,196	-7,945,937	2,960,259	3,131,689
Issue of new shares	12,500	-	3,651,499	-	3,651,499	3,663,999
Transfer, profit/loss for previous year	-	-	-7,945,937	7,945,937	-	-
Non-registered issue of new shares	-	63,157	5,772,769	-	5,772,769	5,835,926
Capital acquisition cost	-	-	-163,999	-	-163,999	-163,999
Loss for the period	-	-	-	-8,370,189	-8,370,189	-8,370,189
Amount at end of period	183,930	63,157	12,220,528	-8,370,189	3,850,339	4,097,426

Condensed cash flow statement

(SEK)	1 Oct 2015 -31 Dec 2015 3 months	1 Oct 2014 -31 Dec 2014 3 months	1 Jan 2015 -31 Dec 2015 12 months	1 Jan 2014 -31 Dec 2014 12 months
Cash flow from operating activities before changes in working capital	-5,003,299	-2,547,481	-17,189,919	-8,370,189
Changes in working capital	1,425,352	-5,274,533	-13,087,470	15,268,066
Cash flow from operating activities	-3,577,947	-7,822,014	-30,277,389	6,897,877
Cash flow from investing activities	-1,008,073	-554,170	-3,018,216	-1,070,617
Cash flow from financing activities	600,510	5,835,926	41,148,241	9,335,926
Total cash flow for the period	-3,985,510	-2,540,258	7,852,636	15,163,186
Cash and cash equivalents at beginning of period	28,497,667	19,199,778	16,659,520	1,496,334
Cash and cash equivalents at end of period*	24,512,156	16,659,520	24,512,156	16,659,520
Change in cash and cash equivalents	-3,985,511	-2,540,258	7,852,636	15,163,186

*The Company's cash and cash equivalents consist of short-term investments (cash only) and cash and bank.



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