INTERIM REPORT

January - September 2022

Strong finances and clinical data create flexibility

THIRD QUARTER

- Net sales: SEK 0 M (0)
- Operating loss: SEK -74.2 M (-104.7)
- Loss after tax: SEK -70.5 M (-103.8)
- Loss per share, before and after dilution: SEK -0.49 (-1.04)

JANUARY - SEPTEMBER

- Net sales: SEK 0 M (0)
- Operating loss: SEK -291.8 M (-264.5)
- Loss after tax: SEK -281.2 M (-262.3)
- Loss per share, before and after dilution: SEK -2.44 (-2.62)
- Equity/assets ratio: 88 (91) per cent
- Cash and cash equivalents: SEK 259.7 M (335.9)
- Short-term investments: SEK 236.8 M (312.0)

Significant events in the third quarter

- A significantly oversubscribed rights issue was completed, raising approximately SEK 250 million before deduction of transaction costs.
- New preclinical data were presented for both nadunolimab and CAN10. For nadunolimab, results were reported showing anti-tumor efficacy in combination with chemotherapy, as well as effects on stromal cells in pancreatic cancer (PDAC). For CAN10, efficacy data were reported in an additional disease model for myocarditis.
- A Notice of Allowance was received from the US Patent and Trademark Office (USPTO) for the product patent for the CAN10 antibody and the patent was issued at the end of October.
- Dr. Dominique Tersago was appointed as new Chief Medical Officer.

Significant events after the end of the period

- A milestone was reached in the CAPAFOUR and CESTAFOUR studies when enough patients had been enrolled to halt recruitment. Cantargia announced that clinical development of nadunolimab will focus on randomized studies, including a trial in PDAC. The CIRIFOUR study was also stopped.
- New data demonstrating effect of nadunolimab on various tumor-promoting molecules were presented, as well as additional efficacy data for CAN10 in models of systemic sclerosis.

Comments on significant events

In October, Cantargia announced that a total of 50 cancer patients had been recruited to the clinical trials CAPAFOUR and CESTAFOUR. This is a sufficient basis for halting the recruitment for both studies, which will not proceed to the expansion phase. Preliminary data from both studies show an acceptable safety profile for the evaluated combinations of nadunolimab and chemotherapy. In addition, partial response was observed in two of four patients with non-small cell lung cancer (NSCLC) treated with nadunolimab and gemcitabine/cisplatin, which is in line with results previously presented for this patient group. The CIRIFOUR study was also stopped and more cost-effective options for evaluating the combination with Keytruda® and chemotherapy will be explored.

Consequently, Cantargia announced that the clinical development of nadunolimab will focus on randomized studies, including the potentially registrational phase II/III clinical trial Precision Promise℠ performed in collaboration with PanCAN. In addition to this study, preparations are ongoing for a randomized clinical trial in NSCLC in 2023. To finance these activities, as well as the development of nadunolimab in triple-negative breast cancer, Cantargia completed a rights issue during the period, raising approximately SEK 250 million before deduction of transaction costs. The company was also strengthened by the appointment of Dr. Dominique Tersago as Chief Medical Officer.

During the period, new preclinical data showing a synergistic effect of nadunolimab and chemotherapy were published in the journal Cancer Immunology, Immunotherapy. Clear effects of nadunolimab on stromal cells in PDAC were also presented at the AACR Special Conference: Pancreatic Cancer. At the Annual SITC Meeting, new preclinical data and data from patient samples from the CANFOUR study were presented showing effect of nadunolimab on various tumor-promoting molecules.

For CAN10, new preclinical efficacy data were also presented at the Basic Cardiovascular Sciences (BCVS) Scientific Sessions 2022 showing that CAN10 reduces disease burden and inflammation in a model of viral myocarditis. Furthermore, it was announced that Cantargia has been selected for an oral presentation of efficacy data for CAN10 in additional models of systemic sclerosis at the prestigious ACR Convergence conference. The project reached a further milestone during the period as the USPTO approved a product patent for the CAN10 antibody.

CHIEF EXECUTIVE'S REVIEW

Strong finances and clinical data create flexibility

The global environment has undoubtedly become increasingly challenging this year, and this has affected all research and development companies. However, Cantargia is in a good position to navigate these new conditions as our strong financial position and results create flexibility.

To date, we have treated almost 250 cancer patients in our lead project nadunolimab, and an overall assessment of anti-tumor activity and safety suggests a very promising potential. We have also taken several measures to ensure that we continue delivering good results. One such measure was strengthening our cash position by raising SEK 250 million before issue costs, which will secure financing until at least mid-2024. In parallel, we are advancing nadunolimab up the value chain to controlled clinical studies. We are currently preparing for two such studies, one in pancreatic cancer in the Precision Promise^{SM} trial in collaboration with the US organization PanCAN, and another in triple-negative breast cancer in the TRIFOUR study in collaboration with the Spanish breast cancer group, GEICAM. Before nadunolimab is included in Precision Promise^{SM}, the study protocol needs to be updated based on discussions with the FDA and EMA. In TRIFOUR, additional patients need to be treated to complete the initial safety phase before the study can proceed to the subsequent randomized stage. A third potential randomized trial is in lung cancer, and to provide a good basis for this study, we will continue recruiting lung cancer patients in CANFOUR during the first half of 2023. The lung cancer field is a large and interesting market but is also an area with intense competition. Thus, we need to build a solid foundation and focus our initial development activities on a smaller section of lung cancer patients before broadening our studies to additional patient groups. A current challenge relates to COVID and its strain on health services. The capacity for clinical studies in lung cancer is not as it was a few years ago, and the situation is further complicated by the fact that Ukraine and Russia are currently not contributing patients. However, we are taking several measures to minimize the impact, and we currently only include patients from the EU and the US in our studies.

In the CAPAFOUR and CESTAFOUR studies, we have treated over 50 patients with nadunolimab and various chemotherapy regimens. We recently made the assessment that this provides a sufficient basis for halting the recruitment and allowing the results to mature before deciding on potential next steps in these segments. It is already clear that the safety profile is acceptable and that no side effects other than those expected with nadunolimab or the chemotherapy drugs have been observed. An interesting effect has also been noted in the four patients with non-small cell lung cancer treated with nadunolimab and gemcitabine/cisplatin as two of them experienced a partial response. This is comparable to the positive results documented with the same combination in the CANFOUR study, where the response rate was 53 per cent. A direct conclusion is that the new results support our development plans in lung cancer.

As we continue to document effects of nadunolimab, there is an increasing need to put these in a scientific context. As part of this effort, we presented biomarker data, in addition to clinical results, at the ASCO conference in June. Detailed results on how nadunolimab enhances the efficacy of chemotherapy were also recently presented, along with new data that show unique effects in models of pancreatic cancer. The presentations generate increased interest in nadunolimab and we are conducting further analyses in the collected biopsies with the goal of being able to report additional data in 2023.

Our second project, CAN10, has also generated new results. One of the main indications is myocarditis, which can be caused by variety of factors, including viruses. During COVID, this serious disease has become more frequent, and it is therefore encouraging that we were able to show strong effects in a model of virus-induced myocarditis in collaboration with a world-leading research team from the Johns Hopkins Medical Center. At the rheumatology conference ACR Convergence, we were also selected to give an oral presentation of our results in models of the other main indication, systemic sclerosis. This shows that there is great interest in CAN10, creating expectations for future clinical trials, which will begin with safety studies in healthy volunteers before proceeding to patient studies. We expect an exciting news flow for CAN10 going forward, not least after the first clinical results in 2023 and 2024. CAN10 recently reached another milestone when a patent related to the antibody was approved by the US Patent and Trademark Office.

I am confident that Cantargia is in a good position to build on the strong results we have generated over the years, despite the challenging global situation. Our goal is to develop new treatments for patients with life-threatening diseases, and to succeed in this, a strong financial position is essential. I would therefore like to thank all our shareholders for your support.

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.

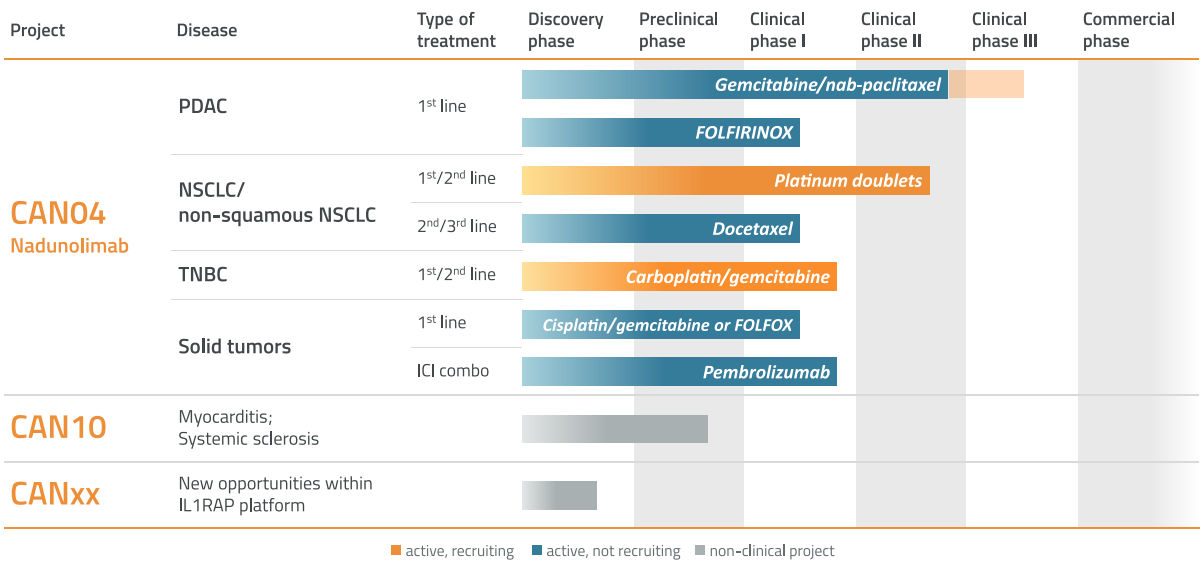
Cantargia has rapidly advanced nadunolimab to the clinical phase IIa stage in pancreatic cancer and non-small cell lung cancer. Promising interim data from patients receiving nadunolimab in combination with chemotherapy have been presented and indicate a stronger efficacy than would be expected from 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 I/II trial in triple-negative breast cancer which includes an optional randomized stage.

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 in early 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



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

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. Additionally, the next steps in late-stage clinical development in pancreatic cancer are also being prepared as nadunolimab will be included in the potentially registrational clinical phase II/III trial Precision Promise℠ in collaboration with the US organization PanCAN.

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 completed 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 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 combination therapies. In the clinical phase I/II trial TRIFOUR, patients with triple-negative breast cancer are treated with nadunolimab in combination with the chemotherapy regime carboplatin/gemcitabine. In this trial, patients are currently recruited to an initial safety phase. TRIFOUR may subsequently advance to a second, randomized, stage which includes a control group treated with only chemotherapy. 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.

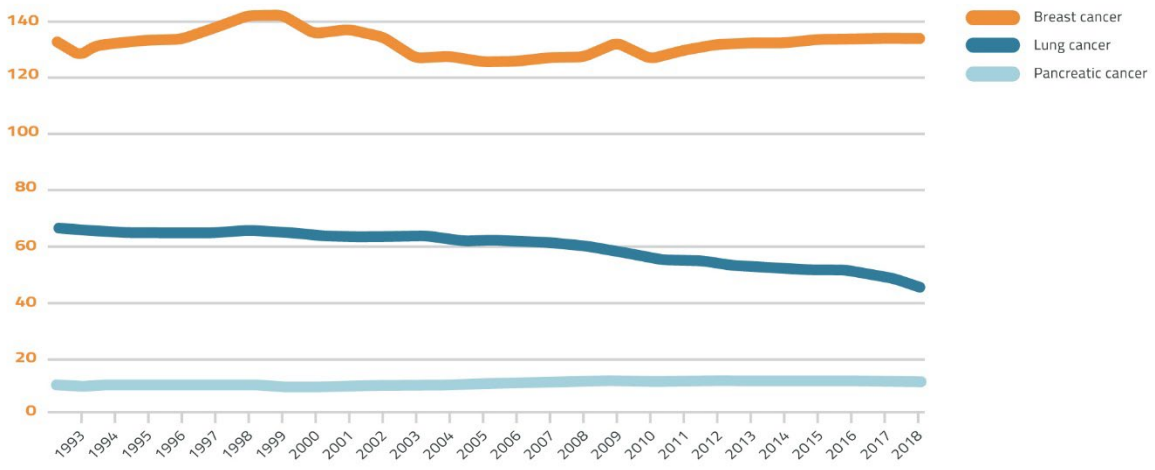
Sales of drugs for non-small cell lung cancer totalled USD 20 billion in 2020 and are projected to increase to USD 45 billion by 2027[4]. Sales are driven mainly by increasing use of various antibody-based immunotherapies. Another important factor driving the growth of the global market is the increasing 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 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 third quarter and SEK 0.0 M (0.0) for the first nine months of the year.

Operating expenses/operating loss

Research and development costs totaled SEK 69.7 M (100.8) in the third quarter and SEK 276.7 (250.9) for the first nine months. The reduced R&D costs in the third quarter compared to the previous year are primarily a result of the focus that takes place within the clinical program. For the period January to September, there remains some increase 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 3.9 M (3.2) in the third quarter and SEK 11.9 M (12.1) for the first nine-month period.

Other operating expenses, which mainly comprise foreign exchange differences on trade payables, were SEK 0.7 M (0.7) in the third quarter and SEK 3.2 M (1.5) for the first nine months. Other operating expenses are mainly related to changes in the value of the Swedish krona against EUR.

The operating loss was SEK -74.2 M (-104.7) in the third quarter and SEK -291.8 M (-264.5) for the first nine-month period.

Net financial income/expense

Net financial income/expense consists substantially of foreign exchange differences on the company's currency accounts and interest earned on short-term investments in fixed-rate accounts. Net financial income/expense for the period includes a reversed impairment charge of SEK 0.6 M on a short-term investment in a fixed income fund. Net financial income was SEK 3.7 M (0.9) for the third quarter and SEK 10.6 M (2.2) for the first nine-month period.

Earnings

Cantargia's loss before tax, which is the same as the loss for the period, was SEK -70.5 M (-103.8) for the third quarter and SEK -281.2 M (-262.3) for the first nine months.

Cash flow and investments

Cash flow from operating activities was SEK -81.4 M (-113.3) in the third quarter and SEK -297.3 M (-256.6) in the first nine months. As part of cash flow from operating activities, changes in working capital were SEK -8.8 M (-10.4) in the third quarter and SEK -11.8 M (1.2) for the first nine months.

Cash flow from investing activities was SEK 0.0 M (353.8) in the third quarter and SEK 75.0 M (-102.3) for the first nine months. Cash flow from investing activities refers essentially to the reallocation of other short-term investments in fixed-rate accounts and fixed income funds.

Cash flow from financing activities was SEK 223.9 M (0.0) in the third quarter and SEK 223.9 M (0.0) for the first nine months. 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 142.6 M (240.5) for the third quarter and SEK 1.6 M (-358.8) for the first nine-month period.

Financial position

The company's cash and cash equivalents, which consist of cash and demand deposits with banks and other credit institutions, were SEK 259.7 M (335.9) 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 236.8 M (312.0). Total available funds, bank deposits and short-term investments amounted to SEK 496.5 M (647.9).

Cantargia's equity/assets ratio on 30 September 2022 was 88 (91) per cent and equity was SEK 479.9 M (635.1).

At the end of the period, total assets amounted to SEK 543.7 M (679.9).

SHAREHOLDER INFORMATION

Share information

As of 25 September 2018, Cantargia's shares have been listed on the main list of Nasdaq Stockholm, under the stock symbol "CANTA". On 30 September 2022, the number of shares was 166,987,895 (100,192,737).

Share price performance in 2022

Ownership distribution, 30 September 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	11 507 529	6,9%
Första AP-fonden	10 540 406	6,3%
Swedbank Robur Fonder	8 102 958	4,9%
Six Sis AG	7 795 983	4,7%
Handelsbanken fonder	6 223 194	3,7%
Goldman Sachs International	5 232 758	3,1%
SEB AB, Luxemburg Branch	2 966 798	1,8%
Brushamn Invest Aktiebolag	1 979 470	1,2%
Other	85 653 896	51,3%
Total	**166 987 895**	**100,0%**

Ownership distribution by size class, 30 September 2022

Holding	Number of shareholders	Number of shares	Capital/Votes (%)	Market Cap (kSEK)
1 - 500	6 247	937 714	0,6%	3 732
501 - 1 000	1 438	1 123 578	0,7%	4 472
1 001 - 5 000	2 895	7 252 454	4,3%	28 865
5 001 - 10 000	792	5 790 781	3,5%	23 047
10 001 - 15 000	309	3 828 869	2,3%	15 239
15 001 - 20 000	207	3 630 063	2,2%	14 448
20 001 -	648	144 424 436	86,5%	574 809
Total	**12 536**	**166 987 895**	**100,0%**	**664 612**

OTHER INFORMATION

Employees

The average number of employees during the period January to September 2022 was 28 (21), of whom 17 (13) were women. Cantargia operates to a large extent through external partners.

Financial calendar

- Year-end report 2022, 23 February 2023
- 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 been reviewed by Cantargia's auditors.

Contact

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

Lund, 10 November 2022

Göran Forsberg
CEO

AUDITOR'S REPORT

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

Introduction

We have reviewed the condensed interim financial information (interim report) of Cantargia AB (publ) as of 30 September 2022 and the nine-month period then ended. The board of directors and the CEO are responsible for the preparation and presentation of the interim financial information in accordance with RFR 2 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of Review

We conducted our review in accordance with the International Standard on Review Engagements ISRE 2410, *Review of Interim Report Performed by the Independent Auditor of the Entity.* A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing, ISA, and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with RFR 2 and the Swedish Annual Accounts Act.

Stockholm, November 10, 2022

PricewaterhouseCoopers AB

Lisa Albertsson
Authorized Public Accountant
Auditor in charge

STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	Note	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Operating income						
Net sales		-	-	-	-	-
Other operating income		-	-	-	-	-
Operating expenses	6					
Research and development costs	5	-69 657	-100 827	-276 719	-250 909	-352 709
Administrative costs		-3 888	-3 228	-11 939	-12 079	-15 309
Other operating expenses		-683	-692	-3 178	-1 528	-2 249
		-74 228	**-104 747**	**-291 837**	**-264 516**	**-370 267**
Operating loss		**-74 228**	**-104 747**	**-291 837**	**-264 516**	**-370 267**
Financial income and expense						
Interest income and similar items		3 105	918	10 945	2 194	3 766
Interest expense and similar items **)		640	-	-316	-	-3
		3 745	**918**	**10 629**	**2 194**	**3 763**
Loss before taxes		**-70 483**	**-103 829**	**-281 209**	**-262 322**	**-366 504**
Loss for the period *)		**-70 483**	**-103 829**	**-281 209**	**-262 322**	**-366 504**
Earnings per share before and after dilution (SEK) based on average number of shares		-0,49	-1,04	-2,44	-2,62	-3,66

*) No items are reported in other comprehensive income, meaning total comprehensive income is consistent with the loss for the period.
**) Relates to reversed impairment of short-term investment.

STATEMENT OF FINANCIAL POSITION

SEK thousand	Note	30-09-2022	30-09-2021	31-12-2021
ASSETS				
Fixed assets				
Intangible assets				
Patent		5 783	6 684	6 459
		5 783	**6 684**	**6 459**
Tangible assets				
Machinery and equipment		1 168	3 619	3 097
		1 168	**3 619**	**3 097**
Total fixed assets		**6 951**	**10 303**	**9 556**
Current assets				
Other receivables		2 007	1 887	4 588
Prepaid expenses and accrued income		38 246	37 857	26 713
		40 253	**39 743**	**31 301**
Short-term investments				
Other short-term investments		236 783	312 019	312 064
		236 783	**312 019**	**312 064**
Cash and bank balances				
Cash and bank balances		259 734	335 882	247 322
		259 734	**335 882**	**247 322**
Total current assets		**536 770**	**687 644**	**590 688**
TOTAL ASSETS		**543 721**	**697 947**	**600 244**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		13 359	8 015	8 015
		13 359	**8 015**	**8 015**
Non-restricted equity				
Share premium account		1 623 196	1 404 595	1 404 595
Retained earnings		-875 471	-515 211	-513 362
Loss for the period		-281 209	-262 322	-366 504
		466 516	**627 062**	**524 729**
Total equity		**479 875**	**635 077**	**532 745**
Long-term liabilities				
Provision for social security contributions, incentive program	8	51	932	892
		51	**932**	**892**
Short-term liabilities				
Trade payables		17 359	21 032	34 512
Tax liabilities		334	484	570
Other liabilities		1 046	1 188	1 105
Accrued expenses and deferred income		45 056	39 234	30 420
		63 796	**61 938**	**66 607**
TOTAL EQUITY AND LIABILITIES		**543 721**	**697 947**	**600 244**

STATEMENT OF CHANGES IN EQUITY

(kSEK)		Restricted equity	Non-restricted equity		Total
1 July 2022 - 30 September 2022	**Note**	**Share capital**	**Share premium account**	**Retained earnings incl. Loss for the period**	**Total equity**
Opening balance 1 July 2022		**8 015**	**1 404 595**	**-1 086 992**	**325 618**
Loss for the period		-	-	-70 483	-70 483
Transactions with shareholders					
Issue of new shares		5 344	245 138	-	250 481
Capital acquisition cost			-26 537	-	-26 537
Employee stock option program	8	-	-	795	795
		5 344	218 601	795	224 740
Closing balance 30 September 2022		**13 359**	**1 623 196**	**-1 156 680**	**479 875**
1 July 2021 - 30 September 2021					
Opening balance 1 July 2021		**8 015**	**1 404 595**	**-674 833**	**737 777**
Loss for the period		-	-	-103 829	-103 829
Transactions with shareholders					
Employee stock option program	8	-	-	1 129	1 129
		-	-	1 129	1 129
Closing balance 30 September 2021		**8 015**	**1 404 595**	**-777 533**	**635 077**
1 January 2022 - 30 September 2022					
Opening balance 1 January 2022		**8 015**	**1 404 595**	**-879 866**	**532 745**
Loss for the period		-	-	-281 209	-281 209
Transactions with shareholders					
Issue of new shares		5 344	245 138	-	250 481
Capital acquisition cost		-	-26 537	-	-26 537
Employee stock option program	8	-	-	4 394	4 394
		5 344	218 601	4 394	228 338
Closing balance 30 September 2022		**13 359**	**1 623 196**	**-1 156 680**	**479 875**
1 January 2021 - 30 September 2021					
Opening balance 1 January 2021		**8 015**	**1 404 595**	**-520 676**	**891 934**
Loss for the period		-	-	-262 322	-262 322
Transactions with shareholders					
Employee stock option program	8	-	-	5 465	5 465
		-	-	5 465	5 465
Closing balance 30 September 2021		**8 015**	**1 404 595**	**-777 533**	**635 077**
1 January 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 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Operating activities						
Operating loss		-74 228	-104 747	-291 837	-264 516	-370 267
Adjustments for non-cash items	7	918	1 665	6 486	5 861	8 541
Interest received etc.		57	193	135	838	927
Interest paid etc.		640	-	-316	-	-3
Cash flow from operating activities before changes in working capital		**-72 613**	**-102 889**	**-285 533**	**-257 817**	**-360 802**
Changes in working capital						
Change in receivables		-3 652	-4 444	-8 952	-30 224	-21 782
Change in trade payables		9 205	-18 541	-17 153	10 355	23 834
Changes in other current liabilities		-14 304	12 540	14 342	21 115	12 304
		-8 751	**-10 445**	**-11 763**	**1 245**	**14 357**
Cash flow from operating activities		**-81 364**	**-113 334**	**-297 296**	**-256 572**	**-346 445**
Investing activities						
Acquisition of intangible assets		-	-	-	-	-
Acquisition of tangible assets		-	-189	-17	-260	-383
Increase in other short-term investments		-9	354 000	-31	-177 000	-177 046
Decrease in other short-term investments		-	-	75 000	75 000	75 000
Cash flow from investing activities		**-9**	**353 811**	**74 952**	**-102 260**	**-102 429**
Financing activities						
Issue of new shares for the year		250 482	-	250 482	-	-
Capital acquisition cost		-26 537	-	-26 537	-	-
Cash flow from financing activities		**223 945**	**-**	**223 945**	**-**	**-**
Change in cash and cash equivalents		142 572	240 479	1 601	-358 828	-448 873
Cash and cash equivalents at beginning of period		114 113	94 677	247 322	693 354	693 354
Exchange rate difference in cash equivalents		3 049	725	10 810	1 356	2 839
Cash and cash equivalents at end of period *)		**259 734**	**335 882**	**259 734**	**335 882**	**247 322**

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

KEY FIGURES

SEK thousand	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Net sales	-	-	-	-	-
Operating loss	-74 228	-104 747	-291 837	-264 516	-370 267
Loss for the period	-70 483	-103 829	-281 209	-262 322	-366 504
Average number of shares	144 722 842	100 192 737	115 036 105	100 192 737	100 192 737
Earnings per share before and after dilution (SEK) based on average number of shares	-0,49	-1,04	-2,44	-2,62	-3,66
Change in cash and cash equivalents	142 572	240 479	1 601	-358 828	-448 873
Cash and cash equivalents	259 734	335 882	259 734	335 882	247 322
Short-term investments	236 783	312 019	236 783	312 019	312 064
Total available funds	496 517	647 901	496 517	647 902	559 387
Equity end of period	479 875	635 077	479 875	635 077	532 745
Equity/assets ratio, %	88%	91%	88%	91%	89%
Average number of employees	28	23	28	21	22
Number of employees at end of period	27	24	27	24	26
R&D costs as a percentage of operating expenses	94%	96%	95%	95%	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 interim report refers to Cantargia AB (publ) ("Cantargia"), corporate ID number 556791-6019. Cantargia has no subsidiaries.

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

The interim report for the third quarter was approved for publication on 10 November 2022 in accordance with a resolution of the Board of Directors on 9 November 2022.

Note 2 Accounting policies

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

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

Note 3 Information on risks and uncertainties

Operational risks

Research and drug development up to approved registration is subject to considerable risk and is a capital-intensive process. The majority of all initiated projects will never reach market registration due to the technological risk such as the risk for insufficiency efficacy, intolerable side effects or manufacturing problems. If competing pharmaceuticals capture market share or reach the market faster, or if competing research projects achieve better product profile, the future value of the product portfolio may be lower than expected. The operations may also be impacted negatively by regulatory decisions, such as approvals and price changes. External factors such as COVID-19 may also impact the company negatively by hampering the company's possibilities to conduct clinical trials, get necessary regulatory approvals or conduct sales related activities. A more detailed description of the company's risk exposure and risk management can be found in the section "Risks and risk management" in the Directors' report on page 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 of Lung Biology, is engaged in research. Under the agreement, Gunilla Westergren-Thorsson, who is a related party of an insider at Cantargia, will conduct a project aimed at expanding knowledge about IL1RAP as part of her employment at Lund University. Under the agreement, Cantargia has the right to use and, if applicable, take over all research results from the projects free of charge. During the period January to September 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 our 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 the period January to September 2022, the company incurred a cost of SEK 467.0 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 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Project costs	-55 064	-87 015	-233 434	-216 179	-304 229
Other external expenses	-6 872	-6 320	-19 759	-17 412	-22 378
Personnel expenses	-10 736	-9 859	-32 845	-26 821	-37 966
Other operating expenses	-683	-692	-3 178	-1 528	-2 249
Depreciation	-874	-861	-2 622	-2 576	-3 446
	-74 228	**-104 747**	**-291 837**	**-264 516**	**-370 267**

Note 7 Adjustments for non-cash items

SEK thousand	2022 Jul-Sep	2021 Jul-Sep	2022 Jan-Sep	2021 Jan-Sep	2021 Jan-Dec
Depreciation	-874	-861	-2 622	-2 576	-3 446
Employee stock option program	-685	-804	-3 552	-3 285	-5 095
Value adjustment other short-term investments	641	-	-312	-	-
	-918	**-1 665**	**-6 486**	**-5 861**	**-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 September 30, 2022. One warrant represents 1.2 potential ordinary shares.

Full exercise of granted options as of September 30, 2022, corresponding to a total of 3,935,200 shares, would result in a dilution of shareholders by 2.3 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 3.3 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	-120 000
Employee stock option program 2020/2023	-81 667
Total change	**58 333**

Number of shares granted instruments may entitle to September 30, 2022	
Employee stock option program 2021/2024	1 768 800
Employee stock option program 2020/2023	2 166 400
Number of shares granted instruments may entitle to	**3 935 200**

*)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 10 November 2022, at 8:30 a.m.

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