Interim Report
1 January 2017 – 30 September 2017

Cantargia AB | 556791-6019

"Cantargia" refers to Cantargia AB (publ), corporate ID number 556791-6019.

Clinical trial initiated

Highlights

Nine months (1 Jan 2017 – 30 Sep 2017)

- Earnings after financial items were kSEK -43,530 (-28,509).
- Earnings per share* were approximately SEK -1.36 (-1.61).
- The equity/assets ratio** was approximately 90 (76) per cent.

Third quarter (1 Jul 2017 – 30 Sep 2017)

- Earnings after financial items were kSEK -11,058 (-12,486).
- Earnings per share* were approximately SEK -0.34 (-0.71).

Definitions
** Earnings per share: Profit for the period divided by 32,075,508 shares as at 30 September 2017.*
*** 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 third quarter

In July Cantargia received approval to initiate its clinical phase I/IIa study, named CANFOUR, with the CAN04 antibody in patients with cancer. Cantargia's application had then been approved by regulatory authorities and ethics committees in Denmark and Norway. The primary focus of the study is on treatment of non-small cell lung cancer and pancreatic cancer, and the primary objective of the study is safety. Secondary objectives include assessing pharmacokinetics, effect and biomarkers.

During the period Magnus Persson, Chairman, and Göran Forsberg, CEO, subscribed for 85,000 warrants and 14,000 shares, respectively, of Cantargia.

In August Cantargia was granted formal approval in Europe for its patent application for the CAN04 antibody, which protects CAN04 both as a substance and specifically for treatment of various forms of cancer in the territory until 2035.

Significant events after the end of the period

In October Cantargia received the same formal patent approval for the CAN04 antibody in the US as in Europe, as described above. The patent protects CAN04 both as a substance and specifically for treatment of various forms of cancer in the US until 2035.

In October Cantargia also announced that the first patient had been treated on three occasions with the CAN04 antibody, thus formally completing the safety evaluation prescribed in the clinical protocol. Two further patients have initiated their treatment. No serious side effects had been documented.

Other events

During the period Cantargia's application for a patent concerning solid tumours was approved in Australia. The patent had previously been approved in the major markets, including Europe and the United States.

In September Cantargia's CEO, Göran Forsberg, gave a presentation centred on immuno-oncology at Redeye's Fight Cancer event in Stockholm. The presentation is available on Cantargia's website.

CEO Göran Forsberg comments

The third quarter of 2017 was a very important period in which two separate events of particular significance for Cantargia took place. It was during this period that the first patients started to be treated with our CAN04 product candidate and that independent clinical data published in the *Lancet* journal showed that an antibody with a similar, but more limited, mechanism of action reduces the risk of lung cancer.

It is of course with both pride and satisfaction that we have now definitively taken the step from the preclinical to the clinical phase. The patients will initially be treated in groups of three, and, as previously reported, no serious side effects have been observed in the first group.

This initial clinical trial is designed to quickly document safety and determine a recommended phase II dose that we can then study in a larger number of patients with lung cancer or pancreatic cancer. The high level of safety that we observed in preclinical studies has made it possible to evaluate safety in a relatively brief space of time during the initial stage, and we are therefore already preparing the second stage of the clinical study. With future cancer treatments set to involve combination treatments to a high degree, we are positioning CAN04 for that option at an early stage. This means that the phase IIa stage of the first study will include studies in which CAN04 is added to standard treatments for lung cancer and pancreatic cancer. We hope shortly to be able to present a more detailed plan for how we will proceed, but we can already say that the study will be designed to enable a subsequent registrational study based on this data.

In August we received further support for our cancer treatment concept when an independent study in more than 10,000 individuals showed that treatment with the canakinumab antibody can reduce the risk of lung cancer. Canakinumab resembles CAN04 in that it blocks the IL-1β cytokine, but CAN04 has a broader mechanism of action, as it also blocks the other form of IL-1 while stimulating the body's natural killer cells to attack tumour cells. An animated film which describes how CAN04 differs from similar ways of blocking the IL-1 system is available at www.cantargia.com.

We are therefore strongly motivated to continue developing our main project in lung cancer and pancreatic cancer with the hope that CAN04 will prove to be a key part of future treatments of these and many other cancer diseases.

Göran Forsberg
CEO, Cantargia AB

Operations and projects

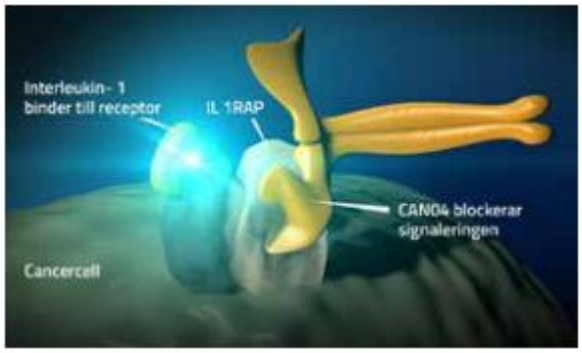
Established in 2010 and listed on the stock exchange in 2015, Cantargia is a biotechnology company that is engaged in research and development of antibody-based therapies for serious diseases. The company has specialised in antibody-based treatment aimed at the target molecule Interleukin-1 Receptor Accessory Protein ("IL1RAP"), which has the potential to be used against a number of different forms of cancer as well as for autoimmune and inflammatory diseases. In its most advanced project Cantargia is developing the CAN04 antibody, which is double-acting. This means that it fights cancer both by activating the immune system and by blocking signals that drive tumour growth.

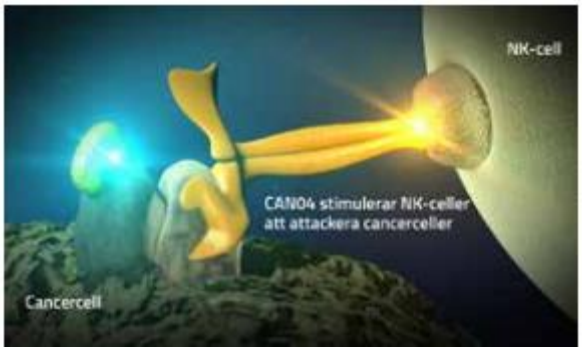
The original discovery made by the research team behind Cantargia was that the specific target molecule, IL1RAP, was found on cancer cells from patients with leukemia but not on normal stem cells in the bone marrow. In subsequent research Cantargia has shown that IL1RAP is also expressed on cancer cells in a large number of cancer diseases.

Cantargia's CAN04 antibody is being studied in the CANFOUR clinical phase I/IIa study. In the second project, CANxx, new antibodies against IL1RAP are being developed that are designed for treatment of autoimmune and inflammatory diseases with the objective of selecting a product candidate in 2019. That project is being conducted in partnership with Panorama Research Inc. in California.

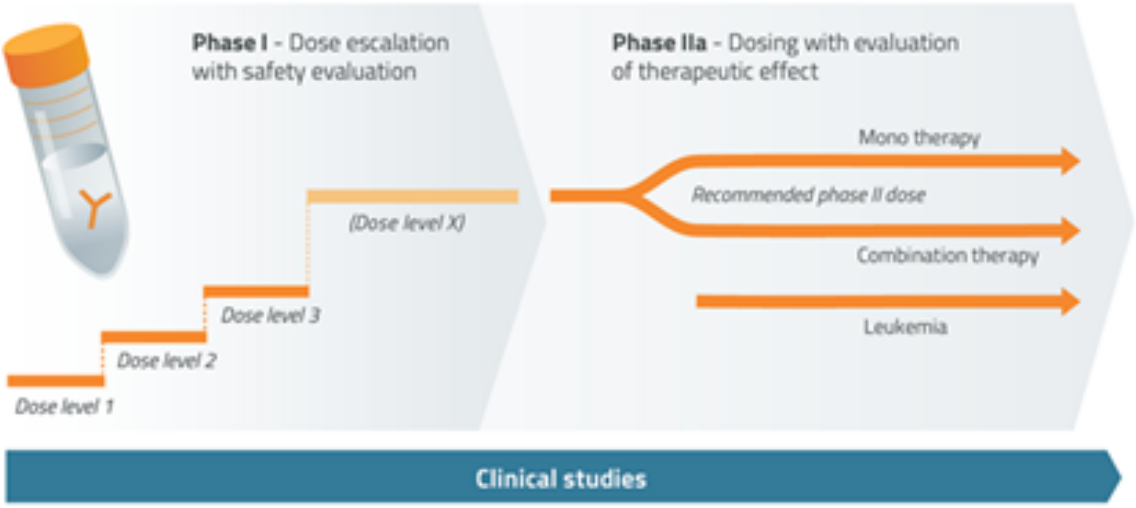
CAN04: Cantargia's product candidate for cancer treatment

Cantargia's CAN04 antibody treatment fights cancer both by activating the immune system's killer cells (picture 2 below) and by blocking signals which stimulate tumour growth (picture 1 below). CAN04 is designed to block the cancer cell's signalling via the interleukin-1 system, which can limit the inflammation that the tumour uses for growth and as a defensive strategy. CAN04 thus has a double-acting effect against cancer.





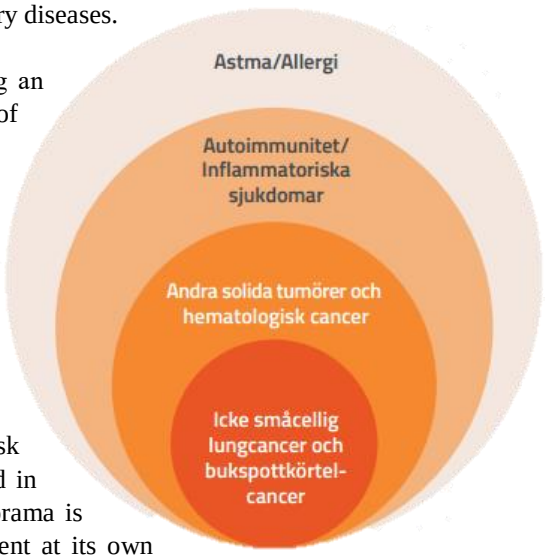
The IL1RAP molecule, the target for Cantargia's treatment, is found in most common forms of cancer, which means that there is significant treatment potential for different cancer diseases. While the CAN04 antibody could thus potentially be used for treating several different forms of cancer, in its initial development activities Cantargia has focused on non-small cell lung cancer and pancreatic cancer in its CANFOUR phase I/IIa study. In the initial stage (phase I) of the study CAN04 is being given to a limited number of patients with the aim of gradually increasing the dose and studying the safety profile of the drug and its metabolism in the body, in order to determine an appropriate dose to use in the second stage. In the second stage of the study (phase IIa) CAN04 will be given to a larger number of patients in order to evaluate indications of therapeutic effect and to gather more information on the safety of the drug at the chosen dose. CAN04 will be studied both as an individual drug and in combination with the standard treatment for each indication. A further study will be conducted after the phase I stage in order to study mechanisms of action and biomarkers in treatment of acute myeloid leukemia (AML).



Cantargia's initial clinical phase I/IIa study includes both monotherapy and combination therapy, where CAN04 is combined with the existing standard treatment. This will result in additional data, which will accelerate the overall development of CAN04. An initial presentation of phase I data is expected to be made around one year after the start of the study. Once phase I data has been reported, Cantargia also intends to initiate a clinical phase IIa study of leukemia.

CANxx: Developing product candidates for autoimmunity and inflammation

CAN04, Cantargia's first product candidate, has been designed for treatment of various forms of cancer. Yet Cantargia's platform offers the potential to develop further antibodies against the IL1RAP target molecule that are designed to treat additional, life-threatening diseases. Cantargia is currently working on developing new antibodies that are designed for treatment of autoimmune and inflammatory diseases.



The company's new project, CANxx, is aimed at developing an antibody with properties that are optimised for treatment of autoimmune and inflammatory diseases. Viewed from a functional biological perspective, IL1RAP transfer signals from the cytokines IL-1 and IL-33, which play a role in several serious autoimmune and inflammatory diseases.

The CANxx project was launched in 2017 with the objective of identifying a clinical candidate that can move on to the development phase in 2019. By launching a new project targeting a disease segment that supplements CAN04, Cantargia will diversify its activities and obtain a favourable risk spread in its project portfolio. The project is being conducted in partnership with Panorama Research Inc. in California. Panorama is contributing by conducting the early stages of the development at its own expense in exchange for a share of future revenues.

Employees

The average number of employees for the period January to September 2017 was 5 (4), of whom 2 (1) were women.

Share information

Cantargia's shares were listed on Nasdaq Stockholm First North on 17 March 2015, under the ticker "CANTA". At 30 September 2017 the number of shares was 32,075,508 (17,679,384). At the beginning of the period, 1 July 2017, the number of shares was 32,075,508 (17,633,134). The average number of shares of Cantargia during the period 1 July 2017 to 30 September 2017 was 32,075,508 (17,656,259).

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 Cantargia's auditor.

Financial calendar

Future financial reports are scheduled for release as follows:

- Year-end report for 2017 28 February 2018

Certified Adviser

Sedermera Fondkommission is Cantargia's Certified Adviser.

Submission of interim report

Lund, 8 November 2017
Cantargia AB
The Board of Directors

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Financial information

Revenue and results
No sales were generated in the third quarter. External expenditure related to the company's development projects totalled kSEK -7,381 (-9,434). Other external expenses were kSEK -1,910 (-1,204) and staff costs were kSEK -1,811 (-1,739). The operating loss was kSEK -11,058 (-12,486) and the loss for the period kSEK -11,058 (-12,486).

Financial position
The equity/assets ratio at 30 September 2017 was 90 (76) per cent and equity was kSEK 60,537 (29,880). Cash and cash equivalents at the closing date were kSEK 52,385 (28,943). Total assets at the end of the period were kSEK 67,422 (39,329).

Cash flow and investments
Cash flow from operating activities in the third quarter was kSEK -13,838 (-9,705). Cash flow from investing activities, which mainly comprise patent costs, was kSEK -326 (-1,278). Cash flow from financing activities for the period was kSEK 72 (251).

Condensed Income Statement

(kSEK)	1 Jul 2017 -30 Sep 2017 3 months	1 Jul 2016 -30 Sep 2016 3 months	1 Jul 2017 -30 Sep 2017 9 months	1 Jul 2016 -30 Sep 2016 9 months	1 Jul 2016 -31 Dec 2016 12 months
Net sales	0	0	0	0	0
Other operating income	0	0	0	0	0
Income	**0**	**0**	**0**	**0**	**0**
Operating expenses					
Project development	-7,381	-9,434	-32,606	-19,683	-32,683
Other external expenses	-1,910	-1,204	-5,060	-3,661	-5,119
Staff costs	-1,811	-1,739	-5,796	-5,041	-6,787
Other operating expenses	44	-109	-79	-126	-158
Operating loss	**-11,058**	**-12,486**	**-43,541**	**-28,511**	**-44,747**
Financial income and expense					
Interest income and similar items	-	-	16	3	132
Interest expense and similar items	-	-	-5	-1	-65
Loss after net financial expense	**-11,058**	**-12,486**	**-43,530**	**-28,509**	**-44,680**
Loss before tax	**-11,058**	**-12,486**	**-43,530**	**-28,509**	**-44,680**
Loss for the period	**-11,058**	**-12,486**	**-43,530**	**-28,509**	**-44,680**

Condensed Balance Sheet

(kSEK)	30 Sep 2017	30 Sep 2016	31 Dec 2016
Assets			
Non-current assets			
Intangible assets			
Concessions, patents, licences and trademarks	9,148	6,111	7,092
Financial assets			
Other securities held as non-current assets	4,011	3,005	3,366
Total non-current assets	**13,159**	**9,116**	**10,458**
Current assets			
Current receivables			
Other receivables	706	475	795
Prepaid expenses and accrued income	1,172	795	1,417
Total current receivables	**1,878**	**1,270**	**2,212**
Short-term investments			
Fixed income fund	20,000	8,872	8,937
Total current receivables	**20,000**	**8,872**	**8,937**
Cash and bank balances	32,385	20,071	25,904
Total current assets	**54,262**	**30,213**	**37,053**
TOTAL ASSETS	**67,422**	**39,329**	**47,511**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	2,566	1,411	1,673
Share capital not yet registered	72	-	-
Reserve for development costs	4,866	0	2,810
Total restricted equity	**7,504**	**1,411**	**4,483**
Non-restricted equity			
Share premium account	183,938	94,808	117,964
Retained earnings	-87,376	-37,830	-40,640
Loss for the period	-43,529	-28,509	-44,680
Total non-restricted equity	**53,033**	**28,469**	**32,644**
Total equity	**60,537**	**29,880**	**37,127**
Non-current liabilities			
Provisions	1,054	540	704
Total non-current liabilities	**1,054**	**540**	**704**
Current liabilities			
Trade payables	2,964	7,019	7,419
Tax liabilities	355	-	186
Other liabilities	226	133	167
Accrued expenses and deferred income	2,286	1,757	1,908
Total current liabilities	**5,811**	**8,909**	**9,680**
TOTAL EQUITY AND LIABILITIES	**67,422**	**39,329**	**47,511**
Pledged assets	None	None	None
Contingent liabilities	None	None	None

Condensed Statement of Changes in Equity

1 Jul 2017 - 30 Sep 2017 (kSEK)	Share capital	Share capital paid in, not registered	Reserve for development costs	Other non-restricted equity	Loss for the period	Total non-restricted equity	Total equity
Amount at end of period	**1,673**	**-**	**2,810**	**77,324**	**-44,680**	**32,644**	**37,127**
Issue of new shares	893	-	-	**71,636**	-	**71,636**	**72,529**
Capital acquisition cost	-	-	-	-5,662	-	-5,662	-5,662
Capitalisation of development costs	-	-	2,056	-2,056	-	-2,056	-
Warrant scheme	-	72	-	-	-	-	72
Transfer, loss for previous year	-	-	-	-44,680	44,680	-	-
Loss for the period	-	-	-	-	-43,529	-43,529	-43,529
Amount at end of period	**2,566**	**72**	**4,866**	**96,562**	**-43,529**	**53,033**	**60,537**

1 Jul 2016 - 30 Sep 2016 (kSEK)	Share capital	Share capital paid in, not registered	Reserve for development costs	Other non-restricted equity	Loss for the period	Total non-restricted equity	Total equity
Amount at beginning of period	**1,080**	**-**	**-**	**44,165**	**-17,190**	**26,975**	**28,055**
Issue of new shares	334	-	-	31,284	-	31,284	31,618
Transfer, loss for previous year	-	-	-	-17,190	17,190	-	-
Capital acquisition cost	-	-	-	-1,284	-	-1,284	-1,284
Loss for the period	-	-	-	-	-28,509	-28,509	-28,509
Amount at end of period	**1,414**	**-**	**-**	**56,975**	**-28,509**	**28,466**	**29,880**

1 Jul 2016 - 31 Dec 2016 (kSEK)	Share capital	Share capital paid in, not registered	Reserve for development costs	Other non-restricted equity	Loss for the period	Total non-restricted equity	Total equity
Amount at beginning of period	**1,080**	**-**	**-**	**44,165**	**-17,190**	**26,975**	**28,055**
Issue of new shares	593	-	-	55,632	-	55,632	56,225
Capital acquisition cost	-	-	-	-2,473	-	-2,473	-2,473
Capitalisation of development costs	-	-	2,810	-2,810	-	-2,810	-
Transfer, loss for previous year	-	-	-	-17,190	17,190	-	-
Loss for the period	-	-	-	-	-44,680	-44,680	-44,680
Amount at end of period	**1,673**	**--**	**-2,810**	**77,324**	**-44,680**	**32,644**	**37,127**

Condensed Cash Flow Statement

(kSEK)	1 Jul 2017 -30 Sep 2017 3 months	1 Jul 2016 -30 Sep 2016 3 months	1 Jul 2017 -30 Sep 2017 9 months	1 Jul 2016 -30 Sep 2016 9 months	1 Jul 2016 -31 Dec 2016 12 months
Cash flow from operating activities before changes in working capital	-11,058	-12,486	-43,530	-28,509	-44,680
Changes in working capital	-2,780	2,781	-3,163	5,692	5,152
Cash flow from operating activities	**-13,838**	**-9,705**	**-46,693**	**-22,817**	**-39,528**
Cash flow from investing activities	-326	-1,278	-2,701	-3,086	-3,895
Cash flow from financing activities	72	251	66,938	30,334	53,752
Total cash flow for the period	**-14,093**	**-10,732**	**17,544**	**4,431**	**10,329**
Cash and cash equivalents at beginning of period	66,478	39,675	34,831	24,512	24,512
Cash and cash equivalents at end of period*	52,385	28,943	52,385	28,943	34,841
Change in cash and cash equivalents	**-14,093**	**-10,732**	**17,544**	**4,431**	**10,329**

* Cash and cash equivalents comprise restricted investments (liquid assets only) and cash and bank balances.

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