INTERIM REPORT

January - March 2019

Foundation laid for next step

FIRST QUARTER 2019

- Net sales, kSEK 0 (0)
- Operating loss, kSEK -23,661 (-15,250)
- Loss after tax, kSEK -23,522 (-13,699)
- Earnings per share, before and after dilution, SEK -0.36 (-0.21)
- Equity/assets ratio, 90 (92) per cent
- Cash and cash equivalents, kSEK 160,853 (80,581)
- Short-term investments, kSEK 90,319 (160,000)

Significant events in the first quarter

- In January 2019, the first patient initiated treatment with Cantargia's CAN04 antibody in the phase IIa stage of the CANFOUR study.
- In March 2019, Cantargia completed a directed share issue of approximately SEK 106 million to fund expanded clinical development of CAN04.

Significant events after the end of the period

- In April 2019, Cantargia AB announced that phase I clinical data generated with the CAN04 antibody will be presented as an oral presentation on 2 June at the 2019 Annual ASCO Meeting in Chicago.
- In May 2019, Cantargia AB and Patheon Biologics B.V. (a part of ThermoFischer Scientific) concluded an agreement on future production of the CAN04 antibody.
- In May 2019, Cantargia announced new preclinical results showing positive effects when the CAN04 antibody is combined with various platinum-based chemotherapy drugs.

New funding secures coming development stages and clinical data selected for presentation at ASCO

In the first quarter, Cantargia completed a directed share issue to new long-term investors, raising approximately SEK 106 million. The new shares were issued at market prices. The new funding enables Cantargia to launch two additional initiatives. Cantargia will expand the CANFOUR trial to treat more patients from the most promising sub-group in 2020 and the company will initiate an entirely new study in the US in a patient segment that complements the ongoing CANFOUR study.

On 2 June, phase I data from the CANFOUR study will be presented at the annual ASCO conference by the study's coordinating investigator Professor Ahmad Awada from Brussels.

CHIEF EXECUTIVE'S REVIEW

The foundation has been laid for an exciting and eventful 2019.

Cantargia has had a good start to 2019. The highlight was undoubtedly the capital injection we received through a directed share issue to a number of strong investors, led by Alecta. We are very pleased with the confidence that our investors show in Cantargia and our CAN04 project. Thanks to this capital injection, we already have the funding in place to expand our ongoing clinical CANFOUR study and also start an entirely new, complementary and value-enhancing clinical study in the US. It will also enable us to maintain the long-term pace for development of CAN04 and ensures that the project is funded until early 2021.

In January, the first patient was treated in phase IIa of the CANFOUR study. The study is being conducted in different treatment groups in patients with lung cancer or pancreatic cancer. We expect that around 80 patients at 20 hospitals across Europe will be enrolled in the study. A key aspect of the study is that it involves combining CAN04 with standard of care chemotherapy treatment. In preclinical models, we have observed very interesting data for precisely this type of combinations, and we view combination therapies as the main track for our development strategy. We expect to be able to present results in early 2020 and intend to enroll 30–50 additional patients from the most promising treatment group in 2020. If the results are positive, we will be ready to enter the next development phase with controlled studies.

CAN04 inhibits cancer growth stimulated by interleukin 1. Globally, there is fast growing interest in this method of treating cancer. Novartis, which is already conducting pivotal studies with an antibody against one form of interleukin 1 for treatment of lung cancer, recently announced that they intend to expand their development activities to also cover other forms of cancer. Several other groups have published results that provide further support and clinical studies with an antibody against the other form of interleukin 1 are underway. Cantargia's mode of action blocking IL1RAP has a big potential to be more successful compared with blocking one signal at a time. In early April, we were able to announce that our phase I results with CAN04 had been selected for inclusion in the exclusive group that will be presenting their results as an oral presentation at the important ASCO conference. Cantargia is the frontrunner in pursuing this target and this is generating a lot of interest.

In addition to the CANFOUR study, we are engaged in a variety of activities relating to preclinical research related to CAN04 and development of our CANxx project. These activities are progressing according to plan and we expect to be able to report more information over the course of the year. I am confident that the foundation has been laid for an eventful and exciting 2019.

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 focusing on two forms of cancer where there is a big need – non-small cell lung cancer and pancreatic cancer – and has just started phase IIa with CAN04. 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 have a late diagnosis 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 around CAN04 is clear: to develop a new drug which, individually 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.

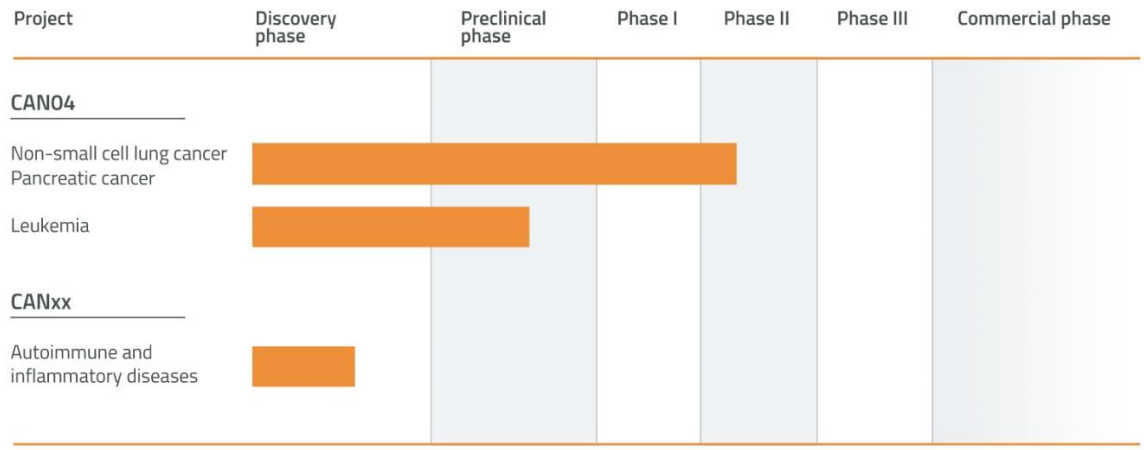
Business concept

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 programme

Cantargia's first study, CANFOUR, in the clinical programme 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'. Treatment in the phase II part was initiated in January, 2019.

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 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. 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. Lung cancer is the form cancer that has the highest mortality and non-small cell lung cancer is the most common form of lung cancer. Pancreatic cancer is extremely hard to cure and very few effective treatments have been developed.

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.

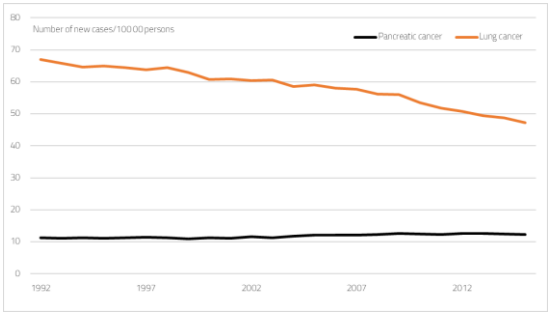
The turnover of non-small cell lung cancer drugs in 2015 was USD 6.2 billion in the eight major markets and is expected to rise to USD 26.8 billion by 2025. Sales are being driven mainly by increasing use of various antibody-based immunotherapies. What these therapies have in common is that they block 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 increrasing 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

Income

The company had no income in the first 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 20,643 (12,897) for the first quarter. The increase is related to increased activity in the company's main project, CAN04, particularly in clinical development. The start of phase II of the CANFOUR clinical study in the first quarter was a major factor behind the sharp increase in costs.

Administrative expenses were kSEK 2,823 (2,256) for the first quarter. The change compared with 2018 is largely attributable to a normal scale-up of the operations as a consequence of increased activities within research and development.

Other operating expenses, which mainly comprise foreign exchange differences on trade payables, were kSEK 194 (97) for the first quarter.

The operating loss was kSEK -23,661 (-15,250) for the first quarter.

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 139 (1,551) for the first quarter.

Earnings

Cantargia's loss before tax, which is the same as the loss for the period, was kSEK -23,522 (-13,699) for the first quarter 2019.

Financial position

The equity/assets ratio at 31 March 2019 was 90 (92) per cent and equity was kSEK 229,806 (232,421).
Cash and cash equivalents, which consist of cash and available deposits with banks and other credit institutions, were kSEK 160,853 (80,581) 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 (160,000). The increase in cash and cash equivalents is wholly related to the directed share issue performed in the first quarter which gave approx. mSEK 98 net.
Total assets at the end of the period were kSEK 256,509 (251,475).

Cash flow and investments

Cash flow from operating activities for the period was kSEK -14,004 (-30,618). As part of cash flow from operating activities, changes in working capital were kSEK 9,564 (-15,501), which was largely due to increased trade payables and accrued expenses. Those increases were more specifically related to capital acquisition costs and increased clinical activities.

Cash flow from investing activities was kSEK 0 (-40,000).

Cash flow from financing activities for the period was kSEK 98,283 (0). This item is fully related to performed directed share issue.

The total change in cash and cash equivalents for the period was kSEK 84,325 (-69,200).

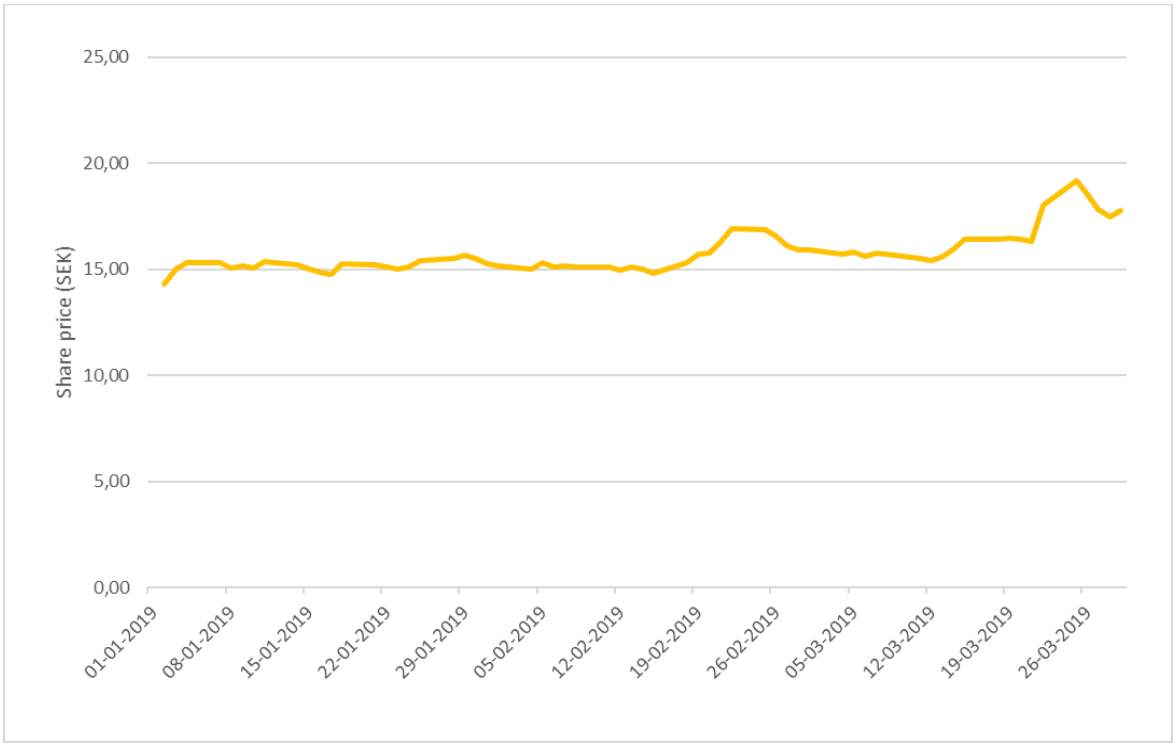
SHAREHOLDER INFORMATION

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 March 2019, the number of shares was 66,185,811 (66,185,811). At the closing date. Number of shares as at 31 March 2019 excludes 6,618,581 interim certificates which had not been converted at that 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 the annual report for 2018.

Share price performance in 2019



Ownership distribution *), 31 March 2019

Owner	Number of shares	Capital/Votes (%)
Sunstone Life Science Ventures Fund III K/S	5 972 292	9,0%
Första AP-fonden	4 550 000	6,9%
Försäkringsaktiebolaget, Avanza Pension	3 589 491	5,4%
Öhman Bank S.A., Luxemburg	3 073 874	4,6%
Fjärde AP-fonden	3 064 129	4,6%
Skandinaviska Enskilda Banken S.A., Luxemburg	2 952 747	4,5%
Andra AP-fonden	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%
Övriga	36 953 974	55,8%
Total	**66 185 811**	**100,0%**

*) The ownership structure list (largest owner) as at 31 March 2019 excludes 6,618,581 interim certificates which had not been converted at that date. These include 4,774,596 shares subscribed by Alecta.

Ownership distribution by size class, 31 March 2019

Holding	Number of shareholders	Number of shares	Capital/Votes (%)	Market Cap (kSEK)
1 - 500	2 107	347 865	0,5%	6 191
501 - 1 000	740	607 369	0,9%	10 811
1 001 - 5 000	1 430	3 662 504	5,4%	65 193
5 001 - 10 000	411	3 000 044	4,5%	53 401
10 001 - 15 000	137	1 739 596	2,6%	30 965
15 001 - 20 000	87	1 531 426	2,3%	27 259
20 001 -	284	55 297 007	83,7%	984 287
Total	**5 196**	**66 185 811**	**100,0%**	**1 178 107**

OTHER INFORMATION

Employees

The average number of employees during the period January to March 2019 was 8 (5), of whom 4 (2) were women.
Cantargia operates to a large extent through external partners.

Financial calendar

- Interim report April - June, 22 August 2019
- Interim report July- September, 15 November 2019
- Year-end report 2019, 27 February 2020

Annual General Meeting 2018

The Annual General Meeting of Cantargia will be held at Medicon Village, Scheelevägen 2 in Lund on 27 May, at 4 p.m.

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.

Lund, 27 May 2019

Cantargia AB
The Board of Directors

STATEMENT OF COMPREHENSIVE INCOME

(kSEK)	Note	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Operating income				
Net sales		-	-	-
Other operating income		-	-	-
Operating expenses	6			
Research and development costs	5	-20 643	-12 897	-76 951
Administrative costs		-2 823	-2 256	-15 823
Other operating expenses		-194	-97	-532
		-23 661	**-15 250**	**-93 306**
Operating profit		**-23 661**	**-15 250**	**-93 306**
Financial income and expense				
Interest income and similar items		139	1 551	2 147
Interest expense and similar items		-	-	-1
		139	**1 551**	**2 145**
Profit before taxes		**-23 522**	**-13 699**	**-91 160**
Loss for the period *)		**-23 522**	**-13 699**	**-91 160**
Earnings per share before and after dilution (SEK) based on average number of shares		-0,36	-0,21	-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)	31-03-2019	31-03-2018	31-12-2018
ASSETS			
Fixed assets			
Financial assets			
Other securities held as non-current asset	2 957	2 957	2 957
	2 957	**2 957**	**2 957**
Total fixed assets	**2 957**	**2 957**	**2 957**
Current assets			
Other receivables	1 189	731	1 143
Prepaid expenses and accrued income	1 191	7 206	496
	2 380	**7 937**	**1 639**
Short-term investments			
Other short-term investments	90 319	160 000	90 319
	90 319	**160 000**	**90 319**
Cash and bank balances			
Cash and bank balances	160 853	80 581	76 528
	160 853	**80 581**	**76 528**
Total current assets	**253 552**	**248 518**	**168 486**
TOTAL ASSETS	**256 509**	**251 475**	**171 443**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	5 295	5 295	5 295
Share capital not yet registered	529	-	-
	5 824	**5 295**	**5 295**
Non-restricted equity			
Share premium account	488 518	390 681	390 765
Retained earnings	-241 015	-149 855	-149 855
Loss for the period	-23 522	-13 699	-91 160
	223 982	**227 127**	**149 750**
Total equity	**229 806**	**232 421**	**155 045**
Short-term liabilities			
Trade payables	14 834	14 001	8 956
Tax liabilities	35	131	131
Other liabilities	370	441	383
Accrued expenses and deferred income	11 463	4 481	6 928
	26 702	**19 054**	**16 398**
TOTAL EQUITY AND LIABILITIES	**256 509**	**251 475**	**171 443**

STATEMENT OF CHANGES IN EQUITY

(kSEK)	Restricted equity		Non-restricted equity		Total
1 January 2019 - 31 March 2019	Share capital	Paid not registered share capital	Share premium account	Retained earnings incl Loss for the year	Total equity
Opening balance 1 January 2019	**5 295**	**-**	**390 765**	**-241 015**	**155 045**
Loss for the period	-	-	-	-23 522	-23 522
Transactions with shareholders					
Issue of new shares for the year	-	529	105 500	-	106 030
Capital acquisition cost	-	-	-7 747	-	-7 747
	-	529	97 753	-	98 283
Closing balance 31 March 2019	**5 295**	**529**	**488 518**	**-264 536**	**229 806**
1 January 2018 - 31 March 2018					
Opening balance 1 January 2018	**3 755**	**1 540**	**390 680**	**-149 855**	**246 120**
Loss for the period	-	-	-	-13 699	-13 699
Transactions with shareholders					
Issue of new shares for the year	1 540	-1 540	-	-	-
Capital acquisition cost	-	-	-	-	-
	1 540	-1 540	-	-	-
Closing balance 31 March 2018	**5 295**	**-**	**390 680**	**-163 554**	**232 421**
1 January 2018 - 31 December 2018					
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 for the year	1 540	-1 540	-	-	-
Capital acquisition cost *)	-	-	85	-	85
	1 540	-1 540	85	-	85
Closing balance 31 December 2018	**5 295**	**-**	**390 765**	**-241 015**	**155 045**

*) 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 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Operating activities			
Operating loss	-23 661	-15 250	-93 305
Interest received etc.	93	133	479
Interest paid etc.	-	-	-1
Cash flow from operating activities before changes in working capital	**-23 568**	**-15 117**	**-92 827**
Changes in working capital			
Change in receivables	-741	-6 222	76
Change in trade payables	5 878	-6 618	-11 662
Changes in other current liabilities	4 427	-2 662	-273
	9 564	**-15 501**	**-11 859**
Cash flow from operating activities	**-14 004**	**-30 618**	**-104 686**
Investing activities			
Increase in other short-term investments	-	-40 000	-40 300
Decrease in other short-term investments	-	-	69 981
	-	**-40 000**	**29 681**
Financing activities			
Issue of new shares for the year	106 030	-	-
Capital acquisition cost	-7 747	-	85
	98 283	**-**	**85**
Change in cash and cash equivalents	84 279	-70 618	-74 921
Cash and cash equivalents at beginning of period	76 528	149 781	149 781
Exchange rate difference in cash equivalents	46	1 418	1 667
Cash and cash equivalents at end of period *)	**160 853**	**80 581**	**76 528**

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

KEY FIGURES

(kSEK)	2019 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Net sales	-	-	-
Operating profit	-23 661	-15 250	-93 306
Loss for the period	-23 522	-13 699	-91 160
Average number of shares *)	66 185 811	66 185 811	66 185 811
Earnings per share before and after dilution (SEK) based on average number of shares	-0,36	-0,21	-1,38
Change in cash and cash equivalents	84 279	-70 618	-74 921
Cash and cash equivalents	160 853	80 581	76 528
Short-term investments	90 319	160 000	90 319
Equity end of period	229 806	232 421	155 045
Equity/assets ratio, %	90%	92%	90%
Average number of employees	8	5	6
Number of employees at end of period	9	5	7
R&D costs as a percentage of operating expenses	87%	85%	82%

*) Number of shares as at 31 March 2019 excludes 6,618,581 interim certificates which had not been converted at that date.

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

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 first quarter 2019 was approved for publication on 27 May 2019 in accordance with a resolution of the Board of Directors of 26 May.

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 March 2019, the company incurred a cost of kSEK 231 (0) 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 Jan-Mar	2018 Jan-Mar	2018 Jan-Dec
Project costs	-17 293	-11 004	-66 159
Other external expenses	-3 084	-2 313	-16 467
Personnel expenses	-3 089	-1 835	-10 147
Other operating expenses	-194	-97	-532
	-23 661	**-15 250**	**-93 305**

SUBMISSION OF INTERIM REPORT

This interim report has been approved for publication by the Board of Directors and Chief Executive Officer. This constitutes information that Cantargia is required to publish under the EU's Market Abuse Regulation. The information was submitted for publication through the Chief Executive Officer on 27 May 2019, at 8:30 a.m.

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