



Interim report
1 January 2016 – 30 June 2016

Cantargia AB | 556791-6019



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

Summary

First half (1 Jan 2016 – 30 Jun 2016)

- Other operating revenue was kSEK 0 (0).
- Earnings after financial items were kSEK -16,023 (-9,059).
- Earnings per share were approximately SEK -0.91 (-0.68).
- The equity/assets ratio was around 87 (89) per cent compared with the beginning of the year.

Second quarter (1 Apr 2016 – 30 Jun 2016)

- Other operating revenue was kSEK 0 (0).
- Earnings after financial items were kSEK -7,926 (-5,432).
- Earnings per share were approximately SEK -0.45 (-0.41).

Definitions

- Earnings per share: Profit for the period divided by 17,633,134 shares as at 30 June 2016.
- 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 second quarter

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.

During the period the Company gave investor presentations at the international BioEquity conference in Copenhagen on 10 May 2016 and at the Småbolagsdagen small cap investor event at the Sheraton Stockholm Hotel on 13 June 2016.

The annual report for the financial year 2015 was published on 29 April 2016. The Company held its Annual General Meeting on 25 May 2016 and published a report on the AGM the following day. The annual report and AGM report are available for download on the Company’s website, www.cantargia.com.

Cantargia received a Notice of Allowance from the US Patent Office for IL1RAP as target molecule for antibody-based treatment in acute lymphoblastic leukemia followed by a Notice of Allowance for IL1RAP as target molecule for antibody-based treatment in solid tumours from the same patent office. The Company also received formal approval in Japan of a patent for solid tumours.

The Company announced that its CAN04 product candidate has been shown to have a high level safety in high doses – repeated treatment with up to 100 mg/kg. During the period Cantargia also decided that the Company will conduct further process development studies to establish a strong foundation for long-term production and that the start of the GLP toxicity study will therefore be postponed until autumn 2016. Consequently, the start of clinical studies will also be postponed until the end of the first quarter of 2017.

A third party filed an opposition to Cantargia’s patent in Europe for IL1RAP as a target molecule for antibody treatment and leukemia diagnostics. Cantargia will be working with its patent agents and the European Patent Office to conduct the process in a professional and correct manner.

Significant events after the end of the period

In July Cantargia announced that the US Patent Office had approved the Company's application for IL1RAP as target molecule for antibody-based treatment of solid tumours.

In August Cantargia announced that the Company's former CEO, Agneta Svedberg, had exercised 1,250 warrants of series 2011/2016. The exercise of the warrants raised SEK 250,212.50 for Cantargia.

CEO Göran Forsberg comments

In the second quarter Cantargia held its Annual General Meeting, at which three new Directors were elected to the Board – Karin Leandersson, Niclas Lundqvist and Magnus Persson. A more detailed presentation of the new Directors is given on Cantargia's website. The newly elected Directors will bring a wealth of valuable expertise that will assist Cantargia's future development. I would also like to take this opportunity to thank our departing Chairman Sven Andréasson and the departing Director Lars Larsson for their excellent work, which, not least, helped pave the way for Cantargia's IPO.

The exercise period for warrants of series TO1 and TO3 ended in the second quarter. A total of 4,127,260 warrants were exercised, raising SEK 31.4 million for Cantargia before issue costs. I would like to thank our investors for their strong support, which will ensure that the development of CAN04 can continue as planned.

In the last few months, significant progress has been made regarding our patent portfolio. Two of our applications received a Notice of Allowance from the US Patent Office. Upon formal approval, we will have protection for IL1RAP as target molecule for antibody-based treatment of several solid tumours and acute lymphoblastic leukemia. These notices are of course very welcome, as the US is the single largest market for cancer drugs. We have also received a patent in Japan covering solid tumours.

Our development of CAN04 continues to move forward and we are passing many milestones. A major milestone was that we reported the results of our dose range finding study, which showed a very high level of safety in high doses. This paves the way for the concluding GLP (good laboratory practice) study, which we expect to initiate in autumn 2016. We have also decided to conduct further process development studies to secure good production. The goal is to start clinical studies at the end of the first quarter of 2017.

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 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 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.

Employees

The average number of employees for the period January to June 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 30 June 2016 the number of shares was 17,633,134 (13,394,874). At the beginning of the period, 1 April 2016, the number of shares was 13,505,874 (13,394,874). The average number of shares of Cantargia during the period 1 April 2016 to 30 June 2016 was 15,569,504 (13,394,874).

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 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 examined by the Company’s auditor.

Financial calendar

Future financial reports are scheduled for release as follows:

- Interim report 3, 2016 21 Nov 2016 (NB – note that this is a new publication date)
- Year-end report for 2016 1 Mar 2017

Certified Adviser

Sedermersa Fondkommission is the Company's Certified Adviser.

Submission of interim report

Lund, 24 August 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 -7,925 (-5,432) for the period April to June. The loss for the period was kSEK -7,926 (-5,432) and total assets were kSEK 48,475 (31,383).

Cash flow and investments

Cash flow from operating activities in the second quarter were kSEK -7,020 (-4,729).

Condensed income statement

(kSEK)	1 Apr 2016 -30 Jun 2016 3 months	1 Apr 2015 -30 Jun 2015 3 months	1 Jan 2016 -30 Jun 2016 6 months	1 Jan 2015 -30 Jun 2015 6 months
Operating expenses				
Project development	-5,193	-2,900	-10,249	-4,139
Other external expenses	-1,043	-1,762	-2,457	-2,919
Staff costs	-1,679	-711	-3,302	-1,830
Other operating expenses	-10	-59	-17	-106
Operating loss	-7,925	-5,432	-16,025	-8,994
Financial income and expense				
Interest income and similar items	-	-	3	1
Interest expense and similar items	-1	-	-1	-66
Loss after net financial income/expense	-7,926	-5,432	-16,023	-9,059
Loss before tax	-7,926	-5,432	-16,023	-9,059
Loss for the period	-7,926	-5,432	-16,023	-9,059

Condensed balance sheet

(kSEK)	30 Jun 2016	30 Jun 2015	2015-12-31
Assets			
Non-current assets			
<u>Intangible assets</u>			
Concessions, patents, licenses and trademarks	5,293	2,916	4,282
<u>Financial assets</u>			
Other securities held as non-current assets	2,545	972	1,747
Total non-current assets	7,838	3,888	6,029
Current assets			
<u>Current receivables</u>			
Other receivables	568	1,428	253
Prepaid expenses and accrued income	394	382	589
<u>Total current receivables</u>	962	1,810	842
<u>Short-term investments</u>			
Fixed income fund	8,872	15,000	14,871
<u>Total current receivables</u>	8,872	15,000	14,871
Cash and bank balances	30,803	18,779	9,641
Total current assets	40,637	35,589	25,354
TOTAL ASSETS	48,475	39,477	31,383
EQUITY AND LIABILITIES			
Equity			
<u>Restricted equity</u>			
Share capital	1,411	1,072	1,080
<u>Total restricted equity</u>	1,411	1,072	1,080
<u>Non-restricted equity</u>			
Shareholder contributions received	3,416	3,416	3,416
Share premium account	94,558	64,213	64,805
Retained earnings	-41,246	-24,056	-24,056
Loss for the period	-16,023	-9,059	-17,190
<u>Total non-restricted equity</u>	40,705	34,514	26,975
Total equity	42,116	35,586	28,055
Non-current liabilities			
Provisions	376	85	170
Total non-current liabilities	376	85	170
Current liabilities			
Trade payables	3,960	3,372	1,794
Tax liabilities	-	-	51
Other liabilities	142	162	194
Accrued expenses and deferred income	1,881	272	1,119
Total current liabilities	5,983	3,806	3,158
TOTAL EQUITY AND LIABILITIES	48,475	39,477	31,383
Pledged assets	None	None	None
Contingent liabilities	None	None	None

Condensed statement of changes in equity

1 Jan 2016 - 30 Jun 2016	Share capital	Paid-up not regd share cap	Other non-restricted equity	Loss for the period	Total non-restricted equity	Total equity
(kSEK)						
Amount at beginning of period	1,080	-	44,165	-17,190	26,975	28,055
Issue of new shares	331	-	31,037	-	31,037	31,368
Transfer, loss for previous year	-	-	-17,190	17,190	-	-
Capital acquisition cost	-	-	-1,284	-	-1,284	-1,284
Loss for the period	-	-	-	-16,023	-16,023	-16,023
Amount at end of period	1,411	-	56,728	-16,023	40,705	42,116

1 Jan 2015 - 30 Jun 2015	Share capital	Paid-up not regd share cap	Other non-restricted equity	Loss for the period	Total non-restricted equity	Total equity
(kSEK)						
Amount at beginning of period	184	63	12,220	-8,370	3,850	4,097
Issue of new shares	888	-63	43,255	-	43,255	44,080
Transfer, loss for previous year	-	-	-8,370	8,370	-	-
Capital acquisition cost	-	-	-3,532	-	-3,532	-3,532
Loss for the period	-	-	-	-9,059	-9,059	-9,059
Amount at end of period	1,072	-	43,573	-9,059	34,514	35,586

1 Jan 2015 - 2015-12-31	Share capital	Paid-up not regd share cap	Other non-restricted equity	Loss for the period	Total non-restricted equity	Total equity
(kSEK)						
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 Apr 2016 -30 Jun 2016 3 months	1 Apr 2015 -30 Jun 2015 3 months	1 Jan 2016 -30 Jun 2016 6 months	1 Jan 2015 -30 Jun 2015 6 months	1 Jan 2015 -2015-12-31 12 months
Cash flow from operating activities before changes in working capital	-7,926	-5,432	-16,023	-9,059	-17,190
Changes in working capital	906	703	2,911	-13,407	-13,087
Cash flow from operating activities	-7,020	-4,729	-13,112	-22,466	-30,277
Cash flow from investing activities	-889	-177	-1,808	-469	-3,019
Cash flow from financing activities	30,083	-300	30,083	40,055	41,148
Total cash flow for the period	22,174	-5,206	15,163	17,120	7,852
Cash and cash equivalents at beginning of period	17,501	38,986	24,512	16,659	16,660
Cash and cash equivalents at end of period*	39,675	33,779	39,675	33,779	24,512

Change in cash and cash equivalents	22,174	-5,207	15,163	17,120	7,852
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* Cash and cash equivalents comprise restricted investments (liquid assets only) and cash and bank balances.



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