

# INTERIM REPORT

January - June 2019

## Increased international attention

### SECOND QUARTER 2019

- Net sales, kSEK 0 (0)
- Operating loss, kSEK -25,196 (-28,563)
- Loss after tax, kSEK -25,012 (-28,147)
- Loss per share, before and after dilution, SEK -0.34 (-0.43)

### HALF-YEAR 2019

- Net sales, kSEK 0 (0)
- Operating loss, kSEK -48,857 (-43,812)
- Loss after tax, kSEK -48,533 (-41,846)
- Loss per share, before and after dilution, SEK -0.70 (-0.63)
- Equity/assets ratio, 91 (93) per cent
- Cash and cash equivalents, kSEK 59,174 (102,786)
- Short-term investments, kSEK 160,019 (110,000)

### Significant events in the second quarter

- In May 2019, Cantargia AB and Patheon Biologics B.V. (a part of ThermoFischer Scientific) signed an agreement on future production of the CANO4 antibody.
- In May 2019, Cantargia announced new preclinical results showing positive effects when the CANO4 antibody is combined with various platinum-based chemotherapies.
- New phase I clinical data on Cantargia's antibody CANO4 (nidanilimab) were presented June 2 in an oral session at the 2019 ASCO Annual Meeting.

### Significant events after the end of the period

- Cantargia announced in July full recruitment of CANO4 monotherapy arm in the ongoing phase IIa clinical trial.

### Comments on significant events

In the second quarter, Cantargia signed an agreement on long-term production of CANO4, which will ensure large-scale production capacity in preparation for coming clinical studies. Patheon will initiate the partnership with process development and scaling-up to 2,000 litres.

New preclinical results show that CANO4 in combination with platinum-based chemotherapies generates enhanced anti-tumour effects and mitigates the toxicity of the chemotherapy. In the ongoing clinical study CANO4 is combined with one such drug, cisplatin.

Phase I clinical data were presented at the international ASCO cancer conference in Chicago. In summary, the data show that the CANO4 treatment was associated with good safety, had a positive effect on important biomarkers and stabilised the disease in 43 % of the patients.

To take advantage of the rapid recruitment in the study, up to 12 additional patients are planned to be included to investigate safety and biomarkers at a higher dose level, 15 mg/kg. Documentation of safety at higher dose levels than used in phase II provides long term advantages e.g. regarding safety margins.

## CHIEF EXECUTIVE'S REVIEW

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### *Increased international attention*



The year has started well for Cantargia. We are in a strong financial position and are engaged in an ongoing clinical phase IIa study in Europe. We have also initiated preparations for clinical trials in the US and have signed an important new production agreement. A real highlight is the increased international attention that Cantargia has attracted after our clinical data were presented at ASCO, the year's most important scientific conference on cancer research. Our level of activity is thus high, and we have high expectations for the future.

Cantargia's ongoing CANFOUR clinical phase IIa study has had a good start and there is a strong interest from hospitals and patients to participate. One part of the study is looking at monotherapy with CAN04 in patients with lung cancer or pancreatic cancer. The inclusion of patients in that part of the study was completed much faster than planned and we expect to be able to present results already in the fourth quarter of 2019. Based on the data generated so far, we have high hopes that CAN04 will improve the effects of established cancer therapies. This is important for commercial reasons, as tomorrow's cancer care will to a large extent be based on combination treatments. The CANFOUR study looks at combination with chemotherapies, which have produced promising results in preclinical models. This part of the study will take longer, however, as we need to document safety in a small number of patients at each dose level before including a large number of patients.

A major highlight was the presentation of clinical phase I results for CAN04 at the ASCO conference in Chicago. The international attention which CAN04 has attracted is of great importance for Cantargia and the CAN04 project. The ASCO conference brings together leading medical experts in cancer care, pharmaceutical companies, investors and market analysts. We have always placed a strong emphasis on participation in international events and Cantargia has now definitely earned a place on the world stage. We will of course work hard to make the most of our new strategic position.

Our level of ambition is high, and I very much look forward to further strengthening our position in the short term as well as the long term.

*Göran Forsberg*  
CEO, Cantargia AB

## ABOUT CANTARGIA

Cantargia is a Swedish biotech company developing targeted antibody-based treatments – immune therapy – for life-threatening diseases. The research and development of Cantargia is centered around the target molecule IL1RAP, which has a role in cancer development. Thanks to the significant research advances made in recent years, immunotherapy is now a new type of cancer treatment along with surgery, radiotherapy and chemotherapy. Intensive research is being conducted in the area and new findings are continuously being presented.

Cantargia's immune therapy against IL1RAP is unique, as it has a double mechanism of action that attacks the cancer cells directly while also suppressing tumour inflammation, which is one of the key drivers of tumour progression. The company is currently focusing on two forms of cancer where there is a big need – non-small cell lung cancer and pancreatic cancer. Lung cancer is the cancer form that has the highest mortality and non-small cell lung cancer is the most common form of the disease. Pancreatic cancer also has a poor prognosis. Most patients is diagnosed at a late stage where the possibility of cure is low and there has been little progress in new treatments.

Targeted antibody treatments increase the possibilities of finding an effective treatment with fewer side effects for patients. Cantargia's objective for CAN04 is clear: to develop a new drug which, as monotherapy or in combination with other drugs, can become an important part of tomorrow's cancer treatment.

In a parallel project, the company is developing other antibodies with the aim of entering another important disease area: autoimmune/inflammatory diseases. Named CANxx, the project is aimed at enabling the company to select a product candidate in 2019.

### Vision

Cantargia's vision is to become an important part of tomorrow's more effective cancer treatment by developing a new generation of targeted immune therapies. Our ambition is to broaden the use of the technology to several disease areas with significant medical needs, such as autoimmune/inflammatory diseases.

### Strategy

Cantargia is a virtual company that has concluded partnership agreements with several other companies, hospitals and academic groups. Currently, more than 30 different players are involved in research and development of our lead candidate, CAN04. We work with both international and local partners.

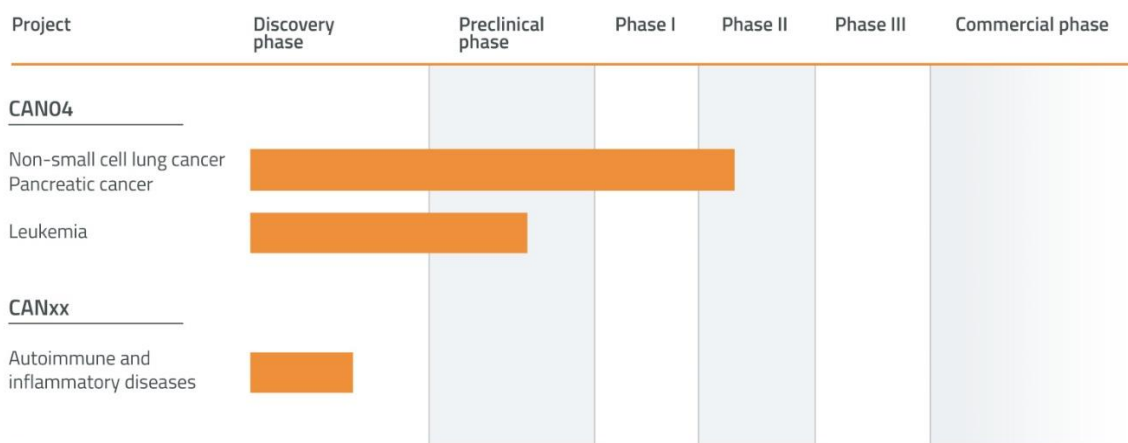
### Business concept

Cantargia's business concept is to develop product candidates in-house until an indication of clinical activity has been obtained. In parallel with the clinical studies, all parts of the development programme, including production development, studies in disease models, combination therapies and biomarker development, are moving forward.

### Our clinical program

Cantargia's first study, CANFOUR, in the clinical program centres on our lead candidate, CAN04, when treating non-small cell lung cancer (NSCLC) and pancreatic cancer. CANFOUR is a phase I/IIa study and consists of two parts. In the first phase, the emphasis is on evaluating safety and dosage while phase IIa will look at the effects of the treatment both as an individual drug (monotherapy) and in combination with the standard treatments for non-small cell lung cancer and pancreatic cancer. The phase I results are very encouraging and have indicated good safety as well as effects on certain biomarkers.

### Cantargia's project portfolio



## A GROWING MARKET

Cancer is one of the most common causes of death in the world. Traditionally, cancer has been treated with surgery, radiotherapy and chemotherapy, but thanks to significant research advances in recent years, immunotherapy and 'targeted' drugs have been added as the fourth and fifth alternative in the treatment of cancer.

To maximise the efficacy 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. With the advances made in cancer treatment, it is today standard to combine, as far as possible, different cancer treatments to achieve the best possible treatment results.

Cantargia is focusing on non-small cell lung cancer and pancreatic cancer.

### The lung cancer market

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 nearly 30 per cent over the past 25 years while the number of people being diagnosed with the disease in countries like China and India is increasing.

The turnover of non-small cell lung cancer drugs in 2015 was USD 6.2 billion in the eight major markets and is expected to rise to USD 26.8 billion by 2025. 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 incidence globally.

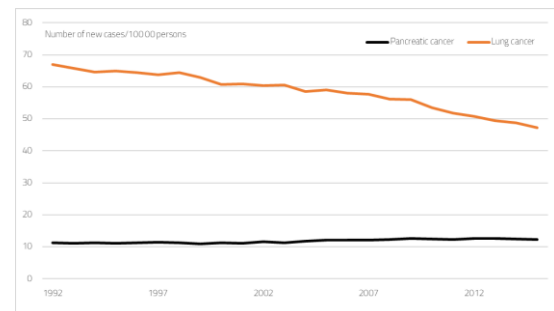
### The pancreatic cancer market

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. Being hard to diagnose, the disease is often difficult to treat, as it is generally already far advanced by the time it is diagnosed.

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

Source: SEER Cancer Statistics Review



The global market for treatment of pancreatic cancer is expected to be worth USD 4.1 billion by 2025. In 2017, the market was worth around USD 2 billion. The market is expected to grow by 8 per cent annually from 2018–2025. The main factor behind the growth of this market is the increasing number of cancer cases, which in turn is driven by an ageing population and the increasing incidence of diabetes, as these are risk factors for developing this disease. Another factor that makes the market expected to grow is improved diagnostics. As a result, the number of people being diagnosed with pancreatic cancer is expected to grow by 78 per cent by 2040.

### Immune therapy

In 2011, the first immunotherapeutic antibody was approved by the U.S. Food and Drug Administration. Since then, the FDA has approved a number of new therapeutics. Currently, the four main therapeutics are Yervoy® (Bristol-Myers Squibb), Opdivo® (Merck & Co), Keytruda® (Merck & Co) and Tecentriq® (Roche). In the full year 2017, these therapeutics generated combined sales of USD 10.4 billion and in 2018 sales grew by 52.6 per cent to USD 15.9 billion. The lung cancer market is one of the most important for this type of therapeutics.

## FINANCIAL INFORMATION

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### Income

The company had no income in the second quarter 2019.

### Operating expenses/operating 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 external expenses. Note 6 describes the transition from the nature of expense method to the function of expense method.

Research and development costs were kSEK 20,790 (22,100) for the second quarter and kSEK 41,434 (34,997) for the first half-year. Costs were slightly lower for the second quarter than last year, but the increase compared to 2018 remains significant for the first half of the year. Cantargia's main project CAN04 drives cost development and in particular the clinical study CANFOUR. Significant investments are also made in preclinical studies and production (CMC).

Administrative expenses were kSEK 4,280 (6,306) for the second quarter and kSEK 7,103 (8,562) for the first half-year. The decrease in the second quarter compared to 2018 is mainly related to the list change project completed in 2018 when Cantargia's shares were listed on Nasdaq Stockholm's main list.

Other operating expenses, which mainly comprise foreign exchange differences on trade payables, were kSEK 126 (156) for the second quarter and kSEK 320 (253) for the first half-year.

The operating loss was kSEK -25,196 (-28,563) for the second quarter and kSEK -48,857 (-43,812) for the first half-year.

### 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 was kSEK 184 (415) for the second quarter and kSEK 323 (1,966) for the first half-year.

### Earnings

Cantargia's loss before tax, which is the same as the loss for the period, was kSEK -25,012 (-28,147) for the second quarter and kSEK -48,533 (-41,846) for the first half-year 2019.

### Financial position

The equity/assets ratio at 30 June 2019 was 91 (93) per cent and equity was kSEK 204,548 (204,359).

Cash and cash equivalents, which consist of cash and available deposits with banks and other credit institutions, were kSEK 59,174 (102,786) 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 160,019 (110,000). Thanks to the directed share issue of approximately mSEK 98 in March 2019, the company's total liquidity (including short-term investments) is slightly higher than last year.

Total assets at the end of the period were kSEK 224,494 (219,041).

### Cash flow and investments

Cash flow from operating activities for the second quarter was kSEK -31,770 (-28,184) and kSEK -45,774 (-58,802) for the first half-year. As part of cash flow from operating activities, changes in working capital were kSEK -6,721 (267) for the second quarter and kSEK 2,843 (-15,234) for the first half-year.

Cash flow from investing activities during the second quarter amounted to kSEK -69,700 (50,000) and for the first half-year of 2019 to kSEK -69,700 (10,000). This cash flow for the year and the previous year is entirely related to changes in short-term investments.

Cash flow from financing activities for the second quarter was kSEK -246 (85) and for the first half of 2019 kSEK 98,036 (85). The outcome in 2019 is entirely related to completed directed share issue in March, while the outcome in 2018 was due to difference in the accrual versus outcome regarding capital acquisition costs when completed new issue 2017.

The total change in cash and cash equivalents for the second quarter was kSEK -101,716 (21,901) and kSEK -17,437 (-48,718) for the first half-year. Of the change in the second quarter 2019, approximately mSEK 70 refers to the reallocation of funds from directed right issue.

# SHAREHOLDER INFORMATION

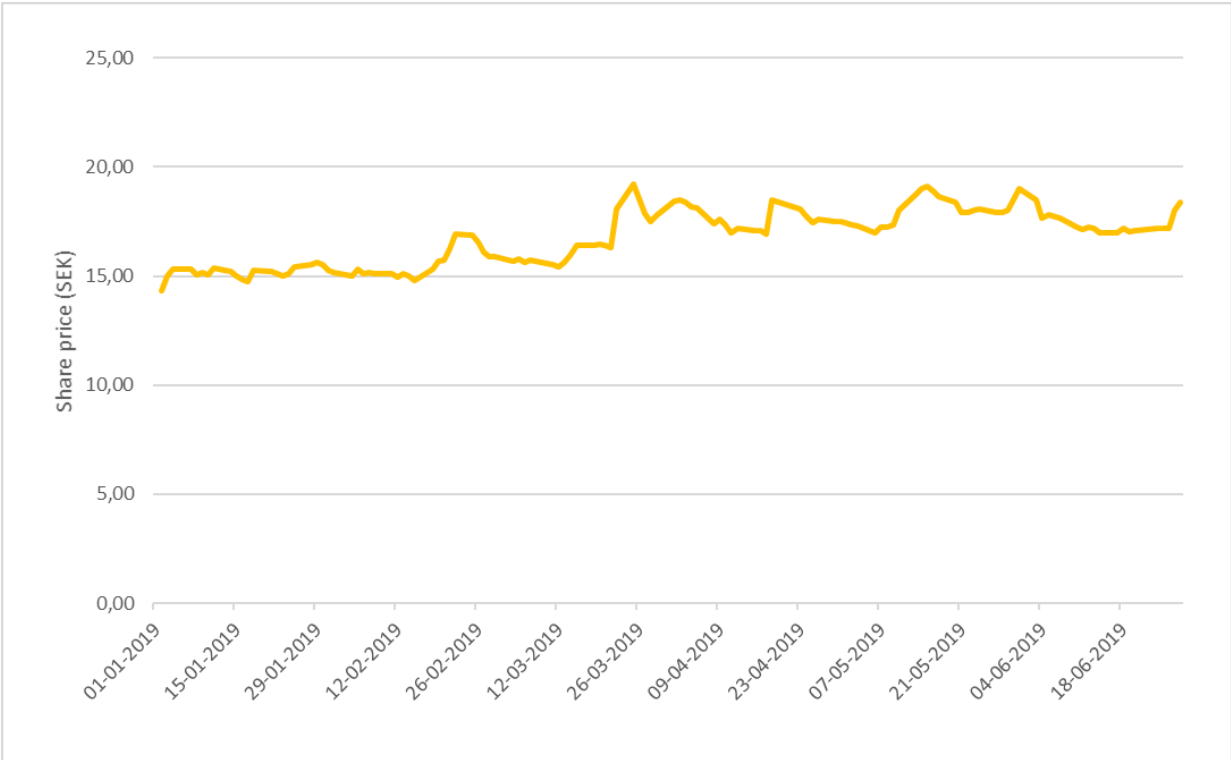
## Share information

As of 25 September 2018, Cantargia’s shares have been listed on the main list of Nasdaq Stockholm, under the stock symbol “CANTA”. At 30 June 2019, the number of shares was 72,804,392 (66,185,811).

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 the annual report for 2018.

### Share price performance in 2019



Ownership distribution, 30 June 2019

<b>Owner</b>	<b>Number of shares</b>	<b>Capital/Votes (%)</b>
Sunstone Life Science Ventures Fund III K/S	5 972 292	8,2%
Alecta Pensionsförsäkring, Ömsesidigt	4 774 596	6,6%
Första AP-fonden	4 550 000	6,2%
Fjärde AP-fonden	4 314 129	5,9%
Försäkringsaktiebolaget, Avanza Pension	4 203 327	5,8%
Öhman Bank S.A., Luxemburg	3 073 874	4,2%
Andra AP-fonden	2 200 000	3,0%
Skandinaviska Enskilda Banken S.A., Luxemburg	2 005 538	2,8%
Handelsbanken fonder	1 377 460	1,9%
Mats Invest AB	1 328 788	1,8%
Other	39 004 388	53,6%
<b>Total</b>	<b>72 804 392</b>	<b>100,0%</b>

Ownership distribution by size class, 30 June 2019

<b>Holding</b>	<b>Number of shareholders</b>	<b>Number of shares</b>	<b>Capital/Votes (%)</b>	<b>Market Cap (kSEK)</b>
1 - 500	2 095	363 675	0,5%	6 692
501 - 1 000	764	624 659	0,9%	11 494
1 001 - 5 000	1 431	3 655 045	5,0%	67 253
5 001 - 10 000	427	3 090 078	4,2%	56 857
10 001 - 15 000	152	1 939 011	2,7%	35 678
15 001 - 20 000	83	1 450 686	2,0%	26 693
20 001 -	296	61 681 238	84,7%	1 134 935
<b>Total</b>	<b>5 248</b>	<b>72 804 392</b>	<b>100,0%</b>	<b>1 339 601</b>

## OTHER INFORMATION

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### Employees

The average number of employees during the period January to June 2019 was 8 (5), of whom 3 (2) were women.

Cantargia operates to a large extent through external partners.

### Financial calendar

- Interim report July- September, 15 November 2019
- Year-end report 2019, 27 February 2020

### Examination by auditors

The interim report has not been examined by Cantargia's auditors.

### Contact

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Interim reports and the annual report are available at [www.cantargia.com](http://www.cantargia.com).

The Board and the CEO confirm that the interim report provides a true and fair overview of the company's operations, position and earnings and describes the material risks and uncertainty factors faced by the company.

Lund, 22 August 2019

Cantargia AB

The Board of Directors



## STATEMENT OF COMPREHENSIVE INCOME

(kSEK)	Note	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
<b>Operating income</b>						
Net sales		-	-	-	-	-
Other operating income		-	-	-	-	-
<b>Operating expenses</b>						
	6					
Research and development costs	5	-20 790	-22 100	-41 434	-34 997	-76 951
Administrative costs		-4 280	-6 306	-7 103	-8 562	-15 823
Other operating expenses		-126	-156	-320	-253	-532
		<b>-25 196</b>	<b>-28 563</b>	<b>-48 857</b>	<b>-43 812</b>	<b>-93 306</b>
<b>Operating profit</b>		<b>-25 196</b>	<b>-28 563</b>	<b>-48 857</b>	<b>-43 812</b>	<b>-93 306</b>
<b>Financial income and expense</b>						
Interest income and similar items		184	416	323	1 967	2 147
Interest expense and similar items		-	-1	-	-1	-1
		<b>184</b>	<b>415</b>	<b>323</b>	<b>1 966</b>	<b>2 145</b>
<b>Profit before taxes</b>		<b>-25 012</b>	<b>-28 147</b>	<b>-48 533</b>	<b>-41 846</b>	<b>-91 160</b>
<b>Loss for the period *)</b>		<b>-25 012</b>	<b>-28 147</b>	<b>-48 533</b>	<b>-41 846</b>	<b>-91 160</b>
Earnings per share before and after dilution (SEK) based on average number of shares		-0,34	-0,43	-0,70	-0,63	-1,38

\*) No items are reported in other comprehensive income, meaning total comprehensive income is consistent with the loss for the period.

## STATEMENT OF FINANCIAL POSITION

(kSEK)	30-06-2019	30-06-2018	31-12-2018
<b>ASSETS</b>			
<b>Fixed assets</b>			
<i>Financial assets</i>			
Other securities held as non-current asset	2 957	2 957	2 957
	<b>2 957</b>	<b>2 957</b>	<b>2 957</b>
<b>Total fixed assets</b>	<b>2 957</b>	<b>2 957</b>	<b>2 957</b>
<b>Current assets</b>			
Other receivables	896	1 699	1 143
Prepaid expenses and accrued income	1 447	1 599	496
	<b>2 344</b>	<b>3 298</b>	<b>1 639</b>
<b>Short-term investments</b>			
Other short-term investments	160 019	110 000	90 319
	<b>160 019</b>	<b>110 000</b>	<b>90 319</b>
<b>Cash and bank balances</b>			
Cash and bank balances	59 174	102 786	76 528
	<b>59 174</b>	<b>102 786</b>	<b>76 528</b>
<b>Total current assets</b>	<b>221 536</b>	<b>216 084</b>	<b>168 486</b>
<b>TOTAL ASSETS</b>	<b>224 494</b>	<b>219 041</b>	<b>171 443</b>
<b>EQUITY AND LIABILITIES</b>			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital	5 824	5 295	5 295
Share capital not yet registered	-	-	-
	<b>5 824</b>	<b>5 295</b>	<b>5 295</b>
<i>Non-restricted equity</i>			
Share premium account	488 272	390 765	390 765
Retained earnings	-241 015	-149 855	-149 855
Loss for the period	-48 533	-41 846	-91 160
	<b>198 724</b>	<b>199 064</b>	<b>149 750</b>
<b>Total equity</b>	<b>204 548</b>	<b>204 359</b>	<b>155 045</b>
<i>Short-term liabilities</i>			
Trade payables	6 292	7 956	8 956
Tax liabilities	41	138	131
Other liabilities	1 525	810	383
Accrued expenses and deferred income	12 087	5 779	6 928
	<b>19 946</b>	<b>14 682</b>	<b>16 398</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>224 494</b>	<b>219 041</b>	<b>171 443</b>

## STATEMENT OF CHANGES IN EQUITY

(kSEK)	Restricted equity		Non-restricted equity		Total
	Share capital	Paid not registered share capital	Share premium account	Retained earnings incl Loss for the year	
<b>1 April 2019 - 30 June 2019</b>					<b>Total equity</b>
<b>Opening balance 1 April 2019</b>	<b>5 295</b>	<b>529</b>	<b>488 518</b>	<b>-264 536</b>	<b>229 806</b>
<i>Loss for the period</i>	-	-	-	-25 012	-25 012
<i>Transactions with shareholders</i>					
Issue of new shares for the year	529	-529	-	-	-
Capital acquisition cost	-	-	-246	-	-246
	529	-529	-246	-	-246
<b>Closing balance 30 June 2019</b>	<b>5 824</b>	<b>-</b>	<b>488 272</b>	<b>-289 548</b>	<b>204 548</b>
<b>1 April 2018 - 30 June 2018</b>					
<b>Opening balance 1 April 2018</b>	<b>5 295</b>	<b>-</b>	<b>390 680</b>	<b>-163 554</b>	<b>232 421</b>
<i>Loss for the period</i>	-	-	-	-28 147	-28 147
<i>Transactions with shareholders</i>					
Issue of new shares for the year	-	-	-	-	-
Capital acquisition cost	-	-	85	-	85
	-	-	85	-	85
<b>Closing balance 30 June 2018</b>	<b>5 295</b>	<b>-</b>	<b>390 765</b>	<b>-191 701</b>	<b>204 359</b>
<b>1 January 2019 - 30 June 2019</b>					
<b>Opening balance 1 January 2019</b>	<b>5 295</b>	<b>-</b>	<b>390 765</b>	<b>-241 015</b>	<b>155 045</b>
<i>Loss for the period</i>	-	-	-	-48 533	-48 533
<i>Transactions with shareholders</i>					
Issue of new shares for the year	529	-	105 500	-	106 030
Capital acquisition cost	-	-	-7 993	-	-7 993
	529	-	97 507	-	98 036
<b>Closing balance 30 June 2019</b>	<b>5 824</b>	<b>-</b>	<b>488 272</b>	<b>-289 548</b>	<b>204 548</b>
<b>1 January 2018 - 30 June 2018</b>					
<b>Opening balance 1 January 2018</b>	<b>3 755</b>	<b>1 540</b>	<b>390 680</b>	<b>-149 855</b>	<b>246 120</b>
<i>Loss for the period</i>	-	-	-	-41 846	-41 846
<i>Transactions with shareholders</i>					
Issue of new shares for the year	1 540	-1 540	-	-	-
Capital acquisition cost	-	-	85	-	85
	1 540	-1 540	85	-	85
<b>Closing balance 30 June 2018</b>	<b>5 295</b>	<b>-</b>	<b>390 765</b>	<b>-191 701</b>	<b>204 359</b>
<b>1 January 2018 - 31 December 2018</b>					
<b>Opening balance 1 January 2018</b>	<b>3 755</b>	<b>1 540</b>	<b>390 680</b>	<b>-149 855</b>	<b>246 120</b>
<i>Loss for the period</i>	-	-	-	-91 160	-91 160
<i>Transactions with shareholders</i>					
Issue of new shares for the year	1 540	-1 540	-	-	-
Capital acquisition cost *)	-	-	85	-	85
	1 540	-1 540	85	-	85
<b>Closing balance 31 December 2018</b>	<b>5 295</b>	<b>-</b>	<b>390 765</b>	<b>-241 015</b>	<b>155 045</b>


\*) This item arises due to the difference in accrual versus the outcome of capital acquisition cost related to the share issue in 2017.

## STATEMENT OF CASH FLOWS

(kSEK)	2019	2018	2019	2018	2018
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
<b>Operating activities</b>					
Operating loss	-25 196	-28 563	-48 857	-43 812	-93 305
Interest received etc.	147	112	240	245	479
Interest paid etc.	-	-1	-	-1	-1
<b>Cash flow from operating activities before changes in working capital</b>	<b>-25 049</b>	<b>-28 451</b>	<b>-48 617</b>	<b>-43 568</b>	<b>-92 827</b>
<b>Changes in working capital</b>					
Change in receivables	36	4 639	-704	-1 583	76
Change in trade payables	-8 542	-6 045	-2 664	-12 663	-11 662
Changes in other current liabilities	1 785	1 673	6 212	-988	-273
	<b>-6 721</b>	<b>267</b>	<b>2 843</b>	<b>-15 234</b>	<b>-11 859</b>
<b>Cash flow from operating activities</b>	<b>-31 770</b>	<b>-28 184</b>	<b>-45 774</b>	<b>-58 802</b>	<b>-104 686</b>
<b>Investing activities</b>					
Increase in other short-term investments	-120 000	.	-120 000	-40 000	-40 300
Decrease in other short-term investments	50 300	50 000	50 300	50 000	69 981
	<b>-69 700</b>	<b>50 000</b>	<b>-69 700</b>	<b>10 000</b>	<b>29 681</b>
<b>Financing activities</b>					
Issue of new shares for the year	-	-	106 030	-	-
Capital acquisition cost	-246	85	-7 993	85	85
	<b>-246</b>	<b>85</b>	<b>98 036</b>	<b>85</b>	<b>85</b>
<b>Change in cash and cash equivalents</b>	<b>-101 716</b>	<b>21 901</b>	<b>-17 437</b>	<b>-48 718</b>	<b>-74 921</b>
<b>Cash and cash equivalents at beginning of period</b>	<b>160 853</b>	<b>80 581</b>	<b>76 528</b>	<b>149 781</b>	<b>149 781</b>
Exchange rate difference in cash equivalents	38	304	84	1 722	1 667
<b>Cash and cash equivalents at end of period *)</b>	<b>59 174</b>	<b>102 786</b>	<b>59 174</b>	<b>102 786</b>	<b>76 528</b>

\*) The company's cash and cash equivalents consist of cash and disposable balances with banks and other credit institutions.

## KEY FIGURES

(kSEK)	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Net sales	-	-	-	-	-
Operating profit	-25 196	-28 563	-48 857	-43 812	-93 306
Loss for the period	-25 012	-28 147	-48 533	-41 846	-91 160
Average number of shares	72 804 392	66 185 811	69 495 102	66 185 811	66 185 811
Earnings per share before and after dilution (SEK) based on average number of shares	-0,34	-0,43	-0,70	-0,63	-1,38
Change in cash and cash equivalents	-101 716	21 901	-17 437	-48 718	-74 921
Cash and cash equivalents	59 174	102 786	59 174	102 786	76 528
Short-term investments	160 019	110 000	160 019	110 000	90 319
Equity end of period	204 548	204 359	204 548	204 359	155 045
Equity/assets ratio, %	91%	93%	91%	93%	90%
Average number of employees	8	6	8	5	6
Number of employees at end of period	8	6	8	6	7
R&D costs as a percentage of operating expenses	83%	77% 	83%	80%	82%

### Key performance indicators, definitions

Operating profit/loss, kSEK

Net sales less total operating expenses.

Earnings per share, SEK

Profit/loss for the period divided by average number of shares for the period.

Equity/assets ratio, %

Equity divided by total capital.

R&D costs as a percentage of operating expenses, %

Research and development costs divided by operating expenses.

## NOTES

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### Note 1 General information

This interim report refers to Cantargia AB (publ) ("Cantargia"), corporate ID number 556791-6019. Cantargia has no subsidiaries.

Cantargia is a Swedish public limited company with registered office in Lund, Sweden. The company's address is Medicon Village, Scheelevägen 2, SE-223 81 Lund.

The interim report for the second quarter 2019 was approved for publication on 22 August 2019 in accordance with a resolution of the Board of Directors of 21 August.

### Note 2 Accounting policies

This interim report has been prepared in accordance with the Swedish Annual Accounts Act, Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board and IAS 34 Interim Financial Reporting.

The accounting policies applied in preparing this interim report are consistent with those used in preparing the annual report for 2018.

The interim report has been prepared using the cost method.

On 1 January 2019, IFRS 16 Leases has replaced IAS 17 Leases and the related interpretations IFRIC 4, SIC-15 and SIC-27. IFRS 16 Leases deals with the classification and recognition of leased assets. This standard has no impact, as Cantargia does not currently prepare consolidated financial statements. Cantargia AB will thus continue to recognise all operating leases in the same way as today, by expensing the lease payments. No other IFRS or IFRIC interpretations that have not yet become effective are expected to have a material impact on the company.

Cantargia applies the alternative performance measures issued by the European Securities and Markets Authority (ESMA).

### Note 3 Information on risks and uncertainties

A number of risk factors can have a negative impact on Cantargia's operations. The company's overall risk management is aimed at minimising adverse effects on the company's results and financial position. The company's commercial risks are described in detail in the annual report for 2018. No significant events occurred during the year which affect or change these descriptions of the company's risks.

### Note 4 Critical judgements and estimates

The preparation of financial statements and application of accounting policies are often based on judgements, estimates and assumptions made by management which 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 applied by Cantargia, the criteria for recognising development costs as an asset and thus expensing these are currently not met. The criteria for capitalisation are considered to be met no earlier than when positive results have been obtained in phase III clinical trials and it is highly likely that the drug will be approved.

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.

## Note 5 Related party transactions

Cantargia has a research agreement with Lund University, where Thoas Fioretos, one of Cantargia's founders and a Director of Cantargia, 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. Under the agreement, Cantargia has the right to use and, where applicable, take over any and all research results from the two projects at no cost. During the period January to June 2019, the company incurred a cost of kSEK 231 (231) under the agreement.

The Board considers that the above agreements have been concluded on commercial terms.

## Note 6 Costs by nature of expense

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.

<b>(kSEK)</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2018</b>
	<b>Apr-Jun</b>	<b>Apr-Jun</b>	<b>Jan-Jun</b>	<b>Jan-Jun</b>	<b>Jan-Dec</b>
Project costs	-16 994	-19 876	-34 287	-30 880	-66 159
Other external expenses	-4 513	-6 290	-7 597	-8 604	-16 467
Personnel expenses	-3 564	-2 240	-6 653	-4 076	-10 147
Other operating expenses	-126	-156	-320	-253	-532
	<b>-25 196</b>	<b>-28 563</b>	<b>-48 857</b>	<b>-43 812</b>	<b>-93 305</b>

## SUBMISSION OF INTERIM REPORT

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This interim report has been approved for publication by the Board of Directors and Chief Executive Officer. This is information that Cantargia AB is obliged to make public pursuant to the EU Market Abuse Regulation and the Securities Markets Act. The information was submitted for publication through the Chief Executive Officer on 22 August 2019, at 8:30 a.m.

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