

INTERIM REPORT

January - June 2020

Strong focus on near-term milestones

SECOND QUARTER

- Net sales: SEK 0 (0) million
- Operating loss: SEK -37.7 (-25.2) million
- Loss after tax: SEK -37.1 (-25.0) million
- Loss per share: before and after dilution, SEK -0.41 (-0.34)

HALF-YEAR

- Net sales: SEK 0 (0) million
- Operating loss: SEK -77.6 (-48.9) million
- Loss after tax: SEK -77.0 (-48.6) million
- Loss per share: before and after dilution, SEK -0.89 (-0.70)
- Equity/assets ratio: 93 (91) per cent
- Cash and cash equivalents: SEK 248.3 (59.2) million
- Short-term investments: SEK 210.0 (160.0) million

Significant events in the second quarter

- In April, it was announced that the ongoing COVID-19 pandemic, resulted in a three month delay of Cantargia's CANFOUR trial.
- In May, the US Food and Drug Administration (FDA) approved Cantargia's IND application from April for the start of clinical trials in the US with CAN04 and immunotherapy.
- At the 2020 AACR Annual Meeting in June, new preclinical results were presented that support the combination of Cantargia's CAN04 antibody with platinum-based chemotherapy for cancer therapy.

Comments on significant events

The ongoing COVID-19 pandemic is having an impact on healthcare systems and on opportunities to conduct clinical studies globally. Cantargia has therefore assessed the situation and updated its timelines for the CAN04 and CAN10 projects. For the ongoing CANFOUR study with CAN04 in combination with chemotherapy, the delay was estimated at three months with the last patient in the pancreatic cancer group starting treatment during the third quarter of 2020. Last patient in the lung cancer arm is estimated for Q4 2020.

Alongside the ongoing CANFOUR clinical study, a new clinical study of CAN04 in combination with established immunotherapy will be started. The FDA's approval of the study was an important interim goal and the first patient is expected to start treatment in the third quarter. The diseases examined are non-small cell lung cancer, head and neck cancer, bladder cancer and malignant melanoma.

An important strategic focus for Cantargia is to develop CAN04 in combination with chemotherapy. The new preclinical data that was presented provided further support for this work. For example, the data showed that the IL-1 system, which is blocked by CAN04, plays a role in chemotherapy resistance and thereby CAN04 combined with chemotherapy can have additive or synergistic effects.

CHIEF EXECUTIVE'S REVIEW

Foundation laid for an exciting second half



From a wider perspective, the first half of 2020 has undeniably been different as an entire world struggles to control the ongoing pandemic. Cantargia has of course been affected, but on the whole the business is doing extremely well even if some activities are moving ahead at a slower pace. We are well financed and are moving closer to a number of important milestones in the autumn.

The most advanced activities concern our main project, CANO4, and the studies of CANO4 in combination with chemotherapy. Based on the encouraging interim results we have communicated, we are hopeful that results from a larger number of patients will continue to indicate that CANO4 may have additive or synergistic effects with the chemotherapies used to treat lung cancer or pancreatic cancer. Although the COVID-19 pandemic has in the short term changed the focus in the healthcare sector and affected possibilities to conduct clinical studies, we feel that there is strong interest in CANO4 and its potential in future cancer treatment. For Cantargia, the pandemic resulted in a three months delay of the CANFOUR trial. The new preclinical results we presented this summer strengthen our conviction that we are on the right track and

that CANO4 really has a high potential to reduce the tumour inflammation that makes chemotherapy less effective. We look forward to presenting further results both at the end of this year and in early 2021. The results of these studies are crucial to the planning of the next step in the development of CANO4. We are now also further broadening the project by initiating a study in the US to investigate whether CANO4 can enhance the effect of immunotherapy in cancer treatment. There is a wealth of data from various studies indicating that a high degree of tumour inflammation reduces the effect of immunotherapy in cancer treatment. Our hypothesis is therefore that CANO4 is very well suited to improve future treatments for the large group of patients who currently do not respond to immunotherapy due to chronic inflammation in the tumour microenvironment. The first hospital in the US has opened for enrolment and we expect that the first patient in the study will initiate treatment in September.

We have also observed that there is a growing awareness in the industry of the potential of blocking the IL-1 system in cancer treatment. We expect new external clinical and preclinical results to be presented in 2020 and 2021. These results will provide additional information about the opportunities in this area. Initial results from clinical studies with the antibody canakinumab, targeting IL-1 β , may be reported during the year and we are of course following this with great interest.

Our second project, CAN10, is in a preclinical phase. We have previously communicated that the project is focused on two serious diseases, systemic sclerosis and myocarditis. We are now conducting a number of studies in experimental models of these diseases to gain a deeper understanding of which patient groups are most likely to respond to treatment. Alongside these studies we are developing the production method, which will be followed by necessary safety studies before we can start studies in patients, in early 2022.

During the year, Cantargia has further strengthened its organisation in preparation for coming development steps. We have many value-adding activities ahead of us and are aiming to use these to advance rapidly and effectively. We are in a strong position and it is with great confidence in the future that I write these lines

Göran Forsberg
CEO, Cantargia AB

ABOUT CANTARGIA

Cantargia is a Swedish biotech firm operating in the borderland between immunotherapy and targeted treatments that is developing targeted antibody-based treatments for life-threatening diseases. Thanks to the significant research advances made in recent years, both immunotherapy and targeted treatments have been added as new cancer treatment options, in addition to surgery, radiation therapy and chemotherapy. Intensive research is being conducted in this field and the 2018 Nobel Prizes for medicine and physiology were awarded for immunotherapy research.

Cantargia's research and development were born out of an important discovery at Lund University, where research on leukemia stem cells showed that the IL1RAP molecule was present on the cell surface of immature cancer cells. Continued research showed that this molecule is also present on cancer cells from a large number of tumour diseases. Modern drug development is aimed at identifying unique targets against which pharmaceutical substances can be aimed, and in this research IL1RAP has proved to be a highly interesting target. Cantargia's treatment against IL1RAP is unique, as it has a double mechanism of action and attacks the cancer cells directly while also suppressing tumour inflammation, which is one of the key drivers of tumour disease progression.

For CAN04, the company has initially focused on non-small cell lung cancer and pancreatic cancer. Lung cancer is the form of cancer that causes the largest number of deaths and non-small cell lung cancer is the most common form of the disease. Pancreatic cancer is very hard to cure and few effective treatments have so far been developed. In future studies, Cantargia is planning to include new IL1RAP-expressing cancers: bladder cancer and head and neck cancer.

Targeted antibody treatments increase the chances of achieving an effective treatment with fewer side effects for patients. Cantargia's objective for 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 against IL1RAP outside the field of cancer. In the CAN10 project, the initial focus is on two serious

autoimmune/inflammatory diseases: systemic sclerosis and myocarditis. The goal is to initiate clinical studies for CAN10 in early 2022.

Vision

Cantargia's vision is to become an important part of tomorrow's more effective cancer treatment by developing a new generation of targeted immunotherapies against IL1RAP. Our ambition is to be able to broaden the use of the technology to several disease areas with significant medical needs, such as autoimmune/inflammatory diseases.

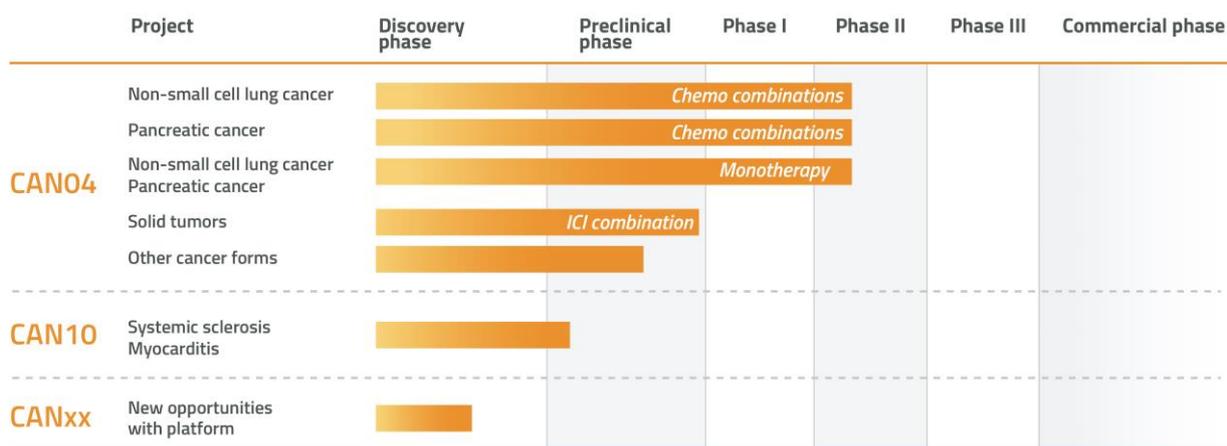
Business model & strategy

Cantargia's business model and scientific strategy are based on partnerships, and Cantargia has concluded agreements with a number of different companies, hospitals and academic groupings. Currently around 30 international and local players are engaged in research and development related to Cantargia's CAN04 project. We are now building partnerships in a similar way in our new project, CAN10. The strategy is based on driving the development of candidate drugs until an indication of clinical activity has been obtained. Alongside its clinical development activities, Cantargia intends to find a commercial partner.

Our clinical program

Cantargia's first study, CANFOUR, is looking at the company's main candidate, CAN04, for treatment of non-small cell lung cancer and pancreatic cancer. CANFOUR is a phase I/IIa study and consists of two stages. In the first stage, the emphasis was on evaluating safety and dosage while the phase IIa stage is looking 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 were very encouraging and indicated good safety as well as effects on certain 'biomarkers.' Positive interim results from the phase IIa stage were presented in December 2019 and showed that a majority of patients receiving CAN04 in combination with chemotherapy saw a more than 50 per cent reduction in their tumour burden after just two months of treatment.

Cantargia's project portfolio



CANTARGIA OPERATES IN A GROWING MARKET

Cancer is one of the most common causes of death in the world, accounting for around 20 per cent of deaths in the West. Globally, more than 18 million people are diagnosed with cancer each year and nearly 10 million lose their lives to cancer-related diseases. Despite significant advances in treatment and diagnosis, there is a great need for new treatment methods.

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

Cantargia has initially focused on non-small cell lung cancer and pancreatic cancer. The next planned study will include bladder cancer, head and neck cancer and malignant melanoma. These are IL1RAP-expressing cancers and immunotherapy is today one of the standard treatments for these diseases, as well as for non-small cell lung 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 85 per cent of all lung cancers are non-small cell lung cancer. In the United States, the number of people being diagnosed with lung cancer has declined by around 31 per cent over the past 14 years while the number of people being diagnosed with the disease in countries like China and India as well as in European countries like Hungary, Denmark and Serbia is increasing.

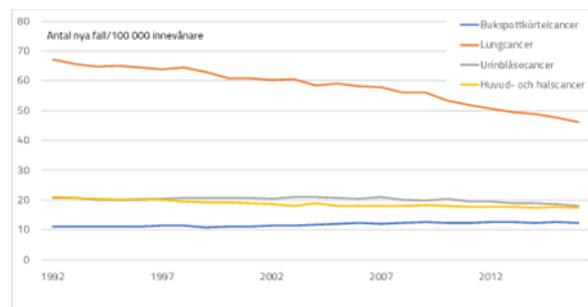
Sales of drugs for non-small cell lung cancer totalled USD 16 billion in 2018 and are projected to increase to USD 43.7 billion by 2026. Sales are being driven mainly by increasing use of various antibody-based immunotherapies. Another important factor driving the growth of the global market is the increasing incidence of lung cancer in many countries, as mentioned above.

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 nearly 11 per cent over the past 14 years. Being hard to diagnose, the disease is difficult to treat, as it is often far advanced by the time it is discovered.

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

Source: SEER Cancer Statistics Review



The global market for pancreatic cancer treatment 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 to 2025. The main factor behind the growth of this market is the growing number of cancer cases, which in turn is driven by an aging population and the increasing incidence of diabetes, both of which are risk factors for developing this disease. Another factor why the market is expected to grow is improved diagnostics, which increases the chance of discovering pancreatic cancer at an earlier stage and thus enabling treatment. The number of people being diagnosed with pancreatic cancer is expected to grow by 55 per cent by 2030. This year, pancreatic cancer is expected to be the third most common cause of cancer-related deaths in the US.

The head and neck cancer market

Head and neck cancer is a group of cancer indications that affect the lips, salivary gland, pharynx, nasal cavity, larynx and thyroid gland. The number of new annual cases of head and neck cancer in the 7MM countries is forecast to rise from 164,000 in 2020 to around 175,000 in 2025. The global pharmaceutical market for head and neck cancer treatment was estimated at USD 1.3 billion in 2017 and is forecast to be worth USD 2.3 billion by 2025. This represents an annual growth rate of 7.3 per cent from 2018 to 2025.

The bladder cancer market

Bladder cancer is the seventh most common form of cancer in men and the seventeenth most common form of cancer in women. The number of new cases of bladder cancer is expected to increase from 251,000 in 2018 to 290,000 in 2025. The bladder cancer market is forecast to grow by 4.5 per cent annually from 2018 to 2025. The market was estimated at USD 241 million in 2018 and is forecast to grow to USD 327.9 million by 2025.

The market for systemic sclerosis and myocarditis

Systemic sclerosis is a chronic autoimmune disease that is characterised mainly by inflammation and fibrosis of the skin and subcutaneous tissue as well as blood vessels and internal organs such as the lungs, heart and kidneys. The estimated annual incidence of the disease in North America is approximately 4.5 cases per 100,000 inhabitants and the corresponding figure in Europe is 1.8. The estimated incidence of myocarditis is around 1.7 million and the disease accounts for around 46,400 deaths annually worldwide.

Immune therapy

In 2011, the first immunotherapy drug was approved by the U.S. Food and Drug Administration (FDA). Since then, the FDA has approved a number of new preparations. Of these, the four that have achieved the highest sales are Yervoy® (Bristol-Myers Squibb), Opdivo® (Bristol-Myers Squibb), Keytruda® (Merck & Co) and Tecentriq® (Roche). In 2017, these four preparations generated sales of around USD 10.4 billion, and sales grew to USD 21.7 billion in 2019. In the first quarter of 2020, sales had increased by nearly 30 per cent compared with the same period in 2019. Lung cancer and malignant melanoma are two types of cancer that can be treated with these preparations.

FINANCIAL INFORMATION

Income

The company had no income in the first half-year of 2020.

Operating expenses/operating loss

Research and developments costs in the second quarter totalled SEK 33.7 (20.8) million and SEK 69.8 (41.8) million for the first half-year. The change compared with the previous year is primarily related to Cantargia's main project, CAN04, where costs for the CANFOUR clinical study as well as investments in production development (CMC) have increased. Costs for preclinical studies for CAN10 and CANxx also increased compared with 2019.

Administrative expenses for the first quarter were SEK 4.1 (4.3) million and SEK 7.5 (7.1) million for the first half-year.

Other operating expenses, which comprise foreign exchange differences on trade payables, totalled SEK -0.1 (0.1) million for the second quarter and SEK 0.3 (0.3) million for the first half-year. Other operating expenses are mainly related to the Swedish krona's currency rates variations, against EUR and USD.

The operating loss in the second quarter was SEK -37.7 (-25.2) million and for the first half-year SEK -77.6 (-48.9) million.

Net financial income/expense

Net financial income/expense consists substantially of foreign exchange differences on the company's currency accounts and interest earned on short-term investments in fixed-rate accounts and fixed income funds. The Net financial income/expense for the second quarter includes a reversed write-down of SEK 0.5 million on a short-term investment in a fixed income fund. Net financial income/expense for the second quarter was SEK 0.6 (0.2) million and SEK 0.5 (0.3) million for the first half-year.

Earnings

Cantargia's pre-tax loss, which is the same as the loss for the period, was SEK -37.1 (-25.0) million for the second quarter and SEK -77.0 (-48.5) million for the first half-year.

Financial position

Cantargia's equity/assets ratio at 30 June 2020 was 93 (91) per cent and equity was SEK 452.0 (204.5) million.

The company's cash and cash equivalents, which consist of cash and demand deposits with banks and other credit institutions, were SEK 248.3 (59.2) million 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 in a total amount of SEK 210.0 (160.0) million. The company's liquidity (including short-term investments) is still significantly higher than in 2019 as a result of the SEK 409.5 million

directed share issue, which raised SEK 386.3 million after transaction costs, performed in 2020.

At the end of the period, total assets stood at SEK 484.5 (224.5) million.

Cash flow and investments

Cash flow from operating activities for the second quarter was SEK -38.3 (-31.8) million and SEK -70.0 (-45.8) million for the first half-year. As part of cash flow from operating activities, changes in working capital were SEK -2.1 (-6.7) million in the second quarter and SEK 5.4 (2.8) million in the first half-year.

Cash flow from investing activities in the second quarter totalled SEK 50.0 (-69.7) million and -108.2 (-69.7) million in the first half-year. The second quarter's as well as the first half of the year's cash flow from investing activities is essentially related to reallocations of other short-term investments in fixed interest accounts.

Cash flow from financing activities totalled SEK -0.5 (-0.2) million in the second quarter and SEK 386.3 (98.0) million in the first half-year. The outcome for the period as well as the previous year is wholly related to the completion of directed share issues.

The total change in cash and cash equivalents for the second quarter was SEK 11.1 (-101.7) million and for the first half-year SEK 208.1 (-17.4) million.

Warrant program, TO 2017/2020

The warrant program TO 2017/2020 comprises 85,000 warrants as of the balance sheet date, which after recalculation for the rights issue registered on January 8, 2018 gives the right to subscribe for 86,700 shares at a subscription price of SEK 11.18 per share. Upon full utilization, the share capital will increase by SEK 6,936. In other respects, conditions apply in accordance with the annual report for 2019.

Employee stock option program 2020/2023

At the Annual General Meeting on 27 May 2020, the shareholders approved the introduction of Employee Stock Option Scheme 2020/2023. The purpose of the scheme is to enable the company to retain skilled personnel through a long-term incentive scheme.

The options will be offered to employees of or consultants to the company and will be allocated to the participants free of charge. The options have a three-year vesting period from the date of allocation, provided, with the usual exceptions, that the participant remains an employee of or continues to provide services to Cantargia. Once vested, the options can be

exercised during a two-year period. Exercise can, however, not take place earlier than three years after grant date.

Each vested option gives the holder the right to purchase one share of the company at a pre-defined price. The price per share will be determined as the weighted average price of the company's shares traded on Nasdaq Stockholm during the ten trading days preceding the allocation date. In June, a total of 1,680,000 employee stock options were granted, whereby the price was set at SEK 31.71 per share. Allocated employee stock options were distributed to the CEO 350,000, other senior executives 950,000 and other personnel 380,000. For further information about this program, see the minutes from the 2020 Annual General Meeting published on the company's website, www.cantargia.com.

Below is a summary of the total number of shares that granted options may entitle to as of June 30, 2020 Full exercise of granted options as of June 30, 2020, corresponding to a total of

1,766,700 shares, would result in a dilution of shareholders by 1.9 percent. If decided, but not allotted options, a further total of 220,000, are fully exercised, it would result in a total dilution of shareholders of 2.1 percent.

Changes in existing incentive programs during 2020 (number of shares)	
Granted instruments	
Employee stock option program 2020/2023	1 680 000
Exercised instruments	
	-
Lapsed instruments	
	-
Total change	1 680 000
Number of shares granted instruments may entitle to June 30, 2020	
Warrant program, TO 2017/2020	86 700
Employee stock option program 2020/2023	1 680 000
Number of shares granted instruments may entitle to	1 766 700

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”. On 30 June 2020, the number of shares was 91,005,489 (72,804,39).

Share price performance in 2020



Ownership distribution, 30 June 2020

Owner	Number of shares	Capital/Votes (%)
Fjärde AP-fonden	7 056 751	7,8%
Swedbank Robur Fonder	6 765 294	7,4%
Alecta Pensionsförsäkring, Ömsesidigt	6 048 596	6,6%
Första AP-fonden	5 750 000	6,3%
Sunstone Life Science Ventures Fund III K/S	4 772 292	5,2%
Öhman Bank S.A., Luxemburg	4 423 387	4,9%
Försäkringsaktiebolaget, Avanza Pension	4 012 574	4,4%
Skandinaviska Enskilda Banken S.A., Luxemburg	2 728 735	3,0%
Morgan Stanley & Co Intl PLC	2 144 288	2,4%
Handelsbanken fonder	2 114 760	2,3%
Other	45 188 812	49,7%
Total	91 005 489	100,0%

Ownership distribution by size class, 30 June 2020

Holding	Number of shareholders	Number of shares	Capital/Votes (%)	Market Cap (kSEK)
1 - 500	2 664	443 777	0,5%	9 541
501 - 1 000	863	710 966	0,7%	15 286
1 001 - 5 000	1 570	3 936 474	4,0%	84 634
5 001 - 10 000	421	3 063 945	3,4%	65 875
10 001 - 15 000	138	1 762 150	1,9%	37 886
15 001 - 20 000	103	1 814 796	2,0%	39 018
20 001 -	302	79 273 381	87,5%	1 704 378
Total	6 061	91 005 489	100,0%	1 956 618

OTHER INFORMATION

Employees

The average number of employees during the period January to June 2020 was 14 (8), of whom 8 (3) were women. Cantargia operates to a large extent through external partners.

Financial calendar

- Interim report July-September, 12 November 2020
- Year-end report 2020, 25 February 2021

Review by auditors

The interim 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.

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, 20 August 2020

Magnus Persson
Chairman

Claus Asbjørn Andersson

Karin Leandersson

Thoas Fioretos

Patricia Delaite

Anders Martin-Löf

Göran Forsberg
CEO

STATEMENT OF COMPREHENSIVE INCOME

(kSEK)	Note	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Operating income						
Net sales		-	-	-	-	-
Other operating income		-	-	-	-	-
Operating expenses						
Research and development costs	6	-33 699	-20 790	-69 807	-41 434	-97 477
Administrative costs	5	-4 074	-4 280	-7 509	-7 103	-13 097
Other operating expenses		116	-126	-278	-320	-1 016
		-37 657	-25 196	-77 594	-48 857	-111 589
Operating profit		-37 657	-25 196	-77 594	-48 857	-111 589
Financial income and expense						
Interest income and similar items		141	184	549	323	780
Interest expense and similar items **)		456	-	0	-	-
		597	184	549	323	780
Profit before taxes		-37 060	-25 012	-77 045	-48 533	-110 809
Loss for the period *)		-37 060	-25 012	-77 045	-48 533	-110 809
Earnings per share before and after dilution (SEK) based on average number of shares		-0,41	-0,34	-0,89	-0,70	-1,56

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

***) Refers to reversed write-down of short-term investment.

STATEMENT OF FINANCIAL POSITION

(kSEK)	30-06-2020	30-06-2019	31-12-2019
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
Patent	7 811	-	-
	7 811	-	-
<i>Financial assets</i>			
Other securities held as non-current asset	-	2 957	-
	-	2 957	-
<i>Tangible assets</i>			
Machinery and equipment	5 803	-	6 868
	5 803	-	6 868
Total fixed assets	13 614	2 957	6 868
Current assets			
Other receivables	3 452	896	1 482
Prepaid expenses and accrued income	9 123	1 447	7 818
	12 575	2 344	9 300
Short-term investments			
Other short-term investments	210 019	160 019	110 019
	210 019	160 019	110 019
Cash and bank balances			
Cash and bank balances	248 293	59 174	39 870
	248 293	59 174	39 870
Total current assets	470 887	221 536	159 189
TOTAL ASSETS	484 502	224 494	166 057
EQUITY AND LIABILITIES			
<i>Equity</i>			
<i>Restricted equity</i>			
Share capital	7 280	5 824	5 824
	7 280	5 824	5 824
<i>Non-restricted equity</i>			
Share premium account	873 143	488 272	488 272
Retained earnings	-351 421	-241 015	-241 015
Loss for the period	-77 045	-48 533	-110 808
	444 678	198 724	136 448
Total equity	451 958	204 548	142 273
<i>Long-term liabilities</i>			
Provision for social security contributions, incentive program	51	-	-
	51	-	-
<i>Short-term liabilities</i>			
Trade payables	12 181	6 292	12 620
Tax liabilities	164	41	103
Other liabilities	1 518	1 525	474
Accrued expenses and deferred income	18 630	12 087	10 588
	32 493	19 946	23 784
TOTAL EQUITY AND LIABILITIES	484 502	224 494	166 057

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 period	
1 April 2020 - 30 June 2020					Total equity
Opening balance 1 April 2020	7 280	-	873 687	-391 808	489 160
<i>Loss for the period</i>	-	-	-	-37 060	-37 060
<i>Transactions with shareholders</i>					
Issue of new shares for the year	-	-	-	-	-
Capital acquisition cost	-	-	-544	-	-544
Employee stock option program	-	-	-	402	402
	-	-	-544	402	-141
Closing balance 30 June 2020	7 280	-	873 143	-428 466	451 958
1 April 2019 - 30 June 2019					
Opening balance 1 April 2019	5 295	529	488 518	-264 536	229 806
<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
Closing balance 30 June 2019	5 824	-	488 272	-289 548	204 548
1 January 2020 - 30 June 2020					
Opening balance 1 January 2020	5 824	-	488 272	-351 823	142 273
<i>Loss for the period</i>	-	-	-	-77 045	-77 045
<i>Transactions with shareholders</i>					
Issue of new shares for the year	1 456	-	408 069	-	409 525
Capital acquisition cost	-	-	-23 197	-	-23 197
Employee stock option program	-	-	-	402	402
	1 456	-	384 872	402	386 730
Closing balance 30 June 2020	7 280	-	873 143	-428 466	451 958
1 January 2019 - 30 June 2019					
Opening balance 1 January 2019	5 295	-	390 765	-241 015	155 045
<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
Closing balance 30 June 2019	5 824	-	488 272	-289 548	204 548
1 January 2019 - 31 December 2019					
Opening balance 1 January 2019	5 295	-	390 765	-241 015	155 045
<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
Closing balance 31 December 2019	5 824	-	488 272	-351 824	142 273

STATEMENT OF CASH FLOWS

(kSEK)	Note	2020	2019	2020	2019	2019
		Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Operating activities						
Operating loss		-37 657	-25 196	-77 594	-48 857	-111 589
Adjustments for non-cash items	7	1 243	-	1 882	-	12
Interest received etc.		154	147	261	240	597
Interest paid etc.		-	-	-	-	-
Cash flow from operating activities before changes in working capital		-36 260	-25 049	-75 451	-48 617	-110 980
Changes in working capital						
Change in receivables		-9 548	36	-3 275	-704	-7 661
Change in trade payables		2 053	-8 542	-439	-2 664	3 664
Changes in other current liabilities		5 424	1 785	9 148	6 212	3 722
		-2 071	-6 721	5 433	2 843	-274
Cash flow from operating activities		-38 331	-31 770	-70 018	-45 774	-111 254
Investing activities						
Acquisition of intangible assets		-	-	-8 111	-	-
Acquisition of tangible assets		-	-	-64	-	-6 880
Disposal of other long-term securities		-	-	-	-	2 957
Increase in other short-term investments		-	-120 000	-150 000	-120 000	-120 000
Decrease in other short-term investments		50 000	50 300	50 000	50 300	100 300
		50 000	-69 700	-108 175	-69 700	-23 623
Financing activities						
Issue of new shares for the year		-	-	409 525	106 030	106 030
Capital acquisition cost		-544	-246	-23 197	-7 993	-7 993
		-544	-246	386 328	98 036	98 036
Change in cash and cash equivalents		11 126	-101 716	208 135	-17 437	-36 841
Cash and cash equivalents at beginning of period		237 181	160 853	39 870	76 528	76 528
Exchange rate difference in cash equivalents		-13	38	289	84	183
Cash and cash equivalents at end of period *)		248 293	59 174	248 293	59 174	39 870

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

KEY FIGURES

(kSEK)	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Net sales	-	-	-	-	-
Operating profit	-37 657	-25 196	-77 594	-48 857	-111 589
Loss for the period	-37 060	-25 012	-77 045	-48 533	-110 809
Average number of shares	91 005 489	72 804 392	86 151 863	69 495 102	71 149 747
Earnings per share before and after dilution (SEK) based on average number of shares	-0,41	-0,34	-0,89	-0,70	-1,56
Change in cash and cash equivalents	11 126	-101 716	208 134	-17 437	-36 841
Cash and cash equivalents	248 293	59 174	248 293	59 174	39 870
Short-term investments	210 019	160 019	210 019	160 019	110 019
Equity end of period	451 958	204 548	451 958	204 548	142 273
Equity/assets ratio, %	93%	91%	93%	91%	86%
Average number of employees	14	8	14	8	9
Number of employees at end of period	15	8	15	8	11
R&D costs as a percentage of operating expenses	89%	83%	90%	83%	87%

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 Ideon Gateway, Scheelevägen 27, SE-223 63 Lund.

The interim report for the second quarter 2020 was approved for publication on 20 August 2020 in accordance with a resolution of the Board of Directors of 19 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 2019 with the following additions. As Cantargia introduced an employee stock option program following a decision by the 2020 Annual General Meeting, the following accounting principles will be added.

The interim report has been prepared using the cost method.

No 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).

Employee stock option program

The fair value of the service entitling an employee to an allotment of options under Cantargia's employee stock option scheme is recognised as a personnel expense with a corresponding increase in equity. The total amount expensed is based on the fair value of the allocated options:

- including all market-related terms (e.g. target share price),
- excluding any effect of service and non-market vesting conditions (e.g. profitability and that the employee remain an employee of the company for a specified period),
- including the effect of non-vesting conditions (e.g., a requirement that the employee save or hold the shares for a specified period).

The total expense is recognised over the vesting period, which is the period during which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the company reviews its assessments of how many shares are expected to be vested based on the non-market vesting conditions and service vesting conditions. Any deviations from the original assessments resulting from the review are recognised in the income statement with corresponding adjustments in equity.

As a basis for provisions for social security contributions, the fair value of vested employee stock options is remeasured at the end of each reporting period. Social security contributions are accounted for as personnel expenses and a corresponding provision is made in non-current or current liabilities depending on the remaining term of each scheme.

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 2019.

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.

In recent months, the COVID-19 pandemic has developed in a way that has put a heavy strain on society. Cantargia follows the spread and its consequences. The greatest risk lies around clinical studies where the increased burden on healthcare can mean delays in patient recruitment, or that patients are subject to travel or visitor restrictions and cannot make the visits that are expected. Given that COVID-19 has developed very differently aggressively in different countries and that hospitals are choosing different strategies for conducting clinical studies, the risks are less for major delays or major quality problems. Delays may also occur with other subcontractors, but the production of CANO4 for the clinical trials is assured. Based on the COVID-19 pandemic, Cantargia updated its timelines in early April. Cantargia is currently well funded and well equipped to cope with delays.

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 2020, the company incurred a cost of kSEK 231 (231) under the agreement.

In the second quarter of 2020, Cantargia signed a research agreement with Lund University, where Gunilla Westergren-Thorsson, Professor of Lung Biology, is engaged in research. Under the agreement, Gunilla Westergren-Thorsson, who is a related party of an insider at Cantargia, will conduct a project aimed at expanding knowledge about IL1RAP as part of her employment at Lund University. The project is limited in time to six months and is funded by Cantargia. Under the agreement, Cantargia has the right to use and, if applicable, take over all research results from the projects free of charge. During the period January to June 2020, the company incurred a cost of kSEK 500 (-) under the agreement.

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

Note 6 Costs by nature of expense

On a "by nature" basis, the sum of expenses by function is distributed as follows.

(kSEK)	2020	2019	2020	2019	2019
	Apr-Jun	Apr-Jun	Jan-Jun	Jan-Jun	Jan-Dec
Project costs	-27 325	-16 994	-56 353	-34 287	-81 053
Other external expenses	-4 578	-4 513	-9 225	-7 597	-14 298
Personnel expenses	-5 082	-3 564	-10 309	-6 653	-15 210
Other operating expenses	116	-126	-278	-320	-1 016
Depreciation	-789	-	-1 429	-	-12
	-37 657	-25 196	-77 594	-48 857	-111 589

Note 7 Adjustments for non-cash items

(kSEK)	2020 Apr-Jun	2019 Apr-Jun	2020 Jan-Jun	2019 Jan-Jun	2019 Jan-Dec
Depreciation	-790	-	-1 429	-	-12
Employee stock option program	-453	-	-453	-	-
	-1 243	0	-1 882	0	-12

SUBMISSION OF INTERIM REPORT

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 20 August 2020, at 8:30 a.m.

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