INTERIM REPORT

January - June 2021

Unique results lay a foundation for next steps

SECOND QUARTER

- Net sales: SEK 0 (0) million
- Operating loss: SEK -86.6 (-37.7) million
- Loss after tax: SEK -85.9 (-37.1) million
- Loss per share: before and after dilution, SEK -0.86 (-0.41)

HALF-YEAR

- Net sales: SEK 0 (0) million
- Operating loss: SEK -159.8 (-77.6) million
- Loss after tax: SEK -158.5 (-77.0) million
- Loss per share: before and after dilution, SEK -1.58 (-0.89)
- Equity/assets ratio: 91 (93) per cent
- Cash and cash equivalents: SEK 94.7 (248.3) million
- Short-term investments: SEK 666.0 (210.0) million

Significant events in the second quarter

- Preclinical results for the CAN10 antibody were presented at the IMMUNOLOGY2021 conference
- A letter of intent was signed with GEICAM to conduct a clinical study with nadunolimab in combination with chemotherapy in triple negative breast cancer
- Positive interim results were presented from the CANFOUR study showing an improved progression-free survival and overall survival for combination treatment with nadunolimab and chemotherapy in pancreatic cancer, compared to historical control data
- Regulatory approval was obtained to initiate the phase Ib study CAPAFOUR with nadunolimab in combination with the FOLFIRINOX chemotherapy regimen in pancreatic cancer
- An application was submitted to start the clinical phase I/II study CESTAFOUR with nadunolimab in combination with chemotherapy in three different forms of cancer

Significant events after the end of the period

- An application was submitted to start the clinical phase Ib/II study TRIFOUR with nadunolimab in combination with carboplatin/gemcitabine in triple negative breast cancer

Comments on significant events

The CAN10 project has made progress and new preclinical results were presented at the IMMUNOLOGY2021 conference organized by the American Association of Immunologists. The results showed that CAN10 reduced inflammation and fibrosis in a model of myocarditis and the deterioration in cardiac function.

Cantargia intends to broaden the development of nadunolimab to cover additional cancer types. As part of this effort, a letter of intent was signed with the Spanish Breast Cancer Group (GEICAM) to conduct a clinical phase Ib/II study, TRIFOUR, in which nadunolimab will be evaluated with carboplatin/ gemcitabine in patients with triple negative breast cancer. After an initial safety phase, the second part of the study will be conducted against a control group. The application to start TRIFOUR was submitted at the beginning of July. An application was also submitted to start the phase I/II study CESTAFOUR, where nadunolimab will be evaluated in combination with chemotherapy in three different forms of cancer.

Additional positive interim results were presented from the CANFOUR study, where treatment with nadunolimab and gemcitabine/nab-paclitaxel is evaluated in pancreatic cancer patients. The results are strong compared to historical control data for chemotherapy alone and show durable responses, among other effects, as well as five patients with pseudo-progression, an unusual observation in pancreatic cancer. Overall, this resulted in progression-free survival of 7.8 months and overall survival of 12.6 months. During the period, regulatory approval was obtained for a further clinical study in pancreatic cancer, CAPAFOUR, where nadunolimab will be evaluated in combination with the FOLFIRINOX chemotherapy regimen.

CHIEF EXECUTIVE'S REVIEW

Unique results lay a foundation for next steps

Cantargia reached several milestones during the quarter. We presented new preclinical and clinical results that support future development steps for our projects, and our clinical programme for nadunolimab is being broadened. We also have a strong financial position, which is essential for our ability to continue our development activities efficiently.

The new clinical data that we presented from the CANFOUR study on the treatment of pancreatic cancer patients are undoubtedly of great importance. Although we are still at an early stage of development, the results suggest that nadunolimab may prolong the anti-tumor effect of chemo-therapy. While many patients with pancreatic cancer experience an initial effect from chemotherapy treatment, this effect is usually short-lived. This is partly because the tumor develops resistance to the treatment, but also because the chemotherapy drugs cause side effects that make them unsuitable for long-term treatment. Our early results show a longer progression-free survival with nadunolimab in combination with chemotherapy than what would be expected with chemotherapy alone, and also that some of the side effects caused by the chemotherapy drugs are mitigated. These results are in line with our expectations as our own as well as independent studies have shown that the biological system that we target is vital for the development of resistance to chemotherapy drugs and their side effects. Cantargia's goal is to show that nadunolimab can have a unique role in both enhancing and prolonging the anti-tumor effects of chemotherapy drugs more generally. For this reason, we are starting new clinical studies in other forms of cancer and with other types of chemotherapy, to identify new treatment opportunities for nadunolimab. Key milestones in the initiation of three different studies, CAPAFOUR, CESTAFOUR and TRIFOUR, were reached during the period. We expect to be able to present further updates from our ongoing studies throughout the rest of 2021, including updated results from the CANFOUR study in non-small cell lung cancer in the third quarter and results from the CIRIFOUR study, where nadunolimab is combined with the immunotherapy Keytruda®, in the fourth quarter.

Progress has also been made in the development of our candidate drug CAN10. In May we presented new results in models of various autoimmune/inflammatory diseases and were able to show positive effects in the treatment of myocarditis. The effects indicate that CAN10 can counteract both the inflammation and the fibrosis, which are part of the disease progression, as well as counteract the deterioration in cardiac function. These results show that CAN10 has a unique mechanism of action. The final activities related to production development and safety studies are ongoing for CAN10 with the goal to start clinical studies in early 2022.

The Cantargia team and I look forward to continuing working on our broadened clinical program with the main goal of reaching pivotal phase III studies for market authorization as soon as possible.

Göran Forsberg
CEO, Cantargia AB

ABOUT CANTARGIA

Cantargia is a Swedish biotech firm, operating in the borderland between immunotherapy and targeted treatments, developing targeted antibody-based treatments for life-threatening diseases. Owing 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. Intense research is being conducted in this area and it is likely that many new treatment options will become available in the coming years.

Cantargia's research and development were born out of an important discovery at Lund University, where research on leukemic 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 tumor 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 and has a double mechanism of action; attacking cancer cells directly while also suppressing tumor inflammation, which is one of the key drivers of tumor disease progression.

For nadunolimab (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 difficult to treat, and few effective treatments are available on the market. Our development activities were recently broadened to include studies of head and neck cancer, malignant melanoma and bladder cancer, and in 2021 more diseases will be evaluated, including triple negative breast cancer.

Targeted antibody treatments increase the chances of achieving an effective treatment with fewer side effects for patients. Cantargia's objective for CAN04 is 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, Cantargia is developing other antibodies targeting 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.

Cantargia's project portfolio

Project	Disease	Type of treatment	Discovery phase	Preclinical phase	Clinical Phase I	Clinical Phase II	Clinical Phase III	Commercial phase
CAN04 Nadunolimab	Pancreatic cancer	1st line	Gemcitabine/nab-paclitaxel					
			FOLFIRINOX					
	Non-small cell lung cancer	1st line	Cisplatin/gemcitabine					
		2nd/3rd line	Docetaxel					
	Triple negative breast cancer	1st/2nd line	Carboplatin/gemcitabine					
	Bile duct cancer	1st line	Cisplatin/gemcitabine					
	Colon cancer	3rd line	FOLFOX					
	Solid tumors	Immuno-therapy combo	Pembrolizumab					
CAN10	Myocarditis; Systemic sclerosis							
CANxx	New opportunities within platform							

Our clinical program

Cantargia's first study, CANFOUR, evaluates the company's main candidate, CAN04, for treatment of non-small cell lung cancer and pancreatic cancer. CANFOUR is a phase I/IIa study consisting of two stages. In the first stage, the emphasis was on evaluating safety and dosage while the phase IIa stage is determining the effects of the treatment both as single agent therapy (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 part also show a clear indication of efficacy of the combination therapy as more potent effects are observed in pancreatic cancer patients compared to what is expected for chemotherapy alone. The patients show durable responses or pseudoprogression, which results in progression-free survival of 7.8 months and overall survival of 12.5 months. Also in non-small cell lung cancer patients, a higher response rate is achieved compared to chemotherapy alone.

In pancreatic cancer, an extension part has recently been started to provide a more robust picture of the relationship between dose, efficacy and safety. During 2021, the phase Ib study CAPAFOUR was also initiated where CAN04 will be evaluated in combination with the chemotherapy regimen FOLFIRINOX for treatment of pancreatic cancer.

In a further clinical study, CIRIFOUR, conducted in the United States, CAN04 is being studied in combination with immunotherapy. The study is performed in patients with non-small cell lung cancer, head and neck cancer, bladder cancer or melanoma no longer responding to immunotherapy. The patients will be treated with CAN04 and the immunotherapy pembrolizumab (Keytruda®) with the purpose to counteract the resistance acquired in these patients. The primary purpose of the trial regards safety, and in addition, biomarkers and efficacy will be studied. The first patients started therapy during the autumn of 2020 and first results are planned to be presented during H2 2021.

Business model
Cantargia's business model and scientific strategy are based on partnerships, and Cantargia has established agreements with a number of different companies, hospitals and academic groups. Currently, around 50 international and local players are involved with 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 our candidate drugs by in-house capacity.

Ongoing or planned clinical studies for CAN04

Study	Disease	Combination therapy	Status	ClinicalTrials.gov ID
CANFOUR	NSCLC	Cisplatin/gemcitabine	Recruitment ongoing; expected to be finalized during Q3 2021	NCT03267316
	PDAC	Gemcitabine/nab-paclitaxel	Recruitment for extension part ongoing; expected to be finalized during Q3 2021	
CIRIFOUR	NSCLC, bladder cancer, HSNCC, melanoma	Pembrolizumab	Recruitment ongoing; expected to be finalized during Q3 2021	NCT04452214
CAPAFOUR	PDAC	FOLFIRINOX	Recruitment ongoing	NCT04990037
TRIFOUR	TNBC	Carboplatin/gemcitabine	Recruitment expected to initiate in November 2021	-
CESTAFOUR	NSCLC	Docetaxel	Recruitment expected to initiate in September 2021	-
	Bile duct cancer	Cisplatin/gemcitabine		
	Colon cancer	FOLFOX		

Abbreviations: NSCLC – Non-small cell lung cancer; PDAC – pancreatic cancer; HNSCC – head and neck cancer; TNBC – triple negative breast cancer

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 19 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 maximize the effectiveness of the treatment, it is necessary to take into account the location of the tumor, spread and cell type, as well as the patient's general condition and other diseases. Owing to the advances 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, and recently also initiated studies in 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 2020, around 2.2 million new cases of lung cancer were diagnosed globally while more than 1.7 million people died as a result of lung cancer.[1] 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[2], 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 totaled USD 19 billion in 2019 and are projected to increase to USD 33 billion by 2029. 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.

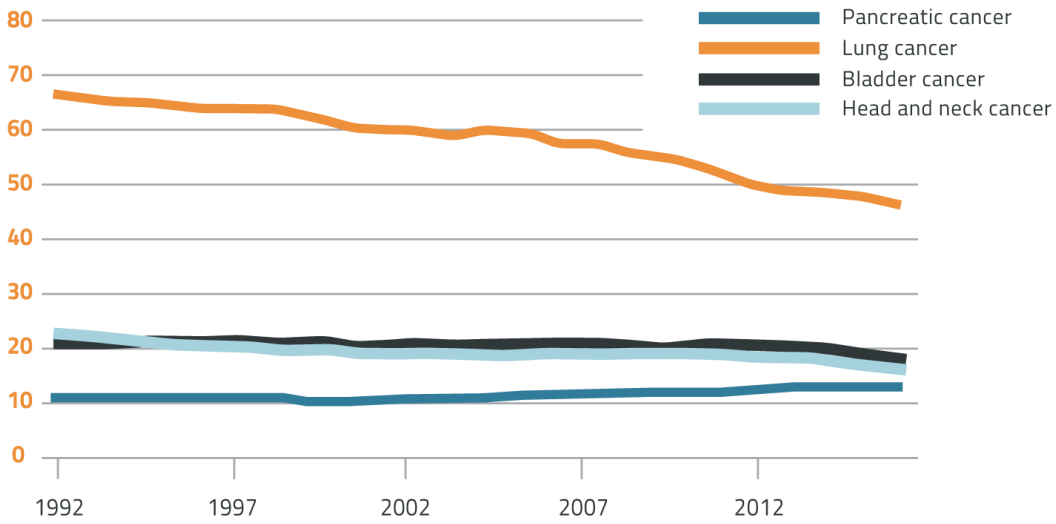
The pancreatic cancer market

Worldwide, around 495,000 new cases of pancreatic cancer were diagnosed in 2020. In the same year, 466,000 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 well advanced by the time it is discovered.

The global market for pancreatic cancer treatment is expected to be worth USD 5.8 billion by 2029. In 2020, the market was worth around USD 2.5 billion.[3] The market is expected to grow by 11 per cent annually from 2020 to 2029. 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.[4]

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

Source: SEER Cancer Statistics Review



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.[5] The global pharmaceutical market for head and neck cancer treatment was estimated at USD 1.3 billion in 2019 and is forecast to be worth USD 1.5 billion by 2025.[6] This represents an annual growth rate of 4 per cent from 2020 to 2025.

The bladder cancer market
Bladder cancer is the sixth most common form of cancer in men and the seventeenth most common form of cancer in women. The number of newly diagnosed yearly cases of bladder cancer is expected to increase from 225,000 in 2018 to 275,000 in 2028.[7] The bladder cancer market is forecast to grow by 18.5 per cent annually from 2018 to 2028.[7] The market was estimated at USD 732 million in 2018 and is forecast to grow to USD 3,990 million by 2028.[7]

The market for systemic sclerosis and myocarditis
Systemic sclerosis is a chronic autoimmune disease that is characterized 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.[8] The estimated incidence of myocarditis is around 1.7 million and the disease accounts for around 46,400 deaths annually worldwide.[9]

Immunotherapy
In 2011, the first immunotherapeutic drug was approved by the U.S. Food and Drug Administration (FDA). Since then, the FDA has approved a number of new therapies. 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 therapies generated sales of around USD 10.4 billion, and sales grew to USD 22 billion in 2019.[10] 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 cancers that can be treated with these preparations.

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1 Globocan 2020
2 https://www.lungcancer.org/find_information/publications/163-lung_cancer_101/268-types_and_staging
3 Market Research.com Pancreatic Cancer Therapeutics Market Research Report by Product (Chemotherapy and Targeted Therapy), by Type (Endocrine Pancreatic Cancer and Exocrine Pancreatic cancer) - Global Forecast to 2025 - Cumulative Impact of COVID-19
4 American Cancer Society, Cancer Facts & Figures 2020, 2020
5 GlobalData, OpportunityAnalyzer: Head and Neck Squamous Cell Carcinoma, March 2018
6 Markets and Research.biz Global Head and Neck Cancer Drugs/Therapeutics Market 2020 by Company, Regions, Type and Application, Forecast to 2025
7 GlobalData, Opportunity Analyzer: Bladder Cancer, April 2020
8 Best Pract Res Clin Rheumatol. 2018 Apr;32(2):223-240, Clin Epidemiol. 2019 Apr 18;11:257-2 and Ann Rheum Dis. 2014 Oct;73(10):1788-92
9 Lancet. 2018;392:1736-88
10 Sales data for the drugs have been obtained from the companies' year-end reports

FINANCIAL INFORMATION

Revenue

The company's revenue was SEK 0.0 (0.0) million in the second quarter and SEK 0.0 (0.0) in the first six months of the year.

Operating expenses/operating loss

Research and development costs totalled SEK 81.1 (33.7) million in the second quarter and SEK 150.1 (69.8) in the first six months. The change compared to the previous year is still primarily related to Cantargia's main project, CAN04, and the expansion of the clinical programme with the CIRIFOUR and CAPAFOUR studies. Investments in production development (CMC) and preclinical studies for CAN10 also increased.

Administrative expenses amounted to SEK 5.4 (4.1) in the second quarter and SEK 8.9 (7.5) million for the six-month period.

Other operating expenses, which mainly comprise foreign exchange differences on trade payables, were SEK 0.1 (-0.1) million in the second quarter and SEK 0.8 (0.3) million in the first six months. Other operating expenses are mainly related to changes in the value of the Swedish krona against EUR.

The operating loss was SEK -86.6 (-37.7) million in the second quarter and SEK -159.8 (-77.6) for the six-month period.

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. Net financial income was SEK 0.7 (0.6) for the second quarter and SEK 1.3 (0.5) for the six-month period.

Earnings

Cantargia's loss before tax, which is the same as the loss for the period, was SEK -85.9 (-37.1) million in the second quarter and SEK -158.5 (-77.0) for the six-month period.

Cash flow and investments

Cash flow from operating activities was SEK -82.1 (-38.3) million in the second quarter and SEK -143.2 (-70.0) in the first six months. As part of cash flow from operating activities, changes in working capital were SEK 1.2 (-2.1) in the second quarter and SEK 11.7 (5.4) in the first six months.

Cash flow from investing activities was SEK 0.0 (50.0) in the second quarter and SEK -456.1 (-108.2) million in the first six months. Cash flow from investing activities refers essentially to the reallocation of other short-term investments in fixed-rate accounts and fixed income funds.

Cash flow from financing activities was SEK 0.0 (-0.5) in the second quarter and SEK 0.0 (386.3) million in the first six months. The outcome for the previous year is related to a directed share issue completed in that year.

The total change in cash and cash equivalents was SEK -82.1 (11.1) for the second quarter and SEK -599.3 (208.1) for the six-month period.

Financial position

The company's cash and cash equivalents, which consist of cash and demand deposits with banks and other credit institutions, were SEK 94.7 (248.3) million at the balance sheet date. In addition to cash and cash equivalents, the company had short-term investments with banks and in fixed income funds of SEK 666.0 (210.0) million. Total available funds, bank deposits and short-term investments amounted to SEK 760.7 (458.3) million.

Cantargia's equity/assets ratio at 30 June 2021 was 91 (93) per cent and equity was SEK 737.8 (452.0) million.

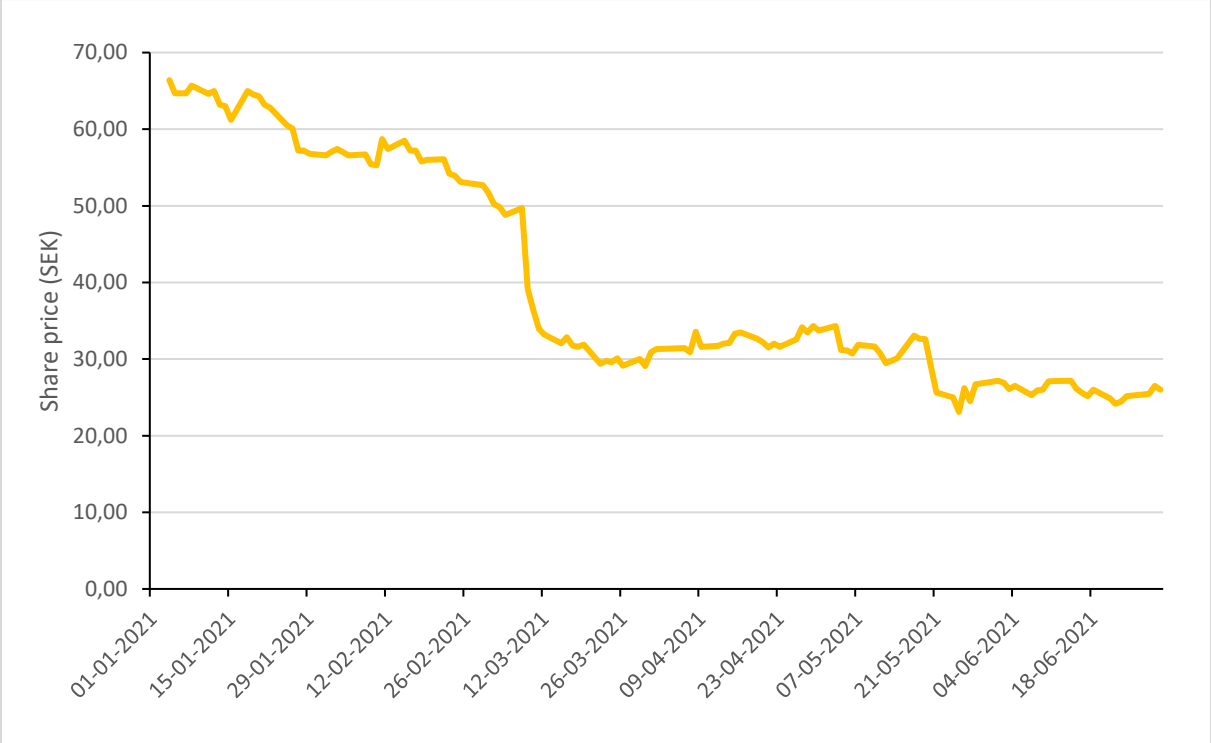
At the end of the period, total assets stood at SEK 807.0 (484.5) million.

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 2021, the number of shares was 100,192,737 (91,005,489).

Share price performance in 2021



Ownership distribution, 30 June 2021

Owner	Number of shares	Capital/Votes (%)
Swedbank Robur Fonder	9 701 665	9,7%
Fjärde AP-fonden	8 730 590	8,7%
Alecta Pensionsförsäkring, Ömsesidigt	7 014 596	7,0%
Första AP-fonden	6 324 244	6,3%
Six Sis AG	5 728 661	5,7%
Försäkringsaktiebolaget, Avanza Pension	4 376 097	4,4%
SEB AB, Luxemburg Branch	3 222 671	3,2%
Sunstone Life Science Ventures Fund III K/S	2 970 032	3,0%
Handelsbanken fonder	2 793 467	2,8%
Unionen	2 000 000	2,0%
Other	47 330 714	47,2%
Total	**100 192 737**	**100,0%**

Ownership distribution by size class, 30 June 2021

Holding	Number of shareholders	Number of shares	Capital/Votes (%)	Market Cap (kSEK)
1 - 500	7 566	1 100 251	1,1%	28 607
501 - 1 000	1 534	1 236 647	1,2%	32 153
1 001 - 5 000	2 367	5 661 357	5,7%	147 195
5 001 - 10 000	530	3 896 194	3,9%	101 301
10 001 - 15 000	188	2 359 313	2,4%	61 342
15 001 - 20 000	114	2 027 061	2,0%	52 704
20 001 -	308	83 911 914	83,8%	2 177 544
Total	**12 607**	**100 192 737**	**100,0%**	**2 600 846**

OTHER INFORMATION

Employees

The average number of employees during the period January to June 2021 was 20 (14), of whom 12 (8) were women. Cantargia operates to a large extent through external partners.

Financial calendar

- Interim report July-September, 11 November 2021
- Year-end report 2021, 24 February 2022

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, 19 August 2021

Magnus Persson Chairman	Damian Marron	Karin Leandersson
Thoas Fioretos	Patricia Delaite	Anders Martin-Löf
Magnus Nilsson	Flavia Borellini	Göran Forsberg CEO

STATEMENT OF COMPREHENSIVE INCOME

(kSEK)	Note	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Operating income						
Net sales		-	-	-	-	-
Other operating income		-	-	-	-	-
Operating expenses	6					
Research and development costs	5	-81 086	-33 699	-150 082	-69 807	-158 396
Administrative costs		-5 439	-4 074	-8 851	-7 509	-14 919
Other operating expenses		-71	116	-836	-278	-630
		-86 596	**-37 657**	**-159 769**	**-77 594**	**-173 945**
Operating loss		**-86 596**	**-37 657**	**-159 769**	**-77 594**	**-173 945**
Financial income and expense						
Interest income and similar items		703	141	1 276	549	860
Interest expense and similar items		0	456	0	0	-1
		703	**597**	**1 276**	**549**	**859**
Loss before taxes		**-85 893**	**-37 060**	**-158 492**	**-77 045**	**-173 085**
Loss for the period *)		**-85 893**	**-37 060**	**-158 492**	**-77 045**	**-173 085**
Earnings per share before and after dilution (SEK) based on average number of shares		-0,86	-0,41	-1,58	-0,89	-1,94

*) 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)	Note	30-06-2021	30-06-2020	31-12-2020
ASSETS				
Fixed assets				
Intangible assets				
Patent		6 910	7 811	7 360
		6 910	**7 811**	**7 360**
Tangible assets				
Machinery and equipment		4 068	5 803	5 262
		4 068	**5 803**	**5 262**
Total fixed assets		**10 978**	**13 614**	**12 622**
Current assets				
Other receivables		3 222	3 452	2 673
Prepaid expenses and accrued income		32 077	9 123	6 846
		35 299	**12 575**	**9 519**
Short-term investments				
Other short-term investments		666 019	210 019	210 019
		666 019	**210 019**	**210 019**
Cash and bank balances				
Cash and bank balances		94 677	248 293	693 354
		94 677	**248 293**	**693 354**
Total current assets		**795 995**	**470 887**	**912 892**
TOTAL ASSETS		**806 973**	**484 502**	**925 514**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		8 015	7 280	8 015
		8 015	**7 280**	**8 015**
Non-restricted equity				
Share premium account		1 404 595	873 143	1 404 595
Retained earnings		-516 339	-351 421	-347 590
Loss for the period		-158 492	-77 045	-173 085
		729 764	**444 678**	**883 919**
Total equity		**737 779**	**451 958**	**891 935**
Long-term liabilities				
Provision for social security contributions, incentive progr	8	1 255	51	3 111
		1 255	**51**	**3 111**
Short-term liabilities				
Trade payables		39 573	12 181	10 678
Tax liabilities		407	164	349
Other liabilities		2 317	1 518	859
Accrued expenses and deferred income		25 642	18 630	18 583
		67 939	**32 493**	**30 469**
TOTAL EQUITY AND LIABILITIES		**806 973**	**484 502**	**925 514**

STATEMENT OF CHANGES IN EQUITY

(kSEK)		Restricted equity		Non-restricted equity		Total
1 April 2021 - 30 June 2021	Note	Share capital	Paid not registered share capital	Share premium account	Retained earnings incl Loss for the period	Total equity
Opening balance 1 April 2021		**8 015**	**-**	**1 404 595**	**-591 203**	**821 407**
Loss for the period		-	-	-	-85 893	-85 893
Transactions with shareholders						
Employee stock option program	8	-	-	-	2 263	2 263
		-	-	-	2 263	2 263
Closing balance 30 June 2021		**8 015**	**-**	**1 404 595**	**-674 833**	**737 779**
1 April 2020 - 30 June 2020						
Opening balance 1 April 2020		**7 280**	**-**	**873 687**	**-391 808**	**489 160**
Loss for the period		-	-	-	-37 060	-37 060
Transactions with shareholders						
Capital acquisition cost		-	-	-544	-	-544
Employee stock option program	8	-	-	-	402	402
		-	-	-544	402	-141
Closing balance 30 June 2020		**7 280**	**-**	**873 143**	**-428 868**	**451 958**
1 January 2021 - 30 June 2021						
Opening balance 1 January 2021		**8 015**	**-**	**1 404 595**	**-520 676**	**891 934**
Loss for the period		-	-	-	-158 492	-158 492
Transactions with shareholders						
Employee stock option program	8	-	-	-	4 337	4 337
		-	-	-	4 337	4 337
Closing balance 30 June 2021		**8 015**	**-**	**1 404 595**	**-674 832**	**737 779**
1 January 2020 - 30 June 2020						
Opening balance 1 January 2020		**5 824**	**-**	**488 272**	**-351 823**	**142 273**
Loss for the period		-	-	-	-77 045	-77 045
Transactions with shareholders						
Issue of new shares for the year		1 456	-	408 069	-	409 525
Capital acquisition cost		-	-	-23 197	-	-23 197
Employee stock option program	8	-	-	-	402	402
		1 456	-	384 872	402	386 730
Closing balance 30 June 2020		**7 280**	**-**	**873 144**	**-428 466**	**451 958**
1 January 2020 - 31 December 2020						
Opening balance 1 January 2020		**5 824**	**-**	**488 272**	**-351 823**	**142 273**
Loss for the period		-	-	-	-173 085	-173 085
Transactions with shareholders						
Issue of new shares for the year		2 184	-	971 575	-	973 759
Capital acquisition cost		-	-	-56 214	-	-56 214
Warrant program, TO 2017/2020	8	7	-	962	-	969
Employee stock option program	8	-	-	-	4 233	4 233
		2 191	-	916 323	4 233	922 747
Closing balance 31 December 2020		**8 015**	**-**	**1 404 595**	**-520 676**	**891 934**

STATEMENT OF CASH FLOW

(kSEK)	Note	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Operating activities						
Operating loss		-86 596	-37 657	-159 769	-77 594	-173 945
Adjustments for non-cash items	7	2 959	787	4 196	1 882	10 592
Interest received etc.		355	154	645	261	501
Interest paid etc.		0	456	0	0	-1
Cash flow from operating activities before changes in working capital		**-83 283**	**-36 260**	**-154 928**	**-75 452**	**-162 853**
Changes in working capital						
Change in receivables		-13 355	-9 548	-25 780	-3 275	-219
Change in trade payables		7 053	2 053	28 896	-439	-1 943
Changes in other current liabilities		7 497	5 424	8 575	9 148	8 627
		1 195	**-2 071**	**11 690**	**5 433**	**6 466**
Cash flow from operating activities		**-82 088**	**-38 331**	**-143 238**	**-70 018**	**-156 387**
Investing activities						
Acquisition of intangible assets		-	-	-	-8 111	-8 111
Acquisition of tangible assets		-	-	-71	-64	-890
Increase in other short-term investments		-	-	-531 000	-150 000	-225 000
Decrease in other short-term investments		-	50 000	75 000	50 000	125 000
		-	**50 000**	**-456 071**	**-108 175**	**-109 002**
Financing activities						
Issue of new shares for the year		-	-	-	409 525	973 759
Capital acquisition cost		-	-544	-	-23 197	-56 214
Warrant program, TO 2017/2020		-	-	-	-	969
		-	**-544**	**-**	**386 328**	**918 514**
Change in cash and cash equivalents		-82 087	11 126	-599 308	208 134	653 126
Cash and cash equivalents at beginning of period		176 416	237 181	693 354	39 870	39 869
Exchange rate difference in cash equivalents		349	-13	631	289	359
Cash and cash equivalents at end of period *)		**94 677**	**248 293**	**94 677**	**248 293**	**693 354**

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

KEY FIGURES

(kSEK)	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Net sales	-	-	-	-	-
Operating loss	-86 596	-37 657	-159 769	-77 594	-173 945
Loss for the period	-85 893	-37 060	-158 492	-77 045	-173 085
Average number of shares	100 192 737	91 005 489	100 192 737	86 151 863	89 380 405
Earnings per share before and after dilution (SEK) based on average number of shares	-0,86	-0,41	-1,58	-0,89	-1,94
Change in cash and cash equivalents	-82 087	11 126	-599 308	208 134	653 126
Cash and cash equivalents	94 677	248 293	94 677	248 293	693 354
Short-term investments	666 019	210 019	666 019	210 019	210 019
Total available funds	760 696	458 312	760 696	458 312	903 373
Equity end of period	737 779	451 958	737 779	451 958	891 935
Equity/assets ratio, %	91%	93%	91%	93%	96%
Average number of employees	21	14	20	14	15
Number of employees at end of period	23	15	23	15	18
R&D costs as a percentage of operating expenses	94%	89%	94%	90%	91%

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.
Total available funds, kSEK	Cash and cash equivalents plus Short term investments.
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 2021 was approved for publication on 19 August 2021 in accordance with a resolution of the Board of Directors of 18 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 2020.

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).

Note 3 Information on risks and uncertainties

Operational risks

Research and drug development up to approved registration is subject to considerable risk and is a capital-intensive process. The majority of all initiated projects will never reach market registration due to the technological risk such as the risk for insufficiency efficacy, intolerable side effects or manufacturing problems. If competing pharmaceuticals capture market share or reach the market faster, or if competing research projects achieve better product profile, the future value of the product portfolio may be lower than expected. The operations may also be impacted negatively by regulatory decisions, such as approvals and price changes. External factors such as COVID-19 may also impact the company negatively by hampering the company's possibilities to conduct clinical trials, get necessary regulatory approvals or conduct sales related activities. A more detailed description of the company's risk exposure and risk management can be found in the section "Risks and risk management" in the Directors' report on page 40 in the Annual Report for 2020.

Financial risk management

Cantargia' financial policy governing the management of financial risks has been designed by the board of directors and represents the framework of guidelines and rules in the form of risk mandated and limits for financial activities. The company is primarily affected by foreign exchange risk since the main part of the development costs are paid in EUR and USD. In accordance with Cantargia's finance policy, the company exchanges cash into USD and EUR based on entered agreements in order to manage the currency exposure. For more information about the company's financial risk management see note 3 on page 55 in the Annual Report for 2020.

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 critical judgements and estimates that are of the greatest importance for Cantargia are described in Note 4 on page 57 in the Annual Report for 2020.

Note 5 Related party transactions

In 2021, Cantargia has signed a new 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. 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 2021, the company incurred a cost of kSEK 650 (500) under the agreement.

The Board considers that the above agreement has 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)	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Project costs	-68 812	-27 325	-129 164	-56 353	-121 897
Other external expenses	-6 735	-4 578	-11 092	-9 225	-15 985
Personnel expenses	-10 121	-5 082	-16 962	-10 309	-32 185
Other operating expenses	-71	116	-836	-278	-630
Depreciation	-858	-789	-1 715	-1 429	-3 248
	-86 596	**-37 657**	**-159 769**	**-77 594**	**-173 945**

Note 7 Adjustments for non-cash items

(kSEK)	2021 Apr-Jun	2020 Apr-Jun	2021 Jan-Jun	2020 Jan-Jun	2020 Jan-Dec
Depreciation	-858	-790	-1 715	-1 429	-3 248
Employee stock option program	-2 101	-453	-2 481	-453	-7 344
	-2 959	**-1 243**	**-4 196**	**-1 882**	**-10 592**

Note 8 Share-based incentive programs

Employee stock option program

The purpose of share-based incentive programs is to promote the company's long-term goals and to create opportunities for the company to retain competent personnel.

Cantargia currently has two active programs that covers the company's management, other employees, and consultants. These programs are the employee stock option program 2021/2024 approved at the Annual General Meeting 2021 and the employee stock option program 2020/2023 approved at the Annual General Meeting 2020.

For further information about these programs, see Note 19 in the Annual Report for 2020 and minutes from the Annual General Meeting 2021, available at 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, 2021. Full exercise of granted options as of June 30, 2021, corresponding to a total of 1,887,000 shares, would result in a dilution of shareholders by 1.8 percent. If decided, but not allotted options, a further total of 3,000,000, are fully exercised, it would result in a total dilution of shareholders of 4.7 percent.

Changes in existing incentive programs during 2021 (number of shares)	
Granted instruments	
Employee stock option program 2021/2024	-
Employee stock option program 2020/2023	147 000
Exercised instruments	-
Lapsed instruments	-
Total change	**147 000**
Number of shares granted instruments may entitle to June 30, 2021	
Employee stock option program 2020/2023	1 887 000
Number of shares granted instruments may entitle to	**1 887 000**

SUBMISSION OF INTERIM REPORT

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 19 August 2021, at 8:30 a.m.

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