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Wntresearch AB

Subscription period: 3 September - 17 September 2018

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WntResearch

Comments from the CEO

A successful time with important development steps resolved

One in three suffer from cancer during their lifetime.

WntResearch is developing a new type of cancer treatment based on pioneering research, which shows that the endogenous protein Wnt-5a plays a crucial role for the ability of tumor cells to relocate and spread in the body.

WntResearch has in the last months presented several important advancements towards the establishment of Foxy-5 as a drug for treatment of colon cancer. The cooperation with Biovica on the development of a biomarker is an important milestone, as well as two recent interaction studies, the acquisition of an important patent application and the application for a new manufacturing patent.

The cooperation with Biovica aims to develop a diagnostic test – so called companion diagnostics – which will lead to accurate and individualized treatment. Companion diagnostics, namely a drug approval in close connection with a diagnostics test, is increasingly used internationally. A lot suggests that drugs will increasingly be linked to for use in specific diagnostics, which within the pharmaceutical industry is referred to as precision medicine. The aim is, with the analysis of a blood sample, to identify the patients who will show the greatest benefit of the treatment with Foxy-5.

The basis for this cooperation lies in several studies that indicate enzyme thymidine kinase (TK) is strongly correlated to aggressive tumor disease. To evaluate if there is a connection between TK, Wnt-5a and relapses of cancer, TK will be determined in the upcoming Phase 2 study with Foxy-5.

During the summer two important preclinical studies of Foxy-5 were presented – an interaction study with Foxy-5 and chemotherapy and an interaction study with Foxy-5 and immunotherapies, so called checkpoint inhibitors. Both studies indicated a positive outcome, suggesting Foxy-5 can be used in combination with chemotherapy or immunotherapies.

Combination treatments are an increasingly important part of cancer care, particularly as immunotherapeutic drugs such as Opdivo and Yervoy from Bristol-Myers Squibb and Keytruda from Merck are seeing greater use.

During the last reported rolling twelve-month period sales of these drugs amounted to over 12 billion USD.

In addition, WntResearch has strengthened its patent protection for Foxy-5. The company has acquired a patent application concerning the ability of Foxy-5 to reduce the number of cancer stem cells. A growing number of leading researchers believe that cancer stem cells are the cause of recurrence in tumor disease after the primary tumor has been removed and the patients are treated with chemotherapy. One reason is that cancer stem cells “survive” chemotherapy that primarily kill cells during rapid cell division. The patent application will be public during the spring of 2019. WntResearch has taken this into account in the design of the upcoming Phase 2 study – treatment with Foxy-5 will continue even after the primary tumor has been removed.

In August, WntResearch submitted a patent application concerning a new manufacturing process for Foxy-5. We expect this application to have a very positive impact on production costs and it is thus significant from a commercial point of view.

We are continuing to strengthen the patent protection for our drug projects to maximize their commercial potential. Through research cooperation with external groups we reserve patent rights, due to which no other costs other than those directly connected to the application and patent protection will occur.

We now approach the commencing of the Phase 2 study with Foxy-5 – the next crucial step in the development of a potentially revolutionary new cancer treatment. For us, contributing to a better life for millions of cancer patients goes hand in hand with creating value for our shareholders.

Peter Morsing
CEO - WntResearch AB



The research and the way forward

WntResearch is developing a new kind of cancer drug based on groundbreaking research that demonstrates that the human protein Wnt-5 plays an important role in the ability of tumor cells to move and spread within the body. The vast majority of people who succumb to cancer do so as a result of metastasis – the need for a specific treatment to counteract this is very significant.

The drug candidate Foxy-5 has in preclinical research models showed the same effects as Wnt-5a in terms of limiting the tumor cells ability to move, to prevent metastasis. New research also shows that Foxy-5 lowers the number of cancer stem cells and can prevent already released cells forming new metastasis. These new results mean that Foxy-5 can have effect both before, during and after surgery and provide a good basis for the design of our study. The results from earlier clinical studies show a favorable safety profile and pharmacokinetic, as well as early indications of biological activity.

Cancer treatment is the fastest growing part of the pharmaceutical market. It is expected to see yearly growth of 7-10 per cent and sales of 150 billion USD in year 2020.¹ WntResearch has chosen colon cancer as the first indication for Foxy-5. Colorectal cancer is the third most common cancer form in the world. In 2012, 1.4 million new cases were discovered globally, with 0.7 million people succumbing to the disease.² The sales of pharmaceuticals for this type of cancer amounted to 8.3 billion USD during 2013 and is expected to grow to 9.4 billion USD in 2020.³

Next awaits commencement of a Phase 2 study with Foxy-5, for which preparations are currently under way. The Phase 2 study will be performed at a number of clinics in Spain and the Netherlands. The choice of clinics is based primarily on the interest the company has seen from the medical profession, the availability of patients, other ongoing cancer studies competing for available patients, availability of clinicians and their experience in conducting clinical studies.

Conclusions from a preparatory evaluation of study centers and study design, a so called feasibility study, saw very positive response from the contacted clinics.

Dr. Ramon Salazar, Institut Catala Oncologica, Barcelona has been chosen as the coordinating principal investigator of the study. Dr. Salazar brings many years of experience with clinical studies on colon cancer and has shown great enthusiasm for our drug candidate as well as the way in which we have planned to complete the study. Professor Andres Cervantes, Institute of Health Research, INCLIVA, Valencia and professor emeritus Jan Vermorken, Antwerp University Hospital will together with Dr. Salazar be included in the study's steering committee.

SMS Oncology has been chosen to be the contract research organization for the study and will recruit up to 180 colon cancer patients with high risk for relapse in the disease. The individual patients' level of the protein Wnt-5a will be one of the selection parameters. This analysis will be performed by Unilabs. The study will also measure circulating tumor-DNA (ctDNA), a biomarker considered to be strongly associated with relapses in the disease. Through analysis of blood samples there is a possibility to discover relapses as early as 3 years before visible metastasis can be detected with current imaging technologies. To facilitate these measurements, an agreement with SAGA Diagnostics has been made. Provided necessary regulatory approvals, recruitment is expected to commence in the fourth quarter of 2018.

Liquidity from the warrants will, on full subscription of 1 068 491 shares at a subscription price of SEK 22.50 per share, amount to approximately SEK 24 million before issuance costs. This will mainly fund WntResearch's Phase 2-study with Foxy-5.

¹ IMS Health, June 2nd 2016

² Cancer Today, IARC, WHO, 2017

³ GBI Research, 2015

THE OFFERING IN SUMMARY

SUBSCRIPTION PERIOD	3 September 2018 - 17 September 2018
LAST DAY FOR TRADING WITH WARRANT RIGHTS	13 September 2018
SUBSCRIPTION PRICE	SEK 22.50
ISSUE VOLUME	1 068 491 shares
TERMS	One (1) warrant WNT TO 3 entitles the holder to subscribe for one (1) new share
OUTSTANDING SHARES IN WNTRESEARCH	21 396 820 shares
MARKET PLACE	Spotlight Stockholm
PLANNED COMMUNICATION OF OUTCOMES	24 September 2018
PLANNED CONVERSION OF INTERIM SHARES TO REGULAR SHARES	The end of October 2018

More information about the warrants can be found at www.wntresearch.com

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