# FULL YEAR REPORT

## January - December 2022

# Positive progress in a challenging market

### FOURTH QUARTER

- Net sales: SEK 0 M (0)
- Operating loss: SEK -89.7 M (-105.8)
- Loss after tax: SEK -90.6 M (-104.2)
- Loss per share, before and after dilution: SEK -0.54 (-1.04)

### JANUARY - DECEMBER

- Net sales: SEK 0 M (0)
- Operating loss: SEK -381.5 M (-370.3)
- Loss after tax: SEK -371.8 M (-366.5)
- Loss per share, before and after dilution: SEK -2.90 (-3.66)
- Equity/assets ratio: 82 (89) per cent
- Cash and cash equivalents: SEK 189.6 M (247.3)
- Short-term investments: SEK 237.1 M (312.1)

### Significant events in the fourth quarter

- A milestone was reached in the CAPAFOUR and CESTA-FOUR trials when enough patients had been enrolled to end recruitment. Cantargia announced that clinical development of nadunolimab will focus on randomized studies. The CIRIFOUR trial was also stopped.
- New results showing the effect of nadunolimab on various tumor-promoting molecules were presented at the SITC conference.
- New positive efficacy data for CAN10 in several models of systemic sclerosis were reported at an oral presentation at the ACR Convergence conference.

### Significant events after the end of the period

- The TRIFOUR trial advanced to the randomized stage following promising early safety and efficacy of nadunolimab in triple-negative breast cancer (TNBC).
- The GLP toxicity study for CAN10 was successfully completed and an application to start a clinical trial is planned to be submitted.
- Patrik Renblad was recruited as new Chief Financial Officer (CFO).

### Comments on significant events

During the period it was announced that more than 50 cancer patients in total had been recruited to the clinical trials CAPAFOUR and CESTA-FOUR which evaluate nadunolimab with chemotherapy in various forms of cancer. This was sufficient basis for taking the decision to end recruitment to both studies. Preliminary data showed acceptable safety for the combinations and partial responses were observed in two of four non-small cell lung cancer (NSCLC) patients treated with nadunolimab and gemcitabine/cisplatin, in line with previous results in these types of patients. The CIRIFOUR trial was also stopped and cost-efficient options to evaluate the Keytruda® and chemotherapy combination are explored.

Going forward, Cantargia will focus on randomized trials in pancreatic cancer, NSCLC and TNBC. In TNBC, nadunolimab is evaluated with the chemotherapy carboplatin/gemcitabine in the TRIFOUR trial. During the period, the first part of TRIFOUR, a dose escalation phase in 15 patients, was completed and acceptable safety shown for the combination. Initial data based on 12 patients treated long enough for a first efficacy assessment, also showed promising responses compared to historical control data. The TRIFOUR trial will expand to a second randomized part where up to 98 additional patients will be included to evaluate the anti-tumor efficacy of the combination.

New data were presented at the SITC conference. These are based on preclinical studies and analyses of patient samples from the CANFOUR trial and showed that nadunolimab reduces the release of various tumor-promoting molecules. Preclinical efficacy data in three different models of systemic sclerosis were also presented for CAN10 in an oral presentation at the prestigious conference ACR Convergence. For CAN10, an important milestone was also achieved with the completion of a GLP toxicity study. The study showed that CAN10 is well tolerated when administered intravenously for six weeks at dose levels up to 50 mg/kg. Subcutaneous administration also showed good safety. Next, an application to start a clinical trial will be submitted, with the plan to start treatment in this trial as early as the first half of 2023.

During the period, Patrik Renblad was recruited as new CFO, starting August 2023 at the earliest. Bengt Jöndell, current CFO, will remain in this role until Renblad formally takes over.

# CHIEF EXECUTIVE'S REVIEW

## Positive progress in a challenging market

Despite the major challenges faced by the biotech industry in 2022, Cantargia has continued to make progress in its project portfolio. We have presented new clinical results that show the potential of nadunolimab in combination therapy of advanced tumor diseases, and after evaluating nadunolimab's potential in several types of cancer with various therapies, we have been able to proceed to the next step and focus on the most promising options. Our second project, CAN10, has also shown very encouraging results in several disease models, and it is with great enthusiasm that I look forward to submitting our application to start the first clinical trial in the first quarter of 2023. This progress was made possible by our strong financial position and by the support we received from our shareholders in the rights issue during the summer. This will also enable us to continue building value in Cantargia.

In the autumn, we ended recruitment to three of our clinical trials. We will continue to treat the patients in the trials and are planning to present the results in 2023 after documenting long-term effects and assessing how subsequent studies should be designed. In the short term, our focus will be on pancreatic cancer, lung cancer and triple-negative breast cancer where the goal is to conduct randomized studies which include control groups. We have previously reported promising results in 73 patients in first-line treatment of pancreatic cancer in combination with chemotherapy. The next step is a randomized phase II/III trial in collaboration with the US organization PanCAN. At the time of writing, discussions are still ongoing with the US Food and Drug Administration (FDA) regarding details in the study protocol. These discussions have taken a little longer than anticipated, which is due to the fact that in 2022 the FDA presented new general guidelines for clinical development in oncology under its Project Optimus initiative. This affects the protocol for Cantargia's planned study with PanCAN. Once all details are resolved, we will be ready to formally apply to start patient treatment. Regarding the development in lung cancer, this is a highly competitive area where we have decided to build a solid foundation before proceeding to a randomized trial. We expect to continue recruiting lung cancer patients in our CANFOUR trial for at least the first quarter before deciding on the next steps. Our third development track is combination treatment of triple-negative breast cancer, the most difficult-to-treat form of breast cancer. For this indication, we recently reached an important milestone in the TRIFOUR trial where we finalized the initial dose escalation phase and were able to show acceptable safety of combination treatment with nadunolimab. Preliminary results from the first 12 patients also indicate a promising efficacy of the combination with a response of 50%, with one patient having a complete response. TRIFOUR will subsequently be expanded to a randomized phase where the combination will be compared to a control group. This will thus become our first controlled study to confirm the positive effects of nadunolimab in combination with chemotherapy. In addition to the clinical studies, we also presented new translational data at the SITC 2022 conference. These results have generated interest and provide strong support for the promising anti-tumor effects observed with nadunolimab.

CAN10 has also attracted a lot of attention. In 2022, we demonstrated promising effects in different disease models of autoimmune or inflammatory diseases. In the fourth quarter, these successes culminated at the prestigious ACR Convergence scientific conference as we were selected to orally present new, very promising results in the treatment of several models of systemic sclerosis. At the start of January, we also announced that the mandatory GLP toxicity study had been completed. This documented a very good safety profile for CAN10 and we are now ready to formally apply to start a clinical phase I trial during the first quarter of 2023.

Finally, I would also like to welcome Patrik Renblad, who will replace Bengt Jöndell in the role as CFO during the year. Patrik has several years of experience from senior positions in finance, which will be of immense value as we advance our drug candidates to the next stage. I also wish to express my gratitude to Bengt Jöndell, for managing the role as CFO over the past six years with excellent results.

While I remain mindful of the challenges caused by the current global market environment, I also see reasons for optimism and that we are in a good position to continue moving Cantargia forward. I am confident that 2023 will be a very exciting year with an interesting news flow, and I am very grateful for the support we have received and continue to receive from our shareholders as we develop new therapies for life-threatening and difficult-to-treat diseases.

*Göran Forsberg*
CEO, Cantargia AB

# ABOUT CANTARGIA

Cantargia is a Swedish biotech company that develops antibody-based treatments for cancer and other life-threatening diseases. 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. Further studies demonstrated that this molecule is also found on cancer cells from a large number of tumor types. Antibodies targeting IL1RAP can thus potentially be used in the treatment of several types of cancer.

**Nadunolimab (CAN04)**
The development of Cantargia's first drug candidate, the IL1RAP-binding antibody nadunolimab, has progressed quickly and has demonstrated promising clinical and pre-clinical data in the treatment of cancer. In addition to targeting cancer cells and stimulating our natural immune system to destroy such cells, nadunolimab also blocks signals which contribute to tumor development and growth. In a large number of tumor diseases, the tumor growth benefits from the so-called interleukin-1 system, which contributes to an environment favorable to tumors. The interleukin-1 system is dependent on IL1RAP for transferring signals to cells and blockade of IL1RAP by nadunolimab prevents this signaling.

Cantargia has rapidly advanced nadunolimab to the clinical phase IIa stage in pancreatic cancer and non-small cell lung cancer. Promising interim data from patients receiving nadunolimab in combination with chemotherapy have been presented and indicate a stronger efficacy than would be expected from chemotherapy alone.

Currently, the next steps in late-stage clinical development in pancreatic cancer are being prepared as nadunolimab will be included in the potentially registrational clinical phase II/III trial Precision Promise$^{SM}$, designed by the Pancreatic Cancer Action Network (PanCAN). In parallel, preparations for a randomized study in non-squamous non-small cell lung cancer are ongoing. Cantargia is also conducting a phase Ib/II trial in triple-negative breast cancer with a randomized phase II part.

**CAN10**
IL1RAP is also an interesting target in many diseases outside the field of cancer. In the CAN10 project, Cantargia is developing a new IL1RAP-targeting antibody which has a unique capability of blocking signaling not only by interleukin-1, but also interleukin-33 and interleukin-36. Simultaneous blockade of all three of these cytokines has great potential in the treatment of several autoimmune and inflammatory diseases. The initial focus is on two severe diseases, systemic sclerosis and myocarditis, where CAN10 has shown very strong pre-clinical data. CAN10 is currently in late-stage preclinical development and the goal is to initiate the first clinical trial with CAN10 as early as the first half of 2023.

**CANxx**
In the CANxx project, Cantargia is expanding its knowledge of IL1RAP and develops new antibodies that complement nadunolimab and CAN10. The goal is to identify new antibody-based IL1RAP-targeting drugs with properties that differ from those of nadunolimab and CAN10 and are thus specifically designed for the treatment of new diseases.

Cantargia's project portfolio

| Project | Disease | Type of treatment | Discovery phase | Preclinical phase | Clinical phase I | Clinical phase II | Clinical phase III |
|---|---|---|---|---|---|---|---|
| Nadunolimab | PDAC | 1st line | | | | Gemcitabine/nab-paclitaxel | |
| | Non-squamous NSCLC | 1st/2nd line | | | | Carboplatin/pemetrexed | |
| | TNBC | 1st/2nd line | | | | Carboplatin/gemcitabine | |
| CAN10 | Myocarditis, Systemic sclerosis | | | | | | |
| CANxx | New opportunities within IL1RAP platform | | | | | | |

PDAC – pancreatic cancer; NSCLC – non-small cell lung cancer; TNBC – triple-negative breast cancer

**Cantargia's clinical studies**

In Cantargia's first clinical study, CANFOUR, nadunolimab is evaluated for treatment of pancreatic cancer and non-small cell lung 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 pancreatic cancer and non-small cell lung 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, presented at ASCO in June 2022, show clear signals on the efficacy of combination therapy as stronger effects are observed in both pancreatic cancer and lung cancer patients compared to what would be expected from chemotherapy alone. In a total of 73 patients with pancreatic cancer, progression-free survival of 7.2 months and median overall survival of 12.7 months is observed. In 30 patients with non-small cell lung cancer, a response of 53 per cent is achieved, resulting in median progression-free survival of 6.8 months. An even higher response is observed in patients with the non-squamous subtype of non-small cell lung cancer. In CANFOUR, additional patients with non-squamous non-small cell lung cancer are now being recruited. This is a first step in a focused strategy for late-stage clinical development and these patients are prioritized as they are most likely to benefit from treatment with nadunolimab and chemotherapy.

In a further clinical trial, the phase Ib study CIRIFOUR, nadunolimab is studied in combination with the immunotherapy pembrolizumab (Keytruda®), with the main objective to assess safety. Patient recruitment was recently halted for CIRIFOUR, and a total of 16 patients with non-small cell lung cancer, head and neck cancer or malignant melanoma, were treated. Interim data presented at ASCO in June 2022 show that the combination is well-tolerated and that disease control for at least 30 weeks (up to 58 weeks) is achieved in 6 of 15 evaluated patients, including one partial response. Going forward, Cantargia will explore more cost-efficient alternatives to study nadunolimab with pembrolizumab and chemotherapy.

Nadunolimab is also assessed in additional forms of cancer or with additional combination therapies. In the clinical phase Ib/II trial TRIFOUR, patients with triple-negative breast cancer are treated with nadunolimab in combination with the chemotherapy regime carboplatin/gemcitabine. In this trial, the initial dose escalation phase was recently completed, where the combination showed acceptable safety and promising efficacy. The study will immediately progress to a second randomized phase where the anti-tumor efficacy of nadunolimab in combination with chemotherapy will be evaluated and compared to a control group with chemotherapy alone.

Additional studies include the phase Ib trial CAPAFOUR and the phase I/II trial CESTAFOUR. In CAPAFOUR, pancreatic cancer patients are treated with nadunolimab in combination with the chemotherapy regime FOLFIRINOX, and in CESTAFOUR, nadunolimab is evaluated in combination with chemotherapy in three different forms of cancer: non-small cell lung cancer, biliary tract cancer and colon cancer. In October 2022, patient recruitment to both CAPAFOUR and CESTAFOUR was halted. Preliminary results show an acceptable safety profile for the combination therapies and signs of efficacy in non-small cell lung cancer patients treated with nadunolimab and gemcitabine/cisplatin in CESTAFOUR.

Clinical studies for nadunolimab

| Study | Disease | Combination therapy | No. of patients | Status | NCT number |
|---|---|---|---|---|---|
| CANFOUR | PDAC | Gemcitabine/nab-paclitaxel | 76 | Active, not recruiting | NCT03267316 |
| | NSCLC/ non-squamous NSCLC | Platinum doublets | 33 + up to 40 | Recruiting | |
| CIRIFOUR | Solid tumors | Pembrolizumab | 16 | Active, not recruiting | NCT04452214 |
| CAPAFOUR | PDAC | FOLFIRINOX | 18 | Active, not recruiting | NCT04990037 |
| CESTAFOUR | Solid tumors | Docetaxel, cisplatin/ gemcitabine or FOLFOX | 36 | Active, not recruiting | NCT05116891 |
| TRIFOUR | TNBC | Carboplatin/gemcitabine | Up to 113 | Recruiting | NCT05181462 |
| Precision Promise℠ | PDAC | Gemcitabine/nab-paclitaxel | Up to 350 | Not yet recruiting | NCT04229004 |

NSCLC – non-small cell lung cancer; PDAC – pancreatic cancer; TNBC – triple-negative breast cancer

# CANTARGIA OPERATES IN A GROWING MARKET

Cancer is one of the most common causes of death in the world, accounting for around 20 per cent of deaths in the West. Globally, more than 19 million people are diagnosed with cancer each year and nearly 10 million die from cancer-related diseases[1]. Despite significant advances in treatment and diagnosis, there is great need for new treatment methods.

Cantargia initially focused its development of nadunolimab on non-small cell lung cancer and pancreatic cancer. Pancreatic cancer is very difficult to treat and few effective treatments have been developed to date. Lung cancer is the form of cancer that causes the most number of deaths and non-small cell lung cancer is the most common form of the disease.

As IL1RAP, the target molecule of nadunolimab, is found on multiple solid tumors, there is potential to utilize Cantargia's immuno-oncology platform for treatment of several additional forms of cancer. For this reason, the development of nadunolimab has been broadened to also include, for example, triple-negative breast cancer.

**The market for lung cancer treatment**

In 2020, around 2.3 million cases of lung cancer were diagnosed globally and more than 1.8 million people died from the disease[1]. Around 85 per cent of all lung cancers are non-small cell lung cancer[2], which is subdivided into the squamous and non-squamous subgroups, where the latter is the largest and corresponds to 70-80 per cent of all cases[3]. In the United States, the number of people diagnosed with lung cancer has declined by approximately 27 per cent over the past 20 years, while the number of people diagnosed with this disease is increasing in countries such as China and India, and in European countries such as Hungary, Denmark and Serbia.

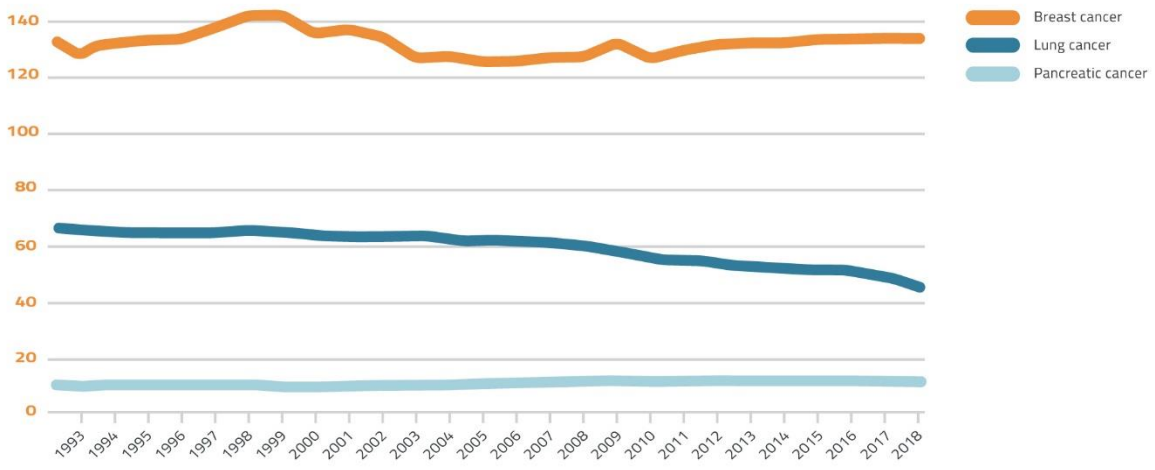
Sales of drugs for non-small cell lung cancer totalled USD 20 billion in 2020 and are projected to increase to USD 45 billion by 2027[4]. Sales are driven mainly by increasing use of various antibody-based immunotherapies. Another important factor driving the growth of the global market is the increasing incidence of lung cancer in many countries, as mentioned above.

**The market for pancreatic cancer treatment**

Globally, approximately 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 United States, the number of people diagnosed with the disease has increased by nearly 13 per cent over the past 20 years and pancreatic cancer is today the third most common cause of cancer-related deaths in the United States[5]. Pancreatic cancer is difficult to diagnose, and for this reason, it is also difficult to treat as it is often well advanced by the time it is discovered.

Pancreatic cancer treatment was valued at approximately USD 2.4 billion in the eight largest markets in 2021 and is expected to grow to approximately USD 4.2 billion by 2026[6]. This corresponds to an annual growth rate of just over 8 per cent during these years. The growth in this market is mainly caused by an increasing number of cancer cases. The number of people diagnosed with pancreatic cancer is estimated to increase by 70 per cent by 2040[1]. The increase in the number of cases is in turn caused by an aging population and the increasing incidence of diabetes, which are both risk factors for developing pancreatic cancer. Improved diagnostics also contribute to the expected market growth as they increase the likelihood of discovering pancreatic cancer at an earlier stage, thus enabling treatment.

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




Source: SEER Cancer Statistics Review

**The market for breast cancer**

Breast cancer is currently the most common form of cancer. In 2020, approximately 2.3 million new cases were reported, and approximately 685,000 women died from the disease. In 2040, around 3.2 million women are expected to be diagnosed with the disease and just over one million will die as a consequence of the disease[1]. 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[7]. According to a study conducted on American women, increases in BMI and the fact that women on average give birth to fewer children, are likely to contribute to the increase in cases in the United States between 1980 and 2018[8].

The global market for breast cancer treatment amounted to approximately USD 15 billion in 2021 and is expected to increase to USD 20 billion by 2025, corresponding to an annual growth rate of approximately 13 per cent[9]. The market growth is primarily caused by 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 launch of new drugs.

Approximately 10-15 per cent of breast cancer cases are triple-negative breast cancer, an aggressive and difficult to treat form of cancer that expresses IL1RAP at higher levels compared to other types of breast cancer. The market for the treatment of triple-negative breast cancer is expected to be worth over USD 820 million by 2027 following an annual growth rate of approximately 4.5 per cent between 2020 and 2027[10].

**The market for systemic sclerosis and myocarditis**

In Cantargia's second development project, CAN10, the objective is to develop a novel IL1RAP-binding antibody primarily for the treatment of systemic sclerosis and myocarditis. Systemic sclerosis is a chronic autoimmune disease that is mainly characterized 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 1.4 per 100,000 according to a new systematic review[11]. The main cause of death in patients with systemic sclerosis is interstitial lung disease and the medical need is particularly high in these patients. The worth of the pharmaceutical market for systemic sclerosis was estimated to approximately USD 500 million in 2020 and is expected to grow to USD 1.8 billion by 2030 in the seven major markets[12]. This corresponds to an average annual growth rate of 14 per cent.

Myocarditis is characterized by inflammation of the muscular tissues of the heart (myocardium) arising from, for example, various types of infections. Regardless of its etiology, myocarditis is characterized by initial acute inflammation that can progress to subacute and chronic stages, resulting in tissue remodeling, fibrosis, and loss of myocardium architecture and contractile function. The incidence of myocarditis is about 22 per 100,000 (1.7 million)[13], and globally the disease accounts for about 0.6 deaths per 100,000 (46,400) annually[14]. The medical need is high 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.

[1]Globocan 2020

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

[3]Paz-Ares et al, N Engl J Med 2018; 379:2040-2051

[4]Reportlinker, Global Non-Small Cell Lung Cancer (NSCLC) Therapeutics Industry

[5]American Cancer Society, Cancer Facts & Figures 2021

[6]Reportlinker.com, Pancreatic Cancer Treatment Market Research Report - Global Forecast to 2026

[7]American Cancer Society

[8]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

[9]Research and Markets, Breast Cancer Drugs Global Market Report 2021

[10]FutureWise, Triple Negative Breast Cancer Treatment Market By Drug Type, 2020-2027

[11]Bairkdar, Rossides, Westerlind, Hesselstrand, Arkema, Holmqvist, Incidence and prevalence of systemic sclerosis globally: A comprehensive systematic review and meta-analysis, Rheumatology 2021:7

[12]GlobalData, Systemic Sclerosis: Global Drug Forecast and Market Analysis to 2030

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

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

# FINANCIAL INFORMATION

## Revenue

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

## Operating expenses/operating loss

Research and development costs totaled SEK 88.0 M (101.8) in the fourth quarter and SEK 364.7 (352.7) for the full year. The reduced R&D costs in the fourth quarter compared to the previous year are primarily a result of the focus within the clinical program. For the full year, some increase remains, related to Cantargia's main project, CAN04, and the expansion of the clinical program with the TRIFOUR, and Precision Promise$^{SM}$ studies.

Administrative expenses amounted to SEK 3.0 M (3.2) in the fourth quarter and SEK 15.0 M (15.3) for the full year.

Other operating expenses, which mainly comprise foreign exchange differences on trade payables, were SEK -1.2 M (0.7) in the fourth quarter and SEK 1.9 M (2.2) 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 -89.7 M (-105.8) in the fourth quarter and SEK -381.5 M (-370.3) 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. Net financial income/expense for the period includes a reversed impairment charge of SEK 0.3 M on a short-term investment in a fixed income fund. Net financial income was SEK -0.9 M (1.6) for the fourth quarter and SEK 9.7 M (3.8) for the full year.

## Earnings

Cantargia's loss before tax, which is the same as the loss for the period, was SEK -90.6 M (-104.2) for the fourth quarter and SEK -371.8 M (-366.5) for the full year.

## Cash flow and investments

Cash flow from operating activities was SEK -61.6 M (-89.9) in the fourth quarter and SEK -358.9 M (-346.4) for the full year. As part of cash flow from operating activities, changes in working capital were SEK 26.4 M (13.1) in the fourth quarter and SEK 14.6 M (14.4) for the full year.

Cash flow from investing activities was SEK -7.1 M (-0.2) in the fourth quarter and SEK 67.9 M (-102.4) for 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 (0.0) in the fourth quarter and SEK 223.9 M (0.0) for the full year. Cash flow from financing activities is related to the rights issue that was completed in August.

The total change in cash and cash equivalents was SEK -68.7 M (-90.0) for the fourth quarter and SEK -67.1 M (-448.9) 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 189.6 M (247.3) 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 237.1 M (312.1). Total available funds, bank deposits and short-term investments amounted to SEK 426.7 M (559.4).

Cantargia's equity/assets ratio on 31 December 2022 was 82 (89) per cent and equity was SEK 389.7 M (532.7).

At the end of the period, total assets amounted to SEK 474.8 M (600.2).

# 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 2022, the number of shares was 166,987,895 (100,192,737).

### Share price performance in 2022

## Ownership distribution, 31 December 2022

| Owner | Number of shares | Capital/Votes (%) |
|---|---|---|
| Fjärde AP-fonden | 14 743 911 | 8,8% |
| Alecta Tjänstepension, Ömsesidigt | 12 240 992 | 7,3% |
| Försäkringsaktiebolaget, Avanza Pension | 11 216 197 | 6,7% |
| Första AP-fonden | 10 540 406 | 6,3% |
| Swedbank Robur Fonder | 8 102 958 | 4,9% |
| Six Sis AG | 7 895 983 | 4,7% |
| Handelsbanken fonder | 7 148 994 | 4,3% |
| Goldman Sachs International | 5 399 573 | 3,2% |
| Nordnet Pensionsförsäkring | 2 396 835 | 1,4% |
| Brushamn Invest Aktiebolag | 1 979 470 | 1,2% |
| Other | 85 322 576 | 51,1% |
| **Total** | **166 987 895** | **100,0%** |

## Ownership distribution by size class, 31 December 2022

| Holding | Number of shareholders | Number of shares | Capital/Votes (%) | Market Cap (kSEK) |
|---|---|---|---|---|
| 1 - 500 | 6 189 | 935 052 | 0,6% | 2 880 |
| 501 - 1 000 | 1 468 | 1 151 931 | 0,7% | 3 548 |
| 1 001 - 5 000 | 2 964 | 7 539 688 | 4,5% | 23 222 |
| 5 001 - 10 000 | 827 | 6 137 569 | 3,7% | 18 904 |
| 10 001 - 15 000 | 317 | 3 942 775 | 2,4% | 12 144 |
| 15 001 - 20 000 | 218 | 3 856 486 | 2,3% | 11 878 |
| 20 001 - | 671 | 143 424 394 | 85,9% | 441 747 |
| **Total** | **12 654** | **166 987 895** | **100,0%** | **514 323** |

# OTHER INFORMATION

## Employees

The average number of employees during the year was 27 (22), of whom 17 (13) were women. Cantargia operates to a large extent through external partners.

## Financial calendar

- Annual Report 2022, published in April 2023
- Interim report January-March, 23 May 2023
- Interim report April-June, 22 August 2023
- Interim report July-September, 10 November 2023
- Year-end report 2023, 22 February 2024

## 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, 23 February 2023

Göran Forsberg
CEO

# STATEMENT OF COMPREHENSIVE INCOME

| SEK thousand | Note | 2022 Oct-Dec | 2021 Oct-Dec | 2022 Jan-Dec | 2021 Jan-Dec |
|---|---|---|---|---|---|
| **Operating income** | | | | | |
| Net sales | | - | - | - | - |
| Other operating income | | - | - | - | - |
| | | | | | |
| **Operating expenses** | 6 | | | | |
| Research and development costs | 5 | -87 967 | -101 800 | -364 686 | -352 709 |
| Administrative costs | | -3 025 | -3 230 | -14 964 | -15 309 |
| Other operating expenses *) | | 1 279 | -721 | -1 899 | -2 249 |
| | | **-89 712** | **-105 751** | **-381 549** | **-370 267** |
| **Operating loss** | | **-89 712** | **-105 751** | **-381 549** | **-370 267** |
| **Financial income and expense** | | | | | |
| Interest income and similar items **) | | -1 205 | 1 572 | 9 740 | 3 766 |
| Interest expense and similar items ***) | | 312 | -3 | -4 | -3 |
| | | **-893** | **1 569** | **9 736** | **3 763** |
| **Loss before taxes** | | **-90 605** | **-104 182** | **-371 814** | **-366 504** |
| **Loss for the period ****)** | | **-90 605** | **-104 182** | **-371 814** | **-366 504** |
| Earnings per share before and after dilution (SEK) based on average number of shares | | -0,54 | -1,04 | -2,90 | -3,66 |

*) Relates to exchange rate gain during Q4.

**) Relates to exchange rate loss during Q4.

***) Relates to reversed impairment of short-term investment during Q4.

****) 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 | 31-12-2022 | 31-12-2021 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| ***Intangible assets*** | | | |
| Patent | | 5 558 | 6 459 |
| | | **5 558** | **6 459** |
| ***Tangible assets*** | | | |
| Machinery and equipment | | 7 395 | 3 097 |
| | | **7 395** | **3 097** |
| **Total fixed assets** | | **12 953** | **9 556** |
| **Current assets** | | | |
| Other receivables | | 2 462 | 4 588 |
| Prepaid expenses and accrued income | | 32 714 | 26 713 |
| | | **35 176** | **31 301** |
| **Short-term investments** | | | |
| Other short-term investments | | 237 095 | 312 064 |
| | | **237 095** | **312 064** |
| **Cash and bank balances** | | | |
| Cash and bank balances | | 189 573 | 247 322 |
| | | **189 573** | **247 322** |
| **Total current assets** | | **461 845** | **590 688** |
| **TOTAL ASSETS** | | **474 798** | **600 244** |
| **EQUITY AND LIABILITIES** | | | |
| ***Equity*** | | | |
| *Restricted equity* | | | |
| Share capital | | 13 359 | 8 015 |
| | | **13 359** | **8 015** |
| *Non-restricted equity* | | | |
| Share premium account | | 1 623 185 | 1 404 595 |
| Retained earnings | | -875 046 | -513 362 |
| Loss for the period | | -371 814 | -366 504 |
| | | **376 325** | **524 729** |
| **Total equity** | | **389 684** | **532 745** |
| ***Long-term liabilities*** | | | |
| Provision for social security contributions, incentive program | 8 | 24 | 892 |
| | | **24** | **892** |
| ***Short-term liabilities*** | | | |
| Trade payables | | 37 910 | 34 512 |
| Tax liabilities | | 342 | 570 |
| Other liabilities | | 1 025 | 1 105 |
| Accrued expenses and deferred income | | 45 813 | 30 420 |
| | | **85 090** | **66 607** |
| **TOTAL EQUITY AND LIABILITIES** | | **474 798** | **600 244** |

# STATEMENT OF CHANGES IN EQUITY

| (kSEK) | | Restricted equity | Non-restricted equity | | Total |
|---|---|---|---|---|---|
| **1 January 2022 - 31 December 2022** | **Note** | **Share capital** | **Share premium account** | **Retained earnings incl. Loss for the period** | **Total equity** |
| **Opening balance 1 January 2022** | | **8 015** | **1 404 595** | **-879 866** | **532 745** |
| ***Loss for the period*** | | - | - | -371 814 | -371 814 |
| ***Transactions with shareholders*** | | | | | |
| Issue of new shares | | 5 344 | 245 138 | - | 250 482 |
| Capital acquisition cost | | | -26 548 | - | -26 548 |
| Employee stock option program | 8 | - | - | 4 819 | 4 819 |
| | | 5 344 | 218 590 | 4 819 | 228 753 |
| **Closing balance 31 December 2022** | | **13 359** | **1 623 185** | **-1 246 860** | **389 684** |
| **1 January 2021 - 31 December 2021** | | | | | |
| **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 |
| | | - | - | 7 314 | 7 314 |
| **Closing balance 31 December 2021** | | **8 015** | **1 404 595** | **-879 866** | **532 745** |

# STATEMENT OF CASH FLOW

| SEK thousand | Note | 2022 Oct-Dec | 2021 Oct-Dec | 2022 Jan-Dec | 2021 Jan-Dec |
|---|---|---|---|---|---|
| **Operating activities** | | | | | |
| Operating loss | | -89 712 | -105 751 | -381 549 | -370 267 |
| Adjustments for non-cash items | 7 | 1 157 | 2 680 | 7 643 | 8 541 |
| Interest received etc. | | 253 | 89 | 388 | 927 |
| Interest paid etc.*) | | 312 | -3 | -4 | -3 |
| **Cash flow from operating activities before changes in working capital** | | **-87 990** | **-102 985** | **-373 523** | **-360 802** |
| **Changes in working capital** | | | | | |
| Change in receivables | | 5 077 | 8 442 | -3 876 | -21 782 |
| Change in trade payables | | 20 551 | 13 480 | 3 398 | 23 834 |
| Changes in other current liabilities | | 743 | -8 811 | 15 085 | 12 304 |
| | | **26 370** | **13 112** | **14 607** | **14 357** |
| **Cash flow from operating activities** | | **-61 619** | **-89 873** | **-358 915** | **-346 445** |
| **Investing activities** | | | | | |
| Acquisition of intangible assets | | - | - | - | - |
| Acquisition of tangible assets | | -7 072 | -123 | -7 089 | -383 |
| Increase in other short-term investments | | - | -46 | -31 | -177 046 |
| Decrease in other short-term investments | | - | - | 75 000 | 75 000 |
| **Cash flow from investing activities** | | **-7 072** | **-169** | **67 880** | **-102 429** |
| **Financing activities** | | | | | |
| Issue of new shares for the year | | - | - | 250 482 | - |
| Capital acquisition cost | | -11 | - | -26 548 | - |
| **Cash flow from financing activities** | | **-11** | **-** | **223 934** | **-** |
| **Change in cash and cash equivalents** | | -68 703 | -90 043 | -67 101 | -448 873 |
| **Cash and cash equivalents at beginning of period** | | 259 734 | 335 882 | 247 322 | 693 354 |
| Exchange rate difference in cash equivalents | | -1 458 | 1 483 | 9 352 | 2 839 |
| **Cash and cash equivalents at end of period **)** | | **189 573** | **247 322** | **189 573** | **247 322** |

*) Relates to reveresed impairment of short-term investment during Q4.

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

# KEY FIGURES

| SEK thousand | 2022 Oct-Dec | 2021 Oct-Dec | 2022 Jan-Dec | 2021 Jan-Dec |
|---|---|---|---|---|
| Net sales | - | - | - | - |
| Operating loss | -89 712 | -105 751 | -381 549 | -370 267 |
| Loss for the period | -90 605 | -104 182 | -371 814 | -366 504 |
| Average number of shares | 166 987 895 | 100 192 737 | 128 024 053 | 100 192 737 |
| Earnings per share before and after dilution (SEK) based on average number of shares | -0,54 | -1,04 | -2,90 | -3,66 |
| Change in cash and cash equivalents | -68 703 | -90 043 | -67 101 | -448 873 |
| Cash and cash equivalents | 189 573 | 247 322 | 189 573 | 247 322 |
| Short-term investments | 237 095 | 312 064 | 237 095 | 312 064 |
| Total available funds | 426 669 | 559 387 | 426 669 | 559 387 |
| Equity end of period | 389 684 | 532 745 | 389 684 | 532 745 |
| Equity/assets ratio, % | 82% | 89% | 82% | 89% |
| Average number of employees | 27 | 26 | 27 | 22 |
| Number of employees at end of period | 26 | 26 | 26 | 26 |
| R&D costs as a percentage of operating expenses | 98% | 96% | 96% | 95% |

## 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 full year 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 was approved for publication on 23 February 2023 in accordance with a resolution of the Board of Directors on 22 February 2023.

## Note 2 Accounting policies

This full year report has been prepared in accordance with the Swedish Annual Accounts Act, Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board and IAS 34 Interim Financial Reporting. The accounting policies applied in preparing this interim report are consistent with those used in preparing the annual report for 2021.

The full year 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 39 in the Annual Report for 2021.

### *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 2021.

## 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 2021.

## Note 5 Related party transactions

Cantargia has a research agreement with Lund University since 2021, where Gunilla Westergren-Thorsson, Professor in Lung Biology, is engaged in the research. Under the agreement, Gunilla Westergren-Thorsson, who is a related party of an insider at Cantargia, will conduct a project aimed at expanding the 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 2022, the company incurred a cost of SEK 650.0 thousand (650.0) under the agreement.

Cantargia is co-financing a postdoctoral position as part of Lund University's CANFASTER programme where Professor Karin Leandersson is Head of Research. Under the agreement, Karin Leandersson is conducting research aimed at expanding the knowledge about IL1RAP's function in tumors. Cantargia has the right to research results and IP arising from the project. Karin Leandersson is a member of Cantargia's Board of Directors and is also an insider at Cantargia. The CANFASTER programme centres on collaborations between industry and universities and is funded in equal parts by both parties. During 2022, the company incurred a cost of SEK 651.3 thousand (0.0) 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 | 2022 Oct-Dec | 2021 Oct-Dec | 2022 Jan-Dec | 2021 Jan-Dec |
|---|---|---|---|---|
| Project costs | -73 257 | -88 050 | -306 691 | -304 229 |
| Other external expenses | -6 192 | -4 966 | -25 951 | -22 378 |
| Personnel expenses | -10 472 | -11 145 | -43 317 | -37 966 |
| Other operating expenses | 1 279 | -721 | -1 899 | -2 249 |
| Depreciation | -1 070 | -870 | -3 692 | -3 446 |
| | **-89 712** | **-105 751** | **-381 549** | **-370 267** |

## Note 7 Adjustments for non-cash items

| SEK thousand | 2022 Oct-Dec | 2021 Oct-Dec | 2022 Jan-Dec | 2021 Jan-Dec |
|---|---|---|---|---|
| Depreciation | -1 070 | -870 | -3 692 | -3 446 |
| Employee stock option program | -399 | -1 811 | -3 951 | -5 095 |
| Value adjustment other short-term investments | 312 | - | - | - |
| | **-1 157** | **-2 680** | **-7 643** | **-8 541** |

## 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 2021.

Below is a summary of the total number of shares that granted options may entitle to as of December 31, 2022. One warrant represents 1.2 potential ordinary shares.

Full exercise of granted options as of December 31, 2022, corresponding to a total of 3,683,200 shares, would result in a dilution of shareholders by 2.2 per cent. If decided, but not allotted options, a further total of 1,406,000 are fully exercised, it would result in a total dilution of shareholders of 3.1 per cent.

| **Changes in existing incentive programs during 2022 (number of warrants)** | |
|---|---|
| **Granted instruments** | |
| Employee stock option program 2021/2024 | 260 000 |
| Employee stock option program 2020/2023 | - |
| **Exercised instruments** | - |
| **Lapsed instruments** | |
| Employee stock option program 2021/2024 | -251 000 |
| Employee stock option program 2020/2023 | -110 000 |
| **Total change** | **-101 000** |

| **Number of shares granted instruments may entitle to December 31, 2022 *)** | |
|---|---|
| Employee stock option program 2021/2024 | 1 582 800 |
| Employee stock option program 2020/2023 | 2 100 400 |
| **Number of shares granted instruments may entitle to** | **3 683 200** |

*)Recalculation of employee stock option programs after the rights issue in 2022 means that each option entitles to 1.2 shares.

# 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 23 February 2023, at 8:30 a.m.

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