Annual Report 2018

Cantargia AB (publ.) 556791 -6019

Cantargia

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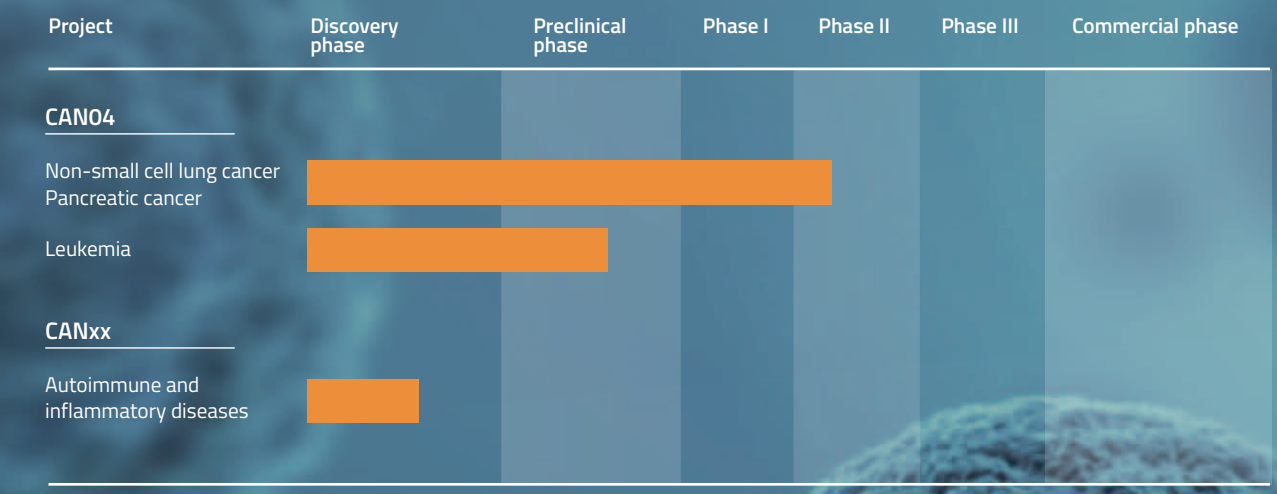
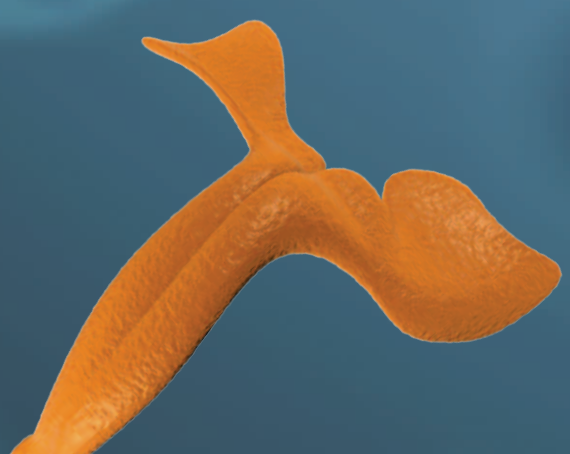
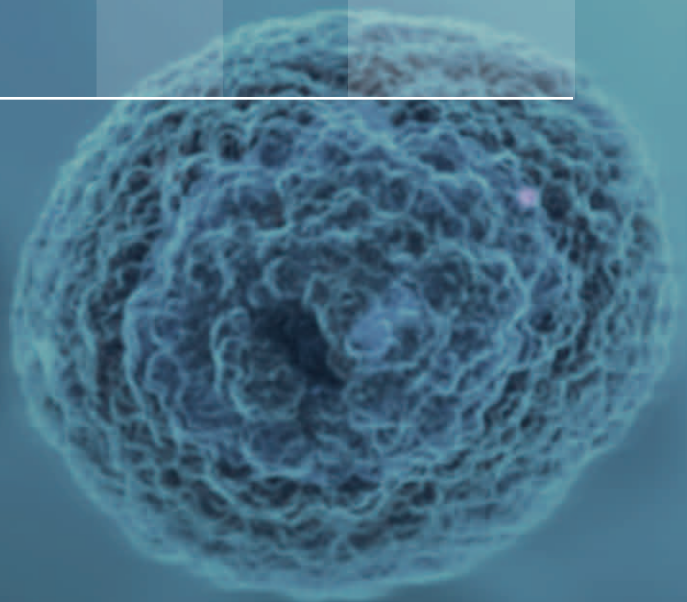
Cantargia at a glance

About ten years ago, Cantargia's founders at Lund University made an important discovery in their research on leukemic stem cells. They discovered that immature cancer cells had the IL1RAP molecule on their cell surface. Their continued research showed that this molecule was also present on cancer cells from a large number of tumour diseases. Modern drug development is aimed at identifying unique targets against which pharmaceutical substances can be developed. IL1RAP has proved to be a highly interesting target. Based on these research results, Cantargia was founded at the end of 2009.

Since then, we have developed a potential drug targeting IL-1RAP, CAN04, and in 2017 patient studies were initiated. Our main focus, however, is on treatment of non-small cell lung cancer and pancreatic cancer with CAN04. In this area, we expect important phase IIa results in early 2020. Based on these results, more patients in the group that responds best to treatment will be included in preparation for controlled studies. In addition to CAN04 for cancer treatment, Cantargia is building a platform around IL1RAP, including the CANxx project for autoimmune and inflammatory diseases.







2018 – an eventful year

Cantargia operates in a hot area of research where things are moving very fast. Cantargia has succesfully held its own and the past year has been an eventful year in which we have made advances on several fronts. These can be summarised as follows:

- Progress in clinical studies, phase I results were presented and phase IIa was initiated.
- Progress in preclinical studies, notably with regard to CAN04, which displayed unique anti-metastatic properties and synergistic effects with chemotherapy.
- Oppositions to two of our European patents were successful defeated.
- Uplisting to Nasdaq small cap segment.

We appreciate the importance of being visible to investors, researchers and potential business partners. In 2018, we gave nearly 20 investor presentations nationally and internationally. We presented new data at three major international scientific conferences. Our presentations and research discoveries have generated considerable interest, which can lead to new collaborative relationships and partners. Several of our partners and subcontractors operate internationally. This puts us in a strong position to ensure that 2019 will be another succesful year.

"Modern drug development is aimed at identifying unique targets against which pharmaceutical substances can be aimed, and IL1RAP has proved to be a highly interesting target."

Helping to create tomorrow's cancer treatments

Cantargia's vision is to develop and secure the new generation of targeted drugs against IL1RAP as part of tomorrow's more effective cancer treatments. The vision also encompasses developing new product candidates with the potential to also treat autoimmune and inflammatory diseases.

Business model and strategy

Cantargia's business model and scientific strategy are based on partnerships, and Cantargia has concluded agreements with a number of different companies, hospitals and academic groupings. Currently around 30 international and local players are engaged in research and development related to Cantargia's CAN04 antibody. We are now building partnerships in a similar way in our new project, CANxx. The strategy is based on driving the development of product candidates until an indication of clinical activity has been obtained. Alongside its clinical development activities, Cantargia intends to find a commercial partner.

Chief executive's review

Over the past year, Cantargia took a number of important steps forward. We generated research findings that have created entirely new opportunities and we also completed our move to the main market of the stock exchange. The progress made in preclinical research gives us strong support in our work on our main project CAN04 and its path to the market. During the year, we concluded the first very important part of the clinical development of CAN04 and presented patient data that strengthens our hopes that CAN04 can become an important part of tomorrow's cancer treatment. We also initiated the next step in the development of CAN04, phase IIa, where we are able to study a larger number of patients and thus obtain more data. At the beginning of 2018, a third party made an attempt to oppose some of our approved patents, but this process was concluded to our advantage, providing further testimony to the robustness of our patent portfolio.

Clinical data supports development plan

Currently, Cantargia is largely associated with our main project, CAN04. We have advanced the project rapidly, though without compromising on quality. There is considerable interest in following the data we are obtaining from our patient studies, and it was therefore a great pleasure to be able to present phase I data in 2018. As this was the first patient study to be conducted, our main focus was on the safety of CAN04. The results we have obtained show that CAN04 is well tolerated by patients. Good safety is very important, not least because modern cancer treatment is based on combinations of different drugs. In many cases, such treatment oppurtunities are limited by overlapping side effects, but in respect of CAN04 we currently see no such limitations for future studies of various combinations. In addition to good safety, we also noted positive effects on several biomarkers. In around 40 per cent of patients, the disease stabilised even though the patients had already received many different cancer treatments that they were no longer responding to. All in all, we are very pleased with the results we have obtained, and the considerable interest shown in CAN04 has been confirmed, as CAN04 phase I data has been selected to be presented orally at the upcoming ASCO conference in the US.

Scientific advances

Cantargia is in a phase where we are generating knowledge about how CAN04 functions in treatment of humans. The results we are seeing in various models of the cancer are also a powerful tool for steering the development in the right direction and thus improving our chances of obtaining positive results in future clinical studies. This could be viewed as a circular flow in which information from the patient studies is used as a basis for new preclinical studies, thus generating more detailed knowledge that benefits the continued clinical development of CAN04. In this area, we can also draw on new insights made in academia as well as in the research conducted by other companies. In 2018, Novartis, for example, continued its development of canakinumab, which had previously showed that blocking the signalling pathway that we are focusing on has the potential to be used in cancer treatment. Novartis will now be initiating further clinical trials for a similar preparation, gevokizumab, in a number of cancer indications. This is an indication of the significant potential that exists in targeting interleukin-1 signalling.

In 2018, our preclinical research into CAN04 generated new and important knowledge in two separate areas. The first research results showed that CAN04 inhibits metastases. As uncontrolled metastasis is a key reason why cancer mortality is so high, the value of these data cannot be overstated. The reason for the anti-metastatic effect is highly interesting. Our data indicates that we are influencing a group of inflammatory cells that create a favourable environment in which the metastatic cells can attach, be protected and grow. This enables us to inhibit metastasis in two different ways. The first is what we based our original research on: CAN04 stimulates the immune system to destroy cancer cells that have our target protein, IL1RAP, on the cell surface. The other way is through the new mechanism that strikes at the very basis for metastasis.

Cantargia's other research results, which create new opportunities, show that CAN04 can be used successfully in combination with chemotherapy, partly because CAN04 and the drug increased each other's effects and partly because the toxicity of the drug was reduced. This indicates that CAN04 can alleviate two of the problems surrounding chemotherapy – tumour resistance development and serious side effects from the drugs used. So far, the results we have obtained come from animal models but in the ongoing CANFOUR study patients are receiving a combination of CAN04 and chemotherapy, and we are of course hoping that treated patients will experience the benefits that have been observed in animal models. The ability to combine CAN04 with other treatments is very important, as tomorrow's cancer care will increasingly be based on combination treatments.

New projects

Yet Cantargia is more than CAN04. We are building a platform around the IL1RAP molecular target, both through the antibodies that we already have and by generating new antibodies that will enable us to provide a whole range of customised treatments for various diseases in future. IL1RAP plays a key

role in signalling from three different signalling systems: IL-1, IL-33 and IL-36. These signal substances all play a role in various inflammatory diseases and in certain diseases more than one forms of interleukins is part of the problem. Antibodies against IL1RAP can thus have a big advantage in treatment of these diseases. Our CANxx project is based on this strategy, where we are studying the role of the signalling systems in various diseases while also developing new antibodies. The area where we have made most progress is that based on the CAN03 antibody, which, among other properties, is an effective IL-33 blocker. We are currently developing this antibody together with a well respected partner, Panorama Research Inc. When that work has been concluded, and the patent applications have been submitted, we will be ready to disclose more about how this project will be developed.

Expansive phase

Alongside our scientific successes in 2018, we also completed our move from First North to the stock exchange's main list, which was entirely in line with our plans. This was an important step for Cantargia, partly because it is a seal of quality, but also because it opens up opportunities for entirely new players to invest in Cantargia. The processes that we have implemented as a result of our move to the main market of the stock exchange are also very helpful in our day-to-day work, not least because the company is growing.

Looking ahead to the future, I am convinced that 2019 will be a very exciting year. In the phase IIa stage of our CANFOUR clinical study we are treating patients, which will enable us to pass further milestones on the way to the market. We are also conducting further preclinical studies to obtain a more detailed understanding of how CAN04 functions, what cell types in the tumour it is effective against and how these results can be used in clinical development. In the same way, we are working continuously to understand how CAN04 can be used in combination with other cancer treatments, such as new immuno-oncology treatments. We are also planning to expand our development to include activities in the US in 2019. The recently completed directed share issue raised over SEK 100 million, which will enable us to finance a strategy based on a clinical study in the US and to include more patients in our CANFOUR study in order to generate more data in the most promising group of patients. The financing broadens our development while enabling us to strengthen our position. In early 2020, we will then be able to report clinical results from phase IIa and thereafter focus further on the group of patients where we see the best opportunities for CAN04.

Finally, I would like to thank Cantargia's shareholders for your continued support and confidence. I would also like to say a big thank you to my colleagues at Cantargia, whose efforts to develop the company have been crucial to our success. We have embarked on a fantastic journey, and it is my ambition and conviction that the 2019 stage will be at least as positive as the previous years.

Göran Forsberg
Lund, April 2019

Background to Cantargia's projects

Modern drug development is to a large extent based on identifying a molecule that can serve as a target for new substances. The scientific discovery behind Cantargia was the identification of a new target for cancer treatment, IL1RAP, on cancer cells. This target performs an important function in the development of the cancer, as it has a role in the cancer inflammation.

CAN04

We have made rapid progress and our main project, CAN04, is a promising antibody against IL1RAP. In addition to recognising cancer cells and stimulating our natural immune system to destroy such cells, the antibody blocks the tumour inflammation that is driven by the IL1 system. A large number of tumour diseases have IL1RAP on the cancer cells and use this system in their progression. Cantargia has chosen to focus its development on non-small cell lung cancer and pancreatic cancer. In the future, there will be many opportunities to broaden the company's development activities to cover other cancers.

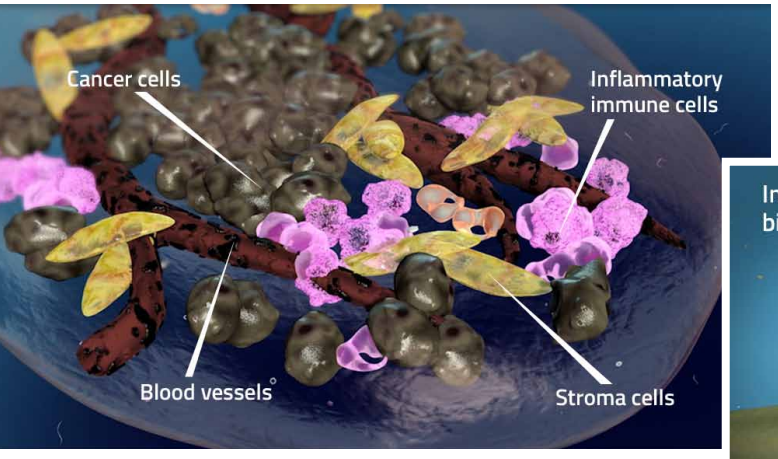
In 2017, important clinical data from a major clinical study conducted by Novartis was presented. The study provided strong indications that blocking the IL-1 system really can have a strong impact on the cancer. In a study of over 10,000 people it was shown that the risk of lung cancer was reduced by 67 per cent. These results were presented at about the same time as the first patient was treated with Cantargia's CAN04 antibody.

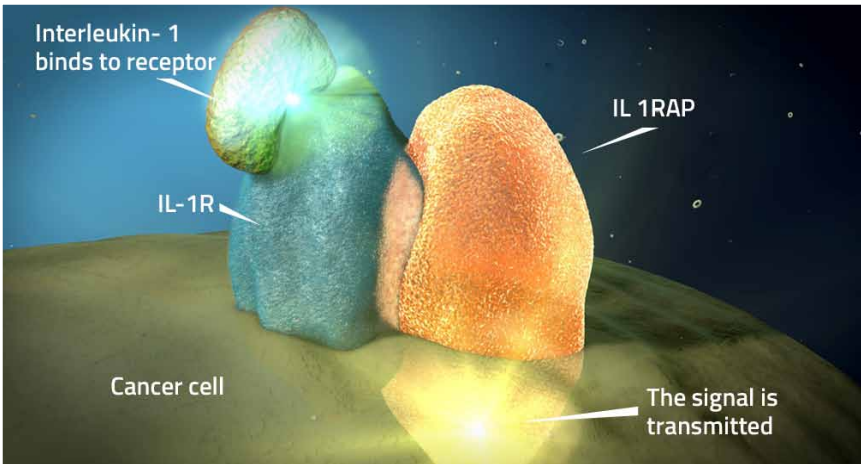
The results have sparked strong interest in the blocking of IL-1 and its effect on tumour inflammation. Attacking the IL1RAP target has many potential benefits compared with other ways of blocking this system. In this area, Cantargia has a big lead over other companies, and we also have several important patents that protect us from competition.

Cantargia has rapidly advanced to the phase IIa stage of clinical development and our focus right now is on treatment of non-small cell lung cancer and pancreatic cancer, which are two types of cancer that are driven by tumour inflammation and where the medical need is very high. In parallel with our clinical development activities, we are also running an extensive preclinical programme to learn more about which patients respond best to treatment and how CAN04 can be combined with other established cancer therapies.

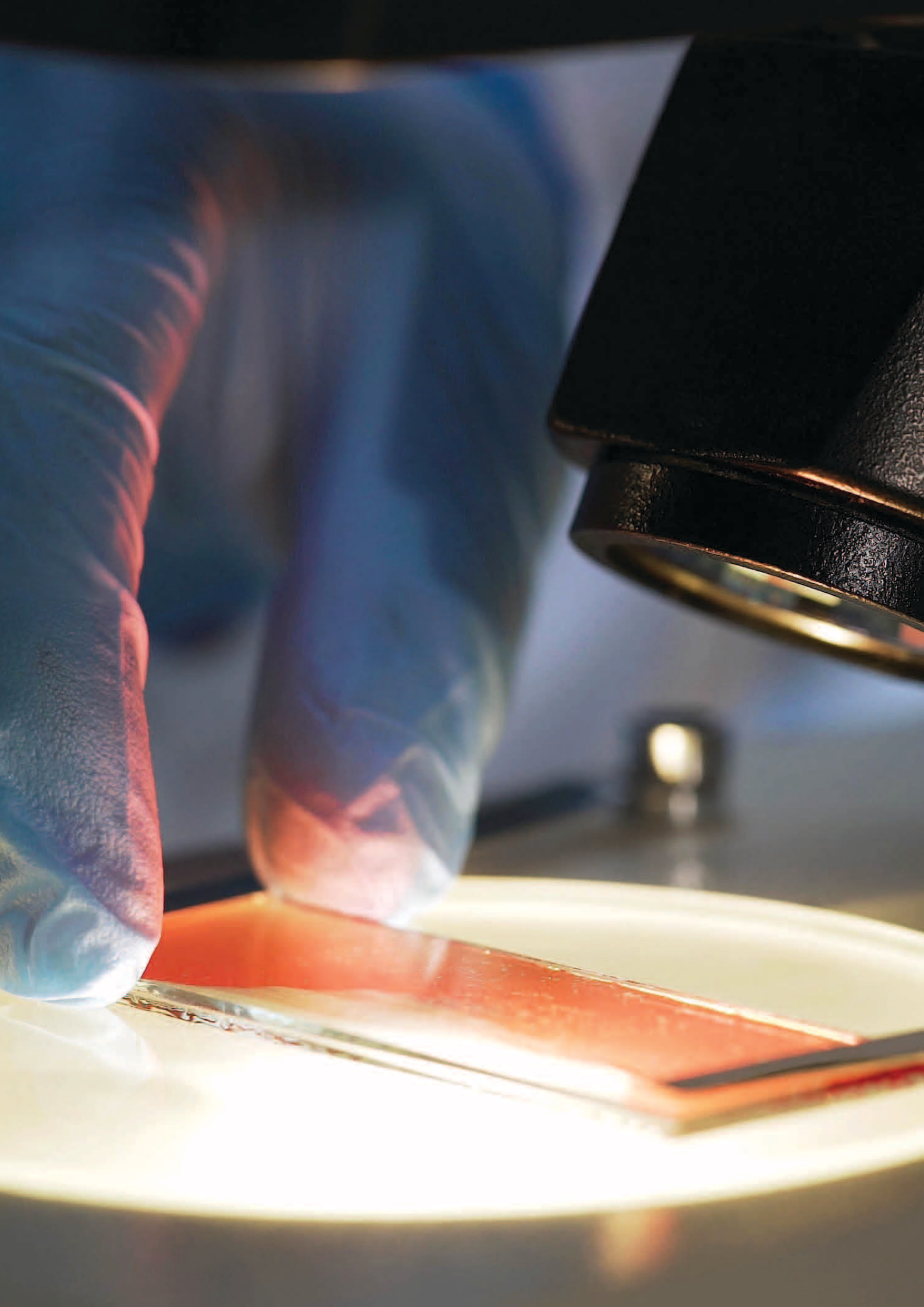
CANxx

IL1RAP is also an exciting target in many diseases outside the field of cancer. In our CANxx project we are developing new antibodies against IL1RAP that are customised for treatment of autoimmune and inflammatory diseases. Cantargia's research is also aimed at defining which diseases our development activities should be targeted at.





Without treatment, IL-1 binds to tumour cells, activating IL1RAP, which transmits a signal that causes the tumour to grow.



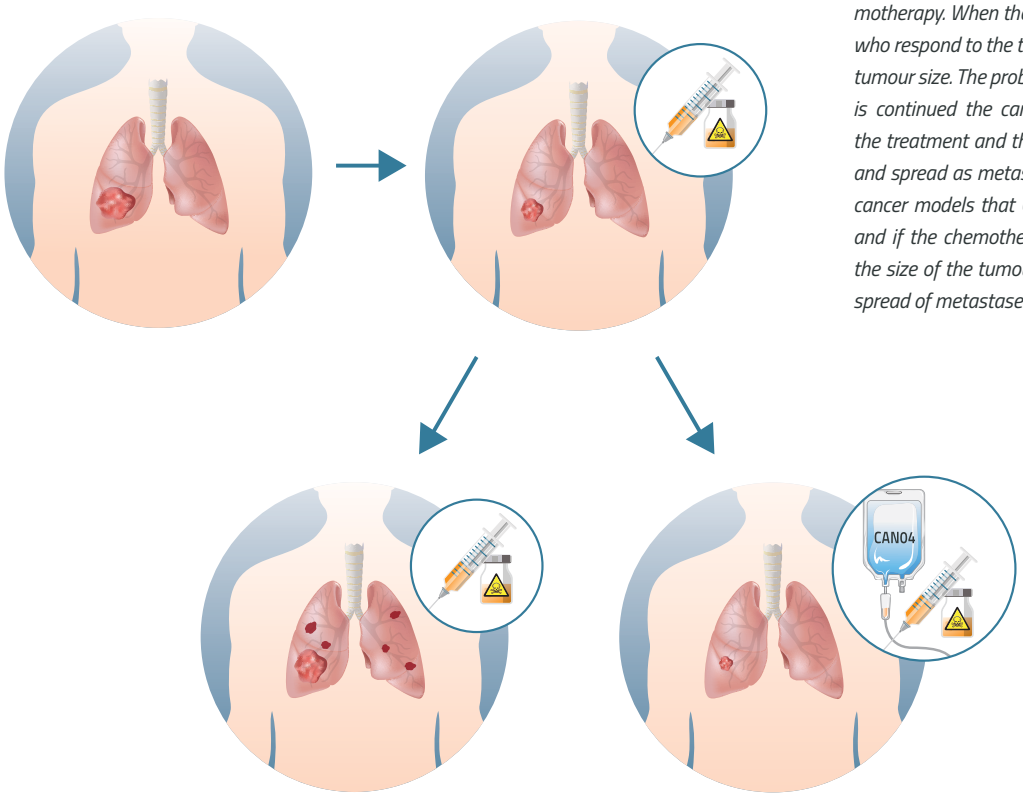
CAN04 – Cantargia's main project

Cantargia has conducted extensive research and studies into IL1RAP and examined how the target protein can be blocked. In 2013, antibodies were identified which bind to IL1RAP, and of these, a number of antibodies were selected for a humanisation process and continued studies. In the following years, a final product candidate, CAN04, was identified. The first patients were treated with CAN04 in 2017.

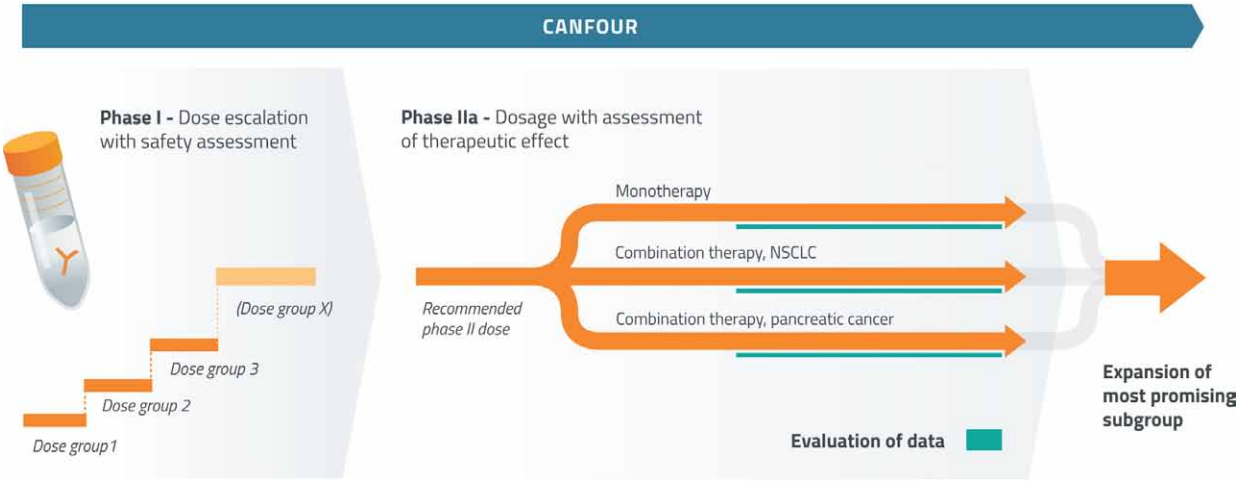
Preclinical development

Cantargia has shown that IL1RAP is expressed in tumours from several forms of cancer and that CAN04 binds strongly to the molecular target IL1RAP, which means that the substance can potentially be used for treatment of several forms of cancer. CAN04 has a double-acting effect against the cancer cells. In the body, CAN04 acts as a guided missile that targets and binds to the moelcule IL1RAP. This blocks the signalling, which stops the inflammation, limits tumour growth and makes it easier for the immune system to respond. CAN04 also stimulates the immune system's killer cells (NK cells) by making a targeted attack against cells which express IL1RAP, a mechanism called ADCC (antibody-dependent cell-mediated cytotoxicity).

In 2018, two new discoveries were made that could potentially be very significant for CAN04. The first discovery was that CAN04 can inhibit metastasis. This effect could be dependent on the fact that CAN04 not only attacks tumour cells, but could also have an effect on myeloid cells in the tumour microenvironment, where they are involved in creating an inflammation that impairs the immune system's ability to reject tumours. These cells are influenced by the same mechanisms that were described above for affecting the tumour cells. The second discovery was that CAN04 is very effective in combination with chemotherapy. When CAN04 was combined with the chemotherapy cisplatin, antitumour effects were achieved that were much stronger than from each of these substances separately. The toxicity of cisplatin was also reduced.



Many patients diagnosed with cancer receive chemotherapy. When the treatment is initiated patients who respond to the treatment will see a reduction in tumour size. The problem is that when the treatment is continued the cancer cells become resistant to the treatment and the tumour starts to grow again and spread as metastases. Cantargia has shown in cancer models that CAN04 mitigates this problem, and if the chemotherapy is combined with CAN04 the size of the tumour is further decreased and the spread of metastases is inhibited.



The CANFOUR study

The initial focus of the clinical programme is on non-small cell lung cancer (NSCLC) and pancreatic cancer. The first clinical study – CANFOUR, which is a combined phase I/IIa study – comprises two stages in which safety and dosage are being studied in the initial stage. The aim is to determine an appropriate dose with which to continue the study in the second stage, where signs of treatment effects will be evaluated in addition to safety at the selected dose. Professor Ahmad Awada is the coordinating investigator for the CANFOUR study. Professor Awada is Head of Medicine and Medical Oncology at Institut Jules Bordet in Brussels, where he is conducting important clinical research into the treatment of solid tumours and is engaged in developing new cancer therapies.

The initial stage (phase I) of the study was initiated after summer 2017 and the safety stage was concluded in 2018. This initial stage of the study was conducted by experienced investigators at five clinics at highly regarded hospitals in Belgium, the Netherlands, Denmark and Norway. The study showed that CAN04 has a very high level of safety up to 10 mg/kg, which has been selected as the recommended dose for the coming phase II studies. In October 2018, interim data from 16 patients was presented at the global ESMO conference and pointed to a good safety profile up to 6 mg/kg, a decrease in the IL-6 and CRP biomarkers as well as disease stability in 38 per cent of patients. The decrease in biomarkers is very important for two reasons. On the one hand, there is a link between elevated levels of these biomarkers and rapid disease progression, and on the other these are classic markers of inflammation, and the reduction is a sign that CAN04 functions as intended. The phase I results from the CANFOUR study have been selected for oral presentation at the leading cancer conference ASCO on 2 June 2019.

Based on the positive results of the safety evaluation in phase I, phase IIa has now been initiated as planned. In phase II, CAN04 will be evaluated as monotherapy as well as combination therapy in patients with NSCLC or pancreatic cancer. CAN04 will be combined with cisplatin and gemcitabine in NSCLC and with gemcitabine and nab-paclitaxel in pancreatic cancer. The combination arms will begin with a safety phase in which a small number of patients will receive treatment to ensure that CAN04 is safe to use with chemotherapy. It is planned that phase IIa will be conducted at around 20 hospitals in up to seven countries and include 80–90 patients. Information on the clinical study is available at clinicaltrials.gov (NCT03267316).

CANxx – Cantargia's second project

Project CANxx for autoimmune and inflammatory diseases

The CANxx project was launched in 2017 with the objective of identifying a clinical candidate that can advance to the development phase in 2019. CANxx is being developed to target a disease segment that supplements CAN04, which will enable Cantargia to diversify its activities to obtain a favourable risk spread in its project portfolio.

IL1RAP plays an important role in inflammatory processes. 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 transfers signals from the cytokines IL-1, IL-33 and IL-36, which play a role in several serious autoimmune and inflammatory diseases. There is scientific support indicating that a treatment which targets IL1RAP and thus blocks the above disease mechanisms has a very significant potential in treatment of several diseases and can have a broader and stronger impact than treatment aimed at the individual signalling pathways. In its CANxx project, Cantargia will be developing an antibody that is designed to block these signalling pathways in the best way with the objective of identifying an effective, safe and stable product candidate in 2019 and then initiating documentation and production in preparation for clinical studies.

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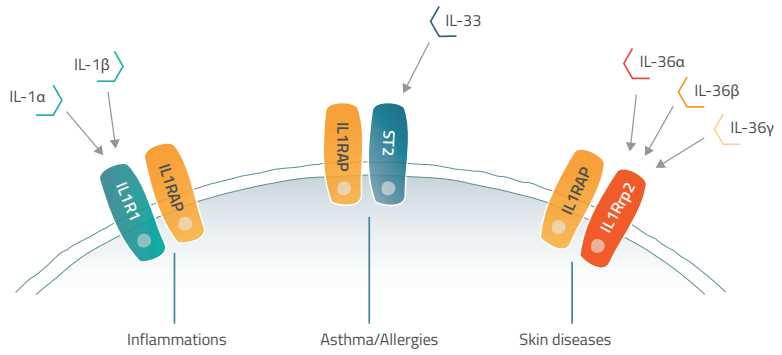
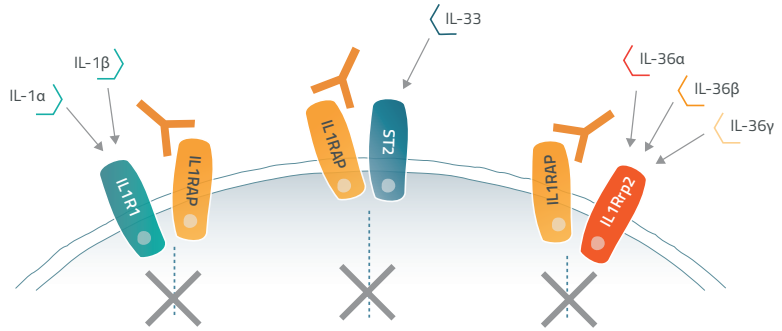


IL1RAP is an essential part of the signalling from three different inflammatory systems: IL-1, IL-33 and IL-36. All of these systems function in a similar way. The signalling molecule, IL-1, IL-33 or IL-36, binds its specific molecular target on the cell surface of an inflammatory cell and then they connect with Cantargia's molecular target IL1RAP. The result is a signal that can contribute to various serious diseases.

B



Cantargia develops antibodies that bind to IL1RAP and thereby block the ability of IL1RAP to bind to the other components in these systems. With sophisticated methods, these antibodies can be designed to block one, two or three of these systems. Based on Cantargia's platform in the area and in the CANxx project, an arsenal of IL1RAP-blocking antibodies can be created and used to treat various diseases.

Intellectual property

Cantargia's strategy is to obtain broad patent protection for its current and future product candidates. Cantargia has patent protection for treatment of several types of cancer using antibodies against IL1RAP. Cantargia also has a patent portfolio for its CAN04 product candidate.

Finally, Cantargia has a patent family covering other antibodies against IL1RAP. Cantargia's patent strategy is global and covers those markets that are considered to be clinically and commercially relevant for the product pipeline.

Patent family	Patent applied for	Patent approved	Valid until
Hematological cancers	Australia, Canada, China, Europe, Israel, Japan, Mexico, South Africa, USA	Australia, Canada, China, Europe (France, Germany, Italy, Netherlands, Spain, Switzerland, UK), Israel, Japan, Mexico, South Africa, USA	2030
Solid tumours	Australia, Brazil, Canada, China, Czech Republic, Europe, Finland, India, Japan, Mexico, Norway, Russia, South Korea, USA	Australia, Brazil, China, Europe (Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Poland, Spain, Sweden, Switzerland, UK), Japan, Mexico, Russia, USA	2032
CAN04	Australia, Brazil, Canada, China, Europe, India, Israel, Japan, Mexico, Russia, Singapore, South Africa, South Korea, USA	China, Europe (Austria, Belgium, Czech Republic, Denmark, Estonia, France, Germany, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, UK), Japan, Mexico, South Africa, USA	2035
CAN01 & CAN03	Australia, Brazil, Canada, China, Europe, India, Japan, Mexico, South Korea, USA	USA	2035

Our strategic partner Panorama Research Inc.

Taking the CANxx project to the preclinical phase

In 2017, Cantargia decided to launch a new project, CANxx, based on other IL1RAP-binding antibodies than CAN04. The CANxx project is focused on developing an antibody for treatment of autoimmune and inflammatory diseases. Panorama Research Inc. (Panorama) was identified as a strategic development partner. To be able to move the CANxx project effectively to the preclinical and clinical phases, Cantargia entered into an agreement with Panorama in summer 2017.

Panorama was founded in 1991 by Jim Larrick, one of the pioneers in the development of antibodies for medical purposes. Panorama is a biotech incubator that identifies, initiates and incubates novel biomedical projects. Panorama has incubated more than 20 biotech projects that have led to the establishment of the Panorama Institute of Molecular Medicine and more than a dozen companies. To date, Panorama-initiated projects and/or companies have led to six IPOs and numerous successful acquisitions.

"We are a translational institute that takes project to the preclinical phase. Some confuse us for being a CRO (contract research organisation) but they normally step in at later stages. We are 15 scientists and drug development specialists located in our 45,000 square foot lab in Sunnyvale, California in the heart of Silicon Valley, California. We service both smaller biotech companies as well as the big pharma companies like Amgen, Merck and Boehringer Ingelheim," Jim Larrick, founder and Managing Scientific Director of Panorama, says.

The Panorama team have developed a diverse and innovative portfolio of drug candidates that address unsatisfied treatment needs in cancer as well as autoimmune, cardiovascular, neurological and metabolic diseases.

"One of the first projects that we worked on was the initial development of memantine together with Merz and Forest Labs to alter the pathogenesis of Alzheimer's disease. The product is marketed as Namenda. This was the first FDA-approved drug in this area and generated sales of USD 1.5 billion yearly before the patent ran out and generics were introduced in 2015," Jim continues.

Panorama uses the proven Protein Design Laboratory antibody humanisation technology. More than 400 monoclonal antibodies derived from mice have been humanised using this technology, resulting in more than a dozen FDA-approved products. Humanised antibodies are designed at Panorama with minimal sequence modification and without reducing the strength of the binding of the antibody, known as affin-

ity, as normally happens when other approaches are used. Far more important is that the humanised antibody amino acid sequence is unique and can therefore be patented.

"In recent years, we have humanised about 15 murine antibodies. The majority yielded affinities greater than the parent antibodies. Half of these antibodies have successfully entered human clinical trials," Jim says.

Cantargia has provided a patented antibody to Panorama. Drawing on its extensive and well documented experience of optimising and humanising monoclonal antibodies, Panorama is optimising the antibody to achieve the desired properties. Panorama will also develop a cell line for production of the antibody. Once Panorama has designed and optimised the humanised antibody, Cantargia will take responsibility for GMP production in order to take the next step to clinical studies of the product candidate.

"We really enjoy working together with Cantargia and we have been able to push the project forward according to plan. Cantargia is a well-managed company with a lot of integrity. They also have a good project portfolio and I think that the molecular target IL1RAP has good prospects as an essential part of cancer treatment in the future. My experience is that science-driven companies often have a better prospect to succeed than companies lacking the scientific angle," Jim continues. While Panorama continues to develop the antibody prototype that was originally identified by Cantargia, Cantargia is studying various immunological models with the aim of identifying the diseases that are best suited for this product candidate.

"We were looking for a highly skilled partner and way to kick-start the CANxx project. We are very pleased to have found that in Panorama. Our work together has been very constructive and has been running according to our original timetable. This has enabled us to reduce the risk while securing the progress and financing of our portfolio," Göran Forsberg, Cantargia's CEO, says.

Panorama has invested in the project by contributing its knowledge and labour in exchange for a share of future revenue. Panorama's share in the project is proportional to what they will be contributing over the life of the project (see also Note 25).

"In order to be successful, the 'secret sauce' is being able to surround yourself with great people and do the job properly. I would also, once again, stress the importance of integrity. In my opinion, too many biopharma projects have failed due to the fact that people wouldn't stand up for what is the scientifically most rational basis of the biotech project," Jim concludes.

About Jim Larrick

Jim is a pioneer of the biotechnology industry with vast experience from cytokines, therapeutic antibodies, molecular biology, and pharmaceutical drug development. In the course of his 35-year career, he has authored or co-authored nine books and over 250 papers/chapters, and has contributed to over 50 patents. He has also served on the editorial boards of six journals. His work on therapeutic antibodies and other protein therapeutics has spanned the whole development chain for biopharmaceutical product development, from identification of molecular targets for drugs to process science and advanced clinical trials. Jim has also served as chairman of the biomedical screening committee of investment group Life Science Angels.

Jim holds M.D. and Ph.D. degrees from the Duke University School of Medicine, where he was a Medical Scientist Training Program scholar. He completed his education in internal medicine at the Stanford Medical Center, where he was later given a post-doctoral fellowship at Stanford Cancer Biology Research Labs working on therapeutic human monoclonal antibodies for cancer and infectious diseases.

He is currently linked to Panorama and Life Science Angels and is a director of several biotech start-ups. He also supports the hospital in Turmi in the South Omo Valley, Ethiopia as well as a number of medical outreach programmes in Bhutan, Indonesia and Ethiopia, and serves on the boards of two non-profit organisations: the Sustainable Sciences Institute and the Sankofa Center for African Dance and Culture, which provides education, diagnosis and therapy of HIV/AIDS and tuberculosis in Ghana.

"In order to be successful, the 'secret sauce' is being able to surround yourself with great people and do the job properly."

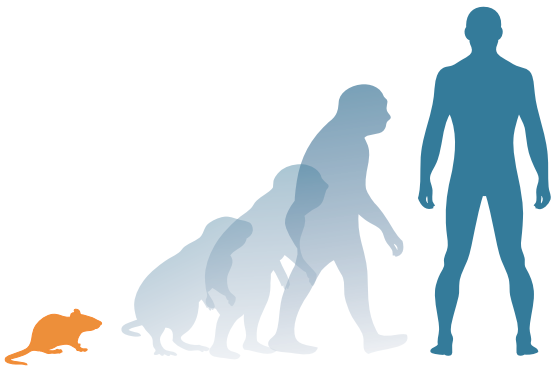
JAMES LARRICK, M.D., PH.D.

HUMANISATION OF ANTIBODIES

Antibodies are proteins which the body naturally produces as part of the immune system's defences against foreign threats, such as viruses and bacteria. Over the past few decades, clinically developed antibodies have become increasingly vital as a treatment option for several diseases, including cancer.

The first generation of antibodies came from mice, and when they were injected into the human body they triggered an immunological response, which destroyed the antibody and thus rendered the treatment ineffective. The response was caused by the fact that the antibodies were foreign to the human immune system. To make the treatments effective in the human body, antibodies are made more 'human' through humanisation, to avoid attack by the immune system.

Humanisation involves altering certain protein sequences by substituting them with human sequences. This makes them more similar to antibody variants that are produced naturally in humans while preserving their efficacy. Today, humanisation is a key step in the preclinical phase of the development of therapeutic antibodies that were originally developed and tested in non-human models. The antibody in Cantargia's main project, CAN04, is a humanised antibody.



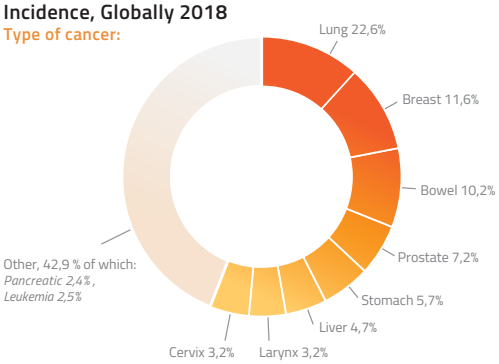
MARKET OVERVIEW

Cancer – a global challenge

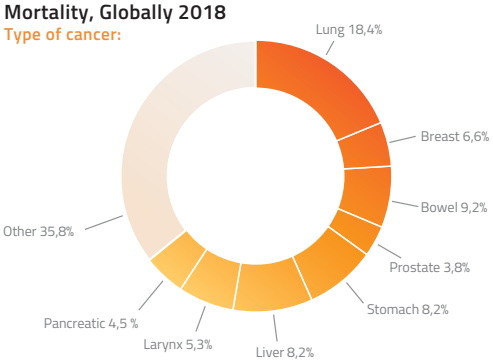
Cancer is one of the most common causes of death in the world, accounting for around 20 per cent of deaths in the West. Globally, more than 18 million people are diagnosed with cancer each year and more than eight million lose their lives to cancer-related diseases. Despite significant advances in treatment and diagnosis, there is a great need for new treatment methods.

There are around 200 known types of cancer, all of which have in common that cells somewhere in the body have started to divide and grow uncontrollably. Research indicates that two independent events are required for a cancer to develop: normal cells have been damaged, resulting in rapid and uncontrolled cell growth, and the cells exist in an inflammatory microenvironment, which acts as a breeding ground and protects them from attacks from the body's own immune system. The charts below show the distribution of cancer incidence (18.1 million cases) and cancer mortality (9.6 million deaths) in the world by type of cancer and major region in 2018.

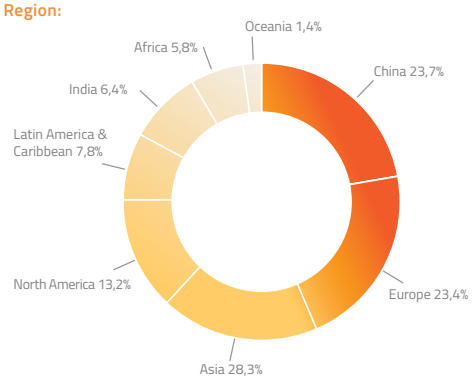
Incidence, Globally 2018
Type of cancer:



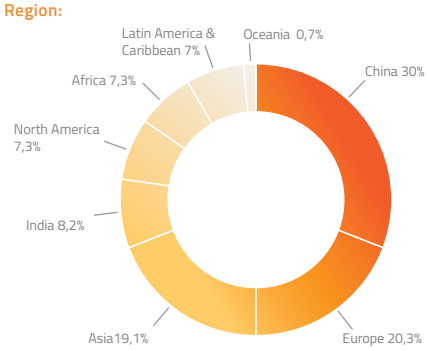
Mortality, Globally 2018
Type of cancer:



Incidence, Globally 2018
Region:



Mortality, Globally 2018
Region:

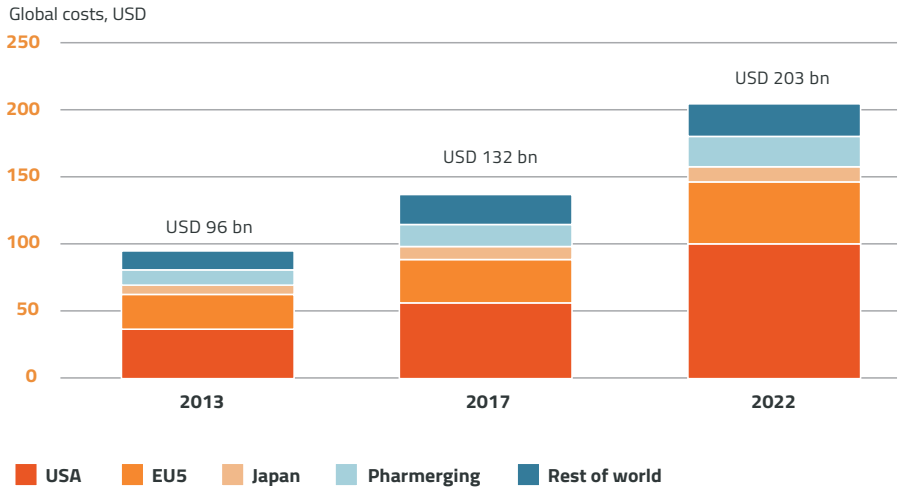


The number of cancer cases is set to increase continuously and it is forecast that by 2040 over 27 million new cases will be diagnosed annually[1]. One reason for this is the aging of the population. By 2040, the over-65 bracket is expected to account for more than 75 per cent of all people diagnosed with cancer[2]. Another factor is our Western lifestyle, with smoking, alcohol consumption, unhealthy diets, low physical activity, overweight, obesity and unhealthy sun habits being contributory factors.

[1] Cancer Research UK.
[2] Macmillan Statistics Fact Sheet, Macmillan Cancer Support, 2015.

The cost of cancer drugs increased to USD 133 billion in 2017 from USD 96 billion in 2013[3]. A key factor behind the increase between 2013 and 2017 is the introduction of new drugs, but prices have also increased sharply. List prices for drugs in this therapy area have increased steadily over the past ten years. The annual median price[4] for a new drug in 2017 was just over USD 150,000, up from USD 79,000 in 2013. This has, for example, resulted in a doubling of drug costs for cancer treatment in the US since 2012.

The market for cancer drugs: Costs and growth 2013 - 2022



EU5 *(France, Germany, Italy, Spain, UK).* **Pharmerging** *(China, Brazil, India, Russia, Poland, Argentina, Turkey, Mexico, Venezuela, Romania, Saudi Arabia, Colombia, Vietnam, South Africa, Algeria, Thailand, Indonesia, Egypt, Pakistan, Nigeria, Ukraine).*

Source: Iqvia Institute, Global Oncology Trends 2018

Sales of drugs for cancer treatment, oncology, are becoming increasingly important for the big pharmaceutical companies. In 2016, five of the 15 best selling drugs were oncological preparations[5]. A small number of drugs account for the majority of sales, with 35 preparations generating 80 per cent of total revenues, while half of all preparations have annual sales of less than USD 90 billion.

As the number of cancer cases is expected to increase sharply, the market is forecast to grow rapidly. Globally, the cost of cancer drugs is expected to increase to around USD 200 billion by 2022, which represents an annual growth rate of 10–13 per cent (see illustration above). This growth is explained by continued strong growth in the US, where new treatments will drive costs. The five largest European markets are expected to grow at a slower pace due to budget limitations in the public insurance systems and broader use of health technology, such as the use of artificial intelligence to determine treatment methods based on predictive analysis, in order to limit expenditure on cancer drugs. In the rest of the world, growth will be driven by an increase in the number of patients being treated generally coupled with increased use of drugs that have already been launched in more developed markets. During the period until 2030, average annual growth in this market is expected to approach 11 per cent[6].

CANTARGIA'S MARKET FOCUS

Cantargia is focusing its development of CAN04 on non-small cell lung cancer and pancreatic cancer. Lung cancer is the form of cancer that causes the largest number of deaths and non-small cell lung cancer is the most common form of the disease. Pancreatic cancer is very hard to cure and few effective treatments have so far been developed. Cantargia and its founders have also studied acute myeloid leukemia (AML) and other forms of leukemia and have shown that IL-1RAP is expressed both on leukemic stem cells and mature cancer cells, and that these can be killed by antibodies targeted at IL1RAP. In addition to the aforementioned cancer types, studies have shown that IL1RAP is found in other solid tumours such as breast cancer and bowel cancer. The prospects of using Cantargia's immunological platform for treatment of several forms of cancer are therefore good.

[3] Global Oncology Trends 2018, Iqvia.

[4] The media price is here defined as total annual costs (based on invoiced amounts) divided by estimated number of treated patients.

[5] Global Oncology Prescription Sales, Evaluate Pharma, accessed on 29 August 2016.

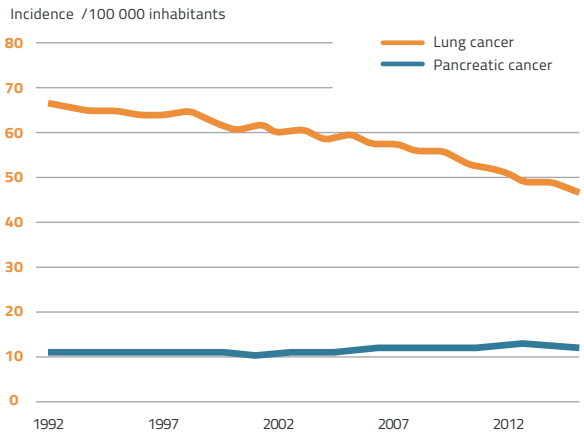
[6] The future of oncology, a focused approach to winning in 2030: Thriving on disruption series. KPMG UK.

THE MARKET FOR LUNG CANCER TREATMENT

In 2018, around 2 million new cases of lung cancer were diagnosed globally while more than 1.7 million people died as a result of lung cancer. Around 80–85 per cent of all lung cancers are non-small cell lung cancer. In the United States, the number of people being diagnosed with lung cancer has declined by around 30 per cent over the past 25 years (see illustration below). However, this trend is expected to turn up. In North America, the number of new cases of lung cancer is expected to increase by 48 per cent by 2040[7]. The increase will be higher in Africa, where the number of cases will double. An increase of 93 per cent is forecast for Latin America and an increase of 81 per cent in Asia.

Sales of drugs for non-small cell lung cancer in the eight most important markets totalled USD 6.2 billion in 2015 and are projected to increase to USD 26.8 billion by 2025[8]. Sales are being driven mainly by increasing use of various antibody-based immunotherapies. What these therapies have in common is that they block the signals used by the tumour to escape the immune system, which allows the immune system to recognise the tumour and destroy it. Another important factor that is driving the growth of the market is the increasing global incidence of lung cancer.

Number of new cancer cases in the US per 100,000 inhabitants



Source: SEER Cancer Statistics Review

THE MARKET FOR PANCREATIC CANCER TREATMENT

Worldwide, around 456,000 new cases of pancreatic cancer were diagnosed in 2018. In the same year, 432,000 people died from the disease. In the US, the number of people being diagnosed with the disease has increased by 12 per cent over the past 25 years (see illustration below). Being hard to diagnose, the disease is difficult to treat, as it is often far advanced by the time it is discovered.

The global market for treatment of pancreatic cancer is expected to be USD 4.1 billion by 2025. In 2017, the market was around USD 2 billion[9]. The market is expected to grow by 8 per cent annually from 2018 to 2025. The main factor behind the growth of this market is the growing number of cancer cases, which in turn is driven by an aging population and the increasing incidence of diabetes, which are risk factors for developing this disease. Another factor why the market is expected to grow is improved diagnostics, which increases the chance of discovering pancreatic cancer at an earlier stage and enables treatment. The number of people being diagnosed with pancreatic cancer is expected to increase in future. Globally, the number of people contracting the disease is forecast to increase by 78 per cent by 2040. Africa is expected to see the biggest increase, of 114 per cent, followed by Latin America and the Caribbean, and Asia, with increases of 99 per cent and 89 per cent, respectively[10].

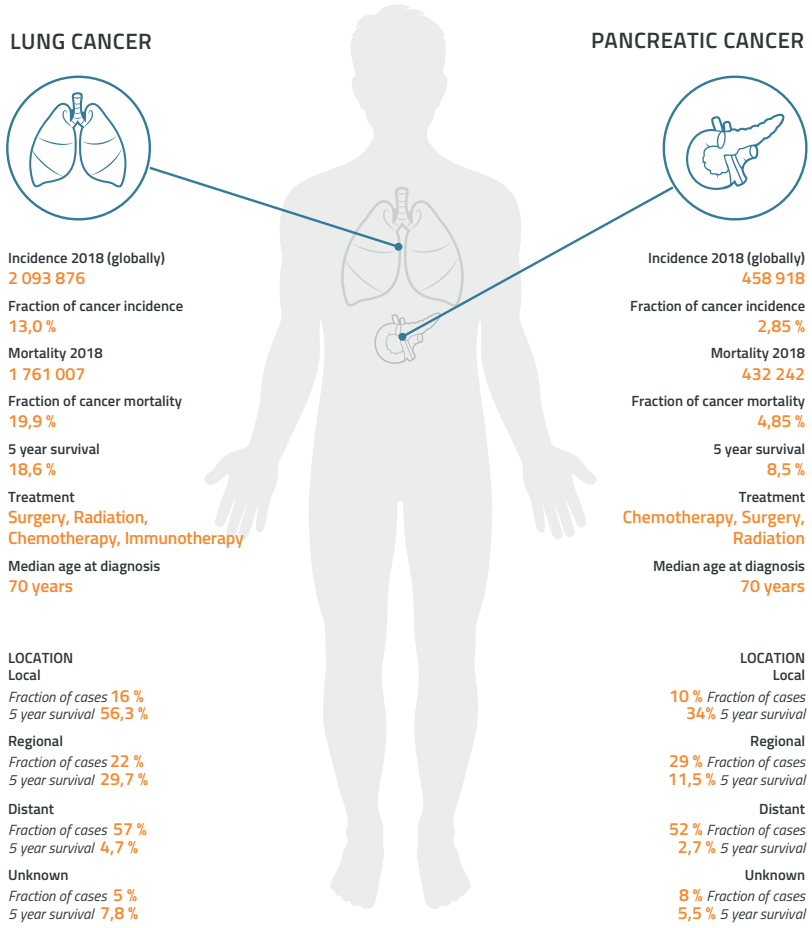
THE MARKET FOR ACUTE MYELOID LEUKEMIA TREATMENT

Acute myeloid leukemia (AML) is the most common form of acute leukemia, or blood cancer, in adults and is characterised by a rapid increase in white blood cells, which accumulate in the bone marrow and interfere with the production of normal blood cells. The disease progresses rapidly and, if left without treatment, the patient dies within a few months. AML has the lowest five-year survival rate among all types of leukemia. The underlying reason for the disease is genetic damage, which has been mapped in detail in recent years. Although significant improvements have been made in the treatment of other, related types of blood cancer, there has unfortunately been limited progress in developing therapies for AML.

In 2018, it was estimated that there were 103,000 new cases of AML globally. The incidence of AML is expected to increase over the coming ten years to nearly 115,000 new cases by 2028[11]. An aging population is expected to be a crucial driver behind the increase.

In 2016, sales of drugs for treating AML in the US, the five largest EU countries and Japan totalled USD 406 billion[8]. The market is projected to be worth around USD 1.5 billion by 2026, which represents an annual growth rate of nearly 14 per cent.

[7] WHO; International Agency for Research on Cancer.
[8] GlobalData, Global Drug Forecast & Market Analysis to 2025.
[9] ResearchAndMarkets, Pancreatic Cancer Therapy Market to 2025 - Global Analysis and Forecasts By Type, Therapy and Geography.
[10] Epidemiology of Pancreatic Cancer: Global Trends, Etiology and Risk Factors, World Journal of Oncology. 2019 Feb; 10(1): 10–27.
[11] Acute Myeloid Leukemia, New approaches to solving complex clinical development challenges, Iqvia.



Source: WHO; International Agency for Research on Cancer, SEER Cancer Statistics Review

IMMUNOTHERAPY – AN INNOVATIVE TOOL IN THE FIGHT AGAINST CANCER

Antibodies, also known as immunoglobulins, are produced by the body's immune system and have the task of binding to and eliminating foreign substances, such as bacteria or viruses. The antibody binds to specific surface molecules, known as antigens, on foreign substances and enables white blood cells and complement proteins to eliminate these substances from the body. Ultimately, antibodies aim specifically at their target cells, and the link between an antibody and its target structure is very strong. Antibodies have many properties that make them suitable for treatment of diseases, and many newly developed drugs are based on various types of antibodies.

To maximise the effectiveness of the treatment, it is necessary to take account of the tumour's location, spread and cell type as well as the patient's general condition and other diseases. Thanks to the advances that have been made in cancer treatment, it is now standard practice to combine conventional cancer treatments with immunotherapy as far as possible to achieve the best possible treatment results.

In 2011, the first immunotherapeutic antibody was approved by the U.S. Food and Drug Administration (FDA). These antibodies have largely been targeted at the PD-1 and PD-L1 mechanisms, known as checkpoint inhibitors. They have a broad effect on solid tumours and are today used to treat more than 20 types of tumour. The clinical benefits of the immuno-oncological preparations are that several of these often result in remission levels of 50 per cent or higher as well as increased survival. The existing standard treatments have an average efficacy rate of only 25 per cent across all the various forms of cancer.

In recent years, the FDA has approved new preparations that are designed to stimulate the immune system to eliminate cancer cells. Of these, the four that have achieved the highest sales are Yervoy® (Bristol-Myers Squibb), Opdivo® (Bristol-Myers Squibb), Keytruda® (Merck & Co) and Tecentriq® (Roche). In 2017, these four preparations generated sales of around USD 10.4 billion, and sales grew 52.6 per cent in 2018 to USD 15.9 billion (according to the companies' annual reports). Lung cancer and malignant melanoma are two types of cancer that can be treated with these preparations.

Drug development – from discovery to launch

Preclinical phase

The preclinical phase is characterised by the activities conducted by chemists, biologists and pharmacologists who study and develop various substances in laboratories. With the help of effective disease models, researchers can study how various pharmaceutical substances behave and interact. After this, individual substances are selected for closer study, in the laboratory and in animal models. Some of the questions that need to be answered are: "What is the appropriate dose?", "Can the drug produce cancer?" and "Does it affect the animal's reproduction?" The purpose of the preclinical phase is to select a candidate drug (CD), for which an application for clinical trials in humans is submitted.

Before a candidate drug can be tested in humans, much work is required to ensure that the product is sufficiently safe and stable, and to establish how it behaves in the body and how it leaves the body. An application to conduct clinical studies in humans is sent to the relevant drug regulator, which in Sweden is the Medical Products Agency. In the United States, the clinical trial application is called Investigational New Drug Application (IND) and in the EU, Clinical Trial Application (CTA). Applications are filed in those countries where the clinical trial will be conducted and are then examined by independent medical experts, who assess whether the trial can be initiated or whether further documentation is required. Apart from obtaining permission from the drug regulators, the company also needs to apply for and receive permission from each country's local and/or national ethics committee. The approval of an application is followed by a long and complex process involving several years of clinical studies before the company can apply to have the product approved for general use.

Clinical phase

When the clinical phase begins, clinical studies in humans are initiated. These studies are normally conducted at hospitals or health centres and are formally divided into four phases – phase I, II, III and IV – although the differences between the phases is not always clear-cut in practice. To ensure that the studies can be interpreted objectively, endpoints for the evaluation of the studies are defined in advance. How the study programme for a particular drug should be designed is evaluated continually and regulatory approval is required for each sub-study.

Phase I

Phase I is the first occasion on which a new substance is given to a human. The trial subjects are volunteers and normally healthy, and are subject to constant medical monitoring. In clinical studies in cancer, however, it is common for patients to be included already in the phase I studies. The studies normally involve 20–100 individuals. The purpose of the trial is to determine whether the trial subjects tolerate the drug and whether its behaviour in the body is the same as that indicated in the earlier animal studies and other research. The purpose is also to identify safe doses and identify any side effects. The initial dose is made as low as possible, but is sufficiently high to provide answers to the questions that the trial is designed to illumine. If everything goes as planned, the dose can then gradually be increased to the clinical use level. Phase I studies normally take six months to a year to complete.

Phase II

Phase II is normally the first occasion on which the drug is given to patients with the disease concerned. At this stage, the test group is also increased. This trial group normally consists of 100–500 individuals. The objective of this phase is to demonstrate "proof of concept", i.e. that the drug actually has an effect, and to study how it affects the disease or its symptoms and determine the dose to be used in large-scale trials. Phase II studies can take between six months and two years to complete.

Phase III

Phase III is initiated only if the results from phase II are sufficiently encouraging to justify further studies. In this phase, the candidate drug is given to larger groups, often 1,000–5,000 patients. The new medicine is tested against an ineffective placebo or against another already approved drug for the same disease condition. Patients are distributed randomly among the drugs and neither the physician nor the patients know which of the products has been administered to each patient. This type of trial is known as a "double-blind and randomised" trial and is considered to be the method that produces the best and most objective evaluation. Only once the trial has been completed is it revealed which patients received the new drug and which received the placebo. It is then possible to determine and evaluate what effect the new drug had compared with the placebo. The studies provide a statistical basis, which means that the difference between the two products must be statistically evident. Phase III can take anywhere from one to four years to complete depending on the disease, the length of time during which the patients are studied and the number of patients included.

Phase IV

In phase IV, the drug's therapeutic use is studied. After the phase I–III studies have been completed and a drug has been approved by the drug regulator and launched in the market, further clinical studies are often conducted in the area of use for which the product has already been approved. These are known as phase IV studies and are aimed at studying and monitoring the dose and effect relation, the impact on other, simultaneous drug treatments, and any side effects which occur after the market launch. The overall objective is to optimise the use of the drug.

Registration phase

If the drug looks promising and is tolerated well by the patients, further trials are conducted to verify the results. After that, an application for approval is filed with the relevant agency for the evaluation of medical products, which in Europe is normally the common European Medicines Agency (EMA). The application must include all documentation describing the product's quality, safety and effect and can run into hundreds of thousands of pages. It takes on average one year to examine an application. The examination can result in the drug being approved or rejected, or the regulator may demand that further studies be conducted. An approval can also involve the regulator approving a more limited indication than was originally intended. Once regulatory approval has been obtained, the drug can be marketed.

Research and development costs for drug development are high, running into billions of kronor, and mainly comprise costs for research, development, production and clinical studies of a drug. Of 10–15 products that are studied in phase I, only one will normally go all the way to regulatory approval. About 35 new medical products are introduced in the Swedish market every year.

DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of Cantargia AB (publ), corporate ID no. 556791-6019, hereby present the annual report for the financial year 1 January 2018 – 31 December 2018. The company has its registered office in Lund, Sweden. Amounts in the annual report are stated in thousands of Swedish kronor (kSEK) unless otherwise indicated.

OPERATIONS

Cantargia is a research-based biotech company that is engaged in research and development of antibody-based therapy for serious diseases. The company has specialised in antibody-based treatment aimed at the IL1RAP molecular target, which has the potential to be used for several different forms of cancer as well as for autoimmune and inflammatory diseases.

FIVE-YEAR COMPARISON [1]

Amounts in kSEK	2018	2017	2016	2015	2014
Net sales	-	-	-	-	-
Loss after net financial income/expense	-91,160	-60,253	-47,490	-17,190	-8,370
Cash and bank balances and liquid investments	76,528	149,781	25,904	24,512	16,660
Short-term investments	90,319	120,000	8,937	14,871	-
Equity	155,045	246,120	30,035	28,055	4,097
Total assets	171,443	274,453	39,715	31,383	20,129
Equity/assets ratio (%)	90%	90%	76%	89%	20%
Quick ratio (%)	1027%	958%	383%	803%	108%
R&D costs	-76,951	-52,419	n/a	n/a	n/a
Project costs[4]	-66,159	-44,819	-35,493	-7,045	-3,495
Total operating expenses	-93,306	-60,009	-47,557	-17,018	-8,115
R&D costs as a percentage of total operating expenses	82%	87%	n/a	n/a	n/a
Project costs as a percentage of total operating expenses	71%	75%	75%	41%	43%
Number of outstanding shares at 31 Dec[2]	66,185,811	46,940,508	20,917,200	13,505,874	7,594,874
Number of outstanding warrants at 31 Dec	85,000	85,000	-	8,283,080	157,250
Earnings per share before and after dilution (SEK)[3]	-1.38	-1.28	-2.27	-1.27	-1.10
Equity per share (SEK)	2.34	5.24	1.44	2.08	0.54
Dividend (SEK)	-	-	-	-	-

[1] *Cantargia AB (publ) has applied Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board (RFR 2) as of the full year 2017. The comparative year 2016 has been restated in accordance with RFR 2. Previous comparative years have not been restated, which means that the years 2014–2015 have been prepared in accordance with K3.*

[2] *It should be noted that, as at 31 December 2017, 19,245,303 interim certificates had been issued, which were registered on 8 January 2018. The figure for 2015 has been adjusted for a 37:1 split.*

[3] *Cantargia has and had potential ordinary shares in the form of warrants during the period. These do not have a dilutive effect, however, as a conversion of warrants into ordinary shares would result in a lower loss per share.*

[4] *See also Note 24.*

Definitions

Cash and bank balances and liquid investments - cash and available deposits with banks and other credit institutions.
Equity/assets ratio - Adjusted equity as a percentage of total assets
Quick ratio - Current assets as a percentage of current liabilities
R&D costs - Total project costs plus allocated portion of personnel expenses and other external expenses.
Project costs - The sum of external costs in Preclinical, Clinical, CMC, Regulatory and Patents.
Earnings per share - Profit for the year divided by number of outstanding shares at end of period
Equity per share - Equity divided by number of shares at end of period

SHAREHOLDER INFORMATION

Share information

As of 25 September 2018, Cantargia's shares have been listed on the main list of Nasdaq Stockholm, under the stock symbol "CANTA". At 31 December 2018, the number of shares was 66,185,811 (46,940,508). At the closing date, the outstanding warrant schemes comprised 85,000 warrants, which after restatement for the rights issue registered on 8 January 2018 entitle the holders to subscribe for 86,700 shares at an exercise price of SEK 11.18 per share. If all outstanding warrants are exercised, the share capital will increase by SEK 6,936. In other respects, the terms are the same as those described in Note 19.

On 25 September 2018, Cantargia was listed on the main list of Nasdaq Stockholm, where it is part of the Small Cap segment.

Share price performance in 2018

Shareholders at 31 December 2018

Cantargia's ten largest shareholders at 31 December 2018.

Shareholder	Number of shares	Interest
Sunstone Life Science Ventures Fund III K/S	5,972,292	9.0%
First Swedish National Pension Fund (AP1)	4,550,000	6.9%
Skandinaviska Enskilda Banken S.A., Luxembourg	3,302,969	5.0%
Försäkringsaktiebolaget, Avanza Pension	3,271,065	4.9%
Fourth Swedish National Pension Fund (AP4)	3,064,129	4.6%
Öhman Bank S.A., Luxembourg	2,727,925	4.1%
Second Swedish National Pension Fund (AP2)	2,200,000	3.3%
Mats Invest AB	1,328,788	2.0%
Tibia Konsult AB	1,257,300	1.9%
Kudu AB	1,243,216	1.9%
Other	37,268,127	56.3%
Total	**66,185,811**	**100.0%**

Distribution by size class 31 December 2018

Shareholding	Number of shareholders	Number of shares	Capital/ voting rights	Market value (kSEK)
1–500	1,961	353,523	0.5%	5,020
501–1,000	713	583,431	0.9%	8,285
1,001–5,000	1,396	3,586,029	5.4%	50,922
5,001–10,000	408	2,993,360	4.5%	42,506
10,001–15,000	138	1,730,917	2.6%	24,579
15,001–0,000	87	1,523,651	2.3%	21,636
20,001–	297	55,414,900	83.7%	786,892
Total	**5,000**	**66,185,811**	**100.0%**	**939,839**

Share capital history

Year	Event	Quotient value	Increase in no. of shares	Increase in share capital	Total no. of shares	Total share capital
2009	Incorporation	1.00	100,000	100,000,00	100,000	100,000.00
2010	Issue of new shares	1.00	10,870	10,870,00	110,870	110,870.00
2011	Issue of new shares	1.00	14,130	14,130,00	125,000	125,000.00
2012	Issue of new shares	1.00	3,571	3,571,00	128,571	128,571.00
2012	Issue of new shares	1.00	7,143	7,143,00	135,714	135,714.00
2012	Issue of new shares	1.00	7,143	7,143,00	142,857	142,857.00
2013	Issue of new shares	1.00	3,572	3,572,00	146,429	146,429.00
2013	Issue of new shares	1.00	25,001	25,001,00	171,430	171,430.00
2014	Issue of new shares	1.00	12,500	12,500,00	183,930	183,930.00
2014	Bonus issue	2.96	-	360,502,80	183,930	544,432.80
2014	37:1 share split	0.08	6,621,480	-	6,805,410	544,432.80
2014	Debt-for-equity swap	0.08	789,464	63,157,12	7,594,874	607,589.92
2015	Issue	0.08	5,800,000	464,000,00	13,394,874	1,071,589.92
2015	Issue of new shares, TO 2010:1	0.08	111,000	8,880,00	13,505,874	1,080,469.92
2016	Issue of new shares, TO1/TO3	0.08	4,127,260	330,180,80	17,633,134	1,410,650.72
2016	Issue of new shares, 2011/2016	0.08	46,250	3,700,00	17,679,384	1,414,350.72
2016	Issue of new shares, TO2/TO4	0.08	3,237,816	259,025,28	20,917,200	1,673,376.00
2017	Issue of new shares	0.08	11,158,308	892,664,64	32,075,508	2,566,040.64
2017	Issue of new shares	0.08	14,865,000	1,189,200,00	46,940,508	3,755,240.64
2018	Issue of new shares	0.08	19,245,303	1,539,624,24	66,185,811	5,294,864.88

On 8 January 2018, 19,245,303 interim certificates were converted into registered ordinary shares in connection with the completion of a rights issue.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The following is a summary of events that took place in the company during the year.

Patent portfolio

Cantargia currently has four patent portfolios (as described in the section Patent portfolio). Several important approvals were obtained during the year.

- In 2016, a third party filed oppositions to two of Cantargia's patents in Europe. One of the patents relates to IL1RAP as molecular target for treatment of hematological cancer while the other relates to solid tumours. In January this year, the European Patent Office decided that both patents should remain. In May, the European Patent Office notified Cantargia that no third party had chosen to appeal the decision, and the patents will therefore remain in force.
- In May, the Canadian Intellectual Property Office approved Cantargia's patent for treatment of hematological cancer.
- In June, the United States Patent and Trademark Office (USPTO) approved a new patent for use of IL1RAP as molecular target for antibody treatment in hematological cancer as well as a patent relating to solid tumours.
- In July, Cantargia received preliminary approval from EPO for its application for expanded patent protection in respect of the treatment of solid tumours.
- In July, Cantargia's patent application for its CAN04 (nidanilimab) antibody was approved in China.
- In September, Cantargia's patent application for its CAN04 (nidanilimab) antibody was approved in Japan.
- In October, Cantargia has received a patent for its CAN03 antibody in the US.

Research activities

Preclinical

- In March, it was announced that antibody treatment of IL1RAP signalling had been found to reduce metastases in an experimental cancer model. The results point to a new mechanism for preventing the spread of metastases and will be presented at the AACR scientific conference in April 2018.
- In April, Cantargia presented new data on the blocking of metastases using antibodies against IL1RAP at the AACR annual meeting in Chicago, USA.
- In May, new data was released showing that CAN04 has potential for treatment of more types of cancer than has previously been communicated.
- In June, new data was reported showing that CAN04 has positive effects in combination with already approved cancer treatments.
- In December, Cantargia presented new, positive preclinical data showing that the CAN04 antibody can produce an even stronger effect in combination with chemotherapy at the Antibody Engineering and Therapeutics conference in San Diego.

Clinical

- In December Cantargia announced that all patients in the phase I stage of the CANFOUR clinical trial had completed the formal safety evaluation of the study. No dose-limiting toxicity (DLT) was reported for the highest investigated dose level, 10 mg/kg. Based on the positive outcome of the safety evaluation, phase IIa was therefore initiated as planned.

Financial

- In September, Cantargia was approved for listing on the main list of Nasdaq Stockholm with 25 September 2018 as the first day of trading.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

- In January 2019, the first patient has initiated their treatment with the CAN04 antibody in the phase IIa stage of Cantargia's CANFOUR study.
- In March 2019, Cantargia completed a directed share issue of approximately SEK 106 million to fund expanded clinical development of CAN04.
- In April 2019, Cantargia announced that phase I clinical data generated with the CAN04 antibody would be presented at the 2019 Annual ASCO Meeting in Chicago on 31 May–3 June 2019.

REVENUE

Cantargia's net sales in 2018 were kSEK 0 (0).

OPERATING EXPENSES AND OPERATING PROFIT/LOSS

As of the year-end report for 2018, Cantargia classifies operating expenses by function. In Cantargia's case, this means that operating expenses are divided into research and development costs, administrative expenses and other operating expenses. Using a "bridge", Note 24 describes the transition from the nature of expense method to the function of expense method.

Research and development costs for the year were kSEK 76,951 (52,419). The increase is largely related to increased activity in the company's main project, CAN04, particularly in clinical development.

Administrative expenses for the full year 2018 were kSEK 15,823 (7,381). The change from 2017 is largely attributable to non-recurring expenses related to the list change project which resulted in the company's shares being listed on the main list of Nasdaq Stockholm.

Other operating expenses, which comprise foreign exchange differences on trade payables, were kSEK 532 (210) for the full year.

The full-year operating loss was kSEK -93,306 (-60,009).

NET FINANCIAL INCOME/EXPENSE

Net financial income/expense consists of foreign exchange differences on the company's EUR account and interest earned on short-term investments in fixed-rate accounts and fixed income funds. Net financial income for the full year 2018 was kSEK 2,145 (-243).

EARNINGS

Cantargia's loss before tax, which is the same as the loss for the year, was kSEK -91,160 (-60,253) for the full year 2018. As discussed above, the increased loss is mainly attributable to an expansion of the company's R&D activities, especially in the company's main project CAN04.

FINANCIAL POSITION

The equity/assets ratio at 31 December 2018 was 90 (90) per cent and equity was kSEK 155,045 (246,120).

The company's cash and cash equivalents, which consist of cash and available deposits with banks and other credit institutions, were kSEK 76,528 (149,781) at the balance sheet date. In addition to cash and cash equivalents, the company has short-term investments with banks and in fixed income funds of kSEK 90,319 (120,000). The decrease in cash and cash equivalents and short-term investments is wholly related to operating activities.

Total assets at the end of the period were kSEK 171,443 (274,453).

CASH FLOW AND INVESTMENTS

Cash flow from operating activities for the full year was kSEK -104,686 (-40,778). As part of cash flow from operating activities, changes in working capital were kSEK -11,859 (19,150), which was largely due to trade payables returning to a more normal level.

Cash flow from investing activities, which refers substantially to the change in short-term investments, was kSEK 29,681 (-111,358).

Cash flow from financing activities for the full year was kSEK 85 (276,338).

The total change in cash and cash equivalents for the twelve-month period, including foreign exchange difference in cash and cash equivalents, was kSEK -73,254 (123,877).

RISKS AND RISK MANAGEMENT

A number of risk factors can have a negative impact on the operations of Cantargia. It is therefore very important to take account of relevant risks in addition to assessing the Company's growth prospects. A description of risk factors, not in order of importance and not exhaustive, is given below. For natural reasons it is not possible to assess all risk factors without making a general assessment of the company's operations and external factors. See also Note 3, Financial risk management.

Research and development and dependence on one drug candidate

Cantargia is engaged in research and development of an antibody treatment for various forms of cancer, with a focus on non-small cell lung cancer and pancreatic cancer. The company has not yet launched any candidate drugs in the market. No sales of drugs have therefore been initiated, and Cantargia's operations have so far not generated any sales revenue. In 2018, the phase IIa stage of the clinical development of the company's candidate drug, CAN04, was initiated.

The development of CAN04 is associated with significant risks of failure and/or that the results will be such that continued research and development will be required. These risks include the risk that the company's drug will prove to be ineffective, dangerous, toxic or otherwise fail to meet the applicable requirements or that the candidate drug will prove to be difficult to develop into a commercially viable product that generates revenue for the company. There is also a risk that delays and unexpected difficulties in the development (for example, production or clinical studies) could incur additional costs for the company. In the event that the development of CAN04 fails, this would have a significant adverse impact on Cantargia's operations, financial position and results, and there is a risk that Cantargia would not be able to continue its operations in their current form.

Implementation of preclinical and clinical studies

Before a drug can be launched in the market, its safety and efficacy for treatment of humans must be assured, which requires extensive preclinical and clinical studies. Such studies are associated with significant uncertainty and risks with regard to timetables, results and outcomes. Results from early clinical studies are not always consistent with the results of more comprehensive clinical studies. There is a risk that the planned studies will not indicate levels of safety and efficacy that are sufficient to obtain the required regulatory permits or to enable the company to license, establish partnerships for or sell its potential product. The results from preclinical and clinical studies could also result in Cantargia being required to conduct expanded studies.

Such studies could result in increased costs, materially delay the registration with the licensing authorities, result in registration of a more limited indication or cause Cantargia to refrain from commercialising its product candidate.

Cantargia, any future business partners, institutional control bodies and/or regulatory authorities could, moreover, at any time suspend clinical trials if it is assumed that the trial subjects or patients participating in such studies are being exposed to unacceptable health risks. For example, patients participating in the studies could experience side effects, which could delay or prevent further product development. The risk that a product will have negative effects remains even after any market authorisation is granted. A product that has already been approved can thus be withdrawn from the market if, for example, it is found to be inadequate from a safety perspective. The aforementioned risks could have a significant negative impact on the company's operations, financial position and results.

Regulatory permits and registrations

To be approved for preclinical and clinical studies and/or to obtain the right market and sell a drug, all candidate drugs under development need to go through a comprehensive registration process and be approved by the relevant regulator in an individual market, such as the US Food and Drug Administration ("FDA") or European Medicines Agency ("EMA"). The registration process covers, for example and where applicable, requirements relating to the development, testing, registration, approval, labelling, production and distribution of new drugs. If such requirements, whether existing or such as may be introduced in future, are not met, this could result, for example, in the recall of products, a suspension of imports, registration being declined, the withdrawal of previous approvals of applications or charges being brought. If a drug that has been developed by Cantargia is registered for commercialisation, there is a risk that Cantargia will not be able to meet new rules or will be unable to maintain its registration or obtain equivalent permits for any further drugs.

There is also a risk that the rules which currently apply for registration, or interpretations of these rules, will be amended in a way that is to the disadvantage of Cantargia. Authorities are not bound by the advice they provide during the development process, but can change their assessments, which could lead to delays caused by necessary changes to the research and development programme. Authorities may also make different assessments than Cantargia, for example with regard to the interpretation of data from studies or the quality of data. In the event that Cantargia does not obtain the required product approvals or in the event that any future approvals are withdrawn or limited, this could have significant negative effects on Cantargia's operations, financial position and results.

Changes in economic activity and the pricing of drugs

The pricing and demand for pharmaceutical drugs could be adversely affected by a general economic decline in major pharmaceuticals markets. A general economic decline could, for example, affect payers of healthcare, including public authorities, insurance companies and hospitals, and result in a reduced willingness to pay for pharmaceutical drugs. This, coupled with, for example, other changes in the budgets of such payers, could result in reduced payments for pharmaceutical companies, including Cantargia in the event that Cantargia in future receives relevant approvals for its products. In certain countries, the pricing of drugs is determined at the regulatory level and, in case of the launch of drugs, the pricing could thus be regulated by authorities in several countries. A deterioration in general economic conditions and/or regulatory decisions could therefore result in a lower pricing of the drug projects than expected by Cantargia, which could have a significant negative impact on the company's operations, financial position and results.

Partnerships, licensing and marketing

Cantargia is and will in future be dependent on partnerships in connection with the development of candidate drugs, preclinical and clinical studies, and licensing/partnerships for any future sale of drugs. Of particular importance for the company's current operations are its partnerships with Celonic Biotechnology GmbH and BioWa Inc. for the manufacture and production of CAN04 and its partnership with Specialized Medical Services-oncology BV ("SMS-oncology") for the performance of the company's first clinical study with CAN04. In the event that these or future partnerships were to be terminated, there is a risk that the company would be unable, on short notice, to conclude contracts with suitable new business partners, which could have a significant negative impact on the company's operations, financial position and results.

If current or future external partners were to fail to fulfil their obligations or keep to the agreed timetables, if the external parties were to fail to acquire sufficient necessary material for the development of the candidate drug, if the quality or reliability of the clinical information they obtain is neglected or if confidentiality concerning research results in concluded research agreements for one reason or another cannot be maintained, the ongoing or planned preclinical and clinical trials could be rendered more difficult, delayed or terminated completely, which would have a significant negative impact on the company's operations and its ability to license or commercialise its product.

Finally, there is a risk that one or more of Cantargia's current or future manufacturers and suppliers will choose to end their collaboration with the company. Moreover, and in the event that the development of CAN04 proceeds successfully, Cantargia will also be dependent on external parties for marketing and sales. If the company is not successful in its attempts to conclude future or maintain existing partnership agreements for its product candidate, this could have a significant negative impact on Cantargia's operations, financial position and results.

Development of further candidate drugs

In addition to CAN04, Cantargia intends to continue its research into and engage in further development in the CANxx project, which is aimed at generating one or several new antibodies against the IL1RAP molecular target for treatment of autoimmune/inflammatory diseases. There is a risk that Cantargia's available financial resources will prove insufficient to conduct such development and that the company, as a result thereof, may be forced to discontinue development or find other sources of financing or, alternatively, that the company's work on CAN04 may suffer. Continuing the further development of CANxx could create a need to expand the company's organisational resources, which could incur further costs for the company. There is thus a risk that the company's work on further candidate drugs will have a negative impact on its operations, financial position and results. To partially balance the above risk, Cantargia concluded a partnership agreement with Panorama Research Inc., a California-based company specialising in antibody development, in June 2017. Through the partnership, the parties will jointly engage in intensive development of CANxx with a focus on autoimmune and inflammatory diseases.

Financing and capital requirements

Since starting its operations Cantargia has been reporting an operating loss and cash flow is expected to remain mainly negative until Cantargia succeeds in generating revenue from a launched product. The company's planned preclinical and clinical studies will entail significant costs and the company's development of its product candidate could prove more time- and cost-consuming than planned. Cantargia will also continue to need significant capital for research and development in order to conduct preclinical and clinical studies with CAN04 and for its continued research into and development of CANxx. Access to and the terms and conditions for further financing are affected by several factors, such as the possibility of concluding partnership agreements and general access to risk capital. If Cantargia, wholly or partly, were to fail to acquire sufficient capital, or succeed in doing so only on unfavourable terms, this could have a significant negative impact on the company's operations, financial position and results.

Competition

The pharmaceutical industry is subject to tough competition and there are several potential competitors to Cantargia and its future business partners, such as universities and research institutions. Some of the company's competitors are multinational companies with significant financial resources and greater capacity in terms of research and development, for example, or contacts with regulators than Cantargia. If a competitor succeeds in developing and launching an effective cancer drug, this could have a negative impact on the company's ability to generate revenue.

Furthermore, technology that is controlled by outside parties and that could be of use for the company's operations could be acquired or licensed by Cantargia's competitors, and thereby prevent Cantargia from obtaining such technology on commercially acceptable terms, or at all. Competitors with greater resources could also successfully market a similar or even an inferior drug and obtain wider recognition in healthcare in general for such a drug, which could have a negative impact on the company's operations, financial position and results.

Dependence on key individuals and employees

Cantargia is dependent on a number of key individuals for the continued development of the company's operations and preclinical and clinical projects. Cantargia's ability to retain and recruit qualified employees is of great significance for assuring a high level of expertise in the company. There is, however, a risk that one or several of the company's employees will terminate their employment with the company or that the company will fail to recruit new individuals with relevant knowledge, which could delay the company's development and commercialisation of its candidate drug. In the event that the company were to lose any of its employees, this could, at least in the short term, have a negative impact on the company's operations, financial position and results.

The employment contracts for several of Cantargia's employees give the employee a right to terminate his employment with the company with immediate effect in the event of a change in the employee's terms of employment as a result of changes in the company's ownership structure. In the event that an employee terminates his employment contract on this basis or if the company gives dismisses the employee within a twelve-month period of the change in ownership structure, the company will be obliged to pay six months' severance pay to the employee. If the terms of employment were to change as a result of a change of ownership there is a risk that several employees will choose to terminate their employment under their employment contracts, which could have a significant negative impact on the company's operations, financial position and results.

Patents and other intellectual property rights

Cantargia's potential success is dependent on the company's ability to obtain and maintain patent protection of its future products, applications and production methods. There is a risk that it will not be possible to obtain patent protection for drugs and production methods developed by Cantargia, that Cantargia will be unable to register and complete all necessary or desirable patent applications at a reasonable cost or that a future patent portfolio and other intellectual property rights held by the company will not provide adequate commercial protection. There is also a risk that a patent will not create a competitive advantage for the company's drugs and/or methods or that competitors will succeed in circumventing the company's patents. If Cantargia is forced to defend its patent rights against a competitor this could entail significant costs, especially in any disputes with competitors with significantly greater resources than Cantargia.

If Cantargia in its own operations uses or is alleged to be using products or methods which are protected by patents or will be patented by another party, the holder of these patents could accuse Cantargia of patent infringement. There is therefore a risk that Cantargia will be drawn into processes or other procedures for alleged infringements of patents or rights. Due to the uncertainty that is associated with patent protection, the outcome of such disputes is hard to predict. In case of a negative outcome for the company of such a process, Cantargia could be liable to pay damages, be prohibited from continuing the activity which constitutes an infringement and/or be forced to acquire a licence to continue to produce or market the products and/or methods covered.

The failure to maintain its own, and/or any infringement of other parties', intellectual property rights could have a significant negative impact on Cantargia's operations, financial position and results.

Changes to laws and regulations, and regulatory interpretations and practice

The pharmaceutical industry is heavily regulated by laws and regulations covering the development process, approval process, quality controls, documentation requirements and pricing systems. Cantargia believes the company is following these laws and regulations. There is, however, a risk that new laws will be adopted, which, in an attempt to reduce public healthcare costs, could materially change the regulatory framework which governs preclinical and clinical studies, regulatory approvals, production and marketing of regulated products and their pricing. Such changes, revisions and/or reinterpretations could, for example, result in demands for further preclinical and clinical studies, changed production methods and increased documentation requirements. Changes to laws and regulations for drugs, in the US and the EU, as well as in other major markets for pharmaceuticals, could result in increased costs and could also have a significant negative impact on Cantargia's operations, financial position and results.

Product liability

Cantargia's operations are subject to various liability risks that are common for companies engaged in drug research and development. This includes the risk of product liability that can arise in connection with production and clinical studies where the participating patients can experience side effects or fall ill during treatment. There is a risk that product liability claims could have a significant negative impact on Cantargia's operations, financial position and results.

Insurance cover

Cantargia believes it has appropriate insurance cover for its current operations. There is, however, a risk that such cover will prove insufficient for claims that could arise in relation to product liability and other damage. Furthermore, it is not certain that the company will be able to maintain its insurance cover on favourable terms, or at all. There is therefore a risk that insufficient or excessively expensive insurance cover could have a significant negative impact on the company's operations, financial position and results.

Disputes and legal actions

Cantargia is currently not involved in any legal actions with third parties or with regulatory or managing authorities. Nor can the company reasonably predict any such action. There is, however, a risk that the company may be involved in such future disputes related to its ongoing activities. Such disputes could relate to alleged infringements of intellectual property rights, the validity of certain patents and other commercial disputes. Disputes and claims can be time-consuming, disrupt the operations, relate to significant amounts or important matters of principle, and incur significant costs and have a significant impact on the company's operations, financial position and results.

Currency risk

Assets, liabilities, income and expenses in foreign currency give rise to currency exposures. A weakening of the Swedish krona (SEK) against other currencies increases the recognised amounts of Cantargia's assets, liabilities, income and earnings while a strengthening of the SEK against other currencies decreases these items. The company is exposed to such changes, as parts of the company's costs are paid in EUR and other international currencies and because a part of the company's future sales revenue may be received in international currencies. A material change in such exchange rates could have a negative impact on the company's financial statements, which in turn could have negative effects on Cantargia's financial position and results. See also Note 3.

Tax losses

In view of the fact that Cantargia's operations have generated significant deficits, the company has significant accumulated tax losses. There is no expiration date which limits the use of the company's tax losses. It is, however, uncertain at what point in time it will be possible to use these tax losses to offset taxable profits, as the company has not yet generated any profits. The deferred tax asset arising from the tax loss has therefore not been assigned any value. Changes in ownership, historical and potential future capital acquisitions may limit the amount of tax losses that can be used in future. The company's ability to use the losses in future could also be adversely affected by changes in the applicable legislation. Such restrictions of the right to use the Company's accumulated tax losses could have negative effects on Cantargia's financial position and results.

EMPLOYEES

One of Cantargia's key success factors is the company's employees. The average number of employees of the company during the year was 6 (5), of whom 3 (2) are women. The number of employees at year-end was 7 (5) full-time equivalents, of whom 3 (2) are women. The level of education among the employees is high. All employees hold PhDs in medicine or natural sciences or have higher university degrees.

In addition to its employees, Cantargia engages a number of consultants who are tied to the business on a continuous basis. The large network with which Cantargia works ensures access to top-level expertise, flexibility and cost effectiveness.

RESEARCH AND DEVELOPMENT

The majority of the company's resources, 82 per cent (87), are used for research and development.

ENVIRONMENTAL IMPACT

Cantargia AB does not engage in activities requiring a permit under the Swedish Environmental Code, as the company does not engage in the production of pharmaceuticals or pharmaceutical substances and does not handle solvents and chemicals.

GUIDELINES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR SENIOR EXECUTIVES 2019

The guidelines for remuneration of senior executives that will be proposed to the Annual General Meeting 2019 will be published at cantargia.com in late April/early May.

The structure of the proposed guidelines is essentially unchanged compared with those which were adopted at the AGM on 31 May 2018. For the applicable guidelines, which apply until the AGM 2019, and remuneration in 2018, see Note 18.

OUTLOOK FOR 2019

Cantargia's objective is to develop, patent and document candidate drugs for use in cancer therapy. The plan is to eventually sell or license such candidate drugs to companies operating in Cantargia's field of activity. The objective for 2019 is to continue the clinical phase I/IIa CANFOUR study that was initiated in 2017 with a focus on examining non-small cell lung cancer and pancreatic cancer. Continued preclinical studies will be conducted to support clinical development, primarily in the selected cancer indications, which will, for example, involve developing biomarkers.

APPROPRIATION OF RETAINED EARNINGS

Proposed appropriation of retained earnings (see also Note 21). The Annual General Meeting is asked to decide on the appropriation of the following:

Share premium account	390,764,977
Loss brought forward	-149,855,119
Loss for the year	-91,159,541
	149,750,317

The Board of Directors proposes that: SEK 149,750,317 be carried forward.

For more information on the company's results and financial position, see the following income statement and balance sheet and the additional disclosures.

FINANCIAL STATEMENTS

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

(kSEK)	Note	1 Jan 2018 -31 Dec 2018	1 Jan 2017 -31 Dec 2017
Operating income			
Net sales		-	-
Operating expenses	24		
Research and development costs	7, 18	-76,951	-52,419
Administrative expenses	6, 7, 8, 18	-15,823	-7,381
Other operating expenses	9, 12	-532	-210
		-93,306	**-60,009**
Operating loss		**-93,306**	**-60,009**
Financial income and expense			
Interest income and similar income	10, 12	2,147	86
Interest expense and similar charges	10, 12	-1	-329
		2,145	**-243**
Loss before tax		**-91,160**	**-60,253**
Tax for the period	11	0	0
Loss for the year *)		**-91,160**	**-60,253**
Earnings per share before and after dilution (SEK) based on average number of shares		-1.38	-1.86

*) No items are recognised in other comprehensive income. Total comprehensive income is therefore same as profit/loss for the year.

STATEMENT OF FINANCIAL POSITION

(kSEK)	Note	31 Dec 2018	31 Dec 2017
ASSETS			
Non-current assets			
Financial assets			
Other securities held as non-current assets	13	2,957	2,957
		2,957	**2,957**
Total non-current assets		**2,957**	**2,957**
Current assets			
Other receivables		1,143	1,345
Prepaid expenses and accrued income		496	370
		1,639	**1,715**
Short-term investments			
Fixed income fund and other short-term investments	14	90,319	120,000
		90,319	**120,000**
Cash and bank balances			
Cash and bank balances	15	76,528	149,781
		76,528	149,781
Total current assets		**168,486**	**271,496**
TOTAL ASSETS		**171,443**	**274,453**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	16	5,295	3,755
Share capital not yet registered		-	1,540
		5,295	**5,295**
Non-restricted equity			
Share premium account		390,765	390,680
Retained earnings		-149,855	-89,602
Loss for the year		-91,160	-60,253
	21	**149,750**	**240,825**
Total equity		**155,045**	**246,120**
Current liabilities			
Trade payables	23	8,956	20,619
Tax liabilities		131	377
Other liabilities		383	221
Accrued expenses and deferred income	17	6,928	7,117
		16,398	**28,333**
TOTAL EQUITY AND LIABILITIES		**171,443**	**274,453**

STATEMENT OF CHANGES IN EQUITY

(kSEK)	Restricted equity		Non-restricted equity		Total
1 Jan 2018 - 31 Dec 2018	**Share capital**	**Paid-up not regd share cap**	**Share premium account**	**Ret earnings incl profit/ loss for year**	**Total equity**
Opening balance, 1 January 2018	**3,755**	**1,540**	**390,680**	**-149,855**	**246,120**
Loss for the period	-	-	-	-91,160	-91,160
Transactions with shareholders					
Issue of new shares	1,540	-1,540	-	-	-
Capital acquisition costs*)	-	-	85	-	85
	1,540	-1,540	85	-	85
Closing balance, 31 December 2018	**5,295**	**-**	**390,765**	**-241,015**	**155,045**
1 Jan 2017 - 31 Dec 2017					
Opening balance, 1 January 2017	**1,673**	**-**	**117,964**	**-89,602**	**30,035**
Loss for the period	-	-	-	-60,253	-60,253
Transactions with shareholders					
Warrant scheme	-	-	72	-	72
Issue of new shares	2,082	1,540	300,857	-	304,479
Capital acquisition costs	-	-	-28,213	-	-28,213
	2,082	1,540	272,716	-	276,338
Closing balance, 31 December 2017	**3,755**	**1,540**	**390,680**	**-149,855**	**246,120**

This item arises due to the difference in the reserve in relation to actual capital acquisition costs arising from the issue of new shares in 2017.

STATEMENT OF CASH FLOWS

(kSEK)	Note	1 Jan 2018 -31 Dec 2018	1 Jan 2017 -31 Dec 2017
Cash flow from operating activities			
Operating loss		-93,305	-60,009
Interest received etc.	10	479	86
Interest paid etc.	10	-1	-4
Cash flow from operating activities before changes in working capital		**-92,827**	**-59,928**
Changes in working capital			
Change in receivables		76	497
Change in trade payables	23	-11,662	13,200
Changes in other current liabilities		-273	5,453
		-11,859	**19,150**
Cash flow from operating activities		**-104,686**	**-40,778**
Investing activities			
Acquisition of other long-term securities	13	-	-295
Increase in other short-term investments	14	-40,300	-120,000
Decrease in other short-term investments	14	69,981	8,937
		29,681	**-111,358**
Financing activities			
Issue of new shares		-	304,479
Capital acquisition costs		85	-28,213
Issue of warrants	19	-	72
		85	276,338
Change in cash and cash equivalents		-74,921	124,202
Cash and cash equivalents at beginning of period		**149,781**	**25,904**
Foreign exchange difference cash and cash equivalents		1,667	-325
Cash and cash equivalents at end of period *)	15	**76,528**	**149,781**

*) The company's cash and cash equivalents consist of cash and available deposits with banks and other credit institutions.

NOTES TO THE FINANCIAL STATEMENTS

NOTE 1
General information

Cantargia AB (publ), with registered office in Lund, Sweden, was founded in 2010 and is a biotechnology company engaged in research and development of antibody-based therapy for serious diseases. The company has specialised in antibody-based treatment aimed at the molecular target 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 molecular target, 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 cancers.

Cantargia consists of one legal entity, Cantargia AB, corporate ID number 556791-6019.

Cantargia's shares have been listed on the main list of Nasdaq Stockholm since 2018.

NOTE 2
Accounting policies and valuation principles

Significant accounting policies applied in preparing this annual report are described in the following. Unless otherwise stated, these policies have been applied consistently for all the annual periods presented. This annual report was adopted by the Board of Directors on 30 April 2019.

2.1 Basis of preparation of financial statements

Cantargia AB has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board (RFR 2). RFR 2 states that a legal entity is required to apply the International Financial Reporting Standards (IFRS), as adopted by the EU, insofar as this is possible under the Swedish Annual Accounts Act and Pension Obligations Vesting Act and with regard to the relationship between accounting and taxation. The recommendation specifies the exemptions from and the additional disclosures that are required in relation to IFRS.

The preparation of financial statements in compliance with the applied regulations requires the use of critical accounting estimates. Management is also required to make certain judgements in applying the company's accounting policies. Areas which involve a high degree of judgement, are complex or where assumptions and estimates have a material impact are described in Note 4.

2.1.1 Changes to accounting policies and disclosures

A number of new standards and interpretations have become effective for financial years beginning on or after 1 January 2018 or will come into effect later. The following is an assessment of the effects of these standards:

New standards and interpretations that have become effective for financial years beginning on 1 January 2018

IFRS 9 Financial Instruments deals with the classification, measurement and recognition of financial assets and liabilities. It replaces those parts of IAS 39 which relate to the classification and measurement of financial instruments. Cantargia is not affected by the new rules for classification and measurement, as the company applies the exemption in RFR 2, under which financial instruments may be recognised and measured based on cost in accordance with the Annual Accounts Act. Cantargia is not yet generating any income and thus has no trade receivables. The company is therefore not affected by the new impairment model at the transition date, 1 January 2018. The standard is applicable for financial years beginning on or after 1 January 2018.

IFRS 15 Revenue from Contracts with Customers regulates the accounting treatment of revenue. The principles on which IFRS 15 is based are intended to give users of financial statements additional valuable information about a company's revenue. Cantargia is not yet generating any revenue and is therefore not affected by the transition to the new revenue recognition standard when it takes effect on 1 January 2018. The standard is applicable for financial years beginning on or after 1 January 2018.

New standards and interpretations that become effective for financial years beginning on or after 1 January 2019

IFRS 16 Leases will replace IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. The standard requires that assets and liabilities attributable to all leases, with a few exceptions, be recognised in the balance sheet. The standard is applicable for financial years beginning on or after 1 January 2019. Early application is permitted. Cantargia does not expect that it will be affected by the new lease standard, as the company is likely to apply the exemption from IFRS 16 in RFR 2 and will continue to account for all leases in accordance with a model that is similar to the model for operating leases in IAS 17, i.e. lease payments will be expensed on a straight-line basis over the term of the lease.

No other IFRS or IFRIC interpretations that have not yet become effective are expected to have a material impact on Cantargia.

2.1.2 Formats
The format prescribed in the Swedish Annual Accounts Act is used for the income statement and balance sheet. The statement of changes in equity is presented in the format prescribed in IAS 1 Presentation of Financial Statements but must contain the columns indicated in the Annual Accounts Act.

2.2 Segment reporting
Cantargia's chief operating decision maker is the company's Chief Executive Officer (CEO), as it is primarily he who is responsible for the allocation of resources and evaluation of results. The CEO receives reports containing financial information for Cantargia as a whole. Cantargia has not yet commercialised any part of the development projects in which it is engaged and therefore is not yet generating any income. All activities of Cantargia are considered to constitute a single operating segment.

2.3 Intangible assets
Research and development costs
Cantargia is a research-based biotech company that is engaged in research and development of antibody-based therapy for serious diseases. All expenditure directly attributable to the development and testing of identifiable and unique products which are controlled by Cantargia is accounted for as an intangible asset when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use,
- Cantargia intends to complete the product for use or sale,
- there is reason to expect that the company will be able to use or sell the product,
- it can be shown that the product will generate probable future economic benefits,
- adequate technical, economic and other resources are available to complete the development of and use or sell the product, and
- the costs attributable to the product during its development can be reliably measured.

The overall risk in ongoing development projects is high. The risk includes safety and efficacy risks that can arise in clinical studies, regulatory risks related to applications and approval for clinical studies and marketing authorisation, as well as IP risks related to approval of patent applications and the maintenance of patents. All development work is therefore deemed to be research, as the work does not meet the criteria listed below. As at 31 December 2018 no development costs had been recognised as intangible assets in the balance sheet, as it was not considered that all of the above criteria for capitalisation had been met for any of the development projects in which the company is engaged.

Research expenditure is expensed as incurred.
Capitalised development costs are recognised as intangible assets and amortised from the date when the asset is ready for use.

2.4 Impairment of intangible assets
Intangible assets which are not ready for use (capitalised development costs) are not amortised but are tested annually for impairment. However, no capitalised development costs are currently recognised in Cantargia's balance sheet.

2.5 Leases
Cantargia is a lessee only under operating leases for office premises.

Leases in which a significant share of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made during the lease term (after deducting for any incentives from the lessor) are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

2.6 Foreign currency
Transactions in foreign currency are translated to the functional currency at the exchange rates applying at the transaction date or the date when the items were restated. Foreign exchange gains and losses are recognised in the statement of comprehensive income in other operating expenses (foreign exchange differences trade payables) and in net financial income/expense (foreign exchange differences currency accounts).

2.7 Financial assets and liabilities
Recognition and derecognition in the balance sheet
A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the contractual terms and conditions of the instrument. A financial asset is derecognised in the balance sheet when the contractual right to the cash flow from the asset expires or is settled. The same applies when the risks and benefits of ownership of the asset have essentially been transferred to another party and the company no longer has control over the financial asset. A financial liability is derecognised in the balance sheet when the contractual obligation is fulfilled or extinguished.

Measurement of financial instruments
Cantargia applies the exemption in RFR 2 under which IFRS 9 Financial Instruments is not applied. Instead, cost is applied in accordance with the Annual Accounts Act. Financial assets are initially measured at cost including any transaction costs directly attributable to the acquisition of the asset.

After initial recognition, current financial assets are measured at the lower of cost and net realisable value at the balance sheet date.

Trade receivables and other receivables classified as current assets are measured individually at the amounts expected to be paid.

Interest-bearing financial assets are measured at amortised cost using the effective interest method.

Measurement of financial liabilities
Short-term trade payables are recognised at cost.

2.8 Employee benefits

Retirement benefit obligations
Cantargia has both defined contribution and defined benefit pension plans. Defined contribution pension plans are post-employment benefit plans under which the company pays fixed contributions into a separate legal entity. Cantargia has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions are recognised as personnel expenses when they fall due.

Cantargia's defined benefit pension plans consist of the ITP 2 plan's defined benefit pension obligations. The ITP 2 plan's defined benefit pension obligations for retirement and family pensions are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Recognition of the ITP 2 Plan that is funded through an insurance policy with Alecta, this is a defined benefit plan covering several employers. For the financial year 2018, Cantargia has not had access to information that would enable it to account for its proportionate share of the plan's obligations, assets and expenses. It has therefore not been possible to recognise the plan as a defined benefit plan. The ITP 2 pension plan secured through an insurance policy with Alecta is therefore accounted for as a defined contribution plan. The contribution for defined benefit retirement and family pensions is calculated individually and depends on factors such as salary, previously earned pension and expected remaining period of service.

The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio should normally be permitted to vary within a range of 125 and 155 per cent. If Alecta's collective funding ratio were to fall below 125 per cent or exceed 155 per cent, it would be necessary to take measures that will enable the ratio return to the normal range. In case of a low funding ratio, one measure that can be taken is to raise the agreed price for new policies and the expansion of existing benefits. If the funding ratio is high, contributions can be reduced. At the end of the financial year 2018, Alecta's surplus, as defined by the collective funding ratio, was 142 per cent (2016: 154 per cent).

Short-term benefits
Short-term benefits are employee benefits which are payable within twelve months of the balance sheet date in the year in which the employee earned the benefit, with the exception of post-employment benefits and termination benefits.

Short-term benefits include
1. salaries, social security contributions and other payroll costs,
2. paid short-term leave such as paid holiday and paid sick leave,
3. bonuses, and
4. non-monetary benefits such as health care for current employees.

Accounting treatment – paid short-term leave
Short-term benefits for paid leave that can be saved should be accounted for as an expense and current liability when the employees have performed the services which entitle them to future paid leave.
Short-term benefits for paid leave that are not saved should be recognised as an expense when the leave is taken.

Accounting treatment – bonus plans
The expected expense for profit sharing and bonuses should be recognised only if
1. the company has a legal or constructive obligation as a result of past events, and
2. the amount of the obligation can be reliably estimated.

Termination benefits
Termination benefits are paid when an employee's employment has been terminated by the company before the normal time of retirement or when an employee accepts voluntary redundancy in exchange for such compensation. Cantargia recognises termination benefits at the earliest of the following: (a) when the company can no longer withdraw the offer of such benefits; and (b) when the company recognises restructuring costs provided for under IAS 37 which involve the payment of severance pay. If the company has made an offer to encourage voluntary redundancy, termination benefits are calculated based on the number of employees that are expected to accept the offer. Benefits expiring more than 12 months after the end of the reporting period are discounted to present value.

2.9 Tax

The tax on the profit for the year in the income statement consists of current tax and deferred tax. Current tax is calculated on the taxable profit the period at the applicable tax rate. The actual tax expense is calculated based on the tax rules that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences. However, deferred tax attributable to untaxed reserves is accounted for separately, as untaxed reserves are recognised as a separate item in the balance sheet. Deferred tax liabilities are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be wholly or partially offset.

Deferred tax is calculated using tax rates (and laws) which have been adopted or announced at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

As the company is not generating any profit, the deferred tax asset on tax losses arising from tax losses presented in Note 11 has not been assigned any value.

2.10 Revenue

Interest income

Interest income is recognised using the effective interest method.

2.11 Cash and cash equivalents and statement of cash flows

The statement of cash flows is prepared using the indirect method. The reported cash flow only includes transactions involving incoming or outgoing payments. The company classifies cash, available deposits with banks and other credit institutions as cash and cash equivalents.

2.12 Share capital

Ordinary shares are classified as equity.

Transaction costs which are directly attributable to the issuance of new shares or options are recognised, net of tax, in equity less a deduction from the proceeds of the issue.

2.13 Earnings per share

(i) Earnings per share before dilution

Earnings per share before dilution are calculated by dividing:

- profit/loss for the year
- with a weighted average number of outstanding ordinary shares during the period

(ii) Earnings per share after dilution

To calculate earnings per share after dilution, the amounts used in calculating earnings per share before dilution are adjusted by taking into account:

- the weighted average of those additional ordinary shares that would have been outstanding on the conversion of all potential ordinary shares.

NOTE 3

Financial risk management

Through its activities, Cantargia is exposed to a wide range of financial risks: market risk (mainly currency risk), credit risk and liquidity risk. Cantargia's overall risk management policy focuses on the unpredictability of financial markets and strives to minimise potential adverse effects on Cantargia's financial results.

(a) Market risk
(i) Currency risk

Cantargia is primarily exposed to EUR currency risk. Currency risks arise when future business transactions or recognised assets or liabilities are expressed in a currency that is not the functional currency of the unit. In Cantargia, these transactions mainly comprise purchases and trade payables in EUR. Cantargia currently does not engage in active management of currency risk. At the end of the reporting period, Cantargia had an exposure to EUR of kEUR 357 (8) in the form of outstanding trade payables. In addition to trade payables in EUR, the company has a EUR currency account which at 31 December 2018 had a balance of kEUR 535 (2,948).

If the Swedish krona had weakened/strengthened by 10 per cent against the EUR with all other variables held constant, the effect on profit/loss for the year and equity at 31 December 2018 would have been approximately SEK -2.5 million and SEK 2.5 million (-3.4 and 3.4, respectively) lower/higher. The corresponding effect in respect of the company's EUR currency account at 31 December 2018 would have been approximately SEK -0.5 million and SEK 0.5 million (-2.9 and 2.9, respectively) lower/higher.

(ii) Cash flow interest rate risk and fair value interest rate risk
Cantargia is not exposed to any significant interest rate risk for financial assets, as the majority of the company's investments consist of fixed-rate accounts. Only a small portion, kSEK 40,019 (20,000), refers to investments in fixed income funds, where the return is dependent on short-term interest rates. Cantargia does not have financial liabilities exposed to interest rate risk, as the company has no borrowings.

(iii) Price risk
Cantargia is exposed to price risk from an investment in an endowment policy. The endowment policy consists of units in Söderberg & Partners' Trygghet 90 fund, which in turn is an investment in the sub-fund Amrego I SICAV. Amrego invests in both equity and fixed income funds, and the composition of the fund varies over time. Dividends in the fund are dependent on returns and are reinvested in the fund on an ongoing basis without distributions to the unit holders. Cantargia recognises the fund at cost less any impairment on an ongoing basis, and any gain for Cantargia arises only on the sale of the units. Cantargia considers the risk in the fund to be low. The carrying amount and fair value at the balance sheet date are presented in Note 13.

(b) Credit risk
Credit risk in Cantargia arises through deposits and investments with banks and financial institutions. All bank deposits and investments are held with counterparties with low credit risk. Cantargia is not exposed to any significant credit risk, as all counterparties are large, well known banks.

(c) Liquidity risk
Since starting its operations, Cantargia has been reporting an operating loss and cash flow is expected to remain mainly negative until Cantargia succeeds in generating revenue from a launched product. The company's planned preclinical and clinical studies will entail significant costs and the company's development of its product candidate could prove more time- and cost-consuming than planned. Cantargia will also continue to need significant capital for research and development in order to conduct preclinical and clinical studies with CAN04 and for its continued research into and development of IL1RAP. Access to and the terms and conditions for further financing are affected by several factors, such as the possibility of concluding partnership agreements and general access to risk capital. If Cantargia, wholly or partly, were to fail to acquire sufficient capital, or succeed in doing so only on unfavourable terms, this could have a significant negative impact on the company's operations, financial position and results.

Cantargia uses rolling forecasts to ensure that the company has sufficient cash assets to meet its operational requirements. This monitoring takes the form of reporting to the Board, whereby outcomes and forecasts are compared with the three-year business plan that is produced and approved by the Board each year.

Surplus liquidity in Cantargia, in excess of what is required to manage working capital requirements, is invested in interest-bearing current accounts. At the balance sheet date, Cantargia had short-term investments in six- and twelve-month fixed-rate accounts of kSEK 50,300 and kSEK 0, respectively (kSEK 50,000 and kSEK 50,000, respectively), and kSEK 40,019 (kSEK 20,000) invested in a short-term fixed income fund. In addition to this, Cantargia had bank deposits of kSEK 76,528 (kSEK 149,781) at the balance sheet date.

The following table shows an analysis of Cantargia's financial liabilities by remaining maturity from the balance sheet date. The amounts indicated in the table are the contractual, undiscounted cash flows.

31 December 2018	Less than 2 months	More than 2 months	Total
Trade payables	8,956	-	8,956
Other liabilities	383	-	383
Total	**9,339**	**-**	**9,339**

31 December 2017	Less than 2 months	More than 2 months	Total
Trade payables	20,619	-	20,619
Other liabilities	221	-	221
Total	**20,840**	**-**	**20,840**

(e) Management of capital

To maintain or adjust its capital structure, Cantargia can choose to return capital to the shareholders, issue new shares or sell assets to reduce its liabilities.

In 2018, Cantargia's strategy, which remained unchanged from 2017, was to secure the company's ability to continue as a going concern by running the company's research projects in an optimal manner and thereby generate returns for its shareholders and benefits for other stakeholders. Cantargia also aims to maintain an optimal capital structure in order to keep its capital costs down with a low to minimal risk. Cantargia is mainly engaged in research and development. Prior to the listing of the company's shares on the main list of Nasdaq Stockholm on 25 September 2018, the company's activities were financed through a number of share offerings. Equity is therefore regarded as the company's capital.

NOTE 4
Critical accounting estimates and judgements

The preparation of financial statements and application of accounting policies are often based on judgements, estimates and assumptions made by management that are deemed reasonable at the time when they are made. The estimates and assumptions applied are based on historical experience and other factors which are deemed reasonable under current circumstances. The results of these are then used to determine carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual outcomes may differ from these estimates and assessments.

Estimates and assumptions are reviewed regularly. Any changes are recognised in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both the current and future periods.

The most critical judgement in Cantargia's financial reporting refers to the date of capitalisation of development costs. Based on the accounting policies that are presented in Note 2, all development activities in which Cantargia is engaged are currently classified as research, for which costs should not be capitalised. The achievement of positive results in phase III clinical trials is the earliest point at which the criteria for capitalisation can be considered to be met.

There is no expiration date which limits the use of the company's tax losses. It is, however, uncertain at what point in time it will be possible to use these tax losses to offset taxable profits, as the company has not yet generated any profits. The deferred tax asset arising from the tax loss has therefore not been assigned any value. Changes in ownership and historical and potential future capital acquisitions may limit the amount of tax losses that can be used in future.

NOTE 5
Segment information

Cantargia's chief operating decision maker is the company's Chief Executive Officer (CEO), as it is primarily he who is responsible for the allocation of resources and the evaluation of results. The CEO receives reports containing financial information for Cantargia as a whole. Cantargia has not yet commercialised any part of the development projects in which it is engaged and therefore is not yet generating any income. All activities of Cantargia are considered to constitute a single operating segment.

NOTE 6
Auditors' fees and expenses

Expensed audit fees for the financial year and expensed fees for other services provided by the company's auditors are presented in the following.

	2018	2017
PwC		
Audit engagement*	328	134
Audit services in addition to audit engagement	64	23
Tax advisory services	220	-
Other services **)	2,360	97
Total	**2,972**	**254**

* Audit engagement refers to fees for the statutory audit, i.e. work that has been necessary to produce the auditor's report as well as audit advisory services provided in connection with the audit engagement.

**) Other services refer to advisory and consulting services in connection with Cantargia's transfer from First North to the main list of Nasdaq Stockholm (Small Cap).

NOTE 7
Employee benefits, etc.

Salaries and other benefits and social security contributions

	2018	2017
Salaries and other benefits	6,493	4,728
Social security contributions	1,535	1,389
Retirement benefit costs, defined contribution	2,004	1,874
Other personnel expenses	115	76
Total employee benefits	**10,146**	**8,066**

2018	Salaries and other benefits (of which bonuses)	Retirement benefit costs
Directors, CEO and other senior executives	7,220	1,926
Other employees	926	78
Total	**8,146**	**2,004**
	(794)	

2017	Salaries and other benefits (of which bonuses)	Retirement benefit costs
Directors, CEO and other senior executives	5,074	1,823
Other employees	593	51
Total	**5,667**	**1,874**
	(425)	

Average number of employees

	2018		2017	
	Number of employees	Of which men	Number of employees	Of which men
Sweden	6	3	5	3
Total	**6**	**3**	**5**	**3**

Gender distribution for Directors and other senior executives

	2018		2017	
	Number at balance sheet date	Of which men	Number at balance sheet date	Of which men
Directors	7	4	7	5
CEO and other senior executives	5	4	5	4
Total	**12**	**8**	**12**	**9**

The contract between the company and CEO is subject to six months' notice by either party. Detailed disclosures on benefits for the CEO, Directors and other senior executives are presented in Note 18.

NOTE 8
Operating leases

	2018	2017
Lease payments expensed during the financial year	302	218

The distribution of the nominal value of future minimum lease payments under non-cancellable leases is as follows:

	2018	2017
Due within one year	63	49
Due after more than one year but within five years	-	-
Due after more than five years	-	-
Total	**63**	**49**

Lease expenses refer exclusively to rent for premises.

NOTE 9
Other operating expenses

	2018	2017
Foreign exchange losses, trade payable	-532	-210
Total	**-532**	**-210**

NOTE 10
Financial income and expense

	2018	2017
Interest income and similar income		
Interest income	461	70
Gain/loss on sale of short-term investments	19	-
Value adjustment of short-term investments	-	16
Foreign exchange gains, currency accounts	1,667	-
Total	**2,147**	**86**

	2018	2017
Interest expense and similar charges		
Other interest expense	-1	-2
Impairment of short-term investments	-	-3
Foreign exchange losses, currency accounts	-	-324
Total	**-1**	**-329**

NOTE 11
Income tax

	2018	2017
Current tax		
Current tax on profit for the year	0	0
Adjustments relating to prior years	-	-
Total current tax/income tax	**0**	**0**

The difference between the reported tax expense and the applicable tax rate is explained by the following table.

	2018	2017
Reconciliation of reported tax for the year		
Loss before tax	-91,160	-60,253
Reported tax for the year		
Tax at applicable tax rate, 22% (2017: 22%)	20,055	13,256
Tax effect of non-deductible expenses	-76	-98
Tax effect of non-taxable income	-	3
Tax effect of deductible expenses recognised directly in equity	-	6,207
Tax losses for which no deferred tax asset has been recognised	-19,979	-19,368
Reported tax for the year	**0**	**0**

	2018	2017
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**270,890**	**180,075**
Potential tax benefit, 21.6% (2017: 22%).	**58,512**	**39,617**

There is no expiration date which limits the use of the tax losses. It is, however, uncertain at what point in time it will be possible to use these tax losses to offset taxable profits. The deferred tax asset arising from the tax loss has therefore not been assigned any value.

NOTE 12
Net foreign exchange difference

Foreign exchange differences have been recognised in the statement of comprehensive income as follows:

	2018	2017
Other operating expenses (Note 9)	-532	-210
Interest expense and similar charges (Note 10)	1,667	-324
Total	**1,135**	**-534**

NOTE 13
Other securities held as non-current assets

Non-current assets	
1 January 2017	**2,662**
Deposit	295
Carrying amount, 31 December 2017	**2,957**
Deposit	-
Carrying amount, 31 December 2018	**2,957**

The market value of the above securities at the balance sheet date is kSEK 2,965 (31 Dec 2017: kSEK 3,067).

NOTE 14
Short-term investments

	31 Dec 2018	31 Dec 2017
Fixed-rate account, Sparbanken Skåne	-	50,000
Fixed-rate account, Erik Penser Bank	50,300	50,000
Liquidity funds, Sparbanken Skåne	40,019	20,000
Total	**90,319**	**120,000**

Fixed-rate account, Sparbanken Skåne (31 Dec 2017 fixed for 6 months, 0.1% interest).
Fixed-rate account, Erik Penser Bank, 31 Dec 2018 fixed for 6 months, 0.5% interest.
(31 Dec 2017 fixed 12 months, 0.6% interest).
Liquidity funds, Sparbanken Skåne, low risk category 1.

NOTE 15
Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include the following:	**31 Dec 2018**	**31 Dec 2017**
Available bank deposits		
SEK	71,034	120,922
EUR	5,493	28,859
Total	**76,528**	**149,781**

NOTE 16
Share capital

Ordinary shares	Number of shares (thousands)	Share capital
1 January 2017	20,917	1,673
Issue of new shares	11,158	893
Issue of new shares	14,865	1,189
31 December 2017	46,941	3,755
1 January 2018	46,941	3,755
Issue of new shares	19,245	1,540
31 December 2018	66,186	5,295

At 31 December 2018, the share capital consisted of 66,185,811 shares with a quotient value of SEK 0.08 per share. Each share carries one vote. At 31 December 2017, the share capital consisted of 46,940,508 shares with a quotient value of SEK 0.08 per share. Each share carries one vote.

All shares issued by the parent company are fully paid up. It should be noted that at 31 December 2017 there were 19,245 thousand outstanding interim certificates, which were registered as ordinary shares on 8 January 2018.

NOTE 17
Accrued expenses and deferred income

	31 Dec 2018	31 Dec 2017
Accrued salaries and social security contributions	339	609
Accrued issue costs	-	2,048
Other accrued expenses	6,589	4,460
Total	**6,928**	**7,117**

NOTE 18
Related party disclosures

Related party transactions
Related parties comprise senior executives of the company, i.e. the Board of Directors and management team and their family members, as well as Jöndell Consulting AB.

Cantargia has a research agreement with Lund University, where Thoas Fioretos, one of Cantargia's founders and a Director of the company, is engaged in research. Under the agreement, Thoas Fioretos has undertaken, as part of his employment at Lund University, to conduct projects aimed at obtaining more knowledge about IL1RAP. Cantargia has the right under the agreement to use and, where applicable, take over any and all research results from the two projects at no cost.

From May 2017 until 31 August 2018, Cantargia had a consulting agreement with Jöndell Consulting AB, a company that is wholly owned by the company's CFO. During this period, the CFO was not employed by Cantargia but worked on a consultancy basis in accordance with the agreement. An employment contract between the company and the CFO, effective from 1 September 2018, has been concluded, as a result of which the consulting agreement has ceased to apply.

The company considers that the above agreements have been concluded on market terms.

The following transactions have been made with related parties:

Sale of services	**2018**	**2017**
Lund University (Thoas Fioretos)	463	467
Jöndell Consulting AB	1,549	686
Total	**2,012**	**1,153**

Remuneration of senior executives (see also Note 7)

	2018	**2017**
Salaries and other short-term benefits	5,300	4,134
Post-employment benefits	1,927	1,822
Other long-term benefits	-	-
Termination benefits	-	-
Total	**7,227**	**5,956**

Guidelines
Fees are paid to the Chairman and members of the Board of Directors in accordance with the resolution of the Annual General Meeting. A separate fee is paid for committee work. In essence, the guidelines for remuneration and other terms of employment for management, which are adopted by the shareholders' meeting, stipulate that the company shall offer its senior executives a normal market remuneration, that resolutions on remuneration shall be prepared by a special Remuneration Committee of the Board and that the applicable criteria shall comprise the senior executive's responsibilities, role, expertise and position. Decisions on remuneration of senior executives are made by the Board excluding any Directors who are in a dependent position in relation to the company and management. The guidelines must be applied to new contracts, or to changes to existing contracts that are entered into with senior executives after the adoption of the guidelines and until new or revised guidelines are adopted.
Senior executives may, from time to time, be offered variable remuneration. Such variable remuneration shall consist of normal market remuneration and be based on outcomes for financial and individual targets. The terms and bases of calculation for variable remuneration shall be determined annually.

Variable remuneration is settled in the year after it was earned and can be paid either as salary or as a single pension contribution. In case of payment in the form of a single pension contribution, the amount is adjusted slightly so that the overall cost for Cantargia is neutral. The basic principle is that annual variable remuneration is capped at 20 per cent of the fixed annual salary. For senior executives, the amount of variable remuneration is capped at SEK 500,000 (excluding social security contributions).

Senior executives and other key personnel may be offered long-term variable remuneration for the acquisition of shares of the company. The size of the long-term remuneration scheme depends on the employee's position and ability to influence the development of Cantargia. The beneficiaries are required to use the whole amount of variable remuneration paid under the long-term remuneration scheme, net after tax, to acquire Cantargia shares on the stock exchange. The company pays social security contributions on variable remuneration. Shares acquired through the long-term remuneration scheme will be locked in for a period of three years after the acquisition. The basic principle is that annual variable remuneration under the long-term remuneration scheme is capped at 10 per cent of the fixed annual salary. The sum of all variable remuneration paid to senior executives and other key personnel under the long-term remuneration scheme is capped at SEK 700,000 (excluding social security contributions).

The term of notice in case of termination by Cantargia shall be no more than six months for the Chief Executive Officer and no more than six months for other senior executives. The term of notice in case of termination by the employee shall be at least six months for the CEO and at least three months for other senior executives. In addition to the term of notice, severance pay of up to twelve months' salary and employment benefits may be paid to the CEO.

Salaries and remuneration for the year (see also Note 7)
Salaries, remuneration, social security contributions and retirement benefit costs have been paid in the following amounts:

2018	Fee	Basic salary	Variable remuneration	Retirement benefit cost	Other benefits	Social sec contribu-tions	Total
Magnus Persson, Chairman	445	-	-	-	-	140	**585**
Claus Asbjørn Andersson, Director	240	-	-	-	-	-	**240**
Thoas Fioretos, Director	195	-	-	-	-	61	**256**
Karin Leandersson, Director	210	-	-	-	-	66	**276**
Patricia Delaite, Director	280	-	-	-	-	63	**343**
Anders Martin-Löf, Director	250	-	-	-	-	79	**329**
Corinne Savill, Director	300	-	-	-	-	63	**363**
Göran Forsberg, CEO	-	1,491	424	595	21	597	3,128
Total, Board and CEO	**1,920**	**1,491**	**424**	**595**	**21**	**1,068**	**5,519**
Other senior executives (4 per-sons)	-	3,015	371	1,332	48	986	**5,752**
Total	**1,920**	**4,506**	**794**	**1,927**	**70**	**2,054**	**11,271**

2017	Fee	Basic salary	Variable remuneration	Retirement benefit cost	Other benefits	Social sec contribu-tions	Total
Magnus Persson, Chairman	260	-	-	-	-	82	**342**
Claus Asbjørn Andersson, Director	130	-	-	-	-	41	**171**
Lars H Bruzelius, Director	110	-	-	-	-	35	**145**
Thoas Fioretos, Director	90	-	-	-	-	28	**118**
Karin Leandersson, Director	130	-	-	-	-	41	**171**
Niclas Lundqvist, Director	180	-	-	-	-	57	**237**
Patricia Delaite, Director	40	-	-	-	-	13	**53**
Göran Forsberg, CEO	-	1,290	425	842	9	558	**3,124**
Total, Board and CEO	**940**	**1,290**	**425**	**842**	**9**	**855**	**4,361**
Other senior executives (3 per-sons)	-	2,419	-	981	27	691	**4,118**
Total	**940**	**3,709**	**425**	**1,822**	**36**	**1,546**	**8,479**

Pensions
The retirement age for the CEO is 65 years.

The pension contribution for the CEO is 35 per cent of the pensionable salary. Pensionable salary refers to the fixed monthly salary multiplied by 12.2.

For other senior executives, the retirement age is currently 65 years, in accordance with the applicable ITP Agreement. The pension contribution is calculated in accordance with Section 2 of the ITP Agreement and its contribution tariffs, which are determined by Alecta.

Term of notice and severance pay
The term of notice in case of termination by Cantargia shall be no more than six months for the Chief Executive Officer and no more than six months for other senior executives. The term of notice in case of termination by the employee shall be at least six months for the CEO and at least three months for other senior executives. In addition to the term of notice, severance pay may be paid to the CEO up to a maximum of twelve months' salary and employment benefits.

Directors' fees

The Directors' fees approved at the Annual General Meeting on 31 May 2018 are SEK 430,000 to the Chairman of the Board and SEK 180,000 to each of the other Directors. For the Remuneration Committee, a fee of SEK 30,000 is paid to the committee chairman and SEK 15,000 to each of the other members, and for the Audit Committee SEK 70,000 is paid to the committee chairman and SEK 30,000 to each of the other members. It was also resolved that, for each physical Board meeting (up to a maximum of six meetings) that is held in Sweden and attended by the Director, a meeting fee of SEK 20,000 be paid to each Director living outside the Nordic region. The full amount of Directors' fees has been charged to earnings in 2018 with the exception of expected meeting fees related to physical meetings in 2019 up to the Annual General meeting on 27 May 2019, SEK 120,000 in total.

In 2017, the Chairman of the Board subscribed for 85,000 warrants of series 2017/2020 in accordance with the terms described in Note 19.

NOTE 19

Warrant scheme

Warrant scheme introduced in 2017

TO 2017/2020

At the Annual General Meeting on 30 May 2017, the shareholders approved a directed issue of warrants of series 2017/2020, entitling the holders to subscribe for new shares of Cantargia. The offering, in which the pre-emption rights of existing shareholders were waived, comprised a maximum of 85,000 warrants of series 2017/2020. All warrants were subscribed by the Chairman of the Board, Magnus Persson. The warrants were issued at a price of SEK 0.85 per warrant, which represents the market value of the warrants (warrant premium), as calculated using the Black-Scholes model at 21 July 2017. The calculation of the issue price was made by an independent valuation expert. On 8 January 2018, Cantargia completed a rights issue, which resulted in a restatement of TO 2017/2020.
After restatement, each warrant entitles the holder to subscribe for 1.02 new shares of the company at an exercise price of SEK 11.18 per share. The warrants may be exercised to subscribe for shares during the period 23 June 2020 to 14 July 2020 inclusive. If all warrants are exercised, the number of shares will increase by 86,700 and the share capital will increase by SEK 6,936. This would, based on the company's current share capital, represent a maximum dilution of around 0.1 per cent of the shares and voting rights.

Other than the above, there were no other outstanding warrants, convertibles or other equity-related financial instruments of the company at 31 December 2018.

	2018		2017	
	Average exercise price per warrant (SEK)	**Number of warrants**	**Average exercise price per warrant (SEK)**	**Number of warrants**
1 January	11.35	85,000	-	-
Allocated during the year		-	11.35	85,000
Exercised during the year		-		-
Unexercised warrants expired during the year		-		-
31 December *)	11.40	85,000	11.35	85,000
Exercisable at 31 December	**-**	**-**	**-**	**-**

*) On completion of the rights issue on 8 January 2018, warrant scheme TO 2017/2020 was restated in accordance with the above description under "Warrant scheme introduced in 2017".

Fair value of allocated warrants

The calculated fair value at the allocation date of warrants allocated in 2017 was SEK 0.85 per warrant. The fair value at the allocation date is calculated using an adapted version of the Black-Scholes pricing model. This includes a Monte Carlo simulation model which takes into account the exercise price, the term of the warrant, the dilutive effect (if significant), the share price at the allocation date and expected share price volatility, the expected yield, the risk-free rate for the term of the warrant and the correlation and volatility for a group of comparable companies.

Valuation parameters used for the valuation of warrants allocated in 2017

Parameter	Assumptions
Value of underlying asset (share price)	5.90
Exercise price (SEK)	11.35
Term (years)	2.98
Risk-free rate (continuous capitalisation)	-0.50%
Present value of dividends	0.00
Volatility	50.00%

NOTE 20
Earnings per share

Earnings per share are calculated by dividing the profit/loss for the year by a weighted average number of outstanding ordinary shares during the period.

Cantargia has potential ordinary shares in the form of warrants. These do not have a dilutive effect for 2017 and 2018, as a conversion of warrants into ordinary shares would result in a lower loss per share.

	2018	2017
Profit/loss for the period attributable to parent company shareholders		
Total	**-91,160**	**-60,253**
Weighted average number of outstanding ordinary shares (thousands)	66,186	32,384
Earnings per ordinary share, SEK	-1.38	-1.86

NOTE 21
Appropriation of retained earnings

The Annual General Meeting is asked to decide on the appropriation of the following earnings (SEK).

Loss brought forward	-149,855,119
Share premium account	390,764,977
Loss for the year	-91,159,541
The Board of Directors proposes that the following sum be carried forward:	**149,750,317**

The Board of Directors proposes that no dividend be paid for the financial year 2018.

NOTE 22
Events after the end of the reporting period

In January 2019, the first patient initiated their treatment with the CAN04 antibody in the phase IIa stage of Cantargia's CAN-FOUR study.

In March 2019, Cantargia completed a directed share issue of approximately SEK 106 million to fund expanded clinical development of CAN04.

In April 2019, Cantargia AB announced that phase I clinical data generated with the CAN04 antibody would be presented at the 2019 Annual ASCO Meeting in Chicago on 31 May–3 June 2019.

NOTE 23
Trade payables
Trade payables as at 31 December 2017 includes invoices in respect of issue costs of kSEK 17,610 for share offerings completed in 2017.

NOTE 24
Operating expenses by nature of expense

	2018	2017
Project costs	-66,159	-44,819
Other external expenses	-16,467	-6,917
Personnel expenses	-10147	-8,064
Other operating expenses	-532	-210
Total	**-93,305**	**-60,009**

As of the year-end report 2018, operating expenses are presented based on a classification into the functions "Research and development costs, "Administrative expenses" and "Other operating expenses". On a "by nature" basis, the sum of expenses by function is distributed as follows.

NOTE 25
Partnership agreements

Panorama Research Inc.
In June 2017, the company concluded an initial partnership agreement with Panorama Research Inc. ("Panorama") for development of Cantargia's CANxx project, with a focus on autoimmune and inflammatory diseases. Under the agreement, it is envisaged that Cantargia will, subject to the provisions of a final partnership agreement, be responsible for preclinical and clinical development as well as for some production activities. Under the agreement, it is envisaged that Panorama will be entitled to a certain fixed compensation on achievement of certain research objectives as well as to a certain portion of any payments from potential future partners. This portion may be gradually decreased in the event that the project achieves certain predefined milestones.

BioWa Inc.
In 2015, Cantargia entered into a licence agreement with BioWa Inc. ("BioWa"). The agreement gives Cantargia a non-exclusive licence to use the POTELLIGENT® technology platform for manufacture of the CAN04 drug candidate. For the licence, Cantargia pays an annual fixed fee and incrementally increasing sales-based royalties. Under the terms of the agreement, BioWa is also entitled to milestone payments on achievement of certain clinical, regulatory and commercial interim goals.

SIGNATURES

The annual accounts have been prepared in accordance with generally accepted accounting standards and provide a true and fair view of the company's financial position and results. The Directors' Report for the company gives a true and fair overview of the performance, financial position and earnings of the company, and describes significant risks and uncertainties faced by the company. The income statement and balance sheet will be presented for adoption at the Annual General Meeting on 27 May 2019.

Lund, 30 April 2019.

Magnus Persson
Chairman

Claus Asbjørn Andersson

Karin Leandersson

Thoas Fioretos

Patricia Delaite

Anders Martin-Löf

Corinne Savill

Göran Forsberg
Chief Executive Officer

We presented our auditor's report on 30 April 2019.
Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Cantargia AB (publ),
corporate identity number 556791-6019

REPORT ON THE ANNUAL ACCOUNTS

Opinions

We have audited the annual accounts of Cantargia AB (publ) for the year 2018. The annual accounts of the company are included on pages 27-59 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Cantargia AB as of 31 December 2018 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.
We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Cantargia AB.
Our opinions in this report on the annual accounts are consistent with the content of the additional report that has been submitted to the company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Cantargia AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of

materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	*How our audit considered the Key audit matter*
Research and development expenses- cut-off and completeness The expenses for the company´s research and development activities during the financial year 2018 totaled approximately SEK 77 million, which corresponds to approximately 82% of the company´s total. The expenses consist of mainly personnel related expenses and external expenses for the clinical work that is being conducted. In our audit we have focused on these expenses since they are material amounts and that there is a risk regarding the completeness, the cut-off and the accuracy.	Our audit of the expenses of research and development has included, but is not limited to, the following measures: ▪ Obtained an understanding of the company´s routines, business monitoring and internal control ▪ Testing of internal controls for approval of payment of invoices and salaries. ▪ Checked and performed detail testing against invoice documentation, agreements and other supporting financial documentation. ▪ Requested and received external confirmations from suppliers of the year´s purchases and size of outgoing accounts payable as per December 31, 2018. ▪ Performed detailed testing of salaries. Analyzed costs based on our knowledge of the business and follow up of the company´s internal reports.

Other information than the annual report

This document also contains information other than the annual report and can be found on page 1-26 and 69-76. It is the Board of Directors and the President who are responsible for this other information. Our statement regarding the annual report, it is our responsibility to read the information identified above and consider whether the information is to a significant extent incompatible with the annual report. On this review, we also consider the knowledge we have otherwise obtained during the audit and assess whether the information in general appears to contain material misstatements. If, based on the work done on this information, we conclude that the other information contains a material misstatement, we are required to report it. We have nothing to report in that regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.
In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Director's and the Managing Director of Cantargia AB for the year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Cantargia AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Cantargia AB by the general meeting of the shareholders on 31 May 2018 and has been the company's auditor since 13 January 2010.

Stockholm, 30 April 2019

Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized Public Accountant
Auditor in charge

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

CANTARGIA AB (publ) ("Cantargia" or "the Company") is a Swedish public limited company listed on Nasdaq Stockholm. Cantargia's corporate governance is based on Swedish law, Nasdaq Stockholm's rules for issuers and internal rules and regulations. The company also applies the Swedish Corporate Governance Code ("the Code"). The Code is available at www.bolagsstyrning.se.

Application of the Code

The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The Company is not required to comply with all rules in the Code, as the Code itself allows for deviations from the rules, provided that any such deviations, and the chosen solution, are described and the reasons for the deviation are explained in the corporate governance report (in accordance with the 'comply or explain' principle). The Company has currently not identified any deviations from the Code.

Shareholders

Cantargia's shares have been listed for trading on Nasdaq Stockholm, Small Cap since 25 September 2018. At 31 December 2018, the total number of shares and voting rights in the Company was 66,185,811, represented by 5,000 shareholders. For further information on the Company's ownership structure and major shareholders, see page 30 of the annual report.

Shareholders' meetings

In accordance with the Swedish Companies Act, the shareholders' meeting is the company's highest decision-making body. At a shareholders' meeting the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, the appropriation of the company's earnings, release from liability for the members of the Board and the Chief Executive Officer, the election of Directors and auditors, and remuneration of Directors and the auditors. Under Cantargia's Articles of Association, notice of a shareholders' meeting is given by advertisement in Post- och Inrikes Tidningar and through publication of the notice on the Company's website. When notice is given, this must be advertised simultaneously in Svenska Dagbladet.

Shareholders who wish to participate in the negotiations at a shareholders' meeting must be registered in the share register maintained by Euroclear Sweden AB five weekdays before the meeting and register to attend the shareholders' meeting with the Company by the date indicated in the notice of the meeting. Shareholders can attend the meeting personally or by proxy and can be assisted by up to two persons. A shareholder has the right to vote all shares held. Each share in Cantargia entitles the holder to one vote. Shareholders who wish to request that a particular issue be addressed at a shareholders' meeting must submit a written request to the Board of Directors.

Nomination Committee

Under a resolution of the Annual General Meeting of Cantargia on 31 May 2018, the Chairman of the Board is required, prior to the Annual General Meeting 2019, to convene, based on the ownership of Cantargia at 30 September 2018, a Nomination Committee consisting of one representative for each of the three largest shareholders of the Company as well as the Chairman of the Board. In accordance with these principles, the following Directors have been appointed:

- Sten Verland, appointed by Sunstone Life Science Ven tures
- Mats Larsson, appointed by the First Swedish National Pension Fund (AP1)
- Jannis Kitsakis, appointed by the Fourth Swedish National Pension Fund (AP4)
- Magnus Persson, Chairman of the Board

The Nomination Committee has appointed Sten Verland as its chairman. The Nomination Committee is required to perform the duties assigned to it under the Code and held four meetings prior to the Annual General Meeting 2019. The Nomination Committee's complete proposals for the 2019 AGM will be published in connection with the notice of AGM.

Board of Directors

Under Cantargia's Articles of Association, the Board of Directors shall, insofar as it is elected by the shareholders' meeting, consist of not less than three and not more than eight Directors, with no deputies. Currently, the Company's Board of Directors consists of seven ordinary Directors, including the Chairman, who have been elected by the shareholders' meeting until the period of the end of the 2019 AGM. The composition of Cantargia's Board of Directors is considered to meet the requirements of the Code in respect of independence of the Company and of the Company's major shareholders. For a detailed presentation of the Directors, see pages 69–70 of the annual report.

			Independence of		Attendance			Total Director's fee 2018, kSEK
Name	Position	Member since	The Company and management	Major shareholders	Board meetings	Audit Committee meetings	Remuneration Committee meetings	
Magnus Persson	Chairman	2016	Yes	Yes	14/14	-	3/3	445
Claus Asbjørn Andersson	Director	2013	Yes	Yes	14/14	4/4	-	240
Patricia Delaite 1)	Director	2017	Yes	Yes	8/14	-	-	280
Thoas Fioretos	Director	2010	Yes	Yes	12/14	-	2/3	195
Karin Leandersson	Director	2016	Yes	Yes	13/14	4/4	-	210
Anders Martin-Löf 2)	Director	2018	Yes	Yes	5/6	2/2	-	250
Corinne Savill 3)	Director	2018	Yes	Yes	4/6	-	-	300
Lars Bruzelius 4)	Director	2013	Yes	Yes	7/8	-	3/3	-
Niclas Lundqvist 4)	Director	2016	Yes	Yes	7/8	2/2	-	-

1) Director's fee including kSEK 100 in separate meeting fees. See "Remuneration" below for physical Board meetings held and planned.
2) Elected to the Board at the 2018 AGM on 31 May 2018.
3) Elected to the Board at the 2018 AGM on 31 May 2018. Director's fee including kSEK 120 in separate meeting fees. See "Remuneration" below for physical Board meetings held and planned.
4) Director until the 2018 AGM on 31 May 2018.

Responsibilities and work of the Board

Under the Companies Act, the Board of Directors is responsible for the Company's administration and organisation, which means that it is responsible for adopting goals and strategies, ensuring that procedures and systems for evaluating adopted goals are put in place, monitoring the Company's results and financial position, and evaluating its operational management. Under the Code, the Chairman of the Board shall be elected by the AGM and hold a special responsibility for leading the work of the Board and ensuring that the Board operates in an organised and effective manner.

The Board of Directors operates in accordance with written rules of procedure which are reviewed and adopted annually at the inaugural Board meeting. The rules of procedure regulate Board practices, functions and the division of responsibilities between the Board and CEO, and between the Board and its committees. In connection with the inaugural Board meeting after each Annual General Meeting, the Board also adopts the terms of reference for the Chief Executive Officer, which include instructions for financial reporting. The Board convenes in accordance with a schedule that is defined annually. In addition to these Board meetings, further meetings can be convened to address issues which cannot be deferred to the next regular meeting.

In 2018, the Board convened on 14 occasions, including seven telephone meetings or meetings by correspondence.

The Directors' attendance is shown in the table above. The activities of the Board in 2018 were dominated by discussions and strategic decisions on matters relating to the Company's product development, in particular its main project CAN04 and the successor project CANxx. The Board also adopted resolutions on Cantargia's move to the main list of Nasdaq Stockholm, a business plan with financial targets, risk management, the dividend policy and financial reports.

Board committees

The Board has established an Audit Committee and a Remuneration Committee. The members of the committees are appointed at the inaugural Board meeting and the committees' activities and authority are regulated in the committees' terms of reference. The matters addressed at the meetings of the committees are minuted and a report is presented at the following meeting of the Board.

Audit Committee

The Company's Audit Committee consists of three members: Anders Martin-Löf (Chairman), Claus Asbjørn Andersson and Karin Leandersson. The Audit Committee shall, without prejudice to other responsibilities and duties of the Board, monitor the Company's financial reporting, monitor the effective-

ness of the Company's internal control, internal auditing and risk management, keep itself informed on the audit of the annual accounts and consolidated financial statements, and on the conclusions presented in the quality control report of the Swedish Inspectorate of Auditors, assess and monitor the impartiality and independence of the auditor, paying particular attention to whether the auditor provides other services than auditing to the Company, and assist in drafting proposed resolutions on the choice of auditors for adoption by the shareholders' meeting.

Remuneration Committee

The Company's Remuneration Committee consists of three members: Claus Asbjørn Andersson (Chairman), Magnus Persson and Thoas Fioretos, and is tasked with preparing proposals for remuneration principles, and remuneration and other terms of employment for the CEO and other senior executives.

Remuneration

Fees and other remuneration of Directors, including the Chairman, are set by the shareholders' meeting. At the Annual General Meeting on 31 May 2018, it was resolved that Directors' fees of SEK 430,000 to the Chairman of the Board and SEK 180,000 to each of the other ordinary Directors be paid for the period until the end of the Annual General Meeting 2019. It was also resolved that the Chairman of the Audit Committee should receive SEK 70,000 and the other members of the Audit Committee SEK 30,000 each, and that the Chairman of the Remuneration Committee receive SEK 30,000 and the other members of the Remuneration Committee SEK 15,000 each. It was further resolved that, for each physical Board meeting (up to a maximum of six meetings) that is held in Sweden and attended by the Director, a meeting fee of SEK 20,000 be paid to each Director living outside the Nordic region.

Evaluation

The Chairman of the Board ensures that an annual evaluation of the work of the Board is carried out in which the Directors are given an opportunity to present their views on Board practices, Board meeting materials, their own and other Directors' contributions as well as the scope of the duties. The results of the evaluation have been discussed by the Board and presented by the Chairman of the Board to the Nomination Committee. It is considered that the combined expertise of the Board is appropriate for the Company's activities and goals. The Board is considered to function very well, with all members making constructive contributions to discussions on strategy as well as the governance of the Company. The dialogue between the Board and management is also considered to be good. The Board continually evaluates the work of the Chief Executive Officer by monitoring the company's progress towards the defined goals.

Chief Executive Officer and management

The Chief Executive Officer reports to the Board of Directors and is responsible for the Company's day-to-day management and the operations of the Company. The division of responsibilities between the Board and CEO is defined in the rules of procedure for the Board and the terms of reference for the CEO. Under the instructions for financial reporting, the CEO is responsible for financial reporting in the Company and is therefore required to ensure that the Board receives sufficient information to enable it continuously to evaluate the Company's financial position. The CEO shall keep the Board continuously informed about the development of the Company's business, its sales performance, earnings and financial position, its liquidity and credit situation, significant business events and any other event, circumstance or relationship that may be of material importance to the Company's shareholders.

To assist him in his activities, the CEO has appointed a management team. For a more detailed presentation of the CEO and other members of the management team, see pages 71–72 in the annual report.

Remuneration

At the Annual General Meeting on 31 May 2018, it was resolved to adopt guidelines for remuneration of the CEO and other senior executives in accordance with what is stated on page 54 of the annual report.

For information on the remuneration paid to the CEO and other senior executives in the financial year 2018, see Note 7 on page 49 as well as Note 18 on page 53 of the annual report.

Auditor

The auditor is tasked with examining the Company's annual report and accounts as well as the Board of Directors' and CEO's management of the Company. Under the Company's Articles of Association, the Company may have up to two auditors with or without deputy auditors. The company's auditors are Öhrlings PricewaterhouseCoopers AB with Ola Bjärehäll as auditor-in-charge. For information on the remuneration paid to the auditor in the financial year 2018, see Note 6 on page 48 of the annual report.

Authorisation to issue shares

At the Annual General Meeting of the Company on 31 May 2018 it was resolved to authorise the Board, during the period until the next AGM, on or one or several occasions and with or without pre-emption rights for existing shareholders, to decide to issue new shares, provided that such issuance not comprise more than ten per cent of the number of outstanding shares of the Company on the day of the AGM. It shall also be possible to stipulate that such new shares be issued for non-cash consideration or paid for by means of set-off or subject to other terms and conditions.

Incentive scheme

At the Annual General Meeting of the Company on 31 May 2018 it was resolved to introduce an incentive scheme for senior executives and key personnel of the Company. The incentive scheme has been implemented with the aim of

providing longer-term incentives for the Company's management team and to promote investments in and ownership of the Company's shares. It is the intention of the Board that the scheme be a recurring annual scheme.

Under the scheme, participants are offered variable long-term remuneration in the form of a group bonus that must be used to acquire shares of the Company. The scheme is based on that or those annual bonus targets which are defined by the Board for the Company and which refer to the Company's activities, financial key performance indicators and internal processes. Target achievement will be assessed by the Company's Board of Directors in connection with the adoption of the annual report for each year. When the target achievement has been determined by the Board of Directors, the amount due to each participant in the scheme will be paid out, and the participant will then be required to acquire shares as soon as possible. Participants must use the full amount of remuneration received under the scheme to acquire shares of the Company in the stock market.

For further information about the scheme, see Note 18 on page 54 of the annual report.

Internal control in respect of financial reporting

The Board of Directors is responsible for ensuring that Cantargia has good internal control and adequate, formalised procedures for ensuring compliance with adopted principles for financial reporting. The general purpose of the internal control system is to obtain reasonable assurance that the Company's operational strategies and goals are monitored and that the owners' investments are protected. The internal control system should also ensure with a reasonable degree of certainty that the Company's external financial reports are reliable and correct and have been prepared in accordance with generally accepted accounting policies, applicable laws and regulations as well as other requirements applying to companies listed on Nasdaq Stockholm.

The Company monitors, follows and manages any risks in accordance with a risk management and corporate governance policy that is evaluated on an ongoing basis and adopted annually by the Board of Directors. Cantargia has decided to adopt the COSO framework, which is the most widely accepted internal control framework for financial reporting. The framework consists of five components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment and risk assessment

The Board of Directors has adopted a number of policies, governing documents and instructions with the aim of creating and maintaining a functioning control environment. This is achieved mainly through the rules of procedure for the Board of Directors, the terms of reference for the Chief Executive Officer, the rules of procedure for the Audit Committee, the instructions for financial reporting, the Company's accounting manual and the authorisation manual. The Company's policies and governing documents are evaluated on an ongoing basis and adopted annually by the Board of Directors. The Board has also established an Audit Committee, which, among other duties, is tasked with monitoring the Company's financial position and the effectiveness of the internal control and risk management systems. Responsibility for the day-to-day internal control activities in respect of financial reporting has been delegated to the Company's Chief Executive Officer.

Cantargia's Board of Directors is also required to carry out an annual risk assessment in respect of strategic, operational, legal and financial risks to identify potential issues and assess the Company's risk exposure. The Audit Committee is responsible for evaluating the Company's risk situation on an ongoing basis and shall assist the Board by submitting proposals for the management of the Company's financial risk exposure and risk management. In view of the Company's uncomplicated legal and operational structure, the Board has chosen not to establish a separate internal audit function.

Information and communication, and control activities

The Company's information and communication paths are aimed at ensuring the accuracy of financial reporting and enabling reporting and feedback from the business to the Board and management, for example be ensuring that governing documents in the form of internal policies, guidelines and instructions for financial reporting are made available to and are known by the employees concerned. With regard to external communications, guidelines have been prepared to ensure that the Company meets the relevant disclosure requirements. The CEO is responsible for external communications.

The Board is responsible for control and monitoring of the CEO's risk management activities. This is done through reviews and monitoring of the Company's governing documents related to risk management and, for example, through reviews and assessments by the Board of adopted decisions. The effectiveness of the control activities is evaluated annually and the results of these evaluations are reported to the Board and Audit Committee.

Monitoring

The CEO ensures that the Board receives regular reports on the results of the risk assessment, identified financial risks and processes, and the development of the Company's business. The Board also follows up the assessment of the internal control system, partly through contacts with the Company's auditor.

[1] Committee of Sponsoring Organizations of the Threadway Commission.

THE AUDITORS' EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

To the general meeting of the shareholders of Cantargia AB (publ), org.nr 556791-6019

Engagement and responsibility

The Board of Directors is responsible for the Corporate Governance Report for the year 2018 on pages 63-67 of the printed version of this document hav¬ing been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination of the corporate governance report is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance report is different and sub¬stantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, the second paragraph, points 2-6 of the Annual Accounts Act are consistent with the other parts of the annual accounts and are in accordance with the Annual Accounts Act.

Stockholm, April 30, 2019

PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized public accountant
Auditor in charge

BOARD OF DIRECTORS, SENIOR EXECUTIVES AND AUDITORS

BOARD OF DIRECTORS

Under Cantargia's Articles of Association, the Board of Directors shall consist of at least three and no more than eight Directors. At the Annual General Meeting on 31 May 2018, it was resolved that the Board should consist of seven ordinary Directors with no deputies. The Directors have been elected for the period until the end of the Annual General Meeting 2019.

Magnus Persson

Chairman of the Board since 2016, born 1960. Member of the Remuneration Committee. Number of shares: 44,976. Number of warrants 2017/2020: 85,000

Magnus Persson is a physician and Associate Professor of Physiology at the Karolinska Institute in Stockholm. He has extensive experience in medicine, life science and biotech financing, and has led development teams in phase II and III programmes in the pharmaceutical industry. He has also founded and led private- and public-sector biotech and medtech companies in Europe and the United States as Chairman and Director, and has been involved in about ten IPOs.

Magnus Persson is Chairman of Attgeno AB, SLS Invest AB, Galecto Biotech AB, Perma Ventures AB, Addi Medical AB and Addi Optioner AB, and is a Director of Immunicum Aktiebolag, Karolinska Development AB, Själbådan AB, Gyros Protein Technologies Holding AB as well as Cerecor Inc. and Medical Prognosis Institute A/S.

Independent of the company and management and of the company's major shareholders.

Karin Leandersson

Director since 2016, born 1972. Member of the Audit Committee. Number of shares: 0

Karin Leandersson is Professor of Tumour Immunology at the Faculty of Medicine of Lund University. She has broad experience in cancer research in the areas of tumour immunology and tumour inflammation in solid tumours, and especially in breast cancer. She has also authored around 40 scientific publications in international journals.

Independent of the company and management and of the company's major shareholders.

Anders Martin-Löf

Director since 2018, born 1971. Chairman of the Audit Committee. Number of shares: 12,000

Anders Martin-Löf has long experience as a CFO of companies listed on the Stockholm Stock Exchange. He is CFO of Oncopeptides AB (publ) and has previously been CFO of Wilson Therapeutics. Prior to that, he was CFO of RaySearch Laboratories and he has also been in charge of investor relations and has held various positions in business development at Swedish Orphan Biovitrum. He has a M.Sc. in Economics and Business from Stockholm University and a M.Sc. in Engineering Physics from the KTH Royal Institute of Technology in Stockholm.

Anders Martin-Löf is a Deputy Director of Lisa Martin-Löf Konsultbyrå AB.

Independent of the company and management and of the company's major shareholders.

Thoas Fioretos

Director since 2010, born 1962. Member of the Remuneration Committee. Number of shares: 732,600

Thoas Fioretos is a professor and chief physician at the Department of Clinical Genetics at Lund University. His work is focused on molecular and functional studies of genetic changes in leukemia and on how such changes can be used for diagnostic and therapeutic purposes. Thoas Fioretos has authored more than 110 scientific articles and is one of the founders of Cantargia AB and of the bioinformatics company Qlucore AB.

Thoas Fioretos is a Director of Qlucore AB and a Deputy Director of Neodos AB. Independent of the company and management and of the company's major shareholders.

Claus Asbjørn Andersson

Director since 2013, born 1968. Chairman of the Remuneration Committee and member of the Audit Committee. Number of shares: 0

Claus Asbjørn Andersson is a partner of Sunstone Life Science Ventures, a holding company which manages billion-dollar venture funds. He has a M.Sc. in Chemical Engineering from the Technical University of Denmark and a Ph.D. in Mathematical Statistics from the University of Copenhagen and the Humboldt University of Berlin. Claus Asbjørn Andersson has so far founded two European and two Danish start-ups. He has been part of Sunstone Life Sciences since its founding in 2007 and is an active member of the International Venture Club and a direct advisor to the European Commission.

Claus Asbjørn Andersson is a Director of FBC Device ApS, Acarix A/S and Acarix AB, 10 Biotech ApS as well as Sunstone Capital A/S and Sunstone Life Science Ventures A/S. He is CEO of Asbjørn Andersson ApS, Abinitio ApS and Parsimoneous Holding ApS.

Independent of the company and management and of the company's major shareholders.

Patricia Delaite

Director since 2017, born 1963. Number of shares: 0

Patricia Delaite has a M.D. and MBA from the universities of Geneva and Lausanne. She is currently Chief Medical Officer at AMAL Therapeutics in Geneva and has previously held senior positions at companies including Incyte Biosciences International, Ariad Pharmaceutical, Novartis and Eli Lilly. Patricia Delaite also has experience of clinical development and research at the Geneva University Hospital.

Independent of the company and management and of the company's major shareholders.

Corinne Savill

Director since 2018, born 1959. Number of shares: 0

Corinne Savill has a B.Sc. in Biochemistry from the University of Manchester and did her postgraduate studies at University College, the Middlesex School of Medicine (Ph.D.) and the Charing Cross Sunley Research Centre in London. Corinne is currently Chief Business Officer at oncology-focused Cullinan Pharmaceuticals. Prior to that, she was Head of Business Development and Licensing at Novartis Pharmaceuticals.

Independent of the company and management and of the company's major shareholders.

SENIOR EXECUTIVES

Göran Forsberg

CEO since 2014, born 1963. Number of shares: 83,648

Göran Forsberg, who holds a Ph.D. in Biochemistry, is an Associate Professor and has authored more than 40 scientific publications. He has held various positions in research and development as well as business development and investor relations at pharmaceutical and biotech firms for 30 years, notably at KabiGen, Pharmacia, Active Biotech and the University of Adelaide in Australia. He has extensive experience of leading drug development and clinical trials with a special focus on oncology. Göran Forsberg has been a Director of Isogenica Ltd since 2011.

Liselotte Larsson

VP Operations since 2014, born 1963. Number of shares: 25,800

Liselotte Larsson has a M.Sc. in Chemical Engineering and a Ph.D. in Biotechnology, and has extensive experience from senior positions in pharmaceutical and biotech companies, including BioGaia Fermentation AB, Novozymes Biopharma AB, Camurus AB and Life Science Foresight Institute. She has worked mainly on business development, marketing and sales/licensing, ISO certification, GMP manufacturing and general project management.

Lars Thorsson

VP Clinical Development since 2015, born 1961. Number of shares: 51,852

Lars Thorsson graduated with a Ph.D. in Clinical Pharmacology in 1998 and has more than 30 years' experience of working in the pharmaceutical industry with responsibility for clinical studies as well as project management in several development phases in the AstraZeneca Group. Before joining Cantargia, Lars Thorsson worked at Novo Nordisk A/S as Senior Clinical Pharmacology Scientist with responsibility for preparation and implementation of clinical pharmacological studies in development projects. He has also been in charge of evaluation and documentation of new substances and has experience of regulatory work and contacts with regulators.

David Liberg

VP Cancer Research since 2015, born 1969. Number of shares: 6,000

David Liberg graduated with a Ph.D. in 2001 and has nearly 20 years' research experience in immunology and tumour biology. Over the past 13 years, he has been working in the pharmaceutical industry where he has been in charge of early research projects and activities in tumour immunology. David Liberg has extensive experience of cancer projects in the preclinical phase. His previous appointment was with Active Biotech AB, where we was Project Manager Drug Development and Head of Cell Biology and Biochemistry. He has previously worked as a researcher at Imperial College in the UK and at Lund University.

Bengt Jöndell

CFO since 2017, born 1960. Number of shares: 61,000

Bengt Jöndell has a M.Sc. in Economics and Business from Lund University and a M.Sc. in Chemical Engineering from the Faculty of Engineering at Lund University. He has long experience from the pharmaceutical industry and related businesses, where he has held various senior financial positions, most recently as CFO of Enzymatica AB. Prior to that, he held roles such as CFO and CAO of BTJ Group AB, Senior Financial Advisor for medtech company BoneSupport, CFO/CAO for Inpac, Business Controller at Pharmacia & Upjohn Consumer Healthcare, Pharmacia Consumer Pharma and Kabi Pharmacia Nicorette.

Other disclosures on Directors and senior executives

There are no family connections among any Directors or senior executives. There are no conflicts of interest or potential conflicts of interest between the Directors' and senior executives' undertakings to the company and their private interests and/or other undertakings. As shown above, some Directors and senior executives have financial interests in the company in the form of shareholdings. None of the Directors or senior executives have in the last five years participated or been involved in any bankruptcy, liquidation or administration proceedings in the capacity of Director or senior executive of a company. None of the Directors or senior executives have in the last five years been accused of and/or been subject to any sanction from a public authority, professional association or similar body, been disqualified from engaging in business activities or otherwise been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of or from acting in the management or conduct of the affairs any company. There exist no special agreements on post-employment benefits for the current Directors or senior executives. All Directors and senior executives can be contacted at the company's address: Medicon Village, Scheelevägen 2, SE-223 81 Lund, Sweden.

Auditors

At the Annual General Meeting on 31 May 2018, Öhrlings PricewaterhouseCoopers AB were appointed as auditors for the Company for the period until the end of the Annual General Meeting 2019. Ola Bjärehäll (born 1974) is auditor-in-charge. He is an Authorised Public Accountant and a member of FAR, the professional institute for accountants in Sweden. Ola Bjärehäll has been the company's auditor-in-charge since the 2018 AGM.

ANNUAL GENERAL MEETING AND FINANCIAL CALENDAR

Cantargia's Annual General Meeting will be held on Monday 27 May 2019, at 4 p.m., at Medicon Village, Scheelevägen 2 in Lund, Sweden. Shareholders wishing to take part in the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB by Tuesday 21 May 2019, and register their attendance with the company no later than Tuesday 21 May 2019 by writing to Cantargia AB, Medicon Village, Scheelevägen 2, 223 81 Lund. Shareholders can also be register by phone on +46 (0)46-27 56 260 or by e-mail at info@cantargia.com. Shareholders whose shareholdings are registered with a nominee must, to be entitled to attend the AGM, ensure that their shareholding is temporarily re-registered in their own name with Euroclear Sweden AB in good time before Tuesday 21 May 2019.

2019-05-27	Interim report 1
2019-05-27	Annual General Meeting
2019-08-22	Half-year report
2019-11-15	Interim report 3
2020-02-27	Year-end report for 2019

Cantargia

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