Year-end Report
1 January 2016 – 31 December 2016

Cantargia AB | 556791-6019

SEDERMERA
FONDKOMMISSION

"Cantargia" refers to Cantargia AB (publ), corporate ID number 556791-6019.

Several parts in place as Cantargia prepares for first study in patients

Highlights

Twelve months (1 Jan 2016 – 31 Dec 2016)
- Other operating revenue was kSEK 0 (0).
- Earnings after financial items were kSEK -44 680 (-17 190).
- Earnings per share* were approximately SEK -2.14 (-1.27).
- The equity/assets ratio** was approximately 78 (89) per cent.

Fourth quarter (1 Oct 2015 – 31 Dec 2015)
- Other operating revenue was kSEK 0 (0).
- Earnings after financial items were kSEK -16 171 (-5 003).
- Earnings per share were approximately SEK -0.77 (-0.37).

Definitions
** Earnings per share: Profit for the period divided by 20,917,200 shares as at 31 December 2016. It should be noted that the company completed a rights issue after the end of the period. Upon registration with the Swedish Companies Registration Office, the total number of shares of Cantargia will be 32,075,508.*
*** Equity/assets ratio: Equity divided by total capital.*
Unless otherwise indicated, figures in parentheses refer the same period in the previous year.

Significant events in the fourth quarter

Preclinical studies using CAN04 in non-small cell lung cancer models were presented at the international Protein & Antibody Engineering Summit ("PEGS"). In December 2016 results generated using Cantargia's antibodies in studies in preclinical models of chronic myeloid leukemia that have recently been published in the scientific journal *Blood* were presented at the American Society of Hematology. The article in *Blood* received further attention in a later edition of the same journal, where it was discussed in a larger context together with data from a US research team.

Warrants of series TO 2 and series TO 4 were exercisable during the period September/October 2016. Over 98 per cent of all series TO2 and series TO4 warrants were exercised, resulting in a total capital contribution for Cantargia of around SEK 24.6 million.

In October 2016 a third party filed an opposition to the patent approval for antibody treatment of solid tumours which Cantargia had received from the European Patent Office. The company believes the opposition is groundless.

In December 2016 Cantargia and Specialized Medical Services-oncology BV ("SMS-oncology") signed an agreement on the execution of the company's coming clinical phase I/IIa study using the CAN04 product candidate.

In mid-December 2016 the Board of Directors of Cantargia decided, subject to approval from the general meeting of shareholders, to issue new shares with pre-emption rights for existing shareholders in January 2017. If fully subscribed, the rights issue would raise approximately SEK 90.6 million before issue costs.

Significant events after the end of the period

In January 2017, an extraordinary general meeting resolved to approve the Board's proposed rights issue. The subscription period began on 23 January and ended on 6 February 2017. The rights issue was 80 per cent subscribed, raising approximately SEK 72.5 million before issue costs.

In connection with the publication of the prospectus for the rights issue Cantargia also published some new financial information, which is included in the prospectus.

Other events

Cantargia's CEO, Göran Forsberg, presented the company at several investor presentations, which are described at www.cantargia.com. Among other places, Cantargia was presented at the Biotech Showcase in San Francisco, USA on January 9, 2017.

CEO Göran Forsberg comments

We have now reached 2017 and are moving towards an extremely important interim target for Cantargia – the start of our first clinical trial in patients during first half 2017. In 2016 we generated a large amount of data to support our application for initiating clinical trials, but a number of formal parts remain before the application can be completed. In 2016 and early 2017 we have therefore engaged in further financing activities, first through the conversion into shares of those warrants which formed part of our IPO package and then through a rights issue. In total, these financing activities have raised close to SEK 130 million, most of which is being invested in the development of CAN04 for treatment of cancer. At the investor meetings that have been arranged in connection with these financing activities, I have found strong support from the shareholders of the company, and strong confidence in Cantargia.

Our first clinical trial will focus on non-small cell lung cancer and pancreatic cancer, two diseases for which there is a very strong need for new, effective and safe treatments. It is our ambition and hope that CAN04 will become a part of the future treatment for these diseases. We are extremely happy to have concluded an agreement with SMS-oncology, a Dutch company that will be playing an important role in the clinical study of CAN04. SMS-oncology is specialised in early-stage studies specifically in the area of oncology, and we believe that we have found a partner with extensive expertise and knowledge that we will be able to benefit from in developing the protocol for the study as well as in the actual implementation.

In addition to engaging in financing and preparatory activities for clinical studies, we passed another important milestone with the data that we presented in models of non-small cell lung cancer. In these studies we have showed that we are able not only to slow down tumour growth; we can also see a strong infiltration of immune cells in the tumour after treatment, providing strong support for our mechanism of action. Cantargia's founders and partners at Lund University have during 2016 also published new data on treatment of leukemia that has attracted considerable international attention. We operate in an area of research where there are big hopes, and on good grounds, and it is a big privilege to be able to contribute.

In 2016 we received several patent approvals. However, one company has chosen to file an opposition to our two approved patents in Europe. As we operate in the area of immuno-oncology, this type of challenges are not surprising. Our assessment is that our opponent's objections are unsubstantiated, and we will now be following the formal process that exists for this type of cases.

Having laid the foundations for an interesting 2017, we look forward to taking the final steps from being a late preclinical phase company to become a company performning clinical development.
Göran Forsberg
CEO, Cantargia AB

Cantargia's operations and projects

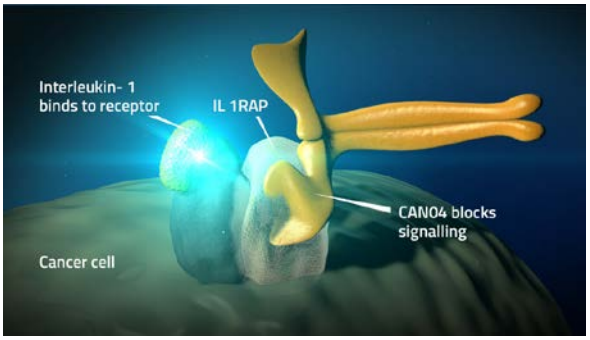
Established in 2010 and listed on the stock exchange in 2015, Cantargia is a biotechnology company that is engaged in research and development of antibody-based therapies for serious diseases. The company has specialised in antibody-based treatment aimed at the target molecule Interleukin-1 Receptor Accessory Protein ("IL1RAP"), which has the potential to be used against several different forms of cancer as well as for autoimmune and inflammatory diseases. In its most advanced project Cantargia is developing the CAN04 antibody, which is double-acting. This means that it fights cancer both by activating the immune system and by blocking signals that drive tumour growth.

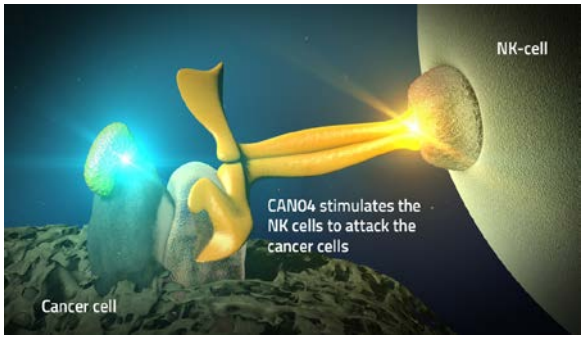
The original discovery made by the research team behind Cantargia was that the specific target molecule, IL1RAP, was found on cancer cells from patients with leukemia but not on normal stem cells in the bone marrow. In subsequent research Cantargia has shown that IL1RAP is also expressed on cancer cells in a large number of cancer diseases.

The CAN04 antibody has been selected as a product candidate and it is planned to initiate clinical studies in the first half of 2017. In the second project, CANxx, new antibodies against IL1RAP are being developed that are designed for treatment of autoimmune and inflammatory diseases with the objective of selecting a product candidate in 2019.

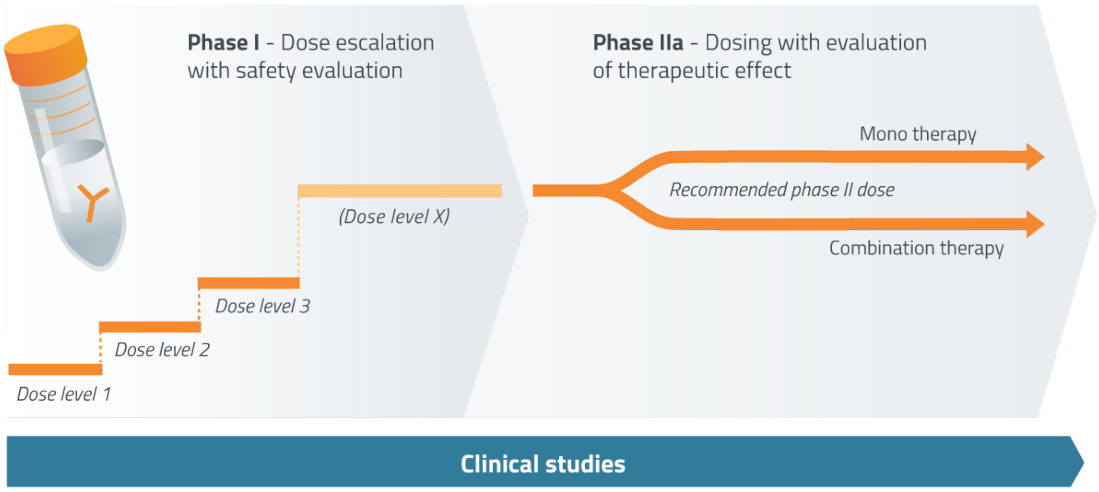
CAN04: Cantargia's product candidate for cancer treatment

Cantargia's CAN04 antibody treatment fights cancer both by activating the immune system's killer cells (picture 2 below) and by blocking signals which stimulate tumour growth (picture 1 below). CAN04 is designed to block the cancer cell's signalling via the interleukin-1 system, which can limit the inflammation that the tumour uses for growth and as a defensive strategy. CAN04 thus has a double-acting effect against cancer.





The IL1RAP molecule, the target for Cantargia's treatment, is found in most common forms of cancer, which means that there is significant treatment potential for different cancer diseases. While the CAN04 antibody could thus potentially be used for treating several different forms of cancer, in its initial development activities Cantargia has focused on non-small cell lung cancer and pancreatic cancer. The first patient study is planned to begin in the first half of 2017. In the initial stage (phase I) of the study CAN04 will be given to a limited number of patients with the aim of gradually increasing the dose and studying the safety profile of the drug and its metabolism in the body, in order to determine an appropriate dose level to use in the second stage. In the second stage of the study (phase IIa) CAN04 will be given to a larger number of patients in order to evaluate indications of therapeutic effect and to gather more information on the safety of the drug at the chosen dose. CAN04 will be studied both as an individual drug and in combination with the standard treatment for each indication. A further study will be conducted after the phase I stage in order to study mechanisms of action and biomarkers in treatment of acute myeloid leukemia (AML).

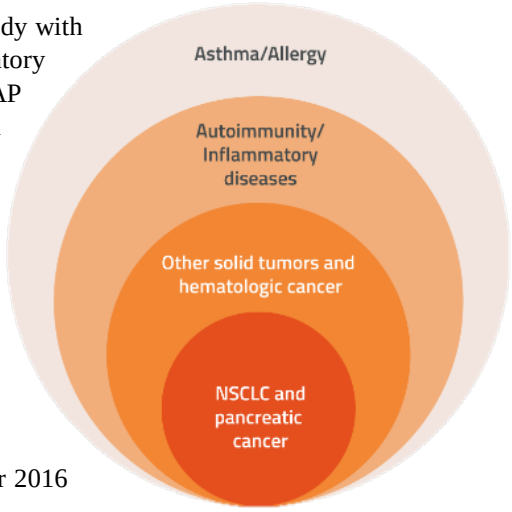


Cantargia's initial clinical phase I/IIa study will include both monotherapy and combination therapy, where CAN04 is combined with existing standard therapy. This will result in additional data, which will accelerate the overall development of CAN04. The clinical study is planned to begin in the first half of 2017 and an initial presentation of phase I data is expected to be made about one year after the start of the study. Once phase I data has been reported, Cantargia intends to evaluate the possibility of initiating a clinical phase IIa study for leukemia, in addition to the ongoing study.

CANxx: Developing product candidates for autoimmunity and inflammation

CAN04, Cantargia's first product candidate, has been designed for treatment of various forms of cancer. Yet Cantargia's platform offers the potential to develop further antibodies against the IL1RAP target molecule that are designed to treat additional, life-threatening diseases. Cantargia is currently working on developing new antibodies that are designed for treatment of autoimmune and inflammatory diseases.

The company's new project, CANxx, is aimed at developing an antibody with properties that are optimised for treatment of autoimmune and inflammatory diseases. Viewed from a functional biological perspective, IL1RAP transfer signals from the cytokines IL-1 and IL-33, which play a role in several serious autoimmune and inflammatory diseases.



The CANxx project will be launched in 2017 with the objective of identifying a clinical candidate that can move on to the development phase in 2019. By launching a new project targeting a disease segment that supplements CAN04, Cantargia will diversify its activities and obtain a favourable risk spread in its project portfolio.

Employees

The average number of employees for the period January to December 2016 was 4 (3), of whom 1 (1) was a woman.

Share information

Cantargia's shares were listed on Nasdaq Stockholm First North on 17 March 2015, under the ticker "CANTA". At 31 December 2016 the number of shares was 20,917,200 (13,505,874). At the beginning of the period, 1 October 2016, the number of shares was 17,679,384 (13,394,874). The average number of shares of Cantargia during the period 1 October 2016 to 31 December 16 was 19 298 292 (13,394,874). It should be noted that the company completed a rights issue after the end of the period. Upon registration with the Swedish Companies Registration Office, the total number of shares of Cantargia will be 32,075,508.

Related party transactions

Cantargia has a research agreement with Lund University, where Thoas Fioretos and Marcus Järås, two of Cantargia's founders and main owners, are engaged in research. Under the agreement, Thoas Fioretos and Marcus

Järås have undertaken, as part of their employment at Lund University, to conduct two projects which are aimed at obtaining more knowledge about IL1RAP. Cantargia has the right under the agreement to use and, where applicable, take over any and all research results from the two projects at no cost. In 2016 Cantargia made payments of approximately SEK 1.9 million to Lund University in accordance with the agreement.

Since May 2010 Cantargia has also been purchasing services on market terms from Innovagen AB for work related to the development and production of monoclonal antibodies. Innovagen is wholly owned by Kjell Sjöström, who is one of the founders of Cantargia. In 2016 the company made payments of approximately SEK 0.6 million to Innovagen under the agreement.

In Cantargia's assessment, the above agreements have been concluded on commercial terms.

Proposed appropriation of earnings

The Board of Directors and Chief Executive Officer propose that no dividend be paid for the financial year 1 January 2016 – 31 December 2016.

Publication of annual report

Cantargia's annual report for the financial year 2016 is scheduled to be published on the company's website (www.cantargia.com) in May 2016. As of the financial year 2014 the Company's financial statements have been prepared in accordance with Recommendation "K3" of the Swedish Accounting Standards Board. The Annual General Meeting of Cantargia is scheduled to be held in Lund on 30 May 2017.

Principles for preparation of the year-end report

The financial statements contained in this year-end report have been prepared in accordance with the same principles as the last annual report, i.e. in accordance with the Swedish Annual Accounts Act and General Recommendation BFNAR 2012:1 Annual Accounts and Consolidated Financial Statements (K3) of the Swedish Accounting Standards Board.

Examination by auditors

The year-end report has not been examined by Cantargia's auditors.

Financial calendar

Future financial reports are scheduled for release as follows:

- Interim report 1 — 15 May 2017
- Half-year report — 23 August 2017
- Interim report 3 — 15 November 2017
- Year-end report for 2017 — 28 February 2018

Certified Adviser

Sedermera Fondkommission is Cantargia's Certified Adviser.

Submission of year-end report

Lund, 15 March 2017
Cantargia AB
The Board of Directors

For further information, please contact:

Göran Forsberg, CEO of Cantargia AB
Telephone: +46 (0)46-275 62 60
E-mail: goran.forsberg@cantargia.com

Financial information

Revenue and results
No revenue was generated.

Financial position
The Company reports an operating loss of kSEK -16 236 (-4,893) for the period October to December and the loss for the period was kSEK -16 171 (-5 003). The operating loss for the full year was kSEK -44 747 (-17 018) and the loss kSEK -44 680 (-17 190). Total assets at the end of the year were kSEK 47 511 (31 383).

Cash flow and investments
Cash flow from operating activities was kSEK -16 177 (-3 578) for the fourth quarter and kSEK -38 994 (-30 277) for the full year.

Condensed Income Statement

(kSEK)	1 Oct 2016 -31 Dec 2016 3 months	1 Oct 2015 -31 Dec 2015 3 months	1 Jan 2016 -31 Dec 2016 12 months	1 Jan 2015 -31 Dec 2015 12 months
Operating expenses				
Project cost	-13 000	-1 876	-32 683	-7 045
Other external expenses	-1 458	-1 342	-5 119	-4 953
Staff costs	-1 746	-1 649	-6 787	-4 810
Other operating expenses	-32	-26	-158	-210
Operating loss	**-16 236**	**-4 893**	**-44 747**	**-17 018**
Financial income and expense				
Interest income and similar items	129	21	132	23
Interest expense and similar items	-64	-131	-65	-195
Loss after net financial income/expense	**-16 171**	**-5 003**	**-44 680**	**-17 190**
Loss before tax	**-16 171**	**-5 003**	**-44 680**	**-17 190**
Loss for the period	**-16 171**	**-5 003**	**-44 680**	**-17 190**

Condensed Balance Sheet

(kSEK)	31 Dec 2016	31 Dec 2015
Assets		
Non-current assets		
Intangible assets		
Concessions, patents, licences and trademarks	7 092	4 282
Financial assets		
Other securities held as non-current assets	3 366	1 747
Total non-current assets	**10 458**	**6 029**
Current assets		
Current receivables		
Other receivables	795	253
Prepaid expenses and accrued income	1 417	589
Total current receivables	**2 212**	**842**
Short-term investments		
Fixed income fund	8 937	14 871
Total current receivables	**8 937**	**14 871**
Cash and bank balances	25 904	9 641
Total current assets	**37 053**	**25 354**
TOTAL ASSETS	**47 511**	**31 383**
EQUITY AND LIABILITIES		
Equity		
Restricted equity		
Share capital	1 673	1 080
Reserve for development costs	2 810	
Total restricted equity	**4 483**	**1 080**
Non-restricted equity		
Share premium account	117 964	64 805
Retained earnings	-40 640	-24 056
Loss for the period	-44 680	-17 190
Total non-restricted equity	**32 644**	**26 975**
Total equity	**37 127**	**28 055**
Non-current liabilities		
Provisions	704	170
Total non-current liabilities	**704**	**170**
Current liabilities		
Trade payables	7 419	1 794
Tax liabilities	186	51
Other liabilities	167	194
Accrued expenses and deferred income	1 908	1 119
Total current liabilities	**9 696**	**3 158**
TOTAL EQUITY AND LIABILITIES	**47 511**	**31 383**

Condensed Statement of Changes in Equity

1 Jan 2016 - 31 Dec 2016 (kSEK)	Share capital	Paid-up not regd share cap	Reserve for development costs	Other non-restricted equity	Loss for the period	Total non-restricted equity	Total equity
Amount at beginning of period	**1 080**	**-**	**-**	**44 165**	**-17 190**	**26 975**	**28 055**
Issue of new shares	593	-	-	55 632	-	55 632	56 225
Capital acquisition cost	-	-	-	-2 473	-	-2 473	-2 473
Capitalisation of development costs	-	-	2 810	-2 810	-	-2 810	-
Transfer, loss for previous year	-	-	-	-17 190	17 190	-	-
Loss for the period	-	-	-	-	-44 680	-44 680	-44 680
Amount at end of period	**1 673**	**-**	**2 810**	**77 324**	**-44 680**	**32 644**	**37 127**

1 Jan 2015 - 31 Dec 2015 (kSEK)	Share capital	Paid-up not regd share cap	Reserve for development costs	Other non-restricted equity	Loss for the period	Total non-restricted equity	Total equity
Amount at beginning of period	**184**	**63**	**-**	**12 220**	**-8 370**	**3 850**	**4 097**
Issue of new shares	896	-63	-	43 847	-	43 847	44 680
Capital acquisition cost	-	-	-	-3 532	-	-3 532	-3 532
Transfer, loss for previous year	-	-	-	-8 370	8 370	-	-
Loss for the period	-	-	-	-	-17 190	-17 190	-17 190
Amount at end of period	**1 080**	**-**	**-**	**44 165**	**-17 190**	**26 975**	**28 055**

Condensed Cash Flow Statement

(kSEK)	1 Oct 2016 -31 Dec 2016 3 months	1 Oct 2015 -31 Dec 2015 3 months	1 Jan 2016 -31 Dec 2016 12 months	1 Jan 2015 -31 Dec 2015 12 months
Cash flow from operating activities before changes in working capital	-16 171	-5 003	-44 680	-17 190
Changes in working capital	-6	1 425	5 686	-13 087
Cash flow from operating activities	**-16 177**	**-3 578**	**-38 994**	**-30 277**
Cash flow from investing activities	-1 343	-1 008	-4 429	-3 019
Cash flow from financing activities	23 418	600	53 752	41 148
Total cash flow for the period	**5 898**	**-3 986**	**10 329**	**7 852**
Cash and cash equivalents at beginning of period	28 943	28 498	24 512	16 660
Cash and cash equivalents at end of period*	34 841	24 512	33 841	24 512
Change in cash and cash equivalents	**5 898**	**-3 986**	**10 329**	**7 852**

* Cash and cash equivalents comprise restricted investments (liquid assets only) and cash and bank balances.

Medicon Village | SE-223 81 Lund | www.cantargia.com

SEDERMERA
FONDKOMMISSION