INTERIM REPORT

January - September 2019

Clinical program intensified

THIRD QUARTER 2019

- Net sales, kSEK 0 (0)
- Operating loss, kSEK -26,303 (-21,412)
- Loss after tax, kSEK -26,000 (-21,456)
- Loss per share, before and after dilution, SEK -0.36 (-0.32)

JANUARY - SEPTEMBER 2019

- Net sales, kSEK 0 (0)
- Operating loss, kSEK -75,160 (-65,225)
- Loss after tax, kSEK -74,534 (-63,302)
- Loss per share, before and after dilution, SEK -1.05 (-0.95)
- Equity/assets ratio, 84 (93) per cent
- Cash and cash equivalents, kSEK 34,527 (80,691)
- Short-term investments, kSEK 160,019 (110,000)

Significant events in the third quarter

- In July, full recruitment of CAN04 monotherapy arm in ongoing phase IIa clinical trial, was announced.
- Cantargia and BioWa extended the ongoing collaboration around the POTELLIGENT® Technology.
- In August positive preclinical data on CAN04 in bladder cancer were announced.
- Cantargia requested a pre-IND meeting regarding CAN04 with the US FDA.

Significant events after the end of the period

- In October, it was announced that an opposition has been filed against one of Cantargia´s patents in Europe covering antibody therapy in solid tumors.

Comments on significant events

In the third quarter Cantargia delivered an update from the phase IIa part of the ongoing CANFOUR study. The study arm Investigating treatment with CAN04 monotherapy, was fully recruited faster than expected and therefore the opportunity to include additional patients for treatment at a higher dose level is used. The main objective is to obtain more data on safety and biomarkers.

Cantargia has an existing licensing agreement with BioWa for use of their Potelligent® technology in the manufacture of CAN04. The agreement has now been expanded, which can create future long-term benefits.

Cantargia has previously presented preclinical data that supports CAN04 treatment in several solid tumours. Bladder cancer can now be added to the list. New data shows that IL1RAP is expressed on cancer cells in around 80 per cent of patients and significant anti-tumour effects have been documented in a mouse model of bladder cancer.

Cantargia has previously communicated that it intends to start a complementary clinical trial in the US. As part of this initiative, Cantargia applied in September for a pre-IND meeting with the FDA to discuss a clinical study of CAN04 in combination with an "immune checkpoint inhibitor".

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

CHIEF EXECUTIVE'S REVIEW

Clinical program intensified

The third quarter was an intense period with the primary focus on the ongoing CANFOUR study and on preparations for our upcoming clinical study in the US.

The CANFOUR study consists of three treatment arms. In the first two arms, combinations with chemotherapy are investigated in patients who have previously not been treated with chemotherapy. The arms can be divided into various sub-stages. The first patients are part of evaluation phases where patients are included three at a time. The objective is to investigate different doses of CAN04 in combination with chemotherapy. When a dose level has been found to be safe, three new patients will be tested at a higher dose level. We are adding CAN04 to a first-line treatment in pancreatic cancer (gemcitabine/nab-paclitaxel) and a standard therapy (gemcitabine/cisplatin) in patients with non-small cell lung cancer. We are following our plans and expect to have included a sufficiently large number of patients to be able to present data during this year. Based on this data set, we will then fine-tune the detailed planning of the coming stages.

In addition to combination therapy, the study also includes a third arm. Here safety and biomarkers are investigated with CAN04 alone in patients with late stage disease no longer responding to existing therapy. Recruitment for this arm went faster than expected, and as CAN04 has a good safety profile at the dose level used, 10 mg/kg, we will now investigate treatment with a higher dose, 15 mg/kg. This will give us important new information on factors such as safety margins as well as additional data on biomarkers.

Alongside the CANFOUR study we are also preparing a new clinical study that will be conducted in the United States. The plan is to examine the candidate drug CAN04 in combination with an immune checkpoint inhibitor, i.e. a therapy that is designed to activate the immune system to treat cancer. There are strong indications that CAN04 could enhance the effects and increase the response rate among patients receiving such treatment. This is therefore a very important step in the development of CAN04. Details on the study design will be presented during November, i.e. when we have had the dialogue with the FDA.

Cantargia's development activities are currently focused on non-small cell lung cancer and pancreatic cancer. Yet we also plan for a potential broadening, and from that perspective the data we presented in bladder cancer is of great importance. It is a disease where many of the treatments we are currently studying in combination with CAN04 are being used to treat patients. In a biological perspective, the disease also displays many similarities with e.g. lung cancer, not least the strong link to smoking.

In addition to the activities advancing our clinical development program, our patent portfolio is another focus area. Cantargia has a very strong position, which leads to attention from competitors. In Europe, oppositions can be filed to recently approved patents. A German company previously did so after our mother patents for use of IL1RAP as a target for antibody treatment of cancer were approved. The previous oppositions did not result in changes in the Cantargia patents, they remained in force. Although oppositions are common in the industry, it is surprising that the same company is now contesting a new patent from a divisional application. We believe the opposition is groundless and will be working with the parties involved to ensure that the opposition proceedings are carried out in a correct and factual way.

Göran Forsberg
CEO, Cantargia AB

ABOUT CANTARGIA

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

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

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

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

Vision

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

Strategy

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

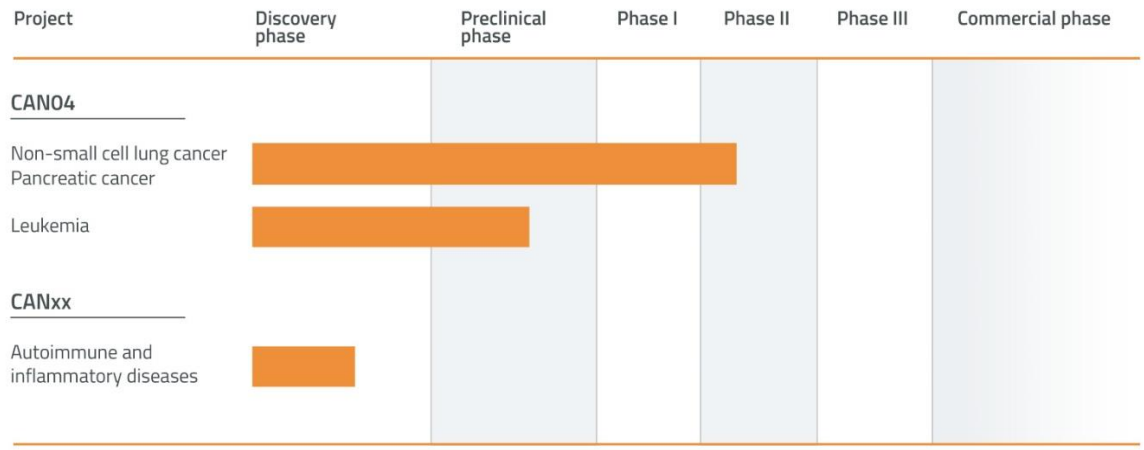
Business concept

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

Our clinical program

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

Cantargia's project portfolio



A GROWING MARKET

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

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

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

The lung cancer market

In 2018, around 2 million new cases of lung cancer were diagnosed globally while more than 1.7 million people died as a result of lung cancer. Around 80–85 per cent of all lung cancers are non-small cell lung cancer. In the United States, the number of people being diagnosed with lung cancer has declined by nearly 30 per cent over the past 25 years while the number of people being diagnosed with the disease in countries like China and India is increasing.

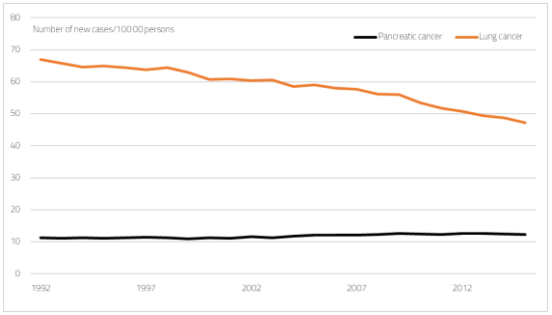
The turnover of non-small cell lung cancer drugs in 2015 was USD 6.2 billion in the eight major markets and is expected to rise to USD 26.8 billion by 2025. Sales are being driven mainly by increasing use of various antibody-based immunotherapies. What these therapies have in common is that they block the signals used by the tumour to escape the immune system, which allows the immune system to recognise the tumour and destroy it. Another important factor that is driving the growth of the market is the increasing incidence globally.

The pancreatic cancer market

Worldwide, around 456,000 new cases of pancreatic cancer were diagnosed in 2018. In the same year, 432,000 people died from the disease. In the US, the number of people being diagnosed with the disease has increased by 12 per cent over the past 25 years. Being hard to diagnose, the disease is often difficult to treat, as it is generally already far advanced by the time it is diagnosed.

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

Source: SEER Cancer Statistics Review



The global market for treatment of pancreatic cancer is expected to be worth USD 4.1 billion by 2025. In 2017, the market was worth around USD 2 billion. The market is expected to grow by 8 per cent annually from 2018–2025. The main factor behind the growth of this market is the 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 third 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 23,240 (16,716) for the third quarter and kSEK 64,674 (51,713) for the period January to September. The increase compared to last year is mainly related to increased activity in the clinical study CANFOUR, but significant investments are also made in preclinical studies and production (CMC).

Administrative expenses were kSEK 2,624 (4,534) for the third quarter and kSEK 9,727 (13,097) for the period January to September. The decrease compared to last year is mainly related to the list change project completed in 2018 when Cantargia's shares were listed on Nasdaq Stockholm's main list.

Other operating expenses, which mainly comprise foreign exchange differences on trade payables, were kSEK 439 (162) for the third quarter and kSEK 759 (415) for the period January to September.

The operating loss was kSEK -26,303 (-21,412) for the third quarter and kSEK -75,160 (-65,225) for the period January to September.

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 303 (-44) for the third quarter and kSEK 626 (1,923) for the period January to September. In the net financial income/expense is profit from disposal of other long-term investments of in total kSEK 118 (-) included.

Earnings

Cantargia's loss before tax, which is the same as the loss for the period, was kSEK -26,000 (-21,456) for the third quarter and kSEK -74,534 (-63,302) for the period January to September 2019.

Financial position

The equity/assets ratio at 30 September 2019 was 84 (93) per cent and equity was kSEK 178,548 (182,903).
Cash and cash equivalents, which consist of cash and available deposits with banks and other credit institutions, were kSEK 34,527 (80,691) at the balance sheet date. In addition to cash and cash equivalents, the company has short-term investments with banks and in fixed income funds of kSEK 160,019 (110,000). Thanks to the directed share issue of approximately mSEK 98 in March 2019, is the company's total liquidity (including short-term investments) continued slightly higher than last year.
As of September 30, the items prepaid costs, accounts payable and accrued costs are significantly higher than at the previous period end. This increase is entirely related to advance invoicing of approximately mSEK 17 from Cantargia's CMC partner Patheon.
Total assets at the end of the period were kSEK 213,821 (195,875).

Cash flow and investments

Cash flow from operating activities for the third quarter was kSEK -27,663 (-21,944) and kSEK -73,436 (-80,746) for the period January to September. As part of cash flow from operating activities, changes in working capital were kSEK -1,605 (-639) for the third quarter and kSEK 1,239 (-15,873)

Cash flow from investing activities during the third quarter amounted to kSEK 2,957 (-) and for the period January to september 2019 to kSEK -66,743 (10,000). The cash flow for the third quarter is entirely related to disposal of other long-term investments while other cash for the year and last year is related to changes of short-term investments.

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

The total change in cash and cash equivalents for the third quarter was kSEK -24,705 (-21,944) and kSEK -42,142 (-70,662) for the period January to September.

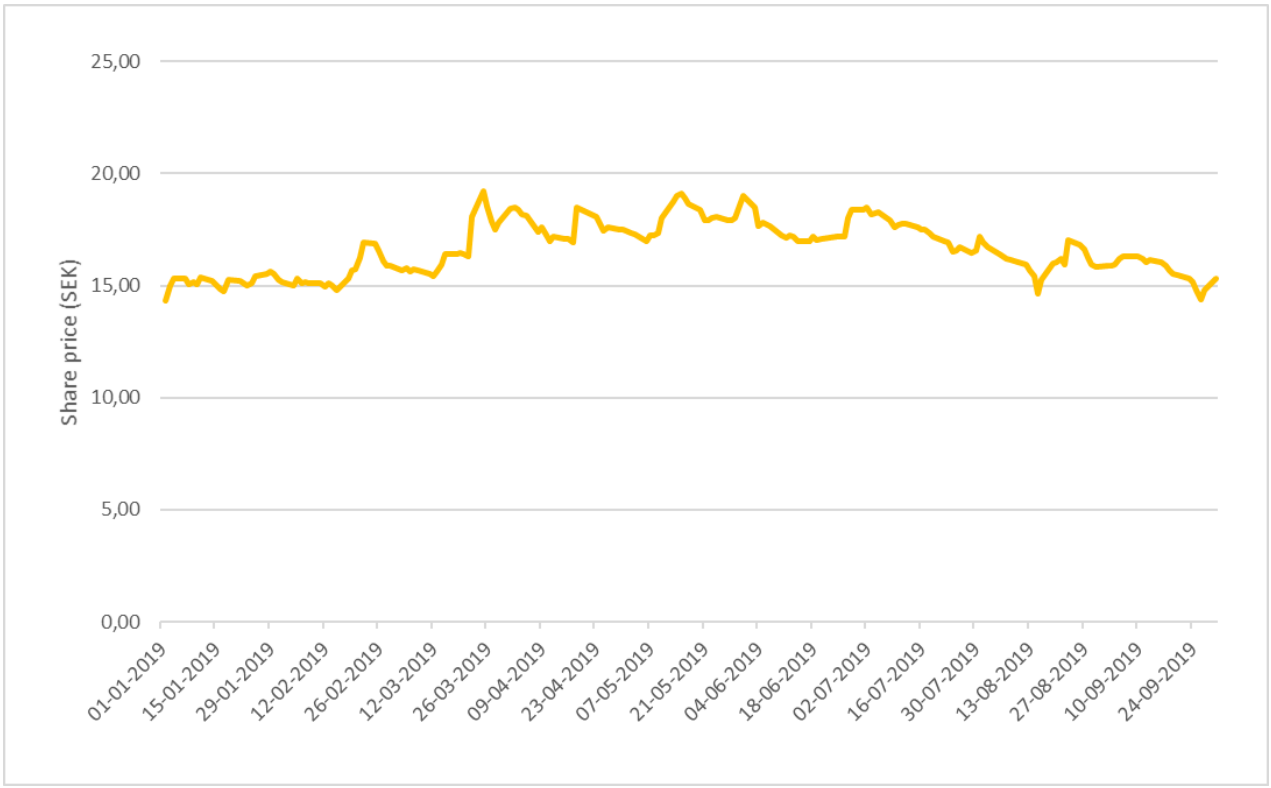
SHAREHOLDER INFORMATION

Share information

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

The outstanding warrant schemes comprised 85,000 warrants, which after restatement for the rights issue registered on 8 January 2018 entitle the holders to subscribe for 86,700 shares at an exercise price of SEK 11.18 per share. If all outstanding warrants are exercised, the share capital will increase by SEK 6,936. In other respects, the terms are the same as those described in the annual report for 2018.

Share price performance in 2019



Ownership distribution, 30 September 2019

Owner	Number of shares	Capital/Votes (%)
Sunstone Life Science Ventures Fund III K/S	5 472 292	7,5%
Alecta Pensionsförsäkring, Ömsesidigt	4 836 751	6,6%
Första AP-fonden	4 774 596	6,6%
Fjärde AP-fonden	4 550 000	6,2%
Försäkringsaktiebolaget, Avanza Pension	3 990 152	5,5%
Öhman Bank S.A., Luxemburg	3 110 986	4,3%
Andra AP-fonden	2 534 509	3,5%
Skandinaviska Enskilda Banken S.A., Luxemburg	2 200 000	3,0%
Mats Invest AB	1 328 788	1,8%
Kudu AB	1 243 216	1,7%
Other	38 763 102	53,2%
Total	**72 804 392**	**100,0%**

Ownership distribution by size class, 30 September 2019

Holding	Number of shareholders	Number of shares	Capital/Votes (%)	Market Cap (kSEK)
1 - 500	2 119	369 862	0,5%	5 659
501 - 1 000	784	642 167	0,9%	9 825
1 001 - 5 000	1 450	3 682 083	5,1%	56 336
5 001 - 10 000	423	3 074 283	4,2%	47 037
10 001 - 15 000	152	1 939 670	2,7%	29 677
15 001 - 20 000	84	1 479 582	2,0%	22 638
20 001 -	299	61 616 745	84,6%	942 736
Total	**5 311**	**72 804 392**	**100,0%**	**1 113 908**

OTHER INFORMATION

Employees

The average number of employees during the period January to September 2019 was 8 (5), of whom 3 (2) were women. Cantargia operates to a large extent through external partners.

Financial calendar

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

Annual General Meeting 2020

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

Review by auditors

The interim report has 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, 15 November 2019

Cantargia AB
The Board of Directors

AUDITOR´S REPORT

Introduction

We have reviewed the condensed interim financial information (interim report) of Cantargia AB (publ) as of 30 September 2019 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with RFR 2 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, Review of Interim Report Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with RFR 2 and the Swedish Annual Accounts Act.

Stockholm, November 15 2019
PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized Public Accountant
Auditor in charge

STATEMENT OF COMPREHENSIVE INCOME

(kSEK)	Note	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Operating income						
Net sales		-	-	-	-	-
Other operating income		-	-	-	-	-
Operating expenses	6					
Research and development costs	5	-23 240	-16 716	-64 674	-51 713	-76 951
Administrative costs		-2 624	-4 534	-9 727	-13 097	-15 823
Other operating expenses		-439	-162	-759	-415	-532
		-26 303	**-21 412**	**-75 160**	**-65 225**	**-93 306**
Operating profit		**-26 303**	**-21 412**	**-75 160**	**-65 225**	**-93 306**
Financial income and expense						
Interest income and similar items		303	-	626	1 924	2 147
Interest expense and similar items		-	-44	-	-1	-1
		303	**-44**	**626**	**1 923**	**2 145**
Profit before taxes		**-26 000**	**-21 456**	**-74 534**	**-63 302**	**-91 160**
Loss for the period *)		**-26 000**	**-21 456**	**-74 534**	**-63 302**	**-91 160**
Earnings per share before and after dilution (SEK) based on average number of shares **)		-0,36	-0,32	-1,05	-0,95	-1,36

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

**) In the calculation of earnings per share, the number of shares has been adjusted during the comparative periods according to IAS 33.
The effect of the adjustment has affected the third quarter's earnings by SEK - (-), for Jan-Sep by SEK 0.01 (0.01) and for the full year 2018 by SEK 0.02.

STATEMENT OF FINANCIAL POSITION

(kSEK)	30-09-2019	30-09-2018	31-12-2018
ASSETS			
Fixed assets			
Financial assets			
Other securities held as non-current asset	0	2 957	2 957
	0	**2 957**	**2 957**
Total fixed assets	**0**	**2 957**	**2 957**
Current assets			
Other receivables	1 123	1 091	1 143
Prepaid expenses and accrued income	18 153	1 136	496
	19 276	**2 227**	**1 639**
Short-term investments			
Other short-term investments	160 019	110 000	90 319
	160 019	**110 000**	**90 319**
Cash and bank balances			
Cash and bank balances	34 527	80 691	76 528
	34 527	**80 691**	**76 528**
Total current assets	**213 821**	**192 918**	**168 486**
TOTAL ASSETS	**213 821**	**195 875**	**171 443**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	5 824	5 295	5 295
	5 824	**5 295**	**5 295**
Non-restricted equity			
Share premium account	488 272	390 765	390 765
Retained earnings	-241 015	-149 855	-149 855
Loss for the period	-74 533	-63 302	-91 160
	172 724	**177 608**	**149 750**
Total equity	**178 548**	**182 903**	**155 045**
Short-term liabilities			
Trade payables	14 034	5 175	8 956
Tax liabilities	101	127	131
Other liabilities	496	363	383
Accrued expenses and deferred income	20 641	7 306	6 928
	35 273	**12 971**	**16 398**
TOTAL EQUITY AND LIABILITIES	**213 821**	**195 875**	**171 443**

STATEMENT OF CHANGES IN EQUITY

(kSEK)	Restricted equity		Non-restricted equity		Total
1 July 2019 - 30 September 2019	Share capital	Paid not registered share capital	Share premium account	Retained earnings incl Loss for the year	Total equity
Opening balance 1 July 2019	**5 824**	**-**	**488 272**	**-289 548**	**204 548**
Loss for the period	-	-	-	-26 000	-26 000
Closing balance 30 September 2019	**5 824**	**-**	**488 272**	**-315 548**	**178 548**
1 July 2018 - 30 September 2018					
Opening balance 1 July 2018	**5 295**	**-**	**390 765**	**-191 701**	**204 359**
Loss for the period	-	-	-	-21 456	-21 456
Closing balance 30 September 2018	**5 295**	**-**	**390 765**	**-213 157**	**182 903**
1 January 2019 - 30 September 2019					
Opening balance 1 January 2019	**5 295**	**-**	**390 765**	**-241 015**	**155 045**
Loss for the period	-	-	-	-74 534	-74 534
Transactions with shareholders					
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 September 2019	**5 824**	**-**	**488 272**	**-315 548**	**178 548**
1 January 2018 - 30 September 2018					
Opening balance 1 January 2018	**3 755**	**1 540**	**390 680**	**-149 855**	**246 120**
Loss for the period	-	-	-	-63 302	-63 302
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 30 September 2018	**5 295**	**-**	**390 765**	**-213 157**	**182 903**
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 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Operating activities					
Operating loss	-26 303	-21 412	-75 160	-65 225	-93 305
Interest received etc.	246	107	485	353	479
Interest paid etc.	-	-	-	-1	-1
Cash flow from operating activities before changes in working capital	**-26 058**	**-21 305**	**-74 675**	**-64 873**	**-92 827**
Changes in working capital					
Change in receivables	-16 932	1 071	-17 637	-511	76
Change in trade payables	7 743	-2 781	5 078	-15 443	-11 662
Changes in other current liabilities	7 585	1 070	13 797	82	-273
	-1 605	**-639**	**1 239**	**-15 873**	**-11 859**
Cash flow from operating activities	**-27 663**	**-21 944**	**-73 436**	**-80 746**	**-104 686**
Investing activities					
Disposal of other long-term securities	2 957	-	2 957	-	-
Increase in other short-term investments	-	-	-120 000	-40 000	-40 300
Decrease in other short-term investments	-	-	50 300	50 000	69 981
	2 957	**-**	**-66 743**	**10 000**	**29 681**
Financing activities					
Issue of new shares for the year	-	-	106 030	-	-
Capital acquisition cost	-	-	-7 993	85	85
	-	**-**	**98 036**	**85**	**85**
Change in cash and cash equivalents	-24 705	-21 944	-42 142	-70 662	-74 921
Cash and cash equivalents at beginning of period	59 174	102 786	76 528	149 781	149 781
Exchange rate difference in cash equivalents	58	-151	141	1 571	1 667
Cash and cash equivalents at end of period *)	**34 526**	**80 691**	**34 527**	**80 691**	**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 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Net sales	-	-	-	-	-
Operating profit	-26 303	-21 412	-75 160	-65 225	-93 306
Loss for the period	-26 000	-21 456	-74 534	-63 302	-91 160
Average number of shares	72 804 392	66 185 811	70 598 198	66 185 811	66 185 811
Earnings per share before and after dilution (SEK) based on average number of shares	-0,36	-0,32	-1,05	-0,95	-1,36
Change in cash and cash equivalents	-24 705	-21 944	-42 142	-70 662	-74 921
Cash and cash equivalents	34 527	80 691	34 527	80 691	76 528
Short-term investments	160 019	110 000	160 019	110 000	90 319
Equity end of period	178 548	182 903	178 548	182 903	155 045
Equity/assets ratio, %	84%	93%	84%	93%	90%
Average number of employees	9	6	8	6	6
Number of employees at end of period	11	7	11	7	7
R&D costs as a percentage of operating expenses	88%	78%	86%	79%	82%

Key performance indicators, definitions

Operating profit/loss, kSEK	Net sales less total operating expenses.
Earnings per share, SEK	Profit/loss for the period divided by average number of shares for the period.
Equity/assets ratio, %	Equity divided by total capital.
R&D costs as a percentage of operating expenses, %	Research and development costs divided by operating expenses.

NOTES

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 since November 1, 2019, Ideon Gateway, Scheelevägen 27, SE-223 63 Lund.

The interim report for the third quarter 2019 was approved for publication on 15 November 2019 in accordance with a resolution of the Board of Directors of 14 November.

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 September 2019, the company incurred a cost of kSEK 231 (231) under the agreement.

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

Note 6 Costs by nature of expense

As of the year-end report 2018, operating expenses are presented based on a classification into the functions "Research and development costs, "Administrative expenses" and "Other operating expenses". On a "by nature" basis, the sum of expenses by function is distributed as follows.

(kSEK)	2019 Jul-Sep	2018 Jul-Sep	2019 Jan-Sep	2018 Jan-Sep	2018 Jan-Dec
Project costs	-18 226	-13 866	-52 513	-44 746	-66 159
Other external expenses	-3 229	-4 441	-10 826	-13 044	-16 467
Personnel expenses	-4 409	-2 944	-11 062	-7 020	-10 147
Other operating expenses	-439	-162	-759	-415	-532
	-26 303	**-21 412**	**-75 160**	**-65 225**	**-93 305**

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. The information was submitted for publication through the Chief Executive Officer on 15 November 2019, at 8:30 a.m.

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