FULL YEAR REPORT

January - December 2021

A successful year validated by new partnership

FOURTH QUARTER

- Net sales: SEK 0 M (0)
- Operating loss: SEK -105.8 M (-56.5)
- Loss after tax: SEK -104.2 M (-56.5)
- Loss per share: before and after dilution, SEK -1.04 (-0.60)

JANUARY - DECEMBER

- Net sales: SEK 0 M (0)
- Operating loss: SEK -370.3 M (-173.9)
- Loss after tax: SEK -366.5 M (-173.1)
- Loss per share: before and after dilution, SEK -3.66 (-1.94)
- Equity/assets ratio: 89 (96) per cent
- Cash and cash equivalents: SEK 247.3 M (693.4)
- Short-term investments: SEK 312.1 M (210.0)

Significant events in the fourth quarter

- Updated encouraging survival data were reported from the CANFOUR trial with nadunolimab and chemotherapy in pancreatic cancer (PDAC)
- Nadunolimab was granted orphan drug status for treatment of PDAC by the European Medicines Agency (EMA)
- The first patient was treated in the CESTAFOUR trial
- Two scientific articles on nadunolimab were published in peer-reviewed journals
- Positive results were reported for CAN10 in a preclinical model for systemic sclerosis as well as progress in the manufacturing process development
- Oppositions were filed against one of Cantargia's European patents providing broad protection for IL1RAP-targeting antibody

Significant events after the end of the period

- Clinical development of nadunolimab in PDAC was advanced by including nadunolimab in Pancreatic Cancer Action Network's (PanCAN) phase II/III clinical trial Precision Promise℠
- The first patient with non-squamous non-small cell lung cancer (NSCLC) was treated in a new arm in CANFOUR, and the first triple negative breast cancer patient in the TRIFOUR trial
- Positive safety data were reported from the CIRIFOUR trial with nadunolimab combined with pembrolizumab
- New encouraging non-GLP toxicology results were reported for CAN10 and start of the clinical phase I trial scheduled for early 2023
- A third party appealed the previous decision by the European Patent Office (EPO) to reject the opposition of one of Cantargia's patents for treatment of solid tumors

Comments on significant events

Updated interim results were reported for the first cohort of PDAC patients treated with nadunolimab and chemotherapy in CANFOUR. Results continue to show improved efficacy than expected from chemotherapy only, as median survival is 12.7 months and median immune progression-free survival is 7.2 months. The safety profile is in line with the previous update, with higher occurrence of neutropenia and febrile neutropenia than expected for chemotherapy only. No cases of severe neuropathy, a frequent side effect of the chemotherapy used, have been observed.

Cantargia announced that clinical development of nadunolimab in PDAC would advance in PanCAN's clinical phase II/III trial, Precision Promise℠. In this pivotal trial, patients will be randomized to receive nadunolimab with chemotherapy, or standard of care chemotherapy alone. Up to 175 patients will be enrolled to the nadunolimab arm. The plan is to submit a pre-IND application to the US Food and Drug Administration in Q2 2022 for including nadunolimab in the trial. Results are expected in 2027 or earlier. In line with the FDA previously granting orphan drug status in the US to nadunolimab for treatment of PDAC, this status was also granted by the EMA in Europe. The clinical development of nadunolimab in NSCLC was advanced by treatment of the first non-squamous NSCLC patient in combination with platinum-based chemotherapy in a new arm in CANFOUR.

From CIRIFOUR, updated interim data were reported, showing a favorable safety profile for combination therapy of nadunolimab with pembrolizumab. Additionally, the first patients started treatment in the CESTAFOUR and TRIFOUR trials. Two scientific articles were also published in peer-reviewed journals, one focusing on safety data from the phase I part of CANFOUR, and the other on functional and structural analyses of interaction between nadunolimab and IL1RAP.

For CAN10, positive results were reported in a systemic sclerosis model where CAN10 counteracted disease development. Progress in manufacturing process development for CAN10 was also reported as well as encouraging results from non-GLP toxicology and pharmacokinetic studies with both intravenous and subcutaneous formulation. However, global shortage in raw materials for production of clinical-grade CAN10 and limited availability of models for GLP toxicology studies, caused by the COVID pandemic, affected timelines and start of the first clinical study for CAN10 was adjusted to early 2023.

Oppositions were filed by competitors against one of Cantargia's European patents for anti-IL1RAP antibodies with similar properties as nadunolimab. A third party appeal was also filed against the decision by the EPO to reject a previous opposition of another European Cantargia patent for treatment of solid tumors.

CHIEF EXECUTIVE'S REVIEW

A successful year validated by new partnership

Another very eventful quarter has passed, ending a 2021 marked by exciting new results for Cantargia, in a climate that has generally been challenging for the global biotech sector. It is therefore encouraging that, as a company, we are able to maintain a strong cash position and generate good results, and have clear plan for how to continue creating value in our projects.

Our results have drawn international attention, as evidenced by the collaboration recently initiated with the PanCAN network. This partnership grants us the possibility to conduct a pivotal trial with nadunolimab to treat patients with metastatic pancreatic cancer, together with leading hospitals in the United States. PanCAN is currently conducting a study called Precision Promise℠ with the goal of developing new and effective treatments for pancreatic cancer. The study was designed in collaboration with the US Food and Drug Administration (FDA) and it is in this major venture that nadunolimab will be included. We are very proud to have been selected despite strong competition. This is largely owing to our results, which show a median survival of 12.7 months in pancreatic cancer patients treated with nadunolimab and chemotherapy. These results are perceived as very promising and PanCAN have therefore agreed to finance part of the study, and we will also gain access to leading experts in the field to ensure that the study is carried out in the best possible way. The first milestone is to update the Precision Promise℠ protocol to include a treatment arm with nadunolimab and to discuss this with regulatory authorities, which will be done during the second quarter. During this quarter we also expect to be able to present new results from our clinical studies in pancreatic cancer and lung cancer.
In addition to our focus on nadunolimab in pancreatic cancer and lung cancer, new activities were started in 2021, which build on the positive results we have obtained thus far and aim to broaden the development to include other cancers and new combination strategies. As these studies involve new combination therapies, the first part has been designed to study safety at different dose levels of nadunolimab. Additional patients can then be included with the aim of documenting safety and efficacy in a larger patient population. Due to the ongoing pandemic, patient recruitment is a challenge, but our assessment is that the first safety parts will be completed in the summer and autumn of 2022. We will then also be able to make an initial assessment of which combinations are the most promising.

Our second project, CAN10, is also advancing. The pandemic has had an impact on CAN10, with adjustments in timelines for production of clinical-grade material and GLP toxicology studies. This is due to the great need for vaccines, which has put tremendous pressure on global capacity for development of new pharmaceuticals. As a consequence, the first clinical study for CAN10 is now expected for start early 2023. In parallel, preclinical studies are making progress and we will be presenting new results for treatment of a model of systemic sclerosis with CAN10 in the first quarter.

During the autumn and the beginning of this year, there has also been some activity related to parts of our patent portfolio. Cantargia not only has patents covering our products, but also broader protection for IL1RAP as a molecular target. The strong results we have shown have provoked competition, and various competitors are doing their best to restrain us. Despite several oppositions in Europe, these attempts have not been successful, and the fact that the patents have been carefully examined in the course of these proceedings further strengthens our position.

Cantargia continued to make progress during 2021, and I am convinced that 2022 will be very interesting with many milestones in both the first and second half of the year.

Göran Forsberg
CEO, Cantargia AB

ABOUT CANTARGIA

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

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

For nadunolimab (CAN04), 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 difficult to treat, and few effective treatments are available on the market. The development activities were recently broadened to include triple negative breast cancer, biliary tract cancer, colon cancer, as well as other tumor types.

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

In a parallel, Cantargia is developing additional antibodies targeting IL1RAP outside the field of cancer. In the CAN10 project, the initial focus is on two serious autoimmune/inflammatory diseases: systemic sclerosis and myocarditis. The goal is to initiate clinical studies for CAN10 early 2023.

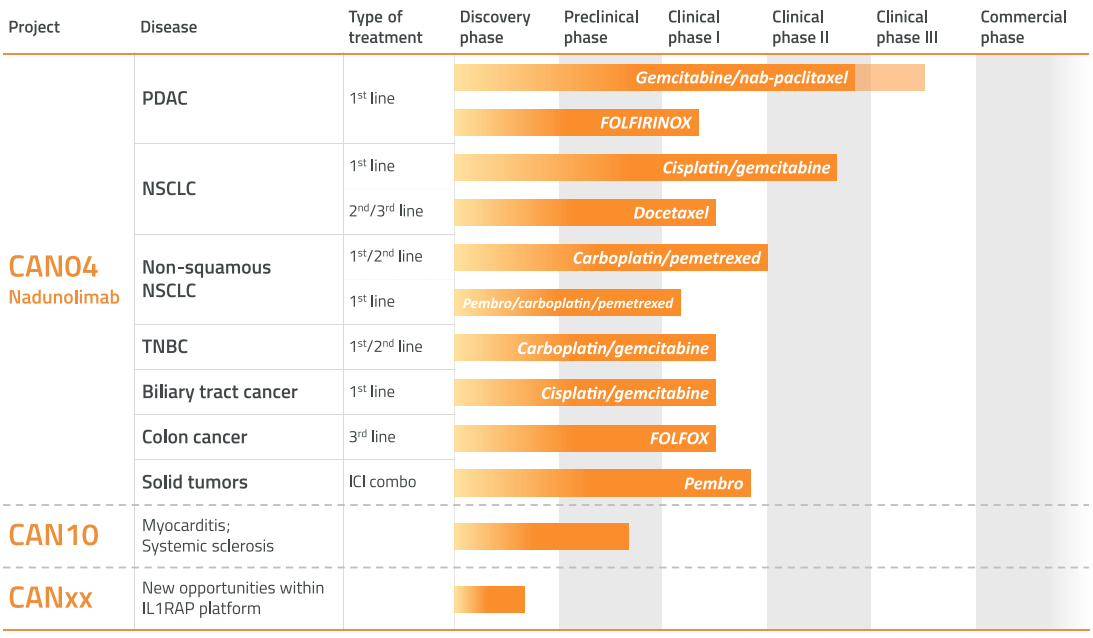
Vision

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

Business model and strategy

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

Cantargia's project portfolio



PDAC – pancreatic cancer; NSCLC – non-small cell lung cancer; TNBC – triple negative breast cancer; ICI – immune checkpoint inhibitor; Pembro – pembrolizumab

Our clinical studies

In Cantargia's first clinical study, CANFOUR, nadunolimab is studied for treatment of non-small cell lung cancer and pancreatic cancer. CANFOUR is a phase I/IIa study consisting of two parts. While the first part primarily evaluated safety and dosage of monotherapy, the second part, phase IIa, focuses on combination therapy with the standard treatments for non-small cell lung cancer and pancreatic cancer. The phase I results were very encouraging and indicated good safety, as well as effects on key biomarkers.

Moreover, positive interim results from the phase IIa part show clear signals on the efficacy of combination therapy as stronger effects are observed in both lung cancer and pancreatic cancer patients compared to what would be expected from chemotherapy alone. Patients with non-small cell lung cancer showed a response of 48 per cent, resulting in a median progression-free survival of 7.2 months, an improvement over historical control data. An even higher response is achieved in patients with the non-squamous subtype of non-small cell lung cancer. In patients with pancreatic cancer, durable responses or pseudoprogression are observed, resulting in a median progression-free survival of 7.2 months and a median overall survival of over 12.7 months.

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

In a further clinical study, CIRIFOUR, nadunolimab is being studied in combination with the immunotherapy pembrolizumab (Keytruda®), where the main purpose is to assess safety. Studies of biomarkers and efficacy are also being conducted. For CIRIFOUR, patient recruitment was completed in 2021 for the initial treatment arm, which included patients with non-small cell lung cancer, head and neck cancer and malignant melanoma, with patients no longer responding to immunotherapy. Interim safety data show that the combination is well-tolerated and efficacy data will be reported in the second quarter of 2022. CIRIFOUR was expanded to include an additional combination therapy arm where nadunolimab is assessed in combination with immunotherapy and platinum-based chemotherapy in patients with non-squamous non-small cell lung cancer. Recruitment of these patients is expected to start during the first quarter of 2022.

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

Ongoing clinical studies for nadunolimab

Study	Disease	Combination therapy	Estimated enrollment	Status	NCT number
CANFOUR	NSCLC	Cisplatin/gemcitabine	33	Recruitment completed	NCT03267316
	Non-squamous NSCLC	Carboplatin/pemetrexed	40	Recruiting	
	PDAC	Gemcitabine/nab-paclitaxel	76	Recruitment completed	
CIRIFOUR	NSCLC, bladder cancer, HNSCC, melanoma	Pembro	15	Recruitment completed	NCT04452214
	Non-squamous NSCLC	Pembro/carboplatin/ pemetrexed	24	Recruitment start in Q1 '22	
CAPAFOUR	PDAC	FOLFIRINOX	30	Recruiting	NCT04990037
CESTAFOUR	NSCLC	Docetaxel	55	Recruiting	NCT05116891
	Biliary tract cancer	Cisplatin/gemcitabine	55		
	Colon cancer	FOLFOX	55		
TRIFOUR	TNBC	Carboplatin/gemcitabine	113	Recruiting	NCT05181462
Precision Promise℠	PDAC	Gemcitabine/nab-paclitaxel	175	Pre-IND submission in Q2 '22	NCT04229004

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

CANTARGIA OPERATES IN A GROWING MARKET

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

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

The lung cancer market

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

Sales of drugs for non-small cell lung cancer totalled USD 19 billion in 2019 and are projected to increase to USD 33 billion by 2029.[3] Sales are driven mainly by increasing use of various antibody-based immunotherapies. Another important factor driving the growth of the global market is the increasing incidence of lung cancer in many countries, mentioned above.

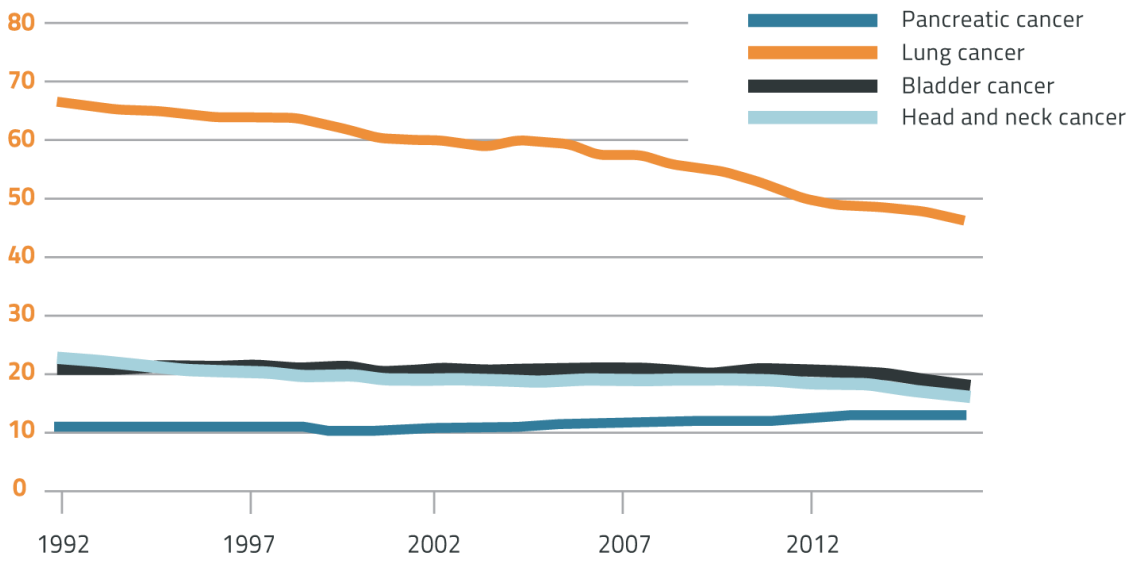
The pancreatic cancer market

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

The global market for pancreatic cancer treatment is expected to be worth USD 5.8 billion by 2029. In 2020, the market was worth around USD 2.5 billion.[4] The market is expected to grow by 11 per cent annually from 2020 to 2029. The main factor contributing to the growth of this market is the growing number of cancer cases, which in turn is driven by an aging population and the increasing incidence of diabetes, both of which are risk factors for developing this disease. Another factor why the market is expected to grow is improved diagnostics, which increases the chance of discovering pancreatic cancer at an earlier stage and thus enabling treatment. The number of people being diagnosed with pancreatic cancer is expected to grow by 55 per cent by 2030. This year, pancreatic cancer is expected to be the third most common cause of cancer-related deaths in the US.[5]

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

Source: SEER Cancer Statistics Review



The head and neck cancer market

Head and neck cancer is a group of cancer indications that affect the lips, salivary gland, pharynx, nasal cavity, larynx and thyroid gland. The number of new annual cases of head and neck cancer in the 7MM countries is forecast to rise from 164,000 in 2020 to around 175,000 in 2025.[6] The global pharmaceutical market for head and neck cancer treatment was estimated at USD 1.3 billion in 2019 and is forecast to be worth USD 1.5 billion by 2025.[7] This represents an annual growth rate of 4 per cent from 2020 to 2025.

The bladder cancer market

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

The market for systemic sclerosis and myocarditis

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

Immunotherapy

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

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

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

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

4 Market Research.com Pancreatic Cancer Therapeutics Market Research Report by Product (Chemotherapy and Targeted Therapy), by Type (Endocrine Pancreatic Cancer and Exocrine Pancreatic cancer) - Global Forecast to 2025 - Cumulative Impact of COVID-19

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

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

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

8 GlobalData, Opportunity Analyzer: Bladder Cancer, April 2020

9 Best Pract Res Clin Rheumatol. 2018 Apr;32(2):223-240, Clin Epidemiol. 2019 Apr 18;11:257-2 och Ann Rheum Dis. 2014 Oct;73(10):1788-92

10 Lancet. 2018;392:1736-88

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

FINANCIAL INFORMATION

Revenue

The company's revenue was SEK 0.0 M (0.0) in the fourth quarter and for the full year 2021 to SEK 0.0 M (0.0).

Operating expenses/operating loss

Research and development costs totalled SEK 101.8 M (52.9) in the fourth quarter and SEK 352.7 M (158.4) for the full year 2021. The change compared to the previous year is primarily related to Cantargia's main project, CAN04, and the expansion of the clinical programme with the CIRIFOUR, CAPAFOUR, CESTAFOUR, and TRIFOUR studies. Investments in production development (CMC) and preclinical studies for CAN10 also increased.

Administrative expenses amounted to SEK 3.2 M (3.4) in the fourth quarter and SEK 15.3 M (14.9) for the full year.

Other operating expenses, which mainly comprise foreign exchange differences on trade payables, were SEK 0.7 M (0.1) in the fourth quarter and SEK 2.2 M (0.6) for the full year. Other operating expenses are mainly related to changes in the value of the Swedish krona against EUR.

The operating loss was SEK -105.8 M (-56.5) in the fourth quarter and SEK -370.3 M (-173.9) for the full year.

Net financial income/expense

Net financial income/expense consists substantially of foreign exchange differences on the company's currency accounts and interest earned on short-term investments in fixed-rate accounts and fixed income funds. Net financial income was SEK 1.6 M (0.0) for the fourth quarter and SEK 3.8 M (0.9) for the full year 2021.

Earnings

Cantargia's loss before tax, which is the same as the loss for the period, was SEK -104.2 M (-56.5) in the fourth quarter and SEK -366.5 M (-173.1) for the full year.

Cash flow and investments

Cash flow from operating activities was SEK -89.9 M (-44.7) in the fourth quarter and SEK -346.4 M (-156.4) for the full year. As part of cash flow from operating activities, changes in working capital were SEK -7.8 M (6.8) in the fourth quarter and SEK 14.4 M (6.5) in the full year 2021.

Cash flow from investing activities was SEK -0.2 M (-75.1) in the fourth quarter and SEK -102.4 M (-109.0) in the full year. Cash flow from investing activities refers essentially to the reallocation of other short-term investments in fixed-rate accounts and fixed income funds.

Cash flow from financing activities was SEK 0.0 M (531.2) in the fourth quarter and SEK 0.0 M (918.5) in the full year. The outcome for the previous year is related to directed share issues completed in that year.

The total change in cash and cash equivalents was SEK -90.0 M (411.5) for the fourth quarter and SEK -448.9 M (653.1) for the full year.

Financial position

The company's cash and cash equivalents, which consist of cash and demand deposits with banks and other credit institutions, were SEK 247.3 M (693.4) at the balance sheet date. In addition to cash and cash equivalents, the company had short-term investments with banks and in fixed income funds of SEK 312.1 M (210.0). Total available funds, bank deposits and short-term investments amounted to SEK 559.4 M (903.4).

Cantargia's equity/assets ratio at 31 December 2021 was 89 (96) per cent and equity was SEK 532.7 M (891.9).

At the end of the period, total assets amounted to SEK 600.2 M (925.5).

SHAREHOLDER INFORMATION

Share information

As of 25 September 2018, Cantargia's shares have been listed on the main list of Nasdaq Stockholm, under the stock symbol "CANTA". On 31 December 2021, the number of shares was 100,192,737 (100,192,737).

Share price performance in 2021

Ownership distribution, 31 December 2021

Owner	Number of shares	Capital/Votes (%)
Swedbank Robur Fonder	9 626 665	9,6%
Fjärde AP-fonden	8 846 347	8,8%
Alecta Pensionsförsäkring, Ömsesidigt	7 259 577	7,2%
Six Sis AG	6 997 319	7,0%
Första AP-fonden	6 324 244	6,3%
Försäkringsaktiebolaget, Avanza Pension	5 312 781	5,3%
SEB AB, Luxemburg Branch	3 492 124	3,5%
Unionen	2 000 000	2,0%
Andra AP-fonden	1 321 268	1,3%
KUDU VP AB	1 243 216	1,2%
Other	47 769 196	47,7%
Total	**100 192 737**	**100,0%**

Ownership distribution by size class, 31 December 2021

Holding	Number of shareholders	Number of shares	Capital/Votes (%)	Market Cap (kSEK)
1 - 500	6 948	1 024 482	1,0%	18 912
501 - 1 000	1 553	1 250 505	1,2%	23 084
1 001 - 5 000	2 440	5 900 480	5,9%	108 923
5 001 - 10 000	563	4 170 239	4,2%	76 983
10 001 - 15 000	226	2 864 621	2,9%	52 881
15 001 - 20 000	128	2 288 571	2,3%	42 247
20 001 -	333	82 693 839	82,5%	1 526 528
Total	**12 191**	**100 192 737**	**100,0%**	**1 849 558**

OTHER INFORMATION

Employees

The average number of employees during the period January to December 2021 was 22 (15), of whom 13 (9) were women. Cantargia operates to a large extent through external partners.

Financial calendar

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

Proposed appropriation of earnings

The Board of Directors propose in accordance with established dividend policy that no dividend be paid for the financial year 1 January 2021 – 31 December 2021.

Annual General Meeting 2022

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

Review by auditors

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

Contact

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

Lund, 24 February 2022

Göran Forsberg
CEO

STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	Note	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Operating income					
Net sales		-	-	-	-
Other operating income		-	-	-	-
Operating expenses	6				
Research and development costs	5	-101 800	-52 932	-352 709	-158 396
Administrative costs		-3 230	-3 450	-15 309	-14 919
Other operating expenses		-721	-75	-2 249	-630
		-105 751	**-56 457**	**-370 267**	**-173 945**
Operating loss		**-105 751**	**-56 457**	**-370 267**	**-173 945**
Financial income and expense					
Interest income and similar items		1 572	-31	3 766	860
Interest expense and similar items		-3	0	-3	-1
		1 569	**-31**	**3 763**	**859**
Loss before taxes		**-104 182**	**-56 488**	**-366 504**	**-173 085**
Loss for the period *)		**-104 182**	**-56 488**	**-366 504**	**-173 085**
Earnings per share before and after dilution (SEK) based on average number of shares		-1,04	-0,60	-3,66	-1,94

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

STATEMENT OF FINANCIAL POSITION

SEK thousand	Note	31-12-2021	31-12-2020
ASSETS			
Fixed assets			
Intangible assets			
Patent		6 459	7 360
		6 459	**7 360**
Tangible assets			
Machinery and equipment		3 097	5 262
		3 097	**5 262**
Total fixed assets		**9 556**	**12 622**
Current assets			
Other receivables		4 588	2 673
Prepaid expenses and accrued income		26 713	6 846
		31 301	**9 519**
Short-term investments			
Other short-term investments		312 064	210 019
		312 064	**210 019**
Cash and bank balances			
Cash and bank balances		247 322	693 354
		247 322	**693 354**
Total current assets		**590 688**	**912 892**
TOTAL ASSETS		**600 244**	**925 514**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		8 015	8 015
		8 015	**8 015**
Non-restricted equity			
Share premium account		1 404 595	1 404 595
Retained earnings		-513 362	-347 590
Loss for the period		-366 504	-173 085
		524 729	**883 919**
Total equity		**532 745**	**891 935**
Long-term liabilities			
Provision for social security contributions, incentive progr	8	892	3 111
		892	**3 111**
Short-term liabilities			
Trade payables		34 512	10 678
Tax liabilities		570	349
Other liabilities		1 105	859
Accrued expenses and deferred income		30 420	18 583
		66 607	**30 469**
TOTAL EQUITY AND LIABILITIES		**600 244**	**925 514**

STATEMENT OF CHANGES IN EQUITY

SEK thousand		Restricted equity		Non-restricted equity		Total
1 January 2021 - 31 December 2021	Note	Share capital	Paid not registered share capital	Share premium account	Retained earnings incl Loss for the period	Total equity
Opening balance 1 January 2021		**8 015**	**-**	**1 404 595**	**-520 676**	**891 935**
Loss for the period		-	-	-	-366 504	-366 504
Transactions with shareholders						
Employee stock option program	8	-	-	-	7 314	7 314
		8 015	-	1 404 595	7 314	7 314
Closing balance 31 December 2021		**8 015**	**-**	**1 404 595**	**-879 866**	**532 745**
1 January 2020 - 31 December 2020						
Opening balance 1 January 2020		**5 824**	**-**	**488 272**	**-351 823**	**142 273**
Loss for the period		-	-	-	-173 085	-173 085
Transactions with shareholders						
Issue of new shares for the year		2 184	-	971 575	-	973 759
Capital acquisition cost		-	-	-56 214	-	-56 214
Warrant program, TO 2017/2020	8	7	-	962	-	969
Employee stock option program	8	-	-	-	4 233	4 233
		2 191	-	916 323	4 233	922 747
Closing balance 31 December 2020		**8 015**	**-**	**1 404 595**	**-520 676**	**891 935**

STATEMENT OF CASH FLOW

SEK thousand	Note	2021 Oct - Dec	2020 Oct - Dec	2021 Jan-Dec	2020 Jan-Dec
Operating activities					
Operating loss		-105 751	-56 457	-370 267	-173 945
Adjustments for non-cash items	7	2 680	4 919	8 541	10 592
Interest received etc.		89	73	927	501
Interest paid etc.		-3	0	-3	-1
Cash flow from operating activities before changes in working capital		**-102 985**	**-51 465**	**-360 802**	**-162 853**
Changes in working capital					
Change in receivables		8 442	4 839	-21 782	-219
Change in trade payables		13 480	3 339	23 834	-1 943
Changes in other current liabilities		-8 811	-1 419	12 304	8 627
		13 112	**6 760**	**14 357**	**6 466**
Cash flow from operating activities		**-89 873**	**-44 705**	**-346 445**	**-156 387**
Investing activities					
Acquisition of intangible assets		-	-	-	-8 111
Acquisition of tangible assets		-123	-57	-383	-890
Increase in other short-term investments		-46	-75 000	-177 046	-225 000
Decrease in other short-term investments		-	-	75 000	125 000
		-169	**-75 057**	**-102 429**	**-109 002**
Financing activities					
Issue of new shares for the year		-	564 234	-	973 759
Capital acquisition cost		-	-33 017	-	-56 214
Warrant program, TO 2017/2020		-	-	-	969
		-	**531 217**	**-**	**918 514**
Change in cash and cash equivalents		-90 043	411 455	-448 873	653 126
Cash and cash equivalents at beginning of period		335 882	282 004	693 354	39 870
Exchange rate difference in cash equivalents		1 483	-104	2 839	359
Cash and cash equivalents at end of period *)		**247 322**	**693 354**	**247 322**	**693 354**

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

KEY FIGURES

SEK thousand	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Net sales	-	-	-	-
Operating loss	-105 751	-56 457	-370 267	-173 945
Loss for the period	-104 182	-56 488	-366 504	-173 085
Average number of shares	100 192 737	94 125 705	100 192 737	89 380 405
Earnings per share before and after dilution (SEK) based on average number of shares	-1,04	-0,60	-3,66	-1,94
Change in cash and cash equivalents	-90 043	411 455	-448 873	653 126
Cash and cash equivalents	247 322	693 354	247 322	693 354
Short-term investments	312 064	210 019	312 064	210 019
Total available funds	559 387	903 373	559 387	903 373
Equity end of period	532 745	891 935	532 745	891 935
Equity/assets ratio, %	89%	96%	89%	96%
Average number of employees	26	18	22	15
Number of employees at end of period	26	18	26	18
R&D costs as a percentage of operating expenses	96%	94%	95%	91%

Key performance indicators, definitions

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

NOTES

Note 1 General information

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

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

The full year report for 2021 was approved for publication on the 24th of February 2022 in accordance with a resolution of the Board of Directors on the 23rd of February.

Note 2 Accounting policies

This year-end report has been prepared in accordance with the Swedish Annual Accounts Act, Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board and IAS 34 Interim Financial Reporting.
The accounting policies applied in preparing this year-end report are consistent with those used in preparing the annual report for 2020.

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

Note 3 Information on risks and uncertainties

Operational risks

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

Financial risk management

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

Note 4 Critical judgements and estimates

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

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

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

Note 5 Related party transactions

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

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

Note 6 Costs by nature of expense

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

SEK thousand	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Project costs	-88 050	-40 220	-304 229	-121 897
Other external expenses	-4 966	-3 574	-22 378	-15 985
Personnel expenses	-11 145	-11 733	-37 966	-32 185
Other operating expenses	-721	-75	-2 249	-630
Depreciation	-869	-855	-3 446	-3 248
	-105 751	**-56 457**	**-370 267**	**-173 945**

Note 7 Adjustments for non-cash items

SEK thousand	2021 Oct-Dec	2020 Oct-Dec	2021 Jan-Dec	2020 Jan-Dec
Depreciation	-870	-854	-3 446	-3 248
Employee stock option program	-1 811	-4 065	-5 095	-7 344
	-2 680	**-4 919**	**-8 541**	**-10 592**

Note 8 Share-based incentive programs

Employee stock option program

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

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

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

Below is a summary of the total number of shares that granted options may entitle to as of December 31, 2021. Full exercise of granted options as of December 31, 2021, corresponding to a total of 3,170,333 shares, would result in a dilution of shareholders by 3.1 percent. If decided, but not allotted options, a further total of 1,666,000 are fully exercised, it would result in a total dilution of shareholders of 4.7 percent.

Changes in existing incentive programs during 2021 (number of shares)	
Granted instruments	
Employee stock option program 2021/2024	1 334 000
Employee stock option program 2020/2023	147 000
Exercised instruments	-
Lapsed instruments	
Employee stock option program 2021/2024	-24 000
Employee stock option program 2020/2023	-26 667
Total change	**1 430 333**

Number of shares granted instruments may entitle to December 31, 2021	
Employee stock option program 2021/2024	1 310 000
Employee stock option program 2020/2023	1 860 333
Number of shares granted instruments may entitle to	**3 170 333**

SUBMISSION OF INTERIM REPORT

This is information that Cantargia AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the Chief Executive Officer on 24 February 2022, at 8:30 a.m.

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