INTERIM REPORT

January – September 2023

New clinical data generate great interest

THIRD QUARTER

- Net sales: SEK 0.0 M (0.0)
- Operating loss: SEK -78.7 M (-74.2)
- Loss after tax: SEK -76.5 M (-70.5)
- Loss per share, before and after dilution: SEK -0.46 (-0.49)

JANUARY – SEPTEMBER

- Net sales: SEK 0.0 M (0.0)
- Operating loss: SEK -218.9 M (-291.8)
- Loss after tax: SEK -208.8 M (-281.2)
- Loss per share, before and after dilution: SEK -1.25 (-2.44)
- Equity/assets ratio: 77 (88) per cent
- Cash and cash equivalents: SEK 120.0 M (259.7)
- Short-term investments: SEK 80.2 M (236.8)

Significant events in the third quarter

- New clinical data were presented for pancreatic cancer (PDAC), showing the strongest efficacy in patients with high levels of IL1RAP. Biomarker data also showed that high levels of IL1RAP are linked to KRAS mutations associated with aggressive disease.
- New preclinical data showed that antitumor activity of immunotherapy is generally enhanced by nadunolimab.
- A grant was awarded to MD Anderson, Texas, to conduct a clinical phase Ib/IIa trial with nadunolimab in leukemia.
- Treatment was started in the first clinical phase I trial with CAN10. Furthermore, the US Food and Drug Administration, FDA, granted Orphan Drug Designation to CAN10 for treatment of systemic sclerosis.
- In response to the oppositions on Cantargia's patent EP3293202, the European Patent Office, EPO, ruled that the patent would remain in force with an updated patent scope.

Significant events after the end of the period

- Positive signals of efficacy and favorable safety were presented for nadunolimab in combination with chemotherapy in triple-negative breast cancer (TNBC).
- The EPO's decision to maintain patent EP3293202 was appealed by a third party.
- A directed share issue was completed of approximately SEK 59.3 M before deduction of transaction costs, implying a prolonged runway into 2025.

Comments on significant events

New clinical data from the CANFOUR trial were presented at the AACR Special Conference. These showed that nadunolimab monotherapy of late-stage PDAC patients has the strongest efficacy in patients with high levels of IL1RAP, the target of nadunolimab. This aligns with earlier observations in PDAC patients given nadunolimab with first-line chemotherapy. The effect is much stronger than expected with chemotherapy alone. Biomarker data also showed that IL1RAP levels increase in late-stage PDAC tumors and that high IL1RAP levels are linked to shorter survival. High IL1RAP levels also correlated with KRAS mutations associated with aggressive disease.

Promising efficacy and safety were presented at the ESMO Congress from the TRIFOUR trial which investigates nadunolimab with chemo-therapy in TNBC. The combination resulted in a response rate of 60% and median progression-free survival of 6.6 months for the 15 patients included in phase I of the trial, which is well above historical control data. The safety was favorable and in line with chemotherapy alone.

Preclinical data were presented demonstrating that a surrogate antibody for nadunolimab can enhance the antitumor activity of a cancer vaccine by dampening expansion of immunosuppressive cells, in parallel with an increase of tumor-reactive T cells. Furthermore, a grant of USD 1.1 M was awarded by the US Department of Defense to MD Anderson Cancer Center, Texas, for a phase Ib/IIa clinical trial evaluating nadunolimab for treatment of leukemia.

For CAN10, the phase I clinical trial started in September. CAN10 was also granted Orphan Drug Designation by the US FDA for treatment of systemic sclerosis. This will provide various incentives during the clinical development of CAN10 for this disease.

Following the opposition proceedings against Cantargia's patent EP 3293202, where the EPO ruled that the patent would remain in force with a modified claim scope, a third party filed an appeal against this decision. This appeal process has an expected duration of 2-3 years.

On October 30, Cantargia's Board of Directors resolved on a directed share issue of 16.7 million shares at a subscription price of 3.55 SEK per share which added approximately SEK 59.3 M.

All financial amounts are in Swedish kronor ("SEK") unless otherwise stated. "TSEK" indicates SEK thousand and "MSEK" indicates SEK million. Certain financial and other information presented may have been rounded off to make the information easily accessible to the reader.

CHIEF EXECUTIVE'S REVIEW

New clinical data generate great interest

The last few months have been both eventful and successful for Cantargia. We have focused and advanced our pipeline and are now managing two clinical projects as dosing of healthy volunteers has started in the CAN10 project. We have also made great progress in the main project nadunolimab, both in the treatment of pancreatic cancer and triple-negative breast cancer. It is therefore with great excitement and anticipation that we conduct the controlled clinical trial TRIFOUR in triple-negative breast cancer and prepare a similarly controlled clinical trial in pancreatic cancer with the goal of starting patient treatment in early 2024. The recent share issue has secured funding for remaining preparatory steps ahead of patient treatment and prolonged the runway into 2025.

A very exciting finding that we reported during the second quarter shows that the strongest efficacy of nadunolimab and chemotherapy in pancreatic cancer was observed in the approximately 60% of patients who had the highest tumor levels IL1RAP, the target of nadunolimab. For targeted therapies, a correlation between the amount of target and treatment efficacy is generally expected, if the therapy works. We recently performed the same analysis for the 17 pancreatic cancer patients treated with nadunolimab monotherapy a few years ago and again observed a strong benefit for those with high IL1RAP levels. In September, we presented these monotherapy results, as well as new results showing that tumors with high levels of IL1RAP are more aggressive and difficult to treat than tumors with low IL1RAP. There is also a link between high IL1RAP levels, and a mutation commonly found in aggressive forms of pancreatic cancer, KRAS G12D. These new results put the project in a new perspective; they show that although patients treated with nadunolimab are generally doing well, we seem to have a very strong efficacy signal in the group with the greatest need for effective treatments. Based on these results, our assessment is that we have increased the likelihood of achieving our goal and we have also noted great interest from the outside world.

In October, we also presented new results from the initial part of the TRIFOUR trial, evaluating combination therapy of triple-negative breast cancer. In 15 patients treated in phase I, we observed a response rate of 60% and progression-free survival of over 6 months. This is twice as high as the expected response rate of about 30%, and about 2 months longer progression-free survival than historical controls. Enrollment is now ongoing in the controlled part of the trial where nadunolimab combination therapy is compared to a control group for chemotherapy alone. Our goal is to fully recruit the trial in 2024 and to present preliminary results thereafter. We also have several other early-stage trials with nadunolimab, as well as additional follow-ups in lung cancer, where analyses are ongoing. The studies are gradually reaching such a level of maturity that it is meaningful to report the analyses, and we expect to do so at the end of 2023 or beginning of 2024. In addition, we established a collaboration with MD Anderson Cancer Center, one of the leading cancer clinics in the world, which was recently awarded a grant from the U.S. Department of Defense to conduct a clinical trial with nadunolimab in leukemia. This creates the opportunity for a valuable broadening in the field of oncology.

Cantargia's second project, CAN10, is being developed in one of the hottest areas right now, autoimmune/ inflammatory diseases. The ongoing phase I trial in healthy volunteers started in September and evaluates different dose levels of CAN10. The most important goal of the trial is safety, and as the doses are increased, we will also have an opportunity to evaluate effects on immunological biomarkers. We expect to be able to present the first results from the single-dose part in the first half of 2024 and then provide more updates from this part as well as the multiple-dose part that is planned to be carried out in psoriasis patients. During this period, CAN10 also received orphan drug designation in the US for the treatment of systemic sclerosis, which will be of great benefit as we initiate development in this disease.

During the quarter, several events have occurred in relation to our patents. In addition to our product patents, we also have multiple patents to provide a broader scope of protection for potential competitors' own IL1RAP-targeting antibodies. Some of these competitors have used the opportunity to file oppositions against our patents. Cantargia has overcome these oppositions successfully. In the most recent event, one of the parties has appealed the decision of the European Patent Office, which was in Cantargia's favor. Regardless of the outcome, Cantargia will still have a very strong patent protection. The processes confirm the commercial potential of our projects.

In summary, 2023 has been a year of great progress for Cantargia with a strong news flow, and we also managed to carry out a share issue in a very challenging market. I am convinced that Cantargia's journey is now in its most exciting stage since the listing on the stock exchange, with many coming milestones.

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 solid tumor types. Antibodies targeting IL1RAP can thus potentially be used for 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 cancer diseases, tumor growth benefits from the so-called interleukin-1 system, which contributes to a pro-tumor environment. 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 II stage in pancreatic cancer, triple-negative breast 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.

Nadunolimab is mainly evaluated in combination with chemotherapy as its mechanism of action enables synergy with other cancer therapies. This is because IL1RAP affects various resistance mechanisms that tumors can develop to these therapies. In parallel with the clinical development, studies are conducted on various biomarkers to obtain more information regarding which patients respond best to treatment and how nadunolimab can be combined with additional established cancer therapies for optimal effect.

CAN10
IL1RAP is also an interesting target in many diseases outside the field of cancer. In the CAN10 project, Cantargia is developing an 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 for 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 recently reached clinical development stage as treatment of healthy volunteers was started in a phase I clinical trial.

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*			
	TNBC	1st/2nd line		*Carboplatin/gemcitabine*			
	NSCLC/ non-squamous NSCLC	1st/2nd line		*Platinum doublets*			
CAN10	Myocarditis, Systemic sclerosis						
CANxx	New opportunities within IL1RAP platform						

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

Cantargia's clinical studies

In Cantargia's first clinical trial, the phase I/IIa trial CANFOUR, nadunolimab is evaluated for treatment of pancreatic cancer and non-small cell lung cancer. While phase I primarily evaluated safety and dosage of monotherapy, phase IIa focuses on combination therapy with standard therapies 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 phase IIa 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, median progression-free survival of 7.2 months and median overall survival of 13.2 months was observed, which is an improvement over historical control data for chemotherapy alone. Even stronger efficacy was observed in patients with high tumor levels of IL1RAP, including significantly prolonged median overall survival compared to patients with low IL1RAP levels (14.2 vs 10.6 months; p=0.026). In 30 non-small cell lung cancer patients, a response of 53 per cent was achieved, resulting in median progression-free survival of 7.0 months. This is an improvement over historical controls for chemotherapy only, which show a 22-28 per cent response rate and median progression-free survival of 5.1 months. Moreover, an even higher response was achieved in a subgroup of patients with non-squamous non-small cell lung cancer.

In the clinical phase Ib/II trial TRIFOUR, patients with triple-negative breast cancer are treated with nadunolimab in combination with chemotherapy. In this trial, an initial dose escalation phase in 15 patients was recently completed. This showed acceptable safety and promising efficacy of the combination, including a response rate of 60 per cent, which is well above historical control data. Patients are now enrolled to a second, randomized phase of TRIFOUR where the anti-tumor efficacy of nadunolimab in combination with chemotherapy will be evaluated and compared to a control group with chemotherapy only.

Additional clinical studies include the phase Ib trials CIRIFOUR and CAPAFOUR, and the phase I/II trial CESTAFOUR, which were all ended during 2022. In CIRIFOUR, nadunolimab was studied in combination with the immunotherapy pembrolizumab (Keytruda®) with the main objective to assess safety. A total of 16 patients with various solid tumors were treated. Interim data showed that the combination was well-tolerated and that disease control for at least 30 weeks (up to 58 weeks) was achieved in 6 of 15 evaluated patients, including one partial response. In CAPAFOUR, pancreatic cancer patients were treated with nadunolimab in combination with the chemotherapy regime FOLFIRINOX, and in CESTAFOUR in combination with chemotherapy in three different forms of solid tumors. Preliminary results showed an acceptable safety profile for the combination therapies and signs of efficacy in non-small cell lung cancer patients treated with nadunolimab and cisplatin/gemcitabine in CESTAFOUR.

In addition to the clinical studies for nadunolimab, Cantargia is conducting a phase I trial for CAN10 with the primary objective to evaluate safety and tolerability. Initially, single ascending doses will be given intravenously to up to 64 healthy volunteers. A second part will include up to 16 psoriasis patients, who will receive multiple doses subcutaneously at two dose levels to demonstrate early proof-of-concept.

Cantargia's clinical studies

	Study	Disease	Combination therapy	No. of patients	Status	NCT number
Nadunolimab	CANFOUR	PDAC	Gemcitabine/nab-paclitaxel	76	Recruitment completed	NCT03267316
		NSCLC/ non-squamous NSCLC	Platinum doublets	33 + 10	Recruitment completed	
	CIRIFOUR	Solid tumors	Pembrolizumab	16	Recruitment completed	NCT04452214
	CAPAFOUR	PDAC	FOLFIRINOX	18	Recruitment completed	NCT04990037
	CESTAFOUR	Solid tumors	Docetaxel, cisplatin/ gemcitabine or FOLFOX	36	Recruitment completed	NCT05116891
	TRIFOUR	TNBC	Carboplatin/gemcitabine	Up to 113	Recruiting	NCT05181462
	PANFOUR	PDAC	Gemcitabine/nab-paclitaxel	Up to 150-200	In preparation	-
CAN10	Phase I trial	Healthy volunteers/ Psoriasis	-	64+16	Recruiting	Not yet available

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

CANTARGIA OPERATES IN A GROWING MARKET

Cancer is one of the leading causes of death in the world, accounting for around 20 per cent of deaths in the Western world. Globally, more than 18 million people are diagnosed with cancer annually and nearly 10 million die of cancer-related diseases[1]. Despite significant advances in treatment and diagnostics, there is a great need for new therapies.

Cantargia is focusing the development of nadunolimab on pancreatic cancer, triple-negative breast cancer and non-small cell lung cancer.

The market for pancreatic cancer

Globally, approx. 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 last 20 years and pancreatic cancer is today the third most common cause of cancer-related deaths in the United States[2]. Since pancreatic cancer is difficult to diagnose, it is also difficult to treat as it is often well-advanced at the time of diagnosis.

Pancreatic cancer treatment was valued at approx. USD 2.4 billion in the eight largest markets in 2021 and is expected to grow to approx. USD 4.2 billion by 2026[3]. This corresponds to an annual growth rate of just over 8 per cent during these years. The growth in this market is mainly due to an increasing number of cancer cases. The number of people diagnosed with pancreatic cancer is estimated to increase by 60 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.

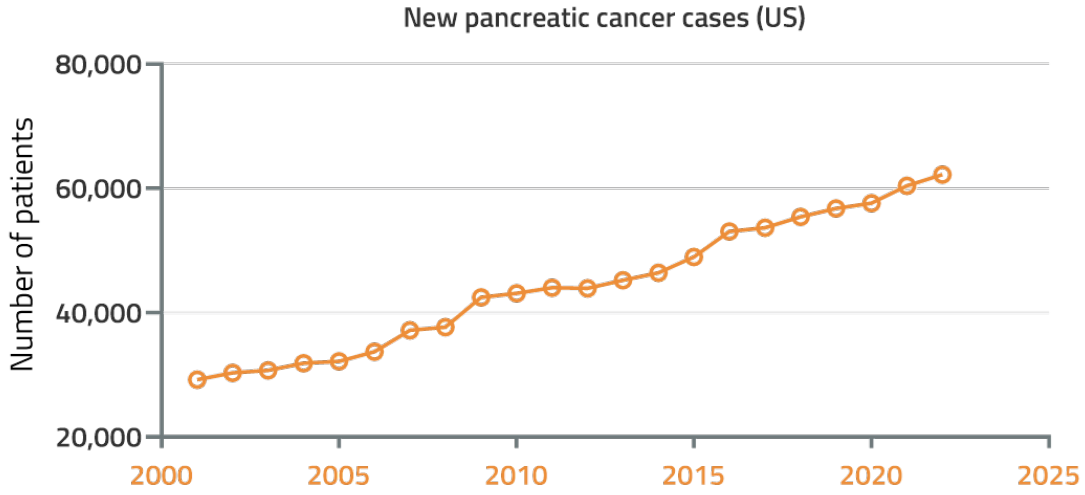
The market for breast cancer

Breast cancer is currently the most common form of cancer. In 2020, approx. 2.3 million new cases were reported, and approx. 685,000 women died from the disease. In 2040, around 3 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[4]. 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[5].

The global market for breast cancer treatment amounted to approx. USD 17.9 billion in 2021 and is expected to increase to USD 20 billion by 2025, corresponding to an annual growth rate of approx. 13 per cent[6]. The market growth is primarily fueled by an increased disease incidence, but also the need for preventive measures and early treatment. Market growth is also expected to be driven by the launch of new therapies.

Approx.10-15 per cent of breast cancer cases is triple-negative 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 approx. 4.5 per cent between 2020 and 2027[7].

Number of new pancreatic cancer cases in the US between 2001 and 2022[2]



The market for lung cancer

In 2020, approx. 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[8]. In the United States, the number of people diagnosed with lung cancer has declined by approx. 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[9]. Sales are driven mainly by increasing use of various antibody-based immunotherapies. Another important factor contributing to the growth of the global market is the increasing incidence of lung cancer in many countries, as mentioned above.

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 treatment of systemic sclerosis and myocarditis.

Myocarditis is characterized by inflammation of the muscular tissues of the heart (myocardium) arising from, for example, autoimmunity or 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 contractile function. The incidence of myocarditis is approx. 22 per 100,000 (1.7 million)[10], and globally the disease accounts for about 0.6 deaths per 100,000 (46,400) annually[11]. 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 sub-types. For these patients, heart transplantation is currently the only definitive treatment.

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 approx. 1.4 per 100,000[12]. 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 approx. USD 500 million in 2020 and is expected to grow to USD 1.8 billion by 2030 in the seven major markets[13]. This corresponds to an average annual growth rate of 14 per cent.

[1]Globocan 2020

[2]American Cancer Society, Cancer Facts & Figures

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

[4]American Cancer Society

[5]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

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

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

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

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

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

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

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

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

FINANCIAL INFORMATION

Revenue

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

Operating expenses/operating loss

Research and development costs increased to SEK 75.3 M (69.7) in the third quarter, primarily related to the start of the clinical phase I study in CAN10. Year-to-date, the R&D costs decreased to 204.8 M (276.7), mainly due to the focus within the clinical program. The R&D costs are expected to be held at a lower level until the new PANFOUR study has started.

Administrative expenses amounted to SEK 3.3 M (3.9) in the third quarter and to SEK 11.4 M (11.9) during the first nine-month period.

Other operating expenses, consisting of currency differences in trade payables, mainly related to the exchange rate changes in the value of the Swedish krona against EUR, amounted to SEK 0.1 M (0.7) in the third quarter and SEK 2.7 M (3.2) during the first nine months.

The operating loss was SEK 78.7 M (74.2) in the third quarter and SEK 218.9 M (291.8) in the first nine-month period.

Net financial income/expense

Net financial income/expense substantially consists of foreign exchange differences in the company's currency accounts and interest earned on short-term investments in fixed-rate accounts. Net financial income/expense for the first nine months was positively affected by the sale of short-term investments totaling SEK 3.4 M. The total net financial income was SEK 2.3 M (3.7) for the third quarter and SEK 10.1 M (10.6) for the nine-month period.

Earnings

Cantargia's loss before tax, which is the same as the loss for the period, was SEK 76.5 M (70.5) for the third quarter and SEK 208.8 M (281.2) for the first nine months.

Cash flow and investments

Cash flow from operating activities was SEK -85.7 M (-81.4) in the third quarter and SEK -230.2 M (-297.3) in the first nine months. As part of cash flow from operating activities, changes in working capital were SEK -12.3 M (-8.8) in the third quarter and SEK -23.6 M (-11.8) in the first nine months.

Cash flow from investing activities was SEK 48.1 M (0.0) in the third quarter and SEK 156.9 M (75.0) in the first nine months. Cash flow from investing activities essentially refers to reallocation of other short-term investments in fixed-rate accounts and fixed income funds.

Cash flow from financing activities was SEK 0.0 M (223.9) in the third quarter and SEK 0.0 M (223.9) during the first nine months. The positive cash flow previous year is related to a rights issue that was completed in August 2022.

The total change in cash and cash equivalents was SEK -37.6 M (142.6) for the third quarter and SEK -73.3 M (1.6) for the nine-month period.

Financial position

The company's cash and cash equivalents, which consist of cash and demand deposits with banks and other credit institutions, were SEK 120.0 M (259.7) 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 80.2 M (236.8). Total available funds, bank deposits and short-term investments amounted to SEK 200.2 M (496.5).

A directed share issue was completed after the period of approximately SEK 59,3 M before deduction of transaction costs. The board continuously evaluate the financial status of the Company and has concluded that the current available funds and proceeds from the directed issue are sufficient to finance ongoing activities into 2025.

Cantargia's equity/assets ratio on 30 September 2023 was 77 (88) per cent and equity was SEK 184.2 M (479.9).

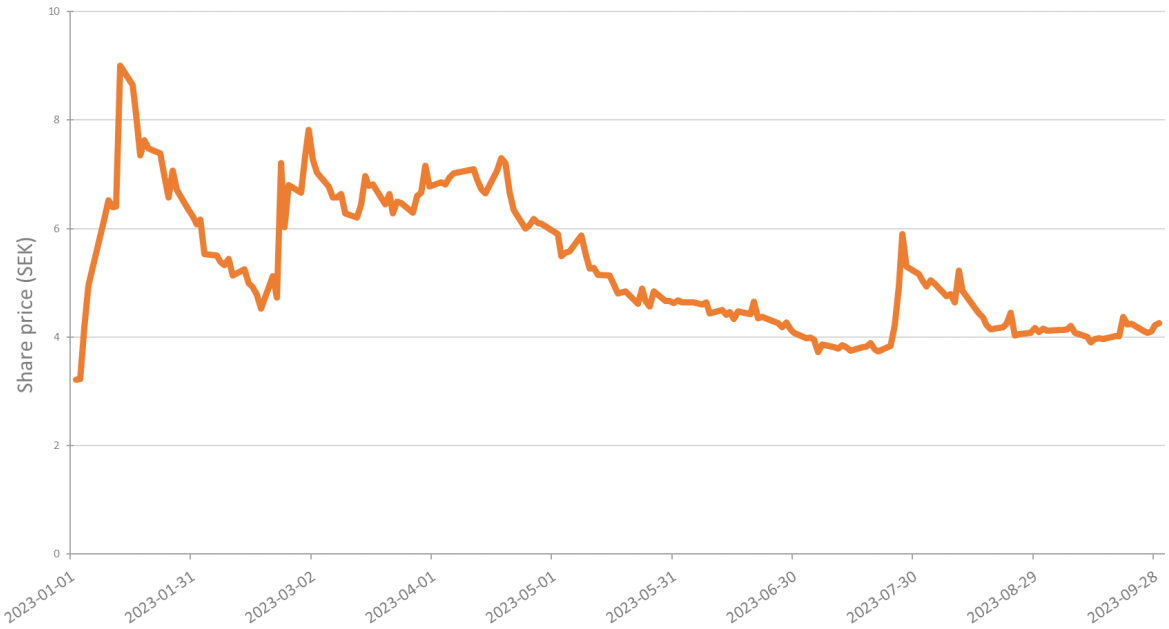
At the end of the period, total assets amounted to SEK 238.9 M (543.7).

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 2023, the number of shares was 166,987,895 (166,987,895).

Share price performance in 2023



Ownership distribution, 30 September 2023

Owner	Number of shares	Capital/Votes (%)
Fjärde AP-fonden	14 743 911	8,8%
Första AP-fonden	10 540 406	6,3%
Försäkringsaktiebolaget, Avanza Pension	8 903 043	5,3%
Alecta Tjänstepension, Ömsesidigt	8 825 418	5,3%
Six Sis AG	8 395 983	5,0%
Swedbank Robur Fonder	4 720 905	2,8%
Goldman Sachs International	4 684 025	2,8%
Handelsbanken fonder	4 439 200	2,7%
Brushamn Invest Aktiebolag	1 979 470	1,2%
Barsum, Rafi	1 886 821	1,1%
Other	97 868 713	58,6%
Total	**166 987 895**	**100,0%**

Ownership distribution by size class, 30 September 2023

Holding	Number of shareholders	Number of shares	Capital/Votes (%)	Market Cap (kSEK)
1 - 500	8 747	1 316 959	0,8%	5 610
501 - 1 000	2 240	1 778 853	1,1%	7 578
1 001 - 5 000	4 429	11 099 403	6,6%	47 283
5 001 - 10 000	1 261	9 380 194	5,6%	39 960
10 001 - 15 000	445	5 442 233	3,3%	23 184
15 001 - 20 000	292	5 260 932	3,2%	22 412
20 000 -	761	122 494 604	73,4%	521 827
Unknown holding size	0	10 214 717	6,1%	43 515
Total	**18 175**	**166 987 895**	**100,0%**	**711 369**

The ownership register above has been compiled and processed based on data from the share register for Cantargia AB maintained by Euroclear AB. Share of capital and votes are based on the number of outstanding shares at the time, which amounted to 166,987,895.

OTHER INFORMATION

Employees

The average number of employees during the third quarter was 23 (28), of whom 13 (17) were women. Cantargia operates to a large extent through external partners.

Financial calendar

- Year-end report 2023, 22 February 2024
- Interim report January-March, 21 May 2024
- Interim report April-June 2024, 28 August 2024
- Interim report July-September 2024, 15 November 2024

Annual General Meeting

The annual General Meeting of Cantargia will be held at Ideon Gateway, Scheelevägen 27 in Lund on 23 May 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.

CEO's Assurance

The CEO assures that this interim report provides a true and fair view of the company's operations, financial position and results, as well as outlines significant risks and uncertainties the company is facing.

Lund, 10 November, 2023

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 2023 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, 2023

PricewaterhouseCoopers AB

Mikael Nilsson
Authorized Public
Accountant Auditor in charge

STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	Note	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Operating income						
Net sales		-	-	-	-	-
Other operating income		-	-	-	-	-
		-	**-**	**-**	**-**	**-**
Operating expenses	6					
Research and development costs	5	-75 275	-69 657	-204 833	-276 719	-364 686
Administrative costs		-3 305	-3 888	-11 386	-11 939	-14 964
Other operating expenses		-125	-683	-2 663	-3 178	-1 899
		-78 705	**-74 228**	**-218 882**	**-291 837**	**-381 549**
Operating loss		**-78 705**	**-74 228**	**-218 882**	**-291 837**	**-381 549**
Financial income and expense						
Interest income and similar items		3 678	3 105	11 540	10 945	9 740
Interest expense and similar items*		-1 428	640	-1 428	-316	-4
		2 251	**3 745**	**10 112**	**10 629**	**9 736**
Loss before taxes		**-76 454**	**-70 483**	**-208 770**	**-281 209**	**-371 814**
Loss for the period**		**-76 454**	**-70 483**	**-208 770**	**-281 209**	**-371 814**
Earnings per share before dilution (SEK)		-0.46	-0.49	-1.25	-2.44	-2.90
Earnings per share after dilution (SEK)		-0.46	-0.49	-1.25	-2.44	-2.90

* Positive amount in Q3 2022 relates to reversed impairment of short-tem investment.

** 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	30-09-2023	30-09-2022	31-12-2022
ASSETS				
Fixed assets				
Intangible assets				
Patent		4 882	5 783	5 558
		4 882	**5 783**	**5 558**
Tangible assets				
Machinery and equipment		5 483	1 168	7 395
		5 483	**1 168**	**7 395**
Total fixed assets		**10 365**	**6 951**	**12 953**
Current assets				
Other receivables		3 062	2 007	2 462
Prepaid expenses and accrued income		25 242	38 246	32 714
		28 304	**40 253**	**35 176**
Short-term investments				
Other short-term investments		80 239	236 783	237 095
		80 239	**236 783**	**237 095**
Cash and bank balances				
Cash and bank balances		120 004	259 734	189 573
		120 004	**259 734**	**189 573**
Total current assets		**228 547**	**536 770**	**461 845**
TOTAL ASSETS		**238 912**	**543 721**	**474 798**
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital		13 359	13 359	13 359
		13 359	**13 359**	**13 359**
Non-restricted equity				
Share premium account		1 623 185	1 623 196	1 623 185
Retained earnings		-1 243 589	-875 471	-875 046
Loss for the period		-208 771	-281 209	-371 814
		170 825	**466 516**	**376 325**
Total equity		**184 184**	**479 875**	**389 684**
Long-term liabilities				
Provision for social security contributions, incentive program	8	136	51	24
		136	**51**	**24**
Short-term liabilities				
Trade payables	9	24 146	17 359	37 910
Tax liabilities		0	334	342
Other liabilities		1 358	1 046	1 025
Accrued expenses and deferred income	9	29 089	45 056	45 813
		54 592	**63 796**	**85 090**
TOTAL EQUITY AND LIABILITIES		**238 912**	**543 721**	**474 798**

STATEMENT OF CHANGES IN EQUITY

(kSEK)		Restricted equity	Non-restricted equity		Total
1 July - 30 September 2023	**Note**	**Share capital**	**Share premium account**	**Retained earnings incl. Loss for the period**	**Total equity**
Opening balance 1 July 2023		**13 359**	**1 623 185**	**-1 376 806**	**259 738**
Loss for the period		-	-	-76 454	-76 454
Transactions with shareholders					
Employee stock option program	8	-	-	900	900
		-	-	900	900
Closing balance 30 September 2023		**13 359**	**1 623 185**	**-1 452 360**	**184 184**
1 July 2022 - 30 September 2022					
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
Captial aquisition 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 January 2023 - 30 September 2023					
Opening balance 1 January 2023		**13 359**	**1 623 185**	**-1 246 860**	**389 684**
Loss for the period		-	-	-208 770	-208 770
Transactions with shareholders					
Employee stock option program	8	-	-	3 271	3 271
		-	-	3 271	3 271
Closing balance 30 September 2023		**13 359**	**1 623 185**	**-1 452 360**	**184 184**
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
Captial aquisition 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 Januari 2022 - 31 December 2022					
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**

STATEMENT OF CASH FLOW

SEK thousand	Note	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Operating activities						
Operating loss		-78 705	-74 228	-218 882	-291 837	-381 549
Adjustments for non-cash items	7	1 792	918	5 971	6 486	7 643
Interest received etc.		3 570	57	6 374	135	388
Interest paid etc.		1	640	-1	-316	-4
Cash flow from operating activities before changes in working capital		**-73 342**	**-72 613**	**-206 538**	**-285 533**	**-373 523**
Changes in working capital						
Change in receivables		14 718	-3 652	6 872	-8 952	-3 876
Change in trade payables		-21 447	9 205	-13 764	-17 153	3 398
Changes in other current liabilities		-5 596	-14 304	-16 733	14 342	15 085
		-12 325	**-8 751**	**-23 625**	**-11 763**	**14 607**
Cash flow from operating activities		**-85 667**	**-81 364**	**-230 163**	**-297 296**	**-358 915**
Investing activities						
Acquisition of tangible assets		-	-	-	-17	-7 089
Increase in other short-term investments		-	-9	-40 000	-31	-31
Decrease in other short-term investments		48 076	-	196 857	75 000	75 000
Cash flow from investing activities		**48 076**	**-9**	**156 857**	**74 952**	**67 880**
Financing activities						
Issue of new shares for the year		-	250 482	-	250 482	250 482
Capital acquisition cost		-	-26 537	-	-26 537	-26 548
Cash flow from financing activities		**-**	**223 945**	**-**	**223 945**	**223 934**
Change in cash and cash equivalents		-37 592	142 572	-73 307	1 601	-67 101
Cash and cash equivalents at beginning of period		158 916	114 113	189 573	247 322	247 322
Exchange rate difference in cash equivalents		-1 320	3 049	3 738	10 810	9 352
Cash and cash equivalents at end of period*		**120 004**	**259 734**	**120 004**	**259 734**	**189 573**

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

KEY FIGURES

SEK thousand	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Net sales	-	-	-	-	-
Operating loss	-78 705	-74 228	-218 882	-291 837	-381 549
Loss for the period	-76 454	-70 483	-208 770	-281 209	-371 814
Average number of shares	166 987 895	144 722 842	166 987 895	115 036 105	128 024 053
Earnings per share before and after dilution (SEK) based on average number of shares	-0.46	-0.49	-1.25	-2.44	-2.90
Change in cash and cash equivalents	-37 592	142 572	-73 307	1 601	-67 101
Cash and cash equivalents	120 004	259 734	120 004	259 734	189 573
Short-term investments	80 239	236 783	80 239	236 783	237 095
Total available funds	200 243	496 517	200 243	496 517	426 669
Equity end of period	184 184	479 875	184 184	479 875	389 684
Equity/assets ratio, %	77%	88%	77%	88%	82%
Average number of employees	24	28	24	28	27
Number of employees at end of period	23	27	23	27	26
R&D costs as a percentage of operating expenses	96%	94%	94%	95%	96%

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 has been approved by Cantargia's Board of Directors for publication on 10 November 2023.

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 2022.

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. Although Cantargia's operations have not been significantly affected by external factors such as the COVID-19 pandemic or the war in Ukraine so far, such factors could potentially impact the company negatively by hampering the company's possibilities to conduct clinical trials, get necessary regulatory approvals or conduct sales related activities.

Financial risks

Through its operations, Cantargia is exposed to various types of financial risks; liquidity risk, market risks (currency risk, interest rate risk and other price risk) and credit risks. 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.

Cantargia is a research and development company that neither has nor is expected to generate revenue in the near term. The company's ongoing and future development of its drug candidates as well as general operations are dependent on the availability of financial resources. Against this background, the board continuously monitors the company's financial situation and evaluates various financing alternatives. It is the board's assessment that the company's available funds at the balance date are sufficient to ensure continued operations.

The company is also 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, EUR and GBP based on entered agreements to manage the currency exposure. For more information about the company's financial risk management see note 3 on page 49 in the Annual Report for 2022.

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 33 in the Annual Report for 2022.

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 recognized 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 51 in the Annual Report for 2022.

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 2023, the company incurred a cost of SEK 0.0 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. The CANFASTER programme centers on collaborations between industry and universities and is funded in equal parts by both parties. Under the agreement, Karin Leandersson is conducting research aimed at expanding the knowledge about the function of IL1RAP in tumors. Cantargia has the right to research results and IP arising from the project. Karin Leandersson was a member of Cantargia's Board of Directors until the annual general meeting 2023 and was then considered an insider at Cantargia. During 2023, the company incurred a cost of SEK 141.0 thousand (467.0) under the agreement.

The Board considers that the above agreements have 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	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Project costs	-62 160	-55 064	-165 264	-233 434	-306 691
Other external expenses	-6 358	-6 872	-21 185	-19 759	-25 951
Personnel expenses	-9 199	-10 736	-27 182	-32 845	-43 317
Other operating expenses	-125	-683	-2 663	-3 178	-1 899
Depreciation	-863	-874	-2 588	-2 622	-3 692
	-78 705	**-74 228**	**-218 882**	**-291 837**	**-381 549**

Note 7 Adjustments for non-cash items

SEK thousand	2023 Jul-Sep	2022 Jul-Sep	2023 Jan-Sep	2022 Jan-Sep	2022 Jan-Dec
Depreciation	-863	-874	-2 588	-2 622	-3 692
Employee stock option program	-929	-685	-3 382	-3 552	-3 951
Value adjustment other short-term investments	-	641	-	-312	-
	-1 792	**-918**	**-5 971**	**-6 486**	**-7 643**

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 and one decided program that cover the company's management, other employees, and consultants. The active programs are the employee stock option program 2020/2023 approved at the Annual General Meeting 2020 and the employee stock option program 2021/2024 approved at the Annual General Meeting 2021. For further information about these programs, see Note 19 in the Annual Report for 2022. The decided but not yet active program refers to the employee stock option program 2023/2026 approved at the Annual General Meeting 2023.

Below is a summary of the total number of shares that granted options may entitle to as of September 30, 2023. Each warrant in the employee stock option program 2020/2023 and 2021/2024 entitles to 1.2 potential ordinary shares. Each warrant in the stock employee stock option program 2023/2026 entitles to 1.0 potential ordinary share.

Full exercise of granted options as of September 30, 2023, corresponding to a total of 4,916,800 shares, would result in a dilution of shareholders by 2.9 per cent. If decided but not allotted options from the option program 2023/2026 are fully exercised, which corresponds to an additional 3,000,000 options, it would result in a total dilution of shareholders by 4.5 per cent.

Changes in existing incentive programs during 2023 (number of warrants)	
Granted instruments	
Employee stock option program 2020/2023	-
Employee stock option program 2021/2024	1 406 000
Employee stock option program 2023/2026	-
Exercised instruments	-
Lapsed instruments	
Employee stock option program 2020/2023	-9 000
Employee stock option program 2021/2024	-369 000
Employee stock option program 2023/2026	-
Total change	**1 028 000**
Number of shares granted instruments may entitle to September 30, 2023*	
Employee stock option program 2020/2023	2 089 600
Employee stock option program 2021/2024	2 827 200
Employee stock option program 2023/2026	-
Number of shares granted instruments may entitle to	**4 916 800**

*Recalculation of employee stock option programs after the rights issue in 2022 means that each warrant in the stockoption programs 2020/2023 and 2021/2024 entitles to 1.2 shares. Each warrant in the stock program 2023/2026 entitles to 1.0 share.

Note 9 Short-term liabilities

The change in accounts payables (increase) and accrued expenses (decrease) in September 2023 compared with September 2022 is mainly due to that received but not yet verified invoices is classified as "accounts payables" in 2023, whereas in September 2022, they were classified as "accrued expenses".

Note 10 Significant events after the end of the period

Based on the authorization granted by the annual general meeting held on 23 May 2023, Cantargia's Board of Directors October 30, 2023, resolved on a directed share issue of 16,698,789 shares at a subscription price of SEK 3.55 per share, consequently raising proceeds of approximately SEK 59.3 million before deduction of transaction costs. Through the Directed Share Issue, the number of shares and votes in the Company will increase by 16,698,789, from 166,987,895 to 183,686,684, and the share capital will increase by SEK 1,335,903.12, from SEK 13,359,031.60 to SEK 14,694,934.72. The directed share issue entails a dilution of approximately 9.1 percent of the total number of shares and votes, based on the total number of shares in the company after the directed share issue. The transaction closed on November 2, 2023.

SUBMISSION OF INTERIM REPORT

The information was submitted for publication through the Chief Executive Officer on 10 November 2023, at 7:00 a.m.

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