Annual Report

2020

Cantargia AB (publ.) 556791-6019

Cantargia

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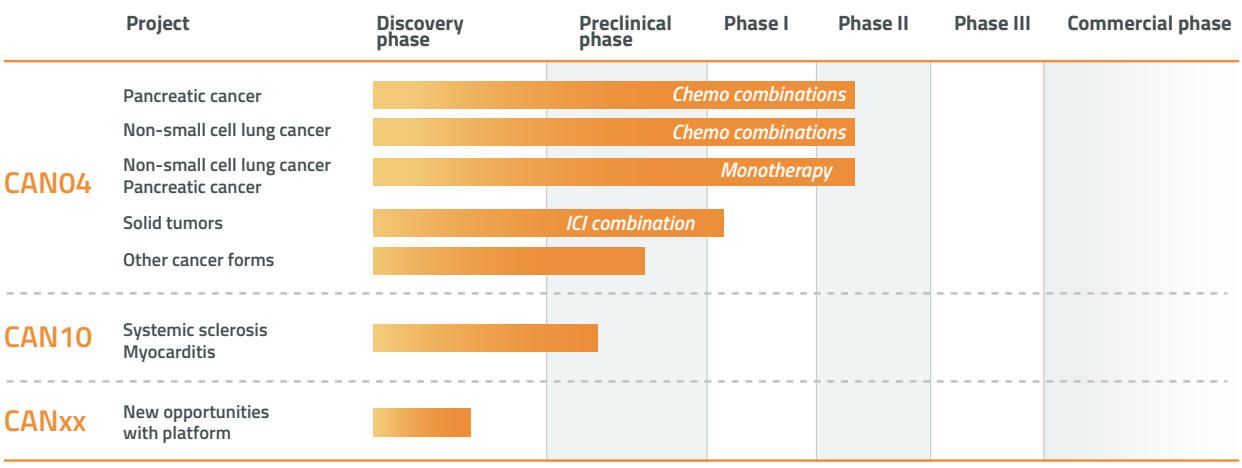
Cantargia at a glance

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

Cantargia's research and development were born out of an important discovery at Lund University, where research on leukemia stem cells showed that the IL1RAP molecule is 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 CAN04 antibody (nadunolimab) with IL1RAP as target is unique because it has a dual mechanism of action. It attacks the cancer cells directly while at the same time inhibiting tumour inflammation, which is one of the key drivers of tumour growth.

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. The CAN04 development activities were recently broadened to include the study of bladder cancer and head and neck cancer, and in 2021 more diseases will be studied, including triple-negative breast cancer. The company has reported several positive results from the clinical studies conducted on patients treated with CAN04 for non-small cell lung cancer and pancreatic cancer. The results are in line with the hypothesis that CAN04 can be synergistic with chemotherapy and reduce chemotherapy resistance.

Targeted antibody-based 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 parallel, 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 with CAN10 in early 2022.



2020 was a year in which Cantargia shifted to a higher gear

Cantargia operates in a hot area of research where things are moving very fast. In 2020, the company took several decisive steps in a number of areas that can be summarised in the following points:

- **Progress in research and development**

  In May, the US Food and Drug Administration (FDA) approved Cantargia's application to start a clinical trial in the United States with CAN04 in combination with the immunotherapy pembrolizumab. In early October, the first patient began treatment in this study, named CIRIFOUR.

  Several advances were made in the development of CAN04 in combination with chemotherapy in the CANFOUR study. The recruitment of patients with pancreatic cancer was completed and positive interim results were presented in October. Positive interim results were also reported in the treatment of non-small cell lung cancer and plans for future steps in this segment were presented.

  The above clinical results are supported by new preclinical results, which show synergies when combining the CAN04 antibody with platinum-based chemotherapy drugs. These studies were conducted in cancer models and were presented at the AACR conference in June.

  Based on the positive results obtained with CAN04 in combination with chemotherapy, Cantargia announced its intention in December to broaden its clinical development programme for CAN04 to include studies in new cancers such as triple-negative breast cancer.

- **Important long-term goals and recruitments**

  At the beginning of the year, the production method for CAN04 was successfully scaled up. The production methodology for future clinical studies was secured, which is an important step towards commercial production.

  Shortly thereafter, Cantargia acquired a patent portfolio from Cellerant Therapeutics Inc. The portfolio includes a US patent for IL1RAP as a target for antibody therapy in leukemia as well as some new antibodies that will form part of Cantargia's CANxx platform project.

  In 2020, the organisation was also further strengthened in preparation for the next stages in its development, notably through the recruitment of Dr. Ignacio Garcia-Ribas as Chief Medical Officer, Susanne Lagerlund as VP Regulatory Affairs and Peter Juul Madsen as VP CMC. In addition, Flavia Borellini, who has been in charge of the development of important drugs for the treatment of lung cancer, was elected to Cantargia's Board as a new Director.

- **Financing and capital market**

  In 2020, Cantargia completed two directed share issues. The first, in February, raised SEK 410 million before issue costs and the second, in December, raised a further SEK 564 million. In December, Nasdaq Stockholm announced changes to the market segmentation of the main market on Nasdaq Stockholm. As a result, trading in Cantargia's shares was moved up to the mid cap segment.

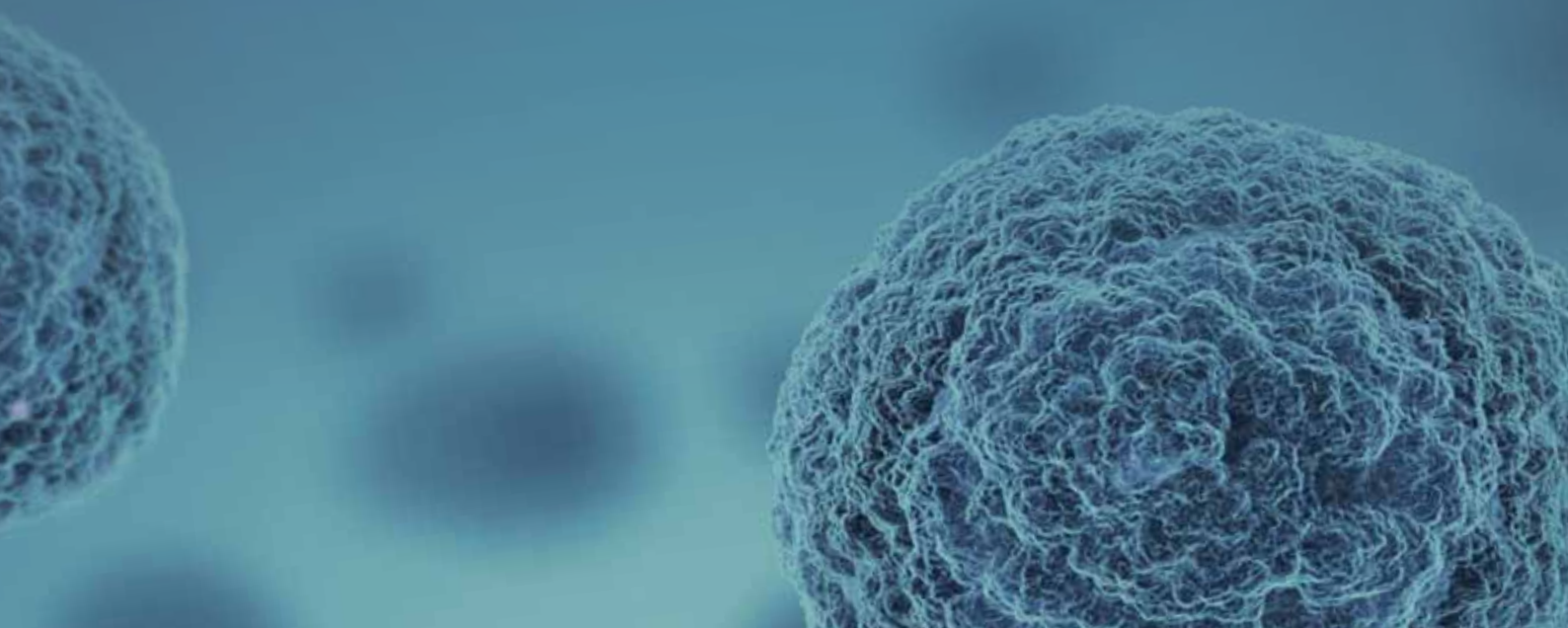
"In 2020, we made significant progress in our main project, CAN04, as well as in our CAN10 project. Based on interesting results and clear forward-looking strategies, we have decided to initiate new value-adding activities in 2021 to broaden the development of CAN04"

Helping to create tomorrow's more effective cancer treatments

Cantargia's vision is to develop and secure a new generation of targeted drugs aimed at IL1RAP that could become an important part of tomorrow's more effective cancer treatments. Based on IL1RAP, the vision also includes developing new candidate drugs with the potential to treat autoimmune and inflammatory diseases.

Strategy

Cantargia's business model and scientific strategy are based on partnerships, and Cantargia has concluded agreements with a number of companies, hospitals and academic groupings. Currently around 50 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 each drug candidate in-house.



Chief executive's review

"Cantargia has had an incredibly exciting journey since its IPO and I am confident that the future will offer much more to be excited about in both the short and long term."

Cantargia is in a position of strength after passing many important milestones in 2020. We are well capitalised and we have generated strong, albeit early, results in our clinical trials with CAN04. In order to meet our own and the market's expectations, we have strengthened our organisation in the course of our journey and now have a management team with the experience required to take the company to the next level. Both our projects, CAN04 and CAN10, have unique characteristics compared with our rivals' closest development products and we believe that these differences may be crucial for the coming clinical and commercial development. Our promotion from the stock exchange's small-cap segment to the mid-cap segment is one evidence of the progress we made in 2020.

The biological system Cantargia focuses its development activities on is driven partly by inflammatory pathways via IL-1 signals that play a role in several diseases. There are many ways to block this complex system and several of our competitors have chosen to focus on using antibodies to block only one of the two signalling pathways, either IL-1 or IL-1 . We have pointed this out before and I would like to take this opportunity to do so again: Cantargia's strategy is to block both of these cytokines. We see this as a much more effective method of treating various diseases because the diseases are often driven by both signalling pathways. In CAN04, we have also taken advantage of the fact that antibodies can stimulate the immune system to specifically kill other cells. In our case, we direct the killing against cells (such as cancer cells and immunosuppressive cells) that are stimulated by the IL-1 system. In the CAN10 project, we also block the related IL-33 and IL-36 systems. In these treatment strategies, we are undeniably first in line and see great advantages over our competitors.

We have continued to make good progress on our main project, CAN04. One of the hypotheses we have worked on is that CAN04 not only has a direct effect that inhibits the growth of the tumour but can also inhibit the resistance mechanisms that develop during cancer treatment. Resistance to treatment can develop against both immune-based cancer therapies and chemotherapy. The market potential for drugs that can enhance and prolong the effects of existing treatment options is very large. We are currently conducting research in various cancer models to increase our understanding of where the synergies with CAN04 are most pronounced. This work is most advanced for the combination with chemotherapy and we have presented preclinical results that show clear synergies, especially with platinum-based chemotherapy drugs. These hypotheses and results have then been used as a basis for the design of our clinical studies, not least the ongoing CANFOUR study that is being conducted to study combination therapy of pancreatic cancer and non-small cell lung cancer. The initial clinical results support the existence of a clear synergy between CAN04 and chemotherapy. A much larger proportion of patients experienced a more than 30 per cent reduction in tumour burden (response) than would be expected with chemotherapy alone. In 2021, we will be able to present more detailed data from a larger number of patients and also give an idea of how long the positive treatment effects last. Based on the results that emerge, we will design new clinical studies for the next development step.

The CANFOUR study is being conducted in Europe, but as our development activities progress it is becoming increasingly important for us to conduct activities in the United States and have a close dialogue with the US Food and Drug Administration (FDA). In the first half of 2020, the FDA approved our IND application for CAN04 and we then began recruiting and treating patients in the CIRIFOUR a study where CAN04 is combined with pembrolizumab, currently the best-selling cancer treatment. The fact that the study is being conducted at leading hospitals in the US gives us increased knowledge and generates interest in CAN04 in the single largest pharmaceutical market. Our IND approval has also enabled us to initiate a formal relationship with the FDA regarding our development programme, which means that we will be able to discuss the next steps as the need arises.

The use of immunotherapy in cancer treatment has been studied for a long time, but it is especially in the last decade that major advances have been made. The new therapy concepts have mainly focused on activating the part of the immune system called T cells. CAN04 primarily affects other parts of the immune system and we have reached an advanced stage in that area compared with our competitors. A detailed description of the mechanisms of action and target for our treatment, IL1RAP, is given in other parts of the annual report and on our website. To sum up: CAN04 complements many existing therapies and can thus create more and better treatment options for future cancer treatment.

So far, Cantargia has mainly focused its development of CAN04 on pancreatic cancer and lung cancer but in 2021 our development activities will be broadened to cover other cancers. One disease that we are focusing on in this strategic venture is triple-negative breast cancer, which is a form of breast cancer that is hard to treat. It is a disease that is affected by the systems we block with CAN04 and it is treated with the chemotherapy drugs with which we are seeing synergies in our preclinical models. Triple-negative breast cancer is another disease that we intend to study, but broadening the scope does not mean that we are slowing down our development activities in pancreatic cancer and lung cancer; our intention is to further exploit the potential that CAN04 offers.

In addition to attaining an advanced stage with CAN04 competition-wise, we also have a strong patent situation with approved patents until 2035. In 2020, we further strengthened our patent protection by acquiring a patent portfolio from Cellerant, a US company. The Cellerant deal broadened our intellectual property protection for IL1RAP as a target for the treatment of various forms of leukemia. In connection with the acquisition, we also took over ownership of several new interesting patent-pending antibodies. These substances are now part of our platform project CANxx, which includes a large number of new antibodies against IL1RAP.

From CANxx, we have selected CAN10, which since late 2019 has been a separate project. In 2020, optimisation of CAN10's amino acid sequence was completed, and the late preclinical development phase began with production development and the start of the first toxicology study. In parallel, new effect studies of CAN10's properties to inhibit disease progression in various models are being conducted. The first results were presented recently and show that CAN10 has unique properties for mitigating the consequences of myocarditis and other inflammatory disease states. CAN10 has also shown a good safety profile in the first single-dose toxicology studies. The safety studies are planned to be completed in 2020 prior to the start of clinical trials in early 2022.

Although 2020 was a very successful year for Cantargia, our clinical programmes have been affected by the ongoing pandemic, and this unfortunately is also true of most other players in the industry. The delays that have occurred, however, have been limited and have mainly affected Cantargia's ability to maintain a high pace of recruitment of lung cancer patients and led to delays in the analysis of biomarkers in the CANFOUR study. The CAN10 project suffered delays during development when a key subcontractor was forced to shut down for a few months, but all these challenges have now been resolved and the projects are progressing as quickly and efficiently as possible.

With promising clinical results in the bag, Cantargia completed two important capital raisings in 2020 totalling nearly SEK 1 billion. In connection therewith, we further strengthened our ownership base and are well funded to achieve a large number of important milestones in 2021 and 2022. It is both our plan and hope that the promising interim results we presented from treating patients with CAN04 will be repeated going forward. It will lay the foundation for advancing the project to registrational studies.

In 2020, we also strengthened our organisation and Board to prepare ourselves for the coming development activities. Our management team was expanded from five to eight people, who together have a very high level of competence for running drug projects, with broad experience from early phase to registration. In the autumn, the Board was also strengthened with the appointment of Flavia Borellini, who during her career has been in charge of the development of several important drugs in modern cancer therapy. Over the coming year, we will continue to make strategic recruitments in order to create the best prospects for continuing to develop our projects.

There is thus every reason to remain optimistic in 2021 and I would therefore like to take this opportunity to thank all our shareholders who are enabling us to develop our project portfolio in an effective manner, the company's employees whose high level of competence and ambition are crucial to Cantargia's development, and our many partners whose specialist expertise and resources we depend on in our virtual work model. I would also like to extend a warm thank you to the patients who have chosen to participate in our clinical studies and to their families. Cantargia has had an incredibly interesting and exciting journey since its IPO and I am confident that the future will offer much more to be excited about in both the short and long term.

Göran Forsberg
Lund, April 2021

Cantargia – a growing company

In 2020, Cantargia made significant progress in its efforts to take the next step towards the late clinical development and commercial phases. To strengthen the company's organisation, a number of important recruitments were therefore made in 2020, bringing the total number of employees to 18 by year-end, compared with eleven at the end of 2019.

Several of the new hires made in 2020 were made to strengthen Cantargia's management team. The first new person recruited to the management team was Dr. Ignacio Garcia-Ribas, as Chief Medical Officer (CMO). He took up his post at Cantargia on 1 March. Dr. Garcia-Ribas has a key role in the development of the company's CAN04 antibody and has previously played an important role in the development of new cancer drugs at Eli Lilly, Sanofi and Takeda. In August 2020, Susanne Lagerlund was recruited as VP Regulatory Affairs and Peter Juul Madsen as VP CMC. Susanne Lagerlund has extensive experience of the regulatory side of drug development from LEO Pharma and Astra Zeneca. In recent years, she has also been in charge of integrating a number of acquired dermatology projects into LEO Pharma's commercial portfolio. Peter Juul Madsen has a long background of leading production development and manufacturing of biological products for drug development, including extensive experience of outsourcing to contract manufacturers, from pharmaceutical companies such as Lundbeck, Genmab, Zealand Pharma and Novo Nordisk. In connection with these recruitments, Liselotte Larsson was promoted from VP Operations with responsibility for production to a broader role as Chief Operating Officer and will also be responsible for business development.

In October 2020, Flavia Borellini was elected as a new Director of Cantargia. This is a key appointment that will strengthen Cantargia's Board as she brings important expertise in drug development. Flavia Borellini is internationally recognised in the field of oncology and has solid experience from leading positions at Astra Zeneca, Onyx Pharmaceuticals and other companies.

Interview with Board Director Flavia Borellini and CMO Ignacio Garcia-Ribas

Flavia Borellini (FB) and Ignacio Garcia-Ribas (IGR) are new members of the Cantargia team. Flavia was elected to the Board in October 2020 and Ignacio took over as CMO at the beginning of March 2020. In this interview, they share their views on the company, the research and the future.

Flavia Borellini

Ignacio Garcia-Ribas

What attracted you most about Cantargia?

FB: There were several aspects. Firstly, it suited me in view of my background, as I had worked on developing a number of different cancer drugs, and the company is now at a stage where I am able to contribute the most. Secondly, Cantargia's management and Board seemed very stable and deeply committed to driving the projects forward and developing the company. Thirdly, the science is interesting, and the main candidate has a broad first-in-class potential with a differentiated profile and a differentiated development programme. The company has reached several important milestones and future data will determine whether the main candidate can play an important role in future cancer treatments.

IGR: For me, one of the most important factors was the people who work at Cantargia. During the recruitment process, I had the opportunity to meet many times with management and the staff before my contract was signed. Another interesting factor is the company's transparent leadership, which is probably driven by the fact that it was listed at an early stage. I believe transparency is one of the hallmarks of Cantargia's culture. At the scientific level, I have experience of developing other first-in-class drugs, so I was attracted by the uniqueness of the IL1RAP target.

Ignacio, what will be your main focus going forward?

IGR: My main focus is on ensuring that we drive our clinical studies forward based on our comprehensive clinical plan. We can conduct several clinical studies simultaneously and in 2021 we will be able to read data from some of these studies.

Flavia, you will chair the Drug Development Committee that is being set up. Can you tell us more about it?

FB: The coming years will be crucial for Cantargia. Data from ongoing clinical studies will provide an important decision basis for assessments and planning of future late-phase development and regulatory strategies aimed at obtaining marketing authorisation. The Drug Development Committee will support Cantargia's management in their deliberations on the study design of pivotal studies and assist them in their investment decisions where the trade-offs between cost, time, probability of success and other factors need to be made. My ambition is for this committee to provide a forum for important discussions on these issues so that we can adapt our development strategy to our goals in the best possible way.

What role will the IL1RAP system and CAN04's mechanism of action play in the future treatment landscape?

IGR: CAN04 is so far the first and only drug candidate in its class. There are other inhibitors of the IL-1 system but none have the advantage of targeting the tumour. CAN04 is also the first IL-1 inhibitor to be designed and studied specifically in cancers. The other candidate drugs are being studied in cancers after first being tested clinically outside the cancer area. Many development projects are studying new cancer drugs and leading experts in the field have experienced many failures along the way, but we have built a solid case around CAN04 with both preclinical and clinical data.

FB: CAN04 has a different and broader mechanism of action than any of the other candidates targeting the IL-1 system and therefore has the potential to become first-in-class. The last ten years have proven that immunotherapy plays an important role in the treatment of various types of cancer. Just as checkpoint inhibitors have been used successfully to treat a number of different indications, CAN04 also seems to have potential in the treatment of a number of solid tumours and leukemias/lymphomas. CAN04 also has the potential to increase the effect of or reduce resistance to chemotherapy.

Last autumn, Cantargia presented updated interim results for its CAN04 study. What do you consider to be the most interesting results from that update?

FB: Although these are early results and it will take some time to determine the duration of the responses, I consider the results in pancreatic cancer to be the most interesting, and they are very promising. It has proved difficult to develop new drugs for pancreatic cancer and the medical need is huge. If the data on CAN04 continues to be competitive, there should be a clear development path going forward. The lung cancer area is more complex and highly fragmented, but the early data looks promising. It will be interesting to continue to study CAN04 in the early stages of treatment and in combination with checkpoint inhibitors and various chemotherapy treatments that are currently important elements in the treatment of lung cancer.

IGR: I agree, the data presented is really interesting. We need to allow the data to mature before we can draw more far-reaching conclusions, but the indications of increased effect of combining CAN04 with chemotherapy really look promising. We also have clear pharmacodynamic signals that support the mechanism of action. We have been able to identify effect signals in combination with chemotherapy in more than one indication and there are arguments for why this is not just an additive effect but a synergistic one. Based on these results, we decided to expand our studies in late 2020 to cover further indications in order to investigate whether this effect could be validated for other cancers.

You have been with the company for some time now. Have there been any positive surprises that you have discovered about Cantargia as a company?

IGR: I have been taken aback by the pace of development in 2020. Delivering results like these in the midst of the Covid-19 pandemic is impressive. Although I am not an expert in the field of finance, I am also fascinated by the company's ability to raise capital. This will allow us to continue and expand our clinical studies. We make sure we convert our ideas into reality even though our resources are limited as we are a small biotechnology company, and I have to say that we are remarkably effective at this.

FB: Although it was hardly a surprise, the well balanced Board has been a pleasant experience. The Directors represent a range of skills from several areas, including the scientific and financial areas as well as drug development. The Board members also work well together and have a strong commitment.

Ignacio, how would you describe the Cantargia culture?

IGR: As this is the first time I work in a Swedish company, it is hard to distinguish between what is really part of the Cantargia culture and what is related to a more general Swedish culture. I appreciate the personal relationships coupled with a lot of good will that has made me feel very welcome since I started. My colleagues have the will to do the right things and to drive the company in the right direction. Developing new drugs is often stressful and can create a lot of tension, but the culture in the company is relaxed and easy-going. Cantargia would not have been able to develop its projects as successfully without that culture.

How would you describe the company's ability to handle the pandemic?

IGR: I personally am based in Spain and I was lucky enough to spend some time in Lund before everything was shut down, which allowed me to get to know my colleagues in physical meetings. However, I have been working remotely for the past 15 years so adapting to working from home was not a problem. That's normal for me. Still, I am really impressed both by how the company has handled the situation and by the will to keep driving this forward.

FB: I agree that the company has shown great resilience and a positive can-do attitude. I am really impressed by how Cantargia has coped with the pandemic. Many biotechnology companies have struggled because of the need to work remotely and have run into problems with their clinical studies but Cantargia has successfully faced up to these challenges and has also been able to launch new projects. I imagine that the company culture plays an important role in that context.

Fact box Flavia Borellini, Director

Flavia Borellini has a Ph.D. in Pharmaceutical Chemistry and Technology from the University of Modena, Italy. She has extensive experience in oncology and other therapeutic areas and in this capacity has held several senior positions at Astra Zeneca (Global Franchise Head, Hematology and Vice President, Global Product and Portfolio Strategy), Acerta Pharma (CEO) and ONYX Pharmaceuticals (Vice President, Program Leadership). Dr. Borellini is currently also a Director of Kartos Therapeutics.

Fact box Dr. Ignacio Garcia-Ribas, CMO

Dr. Garcia-Ribas held the position of Senior Medical Director at Takeda before joining Cantargia. At Takeda, he acted as Global Clinical Lead for several phase I and II programmes in Takeda's oncology pipeline, focusing on immuno-oncology. He has been responsible for clinical development plans, which include an overview of aspects such as translational, regulatory, operative and safety of molecules in clinical trials. In that role, he led several successful Investigational New Drug (IND) applications in preparation for the first study of new drugs in patients. Before joining Takeda, he was part of Sanofi's early development team in oncology, as Senior Medical Director. In that role, he led the early stages of the development of several small molecules and antibody-drug conjugates. Prior to that, he was part of the early development unit at Eli Lilly, where he contributed to the development of several small molecules and antisense oligonucleotides. Dr. Garcia-Ribas received his training in medical oncology at the Universidad Autonoma in Madrid. He completed his Ph.D. in medicine at the Richard Dimbleby Department of Cancer Research/ICRF Unit at St. Thomas' Hospital in London, studying gene therapy in cancer under the supervision of Professor Ian Hart.

Number of employees, average

2016	4
2017	5
2018	6
2019	9
2020	15

Staff distribution, number

Administration	13 %
Research & development	87 %

Distribution women / men

Women	60 %
Men	40 %

Increased production capacity

In addition to strengthening its organisation by recruiting key personnel, Cantargia has entered into new partnerships on the production side in order to shift up a gear and advance to the late clinical development and commercial phases. In 2019, Cantargia signed a manufacturing agreement with Patheon Biologics B.V., which has production facilities in both Europe and the US. Under the agreement, Patheon, which has extensive experience in clinical and commercial manufacturing, took over GMP production in 2020.

Technology transfer of biological processes is sensitive and all production in the pharmaceutical industry follows GMP, good manufacturing practice. Established in the 1960s, good manufacturing practice describes how the pharmaceutical industry should quality-assure the production of pharmaceuticals by following a defined process. This ensures that patients can always be sure of receiving a high-quality medicine. Cantargia has worked intensively with Patheon's technology and production team to implement the process in detail at the new facility.

As a result of the technology transfer the first GMP batch at 2,000 litres scale of CAN04 has been produced. Cantargia has thus produced additional material for its planned clinical studies, and it also forms part of the preparations for the coming registrational studies and for future commercial production. The information generated will be an important part of the documentation on the production process that will be submitted with future applications for registration. The manufacturing agreement with Patheon complements Cantargia's previous agreement with Celonic AG (Glycotope Biotechnology GmbH).

In autumn 2020, Cantargia also entered into an agreement with BioInvent under which BioInvent will be responsible for the production of the CAN10 antibody, which is currently in the preclinical development phase, for the treatment of systemic sclerosis and myocarditis. This will make it possible to advance the CAN10 project to clinical trials. BioInvent has extensive knowledge in the field of antibodies and has recently invested in expanded production capacity.

Background to Cantargia's projects

Modern drug development is largely based on identifying a molecule that is important for the disease condition and can serve as a target for new drug candidates. The scientific discovery behind Cantargia was the identification of a new target for cancer treatment, IL1RAP, on cancer cells.

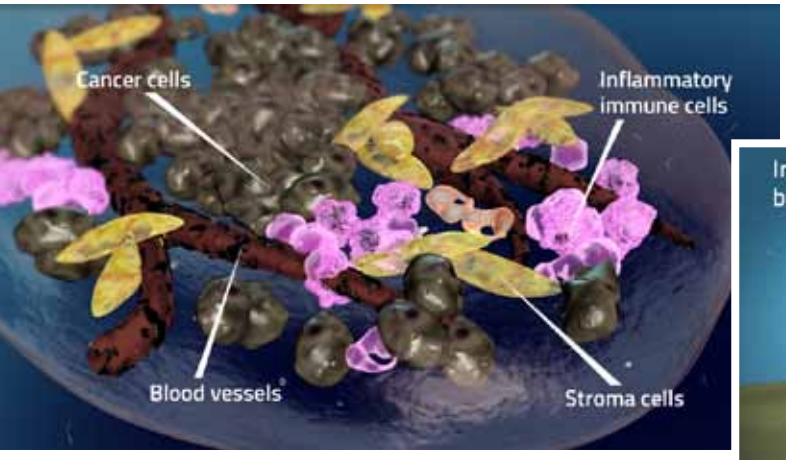
CAN04
We have made rapid progress in our main project, CAN04, which consists of a promising antibody against IL1RAP. In addition to recognising cancer cells and stimulating our natural immune system to destroy such cells, the antibody blocks the tumour inflammation that is driven by the IL1 system. In a large number of tumour diseases, IL1RAP is present on the cancer cells and uses this system for its growth.

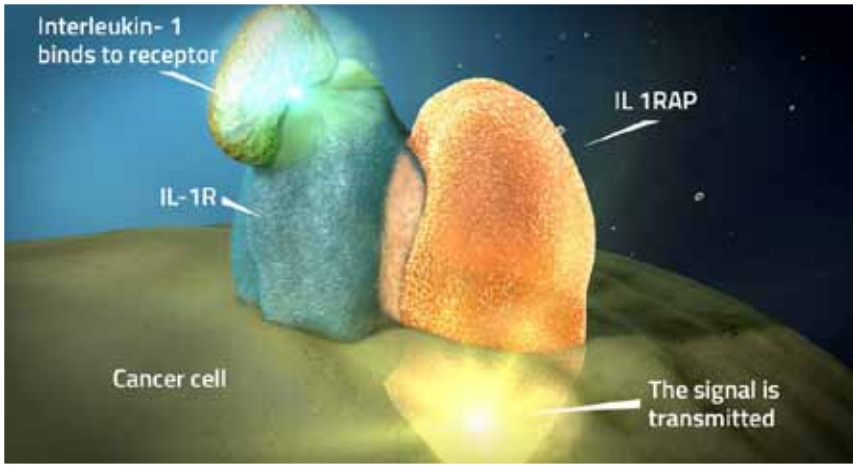
A number of studies with different types of disease are looking at ways to block the IL-1 system but attacking the IL1RAP target as Cantargia is doing has many potential benefits. Cantargia's approach has a big advantage, especially through our broader mechanism of action. We also have several important patents that protect us from competition.

Cantargia has rapidly advanced to the phase IIa stage of clinical development and our focus right now is on treatment of non-small cell lung cancer and pancreatic cancer, which are two types of cancer that are driven by tumour inflammation and where the medical need is very great. In addition, there will be good opportunities to broaden the activities to cover other cancers in the future. In 2019 and 2020, positive interim data from patients receiving CAN04 in combination with chemotherapy were presented. In parallel with our clinical development activities, we are also running an extensive preclinical programme to learn more about which patients respond best to the treatment and how CAN04 can be combined with other established cancer therapies.

CAN10
IL1RAP is also an interesting target in many diseases outside the field of cancer. In our CAN10 project, we are developing a new antibody against IL1RAP that is customised for the treatment of autoimmune and inflammatory diseases. The initial focus is on two serious diseases: systemic sclerosis and myocarditis. The goal is to initiate patient studies in early 2022.

CANxx
In our CANxx project, we are building on our knowledge of IL1RAP and developing new antibodies that complement CAN04 and CAN10. The goal is to identify new antibody-based drugs against IL1RAP that have other properties than CAN04 and CAN10 and are therefore specially designed for the treatment of new diseases.





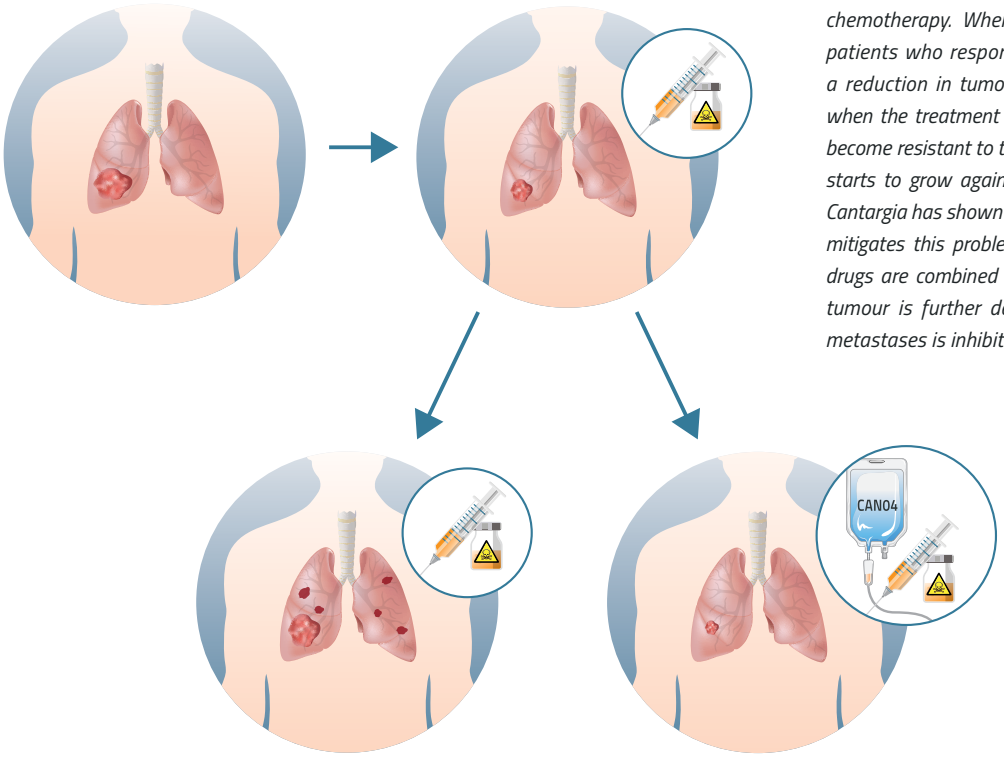
Without treatment, IL-1 binds to tumour cells, activating IL1RAP, which transmits a signal that causes the tumour to grow.

CAN04 – Cantargia's main project

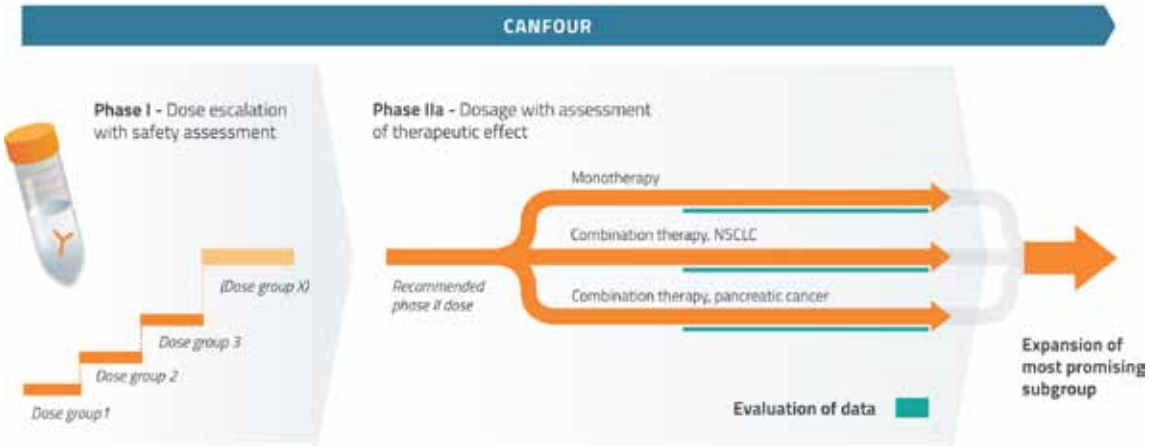
Cantargia has conducted extensive research and studies into the IL1RAP target, examining, for example, how it can be blocked and used to kill cancer cells. After identifying antibodies that bind to IL1RAP and selecting a number of these for a humanisation process, a final product candidate, CAN04, was identified in 2014 and prepared for clinical studies in various ways. The first patients were treated with CAN04 in 2017 and clinical phase IIa studies were initiated in 2019.

In preclinical development, Cantargia has shown that IL1RAP is expressed in tumours from several forms of cancer and that CAN04 binds strongly to IL1RAP, which means that the substance can potentially be used for the treatment of several forms of cancer. CAN04 has a dual mechanism of action. In the body, CAN04 acts as a guided missile that searches out and binds to the IL1RAP target. This blocks the signalling through IL1RAP, which stops the inflammation, limits tumour growth and makes it easier for the immune system to fight the tumour. CAN04 also stimulates the immune system's killer cells (NK cells) by making a targeted attack against cells which express IL1RAP, a mechanism called ADCC (antibody-dependent cell-mediated cytotoxicity).

In 2018, two new discoveries were made that could potentially be very significant for CAN04. The first discovery was that CAN04 can inhibit the formation of metastases. This effect could be dependent on the fact that CAN04 not only attacks tumour cells, but could also have an effect on myeloid cells in the tumour microenvironment, where they are involved in creating an inflammation that impairs the immune system's ability to reject tumours. These cells are influenced by the same mechanisms that were described above for affecting the tumour cells. The second discovery was that CAN04 is very effective in combination with chemotherapy drugs. When CAN04 was combined with the chemotherapy drug cisplatin, antitumour effects were achieved that were much stronger than from each of these substances separately. The toxicity of cisplatin was also mitigated. In 2020, Cantargia was able to present similar synergies with other chemotherapy drugs.



Many patients diagnosed with cancer receive chemotherapy. When the treatment is initiated patients who respond to the treatment will see a reduction in tumour size. The problem is that when the treatment is continued the cancer cells become resistant to the treatment and the tumour starts to grow again and spread as metastases. Cantargia has shown in cancer models that CAN04 mitigates this problem, and if the chemotherapy drugs are combined with CAN04 the size of the tumour is further decreased and the spread of metastases is inhibited.

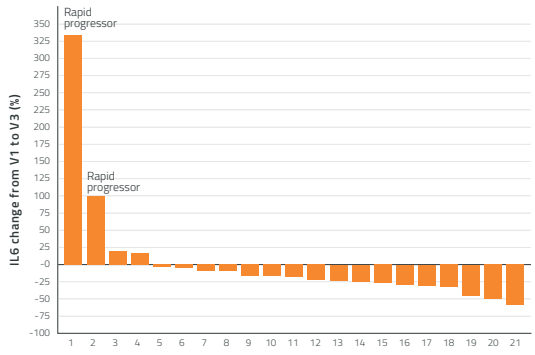


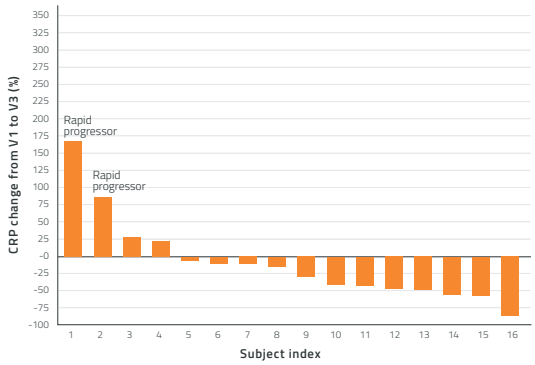
The CANFOUR study

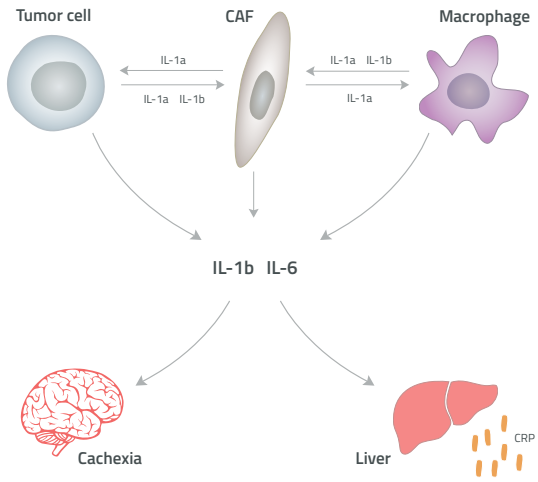
The initial focus of the clinical programme is on non-small cell lung cancer (NSCLC) and pancreatic cancer. The first clinical study – CANFOUR, which is a combined phase I/IIa study – comprises two stages in which safety and dosage were studied in the initial stage. The aim is to determine an appropriate dose with which to continue the study in the second stage, where signs of treatment effects will be evaluated in addition to safety at the selected dose. Professor Ahmad Awada, the coordinating investigator for the CANFOUR study, is Head of Medicine and Medical Oncology at Institut Jules Bordet in Brussels, where he is conducting important clinical research into the treatment of solid tumours and is engaged in developing new cancer therapies.

The initial stage (phase I) of the CANFOUR study was initiated after summer 2017 and was concluded in 2018. The results were presented orally by Professor Awada at the leading ASCO cancer conference on 2 June 2019.

The results from all 22 patients showed a good safety profile up to 10 mg/kg, a decrease in the biomarkers IL-6 and CRP, and disease stability in 43 per cent of patients. The decrease in biomarkers is very important for two reasons. On the one hand, there is a link between elevated biomarkers and rapid disease progression, and on the other these are classic markers of inflammation, and the reduction is a sign that CAN04 functions as intended. The study showed that CAN04 has a very high level of safety and showed positive effects on biomarkers that can be linked to cancer.







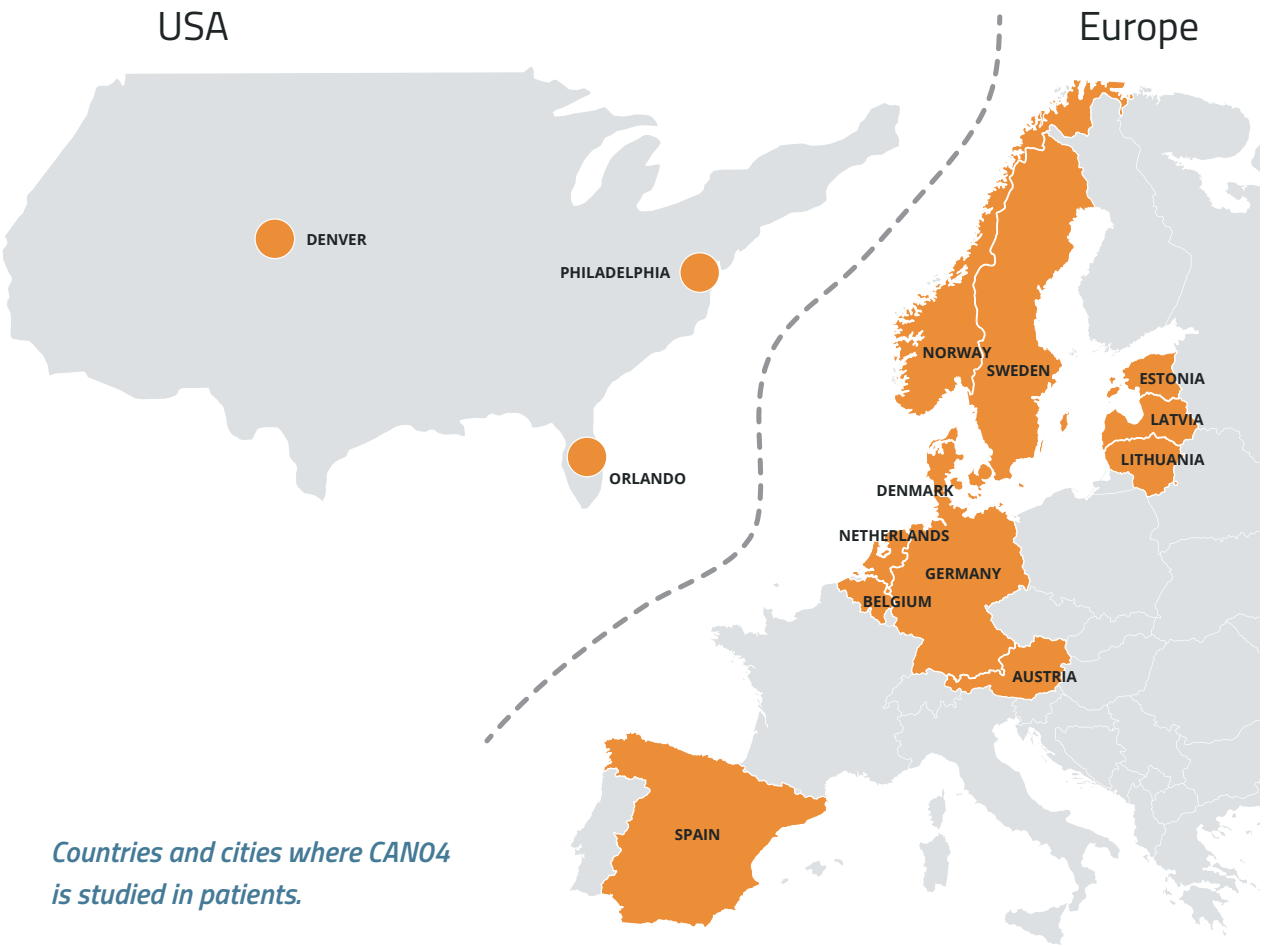
A key result presented at ASCO was that CAN04 reduces levels of IL-6 and CRP in the blood. IL-6 and CRP are produced in the tumour and the liver as a consequence of the tumour inflammation. A decrease in these can be linked to a blockage of IL1RAP and the effect on the tumour.

Based on the positive results of the safety evaluation in phase I, phase IIa was initiated as planned in January 2019. The phase IIa stage includes an assessment of CAN04 as combination therapy with chemotherapy in patients with NSCLC or pancreatic cancer who have not previously received chemotherapy. In combination therapy, CAN04 is combined with cisplatin and gemcitabine in NSCLC and with gemcitabine and nab-paclitaxel in pancreatic cancer. The combination arms began with a safety phase in which a small number of patients received treatment to ensure that CAN04 is safe to use in combination with chemotherapy drugs.

The phase IIa stage will be conducted at around 20 hospitals in about ten countries and currently includes approximately 100 patients. Positive interim results from the phase IIa part were presented in autumn 2020 and showed that when CAN04 was combined with chemotherapy in the treatment of both pancreatic cancer and non-small cell lung cancer a significantly larger number of patients showed a response than would be expected with chemotherapy alone. In several cases the response lasted for 12 months. In pancreatic cancer, an extension part, aimed at providing a more robust picture of the relationship between dose, efficacy and safety, is currently ongoing. Results from the phase IIa part are expected to be presented in 2021.

The CIRIFOUR study

In 2020, Cantargia started a new study with CAN04, CIRIFOUR. In this study, CAN04 is combined with a checkpoint inhibitor, which is the type of immunotherapy that has become established as part of the standard treatment in NSCLC, bladder cancer, head and neck cancer, malignant melanoma and other diseases. All of these diseases express IL1RAP, the target for CAN04. There is a considerable body of research indicating that CAN04 and immunotherapy can be synergistic. In the new study, patients treated with immunotherapy who have ceased to respond to the treatment can receive CAN04 as a complement. This will enable Cantargia to determine if it is possible to slow the progression of the disease and will also provide more safety data and effect signals on key biomarkers. The study is being conducted in the United States, with the University of Pennsylvania as the main base, in collaboration with other well established hospitals and the first results are planned to be presented in the second half of 2021.

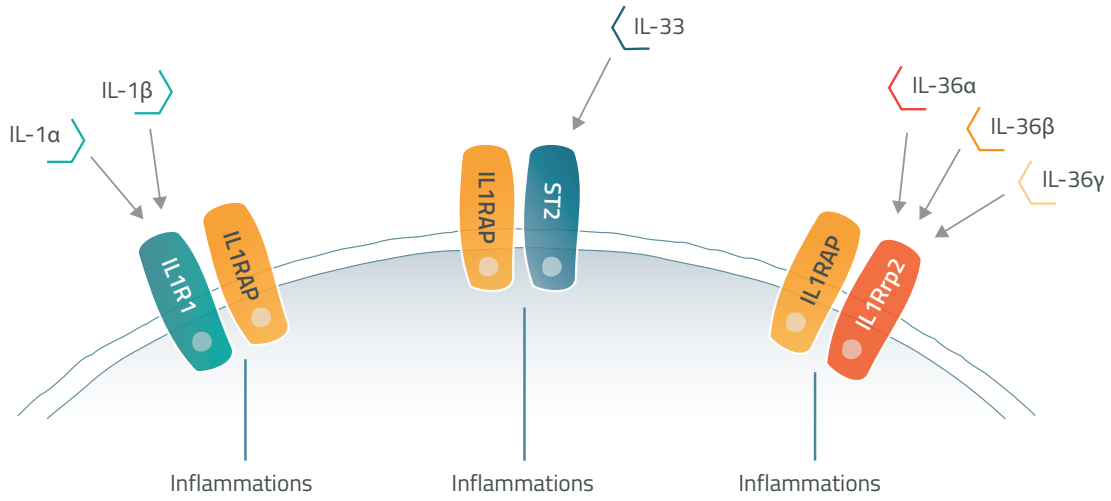


Countries and cities where CAN04 is studied in patients.

CAN10 – Cantargia's project in inflammation and autoimmunity

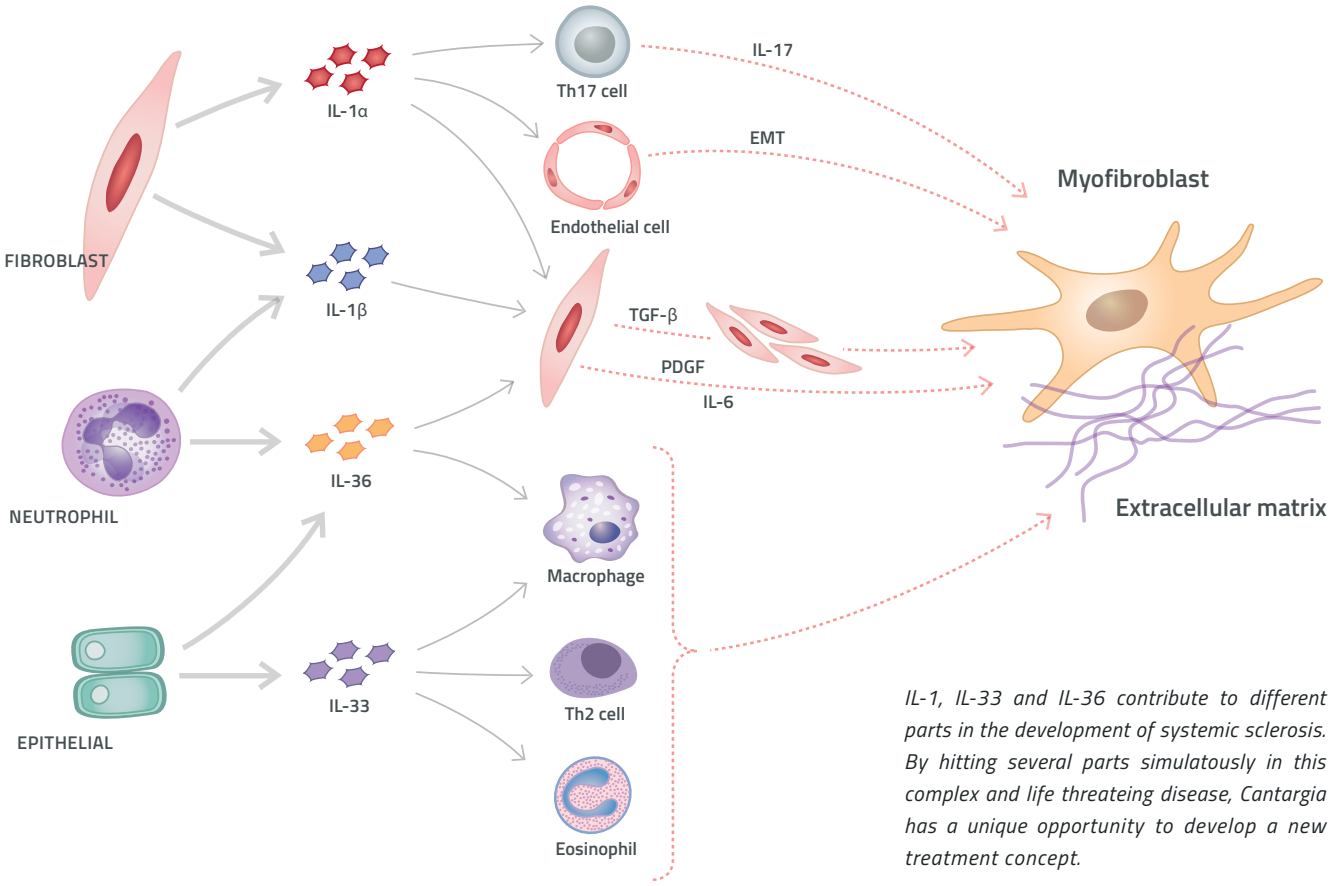
The CAN10 project was started in 2019 with the goal of developing an antibody against IL1RAP for the treatment of inflammatory or autoimmune diseases, initially for systemic sclerosis and myocarditis. CAN10 is thus being developed for a disease segment that complements CAN04 and will therefore enable Cantargia to achieve a good risk diversification in its project portfolio.

IL1RAP plays an important role in inflammatory processes, where it is necessary for transferring signals from the cytokines IL1, IL-33 and IL-36. These molecules can trigger inflammation and have roles in several serious autoimmune and inflammatory diseases. Cantargia has developed antibodies that can block all these signalling pathways simultaneously by binding to IL1RAP, which means that CAN10 has great potential for the treatment of several diseases, where it can have a broader and more potent effect than treatments targeted at individual signalling pathways. After conducting an extensive review of a large number of diseases together Cello Health, Cantargia chose initially to target CAN10 at systemic sclerosis and myocarditis. These diseases can be serious and there is a great medical need for new treatments. The goal for CAN10 in 2021 is to continue preclinical studies and initiate documentation and production in preparation for clinical studies in the following year. To achieve this goal, Cantargia is working with several contracting companies, mainly in Europe and the US, on production development, studies in disease models, toxicity studies and other matters. Cantargia also has several academic partnerships aimed at increasing knowledge about IL1RAP in various diseases.



IL1RAP is an essential part of the signalling from three different inflammatory systems: IL-1, IL-33 and IL-36. All of these systems function in a similar way. The signalling molecule, IL-1, IL-33 or IL-36, binds its specific molecular target on the cell surface of an inflammatory cell and then they connect with Cantargia's molecular target IL1RAP. The result is a signal that can contribute to various serious diseases.

In the CAN10 project, Cantargia is developing an antibody that blocks IL-1, IL-33 and IL-36 for treatment of the life-threatening diseases systemic sclerosis and myocarditis.



IL-1, IL-33 and IL-36 contribute to different parts in the development of systemic sclerosis. By hitting several parts simulatously in this complex and life threateing disease, Cantargia has a unique opportunity to develop a new treatment concept.

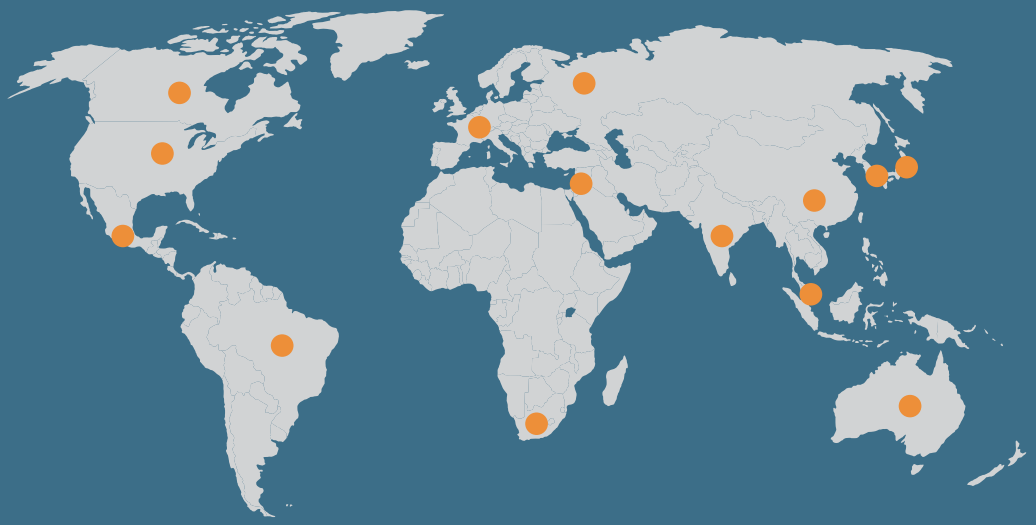
CANxx – Cantargia's IL1RAP-based platform

CANxx is a technology platform that harnesses Cantargia's knowledge of IL1RAP as a target for drugs. Within CANxx, a significant antibody library has been built up that can be used for new drugs or for other diagnostic purposes or other analyses. CANxx is a source for new antibodies that consolidates Cantargia's strong position for the future.

Cantargia was the first company to develop drugs against IL1RAP and has built up a knowledge and technology platform in the area. Within CANxx, Cantargia has developed over 100 unique antibodies that bind to IL1RAP and have different properties. CANxx enables Cantargia rapidly to develop new antibodies with properties that are unique and can be used for the treatment of new diseases. The development of new drugs also depends on analysis and diagnostics, and CANxx is a source of antibodies also for these purposes.

Patent protection

Cantargia's strategy is to obtain an extensive patent protection for its current and future product candidates. Cantargia has patent protection for the treatment and diagnosis of a large number of different cancer forms using antibodies directed against IL1RAP. Cantargia also has patent families covering the product candidates CAN04 and CAN03. Further, Cantargia has additional patent families covering other antibodies targeting IL1RAP. At the end of 2020 the first (priority founding) application regarding the new product candidate CAN10 was filed. Cantargia's patent strategy is global, and covers markets deemed to be of clinical and commercial relevance for the product pipeline.



Patent family	Patent application	Approved patent	Validity
Leukemia (Treatment)	Europe, USA	Europe, (France, Germany, UK), USA	2029
Hematological cancers (Treatment / Diagnosis)	Australia, Europe, Israel, Japan, Canada, China, Mexico, South Africa, USA	Australia, Europe (France, Italy, Netherlands, Switzerland, Spain, UK, Germany), Israel, Japan, Canada, China, Mexico, South Africa, USA	2030
Solid tumors (Treatment / Diagnosis)	Australia, Brazil, Europe, Japan, Canada, China, Mexico, Russia, South Korea, USA	Australia, Brazil, Europe (Belgium, Denmark, Finland, France, Ireland, Italy, Netherlands, Norway, Poland, Switzerland, Spain, UK, Sweden, Czech Republic, Germany, Austria), Japan, China, Mexico, Russia, USA	2032
CAN04 (Product)	Australia, Brazil, Europe, India, Israel, Japan, Canada, China, Mexico, Russia, Singapore, South Africa, South Korea, USA	Europe (Belgium, Denmark, Estonia, France, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Switzerland, Spain, UK, Sweden, Czech Republic, Turkey, Germany, Austria), Japan, China, Mexico, Russia, Singapore , South Africa, USA	2035
CAN03 (Product)	Europe, Japan, China, USA	Japan, USA	2035
Anti-IL1RAP antibodies (Product)	Australia, Europe, Canada, India, Japan, China, USA		2037
Biepitopic antibody (Product)	Europe, Japan, China, USA		2039
CAN10 (Product)	Europe		2041

The background to the broadening of CAN04

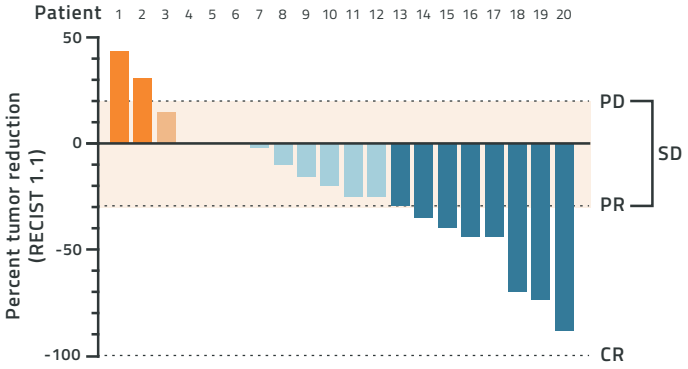
CAN04 is currently being investigated in an open-label phase I/IIa clinical study, CANFOUR, which is evaluating combinations with two chemotherapy treatments in patients with non-small cell lung cancer (NSCLC) or pancreatic cancer in first-line chemotherapy. A phase 1b study is also underway where CAN04 is combined with immunotherapy, and further studies are about to be initiated to broaden the clinical programme.

The company has presented interim results from the CANFOUR study in two rounds. The first results from December 2019 showed that the response rate was higher than would be expected with chemotherapy alone based on historical data for both pancreatic cancer and NSCLC where only these standard chemotherapy drugs were used. This is in line with the hypothesis that CAN04 can act synergistically with chemotherapy drugs and reduce chemotherapy resistance, as was also shown in Cantargia's preclinical studies. In autumn 2020, Cantargia updated the interim data for the two diseases and the results of that snapshot analysis were in line with what was communicated in 2019. No unexpected side effects were observed, neutropenia was higher than would be expected with chemotherapy alone while fatigue and neuropathy were less common.

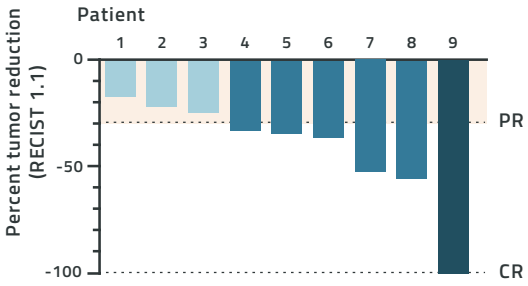
These preliminary results on response can be explained by CAN04's ability to block IL-1 activity and need to be confirmed in a larger number of patients. In both diseases, efficacy data were reported from 29 patients treated long enough for radiological evaluation. The vast majority, 26 patients, showed stable or reduced tumour burden with a CT scan during treatment. A large proportion of patients (eight in pancreatic cancer and six in NSCLC) had a more than 30 per cent tumour reduction and thus a response according to iRECIST (in most cases confirmed

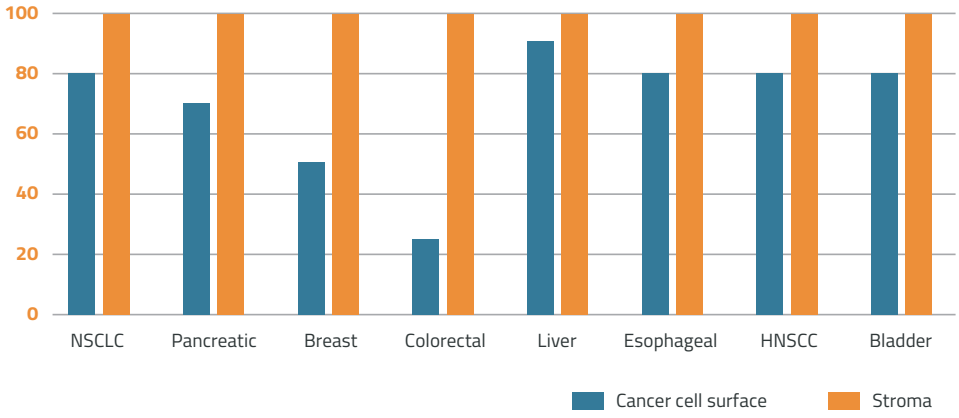
by a subsequent CT scan).Based on the documented responses in 8 out of 20 (40%) evaluable patients with pancreatic cancer, the response rate is higher than what is expected from chemotherapy alone. Historical control data show a response rate for pancreatic cancer of 23 per cent for chemotherapy alone and 22–28 per cent for NSCLC. Two other patients with pancreatic cancer have, after an initial progression, showed a clear tumour reduction of 39 per cent and 24 per cent, respectively, and a significant reduction of CA19-9, a biomarker for pancreatic cancer. A waterfall plot below shows the largest reduction in tumour burden measured so far for the 20 evaluable patients with pancreatic cancer and the 9 patients with NSCLC.

Pancreatic cancer



Non-small cell lung cancer





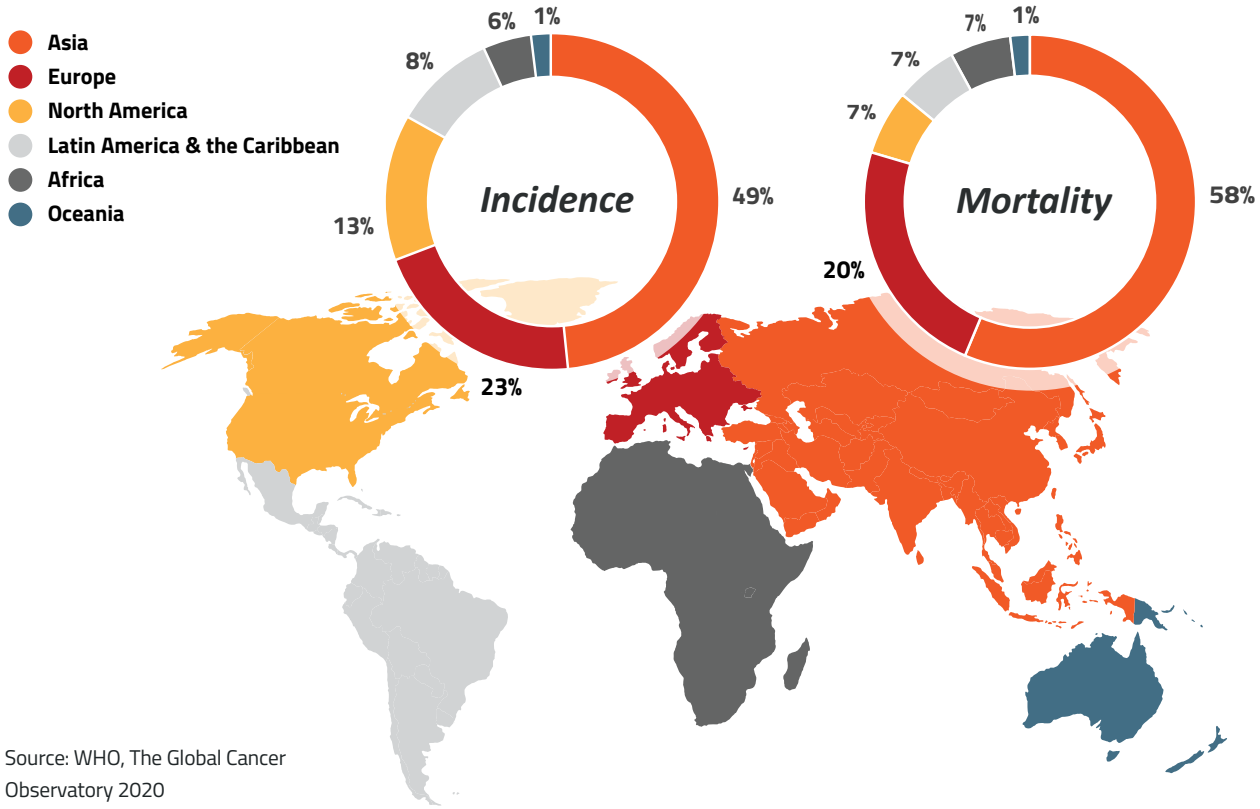
These results, which support the hypothesis that CAN04 can enhance and prolong the effect of chemotherapy, are an important milestone for Cantargia. Based on these interesting and positive results, the company was able to communicate in December that it had decided to broaden the development of CAN04 to other cancers in addition to NSCLC and pancreatic cancer. Initially, the focus will be on triple-negative breast cancer, which is a hard-to-treat form of breast cancer. It is affected by the systems that are blocked with CAN04, as inflammation and the IL-1 system play an important role in the disease progression. The disease is also treated with chemotherapy, where CAN04 has shown a synergy in the company's preclinical models. Cantargia also intends to investigate a number of other cancers, such as bladder cancer. The intention is to initiate the clinical trials on new indications in 2021.

MARKET OVERVIEW

Cancer – a global challenge

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.

There are around 200 known types of cancer, all of which have in common that cells somewhere in the body have started to divide and grow uncontrollably. Research indicates that two independent events are required for a cancer to develop: normal cells have been damaged, resulting in rapid and uncontrolled cell growth, and the cells exist in an inflammatory microenvironment, which acts as a breeding ground and protects them from attacks from the body's own immune system. The chart below shows the distribution of cancer incidence (19.2 million cases) and cancer mortality (9.9 million deaths) in the world by type of cancer and major region in 2020.



Source: WHO, The Global Cancer Observatory 2020

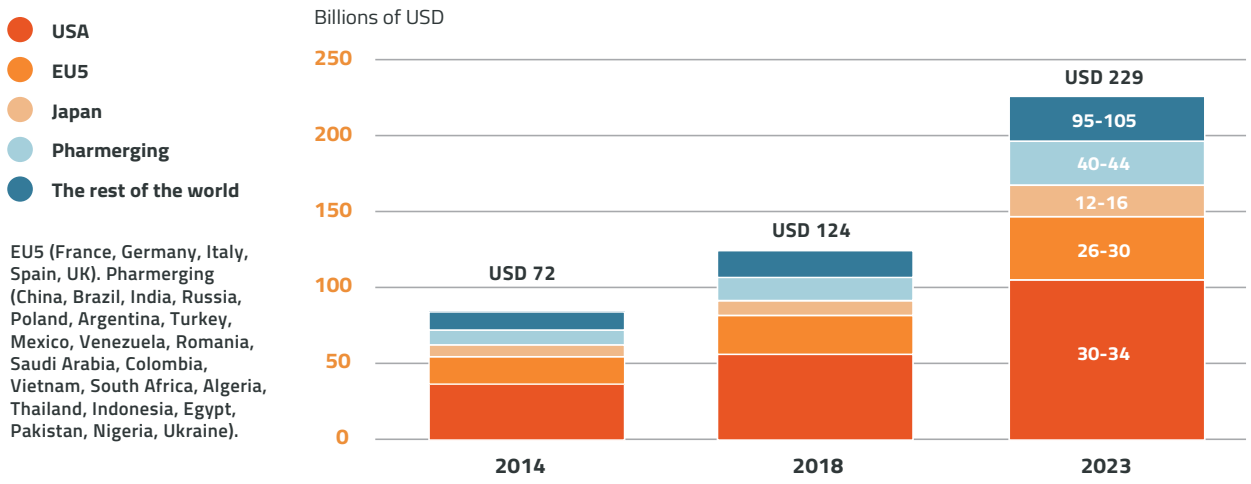
The number of cancer cases is set to increase continuously, and the forecast is that by 2040 over 27.5 million new cases will be diagnosed annually[1]. Another significant factor behind the growing incidence of cancer is the aging of the population. By 2040, people over 65 are expected to account for more than 75 per cent of all people diagnosed with cancer[2]. A further contributing factor is our Western lifestyle as smoking, alcohol consumption, unhealthy diets, low physical activity, overweight, obesity and unhealthy sun habits become more widespread.

The total cost of cancer drugs in 2019 was USD 143 billion[3]. In recent years, the costs of treatment have risen sharply and an important factor behind this trend is the introduction of new drugs, but prices have also increased at a rapid pace.

[1] Cancer Research UK, https://www.cancerresearchuk.org/health-professional/cancer-statistics/worldwide-cancer/incidence#heading-One
[2] Macmillan Statistics Fact Sheet, Macmillan Cancer Support, 2019
[3] Delivering innovation: 2020 oncology market outlook, 2020, McKinsey & Company

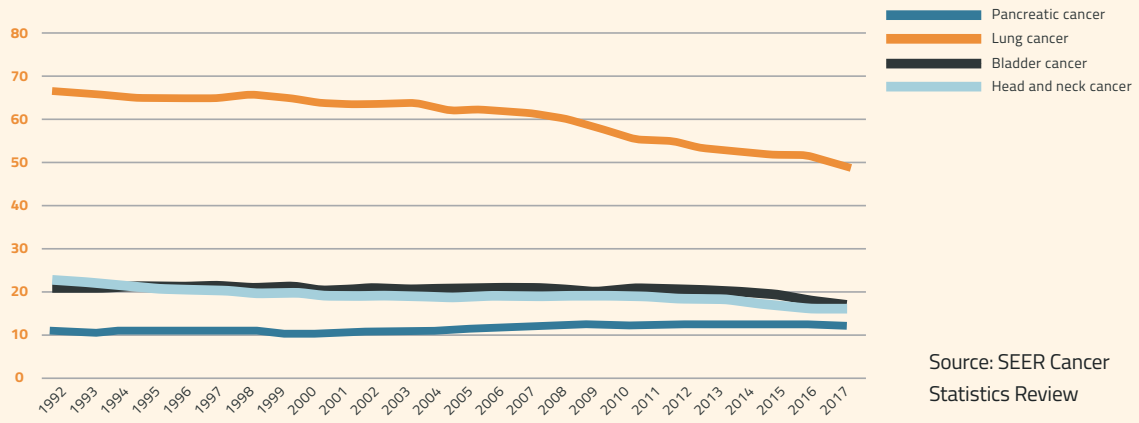
List prices for drugs in this therapy area have increased steadily over the past ten years[4]. The median price[5] of a new drug in the United States in 2018 was just over USD 149,000. Although this was lower than in 2017, when the median price was USD 162,150, it is still a near doubling compared with 2013, when the median price of a new drug was USD 79,000. This has, for example, resulted in a more than doubling of drug costs for cancer treatment in the US since 2013. In 2018, over USD 57 billion was spent in the US, with 64 per cent of the growth being attributable to drugs launched in the last five years.

The cost of cancer drugs 2014 - 2023



Source: Iqvia Institute, Global Oncology Trends 2020

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



Source: SEER Cancer Statistics Review

[4] Global Oncology Trends 2019, Iqvia

[5] The median price is here defined as total annual costs (based on invoiced amounts) divided by the estimated number of treated patients.

Sales of drugs for cancer treatment, oncology, are becoming increasingly important for the big pharmaceutical companies. In 2018, oncological preparations remained the best-selling drugs[6]. A small number of drugs account for the majority of sales, with 38 preparations generating 80 per cent of sales. In 2018, 84 per cent of cancer treatment drugs had annual sales of less than USD 1 billion and 70 per cent had sales of less than USD 500 million[7].

As the number of cancer cases is expected to increase sharply, the market is forecast to grow rapidly. Globally, the cost of cancer drugs is expected to increase to more than USD 250 billion by 2025, which represents an annual growth rate of 12 per cent[8]. This growth is explained by continued strong growth in the US, where new treatments will drive costs. The five largest European markets are expected to grow at a slower pace due to budgetary constraints in public insurance systems and broader use of health technology assessments to limit expenditure on cancer drugs. In the rest of the world, growth will be driven by an increase in the number of patients being treated generally coupled with increased use of previously launched drugs in more developed markets. During the period until 2030, average annual growth in this market is expected to approach 11 per cent[9].

CANTARGIA'S MARKET FOCUS

In developing CAN04, Cantargia 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 treat and few effective treatments have so far been developed. As IL1RAP is found in several different solid tumours, the prospects of using Cantargia's immuno-oncology platform for the treatment of several forms of cancer are good. Cantargia and its founders have also studied leukemia and shown that IL1RAP is expressed both on leukemic stem cells and on mature cancer cells.

In 2020, it was decided to broaden the clinical programme for CAN04 to include studies in new cancers, such as triple-negative breast cancer, which is an aggressive and hard-to-treat disease. This group accounts for around 10–15 per cent of all breast cancer cases and the medical needs are very great if the patient has not been diagnosed early enough to enable the cancer to be cured with surgery.

Cantargia's combination study with checkpoint inhibitors includes 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. Bladder cancer is the seventh most common form of cancer in men and is increasing by over 2 per cent annually. Head and neck cancer is the ninth most common type of cancer globally and is also increasing, partly due to tobacco and alcohol use. In the last decade, annual cases of melanoma, the deadliest form of skin cancer, have increased by nearly 50 per cent to almost 288,000 cases in 2018[10].

Alongside CAN04, Cantargia launched a new project in 2019 called CAN10, which is aimed at harnessing the full potential of IL1RAP as molecular target. In this project, the plan is to develop a new antibody for the treatment of systemic sclerosis and myocarditis. The medical need is great in both these indications with few approved drugs available today.

THE MARKET FOR LUNG CANCER TREATMENT

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 the disease[11]. Around 85 per cent of all lung cancers are non-small cell lung cancer[12]. In the United States, the number of people being diagnosed with lung cancer has declined by around 31 per cent[13] over the past 14 years 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. Sales are being driven mainly by increasing use of various antibody-based immunotherapies. What these therapies have in common is that they block the signals used by the tumour to escape the immune system, which allows the immune system to recognise the tumour and destroy it. Another important factor driving the growth of the global market is the increasing incidence of lung cancer in many countries, as mentioned above.

THE MARKET FOR PANCREATIC CANCER TREATMENT

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

[6] https://pharmaintelligence.informa.com/~/media/informa-shop-window/pharma/2019/files/whitepapers/top-10-best-selling-drugs-of-2018-fund-us-and-eu-pharma-rd.pdf

[7] Global Oncology Trends 2019, Iqvia

[8] Delivering innovation: 2020 oncology market outlook, 2020, McKinsey & Company

[9] The future of oncology, a focused approach to winning in 2030: Thriving on disruption series. KPMG UK

[10] 2020 Melanoma Skin Cancer Report, 2020, Global Coalition for Melanoma Patient Advocacy

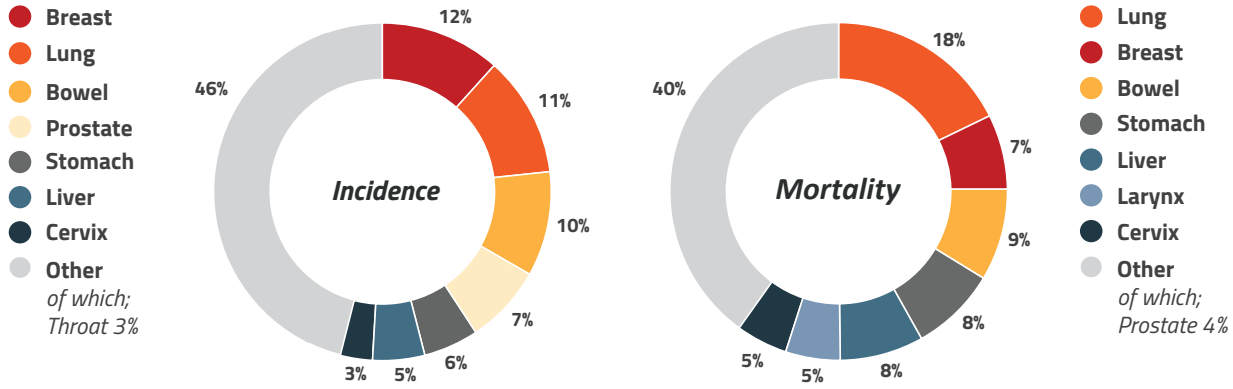
[11] Globocan 2020

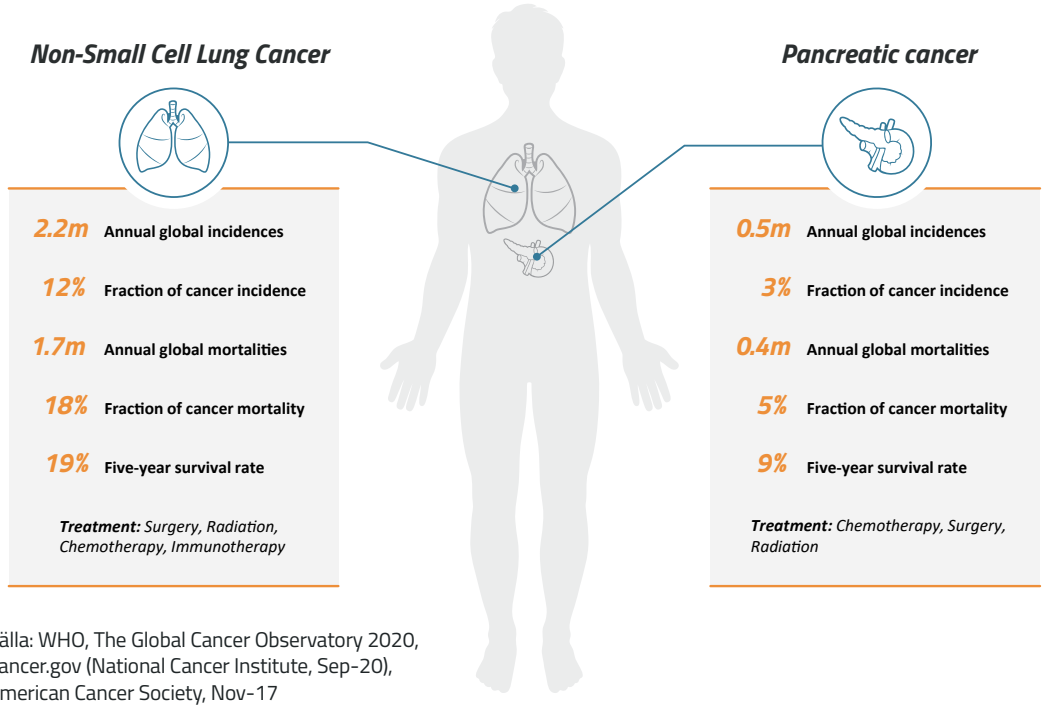
[12] https://www.lungcancer.org/find_information/publications/163-lung_cancer_101/268-types_and_staging

[13] SEER Cancer Statistics Review

The global market for pancreatic cancer treatment is expected to be worth USD 5.8 billion by 2029. In 2019, the market was worth around USD 2 billion[14]. The market is expected to grow by 11 per cent annually from 2020 to 2029. 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, 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 enables 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[15].





Källa: WHO, The Global Cancer Observatory 2020, Cancer.gov (National Cancer Institute, Sep-20), American Cancer Society, Nov-17

THE MARKET FOR BREAST CANCER TREATMENT

Breast cancer is the most common form of cancer. In 2020, approximately 2.3 million new cases were reported, and some 685,000 women died from the disease. In 2040, around 3.2 million women are expected to contract the disease and just over one million will die as a consequence of the disease. The risk of developing breast cancer increases with age up to the age of 70. In the United States, the median age for developing breast cancer is 62 years. A new study shows that increases in BMI and that women on average give birth to fewer children probably contributed to the recent increase in cases in the US[16].

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

[15] American Cancer Society, Cancer Facts & Figures 2020, 2020

[16] Pfeiffer RM, Webb-Vargas Y, Wheeler W, Gail MH. Proportion of U.S. Trends in Breast Cancer Incidence Attributable to Long-term Changes in Risk Factor Distributions. Cancer Epidemiol Biomarkers Prev. 2018;1:1

The global breast cancer treatment market was worth around USD 22 billion in 2019 and is expected to increase to USD 55 billion by 2027[17], which represents an annual growth rate of approximately 13 per cent. What drives the market is primarily an increased incidence of the disease but also the need for preventive measures and early treatment. Market growth is also expected to be driven by the introduction of new drugs.

The term triple-negative breast cancer comes from the fact that the cancer cells do not have oestrogen or progesterone receptors or express the HER2 protein. This means that the growth of the cancer is not fuelled by the hormones oestrogen and progesterone or by the HER2 protein, and triple-negative breast cancer therefore does not respond to hormone therapy or to drugs that target HER2 protein receptors. Triple-negative breast cancer tends to be more common in women under the age of 40, African-American women and women with a BRCA1 mutation. Around 10–15 per cent of breast cancer cases are triple-negative breast cancer.

THE MARKET FOR HEAD AND NECK CANCER TREATMENT

Head and neck cancer is a group of cancer indications that affect the lips, salivary gland, pharynx, nasal cavity, larynx and thyroid gland. There is a strong connection to environmental factors and lifestyle habits, and the incidence of head and neck cancer is therefore higher in certain geographic regions and social groups, such as Asia. Risk factors for the incidence of head and neck cancer include tobacco use, alcohol consumption and existing viral infections (HPV).

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[18]. A majority (62 per cent) of patients with this type of cancer are diagnosed in later stages of the disease, normally III or IV.

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 1.5 billion by 2025[19]. This represents an annual growth rate of 4 per cent from 2018 to 2025. The drivers behind the growth of the market are the growing number of new immunotherapies, better treatment options without serious side effects and the rising incidence of new cancer cases.

THE MARKET FOR BLADDER CANCER TREATMENT

Bladder cancer is the sixth most common form of cancer in men and the seventeenth most common form of cancer in women. The fact that smoking is more common among men may explain the higher incidence among men. The average age of those diagnosed is 73. Smoking is the biggest risk factor for bladder cancer and smokers are three times more likely to develop bladder cancer than non-smokers. Up to 25 per cent of bladder cancer cases are caused by exposure to substances such as dyes and rubber.

The number of new cases of bladder cancer diagnosed annually is expected to increase from 225,000 in 2018 to 275,000 in 2028. The main driver behind the increase is the aging of the population as life expectancy continues to rise.

Historically, chemotherapy has been the dominant treatment for bladder cancer, but following the launch of tecentriq (atezolizumab) the market is expected to be dominated by immunotherapies in the future. The launch of new immunotherapies and the growing number of new bladder cancer cases will be the main drivers behind the growth of the bladder cancer market. The bladder cancer market is forecast to grow by 18.5 per cent annually from 2018 to 2028[21]. The market was estimated at USD 732 million in 2018 and is forecast to grow to USD 3,990 million by 2028[22].

THE MARKET FOR MELANOMA TREATMENT

UIn 2020, some 325,000 people developed melanoma and over 57,000 people died from the disease. In 2040, an estimated 510,000 people will contract melanoma and about 96,000 people will die. The vast majority of melanomas are caused by exposure of the skin to the sun. A UK study has shown that around 86 per cent of all melanoma cases can be attributed to exposure to UV radiation from the sun[23].

The skin cancer treatment market was worth approximately USD 9 billion in 2019 and is expected to grow to approximately USD 15 billion by 2027, corresponding to an annual growth rate of 7.5 per cent over this period[24]. The malignant melanoma treatment market is expected to grow by almost 12 per cent from 2021 to 2028, to just under USD 8 billion[25]. The main driving force behind this growth is expected to be that several candidate drugs are in late clinical phases and will be approved by the drug regulators.

[17] Breast Cancer Therapeutics Market Size, Share & COVID-19 Impact Analysis, 2021, Fortune Business Insight

[18] GlobalData, OpportunityAnalyzer: Head and Neck Squamous Cell Carcinoma, March 2018

[19] GlobalData, OpportunityAnalyzer: Head and Neck Squamous Cell Carcinoma, March 2018

[20] GlobalData, Opportunity Analyzer: Bladder Cancer, April 2017

[21] GlobalData, Opportunity Analyzer: Bladder Cancer, April 2020

[22] Data Brige Market Research2

[23] Parkin DM, Mesher D, Sasieni P. Cancers attributable to solar (ultraviolet) radiation exposure in the UK in 2010. Br J Cancer 2011; 105:S66-S69

[24] Skin Cancer Treatment Market Research Report, 2020, Fortune Business Insights

[25] Global Malignant Melanoma Treatment Market – Industry Trends and Forecast to 2028, 2021, Data Bridge Market Research

THE MARKET FOR ACUTE MYELOID LEUKEMIA TREATMENT

Acute myeloid leukemia (AML) is the most common form of acute leukemia, or blood cancer, in adults and is characterised by a rapid increase in white blood cells, which accumulate in the bone marrow and interfere with the production of normal blood cells. The disease progresses rapidly and, if left without treatment, the patient dies within a few months. AML has the lowest five-year survival rate among all types of leukemia. The underlying reason for the disease is genetic damage, which has been mapped in detail in recent years. Although significant improvements have been made in the treatment of other, related types of blood cancer, there has unfortunately been limited progress in developing therapies for AML.

In 2018, it was estimated that there were 103,000 new cases of AML globally. The incidence of AML is expected to increase over the coming ten years to nearly 115,000 new cases by 2028[26]. An aging population is expected to be a key factor behind the increase. In 2016, sales of drugs for treating AML in the US, the five largest EU countries and Japan totalled USD 406 million. The global market for acute myeloid leukemia treatment was estimated to be worth USD 701.6 million in 2018 and is projected to grow to over USD 1.5 billion by 2024, which equates to an annual growth rate of around 14 per cent[27].

THE MARKET FOR SYSTEMIC SCLEROSIS AND MYOCARDITIS TREATMENT

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. Systemic sclerosis is a complex, heterogeneous disease that can occur with a variety of clinical manifestations ranging from minor to life-threatening. The estimated annual incidence of systemic sclerosis is approximately 4.5 per 100,000 in North America and 1.8 per 100,000 in Europe[28]. The main cause of death in patients with systemic sclerosis is interstitial lung disease and the medical need is particularly high in these patients.

Myocarditis is characterised by inflammation of the muscular tissues of the heart (myocardium) arising from various aetiologies, including genetic and infectious mechanisms that are not well characterised. Regardless of its aetiology, myocarditis is characterised by initial acute inflammation that can progress to subacute and chronic stages, resulting in tissue remodelling, fibrosis, and loss of myocardium architecture and contractile function. The estimated incidence of myocarditis is about 22 per 100,000[29] (1.7 million) and globally the disease accounts for about 0.6 deaths per 100,000[30] (46,400) each year. The medical need is great for subgroups of patients with fulminant myocarditis (acute disease) and dilated cardiomyopathy (chronic disease), where mortality is very high in certain immune subtypes. For these patients, heart transplantation is currently the only definitive treatment.

IMMUNOTHERAPY – AN INNOVATIVE TOOL IN THE FIGHT AGAINST CANCER

Antibodies, also known as immunoglobulins, are produced by the body's immune system and have the task of binding to and eliminating foreign substances, such as bacteria or viruses. The antibody binds to specific surface molecules, known as antigens, on foreign substances and enables white blood cells and complement proteins to eliminate these substances from the body. Ultimately, antibodies aim specifically at the intended target, and the link between an antibody and its target structure is very strong. Antibodies have many properties that make them suitable for the treatment of diseases, and many newly developed drugs are based on various types of antibodies.

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 conventional cancer treatments with immunotherapy as far as possible to achieve the best possible treatment results.

In 2011, the first immunotherapy drug was approved by the U.S. Food and Drug Administration (FDA). These antibodies have largely been targeted at the PD-1 and PD-L1 mechanisms, known as checkpoint inhibitors. They have a broad effect on solid tumours and are today used to treat more than 20 types of tumour. The clinical benefits of the immuno-oncological preparations are that several of these often result in remission levels of 50 per cent or higher as well as increased survival. The existing standard treatments have an average efficacy of only 25 per cent across all the various forms of cancer.

In recent years, the FDA has approved new preparations that are designed to stimulate the immune system to eliminate cancer cells. 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 around USD 22 billion in 2019. Total sales in 2020 were in excess of USD 25 billion. Lung cancer and malignant melanoma are two types of cancer that can be treated with these preparations.

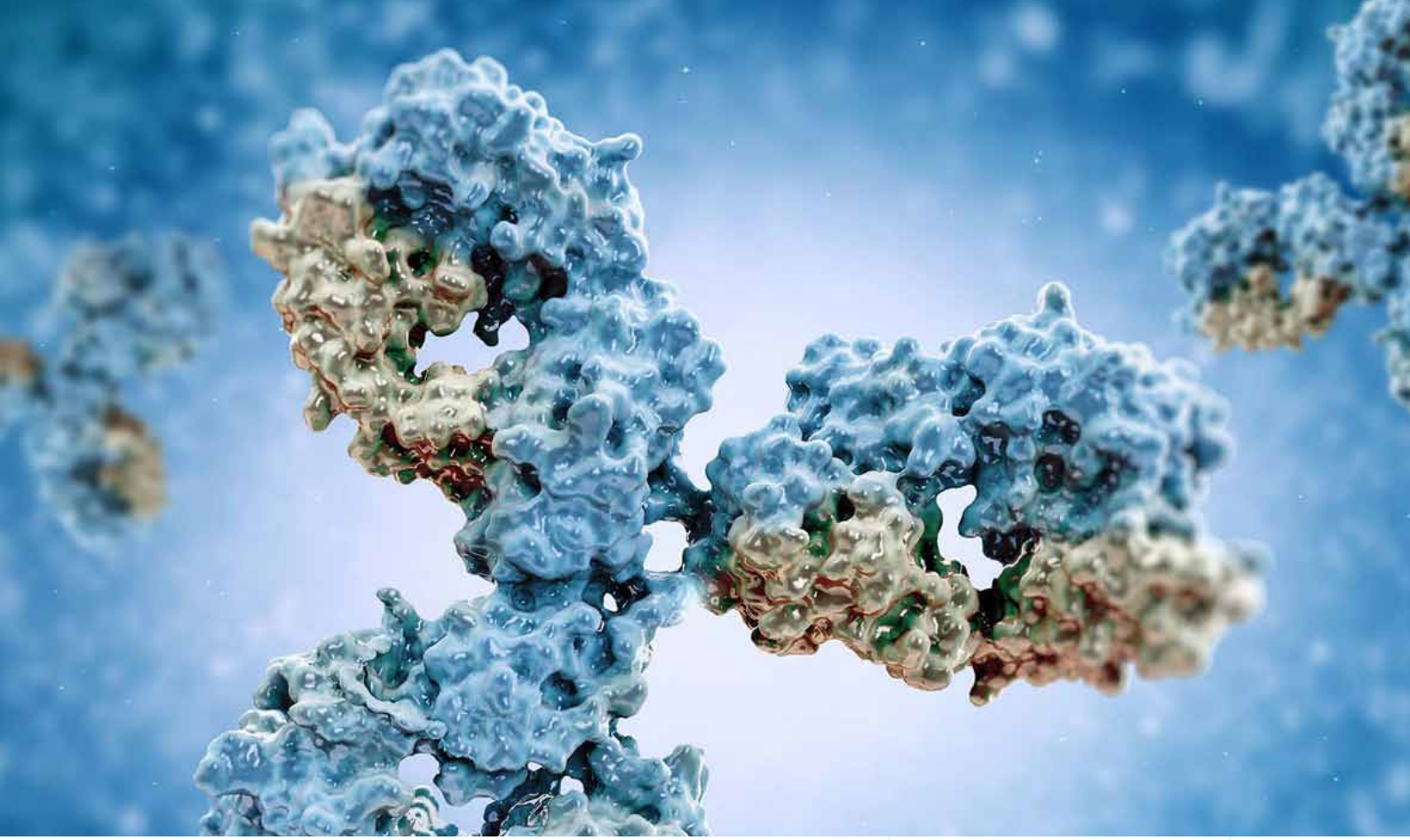
[26] ACUTE MYELOID LEUKEMIA, New approaches to solving complex clinical development challenges, Iqvia

[27] ResearchAndMarkets, "Acute Myeloid Leukemia Market - Growth, Trends, and Forecast (2019 - 2024)

[28] 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

[29] J Am Coll Cardiol. 2016 Nov 29;68(21):2348-2364

[30] Lancet. 2018;392:1736-88



Drug development – from discovery to launch

PRECLINICAL PHASE

The preclinical phase is characterised by the activities conducted by chemists, biologists and pharmacologists who study and develop various substances in laboratories. With the help of effective disease models, researchers can study how various pharmaceutical substances behave and interact. After this, individual substances are selected for closer study, in the laboratory and in animal models. Some of the questions that need to be answered are: "What is the appropriate dose?", "Can the drug produce cancer?" and "Does it affect the animal's reproduction?" The purpose of the preclinical phase is to select a candidate drug (CD), for which an application for clinical trials in humans is submitted.

Before a candidate drug can be tested in humans, much work is required to ensure that the product is sufficiently safe and stable, and to establish how it behaves in the body and how it leaves the body. An application to conduct clinical studies in humans is sent to the relevant drug regulator, which in Sweden is the Medical Products Agency. In the United States, the clinical trial application is called Investigational New Drug Application (IND) and in the EU, Clinical Trial Application (CTA). Applications are filed in those countries where the clinical trial will be conducted and are then examined by independent medical experts, who assess whether the trial can be initiated or whether further documentation is required. Apart from obtaining permission from the drug regulators, the company also needs to apply for and receive permission from each country's local and/or national ethics committee. The approval of an application is followed by a long and complex process involving several years of clinical studies before the company can apply to have the product approved for general use.

CLINICAL PHASE

When the clinical phase begins, clinical studies in humans are initiated. These studies are normally conducted at hospitals or health centres and are formally divided into four phases – phase I, II, III and IV – although the differences between the phases is not always clear-cut in practice. To ensure that the studies can be interpreted objectively, endpoints for the evaluation of the studies are defined in advance. How the study programme for a particular drug should be designed is evaluated continually and regulatory approval is required for each sub-study.

Phase I
Phase I is the first occasion on which a new substance is given to a human. The trial subjects are volunteers and normally healthy, and are subject to constant medical monitoring. In clinical studies in cancer, however, it is common for patients to be included already in the phase I studies. The studies normally involve 20–100 individuals. The purpose of the trial is to determine whether the trial subjects tolerate the drug and whether its behaviour in the body is the same as that indicated in the earlier animal studies and other research. The purpose is also to identify safe doses and identify any side effects. The initial dose is made as low as possible, but is sufficiently high to provide answers to the questions that the trial is designed to illumine. If everything goes as planned, the dose can then gradually be increased to the clinical use level. Phase I studies normally take six months to a year to complete.

Phase II
Phase II is normally the first occasion on which the drug is given to patients with the disease concerned. At this stage, the test group is also increased. This trial group normally consists of 100–500 individuals. The objective of this phase is to show 'proof of concept', i.e. that the drug actually has an effect, and to study how it affects the disease or its symptoms and determine the dose to be used in large-scale trials. Phase II studies can take between six months and two years to complete.

Phase III
Phase III is initiated only if the results from phase II are sufficiently encouraging to justify further studies. In this phase, the candidate drug is given to larger groups, often 1,000–5,000 patients. The new medicine is tested against an ineffective placebo or against another already approved drug for the same disease condition. Patients are distributed randomly among the drugs and neither the physician nor the patients know which of the products has been administered to each patient. This type of trial is known as a 'double-blind and randomised' trial and is considered to be the method that produces the best and most objective evaluation. Only once the trial has been completed is it revealed which patients received the new drug and which received the placebo. It is then possible to determine and evaluate what effect the new drug had compared with the placebo. The studies provide a statistical basis, which means that the difference between the two products must be statistically evident. Phase III can take anywhere from one to four years to complete depending on the disease, the length of time during which the patients are studied and the number of patients included.

Phase IV
In phase IV, the drug's therapeutic use is studied. After the phase I–III studies have been completed and a drug has been approved by the drug regulator and launched in the market, further clinical studies are often conducted in the area of use for which the product has already been approved. These are known as phase IV studies and are aimed at studying and monitoring the dose and effect relation, the impact on other, simultaneous drug treatments, and any side effects which occur after the market launch. The overall objective is to optimise the use of the drug.

REGISTRATION PHASE
If the drug looks promising and is tolerated well by the patients, further trials are conducted to verify the results. After that, an application for approval is filed with the relevant drug control authorities, which in Europe is normally the European Medicines Agency (EMA). The application must include all documentation describing the product's quality, safety and effect and can run into hundreds of thousands of pages. It takes on average one year to examine an application. The examination can result in the drug being approved or rejected, or the regulator may demand that further studies be conducted. An approval can also involve the regulator approving a more limited indication than was originally intended. Once regulatory approval has been obtained, the drug can be marketed.

Research and development costs for drug development are high, running into billions of kronor, and mainly comprise costs for research, development, production and clinical studies of a drug. Of 10–15 products that are studied in phase I, only one will normally go all the way to regulatory approval. About 35 new medical products are introduced in the Swedish market every year.

DIRECTORS' REPORT

The Board of Directors and Chief Executive Officer of Cantargia AB (publ), corporate ID no. 556791-6019, hereby present the annual report for the financial year 1 January 2020–31 December 2020. The company has its registered office in Lund, Sweden. Amounts in the annual report are expressed in thousands of Swedish kronor (kSEK) unless otherwise indicated.

OPERATIONS

Cantargia is a biotech firm that is developing antibody-based treatments for life-threatening diseases. The starting-point is the IL1RAP protein, which is involved in several diseases and where Cantargia has established a platform. The company's main project, the CAN04 antibody, is being studied clinically as a combination therapy with chemotherapy or immunotherapy with a primary focus on non-small cell lung cancer and pancreatic cancer. Positive interim data from combination treatment with chemotherapy shows a higher response rate than would be expected with chemotherapy alone. Cantargia's other project, the CAN10 antibody, is treating serious autoimmune/inflammatory diseases, with an initial focus on systemic sclerosis and myocarditis.

FIVE-YEAR COMPARISON [1]

Amounts in mSEK	2020	2019	2018	2017	2016
Net sales	-	-	-	-	-
Loss after net financial income/expense	-173.1	-110.8	-91.2	-60.3	-47.5
Cash and bank balances and liquid investments	693.4	39.9	76.5	149.8	25.9
Short-term investments	210.0	110.0	90.3	120.0	8.9
Equity	891.9	142.3	155.0	246.1	30.0
Total assets	925.5	166.1	171.4	274.5	39.7
Equity/assets ratio (%)	96%	86%	90%	90%	76%
Quick ratio (%)	2996%	669%	1027%	958%	383%
R&D costs	-158.4	-97.5	-77.0	-52.4	n/a
Project costs[4]	-121.9	-81.1	-66.2	-44.8	-35.5
Total operating expenses	-173.9	-111.6	-93.3	-60.0	-47.6
R&D costs as a percentage of total operating expenses	91%	87%	82%	87%	n/a
Project costs as a percentage of total operating expenses	70%	73%	71%	75%	75%
Number of outstanding shares at 31 Dec[2]	100,192,737	72,804,392	66,185,811	46,940,508	20,917,200
Number of outstanding warrants at 31 Dec[5]	-	85,000	85,000	85,000	-
Number of outstanding employee options at 31 Dec[5]	1,740,000	-	-	-	-
Earnings per share before and after dilution (SEK)[3]	-1.94	-1.56	-1.36	-1.28	-2.27
Equity per share (SEK)	8.90	1.95	2.34	5.24	1.44
Dividend (SEK)	-	-	-	-	-

[1] *Cantargia AB (publ) has applied Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board (RFR 2) as of the full year 2017. The comparative year 2016 has been restated in accordance with RFR 2.*

[2] *It should be noted that, as at 31 December 2017, 19,245,303 interim certificates had been issued, which were registered on 8 January 2018.*

[3] *Cantargia has and had potential ordinary shares in the form of warrants during the period. These do not have a dilutive effect, however, as a conversion of warrants into ordinary shares would result in a lower loss.*

[4] *See also Note 24*

[5] *See also Note 19*

DEFINITIONS

Cash and bank balances and liquid investments - cash and available deposits with banks and other credit institutions.
Equity/assets ratio - Adjusted equity as a percentage of total assets
Quick ratio - Current assets as a percentage of current liabilities
R&D costs - Total project costs plus allocated portion of personnel expenses and other external expenses.
Project costs - The sum of external costs in Preclinical, Clinical, CMC, Regulatory and Patents.
Earnings per share - Profit for the year divided by number of outstanding shares at end of period
Equity per share - Equity divided by number of shares at end of period

SHAREHOLDER INFORMATION

Share information

As of 25 September 2018, Cantargia's shares have been listed on the main list of Nasdaq Stockholm, under the stock symbol "CANTA". At 31 December 2020, the number of shares was 100,192,737 (72,804,392). At the balance sheet date, the total outstanding option scheme comprised 1,900,000 employee stock options, entitling the holders to subscribe for 1,900,000 shares, which would have a dilutive effect of approximately 2.0 per cent and increase the share capital by SEK 152,000.

Share price performance in 2020

Ownership distribution

Cantargia's ten largest owners as of December 31, 2020

Owner	Number of shares	Capital/Votes (%)
Swedbank Robur Fonder	9,706,665	9.7%
Fjärde AP-fonden	7,762,043	7.7%
Alecta Pensionsförsäkring, Ömsesidigt	6,648,596	6.6%
Första AP-fonden	6,324,244	6.3%
Öhman Bank S.A., Luxemburg	5,285,661	5.3%
Handelsbanken fonder	3,817,185	3.8%
Försäkringsaktiebolaget, Avanza Pension	3,781,739	3.8%
Sunstone Life Science Ventures Fund III K/S	3,464,957	3.5%
Morgan Stanley & Co Intl PLC	1,958,293	2.0%
JP Morgan Chase Bank N A.	1,831,972	1.8%
Other	49,611,382	49.5%
Total	**100,192,737**	**100.0%**

Ownership Distribution size classes as of 31 December 2020

Holding	Number of shareholders	Number of shares	Capital/Votes (%)	Market Cap (kSEK)
1 - 500	6,555	830,314	0.8%	53,140
501 - 1 000	1,096	889,140	0.9%	56,905
1 001 - 5 000	1,778	4,352,345	4.3%	278,550
5 001 - 10 000	441	3,224,275	3.2%	206,354
10 001 - 15 000	167	2,130,674	2.1%	136,363
15 001 - 20 000	101	1,802,346	1.8%	115,350
20 001 -	296	86,963,643	86.8%	5,565,673
Total	**10,434**	**100,192,737**	**100.0%**	**6,412,335**

Share capital history

Year	Event	Quotient value	Increase in no. of shares	Increase in share capital	Total no. of shares	Total share capital
2009	Incorporation	1.00	100,000	100,000.00	100,000	100,000.00
2010	Issue of new shares	1.00	10,870	10,870.00	110,870	110,870.00
2011	Issue of new shares	1.00	14,130	14,130.00	125,000	125,000.00
2012	Issue of new shares	1.00	3,571	3,571.00	128,571	128,571.00
2012	Issue of new shares	1.00	7,143	7,143.00	135,714	135,714.00
2012	Issue of new shares	1.00	7,143	7,143.00	142,857	142,857.00
2013	Issue of new shares	1.00	3,572	3,572.00	146,429	146,429.00
2013	Issue of new shares	1.00	25,001	25,001.00	171,430	171,430.00
2014	Issue of new shares	1.00	12,500	12,500.00	183,930	183,930.00
2014	Bonus issue	2.96	-	360,502.80	183,930	544,432.80
2014	37:1 share split	0.08	6,621,480	-	6,805,410	544,432.80
2014	Debt-for-equity swap	0.08	789,464	63,157.12	7,594,874	607,589.92
2015	Issue	0.08	5,800,000	464,000.00	13,394,874	1,071,589.92
2015	Issue of new shares, TO 2010:1	0.08	111,000	8,880.00	13,505,874	1,080,469.92
2016	Issue of new shares, TO1/TO3	0.08	4,127,260	330,180.80	17,633,134	1,410,650.72
2016	Issue of new shares, 2011/2016	0.08	46,250	3,700.00	17,679,384	1,414,350.72
2016	Issue of new shares, TO2/TO4	0.08	3,237,816	259,025.28	20,917,200	1,673,376.00
2017	Issue of new shares	0.08	11,158,308	892,664.64	32,075,508	2,566,040.64
2017	Issue of new shares	0.08	14,865,000	1,189,200.00	46,940,508	3,755,240.64
2018	Issue of new shares	0.08	19,245,303	1,539,624.24	66,185,811	5,294,864.88
2019	Issue of new shares	0.08	6,618,581	529,486.48	72,804,392	5,824,351.36
2020	Issue of new shares	0,08	18,201,097	1,456,087.76	91,005,489	7,280,439.12
2020	Issue of new shares TO 2017/2020	0,08	86,700	6,936.00	91,092,189	7,287,375.12
2020	Issue of new shares	0,08	9,100,548	728,043.84	100,192,737	8,015,418.96

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

The following is a summary of events that took place in the company during the year.

RESEARCH ACTIVITIES

Clinical studies

Cantargia has two ongoing clinical trials examining CAN04 as combination therapy with chemotherapy in patients receiving first-line chemotherapy or in combination with immunotherapy.

- In April, it was announced that the initial dose escalation phase with CAN04 in combination with chemotherapy had ended and that the ongoing patient recruitment for the CANFOUR study was estimated to be delayed by approximately three months due to the Covid-19 pandemic.
- In April, Cantargia submitted an application for IND and clinical trials in the United States with CAN04 in combination with immunotherapy, and in May the US Food and Drug Administration, (FDA) approved the application.
- Positive interim results were presented in September regarding combination treatment of patients with non-small cell lung cancer with CAN04 and chemotherapy. At the same time, an update was given on recruitment status and future development steps in the disease area.
- In September, the first patient started treatment in the US phase 1 study evaluating combination therapy with CAN04 and pembrolizumab.
- Recruitment of patients with pancreatic cancer for the CANFOUR phase 2a study was completed in October and positive interim results were presented. At the same time, the next step in the development of CAN04 in combination with the chemotherapy drugs gemcitabine/nab-paclitaxel was announced in pancreatic cancer.

Preclinical studies

During the period, new results were presented regarding use of CAN04 in combination therapy and information about the CAN10 development project for systemic sclerosis and myocarditis.

- In April, an update was given on the development status of the CAN10 project and on adjustments to the project's upcoming milestones that were affected by the ongoing pandemic.
- At the 2020 AACR Annual Meeting in June, new preclinical results were presented that support the combination of Cantargia's CAN04 antibody with platinum-based chemotherapy drugs in cancer treatment.

Production

Cantargia has several partners in production and production development. During the period, the company entered into a number of important long-term agreements.

- In February 2020, the development of CAN04 was advanced through successful scaling-up of production to 2,000-litre scale. Scaling up production secures the production methodology for future clinical studies with CAN04.
- In November, BioInvent and Cantargia entered into a production agreement for the monoclonal antibody CAN10.

Patents

- Cantargia acquired a patent portfolio from Cellerant Therapeutics Inc. that includes a US patent on IL1RAP as target for antibody therapy in leukemia.

OTHER

Organisation

- In February, Cantargia recruited Dr. Ignacio Garcia-Ribas as Chief Medical Officer
- In June, Cantargia AB announced that it had strengthened its management team through the appointment of Liselotte Larsson as Chief Operating Officer and the recruitment of Susanne Lagerlund as VP Regulatory Affairs and Peter Juul Madsen as VP CMC.
- At an extraordinary general meeting in October, Flavia Borellini was elected as a new Director of the company.

Financing

- In February, Cantargia completed a directed shared issue, raising approximately SEK 410 million before transaction costs.
- In December, Cantargia completed a directed share issue, raising approximately SEK 564 million before transaction costs.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

- In February 2021, the first patient with pancreatic cancer started treatment in the extension part of the CANFOUR study.
- In March 2021, an application was submitted for a clinical study examining the CAN04 antibody in combination with FOLFIRINOX for first-line treatment of metastatic pancreatic cancer (PDAC).
- In March 2021, Cantargia reported new preclinical results that strengthen the development plan for the CAN10 antibody for the treatment of myocarditis and systemic sclerosis. These results will be presented at the conference Immunology 2021.

REVENUE

Cantargia's net sales in 2020 were SEK 0 (0) million.

OPERATING EXPENSES AND OPERATING PROFIT OR LOSS

Research and development costs totalled SEK 158.4 (97.5) million. The increase compared with the previous year is primarily related to Cantargia's main project, CAN04, where costs for the CANFOUR clinical study, the new combination study CIRIFOUR in the US and investments in production development (CMC) have increased. Significant investments were also made in 2020 in the preclinical stage for CAN10.

Administrative expenses totalled SEK 14.9 (13.1) million. The increase compared with the previous year is mainly related to the expanded workforce and related expenses.

Other operating expenses, which comprise foreign exchange differences on trade payables, were SEK 0.6 (1.0) million. The negative outcome for other operating expenses is mainly related to the change in the value of the Swedish krona against the euro.

The operating loss was SEK -173.9 (-111.6) million.

NET FINANCIAL INCOME/EXPENSE

Net financial income/expense consists substantially of foreign exchange differences on the company's EUR account and interest earned on short-term investments in fixed-rate accounts. Net financial income was SEK 0.9 (0.8) million.

EARNINGS

Cantargia's loss before tax, which is the same as the loss for the year, was SEK -173.1 (-110.8) million.

As discussed above, the increased loss is mainly attributable to an expansion of the company's R&D activities, especially in the company's main project CAN04 and its clinical programme.

FINANCIAL POSITION

Cantargia's equity/assets ratio at 31 December 2020 was 96 (86) per cent and equity was SEK 891.9 (142.3) million.

The company's cash and cash equivalents, which consist of cash and demand deposits with banks and other credit institutions, were SEK 693.4 (39.9) million at the balance sheet date. In addition to cash and cash equivalents, the company has short-term investments with banks and in fixed income funds of SEK 210.0 (110.0) million. The company's liquidity (including short-term investments) increased by SEK 753.5 million in 2020 as a result of two directed share issues, which provided a combined net liquidity injection of SEK 917.5 million.

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

CASH FLOW AND INVESTMENTS

Cash flow from operating activities for the full year was SEK -156.4 (-111.3) million. As part of cash flow from operating activities, changes in working capital were SEK 6.5 (-0.3) million.

Cash flow from investing activities totalled SEK -109.0 (-23.6) million. For the full year 2020 as well as for the previous year, changes in short-term investments accounted for the majority of cash flow from investing activities. Investments in intangible assets in 2020 refer to acquired patents in the field of leukemia.

Cash flow from financing activities was SEK 918.5 (98.0) million. The outcome in 2020 is related to two directed share issues that were completed during the year.

The total change in cash and cash equivalents, including foreign exchange difference in cash and cash equivalents, was SEK 653.1 (-36.8) million.

SHARE-BASED INCENTIVE SCHEMES

The purpose of share-based incentive schemes is to promote the company's long-term interests by motivating and rewarding the company's senior executives and other employees.

At the Ordinary General Meeting in May 2020, it was decided to introduce Employee Stock Option Scheme 2020/2023, which is the company's only active share-based incentive scheme as at 31 December 2020. For information on the schemes, see Note 19.

In 2020, 1,740,000 employee stock options were granted. The options granted as at 31 December 2020 represent rights to purchase 1,740,000 shares.

The cost of the share-based incentive schemes was SEK 7.3 (-) million, of which SEK 3.1 (-) million refers to provisions for social security contributions and SEK 4.2 (-) million to costs for share-based payments.

The cost has not affected cash flow. The company has issued warrants to enable it to deliver shares in a simple and cost-effective manner upon exercise of the issued employee stock options.

RISKS AND RISK MANAGEMENT

A number of risk factors can have a negative impact on the operations of Cantargia. It is therefore very important to take account of relevant risks in addition to assessing the company's growth prospects. A description of risk factors, not in

order of importance and not exhaustive, is given below. For natural reasons it is not possible to assess all risk factors without making a general assessment of the company's operations and external factors. See also Note 3, Financial risk management.

Research and development and dependence on one candidate drug

Cantargia is engaged in research and development of an antibody treatment for various forms of cancer, with a focus on non-small cell lung cancer and pancreatic cancer. The company has not yet launched any candidate drugs in the market. No sales of drugs have therefore been initiated, and Cantargia's operations have so far not generated any sales revenue. The company's candidate drug CAN04 is in the clinical development phase and in 2020 the clinical IIa trial CANFOUR was conducted.

The development of CAN04 is associated with significant risks of failure and/or that the results will be such that continued research and development will be required. These risks include the risk that the company's drug will prove to be ineffective, dangerous, toxic or otherwise fail to meet the applicable requirements or that the candidate drug will prove to be difficult to develop into a commercially viable product that generates revenue for the company. There is also a risk that delays and unexpected difficulties in the development (for example, production or clinical studies) could incur additional costs for the company. In the event that the development of CAN04 fails, this would have a significant adverse impact on Cantargia's operations, financial position and results, and there is a risk that Cantargia would not be able to continue its operations in their current form.

Implementation of preclinical and clinical studies

Before a drug can be launched in the market, its safety and efficacy for the treatment of humans must be assured, which requires extensive preclinical and clinical studies. Such studies are associated with significant uncertainty and risks with regard to timetables, results and outcomes. Results from early clinical studies are not always consistent with the results of more comprehensive clinical studies. There is a risk that the planned studies will not indicate levels of safety and efficacy that are sufficient to obtain the required regulatory permits or to enable the company to license, establish partnerships for or sell its potential product. The results from preclinical and clinical studies could also result in Cantargia being required to conduct expanded studies. Such studies could result in increased costs, materially delay the registration with the licensing authorities, result in registration of a more limited indication or cause Cantargia to refrain from commercialising its product candidate.

Cantargia, any future business partners, institutional control bodies and/or regulatory authorities could, moreover, at any time suspend clinical trials if it is assumed that the trial subjects or patients participating in such studies are being exposed to unacceptable health risks. For example, patients participating in the studies could experience side effects, which could delay or prevent further product development. The risk that a product will have negative effects remains even after any market authorisation is granted. A product that has already been approved can thus be withdrawn from the market if, for example, it is found to be inadequate from a safety perspective. The aforementioned risks could have a significant negative impact on the company's operations, financial position and results.

Regulatory permits and registrations

To be approved for preclinical and clinical studies and/or to obtain the right market and sell a drug, all candidate drugs under development need to go through a comprehensive registration process and be approved by the relevant regulator in an individual market, such as the US Food and Drug Administration ("FDA") or European Medicines Agency ("EMA"). The registration process covers, for example and where applicable, requirements relating to the development, testing, registration, approval, labelling, production and distribution of new drugs. If such requirements, whether existing or such as may be introduced in future, are not met, this could result, for example, in the recall of products, a suspension of imports, registration being declined, the withdrawal of previous approvals of applications or charges being brought. If a drug that has been developed by Cantargia is registered for commercialisation, there is a risk that Cantargia will not be able to meet new rules or will be unable to maintain its registration or obtain equivalent permits for any further drugs.

There is also a risk that the rules which currently apply for registration, or interpretations of these rules, will be amended in a way that is to the disadvantage of Cantargia. Authorities are not bound by the advice they provide during the development process, but can change their assessments, which could lead to delays caused by necessary changes to the research and development programme. Authorities may also make different assessments than Cantargia, for example with regard to the interpretation of data from studies or the quality of data. In the event that Cantargia does not obtain the required product approvals or in the event that any future approvals are withdrawn or limited, this could have significant negative effects on Cantargia's operations, financial position and results.

Changes in economic activity and the pricing of drugs

The pricing and demand for pharmaceutical drugs could be adversely affected by a general economic decline in major pharmaceuticals markets. A general economic decline could, for example, affect payers of healthcare, including public authorities, insurance companies and hospitals, and result in a reduced willingness to pay for pharmaceutical drugs. This, coupled with, for example, other changes in the budgets of such payers, could result in reduced payments for pharmaceutical companies, including Cantargia, in the

event that Cantargia in future receives relevant approvals for its products.

In certain countries, the pricing of drugs is determined at the regulatory level and, in case of the launch of drugs, the pricing could thus be regulated by authorities in several countries. A deterioration in general economic conditions and/or regulatory decisions could therefore result in a lower pricing of the drug projects than expected by Cantargia, which could have a significant negative impact on the company's operations, financial position and results.

Partnerships, licensing and marketing

Cantargia is and will in future be dependent on partnerships in connection with the development of candidate drugs, preclinical and clinical studies, and licensing/partnerships for any future sale of drugs. Of particular importance for the company's current operations are its partnerships with Patheon Biologics B.V. and BioWa Inc. for the manufacture and production of CAN04 and its partnership with Specialized Medical Services-oncology BV ("SMS-oncology") for the performance of the company's CAN04 clinical programme. In the event that these or future partnerships were to be terminated, there is a risk that the company would be unable, on short notice, to conclude contracts with suitable new business partners, which could have a significant negative impact on the company's operations, financial position and results.

If current or future external partners were to fail to fulfil their obligations or keep to the agreed timetables, if the external parties were to fail to acquire sufficient necessary material for the development of the candidate drug, if the quality or reliability of the clinical information they obtain is neglected or if confidentiality concerning research results in concluded research agreements for one reason or another cannot be maintained, the ongoing or planned preclinical and clinical trials could be rendered more difficult, delayed or terminated completely, which would have a significant negative impact on the company's operations and its ability to license or commercialise its product.

Finally, there is a risk that one or more of Cantargia's current or future manufacturers and suppliers will choose to end their collaboration with the company. Moreover, and in the event that the development of CAN04 proceeds successfully, Cantargia will also be dependent on external parties for marketing and sales. If the company is not successful in its attempts to conclude future or maintain existing partnership agreements for its product candidate, this could have a significant negative impact on Cantargia's operations, financial position and results.

Development of further candidate drugs

In addition to CAN04, Cantargia is conducting research on and continuing to develop a second project, the CAN10 antibody. This is a new antibody against IL1RAP that is tailored for the treatment of autoimmune and inflammatory diseases. The initial focus is on two serious diseases: systemic sclerosis and myocarditis. In addition to its main project, Cantargia is developing CANxx, an IL1RAP antibody platform. Cantargia was the first company to develop drugs against IL1RAP and has built up a knowledge and technology platform in the area. Within CANxx, Cantargia has built a large antibody library with over 100 unique antibodies that bind to IL1RAP and have different properties. CANxx enables Cantargia rapidly to develop new antibodies with properties that are unique and can be used for the treatment of new diseases.

There is a risk that Cantargia's available financial resources will prove insufficient to conduct such development and that the company, as a result thereof, may be forced to discontinue development or find other sources of financing or, alternatively, that the company's work on CAN04 may suffer. Continuing the development of CAN10/CANxx could create a need to expand the company's organisational resources, which could incur further costs for the company. There is thus a risk that the company's work on further candidate drugs will have a negative impact on its operations, financial position and results.

Financing and capital requirements

Since starting its operations, Cantargia has been reporting an operating loss and cash flow is expected to remain mainly negative until Cantargia succeeds in generating revenue from a launched product. The company's planned preclinical and clinical studies will entail significant costs and the company's development of its product candidate could prove more time- and cost-consuming than planned. Cantargia will also continue to need significant capital for research and development in order to conduct preclinical and clinical studies with CAN04 and for its continued research on and development of CAN10/CANxx. Access to and the terms and conditions for further financing are affected by several factors, such as the possibility of concluding partnership agreements and general access to risk capital. If Cantargia, wholly or partly, were to fail to acquire sufficient capital, or succeed in doing so only on unfavourable terms, this could have a significant negative impact on the company's operations, financial position and results.

Competition

The pharmaceutical industry is subject to tough competition and there are several potential competitors to Cantargia and its future business partners, such as universities and research institutions. Some of the company's competitors are multinational companies with significant financial resources and greater capacity in terms of research and development, for example, or contacts with regulators than Cantargia. If a competitor succeeds in developing and launching an effective cancer drug, this could have a negative impact on the company's ability to generate revenue.

Furthermore, technology that is controlled by outside parties and that could be of use for the company's operations could be acquired or licensed by Cantargia's competitors, and thereby prevent Cantargia from obtaining such technology on commercially acceptable terms, or at all. Competitors with greater resources could also successfully market a similar or even an inferior drug and obtain wider recognition in healthcare in general for such a drug, which could have a negative impact on the company's operations, financial position and results.

Dependence on key individuals and employees

Cantargia is dependent on a number of key individuals for the continued development of the company's operations and preclinical and clinical projects. Cantargia's ability to retain and recruit qualified employees is of great significance for assuring a high level of expertise in the company. There is, however, a risk that one or several of the company's employees will terminate their employment with the company or that the company will fail to recruit new individuals with relevant knowledge, which could delay the company's development and commercialisation of its candidate drug. In the event that the company were to lose any of its employees, this could, at least in the short term, have a negative impact on the company's operations, financial position and results.

The employment contracts for some of Cantargia's employees give the employee a right to terminate his or her employment with the company with immediate effect in the event of a change in the employee's terms of employment as a result of changes in the company's ownership structure. In the event that an employee terminates his or her employment contract on this basis or if the company gives dismisses the employee within a twelve-month period of the change in ownership structure, the company will be obliged to pay six months' severance pay to the employee. If the terms of employment were to change as a result of a change of ownership, there is a risk that several employees will choose to terminate their employment under their employment contracts, which could have a significant negative impact on the company's operations, financial position and results.

Patents and other intellectual property rights

Cantargia's potential success is dependent on the company's ability to obtain and maintain patent protection of its future products, applications and production methods. There is a risk that it will not be possible to obtain patent protection for drugs and production methods developed by Cantargia, that Cantargia will be unable to register and complete all necessary or desirable patent applications at a reasonable cost or that a future patent portfolio and other intellectual property rights held by the company will not provide adequate commercial protection. There is also a risk that a patent will not create a competitive advantage for the company's drugs and/or methods or that competitors will succeed in circumventing the company's patents. If Cantargia is forced to defend its patent rights against a competitor, this could entail significant costs, especially in any disputes with competitors with significantly greater resources than Cantargia.

If Cantargia in its own operations uses or is alleged to be using products or methods which are protected by patents or will be patented by another party, the holder of these patents could accuse Cantargia of patent infringement. There is therefore a risk that Cantargia will be involved in lawsuits or other proceedings for alleged infringements of patents or rights. Due to the uncertainty associated with patent protection, the outcome of such disputes is hard to predict. In case of a negative outcome for the company of such a process, Cantargia could be liable to pay damages, be prohibited from continuing the activity which constitutes an infringement and/or be forced to acquire a licence to continue to produce or market the products and/or methods covered.

The failure to maintain its own, and/or any infringement of other parties', intellectual property rights could have a significant negative impact on Cantargia's operations, financial position and results.

Changes to laws and regulations, and regulatory interpretations and practice

The pharmaceutical industry is heavily regulated by laws and regulations covering the development process, approval process, quality controls, documentation requirements and pricing systems. Cantargia believes the company is following these laws and regulations. There is, however, a risk that new laws will be adopted, which, in an attempt to reduce public healthcare costs, could materially change the regulatory framework governing preclinical and clinical studies, regulatory approvals, production and marketing of regulated products and their pricing. Such changes, revisions and/or reinterpretations could, for example, result in demands for further preclinical and clinical studies, changed production methods and increased documentation requirements. Changes to laws and regulations for drugs, in the US and EU as well as in other major markets for pharmaceuticals, could result in increased costs and could also have a significant negative impact on Cantargia's operations, financial position and results.

Product liability

Cantargia's operations are subject to various liability risks that are common for companies engaged in drug research and development. This includes the risk of product liability that can arise in connection with production and clinical studies where the participating patients can experience side effects or fall ill during treatment. There is a risk that product liability claims could have a significant negative impact on Cantargia's operations, financial position and results.

Insurance cover
Cantargia believes it has appropriate insurance cover for its current operations. There is, however, a risk that such cover will prove insufficient for claims that could arise in relation to product liability and other damage. Furthermore, it is not certain that the company will be able to maintain its insurance cover on favourable terms, or at all. There is therefore a risk that insufficient or excessively expensive insurance cover could have a significant negative impact on the company's operations, financial position and results.

Disputes and legal actions
Cantargia is currently not involved in any legal actions with third parties or with regulatory or managing authorities. Nor can the company reasonably predict any such action. There is, however, a risk that the company may be involved in such future disputes related to its ongoing activities. Such disputes could relate to alleged infringements of intellectual property rights, the validity of certain patents and other commercial disputes. Disputes and claims can be time-consuming, disrupt the operations, relate to significant amounts or important matters of principle, and incur significant costs and have a significant impact on the company's operations, financial position and results.

Currency risk
Assets, liabilities, income and expenses in foreign currency give rise to currency exposures. A weakening of the Swedish krona (SEK) against other currencies increases the recognised amounts of Cantargia's assets, liabilities, income and earnings while a strengthening of the SEK against other currencies decreases these items. The company is exposed to such changes, as some the company's costs are paid in EUR, USD and other international currencies and because a part of the company's future sales revenue may be received in international currencies. A material change in such exchange rates could have a negative impact on the company's financial statements, which in turn could have negative effects on Cantargia's financial position and results. See also Note 3.

Tax losses
In view of the fact that Cantargia's operations have generated significant deficits, the company has significant accumulated tax losses. 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 and historical and potential future capital acquisitions may limit the amount of tax losses that can be used in future. The company's ability to use the losses in future could also be adversely affected by changes in the applicable legislation. Such restrictions of the right to use the company's accumulated tax losses could have negative effects on Cantargia's financial position and results.

EMPLOYEES
One of Cantargia's key success factors is the company's employees. The average number of employees of the company during the year was 15 (9), of whom 9 (4) are women. The number of employees at year-end was 18 (11) full-time equivalents, of whom 11 (6) are women. The level of education among the employees is generally high. Nearly all employees hold Ph.Ds in medicine or natural sciences or have higher university degrees.

In addition to its employees, Cantargia engages a number of consultants who are tied to the business on a continuous basis. The large network with which Cantargia works ensures access to top-level expertise, flexibility and cost effectiveness.

RESEARCH AND DEVELOPMENT
The majority of the company's resources, 91 (87) per cent, are used for research and development.

ENVIRONMENTAL IMPACT
Cantargia AB does not engage in activities requiring a permit under the Swedish Environmental Code, as the company does not engage in the production of pharmaceuticals or pharmaceutical substances and does not handle solvents and chemicals.

GUIDELINES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR SENIOR EXECUTIVES 2021
Under the Swedish Companies Act, guidelines for remuneration of the CEO and other senior executives must be adopted by the shareholders' meeting. A set of guidelines were adopted at the Annual General Meeting on 27 May 2020. No deviations from these guidelines have been made.

The Board has not proposed that any changes be made to the remuneration guidelines at the 2021 AGM and the guidelines will therefore continue to apply in accordance with the resolution of the 2020 AGM.

The guidelines do not cover remuneration or share-based incentive schemes adopted or approved by the shareholders' meeting.

The guidelines applying for 2020 as well as 2021 are presented below. For remuneration in 2020, see Note 18.

How the guidelines promote Cantargia's business strategy, long-term interests and sustainability
Cantargia's business model and scientific strategy are based on partnerships, and Cantargia has concluded agreements with a number of companies, hospitals and academic groupings.

A large number of international and local players are currently engaged in research and development related to Cantargia's CAN04 and CAN10 antibodies. The strategy is based on driving the development of product candidates until an indication of clinical activity has been obtained. For further information about Cantargia's business strategy, see www.cantargia.com.

To successfully implement its business strategy and safeguard its long-term interests, including its sustainability, it is essential that Cantargia be able to recruit and retain competent employees who work to achieve maximum shareholder and customer value. To do so, Cantargia must be able to offer competitive remuneration. These guidelines enable senior executives to be offered competitive total remuneration.

Long-term incentive schemes have been established in Cantargia. The schemes have been approved by the shareholders' meeting and are therefore not covered by these guidelines. For the same reason, the share-based incentive scheme and employee stock option scheme approved by the 2020 AGM are also not covered.

Forms of remuneration, etc.

The remuneration paid to senior executives shall be market-based and may consist of the following components: a fixed cash salary, variable cash remuneration, pension benefits and other benefits. The total remuneration paid to senior executives shall comprise a balanced mix of the above components. The Board shall annually evaluate whether long-term incentive schemes should be proposed to the shareholders' meeting.

The fixed cash salary shall be individual and based on the senior executive's areas of responsibility, role, competence and position.

For the CEO, the variable cash remuneration shall not exceed 30 per cent of the fixed annual cash salary. For other senior executives, the corresponding remuneration shall not exceed 10 per cent of the executive's fixed annual cash salary. Variable cash remuneration can be pensionable if this is provided for under mandatory provisions of a collective bargaining agreement.

Pension benefits shall be defined contribution benefits unless the executive is covered by a defined benefit plan under mandatory provisions of a collective bargaining agreement. Pension premiums for defined contribution pensions shall not exceed 35 per cent of the fixed annual cash salary. Notwithstanding the above, the Board shall have the right to instead offer other solutions that are equivalent from a cost perspective for the company.

Other benefits may include benefits such as health insurance and occupational health care. Such benefits must be of limited value in relation to other remuneration and be consistent with normal market practice in each geographical market. The combined value of other benefits shall not exceed 10 per cent of the fixed annual cash salary.

With regard to employment relationships that are subject to other rules than Swedish rules, appropriate adjustments may be made in respect of pension benefits and other benefits in order to comply with mandatory rules or established local practice, in which case the general purpose of these guidelines shall be adhered to as far as possible.

Termination of employment

If employment is terminated by Cantargia, the notice period shall not exceed six months. If employment is terminated by the executive, the notice period shall not exceed six months for the CEO and three months for other senior executives.

For the CEO, severance pay of up to twelve months' fixed cash salary and employment benefits may be paid, in addition to a fixed basic salary during the notice period. For other senior executives, the sum of the fixed basic salary during the notice period and severance pay shall not exceed the amount of the executive's annual fixed cash salary.

Criteria for payment of variable cash remuneration, etc.

Variable cash remuneration must be linked to predetermined and measurable criteria, which may be financial or non-financial and must be designed to promote the company's long-term value creation. The criteria must relate to development activities in the development projects in which the company is engaged and the partnerships the company enters into to accelerate the clinical development process and advance towards commercialisation as well as the remuneration resulting therefrom (e.g. one-time payments at the time of entering into agreements, milestone compensation or royalties). The criteria must also be designed to promote Cantargia's business strategy and long-term interests, including its sustainability.

Fulfilment of criteria for payment of variable cash remuneration shall be measured over a period of one year. When the measurement period for meeting the criteria for payment of variable cash remuneration has ended, it shall be determined to what extent the criteria have been met. The assessment regarding variable cash remuneration of senior executives shall be made by the Remuneration Committee. With regard to financial targets, the assessment shall be based on the company's most recently published financial information.

Salary and terms of employment for employees

In preparing these proposed remuneration guidelines, the Board has taken account of salaries and employment terms for the company's employees by including information on employees' total remuneration, the components of the remuneration and the increase and rate of increase of

the remuneration over time in the decision basis used by the Board to assess the reasonableness of the guidelines and the limitations arising therefrom.

The decision-making process for determining, reviewing and implementing the guidelines

The Board has established a Remuneration Committee. The committee's duties include preparing the Board's resolution on the proposed guidelines for remuneration of senior executives. The Board shall prepare proposed new guidelines at least every fourth year and submit its proposal for adoption by the AGM. The guidelines shall apply until new guidelines have been adopted by the shareholders' meeting. The Remuneration Committee shall also monitor and evaluate programmes for variable remuneration for management, the application of guidelines for remuneration of senior executives, and applicable remuneration structures and remuneration levels in the company. The members of the Remuneration Committee are independent of the company and management. During the Board's deliberations and when resolutions on remuneration-related matters are made, the CEO or other members of management shall not be present, insofar as they are affected by the matters concerned.

Deviation from the guidelines

The Board may decide temporarily to deviate, wholly or partially, from the guidelines if in an individual case there are special reasons therefor and such deviation is necessary to safeguard Cantargia's long-term interests, including its sustainability, or to ensure Cantargia's financial viability. As stated above, it is part of the duties of the Remuneration Committee to prepare the Board's resolutions on remuneration matters, which includes resolutions on deviations from the guidelines.

OUTLOOK FOR 2021

Cantargia's goal is to develop, patent and document candidate drugs for the treatment of life-threatening diseases. The plan is to eventually sell or license such candidate drugs to companies operating in Cantargia's field of activity. Cantargia's objective in 2021 is to complete the ongoing clinical studies in non-small cell lung cancer and pancreatic cancer in order to provide a solid basis for future developmental stages and a broadening of the scope to include other cancers. Further preclinical studies will be carried out to support the clinical development activities in cancer, including development of biomarkers as well as translational research. In preclinical development and CMC, further resources will be invested in the CAN10 development project in 2021.

APPROPRIATION OF RETAINED EARNINGS

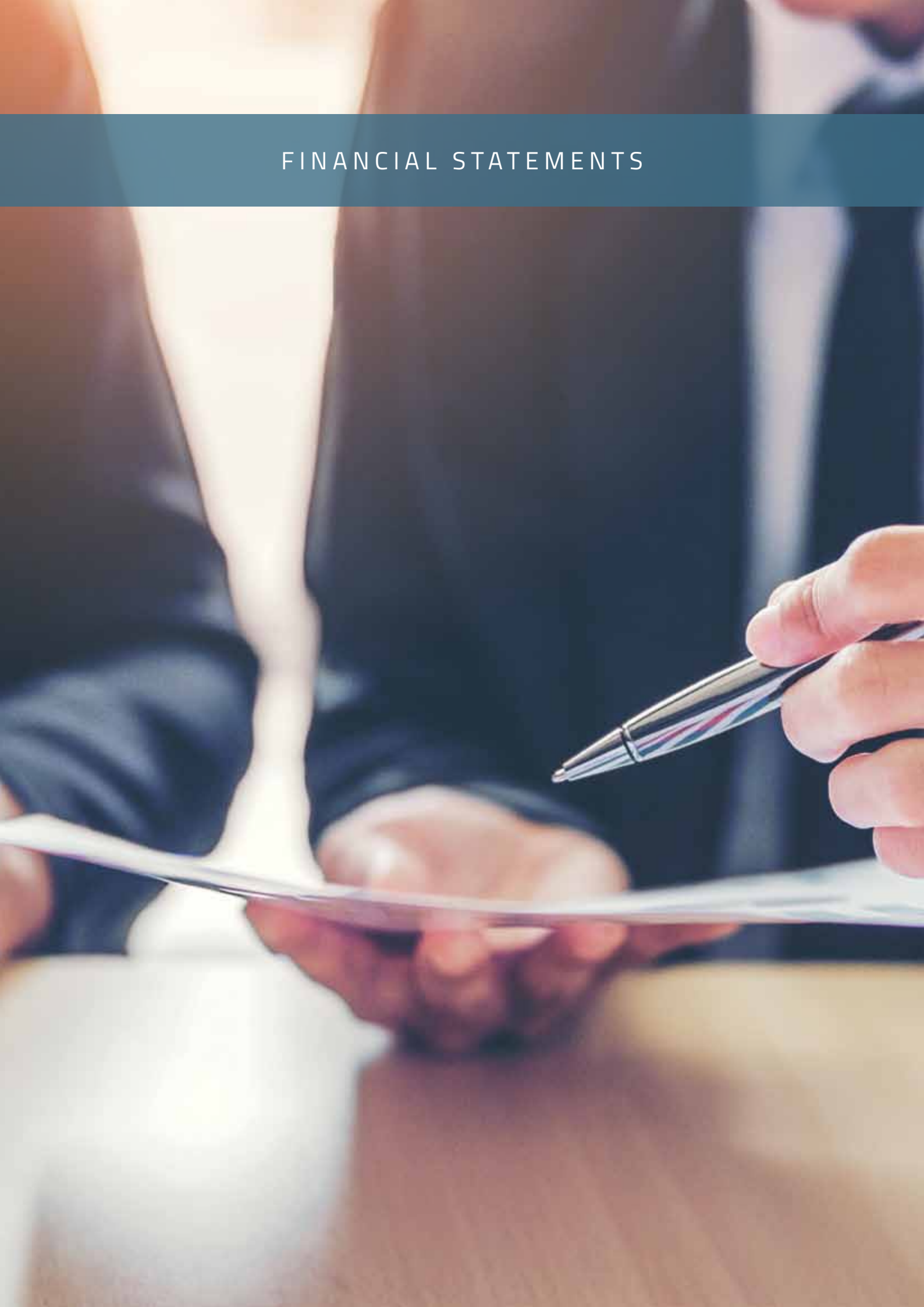
Proposed appropriation of retained earnings (see also Note 21). The Annual General Meeting is asked to decide on the appropriation of the following:

Share premium account	1,404,594,653
Loss brought forward	-347,590,102
Loss for the year	-173,085,451
	883,919,100

The Board of Directors proposes that: SEK 883,919,100 be carried forward.

For more information on the company's results and financial position, see the following income statement and balance sheet and the additional disclosures.

FINANCIAL STATEMENTS



STATEMENT OF COMPREHENSIVE INCOME

(kSEK)	Note	1 Jan 2020 -31 Dec 2020	1 Jan 2019 -31 Dec 2019
Operating income			
Net sales		-	-
Other operating income		-	-
Operating expenses	24		
Research and development costs	7, 18	-158,396	-97,477
Administrative costs	6, 7, 18	-14,919	-13,097
Other operating expenses	9	-630	-1,016
		-173,945	**-111,589**
Operating profit		**-173,945**	**-111,589**
Financial income and expense			
Interest income and similar items	10, 12	860	780
Interest expense and similar items	10, 12	-1	-
		859	**780**
Profit before taxes		**-173,085**	**-110,809**
Tax for the period	11	0	0
Loss for the period *)		**-173,085**	**-110,809**
Earnings per share before and after dilution (SEK) based on average number of shares		-1,94	-1,56

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

STATEMENT OF FINANCIAL POSITION

(kSEK)	Note	31 Dec 2020	31 Dec 2019
ASSETS			
Fixed assets			
Intangible assets			
Patent		7,360	-
	27	**7,360**	-
Tangible assets			
Machinery and other technical facilities		4,713	6,379
Fixtures, tools and installations		548	489
	26	**5,262**	**6,868**
Total fixed assets		**12,622**	**6,868**
Current assets			
Other receivables		2,673	1,482
Prepaid expenses and accrued income		6,846	7,818
		9 519	**9 300**
Short-term investments			
Other short-term investments	14	210,019	110,019
		210,019	**110,019**
Cash and bank balances			
Cash and bank balances	15	693,354	39,870
		693,354	**39,870**
Total current assets		**912,892**	**159,189**
TOTAL ASSETS		**925,514**	**166,057**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	16	8,015	5,824
		8,015	**5,824**
Non-restricted equity			
Share premium account		1,404,595	488,272
Retained earnings		-347,590	-241,015
Loss for the year		-173,085	-110,808
	21	**883,919**	**136,448**
Total equity		**891,935**	**142,273**
Long-term liabilities			
Provision for social security contributions, incentive program	13	3,111	-
		3,111	**-**
Short-term liabilities			
Trade payables		10,678	12,620
Tax liabilities		349	103
Other liabilities		859	474
Accrued expenses and deferred income	17	18,583	10,588
		30,469	**23,784**
TOTAL EQUITY AND LIABILITIES		**925,514**	**166,057**

STATEMENT OF CHANGES IN EQUITY

(kSEK)		Restricted equity		Non-restricted equity		Total
1 Jan 2020 - 31 Dec 2020	**Note**	**Share capital**	**Paid-up not regd share capital**	**Share premium account**	**Ret earnings incl profit/loss for year**	**Total equity**
Opening balance, 1 January 2020		**5,824**	**-**	**488,272**	**-351,823**	**142,273**
Loss for the period		-	-	-	-173,085	-173,085
Transactions with shareholders						
Issue of new shares for the year		2,184	-	971,575	-	973,759
Capital acquisition cost		-	-	-56,214	-	-56,214
Warrant program, TO 2017/2020	19	7	-	962	-	969
Employee stock option program	19	-	-	-	4,233	4,233
		2,191	-	916,323	4,233	922,747
Closing balance, 31 December 2020		**8,015**	**-**	**1,404,595**	**-520,676**	**891,934**
1 Jan 2019 - 31 Dec 2019						
Opening balance, 1 January 2019		**5,295**	**-**	**390,765**	**-241,015**	**155,045**
Loss for the period		-	-	-	-110,809	-110,809
Transactions with shareholders						
Issue of new shares for the year		529	-	105,500	-	106,030
Capital acquisition cost		-	-	-7,993	-	-7,993
		529	-	97,507	-	98,036
Closing balance, 31 December 2019		**5,824**	**-**	**488,272**	**-351,824**	**142,273**

STATEMENT OF CASH FLOWS

(kSEK)	Note	1 Jan 2020 -31 Dec 2020	1 Jan 2019 -31 Dec 2019
Cash flow from operating activities			
Operating loss		-173,945	-111,589
Adjustments for non-cash items	23	10,592	12
Interest received etc.	10	501	597
Interest paid etc.	10	-1	-
Cash flow from operating activities before changes in working capital		**-162,853**	**-110,980**
Changes in working capital			
Change in receivables		-219	-7,661
Change in trade payables		-1,943	3,664
Changes in other current liabilities		8,627	3,722
		6,466	**-274**
Cash flow from operating activities		**-156,387**	**-111,254**
Investing activities			
Acquisition of intangible assets	27	-8,111	-
Acquisition of tangible assets	26	-890	-6,880
Disposal of other long-term securities		-	2,957
Increase in other short-term investments	14	-225,000	-120,000
Decrease in other short-term investments	14	125,000	100,300
		-109,002	**-23,623**
Financing activities			
Issue of new shares for the year		973,759	106,030
Capital acquisition cost		-56,214	-7,993
Warrant program, TO 2017/2020	19	969	-
		918,514	**98,036**
Change in cash and cash equivalents		653,125	-36,841
Cash and cash equivalents at beginning of period		39,870	76,528
Exchange rate difference in cash equivalents	10	359	183
Cash and cash equivalents at end of period *)	15	**693,354**	**39,870**

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

NOTES

NOTE 1
General information

Cantargia AB (publ), with registered office in Lund, Sweden, was founded in 2010 and is a biotechnology company that develops antibody-based treatments for life-threatening diseases. The basis for this is the protein IL1RAP that is involved in a number of diseases and where Cantargia has established a platform. The main project, the antibody CAN04, is being studied in the clinical phase I/IIa CANFOUR study with a primary focus on non-small cell lung cancer and pancreatic cancer. The study is focused on combination therapies, but also includes a monotherapy arm. Positive interim data from the combination therapies were presented in December 2019. Cantargia's second project, the antibody CAN10, addresses treatment of serious autoimmune/inflammatory diseases, with initial focus on systemic sclerosis and myocarditis.

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

Cantargia consists of one legal entity, Cantargia AB, corporate ID number 556791-6019.

Cantargia's shares have been listed on the main list of Nasdaq Stockholm (ticker: CANTA) since September 2018.

NOTE 2
Accounting policies and valuation principles

Significant accounting policies applied in preparing this annual report are described in the following. Unless otherwise stated, these policies have been applied consistently for all the annual periods presented. This annual report was adopted by the Board of Directors on 30 April 2021.

2.1 Basis of preparation of financial statements

Cantargia AB has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board (RFR 2). RFR 2 states that a legal entity is required to apply the International Financial Reporting Standards (IFRS), as adopted by the EU, insofar as this is possible under the Swedish Annual Accounts Act and Pension Obligations Vesting Act and with regard to the relationship between accounting and taxation. The recommendation specifies the exemptions from and the additional disclosures that are required in relation to IFRS.

The preparation of financial statements in compliance with the applied regulations requires the use of critical accounting estimates. Management is also required to make certain judgements in applying the company's accounting policies. Areas which involve a high degree of judgement, are complex or where assumptions and estimates have a material impact are described in Note 4.

2.1.1 Changes to accounting policies and disclosures

Standards, amendments and interpretations of existing standards that have entered into force during the financial year.

No IFRS or IFRIC interpretations that have not yet become effective are expected to have a material impact on Cantargia.

2.1.2 Formats

The format prescribed in the Swedish Annual Accounts Act is used for the income statement and balance sheet. The statement of changes in equity is presented in the format prescribed in IAS 1 Presentation of Financial Statements but must contain the columns indicated in the Annual Accounts Act.

2.2 Segment reporting

Cantargia's chief operating decision maker is the company's Chief Executive Officer (CEO), as it is primarily he who is responsible for the allocation of resources and evaluation of results. The CEO receives reports containing financial information for Cantargia as a whole. Cantargia has not yet commercialised any part of the development projects in which it is engaged and therefore is not yet generating any income. All activities of Cantargia are considered to constitute a single operating segment.

2.3 Intangible assets

(i) Research and development costs

Cantargia is a research-based biotech company that is engaged in research and development of antibody-based therapy for serious diseases. All expenditure directly attributable to the development and testing of identifiable and unique products which are controlled by Cantargia is accounted for as an intangible asset when the following criteria are met:

- it is technically feasible to complete the product so that it will be available for use,
- Cantargia intends to complete the product for use or sale,
- there is reason to expect that the company will be able to use or sell the product,
- it can be shown that the product will generate probable future economic benefits,
- adequate technical, economic and other resources are available to complete the development of and use or sell the product, and
- the costs attributable to the product during its development can be reliably measured.

The overall risk in ongoing development projects is high. The risk includes safety and efficacy risks that can arise in clinical studies, regulatory risks related to applications and approval for clinical studies and marketing authorisation, as well as IP risks related to approval of patent applications and the maintenance of patents. All development work is therefore deemed to be research, as the work does not meet the criteria listed below. As at 31 December 2020 no development costs had been recognised as intangible assets in the balance sheet, as it was not considered that all of the above criteria for capitalisation had been met for any of the development projects in which the company is engaged.

Research expenditure is expensed as incurred.

Capitalised development costs are recognised as intangible assets and amortised from the date when the asset is ready for use.

(ii) Patents, licenses and similar assets
Intangible assets also include patents, licenses and other similar rights. Acquired such assets are reported at acquisition value and amortized on a straight-line basis over the expected period of utilization, which normally coincides with, for example, the patent's validity period.

2.4 Impairment of intangible assets

Intangible assets which are not ready for use (capitalised development costs) are not amortised but are tested annually for impairment. However, no capitalised development costs are currently recognised in Cantargia's balance sheet.

2.5 Leases

Cantargia is a lessee only under operating leases, of which rental of office premises is the most significant.

Leases in which a significant share of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made during the lease term (after deducting for any incentives from the lessor) are recognised as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

2.6 Foreign currency

Transactions in foreign currency are translated to the functional currency at the exchange rates applying at the transaction date or the date when the items were restated. Foreign exchange gains and losses are recognised in the statement of comprehensive income in other operating expenses (foreign exchange differences trade payables) and in net financial income/expense (foreign exchange differences currency accounts).

2.7 Financial assets and liabilities

Recognition and derecognition in the balance sheet
A financial asset or financial liability is recognised in the balance sheet when the company becomes a party to the contractual terms and conditions of the instrument. A financial asset is derecognised in the balance sheet when the contractual right to the cash flow from the asset expires or is settled. The same applies when the risks and benefits of ownership of the asset have essentially been transferred to another party and the company no longer has control over the financial asset. A financial liability is derecognised in the balance sheet when the contractual obligation is fulfilled or extinguished.

Measurement of financial instruments
Cantargia applies the exemption in RFR 2 under which IFRS 9 Financial Instruments is not applied. Instead, cost is applied in accordance with the Annual Accounts Act. Financial assets are initially measured at cost including any transaction costs directly attributable to the acquisition of the asset.

After initial recognition, current financial assets are measured at the lower of cost and net realisable value at the balance sheet date.

Trade receivables and other receivables classified as current assets are measured individually at the amounts expected to be paid.

Interest-bearing financial assets are measured at amortised cost using the effective interest method.

Measurement of financial liabilities
Short-term trade payables are recognised at cost.

2.8 Employee benefits

Retirement benefit obligations
Cantargia has both defined contribution and defined benefit pension plans. Defined contribution pension plans are post-employment benefit plans under which the company pays fixed contributions into a separate legal entity. Cantargia has no legal or constructive obligations to pay further contributions if this legal entity does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions are recognised as personnel expenses when they fall due.

Cantargia's defined benefit pension plans consist of the ITP 2 plan's defined benefit pension obligations. The ITP 2 plan's defined benefit pension obligations for retirement and family pensions are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Recognition of the ITP 2 Plan that is funded through an insurance policy with Alecta, this is a defined benefit plan covering several employers. For the financial year 2020, Cantargia has not had access to information that would enable it to account for its proportionate share of the plan's obligations, assets and expenses. It has therefore not been possible to rec-

ognise the plan as a defined benefit plan. The ITP 2 pension plan secured through an insurance policy with Alecta is therefore accounted for as a defined contribution plan. The contribution for defined benefit retirement and family pensions is calculated individually and depends on factors such as salary, previously earned pension and expected remaining period of service.

The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to policyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio should normally be permitted to vary within a range of 125 and 155 per cent. If Alecta's collective funding ratio were to fall below 125 per cent or exceed 155 per cent, it would be necessary to take measures that will enable the ratio return to the normal range. In case of a low funding ratio, one measure that can be taken is to raise the agreed price for new policies and the expansion of existing benefits. If the funding ratio is high, contributions can be reduced. At the end of the financial year 2020, Alecta's surplus, as defined by the collective funding ratio, was 148 per cent (2019: 148 per cent).

Short-term benefits
Short-term benefits are employee benefits which are payable within twelve months of the balance sheet date in the year in which the employee earned the benefit, with the exception of post-employment benefits and termination benefits.

Short-term benefits include

1. salaries, social security contributions and other payroll costs,
2. paid short-term leave such as paid holiday and paid sick leave,
3. bonuses, and
4. non-monetary benefits such as health care for current employees.

Accounting treatment – paid short-term leave
Short-term benefits for paid leave that can be saved should be accounted for as an expense and current liability when the employees have performed the services which entitle them to future paid leave.

Short-term benefits for paid leave that are not saved should be recognised as an expense when the leave is taken.

Accounting treatment – bonus plans
The expected expense for profit sharing and bonuses should be recognised only if

1. the company has a legal or constructive obligation as a result of past events, and
2. the amount of the obligation can be reliably estimated.

Termination benefits
Termination benefits are paid when an employee's employment has been terminated by the company before the normal time of retirement or when an employee accepts voluntary redundancy in exchange for such compensation. Cantargia recognises termination benefits at the earliest of the following: (a) when the company can no longer withdraw the offer of such benefits; and (b) when the company recognises restructuring costs provided for under IAS 37 which involve the payment of severance pay. If the company has made an offer to encourage voluntary redundancy, termination benefits are calculated based on the number of employees that are expected to accept the offer. Benefits expiring more than 12 months after the end of the reporting period are discounted to present value.

2.9 Tax

The tax on the profit for the year in the income statement consists of current tax and deferred tax. Current tax is calculated on the taxable profit the period at the applicable tax rate. The actual tax expense is calculated based on the tax rules that have been enacted or substantively enacted by the balance sheet date.

Deferred tax liabilities are recognised for all taxable temporary differences. However, deferred tax attributable to untaxed reserves is accounted for separately, as untaxed reserves are recognised as a separate item in the balance sheet. Deferred tax liabilities are recognised to the extent that it is probable that future taxable profits will be available against which the temporary differences can be wholly or partially offset.

Deferred tax is calculated using tax rates (and laws) which have been adopted or announced at the balance sheet date and are expected to apply when the deferred tax asset is realised or the deferred tax liability is settled.

As the company is not generating any profit, the deferred tax asset on tax losses arising from tax losses presented in Note 11 has not been assigned any value.

2.10 Revenue

Interest income
Interest income is recognised using the effective interest method.

2.11 Cash and cash equivalents and statement of cash flows

The statement of cash flows is prepared using the indirect method. The reported cash flow only includes transactions involving incoming or outgoing payments. The company classifies cash, available deposits with banks and other credit institutions as cash and cash equivalents.

2.12 Share capital

Ordinary shares are classified as equity.

Transaction costs which are directly attributable to the issuance of new shares or options are recognised, net of tax, in equity less a deduction from the proceeds of the issue.

2.13 Earnings per share

(i) Earnings per share before dilution
Earnings per share before dilution are calculated by dividing:

- profit/loss for the year
- with a weighted average number of outstanding ordinary shares during the period

(ii) Earnings per share after dilution
To calculate earnings per share after dilution, the amounts used in calculating earnings per share before dilution are adjusted by taking into account:

- the weighted average of those additional ordinary shares that would have been outstanding on the conversion of all potential ordinary shares.

2.14 Tangible Assets

Tangible assets consist of furniture, work machinery and production equipment. These are reported at historical cost minus cumulative depreciation and any impairments. The historical cost includes the purchase price and any expenses directly attributable to the asset for putting it in place and making it fit for its intended purpose.

Depreciation of tangible assets is posted to expenses in such a way that the value of the asset minus its estimated residual value at the end of its service life is written down on a linear basis over its expected service life, estimated at:

- Machinery and other technical facilities, 3-5 years
- Fixtures, tools and installations, 3-5 years

Estimated service lives, residual values and depreciation methods are reviewed at least at the end of each accounting period, and the effects of any changes in estimates are reported in advance.

The reported value of a tangible asset is removed from the statement of financial position when it is scrapped or sold, or when no future economic benefits are expected from using or scrapping/disposing of the asset. The gain or loss made from scrapping or disposing of the asset is the difference between any net income from the disposal and its reported value, posted to the income statement in the period in which the asset is removed from the statement of financial position.

2.15 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

Financial risk management

Through its activities, Cantargia is exposed to a wide range of financial risks: market risk (mainly currency risk), credit risk and liquidity risk. Cantargia's overall risk management policy focuses on the unpredictability of financial markets and strives to minimise potential adverse effects on Cantargia's financial results.

(a) Market risk

(i) Currency risk
Cantargia is primarily exposed to EUR and USD currency risk. Currency risks arise when future business transactions or recognised assets or liabilities are expressed in a currency that is not the functional currency of the unit. In Cantargia, these transactions mainly comprise purchases and trade payables in EUR and USD. Cantargia currently does not engage in active management of currency risk. At the end of the reporting period, Cantargia had an exposure to EUR of kEUR 184 (784) and kUSD 28 (164) in the form of outstanding trade payables. In addition to trade payables in EUR and USD, the company has a EUR and USD currency accounts which at 31 December 2020 had a balance of kEUR 182 (3) and kUSD 190 (40).

If the Swedish krona had weakened/strengthened by 10 per cent against the EUR and USD with all other variables held constant, the effect on profit/loss for the year and equity at 31 December 2020 would have been approximately SEK -8.4 million and SEK 8.4 million (-7.2 and 7.2, respectively) lower/higher. The corresponding effect in respect of the company's EUR and USD currency accounts at 31 December 2020 would have been approximately SEK -0.4 million and SEK 0.4 million (-0.0 and 0.0, respectively) lower/higher.

(ii) Cash flow interest rate risk and fair value interest rate risk
Cantargia is not exposed to any significant interest rate risk for financial assets, as the majority of the company's investments consist of fixed-rate accounts. Only a small portion, kSEK 60,019 (60,019), refers to investments in fixed income funds, where the return is dependent on short-term interest rates. Cantargia does not have financial liabilities exposed to interest rate risk, as the company has no borrowings.

(iii) Price risk
Cantargia is not exposed to any significant price risk.

(b) Credit risk

Credit risk in Cantargia arises through deposits and investments with banks and financial institutions. All bank deposits and investments are held with counterparties with low credit risk. Cantargia is not exposed to any significant credit risk, as all counterparties are large, well known banks.

(c) Liquidity risk

Since starting its operations, Cantargia has been reporting an operating loss and cash flow is expected to remain mainly negative until Cantargia succeeds in generating revenue from a launched product. The company's planned preclinical and clinical studies will entail significant costs and the company's development of its product candidate could prove more time- and cost-consuming than planned. Cantargia will also continue to need significant capital for research and development in order to conduct preclinical and clinical studies with CAN04 and for its continued research into and development of CAN10, CANxx and IL1RAP. Access to and the terms and conditions for further financing are affected by several factors, such as the possibility of concluding partnership agreements and general access to risk capital. If Cantargia, wholly or partly, were to fail to acquire sufficient capital, or succeed in doing so only on unfavourable terms, this could have a significant negative impact on the company's operations, financial position and results.

Cantargia uses rolling forecasts to ensure that the company has sufficient cash assets to meet its operational requirements. This monitoring takes the form of reporting to the Board, whereby outcomes and forecasts are compared with the three-year business plan that is produced and approved by the Board each year.

Surplus liquidity in Cantargia, in excess of what is required to manage working capital requirements, is invested in interest-bearing current accounts. At the balance sheet date, Cantargia had short-term investments in three- and twelve-month fixed-rate accounts of kSEK 75,000 and kSEK 75,000, respectively (kSEK 0 and kSEK 50,000, respectively), and kSEK 60,019 (kSEK 60,019) invested in a short-term fixed income fund. In addition to this, Cantargia had bank deposits of kSEK 693,354 (kSEK 39,870) at the balance sheet date.

The following table shows an analysis of Cantargia's financial liabilities by remaining maturity from the balance sheet date. The amounts indicated in the table are the contractual, undiscounted cash flows.

31 December 2020	Less than 2 months	More than 2 months	Total
Trade payables	10,678		10,678
Other liabilities	859	-	859
Total	11,537	-	11,537

31 December 2019	Less than 2 months	More than 2 months	Total
Trade payables	12,620	-	12,620
Other liabilities	474	-	474
Total	13,094	-	13,094

(e) Management of capital

To maintain or adjust its capital structure, Cantargia can choose to return capital to the shareholders, issue new shares or sell assets to reduce its liabilities.

In 2020, Cantargia's strategy, which remained unchanged from 2019, was to secure the company's ability to continue as a going concern by running the company's research projects in an optimal manner and thereby generate returns for its shareholders and benefits for other stakeholders. Cantargia also aims to maintain an optimal capital structure in order to keep its capital costs down with a low to minimal risk. Cantargia is mainly engaged in research and development. Prior to the listing of the company's shares on the main list of Nasdaq Stockholm on 25 September 2018, the company's activities were financed through a number of share offerings. Equity is therefore regarded as the company's capital.

NOTE 4
Critical accounting estimates and judgements

The preparation of financial statements and application of accounting policies are often based on judgements, estimates and assumptions made by management that 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.

Capitalisation of development costs

The most critical judgement in Cantargia's financial reporting refers to the date of capitalisation of development costs. Based on the accounting policies that are presented in Note 2, all development activities in which Cantargia is engaged are currently classified as research, for which costs should not be capitalised. The achievement of positive results in phase III clinical trials is the earliest point at which the criteria for capitalisation can be considered to be met.

Tax losses

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 and historical and potential future capital acquisitions may limit the amount of tax losses that can be used in future.

Incentive program (employee stock option program)

The company has an incentive program in the form of an employee stock option program. The accounting principles for this are described in Note 2. The cost of remuneration reported in a period depends on the original valuation made at the time of the agreement with the option holder, the number of months the participant must serve to be entitled to his options (accrual over this time), the number of options expected to be earned by the participants according to the terms of the plans and a continuous revaluation of the value of the tax benefit for the participants in the plans (as a basis for allocation for social costs). The estimates that affect the cost in a period and the corresponding increase in equity are primarily input data in the valuations of the options. The models used for this purpose are the so-called Black & Scholes model and Monte Carlo simulation. Important assumptions in these valuations are set out in Note 19. In addition to the valuations, the cost is affected for a period by an estimate of the number of people who are expected to earn their options. Through mainly the history of staff turnover, the company management has a very good basis for estimating the number of participants who will complete the program.

COVID-19

During 2020 and 2021, 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 2020. Cantargia is currently well funded and well equipped to cope with delays.

NOTE 5
Segment information

Cantargia's chief operating decision maker is the company's Chief Executive Officer (CEO), as it is primarily he who is responsible for the allocation of resources and the evaluation of results. The CEO receives reports containing financial information for Cantargia as a whole. Cantargia has not yet commercialised any part of the development projects in which it is engaged and therefore is not yet generating any income. All activities of Cantargia are considered to constitute a single operating segment.

NOTE 6
Auditors' fees and expenses

Expensed audit fees for the financial year and expensed fees for other services provided by the company's auditors are presented in the following.

	2020	2019
PwC		
Audit engagement*	269	261
Audit services in addition to audit engagement	107	18
Tax advisory services	15	160
Other services	257	55
Total	**648**	**494**

* Audit engagement refers to fees for the statutory audit, i.e. work that has been necessary to produce the auditor's report.

NOTE 7

Employee benefits, etc.

Salaries and other benefits and social security contributions (for employees)

	2020	2019
Salaries and other benefits *)	20,906	9,250
Social security contributions **)	6,661	2,758
Retirement benefit costs, defined contribution	3,895	2,925
Other personnel expenses	248	277
Total employee benefits	**31,711**	**15,210**

*) Whereof share-based incentives 4 233 (-)
**) Whereof share-based incentives 3 111 (-)

2020	Salaries and other benefits (of which bonuses)	Retirement benefit costs
Directors, CEO and other senior executives	16,554	3,124
Other employees	6,254	771
Total	**22,808**	**3,895**
	(2,363)	

2019	Salaries and other benefits (of which bonuses)	Retirement benefit costs
Directors, CEO and other senior executives	8,683	2,716
Other employees	2,327	208
Total	**11,010**	**2,924**
	(972)	

Average number of employees

	2020		2019	
	Number of employees	Of which men	Number of employees	Of which men
Sweden	15	6	9	5
Total	**15**	**6**	**9**	**5**

Gender distribution for Directors and other senior executives

	2020		2019	
	Number at balance sheet day	Of which men	Number at balance sheet day	Of which men
Directors	7	4	6	4
CEO and other senior executives	8	6	5	4
Total	**15**	**10**	**11**	**8**

The contract between the company and CEO is subject to six months' notice by either party.
Disclosures on benefits for the CEO, Directors and other senior executives are presented in Note 18.

NOTE 8
Operating leases

	2020	2019
Lease payments expensed during the financial year	1,135	492

The distribution of the nominal value of future minimum lease payments under non-cancellable leases is as follows:

	2020	2019
Due within one year	1,281	1,004
Due after more than one year but within five years	2,296	2,359
Due after more than five years	-	-
Total	**3,577**	**3,363**

Lease expenses refer to rent for premises and office equipment.

NOTE 9
Other operating expenses

	2020	2019
Foreign exchange losses, trade payable	-630	-1,016
Total	**-630**	**-1,016**

NOTE 10
Financial income and expense

	2020	2019
Interest income and similar income		
Interest income	501	480
Gain/loss on sale of short-term investments	-	-
Profit on sale of other long-term securities holdings *)	-	118
Foreign exchange gains, currency accounts	359	183
Total	**860**	**781**

	2020	2019
Interest expense and similar charges		
Other interest expense	-1	-
Total	**-1**	**0**

*) See Note 13

NOTE 11
Income tax

	2020	2019
Current tax		
Current tax on profit for the year	0	0
Adjustments relating to prior years	-	-
Total current tax/income tax	**0**	**0**

The difference between the reported tax expense and the applicable tax rate is explained by the following table.

	2020	2019
Reconciliation of reported tax for the year		
Loss before tax	-173,085	-110,809
Reported tax for the year		
Tax at applicable tax rate 21,4 (2019: 21,4)%	37,040	23,713
Tax effect of non-deductible expenses	-159	-114
Tax effect of non-taxable income	-	25
Tax effect of deductible expenses recognised directly in equity	12,030	1,711
Tax losses for which no deferred tax asset has been recognised	-48,912	-25,335
Reported tax for the year	**0**	**0**

	2020	2019
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**616,978**	**388,419**
Potential tax benefit, 20,6% (2019: 21,4%)	**127,097**	**83,122**

There is no expiration date which limits the use of the tax losses. It is, however, uncertain at what point in time it will be possible to use these tax losses to offset taxable profits. The deferred tax asset arising from the tax loss has therefore not been assigned any value.

NOTE 12
Net foreign exchange difference

Foreign exchange differences have been recognised in the statement of comprehensive income as follows:

	2020	2019
Other operating expenses (Note 9)	-630	-1 016
Interest expense and similar charges (Note 10)	359	183
Total	**-271**	**-833**

NOTE 13
Long-term liabilities

	31 Dec 2020	31 Dec 2019
Provision for social security contributions, incentive program	3,111	-
Total	**3,111**	**-**

NOTE 14
Short-term investments

	31 Dec 2020	31 Dec 2019
Fixed-rate account, Erik Penser Bank	-	50,000
Fixed-rate account, Sparbanken Skåne	150,000	-
Liquidity funds, Sparbanken Skåne	60,019	60,019
Total	**210,019**	**110,019**

Fixed-rate account, Sparbanken Skåne, 31 Dec 2020, 75 MSEK fixed 3 months, 0.20% interest and 75 MSEK fixed 12 months, 0.20% interest.
(Erik Penser Bank, 31 Dec 2019, fixed 12 months, 0.65% interest)
Liquidity funds, Sparbanken Skåne, low risk category 2

NOTE 15
Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include the following:	31 Dec 2020	31 Dec 2019
Available bank deposits		
SEK	689,852	39,466
EUR	1,950	373
USD	1,552	32
Total	**693,354**	**39,870**

NOTE 16
Share capital

Ordinary shares	**Number of shares (thousands)**	**Share capital**
1 January 2019	66,186	5,295
Issue of new shares	6,619	529
31 December 2019	**72,804**	**5,824**
1 January 2020	72,804	5,824
Issue of new shares	27,388	2,191
31 December 2020	**100,193**	**8,015**

At 31 December 2020, the share capital consisted of 100,192,737 shares with a quotient value of SEK 0.08 per share. Each share carries one vote. At 31 December 2019, the share capital consisted of 72,804,392 shares with a quotient value of SEK 0.08 per share. Each share carries one vote. All shares issued by the parent company are fully paid up.

NOTE 17
Accrued expenses and deferred income

	31 Dec 2020	31 Dec 2019
Accrued salaries and social security contributions	1,322	563
Capital acquisition cost	1,264	-
Project expenses *)	10,708	7,304
Other accrued expenses	5,289	2,721
Total	**18,583**	**10,588**

*) Included in "Other accrued expenses" in this note in the annual report for 2019.

NOTE 18
Related party disclosures

Related party disclosures
Related parties comprise senior executives of the company, i.e. the Board of Directors and management team and their family members.

Cantargia has a research agreement with Lund University, where Thoas Fioretos, one of Cantargia's founders and a Director of the company, 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. Cantargia has the right under the agreement to use and, where applicable, take over any and all research results from the projects at no cost.

Cantargia has a 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. Under the agreement, Cantargia has the right to use and, if applicable, take over all research results from the projects free of charge.

The company considers that the above agreements have been concluded on market terms.

The following transactions have been made with related parties:

(a) Sale of services	**2020**	**2019**
Lunds Universitet (Thoas Fioretos)	463	463
Lunds Universitet (Gunilla Westergren-Thorsson)	500	-
Total	**963**	**463**

Remuneration of senior executives

	2020	2019
Salaries and other short-term benefits *)	15,709	6,923
Post-employment benefits	3,124	2,717
Other long-term benefits	-	-
Termination benefits	-	-
Total	**18,833**	**9,640**

*) Whereof share-based incentives 3 175 (-)

Guidelines for executive remuneration

Fees are paid to the Chairman and members of the Board of Directors in accordance with the resolution of the Annual General Meeting. A separate fee is paid for committee work. In essence, the guidelines for remuneration and other terms of employment for management, which are adopted by the shareholders' meeting, stipulate that the company shall offer its senior executives a normal market remuneration, that resolutions on remuneration shall be prepared by a special Remuneration Committee of the Board and that the applicable criteria shall comprise the senior executive's responsibilities, role, expertise and position. Decisions on remuneration of senior executives are made by the Board excluding any Directors who are in a dependent position in relation to the company and management. The guidelines must be applied to new contracts, or to changes to existing contracts that are entered into with senior executives after the adoption of the guidelines and until new or revised guidelines are adopted. Complete guidelines for 2020 and the ones proposed for 2021 are described in the Director's report.

Salaries and remuneration for the year

Salaries, remuneration, social security contributions and retirement benefit costs have been paid in the following amounts. Please note that under the heading
"Variable remuneration" are in addition to variable remuneration, incentive programs decided by the Annual General Meeting also included (see Note 19).
The outcome for AGM-decided incentive programs regarding the CEO and senior executives for the year 2020 amounted to SEK 707 (565) thousand.

2020	Fee	Basic salary	Variable remuneration	Retirement benefit cost	Other benefits	Share-based incentives	Social sec contributions	Total
Magnus Persson, Chairman	465	-	-	-	-	-	146	611
Claus Asbjorn Andersson, Director	230	-	-	-	-	-	-	230
Thoas Fioretos, Director	230	-	-	-	-	-	72	302
Karin Leandersson, Director	230	-	-	-	-	-	72	302
Patricia Delaite, Director	215	-	-	-	-	-	32	247
Anders Martin-Löf, Director	270	-	-	-	-	-	85	355
Flavia Borellini, Director	262	-	-	-	-	-	-	262
Göran Forsberg, CEO	-	2,197	688	843	25	855	1,271	5,879
Total, Board and CEO	**1,902**	**2,197**	**688**	**843**	**25**	**855**	**1,679**	**8,188**
Other senior executives (7 persons)	-	7,310	1,281	2,281	105	2,320	3,997	17,295
Total	**1,902**	**9,507**	**1,969**	**3,124**	**130**	**3,175**	**5,676**	**25,484**

2019	Fee	Basic salary	Variable remuneration	Retirement benefit cost	Other benefits	Share-based incentives	Social sec contributions	Total
Magnus Persson, Chairman	465	-	-	-	-	-	146	611
Claus Asbjorn Andersson, Director	230	-	-	-	-	-	-	230
Thoas Fioretos, Director	230	-	-	-	-	-	72	302
Karin Leandersson, Director	230	-	-	-	-	-	72	302
Patricia Delaite, Director	335	-	-	-	-	-	50	385
Anders Martin-Löf, Director	270	-	-	-	-	-	85	355
Göran Forsberg, CEO	-	1,800	468	684	44	-	645	3,642
Total, Board and CEO	**1,760**	**1,800**	**468**	**684**	**44**	**-**	**1,071**	**5,828**
Other senior executives (4 persons)	-	4,252	403	2,033	116	-	1,532	8,336
Total	**1,760**	**6,052**	**871**	**2,717**	**161**	**-**	**2,603**	**14,163**

Pensions
The retirement age for the CEO is 65 years.

The pension contribution for the CEO is 35 per cent of the pensionable salary. Pensionable salary refers to the fixed monthly salary multiplied by 12.2.

For other employed senior executives, the retirement age is currently 65 years, in accordance with the applicable ITP Agreement. The pension contribution is calculated in accordance with Section 2 of the ITP Agreement and its contribution tariffs, which are determined by Alecta.

Term of notice and severance pay
The term of notice in case of termination by Cantargia shall be no more than six months for the Chief Executive Officer and no more than six months for other senior executives. The term of notice in case of termination by the employee shall be at least six months for the CEO and at least three months for other senior executives. In addition to the term of notice, severance pay may be paid to the CEO up to a maximum of twelve months' salary and employment benefits.

Directors' fees
The Directors' fees approved at the Annual General Meeting on 27 May 2020 are SEK 450,000 to the Chairman of the Board and SEK 200,000 to each of the other Directors. For the Remuneration Committee, a fee of SEK 30,000 is paid to the committee chairman and SEK 15,000 to each of the other members, and for the Audit Committee SEK 70,000 is paid to the committee chairman and SEK 30,000 to each of the other members. It was also resolved that, for each physical Board meeting (up to a maximum of six meetings) that is held in Sweden and attended by the Director, a meeting fee of SEK 20,000 be paid to each Director living outside the Nordic region. The full amount of Directors' fees has been charged to earnings in 2020.

At the Extraordinary General Meeting October 13 2020, Flavia Borellini was elected as a board member, whereby her board fee was decided at USD 25,000 per year and USD 20,000 per year for chairmanship and work in the drug development committee that the company intends to establish.

NOTE 19
Share-based incentive programs

Cantargia's incentive program aims to create a long-term commitment to the company, create opportunities to attract and retain expertise and deliver long-term shareholder value.

Incentive scheme
At the Annual General Meeting of the Company on May 27, 2020, the shareholders decided to introduce a variable share-based incentive scheme for 2020 to senior executives and key employees of the Company. The scheme is based on the incentive scheme adopted at the 2019 Annual General Meeting which has been designed to promote investment in and ownership of the Company's shares.

The scheme is designed as a variable long-term remuneration scheme under which participants commit to use distributed variable cash remuneration to acquire shares of the Company. The scheme is based on that or those annual bonus targets which are defined by the board for the Company and which refer to the Company's activities, financial key performance indicators and internal processes. Target achievement will be assessed by the Company's board of directors in connection with the adoption of the annual report for each year. When the target achievement has been determined by the Company's board of directors, the amount due to each participant in the scheme is distributed, whereupon acquisition of shares by the participants should be made as soon as possible.

Participants are required to use their whole remuneration under the scheme, net of tax, to acquire shares of Cantargia on the stock market.

The maximum payout to each participant in the scheme for 2020 is capped at 10 per cent of his or her fixed annual salary. The total size of the scheme for 2020 is capped at SEK 1 400,000, excluding social security contributions. In case of partial target achievement, a portion of the maximum payout will be distributed.
Teckningsoptionsprogram, TO 2017/2020

The outcome for incentive programs decided by the AGM regarding the CEO and senior executives for the year 2020 amounted to SEK 707 (565) thousand.

Warrant program , TO 2017/2020
At the Annual General Meeting on 30 May 2017, the shareholders approved a private placement of warrants of series 2017/2020, entitling the holders to subscribe for new shares of Cantargia. The offering, in which the pre-emption rights of existing shareholders were waived, comprised a maximum of 85,000 warrants of series 2017/2020. All warrants were subscribed by the Chairman of the Board, Magnus Persson. The warrants were issued at a price of SEK 0.85 per warrant, which represents the market value of the warrants (warrant premium), as calculated using the Black-Scholes model at 21 July 2017. The calculation of the issue price was made by an independent valuation expert. On 8 January 2018, Cantargia completed a rights issue, which resulted in a restatement of TO 2017/2020.

After restatement, each warrant entitles the holder to subscribe for 1.02 new shares of the company at an exercise price of SEK 11.18 per share. Subscription of shares with the support of the warrants could take place during the period from 23 June 2020 to 14 July 2020. In July 2020, Magnus Persson exercised his right to subscribe for shares in accordance with the program, increasing the number of shares by 86,700 shares. and the share capital increased by SEK 6,936. This corresponded to a dilution of approximately 0.1 percent of the shares and votes. TO 2017/2020 is thus completed.

	2020		2019	
	Average exercise price per warrant (SEK)	**Number of warrants**	**Average exercise price per warrant (SEK)**	**Number of warrants**
1 January	11,40	85,000	11,40	85,000
Allocated during the year	-	-	-	-
Exercised during the year	11,40	85,000	-	-
Unexercised warrants expired during the year	-	-	-	-
31 December	-	-	11,40	85,000
Exercisable at 31 December		**-**	**-**	**-**

Employee Stock Option Scheme 2020/2023
At the Annual General Meeting on 27 May 2020, the shareholders approved the introduction of Employee Stock Option Scheme 2020/2023. 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. 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 volume weighted average price of the company's shares traded on Nasdaq Stockholm during the ten trading days preceding the allocation date.

Summary of total cost for incentive programs

	2020	**2019**
Share-based remuneration	-4,233	-
Provision for social security contributions, incentive programs	-3,110	-
Total	**-7,343**	**-**

Summary of provisions for social security contributions for share-based remuneration *)

Long-term liabilities	**2020**	**2019**
Amount at the start of the year	-	-
Provisions for the year	3,110	-
Total long-term liabilities	**3,110**	**-**

*) All provisions have a term of more than 1 year, which is why all provisions are long-term.

Changes in existing incentive programs during 2020 (number of shares)

	2020	2019
1 January	**86,700**	**86,700**
Granted instruments		
Employee stock option program 2020/2023	1,740,000	-
Exercised instruments		
Warrant program, TO 2017/2020 *)	-86,700	-
Lapsed instruments	-	-
Total change	**1,653,300**	**0**
31 December	**1,740,000**	**86,700**

Number of shares granted instruments may entitle to	**31 Dec 2020**	**31 Dec 2019**
Warrant program, TO 2017/2020	-	86,700
Employee stock option program 2020/2023	1,740,000	-
Number of shares granted instruments may entitle to	**1,740,000**	**86,700**

*) 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.

Calculation of fair value of employee option programs
The fair value on the allotment date was calculated using an adapted version of the Black & Scholes valuation model, which takes into consideration the exercise price, the term of the options, share price on the allotment date and expected volatility in the share price, and risk-free interest for the term of the options.

Employee option program	Allotment/ start date	Maturity date	Fair value upon issue of the option program, SEK	Exercise price, SEK	Volatility	Number of options	Vested
2020/2023:1	June 9, 2020	June 9, 2025	7,15	31,71	50%	1,680,000	**34%**
2020/2023:2	July 10, 2020	July 10, 2025	7,44	33,15	50%	60,000	**29%**

NOTE 20
Earnings per share

Earnings per share are calculated by dividing the profit/loss for the year by a weighted average number of outstanding ordinary shares during the period.

Cantargia has potential ordinary shares in the form of warrants. These do not have a dilutive effect for 2019 and 2020, as a conversion of warrants into ordinary shares would result in a lower loss per share.

	2020	2019
Profit/loss for the period attributable to parent company shareholders		
Total	**-173,085**	**-110,809**
Weighted average number of outstanding ordinary shares (thousands)	89,380	71,150
Earnings per ordinary share, SEK	-1,94	-1,56

NOTE 21
Appropriation of retained earnings

The Annual General Meeting is asked to decide on the appropriation of the following earnings (SEK).

Loss brought forward	-347,590,102
Share premium account	1,404,594,653
Loss for the year	-173,085,451
The Board of Directors proposes that the following sum be carried forward:	**883,919,100**

The Board of Directors proposes that no dividend be paid for the financial year 2020.

NOTE 22
Events after the end of the reporting period

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

An application was submitted to start a new phase Ib clinical study on combination treatment with CAN04 and FOLFIRINOX in pancreatic cancer

In March 2021, Cantargia reported new preclinical results that strengthen the development plan around the antibody CAN10 for the treatment of myocarditis and systemic sclerosis.

NOTE 23
Adjustments for non-cash items

	2020	2019
Depreciation	-3,248	-12
Employee option program	-7,344	-
Total	**-10,592**	**-12**

NOTE 24
Costs by nature of expense

	2020	2019
Project costs	-121,897	-81,053
Other external expenses	-15,985	-14,298
Personnel expenses	-32,185	-15,210
Other operating expenses	-630	-1,016
Depreciation	-3,248	-12
Total	**-173,945**	**-111,589**

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

NOTE 25
Agreements for cooperation

Patheon Biologics B.V. (part of ThermoFischer Scientific)
In May 2019, Cantargia signed an agreement with Patheon Biologics B.V. ("Patheon") about future production of the antibody CAN04 (Nidanilimab). CAN04 is in Phase IIa clinical development for non-small cell lung and pancreatic cancer. Through this agreement secures Cantargia additional production capacity for future clinical trials. The antibody CAN04 is studied currently in a European Phase IIa clinical trial for the treatment of patients with non-small cell lung or pancreatic cancer. In preparation for later phases of clinical development is an increase in production capacity part of the development plan. The new agreement with Patheon complements the current agreement with Celonic AG (previously) Glycotope Biotechnology GmbH). Patheon will now scale up the process to 2000 liters for the next production campaign of clinical material. Patheon has manufacturing facilities in both Europe and the US. Patheon has under the agreement entitlement to compensation for ongoing work, but no part of future sales revenue for CAN04.

Specialized Medical Services-oncology BV
In May 2016, the Company entered into a framework agreement with Specialized Medical Services-oncology BV ("SMS-omcology") on the execution of clinical studies as a so-called CRO. The parties have subsequently agreed under the framework agreement that SMS-oncology should act as CRO for The company's first clinical phase I / IIa study with CAN04.

BioWa Inc.
Cantargia signed a licensing agreement with BioWa Inc ("BioWa") in 2015. Under the agreement, Cantargia is granted a non-exclusive license to use the technology platform POTELLIGENT® for the manufacture of the drug candidate CAN04. For the license pays Cantargia an annual fixed fee and step-by-step sales-based royalties. In addition, BioWa also has in accordance with the terms of the agreement the right to so-called milestone payments when fulfilling certain clinical, regulatory and commercial targets.

NOTE 26
Tangible assets

Machinery and other technical facilities

	2020	2019
Ingoing accumulated acquisition value	6,379	-
Investments	691	6,379
Outgoing accumulated acquisition value	**7,070**	**6,379**
Ingoing accumulated depreciation	-	-
Depreciation	-2,357	-
Outgoing accumulated depreciation	**-2,357**	**0**
Closing balance	**4,713**	**6,379**

Fixtures, tools and installations

	2020	2019
Ingoing accumulated acquisition value	501	-
Investments	200	501
Outgoing accumulated acquisition value	**701**	**501**
Ingoing accumulated depreciation	-12	-
Depreciation	-140	-12
Outgoing accumulated depreciation	**-152**	**-12**
Closing balance	**548**	**489**

NOTE 27
Intangible assets

Patent

	2020	2019
Ingoing accumulated acquisition value	-	-
Investments	8,111	-
Outgoing accumulated acquisition value	**8,111**	**0**
Ingoing accumulated depreciation	-	-
Depreciation	-751	-
Outgoing accumulated depreciation	**-751**	**0**
Closing balance	**7,360**	**0**

SIGNATURES

The annual accounts have been prepared in accordance with generally accepted accounting standards and provide a true and fair view of the company's financial position and results. The Directors' Report for the company gives a true and fair overview of the performance, financial position and earnings of the company, and describes significant risks and uncertainties faced by the company. The income statement and balance sheet will be presented for adoption at the Annual General Meeting on 26 May 2020.

Lund, 30 April 2021.

Magnus Persson
Chairman

Claus Asbjørn Andersson

Karin Leandersson

Thoas Fioretos

Patricia Delaite

Anders Martin-Löf

Flavia Borellini

Göran Forsberg
Chief Executive Officer

We presented our auditor's report on 30 April 2021.
Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorised Public Accountant

AUDITOR'S REPORT

To the general meeting of the shareholders of Cantargia AB (publ), corporate identity number 556791-6019

Report on the annual accounts

Opinions

We have audited the annual accounts of Cantargia AB (publ) for the year 2020. The annual accounts of the company are included on pages 34-70 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of Cantargia AB as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for Cantargia AB.

Our opinions in this report on the annual accounts are consistent with the content of the additional report that has been submitted to the company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Cantargia AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Our audit approach

Audit scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall materiality for the financial statements as a whole. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts as a whole, but we do not provide a separate opinion on these matters.

Key audit matter	*How our audit considered the Key audit matter*
Research and development expenses- cut-off and completeness The expenses for the company´s research and development activities during the financial year 2020 totaled approximately SEK 158 million, which corresponds to approximately 91% of the company´s total. The expenses consist of mainly personnel related expenses and external expenses for the clinical work that is being conducted. In our audit we have focused on these expenses since they are material amounts and that there is a risk regarding the completeness, the cut-off and the accuracy.	Our audit of the expenses of research and development has included, but is not limited to, the following measures: • Obtained an understanding of the company´s routines, business monitoring and internal control. • Testing of internal controls for approval of payment of invoices and salaries. • Checked and performed detail testing against invoice documentation, agreements and other supporting financial documentation. • Requested and received external confirmations from suppliers of the year´s purchases and size of outgoing accounts payable as per December 31, 2020. • Performed detailed testing of salaries. Analyzed costs based on our knowledge of the business and follow up of the company´s internal reports.

Other information than the annual report

This document also contains information other than the annual report and can be found on page 1-33 and 74-84. It is the Board of Directors and the President who are responsible for this other information. Our statement regarding the annual report, it is our responsibility to read the information identified above and consider whether the information is to a significant extent incompatible with the annual report. On this review, we also consider the knowledge we have otherwise obtained during the audit and assess whether the information in general appears to contain material misstatements. If, based on the work done on this information, we conclude that the other information contains a material misstatement, we are required to report it. We have nothing to report in that regard.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

A further description of our responsibility for the audit of the annual accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor´s report.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Director's and the Managing Director of Cantargia AB for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of Cantargia AB in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Director's and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's financial situation and ensuring that the company´s organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Cantargia AB by the general meeting of the shareholders on 27 May 2020 and has been the company's auditor since 13 January 2010.

Stockholm, 30 April 2021

Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized Public Accountant
Auditor in charge

CORPORATE GOVERNANCE

CORPORATE GOVERNANCE REPORT

CANTARGIA AB (publ) ("Cantargia" or "the Company") is a Swedish public limited company listed on Nasdaq Stockholm. Cantargia's corporate governance is based on Swedish law, Nasdaq Stockholm's rules for issuers and internal rules and regulations. The Company also applies the Swedish Corporate Governance Code ("the Code"). The Code is available at www.bolagsstyrning.se.

Application of the Code

The Code applies to all Swedish companies whose shares are listed on a regulated market in Sweden. The Company is not required to comply with all rules in the Code, as the Code itself allows for deviations from the rules, provided that any such deviations, and the chosen solution, are described and the reasons for the deviation are explained in the corporate governance report (in accordance with the 'comply or explain' principle). The Company has currently not identified any deviations from the Code.

Shareholders

Cantargia's shares have been listed for trading on Nasdaq Stockholm since 25 September 2018 (mid-cap as of 2021). At 31 December 2020, the total number of shares and voting rights in the Company was 100,192,737, represented by 10,434 shareholders. For further information on the Company's ownership structure and major shareholders, see page 37 of the annual report.

Shareholders' meetings

In accordance with the Swedish Companies Act, the shareholders' meeting is the Company's highest decision-making body. At a shareholders' meeting, the shareholders exercise their voting rights on key issues, such as the adoption of income statements and balance sheets, the appropriation of the Company's earnings, release from liability for the members of the Board and the Chief Executive Officer, the election of Directors and auditors, and remuneration of Directors and auditors' fees. Under Cantargia's Articles of Association, notice of a shareholders' meeting is given by advertisement in Post- och Inrikes Tidningar and through publication of the notice on the Company's website. When notice is given, this must be advertised simultaneously in Svenska Dagbladet.

Shareholders who wish to participate in the negotiations at a shareholders' meeting must be registered in the share register maintained by Euroclear Sweden AB six business days before the meeting and register to attend the shareholders' meeting with the Company by the date indicated in the notice of the meeting. Shareholders can attend the meeting personally or by proxy and can be assisted by up to two persons. A shareholder has the right to vote all shares held. Each share in Cantargia entitles the holder to one vote. Shareholders who wish to request that a particular issue be addressed at a shareholders' meeting must submit a written request to the Board of Directors.

Nomination Committee

Under a resolution of the Annual General Meeting of Cantargia on 27 May 2020, the Chairman of the Board is required, prior to the Annual General Meeting 2021, to convene, based on the ownership of Cantargia at 30 September 2020, a Nomination Committee consisting of one representative for each of the three largest shareholders of the Company as well as the Chairman of the Board. In accordance with these principles, the following Directors have been appointed:

- Marianne Nilsson, appointed by Swedbank Robur fonder
- Jannis Kitsakis, appointed by the Fourth Swedish National Pension Fund (AP4)
- Mikael Wiberg, appointed by Alecta Pensionsförsäkring Ömsesidigt
- Magnus Persson, Chairman of the Board

The Nomination Committee has appointed Marianne Nilsson as its chairman.

The Nomination Committee is required to perform the duties assigned to it under the Code and held nine meetings prior to the Annual General Meeting 2021. The Nomination Committee's complete proposals for the 2021 AGM will be published in connection with the notice of AGM.

Board of Directors

Under Cantargia's Articles of Association, the Board of Directors shall, insofar as it is elected by the shareholders' meeting, consist of not less than three and not more than eight Directors, with no deputies. Currently, the Company's Board of Directors consists of seven ordinary Directors, including the Chairman, who have been elected by the shareholders' meeting until the period of the end of the 2021 AGM. The composition of Cantargia's Board of Directors is considered to meet the requirements of the Code in respect of independence from the Company and from the Company's major shareholders. For a detailed presentation of the Directors, see page 82 of the annual report.

			Independence of			Attendance		Total Director's fee 2020, TSEK
Name	Position	Member since	The Company and management	Major shareholders	Board meetings	Audit Committee meetings	Remuneration Comittee meetings	
Magnus Persson	Chairman	2016	Yes	Yes	19/19	-	3/3	465
Claus Asbjørn Andersson	Director	2013	Yes	Yes	17/19	-	3/3	230
Patricia Delaite	Director	2017	Yes	Yes	15/19	-	3/3	215
Thoas Fioretos	Director	2010	Yes	Yes	17/19	4/5	-	230
Karin Leandersson	Director	2016	Yes	Yes	19/19	5/5	-	230
Anders Martin-Löf	Director	2018	Yes	Yes	19/19	5/5	-	270
Flavia Borellini 1)	Director	2020	Yes	Yes	4/4		-	262

1) Elected to the Board at EGM on 13th of October 2020.

Responsibilities and work of the Board

Under the Companies Act, the Board of Directors is responsible for the Company's administration and organisation, which means that it is responsible for adopting goals and strategies, ensuring that procedures and systems for evaluating adopted goals are put in place, monitoring the Company's results and financial position, and evaluating its operational management. Under the Code, the Chairman of the Board shall be elected by the AGM and hold a special responsibility for leading the work of the Board and ensuring that the Board operates in an organised and effective manner.

The Board of Directors operates in accordance with written rules of procedure which are reviewed and adopted annually at the inaugural Board meeting. The rules of procedure regulate Board practices, functions and the division of responsibilities between the Board and CEO, and between the Board and its committees. In connection with the inaugural Board meeting after each Annual General Meeting, the Board also adopts the terms of reference for the Chief Executive Officer, which include instructions for financial reporting. The Board convenes in accordance with a schedule that is defined annually. In addition to these Board meetings, further meetings can be convened to address issues which cannot be deferred to the next regular meeting.

In 2020, the Board convened on 19 occasions, including through 17 telephone meetings or meetings by correspondence. The Directors' attendance is shown in the table above. The activities of the Board in 2020 were dominated by discussions and strategic decisions on matters relating to the Company's product development, in particular its main project CAN04 and its successor, CAN10/CANxx. The Board also adopted resolutions regarding financing through share issues based on future capital requirements, the business plan with financial targets, risk management, dividend policy and financial reports.

Board committees

The Board has established an Audit Committee and a Remuneration Committee. The members of the committees are appointed at the inaugural Board meeting and the committees' activities and authority are regulated in the committees' terms of reference. The matters addressed at the meetings of the committees are minuted and a report is presented at the following meeting of the Board.

Audit Committee

The Company's Audit Committee consists of three members: Anders Martin-Löf (Chairman), Thoas Fioretos and Karin Leandersson. The Audit Committee shall, without prejudice to other responsibilities and duties of the Board, monitor the Company's financial reporting, monitor the effectiveness of

the Company's internal control, internal auditing and risk management, keep itself informed on the audit of the annual accounts and consolidated financial statements, and on the conclusions presented in the quality control report of the Swedish Inspectorate of Auditors, assess and monitor the impartiality and independence of the auditor, paying particular attention to whether the auditor provides other services than auditing to the Company, and assist in drafting proposed resolutions on the choice of auditors for adoption by the shareholders' meeting.

Remuneration Committee

The Company's Remuneration Committee consists of three members: Claus Asbjørn Andersson (Chairman), Magnus Persson and Patricia Delaite. The Remuneration Committee is tasked with preparing proposals for remuneration principles, and remuneration and other terms of employment for the CEO and other senior executives.

Remuneration

Fees and other remuneration of Directors, including the Chairman, are determined by the shareholders' meeting. At the Annual General Meeting on 27 May 2020, it was resolved that Directors' fees of SEK 450,000 to the Chairman of the Board and SEK 200,000 to each of the other ordinary Directors be paid for the period until the end of the Annual General Meeting 2021. It was also resolved that the Chairman of the Audit Committee should receive SEK 70,000 and the other members of the Audit Committee SEK 30,000 each, and that the Chairman of the Remuneration Committee receive SEK 30,000 and the other members of the Remuneration Committee SEK 15,000 each. It was further resolved that, for each physical Board meeting (up to a maximum of six meetings) that is held in Sweden and attended by the Director, a meeting fee of SEK 20,000 be paid to each Director living outside the Nordic region.

Evaluation

The Chairman of the Board ensures that an annual evaluation of the work of the Board is carried out in which the Directors are given an opportunity to present their views on Board practices, Board meeting materials, their own and other Directors' contributions as well as the scope of the duties. The results of the evaluation have been discussed by the Board and presented by the Chairman of the Board to the Nomination Committee. It is considered that the combined expertise of the Board is appropriate for the Company's activities and goals. The Board is considered to function very well, with all members making constructive contributions to discussions on strategy as well as the governance of the Company. The dialogue between the Board and management is also considered to be good. The Board continually evaluates the work of the Chief Executive Officer by monitoring the Company's progress towards the defined goals.

Chief Executive Officer and management

The Chief Executive Officer reports to the Board of Directors and is responsible for the Company's day-to-day management and the operations of the group. The division of responsibilities between the Board and CEO is defined in the rules of procedure for the Board and the terms of reference for the CEO. Under the instructions for financial reporting, the CEO is responsible for financial reporting in the Company and is therefore required to ensure that the Board receives sufficient information to enable it continuously to evaluate the Company's financial position.

The CEO shall keep the Board continuously informed about the development of the Company's business, its sales performance, earnings and financial position, its liquidity and credit situation, significant business events and any other event, circumstance or relationship that may be of material importance to the Company's shareholders.

To assist him in his activities, the CEO has appointed a management team. For a more detailed presentation of the CEO and other members of the management team, see page 84 of the annual report.

Remuneration

At the Annual General Meeting on 27 May 2020, it was resolved to adopt guidelines for remuneration of the CEO and other senior executives in accordance with what is stated on page 44 of the annual report.

For information on the remuneration paid to the CEO and other senior executives in the financial year 2020, see Note 18 on page 62 of the annual report.

Auditor

The auditor is tasked with examining the Company's annual report and accounts as well as the Board of Directors' and CEO's management of the Company. Under the Company's Articles of Association, the Company may have up to two auditors with or without deputy auditors. The Company's auditors are Öhrlings PricewaterhouseCoopers AB with Ola Bjärehäll as auditor-in-charge.

For information on the remuneration paid to the auditor in the financial year 2020, see Note 6 on page 57 of the annual report.

Authorisation to issue shares

At the Annual General Meeting of the Company on 27 May 2020, it was resolved to authorise the Board, during the period until the next AGM, on or one or several occasions and with or without pre-emption rights for existing shareholders, to decide to issue new shares, provided that such issuance not comprise more than ten per cent of the number of outstanding shares of the Company on the day of the AGM. It shall also be possible to stipulate that such new shares be issued for non-cash consideration or paid for by means of set-off or subject to other terms and conditions.

Share-based incentive schemes

At the end of 2020, Cantargia had two incentive schemes for senior executives and key personnel of the Company.

The incentive schemes have been introduced to provide longer-term incentives for the Company's management and employees and to promote investments in and ownership of the Company's shares.

Incentive scheme

At the Annual General Meeting of the Company on 27 May 2020, it was decided to introduce a variable share-based incentive scheme for 2020, aimed at senior executives and key personnel of the Company, based on the incentive scheme adopted at the 2019 AGM.

The scheme is designed to offer the participants variable long-term remuneration in the form of a group bonus that must be used to acquire shares of the Company. The scheme is based on that or those annual bonus targets which are defined by the Board for the Company and which refer to the Company's activities, financial key performance indicators and internal processes. Target achievement will be assessed by the Company's Board of Directors in connection with the adoption of the annual report for each year. When the target achievement has been determined by the Board of Directors, the amount due to each participant in the scheme will be paid out, and the participant will then be required to acquire shares as soon as possible. Participants must use the full amount of remuneration received under the scheme to acquire shares of the Company in the stock market. It is the intention of the Board that the scheme be a recurring annual scheme.

For further information about the scheme, see Note 19 on page 64 of the annual report.

Employee Stock Option Scheme 2020/2023

At the Annual General Meeting on 27 May 2020, it was resolved to introduce Employee Stock Option Scheme 2020/2023 for employees of the Company, comprising not more than 1,900,000 employee stock options. The purpose of the scheme is to enable the Company to retain skilled personnel through a long-term incentive scheme.

The employee stock options will be offered to employees of or consultants to the Company and will be granted to the participants free of charge. The employee stock options have a three-year vesting period (1/3 per year) calculated from the grant date, provided, with the usual exceptions, that the participant is still employed by or otherwise engaged in the Company and that the participant has not terminated his or her employment or engagement in the Company as at the vesting date. Once vested, the employee stock options can be exercised over a two-year period.

Each vested employee stock option entitles the holder the right to purchase one share of the Company at a predetermined price. The price per share is determined as 150 per cent of the weighted average price of the Company's shares traded on Nasdaq Stockholm during the ten trading days preceding the grant date.

For further information about the scheme, see Note 19 on page 64 of the annual report.

Dilution

To enable the Company to deliver shares to participants in Employee Stock Option Scheme 2020/2023 in a simple and cost-effective manner, an extraordinary general meeting on 13 October 2020 resolved to approve a directed issue of 1,900,000 warrants to the Company (i.e. Cantargia AB (publ)).

If fully exercised, the warrants would dilute the Company's share capital and voting rights by approximately 2.0 per cent.

Internal control in respect of financial reporting

The Board of Directors is responsible for ensuring that Cantargia has good internal control and adequate, formalised procedures for ensuring compliance with adopted principles for financial reporting. The general purpose of the internal control system is to obtain reasonable assurance that the Company's operational strategies and goals are monitored and that the owners' investments are protected. The internal control system should also ensure with a reasonable degree of certainty that the Company's external financial reports are reliable and correct and have been prepared in accordance with generally accepted accounting policies, applicable laws and regulations as well as other requirements applying to companies listed on Nasdaq Stockholm.

The Company monitors, follows and manages any risks in accordance with a risk management and corporate governance policy that is evaluated on an ongoing basis and adopted annually by the Board of Directors. Cantargia has decided to adopt the COSO[1] framework, which is the most widely accepted internal control framework for financial reporting. The framework consists of five components: control environment, risk assessment, control activities, information and communication, and monitoring.

Control environment and risk assessment

The Board of Directors has adopted a number of policies, governing documents and instructions with the aim of creating and maintaining a functioning control environment. This is achieved mainly through the rules of procedure for the Board of Directors, the terms of reference for the Chief Executive Officer, the rules of procedure for the Audit Committee, the instructions for financial reporting, the Company's accounting manual and the authorisation manual. The Company's policies and governing documents are evaluated on an ongoing basis and adopted annually by the Board of Directors. The Board has also established an Audit Committee, which, among other duties, is tasked with monitoring the Company's financial position and the effectiveness of the internal control as well as internal auditing and risk management. Responsibility for the day-to-day internal control activities in respect of financial reporting has been delegated to the Company's Chief Executive Officer.

[1] Committee of Sponsoring Organizations of the Threadway Commission.

Cantargia's Board of Directors is also required to carry out an annual risk assessment in respect of strategic, operational, legal and financial risks to identify potential issues and assess the Company's risk exposure. The Audit Committee is responsible for evaluating the Company's risk situation on an ongoing basis and shall assist the Board by submitting proposals for the management of the Company's financial risk exposure and risk management.

Information and communication, and control activities

The Company's information and communication paths are aimed at ensuring the accuracy of financial reporting and enabling reporting and feedback from the business to the Board and management, for example be ensuring that governing documents in the form of internal policies, guidelines and instructions for financial reporting are made available to and are known by the employees concerned. With regard to external communications, guidelines have been prepared to ensure that the Company meets the relevant disclosure requirements. The CEO is responsible for external communications.

The Board is responsible for control and monitoring of the CEO's risk management activities. This is done through reviews and monitoring of the Company's governing documents related to risk management and, for example, through reviews and assessments by the Board of adopted decisions. The effectiveness of the control activities is evaluated annually and the results of these evaluations are reported to the Board and Audit Committee.

Monitoring

The CEO ensures that the Board receives regular reports on the results of the risk assessment, identified financial risks and processes, and the development of the Company's business. The Board also follows up the assessment of the internal control system, partly through contacts with the Company's auditor.

THE AUDITORS' EXAMINATION OF THE CORPORATE GOVERNANCE REPORT

To the general meeting of the shareholders of Cantargia AB (publ), org.nr 556791-6019

Engagement and responsibility

The Board of Directors is responsible for the Corporate Governance Report for the year 2020 on pages 74-79 of the printed version of this document hav¬ing been prepared in accordance with the Annual Accounts Act.

The scope of the audit

Our examination of the corporate governance report is conducted in accordance with FAR's auditing standard RevU 16 The auditor's examination of the corporate governance report. This means that our examination of the corporate governance report is different and sub¬stantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

Opinions

A corporate governance report has been prepared. Disclosures in accordance with Chapter 6, Section 6, the second paragraph, points 2-6 of the Annual Accounts Act are consistent with the other parts of the annual accounts and are in accordance with the Annual Accounts Act.

Stockholm, April 30, 2021
Öhrlings PricewaterhouseCoopers AB

Ola Bjärehäll
Authorized public accountant
Auditor in charge

Board of directors, senior executives and auditors

BOARD OF DIRECTORS

Under Cantargia's Articles of Association, the Board of Directors shall consist of at least three and no more than eight Directors. At the Annual General Meeting on 27 May 2020, it was resolved that the Board should consist of six ordinary Directors with no deputies. At the Extraordinary General Meeting on October 13, 2020, it was decided to expand the Board to seven ordinary Board members without deputies. The board members are elected for the period until the end of the 2021 Annual General Meeting.

Magnus Persson

Chairman of the Board since 2016, born 1960. Member of the Remuneration Committee. Number of shares: 131 676

Magnus Persson is MD and associate professor in physiology at the Karolinska Institute in Stockholm. Persson has a large amount of experience in the fields of medicine, life sciences and biotech-financing. Persson has previously led development teams in clinical phase II and phase III programmes in the pharmaceutical industry and has founded and led private as well as public biotech and medtech companies, either as chairman or member of the board, in Europe and the USA. Persson has also been involved in multiple IPOs.

Persson is chairman of the board of Attgeno AB, Eir Ventures Partners AB and associated companies, Addi Medical AB and Addi Optioner AB, and board member of Cerecor Inc.

Independent in relation to the Company and its management and the Company's major shareholders.

Karin Leandersson

Board member since 2016, born 1972. Member of the Audit Committee. Number of shares: 0

Karin Leandersson is a professor in tumour immunology at the medical faculty of Lund University. She has gained a wide range of cancer research experience in the fields of tumour immunology and tumour inflammation in solid tumours, mainly in breast cancer. Leandersson has also authored around 50 scientific publications in international journals.

Independent in relation to the Company and its management and the Company's major shareholders.

Thoas Fioretos

Board member since 2010, born 1962. Member of the Audit Committee. Number of shares: 482 600

Thoas Fioretos is a professor and physician at the Department of Clinical Genetics at Lund University. The focus of his research is molecular and functional studies of genetic changes in leukaemia and how such changes can be used for diagnostic and therapeutic purposes. Fioretos has authored more than 120 scientific publications, and is one of the founders of Cantargia AB and bio-IT company Qlucore AB.

Fioretos is board member in Qlucore AB. Alternate board member in Neodos AB.

Independent in relation to the Company and its management and the Company's major shareholders.

Claus Asbjørn Andersson

Board member since 2013, born 1968. Chairman of the Remuneration Committee. Number of shares: 0

Claus Asbjørn Andersson is a General Partner of Sunstone Life Science Ventures, a holding company managing billion-dollar venture funds. He has a Master's degree in Civil Chemical Engineering from Technical University of Denmark and a PhD in Mathematical Statistics from Copenhagen University and Humboldt University of Berlin. Andersson has himself founded four European start-up companies, including two in Denmark. He has been with Sunstone Life Sciences since its establishment in 2007 and is an active member of the Professional Standards Committee at Invest Europe.

Andersson is a board member of Forendo Pharma Oy, IO Biotech ApS and Sunstone Capital A / S and Sunstone Life Science Ventures A / S. President of Abinitio ApS and Parsimoneous Holding ApS.

Independent in relation to the Company and its management and the Company's major shareholders.

Patricia Delaite

Board member since 2017, born 1963. Member of the Remuneration Committee. Number of shares: 0

Patricia Delaite is MD and MBA from University of Geneva and Lausanne. She is currently the Chief Medical Officer for Nouscom in Basel, and has had leading positions at AMAL Therapeutics, Incytes International Biosciences, ARIAD Pharmaceuticals, Novartis and Eli Lilly. Patricia has also 10 years previous experience in patient clinical management from the University hospital in Geneva.

Independent in relation to the Company and its management and the Company's major shareholders.

Anders Martin-Löf

Board member since 2018, born 1971. Chairman of the Audit Committee. Number of shares: 24 000

Anders Martin-Löf has long experience as CFO for companies listed at the Stockholm stock exchange. He is CFO at Oncopeptides AB (publ) and was previously CFO at Wilson Therapeutics. Before that he has been CFO at RaySearch Laboratories and been responsible for investor relations and had different positions within business development at Swedish Orphan Biovitrum. He has a M.Sc. in Economics and Business from Stockholm University and a M.Sc. in Engineering Physics from the Royal Institute of Technology in Stockholm.

Independent in relation to the Company and its management and the Company's major shareholders.

Flavia Borellini

Board member since 2020, born 1959 Number of shares: 0

Flavia Borellini holds a Ph.D. in Pharmaceutical Chemistry and Technology from the University of Modena, Italy.
She has broad experience in oncology and other therapeutic areas and has held senior positions with Astra Zeneca (Global Franchise Head, Hematology and Vice President, Global Product and Portfolio Strategy), Acerta Pharma (CEO), ONYX Pharmaceuticals (Vice President, Program Leadership), and Roche (Lifecycle Leader).

Dr. Borellini serves as a member of the board of directors of Kartos Therapeutics.

Independent in relation to the Company and its management and the Company's major shareholders.

SENIOR EXECUTIVES

Göran Forsberg

CEO employed since 2014, born 1963. Holdings: 95 648 shares and 350 000 employee options 2020/2023

Göran Forsberg has a PhD in biochemistry, and is an associate professor and the author of over 40 scientific publications. For more than 30 years he has had different positions in research and development, business development and investor relations at pharmaceutical and biotechnology companies, including KabiGen, Pharmacia, Active Biotech and the University of Adelaide, Australia. Forsberg has extensive experience in leading drug development and clinical trials, with a special focus on oncology. Forsberg is a board member of Guard Therapeutics International AB (publ).

Liselotte Larsson

COO employed since 2014, born 1963. Holdings: 28 600 shares and 125 000 employee options 2020/2023

Liselotte Larsson has a PhD in biotechnology, and has more than 20 years of experience in various management positions in pharmaceutical and biotechnology companies including BioGaia Fermentation, Novozymes Biopharma and Camurus. Larsson's main fields of expertise are business development, marketing & sales/out licensing, ISO certification, good manufacturing practice (GMP) and overall project management.

Lars Thorsson

VP Clinical Development employed since 2015, born 1961. Holdings: 54 623 shares and 125 000 employee options 2020/2023

Lars Thorsson graduated with a Ph.D. in clinical pharmacology in 1998 and has extensive experience from the pharmaceutical industry, including leading roles in clinical studies and project management in a large number of development phases at AstraZeneca and Novo Nordisk A/S. Thorsson has been responsible for evaluation and documentation of new substances and has the experience of regulatory activities and interactions with health authorities.

David Liberg

VP Research employed since 2015, born 1969. Holdings: 9 215 shares and 125 000 employee options 2020/2023

David Liberg graduated with a Ph.D. in 2001 and has twenty years of research experience within immunology and tumour biology. Liberg has worked within the pharmaceutical industry for the last fiftheen years, with responsibility for early research projects and activities in tumour immunology. He has extensive experience of pre-clinical phase cancer projects. His most recent position was at Active Biotech AB, where he worked as Project Manager Drug Development as well as Head of Cell Biology and Biochemistry. Liberg has also carried out research at Imperial College in the UK and at Lund University, Sweden.

Bengt Jöndell

CFO employed since 2017, born 1960. Holdings: 82 000 shares and 125 000 employee options 2020/2023

Bengt Jöndell has a BSc in Business Aministration and a MSc in Chemical engineering. Jöndell has extensive experience in various executive financial functions such as CFO and Chief Executive Officer at BTJ Group AB, Senior Financial Advisor for BoneSupport, CFO/Administrative manager at Inpac, Business Controller at Pharmacia & Upjohn Consumer Healthcare, Pharmacia, Pharmacia Consumer Pharma and Pharmacia Nicorette. Jöndell´s most recent position was CFO for Enzymatica AB.

Ignacio Garcia-Ribas

CMO employed since 2020, born 1964. Holdings: 1 471 shares and 200 000 employee options 2020/2023

Ignacio Garcia-Ribas, is an MD specialized in Medical Oncology with 15 years of experienced in oncology early drug development at global level. His most recently position was in Takeda as Global Clinical Lead across several Phase 1 programs with specific focus in immuno-oncology. Prior to joining Takeda, he was part of Sanofi's Early Oncology Development Group in the role of Senior Medical Director. Before Sanofi, he was part of the Early Development Unit in Eli Lilly where he contributed to develop several small molecules and antisense oligonucleotides. Dr. Garcia-Ribas obtained his PhD in Medicine at the Richard Dimbleby Department for Cancer Research /ICRF Unit at St. Thomas' Hospital in London on cancer gene therapy.

Peter Juul Madsen

VP CMC employed since 2020, born 1969. Holdings: 0 shares and 125 000 employee options 2020/2023

Peter Juul Madsen has a M.Sc. in Chemical Engineering from the Technical University of Denmark. He has more than 20 years of experience in managing CMC development including process & analytical development and manufacturing of biological products. Madsen was most recently CMC Project Director at Lundbeck and has extensive experience from outsourcing to contract manufacturing organizations from different CMC project managing positions in e.g. Lundbeck, Genmab and Zealand Pharma.

Susanne Lagerlund

VP Regulatory Affairs employed since 2020, born 1968. Holdings: 0 shares and 125 000 employee options 2020/2023

Susanne Lagerlund has a Master of Science in Chemical Engineering and has more than 25 years' experience from the pharmaceutical industry in leading positions at LEO Pharma and AstraZeneca, mainly within Regulatory Affairs. Her most recent role was as Director, Established Portfolio Management at LEO Pharma, where she had responsibility for strategic and tactical management of commercialized portfolios. Lagerlund has also during the last couple of years been responsible within LEO Pharma R&D for the integration of a number of acquired dermatology projects into the commercial portfolio.

Other disclosures on Directors and senior executives

There are no family connections among any Directors or senior executives. There are no conflicts of interest or potential conflicts of interest between the Directors' and senior executives' undertakings to the Company and their private interests and/or other undertakings. As shown above, some Directors and senior executives have financial interests in the Company in the form of shareholdings. None of the Directors or senior executives has in the last five years participated or been involved in any bankruptcy, liquidation or administration proceedings in the capacity of Director or senior executive of a company. None of the Directors or senior executives has in the last five years been accused of and/or been subject to any sanction from a public authority, professional association or similar body, been disqualified from engaging in business activities or otherwise been disqualified by a court from acting as a member of the administrative, management or supervisory bodies of or from acting in the management or conduct of the affairs any company. There exist no special agreements on post-employment benefits for the current Directors or senior executives. All Directors and senior executives can be contacted at the Company's address: Scheelevägen 27, SE-223 63 Lund, Sweden.

Auditors

At the Annual General Meeting on 27 May 2020, Öhrlings PricewaterhouseCoopers AB were re-appointed as auditors for the Company for the period until the end of the Annual General Meeting 2021. Ola Bjärehäll (born 1974) is auditor-in-charge. He is an Authorised Public Accountant and a member of FAR, the professional institute for accountants in Sweden. Ola Bjärehäll has been the Company's auditor-in-charge since the 2018 AGM.

ANNUAL GENERAL MEETING AND FINANCIAL CALENDAR

Cantargia's Annual General Meeting will be held on Wednesday 26 May 2021. Due to the coronavirus, the AGM will be conducted by advance voting under temporary legal rules. There will therefore be no meeting at which shareholders can attend in person or by proxy. Shareholders may exercise their voting rights at the AGM only by voting in advance, i.e. by postal vote in accordance with Section 22 of the Act on Temporary Exemptions to Facilitate the Execution of General Meetings in Companies and Associations (2020:198).

Shareholders who wish to participate in the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB as at Tuesday 18 May 2021, and register with the company no later than Tuesday 25 May 2021, in writing to Cantargia AB, Scheelevägen 27, SE-223 63 Lund. Shareholders can also register by telephone on +46 (0)46-27 56 260 or by e-mail at info@cantargia.com. Registration is effected by casting an early ballot using a special form that will be available at www.cantargia.com.

Shareholders whose shareholding is registered with a nominee must, to be entitled to participate in the AGM, ensure that their shareholding is temporarily re-registered in their own name with Euroclear Sweden AB so that the shareholder is registered in the share register as at 18 May 2021. Such registration may be temporary (registration of voting rights) and must be requested from the nominee in accordance with the nominee's procedures by the deadline specified by the nominee. Voting rights registered no later than the second business day after 18 May 2021 will be entered in the share register.

26 May 2021	Interim report 1
26 May 2021	Annual General Meeting
19 Aug 2021	Half-year report
11 Nov 2021	Interim report 3
24 Feb 2022	Year-end report for 2021

Cantargia

www.cantargia.com