

# INTERIM REPORT

January - September 2020

## Positive results provide basis for future activities

### THIRD QUARTER

- Net sales: SEK 0 (0) million
- Operating loss: SEK -39.9 (-26.3) million
- Loss after tax: SEK -39.6 (-26.0) million
- Loss per share: before and after dilution, SEK -0.43 (-0.36)

### JANUARY - SEPTEMBER

- Net sales: SEK 0 (0) million
- Operating loss: SEK -117.5 (-75.2) million
- Loss after tax: SEK -116.6 (-74.6) million
- Loss per share: before and after dilution, SEK -1.33 (-1.05)
- Equity/assets ratio: 93 (84) per cent
- Cash and cash equivalents: SEK 282.0 (34.5) million
- Short-term investments: SEK 135.0 (160.0) million

### Significant events in the third quarter

- Positive interim results presented from phase 2a study CANFOUR on combination therapy with CAN04 and chemotherapy in patients with non-small cell lung cancer.

### Significant events after the end of the period

- The first patient started treatment with CAN04 in a phase I study in the US investigating CAN04 in combination with pembrolizumab.
- Recruitment of all patients with pancreatic cancer to phase 2a study CANFOUR achieved and presentation of interim results.
- At an Extraordinary General Meeting in October, Flavia Borellini was elected as a new Director of the company.

### Comments on significant events

CAN04 is being studied in combination with several different cancer drugs. In treatment of non-small cell lung cancer CAN04 is being studied in combination with the chemotherapies gemcitabine/cisplatin. The new interim analysis shows that six out of nine treated patients got a response and that in several of the patients the response lasted up to a year. One patient showed a complete response. In addition to the ongoing treatment, studies in new patient segments are being planned as first-line treatment in combination with immunotherapy and chemotherapy, as well as in second-line treatment with the chemotherapy docetaxel.

In another study, combination of CAN04 and the immunotherapy pembrolizumab is being studied. In addition to studying safety, one purpose of the study is to determine whether CAN04 can affect resistance that has been built up against the immunotherapy. The first patient has now started treatment in the study conducted in the US.

CAN04 is also being studied in combination with chemotherapy for treatment of pancreatic cancer. The last patient has now started treatment. In an interim analysis based on 20 patients who were followed with CT scans for at least two months, eight showed a response that was durable up to one year.

## CHIEF EXECUTIVE'S REVIEW

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### *Positive results provide basis for future activities*



Since our previous report Cantargia has taken further big steps forward. In the past weeks we have presented new positive clinical interim data for CANO4 in combination with chemotherapy in treatment of both pancreatic cancer and non-small cell lung cancer. The results support our hypothesis that CANO4 may enhance the effect of such cancer therapies. The reason is that chemotherapy can activate an inflammatory process in the tumour that counteract their treatment effect. Thus, in addition to its own antitumour effect CANO4 prevents inflammation and thereby counteracts the resistance that develops during treatment.

In concrete terms, we have seen that for both cancer forms, a significantly larger proportion of patients show a response when treated with CANO4 and chemotherapy than would be expected with chemotherapy alone. In addition, several patients have also showed a response lasting for more than a year, which is unusual with chemotherapy alone. In one patient all tumours disappeared after just two months of treatment and the patient has since remained tumour-free for one year. The study is still ongoing and relatively few patients have been studied, but what we have documented so far is very promising. These results are fully in line with the results we see in experimental models of cancer.

All patients planned have now started the first part of the clinical study in pancreatic cancer, and we will soon begin an extension phase to generate additional data on lower doses and other details to simplify the treatment. The aim is to build the strongest possible foundation for future studies with control groups and to be well prepared for meetings with regulators. Recruitment to the lung cancer part will continue for a while longer. In lung cancer too, we are of course looking to obtain more data in preparation for future studies, although the results we have generated so far are sufficiently unambiguous to enable us to start preparations for the upcoming studies. Lung cancer is an area where treatment strategies are

currently undergoing major changes. Based on the results we have generated, we see many interesting ways forward. In addition to our ongoing strategy, we are preparing combination treatments with chemotherapy and immunotherapy in first-line treatment, as well as treatment with docetaxel in the second or third line. Once we have made further progress, we will be able to provide further details and produce a more precise timetable.

Another important milestone is that during the period we were able to start the treatment of our first patient with CANO4 in combination with the pembrolizumab (Keytruda) immunotherapy. This is a strategically very important study. Currently the biggest selling cancer drug, Keytruda has had a major positive impact on the treatment of many cancers but it seldom cure patients and for large groups the treatment does not prolong survival. There is therefore a great need to determine what is limiting the effect of the treatment and it is possible that CANO4 offers a solution. The study is being conducted at leading hospitals in the US, giving us new opportunities to strengthen our expertise on the development of CANO4, and is also attracting a lot of positive attention.

While we have a number of strong institutional investors among our largest owners, ownership has broadened, and we now have over 8,000 shareholders. In recent months several institutional investors have increased their shareholding in the company, providing increased stability for Cantargia. The increased interest in our business following the recent positive results is very stimulating and has resulted in increased trading in Cantargia's shares as well as a significantly increased valuation. This allows us to look ahead to future milestones, of which there are several going forward as we continue to generate further clinical results with CANO4 and make progress in our second project, CAN10. The new pandemic situation has obviously created many new and unexpected challenges for the industry, but under the circumstances Cantargia has performed well, not least because we have had activities in multiple territories. At the time of writing we are again seeing an increase in the spread of infection across the world, but we are doing our best to minimise the impact on our business.

Finally, I would like to welcome our new board member, Flavia Borellini, to Cantargia. Flavia has extensive experience of leading late-stage development of new cancer drugs. Her practical and strategic knowledge will be of great importance for our next steps. Cantargia is currently in a very exciting period but we can also look forward to future activities and milestones.

*Göran Forsberg*  
CEO, Cantargia AB

## ABOUT CANTARGIA

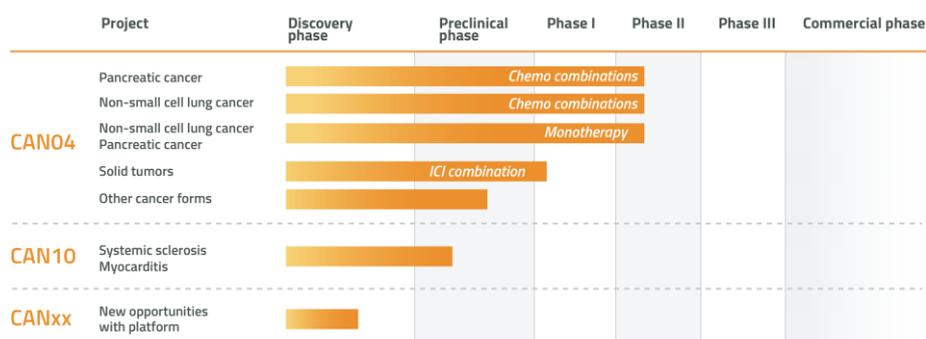
Cantargia is a Swedish biotech firm operating in the borderland between immunotherapy and targeted treatments that is developing targeted antibody-based treatments for life-threatening diseases. Thanks to the significant research advances made in recent years, both immunotherapy and targeted treatments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

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

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

Targeted antibody treatments increase the chances of achieving an effective treatment with fewer side effects for patients. Cantargia's objective for CAN04 is clear: to develop a new drug which, individually or in combination with other drugs, can become an important part of tomorrow's cancer treatment. In a parallel project, the company is developing other antibodies against IL1RAP outside the field of cancer. In the CAN10 project, the initial focus is on two serious autoimmune/inflammatory diseases: systemic sclerosis and myocarditis. The goal is to initiate clinical studies for CAN10 in early 2022.

### Cantargia's project portfolio



### Vision

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

### Business model & strategy

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

### Our clinical program

Cantargia's first study, CANFOUR, is looking at the company's main candidate, CAN04, for treatment of non-small cell lung cancer and pancreatic cancer. CANFOUR is a phase I/IIa study and consists of two stages. In the first stage, the emphasis was on evaluating safety and dosage while the phase IIa stage is looking at the effects of the treatment both as an individual drug (monotherapy) and in combination with the standard treatments for non-small cell lung cancer and pancreatic cancer. The phase I results were very encouraging and indicated good safety as well as effects on certain 'biomarkers'. **Positive interim results from the phase IIa 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 a second clinical study conducted in the United States CAN04 is being studied in combination with immunotherapy.

# CANTARGIA OPERATES IN A GROWING MARKET

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

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

Cantargia has initially focused on non-small cell lung cancer and pancreatic cancer. The next planned study will include bladder cancer, head and neck cancer and malignant melanoma. These are IL1RAP-expressing cancers and immunotherapy is today one of the standard treatments for these diseases, as well as for non-small cell lung cancer.

## The lung cancer market

In 2018, around 2 million new cases of lung cancer were diagnosed globally while more than 1.7 million people died as a result of lung cancer.<sup>1</sup> 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<sup>2</sup> while the number of people being diagnosed with the disease in countries like China and India as well as in European countries like Hungary, Denmark and Serbia is increasing.

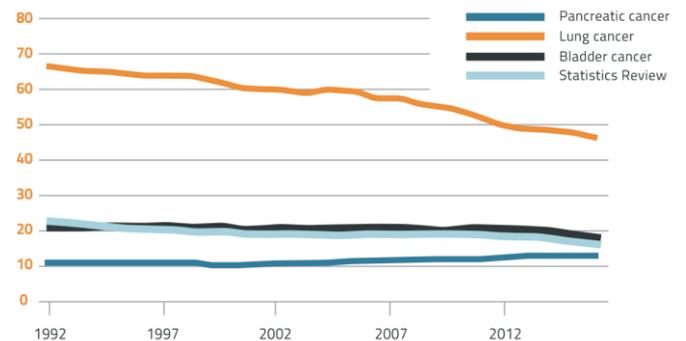
Sales of drugs for non-small cell lung cancer totalled USD 16 billion in 2018 and are projected to increase to USD 43.7 billion by 2026. Sales are being driven mainly by increasing use of various antibody-based immunotherapies. Another important factor driving the growth of the global market is the increasing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

## The pancreatic cancer market

Worldwide, around 456,000 new cases of pancreatic cancer were diagnosed in 2018. In the same year, 432,000 people died from the disease. In the US, the number of people being diagnosed with the disease has increased by nearly 11 per cent over the past 14 years. Being hard to diagnose, the disease is difficult to treat, as it is often far advanced by the time it is discovered.

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

Source: SEER Cancer Statistics Review



The global market for pancreatic cancer treatment is expected to be worth USD 4.1 billion by 2025. In 2017, the market was worth around USD 2 billion.<sup>3</sup> The market is expected to grow by 8 per cent annually from 2018 to 2025. The main factor behind the growth of this market is the growing number of cancer cases, which in turn is driven by an aging population and the increasing incidence of diabetes, both of which are risk factors for developing this disease. Another factor why the market is expected to grow is improved diagnostics, which increases the chance of discovering pancreatic cancer at an earlier stage and thus enabling treatment. The number of people being diagnosed with pancreatic cancer is expected to grow by 55 per cent by 2030. This year, pancreatic cancer is expected to be the third most common cause of cancer-related deaths in the US.<sup>4</sup>

## 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.<sup>5</sup> The global pharmaceutical market for head and neck cancer treatment was estimated at USD 1.3 billion in 2017 and is forecast to be worth USD 2.3 billion by 2025.<sup>6</sup> This represents an annual growth rate of 7.3 per cent from 2018 to 2025.

## The bladder cancer market

Bladder cancer is the seventh most common form of cancer in men and the seventeenth most common form of cancer in women. The number of new cases of bladder cancer is expected to increase from 251,000 in 2018 to 290,000 in 2025.<sup>7</sup> The bladder cancer market is forecast to grow by 4.5 per cent annually from 2018 to 2025. The market was estimated at USD 241 million in 2018 and is forecast to grow to USD 327.9 million by 2025.<sup>8</sup>

#### 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.<sup>9</sup> The estimated incidence of myocarditis is around 1.7 million and the disease accounts for around 46,400 deaths annually worldwide.<sup>10</sup>

#### 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.<sup>11</sup> 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 [https://www.lungcancer.org/find\\_information/publications/163-lung\\_cancer\\_101/268-types\\_and\\_staging](https://www.lungcancer.org/find_information/publications/163-lung_cancer_101/268-types_and_staging)

2 SEER Cancer Statistics Review

3 ResearchAndMarkets, Pancreatic Cancer Therapy Market to 2025 - Global Analysis and Forecasts By Type, Therapy and Geography

4 American Cancer Society, Cancer Facts & Figures 2020, 2020.

5 GlobalData, OpportunityAnalyzer: Head and Neck Squamous Cell Carcinoma, March 2018

6 Allied Market Research, Global Opportunity Analysis and Industry Forecast, 2018 - 2025

7 GlobalData, Opportunity Analyzer: Bladder Cancer, April 2017

8 Data Bridge Market Research

9 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

10 Lancet. 2018;392:1736-88

11 Sales data for the drugs have been obtained from the companies' year-end reports.

## FINANCIAL INFORMATION

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### Income

The company's revenues during the third quarter amounted to SEK 0.0 (0.0) million and for the period January to September to SEK 0.0 (0.0) million.

### Operating expenses/operating loss

Research and developments costs in the third quarter totalled SEK 35.7 (23.2) million and SEK 105.5 (64.7) million for the period January to September. The increased costs compared with the previous year is primarily related to Cantargia's main project, CANO4, 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 and CANxx also increased compared with 2019.

Administrative expenses for the third quarter were SEK 4.0 (2.6) million and SEK 11.5 (9.7) million for the period January to September.

Other operating expenses, which comprise foreign exchange differences on trade payables, totalled SEK 0.3 (0.4) million for the third quarter and SEK 0.6 (0.8) million for the period January to September. Other operating expenses are mainly related to the Swedish krona's currency rates variations, against EUR and USD.

The operating loss in the third quarter was SEK -39.9 (-26.3) million and for the period January to September SEK -117.5 (-75.2) 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 third quarter was SEK 0.3 (0.3) million and SEK 0.9 (0.6) million for the period January to September.

### Earnings

Cantargia's pre-tax loss, which is the same as the loss for the period, was SEK -39.6 (-26.0) million for the third quarter and SEK -116.6 (-74.5) million for the period January to September.

### Financial position

Cantargia's equity/assets ratio at 30 September 2020 was 93 (84) per cent and equity was SEK 415.3 (178.6) million. The company's cash and cash equivalents, which consist of cash and demand deposits with banks and other credit institutions, were SEK 282.0 (34.5) 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 135.0 (160.0) million. The company's liquidity (including short-term investments) is still significantly higher than in 2019 as a result of the SEK 409.5 million directed share issue, which raised SEK 386.3 million after transaction costs, performed in 2020.

At the end of the period, total assets stood at SEK 444.8 (213.8) million.

### Cash flow and investments

Cash flow from operating activities for the third quarter was SEK -41.7 (-27.7) million and SEK -111.7 (-73.4) million for the period January to September. As part of cash flow from operating activities, changes in working capital were SEK -5.7 (-1.6) million in the third quarter and SEK -0.3 (1.2) million in the period January to September.

Cash flow from investing activities in the third quarter totalled SEK 74.2 (3.0) million and -33.9 (-66.7) million in the period January to September. 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 1.0 (-) million in the third quarter and SEK 387.3 (98.0) million in the period January to September. 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 third quarter was SEK 33.6 (-24.7) million and for the period January to September SEK 241.7 (-42.1) million.

# SHAREHOLDER INFORMATION

## Share information

As of 25 September 2018, Cantargia’s shares have been listed on the main list of Nasdaq Stockholm, under the stock symbol

“CANTA”. On 30 September 2020, the number of shares was 91,092,189 (72,804,392).

## Share price performance in 2020



Ownership distribution, 30 September 2020

<b>Owner</b>	<b>Number of shares</b>	<b>Capital/Votes (%)</b>
Swedbank Robur Fonder	8 752 294	9,6%
Fjärde AP-fonden	7 056 751	7,7%
Alecta Pensionsförsäkring, Ömsesidigt	6 048 596	6,6%
Första AP-fonden	5 750 000	6,3%
Öhman Bank S.A., Luxemburg	4 510 986	5,0%
Försäkringsaktiebolaget, Avanza Pension	4 013 546	4,4%
Sunstone Life Science Ventures Fund III K/S	3 464 957	3,8%
Handelsbanken fonder	3 430 868	3,8%
Morgan Stanley & Co Intl PLC	2 302 345	2,5%
Skandinaviska Enskilda Banken S.A., Luxemburg	1 723 641	1,9%
Other	44 038 205	48,3%
<b>Total</b>	<b>91 092 189</b>	<b>100,0%</b>

Ownership distribution by size class, 30 September 2020

<b>Holding</b>	<b>Number of shareholders</b>	<b>Number of shares</b>	<b>Capital/Votes (%)</b>	<b>Market Cap (kSEK)</b>
1 - 500	4 411	642 265	0,7%	27 617
501 - 1 000	1 056	860 127	0,9%	36 985
1 001 - 5 000	1 708	4 238 323	4,7%	182 248
5 001 - 10 000	457	3 324 897	3,7%	142 971
10 001 - 15 000	147	1 851 674	2,0%	79 622
15 001 - 20 000	104	1 843 588	2,0%	79 274
20 001 -	302	78 331 315	86,0%	3 368 247
<b>Total</b>	<b>8 185</b>	<b>91 092 189</b>	<b>100,0%</b>	<b>3 916 964</b>

## OTHER INFORMATION

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### Employees

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

### Financial calendar

- Year-end report 2020, 25 February 2021
- 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 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](http://www.cantargia.com).

Lund, 12 November 2020

Göran Forsberg  
CEO

# AUDITOR'S REPORT

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Cantargia AB (publ), Corp.Reg.No 556791-6019

## Introduction

We have reviewed the condensed interim financial information (interim report) of Cantargia AB (publ) as of 30 September 2020 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 12 2020

PricewaterhouseCoopers AB

Ola Bjärehäll

Authorized Public Accountant

Auditor in charge

## STATEMENT OF COMPREHENSIVE INCOME

(kSEK)	Note	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
<b>Operating income</b>						
Net sales		-	-	-	-	-
Other operating income		-	-	-	-	-
<b>Operating expenses</b>						
	6					
Research and development costs	5	-35 656	-23 240	-105 464	-64 674	-97 477
Administrative costs		-3 960	-2 624	-11 469	-9 727	-13 097
Other operating expenses		-277	-439	-555	-759	-1 016
		<b>-39 893</b>	<b>-26 303</b>	<b>-117 487</b>	<b>-75 160</b>	<b>-111 589</b>
<b>Operating profit</b>		<b>-39 893</b>	<b>-26 303</b>	<b>-117 487</b>	<b>-75 160</b>	<b>-111 589</b>
<b>Financial income and expense</b>						
Interest income and similar items		342	303	891	626	780
Interest expense and similar items **)		-1	-	-1	-	-
		<b>341</b>	<b>303</b>	<b>890</b>	<b>626</b>	<b>780</b>
<b>Profit before taxes</b>		<b>-39 552</b>	<b>-26 000</b>	<b>-116 597</b>	<b>-74 534</b>	<b>-110 809</b>
<b>Loss for the period *)</b>		<b>-39 552</b>	<b>-26 000</b>	<b>-116 597</b>	<b>-74 534</b>	<b>-110 809</b>
Earnings per share before and after dilution (SEK) based on average number of shares		-0,43	-0,36	-1,33	-1,05	-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	30-09-2020	30-09-2019	31-12-2019
<b>ASSETS</b>				
<b>Fixed assets</b>				
<i>Intangible assets</i>				
Patent		7 586	-	-
		<b>7 586</b>	-	-
<i>Financial assets</i>				
Other securities held as non-current asset		-	0	-
		-	<b>0</b>	-
<i>Tangible assets</i>				
Machinery and equipment		5 833	-	6 868
		<b>5 833</b>	-	<b>6 868</b>
<b>Total fixed assets</b>		<b>13 419</b>	<b>0</b>	<b>6 868</b>
<b>Current assets</b>				
Other receivables		2 897	1 123	1 482
Prepaid expenses and accrued income		11 460	18 153	7 818
		<b>14 358</b>	<b>19 276</b>	<b>9 300</b>
<b>Short-term investments</b>				
Other short-term investments		135 019	160 019	110 019
		<b>135 019</b>	<b>160 019</b>	<b>110 019</b>
<b>Cash and bank balances</b>				
Cash and bank balances		282 005	34 527	39 870
		<b>282 005</b>	<b>34 527</b>	<b>39 870</b>
<b>Total current assets</b>		<b>431 381</b>	<b>213 821</b>	<b>159 189</b>
<b>TOTAL ASSETS</b>		<b>444 800</b>	<b>213 821</b>	<b>166 057</b>
<b>EQUITY AND LIABILITIES</b>				
<i>Equity</i>				
<i>Restricted equity</i>				
Share capital		7 287	5 824	5 824
		<b>7 287</b>	<b>5 824</b>	<b>5 824</b>
<i>Non-restricted equity</i>				
Share premium account		874 106	488 272	488 272
Retained earnings		-349 486	-241 015	-241 015
Loss for the period		-116 597	-74 533	-110 808
		<b>408 023</b>	<b>172 724</b>	<b>136 448</b>
<b>Total equity</b>		<b>415 310</b>	<b>178 548</b>	<b>142 273</b>
<i>Long-term liabilities</i>				
Provision for social security contributions, incentive program	8	942	-	-
		<b>942</b>	-	-
<i>Short-term liabilities</i>				
Trade payables		7 338	14 034	12 620
Tax liabilities		221	101	103
Other liabilities		621	496	474
Accrued expenses and deferred income		20 368	20 641	10 588
		<b>28 548</b>	<b>35 273</b>	<b>23 784</b>
<b>TOTAL EQUITY AND LIABILITIES</b>		<b>444 800</b>	<b>213 821</b>	<b>166 057</b>

## STATEMENT OF CHANGES IN EQUITY

(kSEK)	Note	Restricted equity		Non-restricted equity		Total
		Share capital	Paid not registered share capital	Share premium account	Retained earnings incl Loss for the period	Total equity
<b>1 July 2020 - 30 September 2020</b>						
Opening balance 1 July 2020		7 280	-	873 143	-428 466	451 958
<i>Loss for the period</i>		-	-	-	-39 552	-39 552
<i>Transactions with shareholders</i>						
Warrant program, TO 2017/2020	8	7	-	962	-	969
Employee stock option program 2020/2023	8	-	-	-	1 935	1 935
		7	-	962	1 935	2 904
<b>Closing balance 30 September 2020</b>		<b>7 287</b>	<b>-</b>	<b>874 106</b>	<b>-466 084</b>	<b>415 310</b>
<b>1 July 2019 - 30 September 2019</b>						
Opening balance 1 July 2019		5 824	-	488 272	-289 548	204 548
<i>Loss for the period</i>		-	-	-	-26 000	-26 000
<b>Closing balance 30 September 2019</b>		<b>5 824</b>	<b>-</b>	<b>488 272</b>	<b>-315 548</b>	<b>178 548</b>
<b>1 January 2020 - 30 September 2020</b>						
Opening balance 1 January 2020		5 824	-	488 272	-351 823	142 273
<i>Loss for the period</i>		-	-	-	-116 597	-116 597
<i>Transactions with shareholders</i>						
Issue of new shares for the year		1 456	-	408 069	-	409 525
Capital acquisition cost		-	-	-23 197	-	-23 197
Warrant program, TO 2017/2020	8	7	-	962	-	969
Employee stock option program 2020/2023	8	-	-	-	2 337	2 337
		1 463	-	385 834	2 337	389 634
<b>Closing balance 30 September 2020</b>		<b>7 287</b>	<b>-</b>	<b>874 106</b>	<b>-466 084</b>	<b>415 310</b>
<b>1 January 2019 - 30 September 2019</b>						
Opening balance 1 January 2019		5 295	-	390 765	-241 015	155 045
<i>Loss for the period</i>		-	-	-	-74 534	-74 534
<i>Transactions with shareholders</i>						
Issue of new shares for the year		529	-	105 500	-	106 030
Capital acquisition cost		-	-	-7 993	-	-7 993
		529	-	97 507	-	98 036
<b>Closing balance 30 September 2019</b>		<b>5 824</b>	<b>-</b>	<b>488 272</b>	<b>-315 548</b>	<b>178 548</b>
<b>1 January 2019 - 31 December 2019</b>						
Opening balance 1 January 2019		5 295	-	390 765	-241 015	155 045
<i>Loss for the period</i>		-	-	-	-110 809	-110 809
<i>Transactions with shareholders</i>						
Issue of new shares for the year		529	-	105 500	-	106 030
Capital acquisition cost		-	-	-7 993	-	-7 993
		529	-	97 507	-	98 036
<b>Closing balance 31 December 2019</b>		<b>5 824</b>	<b>-</b>	<b>488 272</b>	<b>-351 824</b>	<b>142 273</b>

## STATEMENT OF CASH FLOWS

(kSEK)	Note	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
<b>Operating activities</b>						
Operating loss		-39 893	-26 303	-117 487	-75 160	-111 589
Adjustments for non-cash items	7	3 790	-	5 673	-	12
Interest received etc.		167	246	428	485	597
Interest paid etc.		-1	-	-1	-	-
<b>Cash flow from operating activities before changes in working capital</b>		<b>-35 937</b>	<b>-26 058</b>	<b>-111 388</b>	<b>-74 675</b>	<b>-110 980</b>
<b>Changes in working capital</b>						
Change in receivables		-1 783	-16 932	-5 058	-17 637	-7 661
Change in trade payables		-4 843	7 743	-5 282	5 078	3 664
Changes in other current liabilities		898	7 585	10 046	13 797	3 722
		<b>-5 727</b>	<b>-1 605</b>	<b>-294</b>	<b>1 239</b>	<b>-274</b>
<b>Cash flow from operating activities</b>		<b>-41 664</b>	<b>-27 663</b>	<b>-111 682</b>	<b>-73 436</b>	<b>-111 254</b>
<b>Investing activities</b>						
Acquisition of intangible assets		-	-	-8 111	-	-
Acquisition of tangible assets		-770	-	-833	-	-6 880
Disposal of other long-term securities		-	2 957	-	2 957	2 957
Increase in other short-term investments		-	-	-150 000	-120 000	-120 000
Decrease in other short-term investments		75 000	-	125 000	50 300	100 300
		<b>74 230</b>	<b>2 957</b>	<b>-33 945</b>	<b>-66 743</b>	<b>-23 623</b>
<b>Financing activities</b>						
Issue of new shares for the year		-	-	409 525	106 030	106 030
Capital acquisition cost		-	-	-23 197	-7 993	-7 993
Warrant program, TO 2017/2020	8	969	-	969	-	-
		<b>969</b>	<b>-</b>	<b>387 297</b>	<b>98 036</b>	<b>98 036</b>
<b>Change in cash and cash equivalents</b>		<b>33 537</b>	<b>-24 705</b>	<b>241 672</b>	<b>-42 142</b>	<b>-36 841</b>
<b>Cash and cash equivalents at beginning of period</b>		<b>248 293</b>	<b>59 174</b>	<b>39 870</b>	<b>76 528</b>	<b>76 528</b>
Exchange rate difference in cash equivalents		175	58	463	141	183
<b>Cash and cash equivalents at end of period *)</b>		<b>282 005</b>	<b>34 527</b>	<b>282 005</b>	<b>34 527</b>	<b>39 870</b>

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

## KEY FIGURES

(HSEK)	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Net sales	-	-	-	-	-
Operating profit	-39 893	-26 303	-117 487	-75 160	-111 589
Loss for the period	-39 552	-26 000	-116 597	-74 534	-110 809
Average number of shares	91 092 189	72 804 392	87 798 638	70 598 198	71 149 747
Earnings per share before and after dilution (SEK) based on average number of shares	-0,43	-0,36	-1,33	-1,05	-1,56
Change in cash and cash equivalents	33 537	-24 705	241 672	-42 142	-36 841
Cash and cash equivalents	282 005	34 527	282 005	34 527	39 870
Short-term investments	135 019	160 019	135 019	160 019	110 019
Equity end of period	415 310	178 548	415 310	178 548	142 273
Equity/assets ratio, %	93%	84%	93%	84%	86%
Average number of employees	16	9	15	9	9
Number of employees at end of period	18	11	18	11	11
R&D costs as a percentage of operating expenses	89%	88%	90%	86%	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

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### Note 1 General information

This interim report refers to Cantargia AB (publ) ("Cantargia"), corporate ID number 556791-6019. Cantargia has no subsidiaries.

Cantargia is a Swedish public limited company with registered office in Lund, Sweden. The company's address is Ideon Gateway, Scheelevägen 27, SE-223 63 Lund.

The interim report for the third quarter 2020 was approved for publication on 12 November 2020 in accordance with a resolution of the Board of Directors of 11 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 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 the three first quarters 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 September 2020, the company incurred a cost of kSEK 231 (231) under the agreement.

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

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

## Note 6 Costs by nature of expense

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

(kSEK)	2020	2019	2020	2019	2019
	Jul-Sep	Jul-Sep	Jan-Sep	Jan-Sep	Jan-Dec
Project costs	-25 323	-18 226	-81 676	-52 513	-81 053
Other external expenses	-3 185	-3 229	-12 410	-10 826	-14 298
Personnel expenses	-10 144	-4 409	-20 453	-11 062	-15 210
Other operating expenses	-277	-439	-555	-759	-1 016
Depreciation	-965	-	-2 393	-	-12
	<b>-39 893</b>	<b>-26 303</b>	<b>-117 487</b>	<b>-75 160</b>	<b>-111 589</b>

## Note 7 Adjustments for non-cash items

(kSEK)	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Depreciation	-965	-	-2 394	-	-12
Employee stock option program	-2 825	-	-3 279	-	-
	<b>-3 790</b>	<b>0</b>	<b>-5 673</b>	<b>0</b>	<b>-12</b>

## Note 7 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. In June, a total of 1,680,000 employee stock options were granted, whereby the price was set at SEK 31.71 per share. In the third quarter was further 60,000 employee stock options granted within the group other personnel where the price was set at SEK 33.15

To enable the company's delivery of shares in a simple and cost-effective manner, it was decided at an Extraordinary General Meeting on 13 October 2020 to make a directed issue of warrants, a so-called "Hedge".

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](http://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)**

<b>Granted instruments</b>	
Employee stock option program 2020/2023	1 740 000
<b>Exercised instruments</b>	
Warrant program, TO 2017/2020 *)	-86 700
<b>Lapsed instruments</b>	
	-
<b>Total change</b>	<b>1 653 300</b>
<b>Number of shares granted instruments may entitle to September 30, 2020</b>	
Warrant program, TO 2017/2020	0
Employee stock option program 2020/2023	1 740 000
<b>Number of shares granted instruments may entitle to</b>	<b>1 740 000</b>

\*) 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 INTERIM REPORT

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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 12 November 2020, at 8:30 a.m.

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