

Interview Shortlisted Company – European Small and Mid-Cap Awards 2017

1. Name of the company
Pangaea Oncology S.A.
2. Why did you decide to go public?
<ol style="list-style-type: none"> 1. Regulated stock market listing aids visibility and reputation via increased transparency for stakeholders: clients, providers, banks, employees. Improved professionalism and corporate governance. 2. Ability to achieve fair market value for the company's equity via a pre-listing capital increase and positioning for potential future increases & M&A opportunities (particularly appealing for a company with a high level of recurrent investment in R&D). 3. Enhanced ability to hire talent and strong management. 4. Increased visibility, both sectorial & from the financing perspective. Increased access to institutional funds aids internal synergy, especially regarding buy side & pharmaceutical industry contracts.
3. What has been the reaction from investors, customers, employees, etc following going public?
<p>In terms of the stock market, very good. Just six months after floating we were selected for inclusion in a new Ibex index of the 15 most traded companies on the Alternative Stock Market (MAB Ibex 15).</p> <p>In general, all stakeholders received the move as a solid reputational step for the company and an outstanding instrument to fuel the company's success.</p>
4. What have been the benefits to your company?
<p>We have gained in reputation and media interest, reflected in very high volume of trading.</p> <p>Our R+D & diagnostics programs have benefited from the injection of funds; half the proceeds have been allocated to drug development, the other half to improving our diagnostic capabilities – particularly in liquid biopsy (our core diagnostic asset). Part has also been allocated to corporate development and hiring.</p>
5. What were the main challenges in taking your company public?
<p>We analysed a number of options to pull in the capital we required, including private equity financing, but decided to go with the opportunities the MAB offered. We experienced serious setbacks in terms of timing due to the Brexit vote in the UK and subsequent negative impact on the markets, particularly serious since part of our business is conducted through alliances in the UK.</p> <p>The most arduous part was due diligence and audits. We contracted a renowned auditor who was very rigorous with us (rightly so); providing all the required information took a lot of time and energy for the team.</p>
6. What experience would you want to share with companies that are thinking of going public?
<p>Apart from the human costs in terms of time, paperwork and dedication of your team, bear in mind that going public can be expensive. You need to factor in legal and financial advisory, due diligence, audits and placement fees. The most important advice would be to seriously dedicate a lot of time to correctly structuring the company (investor relations, corporate communication, internal organization, core management mindset and strong independent board members) and positioning it accordingly before going public.</p>

7. What do you believe are the top qualities of your company?

The synergy between business areas and the two-way flow of information.

High quality medical praxis, a world-class multidisciplinary team: doctors experienced in molecular biology and biologists and pathologists who understand the realities of patient care.

Advanced technology and location within top-class hospitals.

Few healthcare companies control the entire interaction with the patient from reception desk to treatment to lab results, something we believe provides great added value, both for patients and pharmaceutical clients. We enjoy 60% repeat clients, with 50% contracting more than one of our services.

Our project also has social responsibility in its DNA: the patient comes first.

8. Where do you see yourselves in 5 years?

We want to continue to grow in patient care, apply the quality of praxis in our original hospital to others, generate and license novel technologies worldwide, and achieve our objective of recognition as an international leader in our field. In the short term, we predict strong growth in patient and client numbers.

Obviously it's difficult to say exactly but for 2017-2018 we have a very solid financial foundation and corresponding share price which we work to justify to the market every day. In 5 years we anticipate being able to achieve significant scale and generation of large amounts of free cashflow.

9. Have you had any assistance from the European Union, e.g. funding projects, etc.

Both national and EU R&D funding have been critical for our company. We have been awarded eight national or European grants, from CDTI (Spanish Center for Industrial and Technological Development) to EU programs like Eurostars and H2020. We continue to apply for these types of programs since, besides the funding, they are vital to the business for the creation of a technology network, especially in the EU.

10. If you had 3 wishes come true: What should the EU do to encourage more SMEs to go public and to provide ongoing support for listed companies?

1. Uniform fiscal policy regarding these investments, like those of other markets (e.g. AIM) would significantly increase numbers of SMEs going public, particularly in technology fields where they contribute significant social and GDP value.
2. Close interaction with SMEs and more open dialogue regarding your activities and support available. Entrepreneurs tend to feel isolated from institutions.
3. Facilitate greater interaction between:
 - Companies and foreign investors.
 - SMEs, to share business and capital market experience.
4. Annual SME sectorial investment forum organized by EU institutions, inviting European investors in SMEs up to 50M€ market cap criteria investment.