FULL YEAR REPORT

January - December 2020

Strategic broadening creates new opportunities

FOURTH QUARTER

- Net sales: SEK 0 (0) million
- Operating loss: SEK -56.5 (-36.4) million
- Loss after tax: SEK –56.5 (-36.3) million
- Loss per share: before and after dilution, SEK -0.60 (-0.50)

JANUARY - DECEMBER

- Net sales: SEK 0 (0) million
- Operating loss: SEK -173.9 (-111.6) million
- Loss after tax: SEK -173.1 (-110.8) million
- Loss per share: before and after dilution, SEK -1.94 (-1.56)
- Equity/assets ratio: 96 (86) per cent
- Cash and cash equivalents: SEK 693.4 (39.9) million
- Short-term investments: SEK 210.0 (110.0) million

Significant events in the fourth quarter

- The first patient started treatment in the US phase 1 study evaluating combination therapy with CAN04 and pembrolizumab.
- The recruitment of patients with pancreatic cancer for the CANFOUR phase 2a study was completed and positive interim results were presented.
- At an extraordinary general meeting in October, Flavia Borellini was elected as a new Director of the company.
- In December, Cantargia completed a directed share issue, raising approximately SEK 564 million before transaction costs.

Significant events after the end of the period

- The first patient with pancreatic cancer started treatment in the extension part of the CANFOUR study.

Comments on significant events

In addition to the ongoing clinical activities in which CAN04 is being studied in combination with chemotherapy, a new study was initiated in which CAN04 is combined with the immunotherapy pembrolizumab. The study is being conducted in the United States with patients with non-small cell lung cancer, head and neck cancer, bladder cancer or malignant melanoma.

In terms of patient recruitment in the CAN04 studies, the part investigating pancreatic cancer has advanced the most. The last patient in the first part studying the combination with chemotherapy started treatment during October. In an interim analysis based on 20 patients who were followed with CT scans for at least two months, eight showed a response lasting up to a year.

During the period, Cantargia's Board of Directors was strengthened by the appointment of Flavia Borellini, who has extensive experience of drug development in oncology. Flavia has been in charge of the development of important drugs that are currently used in the treatment of lung cancer.

A directed share issue was completed in December with the aim of broadening the development of CAN04. New cancers, such as triple-negative breast cancer, will be studied as combination therapy with various chemotherapy drugs.

The first group of 31 patients has started treatment with CAN04 and chemotherapy drugs in the CANFOUR study. Alongside the evaluation of the treatment in that group, an extension phase is being conducted to add new information around relationships between dose, safety and effect. In addition, some parts of the study protocol are facilitated in order to shorten the time needed for tests before start of therapy. The plan is approximately 20-40 patients to be recruited during 6 months.

CHIEF EXECUTIVE'S REVIEW

Strategic broadening creates new opportunities

Cantargia is in a very strong position despite the global uncertainty that prevails right now. Engaging in drug development while managing the challenges created by the ongoing pandemic has been difficult but has also inspired creativity and new strategies. Looking back at the past year, Cantargia now stands on even firmer ground than we did a year ago, despite everything. We have made progress both on our main project, CAN04, and on our second project, CAN10. Based on interesting results and clear strategies going forward, we completed a SEK 564 million directed share issue in December, which will enable us to initiate new value-adding activities to broaden the development of CAN04 in 2021.

The new data we presented in the autumn confirm our previous clinical results regarding synergies between CAN04 and chemotherapy. Although these are still early results, we see similar trends in both our main indications: non-small cell lung cancer and pancreatic cancer. We also see synergies between CAN04 and chemotherapy in preclinical cancer models. Cantargia's biggest venture in 2021 will therefore be to take the next steps with CAN04 in combination treatment.

We will therefore continue to follow those patients who have started treatment in the CANFOUR study over a longer period of time in order to document how long the positive effects last. More patients have also started treatment, which will enable us to build a more comprehensive database. The aim is to establish a solid foundation for larger controlled studies. Our intention is to keep the market updated on CAN04 and we are planning to present long-term data in the first half of 2021.

In addition to the ongoing study, we were able to communicate in the fourth quarter that we had started treatment of patients with CAN04 and the leading immunotherapy pembrolizumab. This study, which is being conducted entirely in the United States, is strategically important for both scientific and commercial reasons. We are now preparing to launch several new studies. First out is a study in pancreatic cancer where we will combine CAN04 with FOLFIRINOX, one of the two most common treatment alternatives for the disease. Together with the early results obtained with our second combination, gemcitabine/nab-paclitaxel, we will thus cover both treatments. Shortly afterwards, we expect to start a so-called basket study in a number of other cancers in combination with various chemotherapy drugs. This study has not been fully designed but we expect to be able to provide an update during spring. One disease that we plan to investigate in the study is triple-negative breast cancer, an aggressive disease that is hard to treat. This group accounts for around 10-15 per cent of all breast cancer cases and the medical needs are very great if the diagnosis is not made early enough to enable the cancer to be cured with surgery. There are strong biological arguments for why CAN04 could prevent disease progression: inflammation and the IL-1 system play an important role in the progression of the disease, CAN04 has shown positive effects in disease models, and triple-negative breast cancer is currently treated with chemotherapy.

The CAN10 project also passed a milestone during Q4 when we signed an agreement with BioInvent regarding production and thus took the next step towards being able to produce materials for the clinical studies that are planned to start at the beginning of next year. Our plan is to be able to report several interesting development results from the project in 2021.

At the time of writing, the world is being affected by the COVID-19 pandemic, but it is of course our ambition to continue to develop our projects regardless while maintaining the same level of quality and keeping to the communicated timetables. The most challenging activities are those which relate to our clinical studies but the fact that they are being carried out in different countries reduces our vulnerability. It is with great enthusiasm that we will continue to build Cantargia in 2021.

Göran Forsberg
VD, 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 area and it is likely that many new treatment options will be available in the coming years.

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. Our development activities were recently broadened to include the study of bladder cancer and head and neck cancer, and in 2021 more diseases will be studied, 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 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

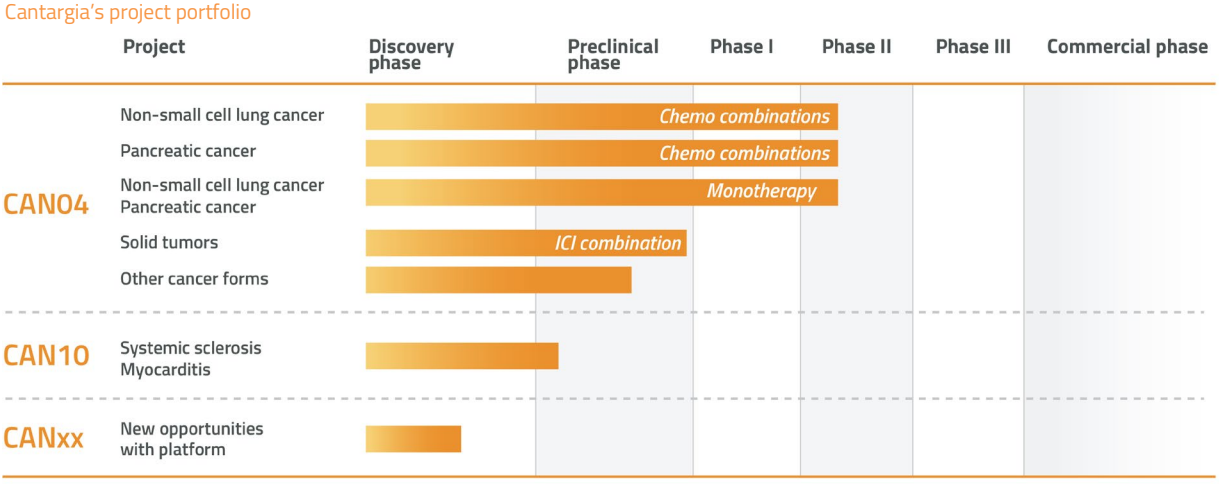
Cantargia's vision is to become an important part of tomorrow's more effective cancer treatment by developing a new generation of targeted immunotherapies against IL1RAP. Our ambition is to be able to broaden the use of the technology to several disease areas with significant medical needs, such as autoimmune/inflammatory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

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 part were presented in autumn 2020 and showed that when CAN04 was combined with chemotherapy in the treatment of both pancreatic cancer and non-small cell lung cancer a significantly larger number of patients showed a response than would be expected with chemotherapy alone. In several cases the response lasted for 12 months. In pancreatic cancer, an extension part has recently been started to provide a more robust picture of the relationship between dose, efficacy and safety.

In a second clinical study 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 immune therapy. The patients will be treated with CAN04 and the immune therapy Keytruda with the purpose to counteract the resistance acquired. The primary purpose of the trial regards safety, but in addition biomarkers and efficacy will be studied. The first patients started therapy during the autumn of 2020 and first results is planned to be presented during H2 2021.

Cantargia's project portfolio



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.

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 2020, around 2.2 million new cases of lung cancer were diagnosed globally while more than 1.8 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.

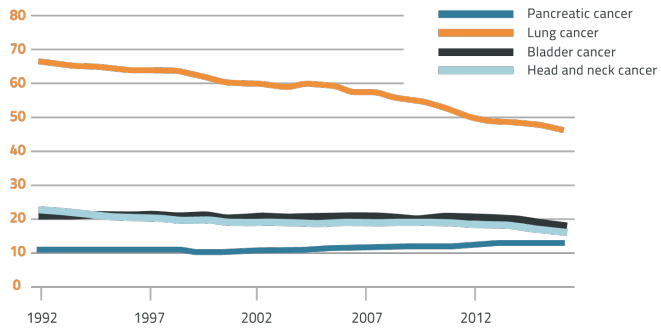
Sales of drugs for non-small cell lung cancer totalled USD 16 billion in 2018 and are projected to increase to USD 43.7 billion by 2026. Sales are being driven mainly by increasing use of various antibody-based immunotherapies. Another important factor driving the growth of the global market is the increasing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

The pancreatic cancer market

Worldwide, around 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 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 2020, the market was worth around USD 2.5 billion.[3] The market is expected to grow by 9 per cent annually from 2020 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.[4]

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 seventh most common form of cancer in men and the seventeenth most common form of cancer in women. The number of new diagnosed yearly cases of bladder cancer is expected to increase from 225,000 in 2020 to 275,000 in 2025.[7] The bladder cancer market is forecast to grow by 18.5 per cent annually from 2018 to 2028. 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 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.[8] The estimated incidence of myocarditis is around 1.7 million and the disease accounts for around 46,400 deaths annually worldwide.[9]

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.[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 cancer 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

Income

The company's revenues during the fourth quarter amounted to SEK 0.0 (0.0) million and for the full year 2020 to SEK 0.0 (0.0) million.

Operating expenses/operating loss

Research and developments costs in the fourth quarter totalled SEK 52.9 (32.8) million and SEK 158.4 (97.5) million for the full year 2020. The increased costs compared with the previous year is primarily related to Cantargia's main project, CAN04, and especially for the clinical study CANFOUR and the new combination study in the US. Investments in production development (CMC) and costs for preclinical studies for CAN10 also increased compared with 2019.

Administrative expenses for the fourth quarter were SEK 3.4 (3.4) million and SEK 14.9 (13.1) million for the full year.

Other operating expenses, which comprise foreign exchange differences on trade payables, totalled SEK 0.1 (0.3) million for the fourth quarter and SEK 0.6 (1.0) million for the full year. Other operating expenses are mainly related to the Swedish krona's currency rates variations, against EUR.

The operating loss in the fourth quarter was SEK -56.5 (-36.4) million and for the full year SEK -173.9 (-111.6) 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. Net financial income/expense for the fourth quarter was SEK 0.0 (0.2) million and SEK 0.9 (0.8) million for the full year 2020.

Earnings

Cantargia's pre-tax loss, which is the same as the loss for the period, was SEK -56.5 (-36.3) million for the fourth quarter and SEK -173.1 (-110.8) million for the full year.

Financial position

Cantargia's equity/assets ratio at 31 December 2020 was 96 (86) per cent and equity was SEK 891.9 (142.3) million.
The company's cash and cash equivalents, which consist of cash and demand deposits with banks and other credit institutions, were SEK 693.4(39.9) 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 (110.0) million. The company's liquidity (including short-term investments) is still significantly higher than in 2019 as a result of directed share issues carried out during the year totalling SEK 973.8 million, which resulted in SEK 917.6 million after transaction costs.

At the end of the period, total assets stood at SEK 925.5 (166.1) million.

Cash flow and investments

Cash flow from operating activities for the fourth quarter was SEK -44.7 (-37.8) million and SEK -156.4 (-111.3) million for the full year. As part of cash flow from operating activities, changes in working capital were SEK 6.8 (-1.5) million in the fourth quarter and SEK 6.5 (-0.3) million in the full year 2020.

Cash flow from investing activities in the fourth quarter totalled SEK -75.1 (43.1) million and -109.0 (-23.6) million in the full year. The 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 531.2 (-) million in the fourth quarter and SEK 918.5 (98.0) million in the full 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 fourth quarter was SEK 411.5 (5.3) million and for the full year 2020 SEK 653.1 (-36.8) 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 31 December 2020, the number of shares was 100,192,737 (72,804,392).

Share price performance in 2020

Ownership distribution, 31 December 2020

Owner	Number of shares	Capital/Votes (%)
Swedbank Robur Fonder	9 706 665	9,7%
Fjärde AP-fonden	7 762 043	7,7%
Alecta Pensionsförsäkring, Ömsesidigt	6 648 596	6,6%
Första AP-fonden	6 324 244	6,3%
Öhman Bank S.A., Luxemburg	5 285 661	5,3%
Handelsbanken fonder	3 817 185	3,8%
Försäkringsaktiebolaget, Avanza Pension	3 781 739	3,8%
Sunstone Life Science Ventures Fund III K/S	3 464 957	3,5%
Morgan Stanley & Co Intl PLC	1 958 293	2,0%
JP Morgan Chase Bank N A.	1 831 972	1,8%
Other	49 611 382	49,5%
Total	**100 192 737**	**100,0%**

Ownership distribution by size class, 31 December 2020

Holding	Number of shareholders	Number of shares	Capital/Votes (%)	Market Cap (kSEK)
1 - 500	6 555	830 314	0,8%	53 140
501 - 1 000	1 096	889 140	0,9%	56 905
1 001 - 5 000	1 778	4 352 345	4,3%	278 550
5 001 - 10 000	441	3 224 275	3,2%	206 354
10 001 - 15 000	167	2 130 674	2,1%	136 363
15 001 - 20 000	101	1 802 346	1,8%	115 350
20 001 -	296	86 963 643	86,8%	5 565 673
Total	**10 434**	**100 192 737**	**100,0%**	**6 412 335**

OTHER INFORMATION

Employees

The average number of employees during the period January to December 2020 was 15 (9), of whom 9 (4) were women. Cantargia operates to a large extent through external partners.

Proposed appropriation of earnings

The Board of Directors propose in accordance with established dividend policy that no dividend be paid for the financial year 1 January 2020 – 31 December 2020.

Financial calendar

- Annual report 2020, published in April 2021
- Interim report January-March, 26 May 2021
- Interim report April-June, 19 August 2021
- Interim report July-September, 11 November 2021
- Year-end report 2021, 24 February 2022

Annual General Meeting 2021

The Annual General Meeting of Cantargia will be held at Ideon Gateway, Scheelevägen 27 in Lund on 26 May, 2021, at 4 p.m.

Review by auditors

The full year report has not been reviewed by Cantargia's auditors.

Contact

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Interim reports and the annual report are available at www.cantargia.com.

Lund, 25 February 2021

Cantargia AB
Göran Forsberg, CEO

STATEMENT OF COMPREHENSIVE INCOME

(kSEK)	Note	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Operating income					
Net sales		-	-	-	-
Other operating income		-	-	-	-
Operating expenses	6				
Research and development costs	5	-52 932	-32 803	-158 396	-97 477
Administrative costs		-3 450	-3 370	-14 919	-13 097
Other operating expenses		-75	-256	-630	-1 016
		-56 457	**-36 429**	**-173 945**	**-111 589**
Operating loss		**-56 457**	**-36 429**	**-173 945**	**-111 589**
Financial income and expense					
Interest income and similar items		-31	154	860	780
Interest expense and similar items		0	-	-1	-
		-31	**154**	**859**	**780**
Loss before taxes		**-56 488**	**-36 275**	**-173 085**	**-110 809**
Loss for the period *)		**-56 488**	**-36 275**	**-173 085**	**-110 809**
Earnings per share before and after dilution (SEK) based on average number of shares		-0,60	-0,50	-1,94	-1,56

*) 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	31-12-2020	31-12-2019
ASSETS			
Fixed assets			
Intangible assets			
Patent		7 360	-
		7 360	**-**
Tangible assets			
Machinery and equipment		5 262	6 868
		5 262	**6 868**
Total fixed assets		**12 622**	**6 868**
Current assets			
Other receivables		2 673	1 482
Prepaid expenses and accrued income		6 846	7 818
		9 519	**9 300**
Short-term investments			
Other short-term investments		210 019	110 019
		210 019	**110 019**
Cash and bank balances			
Cash and bank balances		693 354	39 870
		693 354	**39 870**
Total current assets		**912 892**	**159 189**
TOTAL ASSETS		**925 514**	**166 057**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		8 015	5 824
		8 015	**5 824**
Non-restricted equity			
Share premium account		1 404 595	488 272
Retained earnings		-347 590	-241 015
Loss for the period		-173 085	-110 808
		883 919	**136 448**
Total equity		**891 935**	**142 273**
Long-term liabilities			
Provision for social security contributions, incentive program	8	3 111	-
		3 111	**-**
Short-term liabilities			
Trade payables		10 678	12 620
Tax liabilities		349	103
Other liabilities		859	474
Accrued expenses and deferred income		18 583	10 588
		30 469	**23 784**
TOTAL EQUITY AND LIABILITIES		**925 514**	**166 057**

STATEMENT OF CHANGES IN EQUITY

(kSEK)		Restricted equity		Non-restricted equity		Total
1 January 2020 - 31 December 2020	Note	Share capital	Paid not registered share capital	Share premium account	Retained earnings incl Loss for the period	Total equity
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 2020/2023	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**
1 January 2019 - 31 December 2019						
Opening balance 1 January 2019		**5 295**	**-**	**390 765**	**-241 015**	**155 045**
Loss for the period		-	-	-	-110 809	-110 809
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 31 December 2019		**5 824**	**-**	**488 272**	**-351 824**	**142 273**

STATEMENT OF CASH FLOWS

(kSEK)	Note	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Operating activities					
Operating loss		-56 457	-36 429	-173 945	-111 589
Adjustments for non-cash items	7	4 919	12	10 592	12
Interest received etc.		73	112	501	597
Interest paid etc.		0	-	-1	-
Cash flow from operating activities before changes in working capital		**-51 465**	**-36 305**	**-162 853**	**-110 980**
Changes in working capital					
Change in receivables		4 839	9 976	-219	-7 661
Change in trade payables		3 339	-1 414	-1 943	3 664
Changes in other current liabilities		-1 419	-10 075	8 627	3 722
		6 760	**-1 513**	**6 466**	**-274**
Cash flow from operating activities		**-44 705**	**-37 818**	**-156 387**	**-111 254**
Investing activities					
Acquisition of intangible assets		-	-6 880	-8 111	-
Acquisition of tangible assets		-57	-	-890	-6 880
Disposal of other long-term securities		-	-	-	2 957
Increase in other short-term investments		-75 000	-	-225 000	-120 000
Decrease in other short-term investments		-	50 000	125 000	100 300
		-75 057	**43 120**	**-109 002**	**-23 623**
Financing activities					
Issue of new shares for the year		564 234	-	973 759	106 030
Capital acquisition cost		-33 017	-	-56 214	-7 993
Warrant program, TO 2017/2020	8	-	-	969	-
		531 217	**-**	**918 514**	**98 036**
Change in cash and cash equivalents		411 455	5 302	653 126	-36 841
Cash and cash equivalents at beginning of period		282 004	34 527	39 869	76 528
Exchange rate difference in cash equivalents		-104	42	359	183
Cash and cash equivalents at end of period *)		**693 354**	**39 870**	**693 354**	**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 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Net sales	-	-	-	-
Operating loss	-56 457	-36 429	-173 945	-111 589
Loss for the period	-56 488	-36 275	-173 085	-110 809
Average number of shares	94 125 705	72 804 392	89 380 405	71 149 747
Earnings per share before and after dilution (SEK) based on average number of shares	-0,60	-0,50	-1,94	-1,56
Change in cash and cash equivalents	411 455	5 302	653 126	-36 841
Cash and cash equivalents	693 354	39 870	693 354	39 870
Short-term investments	210 019	110 019	210 019	110 019
Equity end of period	891 935	142 273	891 935	142 273
Equity/assets ratio, %	96%	86%	96%	86%
Average number of employees	18	11	15	9
Number of employees at end of period	18	11	18	11
R&D costs as a percentage of operating expenses	94%	90%	91%	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 full year report refers to Cantargia AB (publ) ("Cantargia"), corporate ID number 556791-6019. Cantargia has no subsidiaries.
Cantargia is a Swedish public limited company with registered office in Lund, Sweden. The company's address is Ideon Gateway, Scheelevägen 27, SE-223 63 Lund.
The full year report for 2020 was approved for publication on 25 February 2021 in accordance with a resolution of the Board of Directors of 24 February.

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 full year 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.

During 2020, 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 CAN04 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 December 2020, the company incurred a cost of kSEK 463 (463) 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 December 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 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Project costs	-40 221	-28 540	-121 897	-81 053
Other external expenses	-3 575	-3 472	-15 985	-14 298
Personnel expenses	-11 731	-4 148	-32 185	-15 210
Other operating expenses	-75	-257	-630	-1 016
Depreciation	-855	-12	-3 248	-12
	-56 457	**-36 429**	**-173 945**	**-111 589**

Note 7 Adjustments for non-cash items

(kSEK)	2020 Oct-Dec	2019 Oct-Dec	2020 Jan-Dec	2019 Jan-Dec
Depreciation	-854	-12	-3 248	-12
Employee stock option program	-4 065	-	-7 344	-
	-4 919	**-12**	**-10 592**	**-12**

Note 8 Share-based incentive programs

Warrant program, TO 2017/2020

During the third quarter exercised the company's Chairman of the Board, Magnus Persson, his right to subscribe for shares in accordance with the 2017/2020 warrant program. Through the exercise of the warrants, the number of shares and votes in Cantargia increased by 86,700 and the share capital with SEK 6,936.

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 (1/3 per year) 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 150 percent of the weighted average price of the company's shares traded on Nasdaq Stockholm during the ten trading days preceding the allocation date.

For further information about this program, see the minutes from the 2020 Annual General Meeting and the Extraordinary General Meeting 13 October 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 September 30, 2020 Full exercise of granted options as of September 30, 2020, corresponding to a total of 1,740,000 shares, would result in a dilution of shareholders by 1.9 percent. If decided, but not allotted options, a further total of 160,000, are fully exercised, it would result in a total dilution of shareholders of 2.0 percent.

Changes in existing incentive programs during 2020 (number of shares)	
Granted instruments	
Employee stock option program 2020/2023	1 740 000
Exercised instruments	-
Warrant program, TO 2017/2020 *)	-86 700
Lapsed instruments	-
Total change	**1 653 300**

Number of shares granted instruments may entitle to December 31, 2020	
Warrant program, TO 2017/2020	0
Employee stock option program 2020/2023	1 740 000
Number of shares granted instruments may entitle to	**1 740 000**

*) The company's Chairman of the Board, Magnus Persson, exercised in July his right to subscribe for shares in accordance with the 2017/2020 warrant program.

SUBMISSION OF FULL YEAR REPORT

This full year report has been approved for publication by the Board of Directors and Chief Executive Officer. This is information that Cantargia AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the Chief Executive Officer on 25 February 2021, at 8:30 a.m.

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