

# FULL YEAR REPORT

January - December 2019

## Promising results and a broadened pipeline

### FOURTH QUARTER 2019

- Net sales, kSEK 0 (0)
- Operating loss, kSEK -36,429 (-28,081)
- Loss after tax, kSEK -36,275 (-27,858)
- Loss per share, before and after dilution, SEK -0.50 (-0.42)

### JANUARY - DECEMBER 2019

- Net sales, kSEK 0 (0)
- Operating loss, kSEK -111,589 (-93,306)
- Loss after tax, kSEK -110,809 (-91,160)
- Loss per share, before and after dilution, SEK -1.56 (-1.36)
- Equity/assets ratio, 86 (90) per cent
- Cash and cash equivalents, kSEK 39,870 (76,528)
- Short-term investments, kSEK 110,019 (90,319)

### Significant events in the fourth quarter

- In October, it was announced that an opposition has been filed against one of Cantargia's patents in Europe covering antibody therapy in solid tumors.
- Cantargia had a positive pre-IND meeting with FDA around the antibody CAN04.
- Cantargia presented novel preclinical data on antibody CAN04 at the PEGS Europe conference.
- Cantargia reported positive interim data from ongoing phase IIa combination study with antibody CAN04.
- In December Cantargia selected CAN10 as development project in systemic sclerosis and myocarditis.

### Significant events after the end of the period

- In February, Cantargia reported a successful production scale up of CAN04.
- In February, Cantargia completed a directed share issue of approximately SEK 410 million.

### Comments on significant events

Cantargia has a strong patent position with approved patents relating to CAN04 as well as IL1RAP as target molecule for antibody treatment of cancer. The German company Mab Discovery GmbH has on previous occasions unsuccessfully filed oppositions to Cantargia's European patents and has now chosen to file a new opposition to a recently approved patent in a divisional application in the patent family relating to antibodies against IL1RAP in solid tumours. Cantargia's view is that the opposition is groundless.

Cantargia is preparing a new clinical study for CAN04 in combination with an immune checkpoint inhibitor. Cantargia held a positive pre-IND meeting with the FDA in November and is now an application for such a study.

New preclinical data showing the importance of enhancing the ADCC effect of CAN04 was presented at a scientific conference. The results support Cantargia's strategy of increased antitumour activity.

The first results from ten patients with CAN04 in combination with chemotherapy show that more patients than expected from chemotherapy alone, had a more than 50 per cent decrease in the tumour burden. The study is still ongoing, and the goal is to include 31 patients with pancreatic cancer and 31 patients with non-small cell lung cancer.

Cantargia's platform project has advanced and generated the CAN10 project, an antibody against IL1RAP for treatment of systemic sclerosis or myocarditis. The plan is to initiate clinical trials in late 2021.

A central part towards CAN04 late stage development involves large scale production. During 2019, the production was transferred to Patheon and with the production in 2000 litre scale, the scale-up has been successful, which is an important milestone before phase III.

To secure the upcoming development steps in CAN04 and CAN10, the company has obtained the necessary financing through strong, long term investors.

## CHIEF EXECUTIVE'S REVIEW

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### *Promising results and a broadened pipeline*



The past year has undoubtedly been a big step forward for Cantargia. We had high hopes at the start of the year, and one year later we can say without hesitation that we have generated results that are attracting attention. Many of these advances were presented in the fourth quarter.

A direct consequence of these advances was that we during February could perform a directed share issue of 410 MSEK. The capital is primarily from long term Swedish and international institutional investors. The strong support and confidence, motivates us in the upcoming efforts towards the goal to offer new and safe treatments for life threatening diseases. The solid financials and strong ownership structure, thereby provides the base for focusing on upcoming milestones.

During 2019, we had significant advances in the main project, CAN04. Supported by our own preclinical data as well as external data, we have the hypothesis that CAN04 have

synergistic effects with chemotherapy. Our interim data in pancreatic cancer and lung cancer show that a large number of patients get a significant decrease in tumour size, or objective response, when CAN04 is combined with chemotherapy. While we are very enthusiastic about these results, it needs to be stressed that they come from a small group of patients, and we therefore need a larger patient base to obtain a clearer picture. Patient recruitment is proceeding as planned. This means last patient in pancreatic cancer during Q2 and during Q3 in lung cancer, which means that we should be able to provide updates on the response frequency in a larger number of patients during the year.

The next step in the clinical development of CAN04 is a trial in the US, where we will be studying CAN04 in combination with a type of immunotherapy known as an immune checkpoint inhibitor. We held a meeting with the US Food and Drug Administration in November, on the basis of which we have completed the clinical protocol. We will be conducting the study at established US hospitals with Professor Roger Cohen from the University of Pennsylvania as lead investigator. As timelines for regulatory authorities and ethics committees will partly be beyond our control, the timing of the treatment of the first patient is hard to determine, but we are planning for commencement during summer.

Alongside CAN04, Cantargia has reached another milestone and launched a new project, CAN10, which is aimed at harnessing the full potential of IL1RAP as molecular target. In this project, the plan is to develop a new antibody for treatment of systemic sclerosis and myocarditis. The new antibody has been optimised for treatment of inflammatory diseases and differs from CAN04 mainly in that it blocks more signalling pathways. In 2020, we will be carrying out preclinical studies in various disease models and initial toxicity studies and develop a production process to establish a foundation for the start of clinical trials in late 2021.

So, it is with a great sense of expectation and enthusiasm that I look forward to 2020, when we hope to be able to present further exciting results.

*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 antibodies against IL1RAP with the aim of entering another important disease area: autoimmune/inflammatory diseases. In CAN10, we are developing a new antibody against systemic sclerosis and myocarditis, with a goal of initiating clinical studies in late 2021.

### 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.

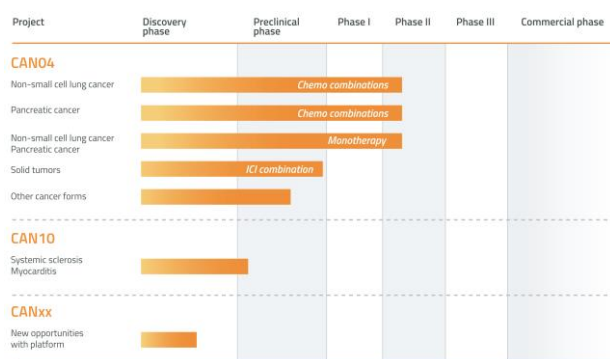
### Business concept

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. Interim results from combination therapy with chemotherapy show that a higher proportion of patients respond to the treatment than would have been expected with only chemotherapy

### 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.

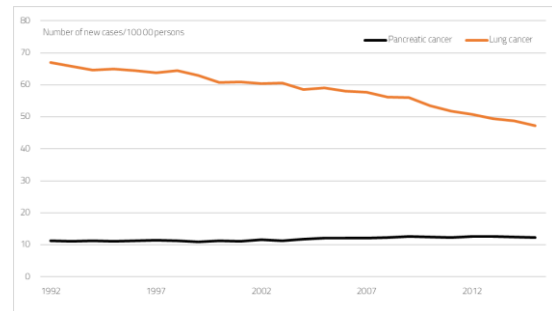
### The pancreatic cancer market

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 fourth 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 32,803 (24,707) for the fourth quarter and kSEK 97,477 (76,951) for the period January to December. The increase compared to last year is mainly related to Cantargia's main project CAN04, where the clinical study CANFOUR and investments in production development (CMC) are increasing. Significant investments are also made during 2019 in preclinical studies related to CAN04 and CANxx.

Administrative expenses were kSEK 3,370 (3,258) for the fourth quarter and kSEK 13,097 (15,823) for the period January to December. The decrease compared to last year 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 256 (117) for the fourth quarter and kSEK 1,016 (532) for the period January to December. The negative outcome for other operating expenses is mainly related to the weakening of the Swedish krona against EUR and USD.

The operating loss was kSEK -36,429 (-28,081) for the fourth quarter and kSEK -111,589 (-93,306) for the period January to December.

### Net financial income/expense

Net financial income/expense consists mainly 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 154 (223) for the fourth quarter and kSEK 780 (2,145) for the period January to December.

### Earnings

Cantargia's loss before tax, which is the same as the loss for the period, was kSEK -36,275 (-27,858) for the fourth quarter and kSEK -110,809 (-91,160) for the period January to December 2019.

### Financial position

The equity/assets ratio at 31 December 2019 was 86 (90) per cent and equity was kSEK 142,273 (155,045).

Cash and cash equivalents, which consist of cash and available deposits with banks and other credit institutions, were kSEK 39,870 (76,528) 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 110,019 (90,319). The company's liquidity (including short-term investments) only decreases by SEK 17 million during the year, thanks to the share issue carried out in March 2019, which resulted in a liquidity supplement of SEK 98 million net.

As of December 31, the item prepaid costs are significantly higher than at the previous year end. This increase is entirely related to advance invoicing from Cantargia's CMC partner Patheon.

Total assets at the end of the period were kSEK 166,057 (171,443).

### Cash flow and investments

Cash flow from operating activities for the fourth quarter was kSEK -37,818 (-23,940) and kSEK -111,254 (-104,686) for the period January to December. As part of cash flow from operating activities, changes in working capital were kSEK -1,513 (4,014) for the fourth quarter and kSEK -274 (-11,859) for the period January to December.

Cash flow from investing activities during the fourth quarter amounted to kSEK 43,120 (19,681) and for the period January to December 2019 to kSEK -23,623 (29,681). The cash flow for the fourth quarter is in all essential parts related to termination of fixed rate bank accounts. For the full year 2019 as well as last year is most of the cash flow from investing activities related to changes of short-term investments. Investments in tangible fixed assets during the year comprise investment in production equipment with Cantargia's new CMC partner Patheon.

Cash flow from financing activities for the fourth quarter was kSEK - (-) and for the period January to December 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 fourth quarter was kSEK 5,302 (-4,259) and kSEK -36,841 (-74,921) for the period January to December.

# SHAREHOLDER INFORMATION

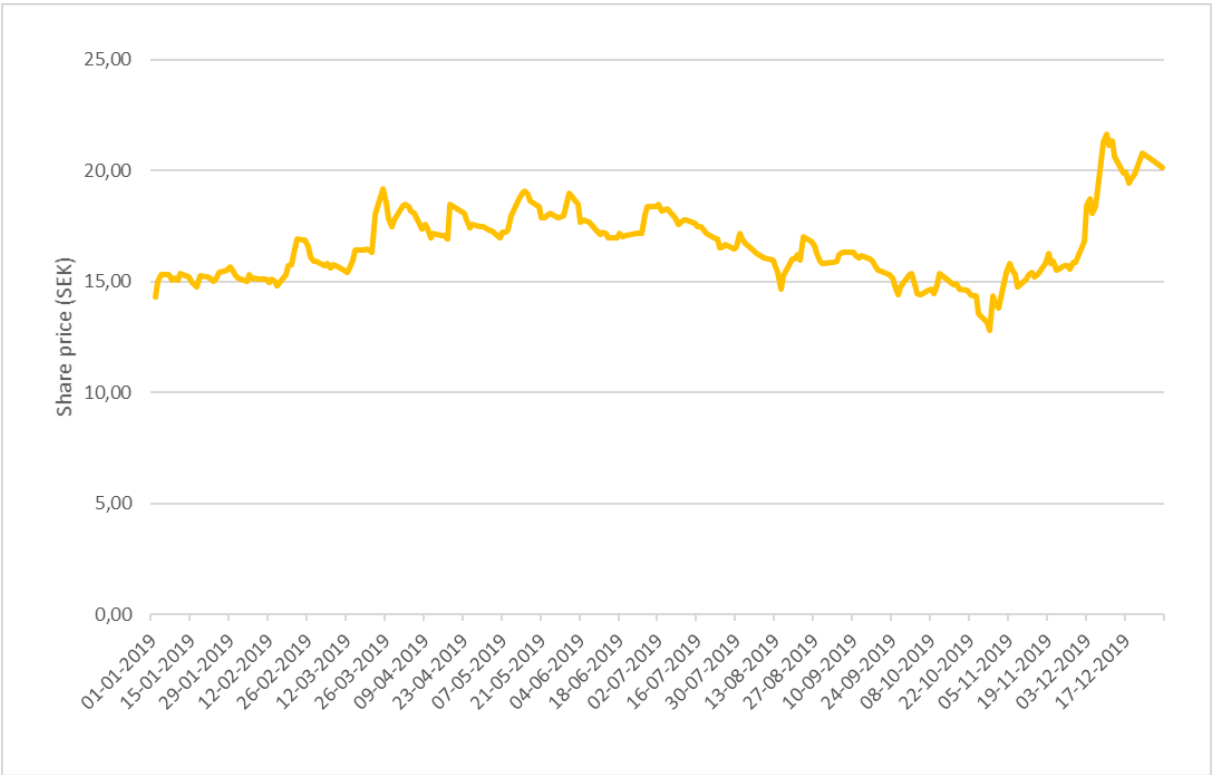
## Share information

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 of December 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, 31 December 2019

| <b>Owner</b>                                  | <b>Number of shares</b> | <b>Capital/Votes (%)</b> |
|---|-------------------------|--------------------------|
| Sunstone Life Science Ventures Fund III K/S   | 5 472 292               | 7,5%                     |
| Fjärde AP-fonden                              | 5 336 751               | 7,3%                     |
| Alecta Pensionsförsäkring, Ömsesidigt         | 4 774 596               | 6,6%                     |
| Första AP-fonden                              | 4 550 000               | 6,2%                     |
| Försäkringsaktiebolaget, Avanza Pension       | 4 007 288               | 5,5%                     |
| Öhman Bank S.A., Luxemburg                    | 3 120 986               | 4,3%                     |
| Andra AP-fonden                               | 2 200 000               | 3,0%                     |
| Skandinaviska Enskilda Banken S.A., Luxemburg | 1 742 708               | 2,4%                     |
| Handelsbanken Fonder                          | 1 607 460               | 2,2%                     |
| Mats Invest AB                                | 1 328 788               | 1,8%                     |
| Other   | 38 663 523              | 53,1%                    |
| <b>Total</b>                                  | <b>72 804 392</b>       | <b>100,0%</b>            |

Ownership distribution by size class, 31 December 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         | 2 178                         | 380 394                 | 0,5%                     | 7 665                    |
| 501 - 1 000     | 795                           | 650 728                 | 0,9%                     | 13 112                   |
| 1 001 - 5 000   | 1 461                         | 3 702 132               | 5,1%                     | 74 598                   |
| 5 001 - 10 000  | 440                           | 3 222 195               | 4,4%                     | 64 927                   |
| 10 001 - 15 000 | 148                           | 1 881 813               | 2,6%                     | 37 919                   |
| 15 001 - 20 000 | 95                            | 1 685 924               | 2,3%                     | 33 971                   |
| 20 001 -        | 289                           | 61 281 206              | 84,2%                    | 1 234 816                |
| <b>Total</b>    | <b>5 406</b>                  | <b>72 804 392</b>       | <b>100,0%</b>            | <b>1 467 008</b>         |

## OTHER INFORMATION

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### Employees

The average number of employees during the period January to December 2019 was 9 (6), of whom 4 (3) were women. Cantargia operates to a large extent through external partners.

### Proposed appropriation of earnings

The Board of Directors propose in accordance with established dividend policy that no dividend be paid for the financial year 1 January 2019 – 31 December 2019.

### Financial calendar

- Annual report 2019, published in May 2020
- Interim report January – March 2020, 27 May 2020
- Interim report April-June 2020, 20 August 2020
- Interim report July-September, 12 November 2020
- Year-end report 2020, 25 February 2021

### Annual General Meeting 2020

The Annual General Meeting of Cantargia will be held at Ideon Gateway, Scheelevägen 27 in Lund on 27 May 2020, at 4 p.m.

### Review by auditors

The full year report has not been reviewed 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).

Lund, 27 February 2020

Cantargia AB  
Göran Forsberg, CEO



## STATEMENT OF COMPREHENSIVE INCOME

| (kSEK)   | Note | 2019<br>Oct-Dec | 2018<br>Oct-Dec | 2019<br>Jan-Dec | 2018<br>Jan-Dec |
|--|------|-----------------|-----------------|-----------------|-----------------|
| <b>Operating income</b>  |      |                 |                 |                 |                 |
| Net sales  |      | -               | -               | -               | -               |
| Other operating income   |      | -               | -               | -               | -               |
| <b>Operating expenses</b>  |      |                 |                 |                 |                 |
|  | 6    |                 |                 |                 |                 |
| Research and development costs   | 5    | -32 803         | -24 707         | -97 477         | -76 951         |
| Administrative costs   |      | -3 370          | -3 258          | -13 097         | -15 823         |
| Other operating expenses   |      | -256            | -117            | -1 016          | -532            |
|  |      | <b>-36 429</b>  | <b>-28 081</b>  | <b>-111 589</b> | <b>-93 306</b>  |
| <b>Operating profit</b>  |      | <b>-36 429</b>  | <b>-28 081</b>  | <b>-111 589</b> | <b>-93 306</b>  |
| <b>Financial income and expense</b>  |      |                 |                 |                 |                 |
| Interest income and similar items  |      | 154             | 223             | 780             | 2 147           |
| Interest expense and similar items   |      | -               | -               | -               | -1              |
|  |      | <b>154</b>      | <b>223</b>      | <b>780</b>      | <b>2 145</b>    |
| <b>Profit before taxes</b>   |      | <b>-36 275</b>  | <b>-27 858</b>  | <b>-110 809</b> | <b>-91 160</b>  |
| <b>Loss for the period *)</b>  |      | <b>-36 275</b>  | <b>-27 858</b>  | <b>-110 809</b> | <b>-91 160</b>  |
| Earnings per share before and after dilution (SEK) based on average number of shares **) |      | -0,50           | -0,42           | -1,56           | -1,36           |

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

\*\*) In the calculation of earnings per share, the number of shares has been adjusted during the comparative periods according to IAS 33. The effect of the adjustment has affected the fourth quarter's earnings by SEK (-), for January-December by SEK 0.01 (0.02).

## STATEMENT OF FINANCIAL POSITION

| (kSEK)                                     | 31-12-2019     | 31-12-2018     |
|--|----------------|----------------|
| <b>ASSETS</b>                              |                |                |
| <b>Fixed assets</b>                        |                |                |
| <i>Financial assets</i>                    |                |                |
| Other securities held as non-current asset | -              | 2 957          |
|  | -              | <b>2 957</b>   |
| <i>Tangible assets</i>                     |                |                |
| Machinery and equipment                    | 6 868          | -              |
|  | <b>6 868</b>   | -              |
| <b>Total fixed assets</b>                  | <b>6 868</b>   | <b>2 957</b>   |
| <b>Current assets</b>                      |                |                |
| Other receivables                          | 1 482          | 1 143          |
| Prepaid expenses and accrued income        | 7 818          | 496            |
|  | <b>9 300</b>   | <b>1 639</b>   |
| <b>Short-term investments</b>              |                |                |
| Other short-term investments               | 110 019        | 90 319         |
|  | <b>110 019</b> | <b>90 319</b>  |
| <b>Cash and bank balances</b>              |                |                |
| Cash and bank balances                     | 39 870         | 76 528         |
|  | <b>39 870</b>  | <b>76 528</b>  |
| <b>Total current assets</b>                | <b>159 189</b> | <b>168 486</b> |
| <b>TOTAL ASSETS</b>                        | <b>166 057</b> | <b>171 443</b> |
| <b>EQUITY AND LIABILITIES</b>              |                |                |
| <i>Equity</i>                              |                |                |
| <i>Restricted equity</i>                   |                |                |
| Share capital                              | 5 824          | 5 295          |
|  | <b>5 824</b>   | <b>5 295</b>   |
| <i>Non-restricted equity</i>               |                |                |
| Share premium account                      | 488 272        | 390 765        |
| Retained earnings                          | -241 015       | -149 855       |
| Loss for the period                        | -110 808       | -91 160        |
|  | <b>136 448</b> | <b>149 750</b> |
| <b>Total equity</b>                        | <b>142 273</b> | <b>155 045</b> |
| <i>Short-term liabilities</i>              |                |                |
| Trade payables                             | 12 620         | 8 956          |
| Tax liabilities                            | 103            | 131            |
| Other liabilities                          | 474            | 383            |
| Accrued expenses and deferred income       | 10 588         | 6 928          |
|  | <b>23 784</b>  | <b>16 398</b>  |
| <b>TOTAL EQUITY AND LIABILITIES</b>        | <b>166 057</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 | Total equity   |
| <b>1 January 2019 - 31 December 2019</b> |                   |                                   |                       |  |                |
| <b>Opening balance 1 January 2019</b>    | <b>5 295</b>      | -                                 | <b>390 765</b>        | <b>-241 015</b>                          | <b>155 045</b> |
| <i>Loss for the period</i>               | -                 | -                                 | -                     | -110 809                                 | -110 809       |
| <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 31 December 2019</b>  | <b>5 824</b>      | -                                 | <b>488 272</b>        | <b>-351 824</b>                          | <b>142 273</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>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)  | Note | 2019<br>Oct-Dec | 2018<br>Oct-Dec | 2019<br>Jan-Dec | 2018<br>Jan-Dec |
|---|------|-----------------|-----------------|-----------------|-----------------|
| <b>Operating activities</b>                             |      |                 |                 |                 |                 |
| Operating loss  |      | -36 429         | -28 081         | -111 589        | -93 305         |
| Adjustments for non-cash items                          | 7    | 12              | -               | 12              | -               |
| Interest received etc.                                  |      | 112             | 127             | 597             | 479             |
| Interest paid etc.                                      |      | -               | -               | -               | -1              |
| <b>Cash flow from operating activities</b>              |      |                 |                 |                 |                 |
| <b>before changes in working capital</b>                |      | <b>-36 305</b>  | <b>-27 954</b>  | <b>-110 980</b> | <b>-92 827</b>  |
| <b>Changes in working capital</b>                       |      |                 |                 |                 |                 |
| Change in receivables                                   |      | 9 976           | 587             | -7 661          | 76              |
| Change in trade payables                                |      | -1 414          | 3 781           | 3 664           | -11 662         |
| Changes in other current liabilities                    |      | -10 075         | -355            | 3 722           | -273            |
|   |      | <b>-1 513</b>   | <b>4 014</b>    | <b>-274</b>     | <b>-11 859</b>  |
| <b>Cash flow from operating activities</b>              |      | <b>-37 818</b>  | <b>-23 940</b>  | <b>-111 254</b> | <b>-104 686</b> |
| <b>Investing activities</b>                             |      |                 |                 |                 |                 |
| Acquisition of tangible assets                          |      | -6 880          | -               | -6 880          | -               |
| Disposal of other long-term securities                  |      | -               | -               | 2 957           | -               |
| Increase in other short-term investments                |      | -               | -300            | -120 000        | -40 300         |
| Decrease in other short-term investments                |      | 50 000          | 19 981          | 100 300         | 69 981          |
|   |      | <b>43 120</b>   | <b>19 681</b>   | <b>-23 623</b>  | <b>29 681</b>   |
| <b>Financing activities</b>                             |      |                 |                 |                 |                 |
| Issue of new shares for the year                        |      | -               | -               | 106 030         | -               |
| Capital acquisition cost                                |      | -               | -               | -7 993          | 85              |
|   |      | <b>-</b>        | <b>-</b>        | <b>98 036</b>   | <b>85</b>       |
| <b>Change in cash and cash equivalents</b>              |      | <b>5 302</b>    | <b>-4 259</b>   | <b>-36 841</b>  | <b>-74 921</b>  |
| <b>Cash and cash equivalents at beginning of period</b> |      | <b>34 527</b>   | <b>80 691</b>   | <b>76 528</b>   | <b>149 781</b>  |
| Exchange rate difference in cash equivalents            |      | 42              | 96              | 183             | 1 667           |
| <b>Cash and cash equivalents at end of period *)</b>    |      | <b>39 870</b>   | <b>76 528</b>   | <b>39 870</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<br>Oct-Dec | 2018<br>Oct-Dec | 2019<br>Jan-Dec | 2018<br>Jan-Dec |
|--|-----------------|-----------------|-----------------|-----------------|
| Net sales  | -               | -               | -               | -               |
| Operating profit   | -36 429         | -28 081         | -111 589        | -93 306         |
| Loss for the period  | -36 275         | -27 858         | -110 809        | -91 160         |
| Average number of shares   | 72 804 392      | 66 185 811      | 71 149 747      | 66 185 811      |
| Earnings per share before and after dilution (SEK) based on average number of shares | -0,50           | -0,42           | -1,56           | -1,36           |
| Change in cash and cash equivalents  | 5 302           | -4 259          | -36 841         | -74 921         |
| Cash and cash equivalents  | 39 870          | 76 528          | 39 870          | 76 528          |
| Short-term investments   | 110 019         | 90 319          | 110 019         | 90 319          |
| Equity end of period   | 142 273         | 155 045         | 142 273         | 155 045         |
| Equity/assets ratio, %   | 86%             | 90%             | 86%             | 90%             |
| Average number of employees  | 11              | 6               | 9               | 6               |
| Number of employees at end of period   | 11              | 7               | 11              | 7               |
| R&D costs as a percentage of operating expenses                                      | 90%             | 88%             | 87%             | 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 full year 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 since November 1, 2019, Ideon Gateway, Scheelevägen 27, SE-223 63 Lund.

The full year report for 2019 was approved for publication on 27 February 2020 in accordance with a resolution of the Board of Directors of 26 February.

### Note 2 Accounting policies

This full year 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 full year 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 December 2019, the company incurred a cost of kSEK 463 (463) 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.

| (kSEK)                   | 2019           | 2018           | 2019            | 2018           |
|--------------------------|----------------|----------------|-----------------|----------------|
|                          | Oct-Dec        | Oct-Dec        | Jan-Dec         | Jan-Dec        |
| Project costs            | -28 540        | -21 414        | -81 053         | -66 159        |
| Other external expenses  | -3 472         | -3 423         | -14 298         | -16 467        |
| Personnel expenses       | -4 148         | -3 127         | -15 210         | -10 147        |
| Other operating expenses | -257           | -117           | -1 016          | -532           |
| Depreciation             | -12            | -              | -12             | -              |
|                          | <b>-36 429</b> | <b>-28 081</b> | <b>-111 589</b> | <b>-93 305</b> |

## Note 7 Adjustments for non-cash items

| (kSEK)       | 2019       | 2018     | 2019       | 2018     |
|--------------|------------|----------|------------|----------|
|              | Oct-Dec    | Oct-Dec  | Jan-Dec    | Jan-Dec  |
| Depreciation | -12        | -        | -12        | -        |
|              | <b>-12</b> | <b>0</b> | <b>-12</b> | <b>0</b> |

## SUBMISSION OF FULL YEAR REPORT

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This full year 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. The information was submitted for publication through the Chief Executive Officer on 27 February 2020, at 8:30 a.m.

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