INTERIM REPORT

January - September 2021

Important milestones and strong results

THIRD QUARTER

- Net sales: SEK 0 (0) million
- Operating loss: SEK -104.7 (-39.9) million
- Loss after tax: SEK -103.8 (-39.6) million
- Loss per share: before and after dilution, SEK -1.04 (-0.43)

JANUARY - SEPTEMBER

- Net sales: SEK 0 (0) million
- Operating loss: SEK -264.5 (-117.5) million
- Loss after tax: SEK -262.3 (-116.6) million
- Loss per share: before and after dilution, SEK -2.62 (-1.33)
- Equity/assets ratio: 91 (93) per cent
- Cash and cash equivalents: SEK 335.9 (282.0) million
- Short-term investments: SEK 312.0 (135.0) million

Significant events in the third quarter

- New positive interim data on treatment of patients with non-small cell lung cancer (NSCLC) in the CANFOUR study were presented at the ESMO conference; next steps were initiated for expansion of the clinical development of nadunolimab and platinum-based chemotherapy in non-squamous NSCLC
- The CIRIFOUR study was fully recruited; next steps were also initiated for expansion in non-squamous NSCLC evaluating nadunolimab in combination with platinum-based chemotherapy and immunotherapy
- Patient recruitment was completed for the extension cohort in pancreatic cancer in CANFOUR and nadunolimab was granted orphan drug status by the FDA for treatment of pancreatic cancer
- The first patient was treated in CAPAFOUR, approval was obtained to start the CESTAFOUR study and an application to start the TRIFOUR study was submitted and approved by the Spanish authorities
- Preclinical data were presented demonstrating the benefits of nadunolimab's mechanism of action over blockade of IL-1β alone
- The opposition against one of Cantargia's European patents was rejected by the European Patent Office

Significant events after the end of the period

- Nadunolimab received a positive opinion from the EMA on orphan drug status for the treatment of pancreatic cancer
- The first patient was treated in CESTAFOUR
- Progress in the manufacturing process development for CAN10 was reported and start of the first clinical study for CAN10 was adjusted to Q3 2022

Comments on significant events

New positive interim data for 27 patients with NSCLC in CANFOUR were presented at the ESMO conference. The data show that 48 per cent of patients experienced a response with a median progression-free survival of 7.2 months for nadunolimab with chemotherapy. The most pronounced effect was noted in patients with non-squamous NSCLC. Safety was good, despite a higher occurrence of neutropenia and febrile neutropenia. This can be managed by treatment with G-CSF or dose modifications. There were no observations of serious cases of neuropathy, a common side effect of chemotherapy. As a first step in a focused strategy for late-stage clinical development, Cantargia announced that CANFOUR will be expanded to an additional 40 patients with non-squamous NSCLC to assess nadunolimab with carboplatin/pemetrexed.

Recruitment to the extension cohort in pancreatic cancer in CANFOUR and the initial treatment arm in CIRIFOUR was completed. Preliminary data from the 15 patients treated in CIRIFOUR show that nadunolimab and pembrolizumab are well tolerated. Cantargia announced that CIRIFOUR will also be expanded in non-squamous NSCLC to evaluate nadunolimab with pembrolizumab and chemotherapy.

Progress has also been made in other studies with nadunolimab. An application to start TRIFOUR was submitted and approved. Approval was also obtained to initiate CESTAFOUR and the first patient received treatment. The first patient in CAPAFOUR was also treated. In addition, nadunolimab was granted orphan drug status in the US for the treatment of pancreatic cancer, which provides benefits for continued clinical development in this form of cancer. The European Medicines Agency also issued a positive opinion on orphan drug status, and the European Commission is therefore expected to approve the application.

In a further success, the opposition initiated against one of Cantargia's European patents for the treatment of solid tumors was rejected after oral proceedings at the European Patent Office. Thus, Cantargia's broad patent protection for IL1RAP-binding therapies remains unchanged.

Finally, data were presented showing that nadunolimab, which blocks IL-1α and IL-1β, both forms of IL-1, has an advantage over antibodies that only block IL-1β. Nadunolimab increased the effect of the chemotherapy docetaxel in tumor-bearing mice, which was not achieved by IL-1β blockade alone. These data confirm the benefits of the mechanism of action of nadunolimab.

For CAN10, progress in the manufacturing process development was reported. Due to a global shortage in supply of raw materials and consumables, caused partly by a high demand for COVID-19 vaccine, the production of CAN10 for clinical study has been adjusted. The first clinical study for CAN10 will thus start in the third quarter of 2022.

CHIEF EXECUTIVE'S REVIEW

Important milestones and strong results

Cantargia had a strong news flow in the third quarter. One of the most important events was the presentation at the annual ESMO conference of new positive interim results from treatment of lung cancer patients with nadunolimab and chemotherapy. The updated results are in line with previous presentations and show that a significantly higher proportion of patients respond to treatment than would be expected with chemotherapy alone. The most pronounced effect was seen in patients with non-squamous non-small cell lung cancer. As different forms of lung cancer are treated differently, this information is very important for increasing the likelihood of success. In the near future we will therefore be focusing on the treatment of this large subgroup of lung cancer patients. This will be done by recruiting up to an additional 40 patients to our CANFOUR trial, who will receive treatment with nadunolimab and platinum-based chemotherapy. Also, in CIRIFOUR, up to a further 30 patients with non-squamous non-small cell lung cancer will be recruited and treated with nadunolimab, platinum-based chemotherapy and the immunotherapy pembrolizumab. Treatment of the additional patients in both CANFOUR and CIRIFOUR is scheduled to begin in the fourth quarter of 2021.

In addition to lung cancer, pancreatic cancer is the other main indication that we are focusing on. Also in this disease, the initial results indicate that a better treatment effect is achieved in combination with chemotherapy than would be expected from chemotherapy alone. Here, we reached an important milestone in September when the US Food and Drug Administration (FDA) granted orphan drug status to nadunolimab for the treatment of pancreatic cancer. A few weeks later, the European Medicines Agency (EMA) issued a recommendation to the European Commission to grant the equivalent status in the EU. Orphan drug status has many benefits, including market exclusivity in the US and EU for seven and ten years, respectively, reduced fees and close interactions with regulatory authorities. The development programme in pancreatic cancer is proceeding according to plan and more than 70 patients have now received treatment with nadunolimab and the chemotherapies gemcitabine/nab-paclitaxel in the first line. Based on the positive results obtained regarding both safety and efficacy, the project is in the planning stage of a study potentially aimed at market approval, which includes discussions with regulatory authorities. We are planning to provide an update on the clinical results in the first group of 33 patients in the fourth quarter, to present the first clinical results for the second group of 40 patients in the first half of 2022, and to present further details on the coming development stages in the first quarter of 2022.

During the period, we completed recruitment for the first part of CIRIFOUR and in the coming months we plan to present initial results from the 15 patients who received treatment with nadunolimab and pembrolizumab. The first part of CIRIFOUR is designed as a safety study in patients no longer responding to therapy with checkpoint inhibitors. The patients who were included in this part, mainly patients with lung cancer or head and neck cancer, have few treatment options and are in a late stage of their disease. In addition to safety, biomarkers and efficacy are being studied. The main purpose is to ensure the safety of the treatment. Once that foundation has been laid, we will be ready to take more focused steps in specific patient subgroups.

In 2021, several new clinical trials with nadunolimab were initiated, and in the third quarter, important milestones were reached in this expansion. The first patient with metastatic pancreatic cancer started treatment in the CAPAFOUR study and in October the first patient also started treatment in CESTAFOUR. In the third study, TRIFOUR, approval to start the study was obtained in September and we expect the first patient with triple negative breast cancer to start treatment in November.

Nadunolimab has a unique and broad mechanism of action, which includes blocking both forms of IL-1, as well as stimulating immune cells to kill cancer cells. An important strategic aspect is to create a better understanding of how nadunolimab is best utilized in combination with other types of cancer treatment. Important clues can be obtained from the development of canakinumab, an antibody developed by Novartis, which unlike nadunolimab only blocks IL-1β, i.e. only one form of IL-1. During the period, Cantargia presented new preclinical data that show a clear difference in the properties of the two antibodies in combination therapy. Nadunolimab enhanced the antitumor effect of the chemotherapy drug docetaxel, which is used, for example, in the treatment of lung cancer, while no additional effect was seen when only IL-1β

was blocked. In two clinical trials in lung cancer, canakinumab failed to reach the primary endpoint, while in our early clinical studies, we see promising effects of our antibody nadunolimab in combination with chemotherapy. Thus, these clinical results are in line with what we observe in our pre-clinical cancer models. Collectively, this strengthens our view that nadunolimab has the potential to become a valuable new treatment for cancer patients.

In addition to the successes in the development of nadunolimab, an opposition process against one of Cantargia's European patents was finalized during the period. The opposition, which was filed by a third party, was rejected in its entirety and Cantargia's strong patent protection thus remains unchanged.

Cantargia is in a very interesting position with strong, albeit early, clinical results and with a large number of milestones coming up in 2021 and 2022. In addition to our activities to advance the development of nadunolimab, work is proceeding on our second project, CAN10, where we expect to start clinical development in the third quarter of 2022. I am very much looking forward to this exciting period in the company's development.

Göran Forsberg
CEO, Cantargia AB

ABOUT CANTARGIA

Cantargia is a Swedish biotech firm, operating in the borderland between immunotherapy and targeted treatments, developing targeted antibody-based treatments for life-threatening diseases. Owing to the significant research advances made in recent years, both immunotherapy and targeted treatments have been added as new cancer treatment options, in addition to surgery, radiation therapy and chemotherapy. Intense research is being conducted in this field and it is likely that many new treatment options will become available in the coming years.

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

For nadunolimab (CAN04), the company has initially focused on non-small cell lung cancer and pancreatic cancer. Lung cancer is the form of cancer that causes the largest number of deaths and non-small cell lung cancer is the most common form of the disease. Pancreatic cancer is very difficult to treat, and few effective treatments are available on the market. The development activities were recently broadened to include triple negative breast cancer, biliary tract cancer, colon cancer, as well as other tumor types.

Targeted antibody treatments increase the likelihood of achieving an effective treatment with fewer side effects for patients. Cantargia's objective for CAN04 is to develop a new drug which, individually or in combination with other drugs, can become an important part of future cancer therapy.

In a parallel, Cantargia is developing additional antibodies targeting IL1RAP outside the field of cancer. In the CAN10 project, the initial focus is on two serious autoimmune/inflammatory diseases: systemic sclerosis and myocarditis. The goal is to initiate clinical studies for CAN10 during the third quarter of 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.

Business model and strategy

Cantargia's business model and scientific strategy are based on partnerships, and Cantargia has established agreements with a number of different companies, hospitals and academic groups. Currently, around 50 international and local players are involved in research and development related to CAN04. We are now building partnerships in a similar way for our new project, CAN10. The strategy is based on driving the development of our candidate drugs by in-house capacity.

Cantargia's project portfolio

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

Our clinical studies

In Cantargia's first clinical study, CANFOUR, CAN04 is studied for treatment of non-small cell lung cancer and pancreatic cancer. CANFOUR is a phase I/IIa study consisting of two parts. While the first part primarily evaluated safety and dosage, the second part, phase IIa, focuses on combination therapy 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 key biomarkers.

Moreover, positive interim results from the phase IIa part show clear signals on the efficacy of combination therapy as stronger effects are observed in both lung cancer and pancreatic cancer patients compared to what would be expected from chemotherapy alone. Patients with non-small cell lung cancer showed a response of 48 per cent, resulting in a median progression-free survival of 7.2 months, an improvement over historical control data. An even higher response is achieved in patients with non-squamous non-small cell lung cancer. In patients with pancreatic cancer, durable responses or pseudoprogression are observed, resulting in a median progression-free survival of 7.8 months and a median overall survival of over 12.6 months.

For pancreatic cancer, patient recruitment to an extension cohort of CANFOUR has recently been completed. The results from these patients will provide a more robust picture of the relationship between dose, efficacy and safety and will be presented in the first half of 2022. In CANFOUR, additional patients with non-squamous non-small cell lung cancer will also be recruited. This is a first step in a focused strategy for late-stage clinical development and these patients are being prioritized as they are most likely to benefit from treatment with CAN04 and platinum-based chemotherapy.

In a further clinical study, CIRIFOUR, CAN04 is being studied in combination with the immunotherapy pembrolizumab (Keytruda®), where the main purpose of is to assess safety. Studies of biomarkers and efficacy are also being conducted. For CIRIFOUR, patient recruitment was completed in 2021 for the initial treatment arm, which included patients with non-small cell lung cancer, head and neck cancer and malignant melanoma, with patients no longer responding to immuno-therapy. The preliminary results show that the combination is well tolerated. Reporting of the data is planned for the fourth quarter of 2021. In 2021, CIRIFOUR was expanded to include an additional combination therapy arm where CAN04 is assessed in combination with immunotherapy and platinum-based chemotherapy in patients with non-squamous non-small cell lung cancer. Recruitment of these patients is expected to start during the fourth quarter of 2021.

In 2021, further studies were initiated with the aim to broaden the clinical programme for CAN04 to include further forms of cancer and combination therapies. One such study is the phase Ib study CAPAFOUR where CAN04 is evaluated in combination with the FOLFIRINOX chemotherapy regimen in pancreatic cancer. The phase I/II study CESTAFOUR and phase Ib/II study TRIFOUR were also started. In CESTAFOUR, CAN04 is evaluated in three different forms of cancer: non-small cell lung cancer, biliary tract cancer and colon cancer in combination with standard of care chemotherapies. In TRIFOUR, the focus is on triple negative breast cancer, where CAN04 is also evaluated in combination with chemotherapy.

Ongoing clinical studies for CAN04

Study	Disease	Combination therapy	Status	ClinicalTrials.gov ID
CANFOUR	NSCLC	Cisplatin/gemcitabine	Recruitment completed	NCT03267316
	Non-squamous NSCLC	Carboplatin/pemetrexed	Recruitment expected to start in Q4 2021	
	PDAC	Gemcitabine/nab-paclitaxel	Recruitment for extension part completed	
CIRIFOUR	NSCLC, bladder cancer, HNSCC, melanoma	Pembrolizumab	Recruitment completed	NCT04452214
	Non-squamous NSCLC	Pembrolizumab/ carboplatin/pemetrexed	Recruitment expected to start in Q4 2021	
CAPAFOUR	PDAC	FOLFIRINOX	Recruitment ongoing	NCT04990037
CESTAFOUR	NSCLC	Docetaxel	Recruitment ongoing	-
	Biliary tract cancer	Cisplatin/gemcitabine		
	Colon cancer	FOLFOX		
TRIFOUR	TNBC	Carboplatin/gemcitabine	Recruitment expected to start in November 2021	-

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

CANTARGIA OPERATES IN A GROWING MARKET

Cancer is one of the most common causes of death in the world, accounting for around 20 per cent of deaths in the West. Globally, more than 19 million people are diagnosed with cancer each year and nearly 10 million lose their lives to cancer-related diseases. Despite significant advances in treatment and diagnosis, there is a great need for new treatment methods.

To maximize the effectiveness of the treatment, it is necessary to take into account the type, location and spread of the tumor, as well as the patient's general condition and other diseases. Owing to the advances made in cancer treatment, it is now standard practice to combine different cancer treatments as far as possible to achieve the best possible treatment results. Cantargia has initially focused on non-small cell lung cancer and pancreatic cancer, but is also conducting studies in bladder cancer, head and neck cancer and malignant melanoma. These are IL1RAP-expressing cancers and immunotherapy is today one of the standard treatments for these diseases.

The lung cancer market

In 2020, around 2.2 million new cases of lung cancer were diagnosed globally while more than 1.7 million people died as a result of lung cancer.[1] Around 85 per cent of all lung cancers are non-small cell lung cancer. In the United States, the number of people being diagnosed with lung cancer has declined by around 31 per cent over the past 14 years[2], while the number of people being diagnosed with the disease in countries like China and India as well as in European countries like Hungary, Denmark and Serbia is increasing.

Sales of drugs for non-small cell lung cancer totalled USD 19 billion in 2019 and are projected to increase to USD 33 billion by 2029.[3] Sales are 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, mentioned above.

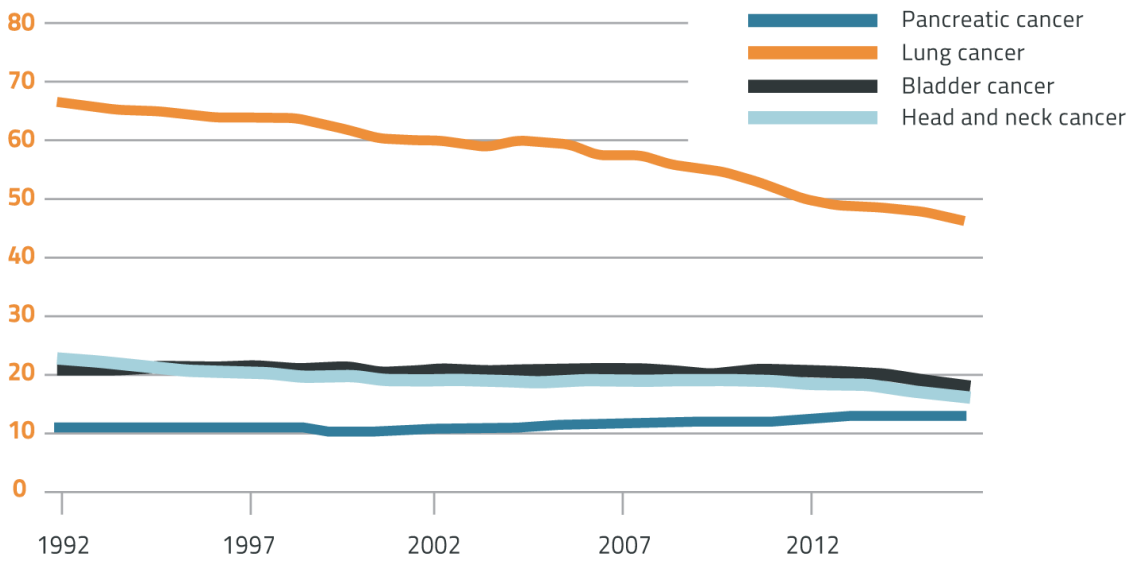
The pancreatic cancer market

Worldwide, around 495,000 new cases of pancreatic cancer were diagnosed in 2020. In the same year, 466,000 people died from the disease.[1] In the US, the number of people being diagnosed with the disease has increased by nearly 11 per cent over the past 14 years. Being hard to diagnose, the disease is difficult to treat, as it is often well advanced by the time it is discovered.

The global market for pancreatic cancer treatment is expected to be worth USD 5.8 billion by 2029. In 2020, the market was worth around USD 2.5 billion.[4] The market is expected to grow by 11 per cent annually from 2020 to 2029. The main factor contributing to 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.[5]

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

Source: SEER Cancer Statistics Review



The head and neck cancer market

Head and neck cancer is a group of cancer indications that affect the lips, salivary gland, pharynx, nasal cavity, larynx and thyroid gland. The number of new annual cases of head and neck cancer in the 7MM countries is forecast to rise from 164,000 in 2020 to around 175,000 in 2025.[6] 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.[7] This represents an annual growth rate of 4 per cent from 2020 to 2025.

The bladder cancer market

Bladder cancer is the sixth most common form of cancer in men and the seventeenth most common form of cancer in women. The number of newly diagnosed yearly cases of bladder cancer is expected to increase from 225,000 in 2018 to 275,000 in 2028.[8] The bladder cancer market is forecast to grow by 18.5 per cent annually from 2018 to 2028.[8] The market was estimated at USD 732 million in 2018 and is forecast to grow to USD 3,990 million by 2028.[8]

The market for systemic sclerosis and myocarditis

Systemic sclerosis is a chronic autoimmune disease that is characterized mainly by inflammation and fibrosis of the skin and subcutaneous tissue as well as blood vessels and internal organs such as the lungs, heart and kidneys. The estimated annual incidence of the disease in North America is approximately 4.5 cases per 100,000 inhabitants and the corresponding figure in Europe is 1.8.[9] The estimated incidence of myocarditis is around 1.7 million and the disease accounts for around 46,400 deaths annually worldwide.[10]

Immunotherapy

In 2011, the first immunotherapeutic drug was approved by the US Food and Drug Administration (FDA). Since then, the FDA has approved a number of new therapies. Of these, the four that have achieved the highest sales are Yervoy® (Bristol-Myers Squibb), Opdivo® (Bristol-Myers Squibb), Keytruda® (Merck & Co) and Tecentriq® (Roche). In 2017, these four therapies generated sales of around USD 10.4 billion, and sales grew to USD 22 billion in 2019.[11] In the first quarter of 2020, sales had increased by nearly 30 per cent compared with the same period in 2019. Lung cancer and malignant melanoma are two types of cancers that can be treated with these therapies.

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1 Globocan 2020, https://gco.iarc.fr/today/data/factsheets/cancers/13-Pancreas-fact-sheet.pdf

2 https://www.lungcancer.org/find_information/publications/163-lung_cancer_101/268-types_and_staging

3 Non-Small Cell Lung Cancer:Global Drug Forecast and Market Analysis to 2029

4 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

5 American Cancer Society, Cancer Facts & Figures 2020, 2020

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

7 Markets and Research.biz Global Head and Neck Cancer Drugs/Therapeutics Market 2020 by Company, Regions, Type and Application, Forecast to 2025

8 GlobalData, Opportunity Analyzer: Bladder Cancer, April 2020

9 Best Pract Res Clin Rheumatol. 2018 Apr;32(2):223-240, Clin Epidemiol. 2019 Apr 18;11:257-2 och 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

Revenue

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

Operating expenses/operating loss

Research and development costs totalled SEK 100.8 (35.7) million in the third quarter and SEK 250.9 (105.5) in the first nine months. The change compared to the previous year is primarily related to Cantargia's main project, CAN04, and the expansion of the clinical programme with the CIRIFOUR, CAPAFOUR, CESTAFOUR, and TRIFOUR studies. Investments in production development (CMC) and preclinical studies for CAN10 also increased.

Administrative expenses amounted to SEK 3.2 (4.0) in the third quarter and SEK 12.1 (11.5) million for the nine-month period.

Other operating expenses, which mainly comprise foreign exchange differences on trade payables, were SEK 0.7 (0.3) million in the third quarter and SEK 1.5 (0.6) million in the first nine months. Other operating expenses are mainly related to changes in the value of the Swedish krona against EUR.

The operating loss was SEK -104.7 (-39.9) million in the third quarter and SEK -264.5 (-117.5) for the nine-month period.

Net financial income/expense

Net financial income/expense consists substantially of foreign exchange differences on the company's currency accounts and interest earned on short-term investments in fixed-rate accounts and fixed income funds. Net financial income was SEK 0.9 (0.3) for the third quarter and SEK 2.2 (0.9) for the nine-month period.

Earnings

Cantargia's loss before tax, which is the same as the loss for the period, was SEK -103.8 (-39.6) million in the third quarter and SEK -262.3 (-116.6) for the nine-month period.

Cash flow and investments

Cash flow from operating activities was SEK -113.3 (-41.7) million in the third quarter and SEK -256.6 (-111.7) in the first nine months. As part of cash flow from operating activities, changes in working capital were SEK -10.4 (-5.7) in the third quarter and SEK 1.2 (-0.3) in the first nine months.

Cash flow from investing activities was SEK 353.8 (74.2) in the third quarter and SEK -102.3 (-33.9) million in the first nine months. Cash flow from investing activities refers essentially to the reallocation of other short-term investments in fixed-rate accounts and fixed income funds.

Cash flow from financing activities was SEK 0.0 (1.0) in the third quarter and SEK 0.0 (387.3) million in the first nine months. The outcome for the previous year is related to a directed share issue completed in that year.

The total change in cash and cash equivalents was SEK 240.5 (33.5) for the third quarter and SEK -358.8 (241.7) for the nine-month period.

Financial position

The company's cash and cash equivalents, which consist of cash and demand deposits with banks and other credit institutions, were SEK 335.9 (282.0) million at the balance sheet date. In addition to cash and cash equivalents, the company had short-term investments with banks and in fixed income funds of SEK 312.0 (135.0) million. Total available funds, bank deposits and short-term investments amounted to SEK 647.9 (417.0) million.

Cantargia's equity/assets ratio at 30 September 2021 was 91 (93) per cent and equity was SEK 635.1 (415.3) million.

At the end of the period, total assets amounted to SEK 697.9 (444.8) 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 30 September 2021, the number of shares was 100,192,737 (91,092,189).

Share price performance in 2021

Ownership distribution, 30 September 2021

Owner	Number of shares	Capital/Votes (%)
Swedbank Robur Fonder	9 701 665	9,7%
Fjärde AP-fonden	8 846 347	8,8%
Alecta Pensionsförsäkring, Ömsesidigt	7 114 596	7,1%
Första AP-fonden	6 324 244	6,3%
Six Sis AG	5 804 319	5,8%
Försäkringsaktiebolaget, Avanza Pension	5 287 302	5,3%
SEB AB, Luxemburg Branch	3 385 640	3,4%
Unionen	2 000 000	2,0%
Handelsbanken fonder	1 955 528	2,0%
Andra AP-fonden	1 321 268	1,3%
Other	48 451 828	48,4%
Total	**100 192 737**	**100,0%**

Ownership distribution by size class, 30 September 2021

Holding	Number of shareholders	Number of shares	Capital/Votes (%)	Market Cap (kSEK)
1 - 500	7 208	1 074 113	1,1%	22 041
501 - 1 000	1 566	1 266 987	1,3%	25 999
1 001 - 5 000	2 492	6 054 756	6,0%	124 244
5 001 - 10 000	571	4 243 991	4,2%	87 087
10 001 - 15 000	191	2 382 119	2,4%	48 881
15 001 - 20 000	125	2 225 760	2,2%	45 673
20 001 -	320	82 945 011	82,8%	1 702 030
Total	**12 473**	**100 192 737**	**100,0%**	**2 055 955**

OTHER INFORMATION

Employees

The average number of employees during the period January to September 2021 was 21 (15), of whom 13 (9) were women. Cantargia operates to a large extent through external partners.

Financial calendar

- Year-end report 2021, 24 February 2022
- Annual report 2021, published in April 2022
- Interim report January-March, 23 May 2022
- Interim report April-June, 18 August 2022
- Interim report July-September, 10 November 2022
- Year-end report 2022, 23 February 2023

Annual General Meeting 2022

The Annual General Meeting of Cantargia will be held at Ideon Gateway, Scheelevägen 27 in Lund on 23 May, 2022, at 4 p.m.

Review by auditors

The interim report has been reviewed by Cantargia's auditors.

Contact

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

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

Lund, 11 November 2021

Göran Forsberg
CEO

AUDITOR'S REPORT

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 2021 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 11 2021

PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized Public Accountant
Auditor in charge

STATEMENT OF COMPREHENSIVE INCOME

(kSEK)	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Operating income						
Net sales		-	-	-	-	-
Other operating income		-	-	-	-	-
Operating expenses	6					
Research and development costs	5	-100 827	-35 656	-250 909	-105 464	-158 396
Administrative costs		-3 228	-3 960	-12 079	-11 469	-14 919
Other operating expenses		-692	-277	-1 528	-555	-630
		-104 747	**-39 893**	**-264 516**	**-117 487**	**-173 945**
Operating loss		**-104 747**	**-39 893**	**-264 516**	**-117 487**	**-173 945**
Financial income and expense						
Interest income and similar items		918	342	2 194	891	860
Interest expense and similar items		0	-1	0	-1	-1
		918	**341**	**2 194**	**890**	**859**
Loss before taxes		**-103 829**	**-39 552**	**-262 322**	**-116 597**	**-173 085**
Loss for the period *)		**-103 829**	**-39 552**	**-262 322**	**-116 597**	**-173 085**
Earnings per share before and after dilution (SEK) based on average number of shares		-1,04	-0,43	-2,62	-1,33	-1,94

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

STATEMENT OF FINANCIAL POSITION

(kSEK)	Note	30-09-2021	30-09-2020	31-12-2020
ASSETS				
Fixed assets				
Intangible assets				
Patent		6 684	7 586	7 360
		6 684	**7 586**	**7 360**
Tangible assets				
Machinery and equipment		3 619	5 833	5 262
		3 619	**5 833**	**5 262**
Total fixed assets		**10 303**	**13 419**	**12 622**
Current assets				
Other receivables		1 887	2 897	2 673
Prepaid expenses and accrued income		37 857	11 460	6 846
		39 743	**14 358**	**9 519**
Short-term investments				
Other short-term investments		312 019	135 019	210 019
		312 019	**135 019**	**210 019**
Cash and bank balances				
Cash and bank balances		335 882	282 005	693 354
		335 882	**282 005**	**693 354**
Total current assets		**687 644**	**431 381**	**912 892**
TOTAL ASSETS		**697 947**	**444 800**	**925 514**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		8 015	7 287	8 015
		8 015	**7 287**	**8 015**
Non-restricted equity				
Share premium account		1 404 595	874 106	1 404 595
Retained earnings		-515 211	-349 486	-347 590
Loss for the period		-262 322	-116 597	-173 085
		627 062	**408 023**	**883 919**
Total equity		**635 077**	**415 310**	**891 935**
Long-term liabilities				
Provision for social security contributions, incentive progr.	8	932	942	3 111
		932	**942**	**3 111**
Short-term liabilities				
Trade payables		21 032	7 338	10 678
Tax liabilities		484	221	349
Other liabilities		1 188	621	859
Accrued expenses and deferred income		39 234	20 368	18 583
		61 938	**28 548**	**30 469**
TOTAL EQUITY AND LIABILITIES		**697 947**	**444 800**	**925 514**

STATEMENT OF CHANGES IN EQUITY

(kSEK)		Restricted equity		Non-restricted equity		Total
1 July 2021 - 30 September 2021	Note	Share capital	Paid not registered share capital	Share premium account	Retained earnings incl Loss for the period	Total equity
Opening balance 1 July 2021		**8 015**	**-**	**1 404 595**	**-674 833**	**737 777**
Loss for the period		-	-	-	-103 829	-103 829
Transactions with shareholders						
Employee stock option program	8	-	-	-	1 129	1 129
		-	-	-	1 129	1 129
Closing balance 30 September 2021		**8 015**	**-**	**1 404 595**	**-777 533**	**635 077**
1 July 2020 - 30 September 2020						
Opening balance 1 July 2020		**7 280**	**-**	**873 143**	**-428 466**	**451 958**
Loss for the period		-	-	-	-39 552	-39 552
Transactions with shareholders						
Capital acquisition cost		7	-	962	-	969
Employee stock option program	8	-	-	-	1 935	1 935
		7	-	962	1 935	2 904
Closing balance 30 September 2020		**7 287**	**-**	**874 106**	**-466 084**	**415 310**
1 January 2021 - 30 September 2021						
Opening balance 1 January 2021		**8 015**	**-**	**1 404 595**	**-520 676**	**891 934**
Loss for the period		-	-	-	-262 322	-262 322
Transactions with shareholders						
Employee stock option program	8	-	-	-	5 465	5 465
		-	-	-	5 465	5 465
Closing balance 30 September 2021		**8 015**	**-**	**1 404 595**	**-777 533**	**635 077**
1 January 2020 - 30 September 2020						
Opening balance 1 January 2020		**5 824**	**-**	**488 272**	**-351 823**	**142 273**
Loss for the period		-	-	-	-116 597	-116 597
Transactions with shareholders						
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	8	-	-	-	2 337	2 337
		1 463	-	385 834	2 337	389 634
Closing balance 30 September 2020		**7 287**	**-**	**874 106**	**-466 084**	**415 310**
1 January 2020 - 31 December 2020						
Opening balance 1 January 2020		**5 824**	**-**	**488 272**	**-351 823**	**142 273**
Loss for the period		-	-	-	-173 085	-173 085
Transactions with shareholders						
Issue of new shares for the year		2 184	-	971 575	-	973 759
Capital acquisition cost		-	-	-56 214	-	-56 214
Warrant program, TO 2017/2020	8	7	-	962	-	969
Employee stock option program	8	-	-	-	4 233	4 233
		2 191	-	916 323	4 233	922 747
Closing balance 31 December 2020		**8 015**	**-**	**1 404 595**	**-520 676**	**891 934**

STATEMENT OF CASH FLOW

(kSEK)	Note	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Operating activities						
Operating loss		-104 747	-39 893	-264 516	-117 487	-173 945
Adjustments for non-cash items	7	1 665	3 790	5 861	5 673	10 592
Interest received etc.		193	167	838	428	501
Interest paid etc.		0	-1	0	-1	-1
Cash flow from operating activities before changes in working capital		**-102 889**	**-35 937**	**-257 817**	**-111 388**	**-162 853**
Changes in working capital						
Change in receivables		-4 444	-1 783	-30 224	-5 058	-219
Change in trade payables		-18 541	-4 843	10 355	-5 282	-1 943
Changes in other current liabilities		12 540	898	21 115	10 046	8 627
		-10 445	**-5 727**	**1 245**	**-294**	**6 466**
Cash flow from operating activities		**-113 334**	**-41 664**	**-256 572**	**-111 682**	**-156 387**
Investing activities						
Acquisition of intangible assets		-	-	-	-8 111	-8 111
Acquisition of tangible assets		-189	-770	-260	-833	-890
Increase in other short-term investments		354 000	-	-177 000	-150 000	-225 000
Decrease in other short-term investments		-	75 000	75 000	125 000	125 000
		353 811	**74 230**	**-102 260**	**-33 945**	**-109 002**
Financing activities						
Issue of new shares for the year		-	-	-	409 525	973 759
Capital acquisition cost		-	-	-	-23 197	-56 214
Warrant program, TO 2017/2020		-	969	-	969	969
		-	**969**	**-**	**387 297**	**918 514**
Change in cash and cash equivalents		240 479	33 537	-358 828	241 672	653 126
Cash and cash equivalents at beginning of period		94 677	248 293	693 354	39 870	39 869
Exchange rate difference in cash equivalents		725	175	1 356	463	359
Cash and cash equivalents at end of period *)		**335 882**	**282 005**	**335 882**	**282 005**	**693 354**

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

KEY FIGURES

(kSEK)	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Net sales	-	-	-	-	-
Operating loss	-104 747	-39 893	-264 516	-117 487	-173 945
Loss for the period	-103 829	-39 552	-262 322	-116 597	-173 085
Average number of shares	100 192 737	91 092 189	100 192 737	87 798 638	89 380 405
Earnings per share before and after dilution (SEK) based on average number of shares	-1,04	-0,43	-2,62	-1,33	-1,94
Change in cash and cash equivalents	240 479	33 537	-358 828	241 672	653 126
Cash and cash equivalents	335 882	282 005	335 882	282 005	693 354
Short-term investments	312 019	135 019	312 019	135 019	210 019
Total available funds	647 901	417 024	647 901	417 024	903 373
Equity end of period	635 077	415 310	635 077	415 310	891 935
Equity/assets ratio, %	91%	93%	91%	93%	96%
Average number of employees	23	16	21	15	15
Number of employees at end of period	24	18	24	18	18
R&D costs as a percentage of operating expenses	96%	89%	95%	90%	91%

Key performance indicators, definitions

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

NOTES

Note 1 General information

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

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

The interim report for the third quarter 2021 was approved for publication on 11 November 2021 in accordance with a resolution of the Board of Directors of 10 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 2020.

The interim report has been prepared using the cost method.
No IFRS or IFRIC interpretations that have not yet become effective are expected to have a material impact on the company.
Cantargia applies the alternative performance measures issued by the European Securities and Markets Authority (ESMA).

Note 3 Information on risks and uncertainties

Operational risks

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

Financial risk management

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

Note 4 Critical judgements and estimates

The preparation of financial statements and application of accounting policies are often based on judgements, estimates and assumptions made by management which are deemed reasonable at the time when they are made. The estimates and assumptions applied are based on historical experience and other factors which are deemed reasonable under current circumstances. The results of these are then used to determine carrying amounts of assets and liabilities that are not readily apparent from other sources. Actual outcomes may differ from these estimates and assessments.

Estimates and assumptions are reviewed regularly. Any changes are recognised in the period in which the change is made if the change affects only that period, or in the period in which the change is made and future periods if the change affects both the current and future periods.

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

Note 5 Related party transactions

In 2021, Cantargia has signed a new research agreement with Lund University, where Gunilla Westergren-Thorsson, Professor of Lung Biology, is engaged in research. Under the agreement, Gunilla Westergren-Thorsson, who is a related party of an insider at Cantargia, will conduct a project aimed at expanding knowledge about IL1RAP as part of her employment at Lund University. Under the agreement, Cantargia has the right to use and, if applicable, take over all research results from the projects free of charge. During the period January to September 2021, the company incurred a cost of kSEK 650 (500) under the agreement.

The Board considers that the above agreement has been concluded on commercial terms.

Note 6 Costs by nature of expense

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

(kSEK)	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Project costs	-87 015	-25 323	-216 179	-81 676	-121 897
Other external expenses	-6 320	-3 185	-17 412	-12 410	-15 985
Personnel expenses	-9 859	-10 144	-26 821	-20 453	-32 185
Other operating expenses	-692	-277	-1 528	-555	-630
Depreciation	-861	-965	-2 576	-2 393	-3 248
	-104 747	**-39 893**	**-264 516**	**-117 487**	**-173 945**

Note 7 Adjustments for non-cash items

(kSEK)	2021 Jul-Sep	2020 Jul-Sep	2021 Jan-Sep	2020 Jan-Sep	2020 Jan-Dec
Depreciation	-861	-965	-2 576	-2 394	-3 248
Employee stock option program	-804	-2 825	-3 285	-3 279	-7 344
	-1 665	**-3 790**	**-5 861**	**-5 673**	**-10 592**

Note 8 Share-based incentive programs

Employee stock option program

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

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

For further information about these programs, see Note 19 in the Annual Report for 2020 and minutes from the Annual General Meeting 2021, available at the company´s website, www.cantargia.com.

Below is a summary of the total number of shares that granted options may entitle to as of September 30, 2021. Full exercise of granted options as of September 30, 2021, corresponding to a total of 3,151,000 shares, would result in a dilution of shareholders by 3.0 percent. If decided, but not allotted options, a further total of 1,736,000 are fully exercised, it would result in a total dilution of shareholders of 4.7 percent.

Changes in existing incentive programs during 2021 (number of shares)	
Granted instruments	
Employee stock option program 2021/2024	1 264 000
Employee stock option program 2020/2023	147 000
Exercised instruments	-
Lapsed instruments	-
Total change	**1 411 000**

Number of shares granted instruments may entitle to September 30, 2021	
Employee stock option program 2021/2024	1 264 000
Employee stock option program 2020/2023	1 887 000
Number of shares granted instruments may entitle to	**3 151 000**

SUBMISSION OF INTERIM REPORT

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 11 November 2021, at 8:30 a.m.

Cantargia AB (publ)
Ideon Gateway
Scheelevägen 27
SE-223 63 Lund
Telephone: +46(0)46 2756260
www.cantargia.com