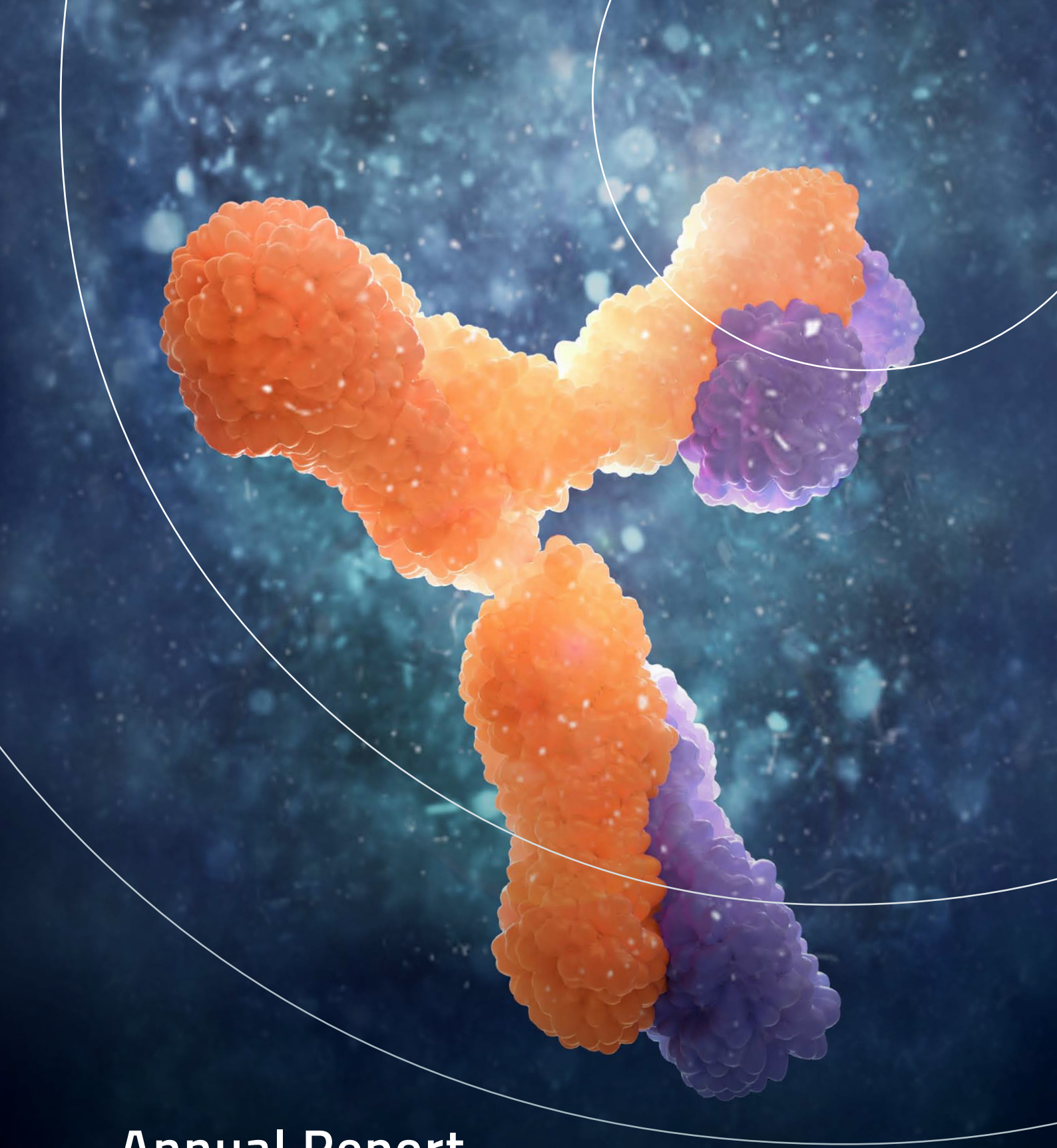

Annual Report 2022

Cantargia AB (publ.) 556791-6019

Cantargia

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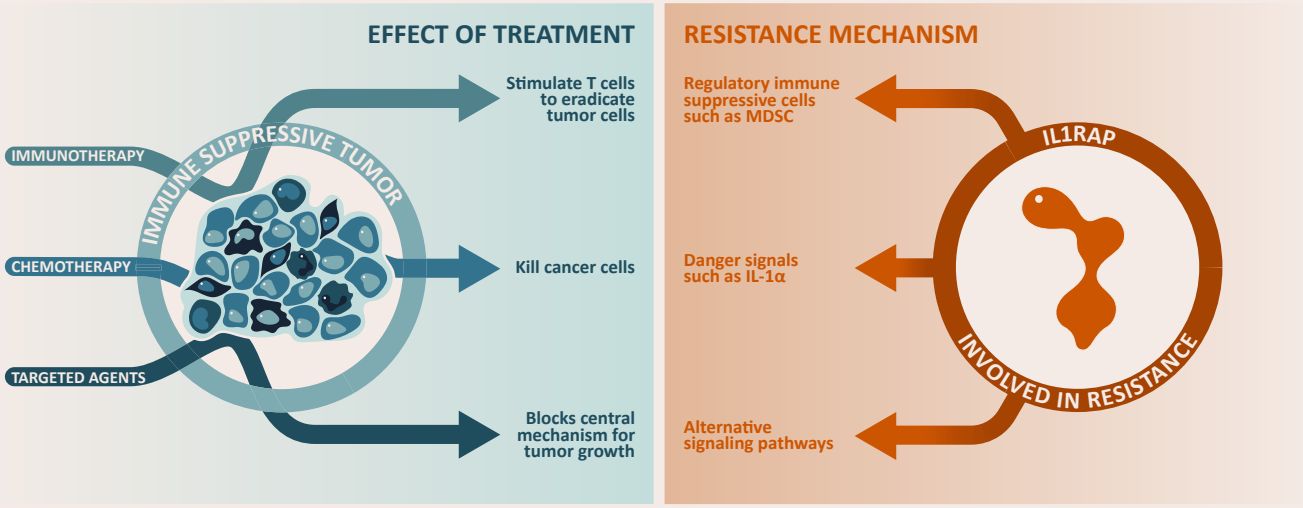
Cantargia in brief

Cantargia is a Swedish biotech company that develops targeted antibody-based drugs for cancer as well as autoimmune and inflammatory diseases. Cantargia's drug candidates have the potential to provide strong efficacy with fewer side effects and can serve as a complement to established treatments.

Cantargia was founded in 2009-2010 based on research at Lund University that showed that the molecule IL1RAP is present on cancer cells from a large number of tumor types. IL1RAP is therefore a suitable target for potential cancer therapies. Cantargia's main project nadunolimab (CAN04) is an antibody that can bind IL1RAP and has reached clinical development stage.

The clinical development of nadunolimab focuses on pancreatic cancer, triple-negative breast cancer and non-small cell lung cancer. For these and many other cancers, chemotherapy is an established standard treatment. Nadunolimab is mainly evaluated in combination with chemotherapy as its mechanism of action enables synergy with other cancer therapies. This is because IL1RAP may affect various resistance mechanisms that tumors can develop to these therapies.

In addition to cancer, IL1RAP has a central role in autoimmune and inflammatory diseases. In parallel with nadunolimab, Cantargia is for this reason developing another IL1RAP-binding antibody, CAN10, with a focus on myocarditis and systemic sclerosis. Cantargia's goal is for CAN10 to reach clinical development stage in mid-2023.



A prerequisite for a tumor to grow is that it evades our immune system. For such a tumor, immunotherapy is the primary treatment option, and in cases where immunotherapy is not sufficient to kill or slow down the tumor, chemotherapy or targeted agents are administered. These therapies can be counteracted by the tumor through various resistance mechanisms where IL1RAP plays a central role. For this reason, IL1RAP constitutes an attractive target for cancer therapies.

Our vision, business model and strategy

WE CONTRIBUTE TO THE DEVELOPMENT OF SAFER AND MORE EFFECTIVE TREATMENTS FOR LIFE-THREATENING DISEASES

Cantargia's vision is to develop a new generation of targeted antibody-based treatments for IL1RAP with the potential to become an important part of future, more effective and safe treatments for life-threatening diseases.

Cantargia's business model is based on partnerships and long-term collaborations. Cantargia has therefore signed agreements with several different companies, hospitals and academic research groups. Currently, about 50 international and local organizations are working on research and development of Cantargia's main project nadunolimab, as well as the development project CAN10.

Cantargia's strategy is based on advancing the development of each drug candidate in-house until the stage where a development or commercialization agreement is reached.

2022 – A summary of the year and next steps

In 2022, additional strong clinical efficacy data were presented for nadunolimab and a rights issue of SEK 250 million was completed to enable future investments in the most promising indications. In addition, the CAN10 project made progress towards a first clinical trial.

Promising clinical results for nadunolimab

For pancreatic cancer and non-small cell lung cancer, updated interim data from over 100 patients from the CANFOUR clinical trial were presented in 2022 at the ASCO congress, one of the world's largest in oncology. The results showed stronger efficacy of nadunolimab in combination with chemotherapy compared to historical data for chemotherapy alone.

The promising results were further strengthened by new efficacy data presented at the AACR congress in 2023 which showed that pancreatic cancer patients with high tumor levels of IL1RAP, the target of nadunolimab, have the best response to treatment with nadunolimab and chemotherapy.

Focus on randomized clinical trials

As a next step in pancreatic cancer, Cantargia initiated a collaboration with the US organization PanCAN in early 2022 to include nadunolimab in PanCAN's adaptive phase II/III clinical trial Precision Promise^{SM}, a potentially pivotal randomized trial.

In early 2023, the TRIFOUR clinical trial which evaluates treatment of triple-negative breast cancer, was expanded to a second, randomized phase. Preliminary results from the first phase of the trial showed good safety as well as promising signal of efficacy of nadunolimab in combination with chemotherapy.

To enable financing for these randomized studies, a significantly oversubscribed rights issue of SEK 250 million was carried out during the summer of 2022.

Prioritizing the most promising opportunities

Additional non-small cell lung cancer patients with the non-squamous subtype were recruited to the CANFOUR trial during 2022 and early 2023, and patient enrollment ended in April 2023. To guide further clinical development steps, a biomarker strategy will be implemented to identify best responders among the total lung cancer patients treated with combination therapy.

The clinical trials CAPAFOUR and CESTAFOUR reached an important milestone during the year when a total of over 50 cancer patients had been treated. Although preliminary data showed good safety of the evaluated combinations, the decision was made not to advance any of the activities evaluated in these trials now, but instead focus on the aforementioned indications.

Also for CIRIFOUR, which evaluates combination between nadunolimab and the checkpoint inhibitor Keytruda®, the decision was made not to expand the trial. Interim results presented at the ASCO congress showed good safety of the combination and signs of disease control in a patient subgroup.

Preclinical data provide insight into the mechanism of action

During the year, preclinical results that provided in-depth understanding of the synergy between nadunolimab and chemotherapy were published in the journal Cancer Immunology, Immunotherapy.

Furthermore, several presentations of preclinical results were made at various international congresses. These showed that nadunolimab has an effect on the so-called stromal cells that constitute an important component of pancreatic cancer. This can affect the recruitment of immunosuppressive cells to the tumor as well as tumor growth. Results demonstrating the anti-metastatic effect of nadunolimab were also presented.

CAN10 well on its way towards clinical trial

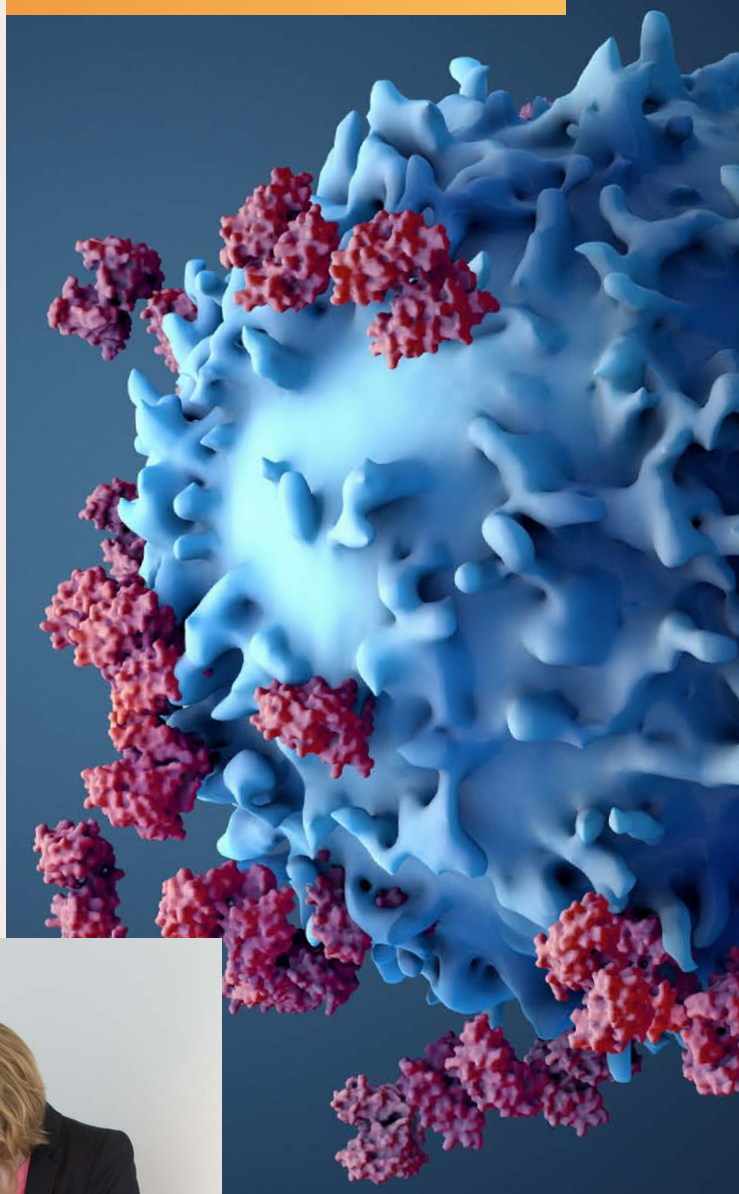
Promising preclinical efficacy data were also presented for CAN10 during the year, including an oral presentation at the ACR Convergence conference in November 2022, focusing on CAN10's effect in three different models for systemic sclerosis. During the year, the effect of CAN10 was also reported in models for myocarditis and atherosclerosis.

In 2022, CAN10 completed GLP toxicity studies, which showed good safety of both intravenous and subcutaneous administration. CAN10 is thus approaching clinical development stage: During the second quarter of 2023, an application was submitted to start a first clinical trial and the ambition is that treatment in the trial can start shortly after the application is approved. Another important success for CAN10 was that a first composition of matter patent was granted in the US.

Strengthening of the organization

During the year, Cantargia's organization was strengthened by two recruitments to the management team. In the summer of 2022, Dr. Dominique Tersago was appointed as new Chief Medical Officer (CMO) and Cantargia also hired a new Chief Financial Officer (CFO), Patrik Renblad, who will replace the current CFO, Bengt Jöndell, in 2023.

"Our projects continue to generate strong results, which in the long run is what secures the company's value."



Chief executive's review

Without a doubt, 2022 was a challenging year caused by great uncertainty in the world. Pandemic, war in Europe and high inflation left their marks. Despite these challenges, Cantargia made significant progress during the year and I have rarely been as enthusiastic about the future as I am now. In this year's CEO review, I will focus on how Cantargia has advanced its positions in this turbulent environment. Our projects continue to generate strong results, which in the long run is what strengthens the company's value.

Let me start with our main project, nadunolimab, which focuses on the treatment of cancer. In 2021, we were able to present the first robust results in combination with chemotherapy. We saw early encouraging indications that nadunolimab enhances the effect of chemotherapy commonly used in the treatment of patients with pancreatic cancer and non-small cell lung cancer. As a result of these data, we were contacted by the US organization PanCAN regarding participation in a potentially pivotal trial conducted under their sponsorship, with the goal of developing new treatments for pancreatic cancer. This is an important strategic collaboration that provides an external validation of our results, but also attracts attention in the US, the largest pharmaceutical market. In 2022, we therefore began preparations to include nadunolimab in PanCAN's clinical trial, and at the ASCO congress in June 2022, we presented new results in an even larger number of pancreatic cancer and lung cancer patients. The results generated great interest and we are very now motivated to move forward with PanCAN's trial. During the year, the US Food and Drug Administration (FDA) introduced new guidelines for clinical development in oncology. Although this has prolonged the discussions around the upcoming trial design, it also means that the trial will be adapted to the new regulations, which provides long-term benefits. In 2023, we have also presented updated efficacy data in pancreatic cancer and a new important finding, namely that patients with the highest levels of the target of nadunolimab, IL1RAP, on their cancer cells, respond best to the combination treatment. It is a logical observation that clearly indicates that nadunolimab makes a difference. This opens up a large number of opportunities for future development.

In patients with non-small cell lung cancer, we have also documented a signal of efficacy for nadunolimab with chemotherapy, and new results, which also received significant attention, were presented at the ASCO congress. The lung cancer market is segmented and highly competitive. For this reason, we are holding off on the next step until we have a better understanding of relevant biomarkers in the patients we have treated to date. Our ambition is to identify subgroups with the strongest responses to treatment, in analogy with our progress in pancreatic cancer. There are many opportunities within lung cancer, and it is important to choose the path with the greatest likelihood of success.

In parallel with the development in pancreatic cancer and non-small cell lung cancer, we have also investigated nadunolimab in combination with additional cancer therapies or in other types of cancer. The challenging market conditions of 2022 required a balancing act between focusing on the most important opportunities without terminating promising activities prematurely. After the summer, we decided to end several studies with new combination therapies in pancreatic cancer and lung cancer, as well as in colon cancer and bile duct cancer, while continuing our studies in triple-negative breast cancer. At present, I am very pleased with that decision as we recently revealed the first promising clinical results in triple-negative breast cancer and took the next step towards a randomized trial where we are now assessing combination therapy in these patients compared to a control group. We plan to present additional results for this indication in the second half of the year, including more detailed data from the first group of 15 patients, as well as the first interim analysis in the randomized trial. We are very pleased with the collaboration we have established with the specialist group GEICAM in this trial, and in parallel studies, with the goal of gaining a deeper understanding of how nadunolimab can provide benefit to patients. Collectively, these results form a solid foundation for further progress.

In three different cancers, which have the common denominator that independent studies have established that the diseases are largely driven by systems where IL1RAP plays a key role, nadunolimab shows a clear signal of activity in combination with certain types of chemotherapy. We have thus identified an area where we will be placing a great deal of focus in the coming years. The priorities we made among our clinical programs in

"With a solid cash position, strong long-term owners, highly competent and reputable partners, and an experienced team, I feel confident that Cantargia, based on the promising results reported, has an excellent prospect of further strengthening its position."

Göran Forsberg

2022 have freed up the necessary resources and enable us to continue creating value in this area. We have a lot of work ahead of us, but if all goes according to plan, the commercial potential is huge.

Similar to nadunolimab, our second development project, CAN10, also targets IL1RAP. However, there are major differences in the design of the two molecules, and CAN10 is optimized for treatment of autoimmune or inflammatory diseases. In 2022, we presented new strong data for CAN10 in models of various disorders, including myocarditis and systemic sclerosis, the two diseases that the project is focusing on. At the end of the year, an important safety study, the so-called GLP toxicity study, was completed without any safety signals for CAN10 being documented. We are planning the start of a clinical phase I trial in healthy volunteers during the middle of 2023. Once the study protocol has been approved and recruitment has started, I expect that we will be able to provide more detailed information about timelines and milestones.

Drug development is costly, and we have been able to maintain our strong position, despite the very challenging market, through the addition of SEK 250 million we received from our shareholders in connection with a new share issue in 2022. This has enabled us to continue creating value in our projects while focusing on the most promising opportunities based on our results. We currently have a solid cash position that will last at least until mid-2024. We have also built an organization with great expertise. In 2022, we hired Dominique Tersago as CMO and in early 2023, Patrik Renblad was hired as CFO. Both have solid experience that will serve the company well in the coming years. With a solid cash position, strong long-term owners, highly competent and reputable partners, and an experienced team, I feel confident that Cantargia, based on the promising results reported, has an excellent prospect of further strengthening its position. I therefore want to take the opportunity to thank our shareholders for their support, and I would like to emphasize that although Cantargia has already experienced an exciting and successful journey, there is every possibility that the next few years could be even more rewarding.

Göran Forsberg
Lund, April 2023

Background to Cantargia's projects

Modern drug development is based on identifying unique molecules against which new potential drug substances can be targeted. Cantargia's research has shown that IL1RAP is a promising target for treatment of cancer as well as autoimmune and inflammatory diseases.

NADUNOLIMAB (CAN04)

Cantargia's main project nadunolimab is an IL1RAP-binding antibody that has shown promising clinical and preclinical results in the treatment of various types of cancer.

In addition to locating cancer cells and stimulating our natural immune system to kill these cells, nadunolimab can also block signals that favor the development and growth of the tumor. In a large number of cancer types, tumor growth is promoted by the so-called interleukin-1 system, which contributes to an environment favorable for tumors. The interleukin-1 system is dependent on IL1RAP for transferring signals to cells, and blocking IL1RAP with nadunolimab prevents this signaling.

The clinical development of nadunolimab focuses primarily on pancreatic cancer, triple-negative breast cancer and non-small cell lung cancer. In recent years, positive interim results have been presented from patients treated with a combination of nadunolimab and chemotherapy that indicates a higher efficacy than expected with chemotherapy alone.

In parallel with the clinical development, studies are also being conducted on different types of 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 a suitable target in diseases outside the field of cancer. In the CAN10 project, Cantargia is developing a new antibody against IL1RAP that has a unique ability to prevent signaling not only via interleukin-1, but also interleukin-33 and interleukin-36. Blocking of these three signaling molecules has great potential in the treatment of, for example, myocarditis and systemic sclerosis, where CAN10 has shown strong preclinical data.

CAN10 is currently in late preclinical development phase, and the goal is to start a first clinical trial in mid-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.

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

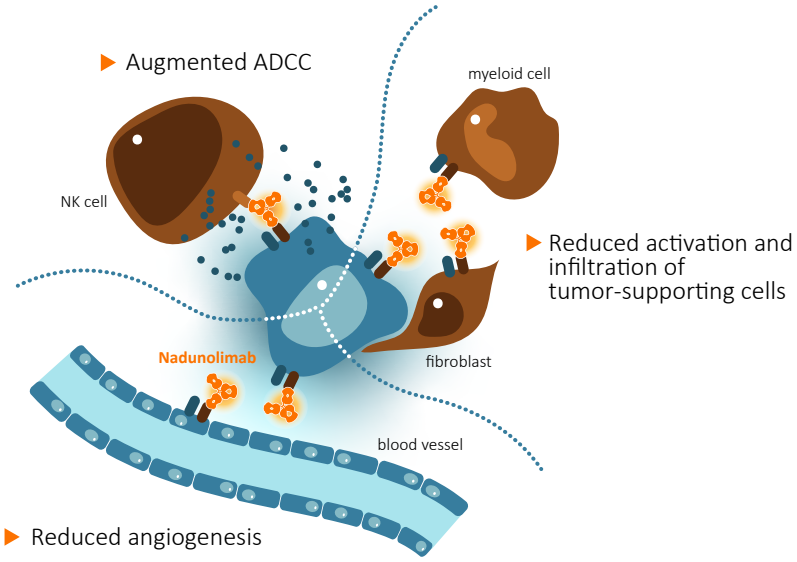
Nadunolimab – Cantargia's main project

Cantargia has performed extensive research on IL1RAP and results have shown that this molecule is present on tumor cells from a large number of tumors. Antibodies targeting IL1RAP thus have the potential to treat several different types of cancer.

NADUNOLIMAB'S DUAL MECHANISM OF ACTION

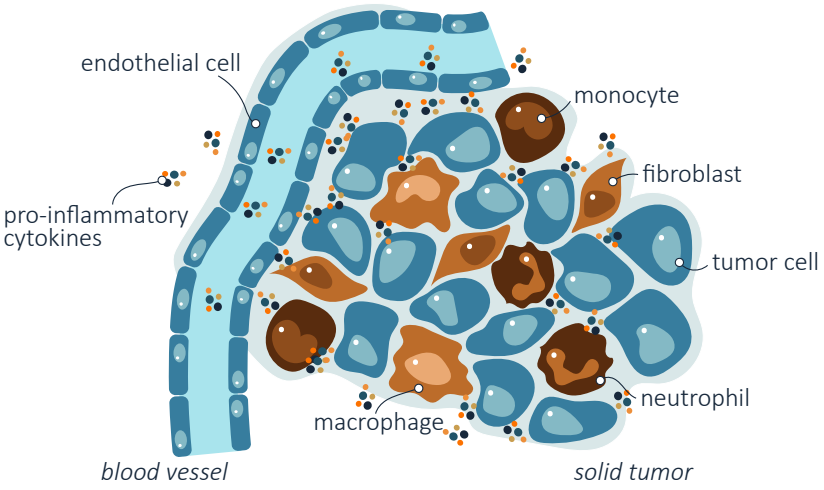
Nadunolimab is unique in that it has a dual mechanism of action. Nadunolimab can effectively kill cancer cells as well as block signals that favor the development and growth of the tumor.

In the human body, nadunolimab acts as a guided missile that seeks out and binds its target IL1RAP, which is highly present on cancer cells. By binding IL1RAP, nadunolimab stimulates the body's killer cells, the so-called Natural Killer cells, to seek out and eradicate the cancer cells. Nadunolimab has also been optimized to possess an improved ability to stimulate these killer cells.



Nadunolimab stimulates so-called NK cells to kill cancer cells, an effect known as ADCC, and blocks signals that promote tumor development and survival. This signal blockade leads to, for example, reduced blood vessel formation and reduced accumulation of immunosuppressive cells in the tumor.

IL1RAP is present not only on cancer cells, but also on other cell types in the tumor that contribute to its growth. IL1RAP conveys signals between these cells from the two forms of the molecule interleukin-1, alpha and beta, that provide support to the tumor in its development and survival. These signals can, for example, strengthen the tumor's defenses against various immune cells capable of killing the tumor, but also stimulate blood vessel formation in the tumor. Nadunolimab blocks the signaling of both interleukin-1 alpha and beta and can thus impact the development and growth of the tumor.

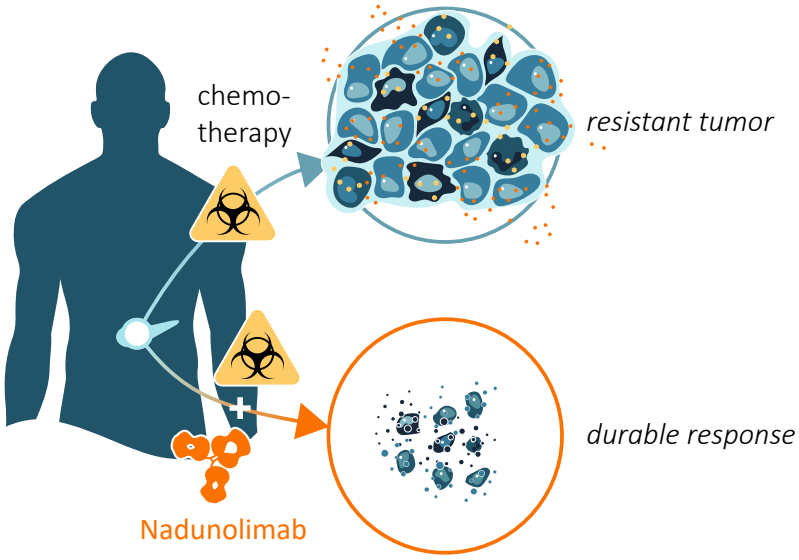


A tumor consists of cancer cells and a variety of tumor-stimulating cells that communicate with each other via different signaling molecules, so-called cytokines, including interleukin-1.

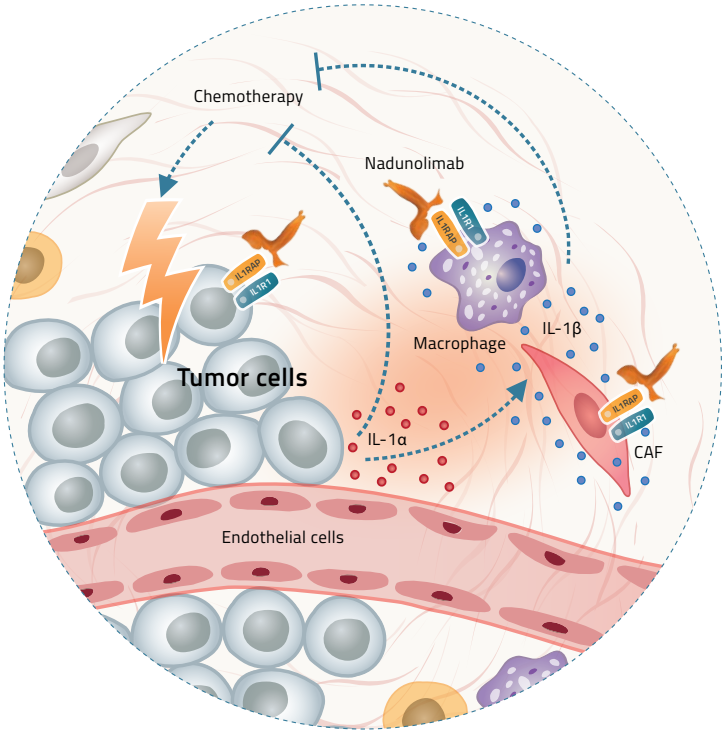
NADUNOLIMAB SYNERGIZES WITH CHEMOTHERAPY

Another important function of nadunolimab is its ability to enhance the effect of chemotherapy drugs which are established standard treatments in a number of cancers.

Cantargia has in preclinical studies shown that nadunolimab has a potent antitumor effect in combination with chemotherapy. When nadunolimab was combined with so-called platinum-based chemotherapy, antitumor effects were achieved that were much stronger than the effect of the individual treatments. Preliminary clinical data point to similar effects in cancer patients.



Nadunolimab has the potential to enhance the effect of chemotherapy, which are established standard treatments for different types of cancer.



Chemotherapy triggers the release of interleukin-1 alpha in the tumor, which in turn stimulates the release of interleukin-1 beta. These molecules contribute to the tumor's resistance to chemotherapy. Nadunolimab blocks signaling of both forms of interleukin-1 and can thus break this chemoresistance.

Previous research as well as Cantargia's own studies have shown that treating cancer cells with chemotherapy triggers them to release the alpha form of interleukin-1. This in turn stimulates the release of the beta form of interleukin-1 from surrounding cells in the tumor. The presence of both alpha and beta forms of interleukin-1 in the tumor contributes to development of chemotherapy resistance.

Since nadunolimab blocks signaling of both forms of interleukin-1, it is very well-suited for combination with chemotherapy.

When nadunolimab was combined with the chemotherapy docetaxel in preclinical studies, a stronger antitumor effect was achieved compared to docetaxel alone, or docetaxel in combination with an antibody that only blocks the beta form of interleukin-1. This shows that nadunolimab's interaction with IL1RAP produces a broader effect on the interleukin-1 system compared to blockade of only one form of interleukin-1, and is necessary to counteract the tumor's resistance to chemotherapy.

NADUNOLIMAB EXCELS AGAINST OTHER CONCEPTS FOR BLOCKING THE INTERLEUKIN-1 SYSTEM

Various types of treatments based on blockade of the interleukin-1 system are currently being investigated in clinical trials. These treatments are either developed to block signaling of the alpha or beta form of interleukin-1 alone, or completely lack the ability to stimulate killer cells to eradicate cancer cells.

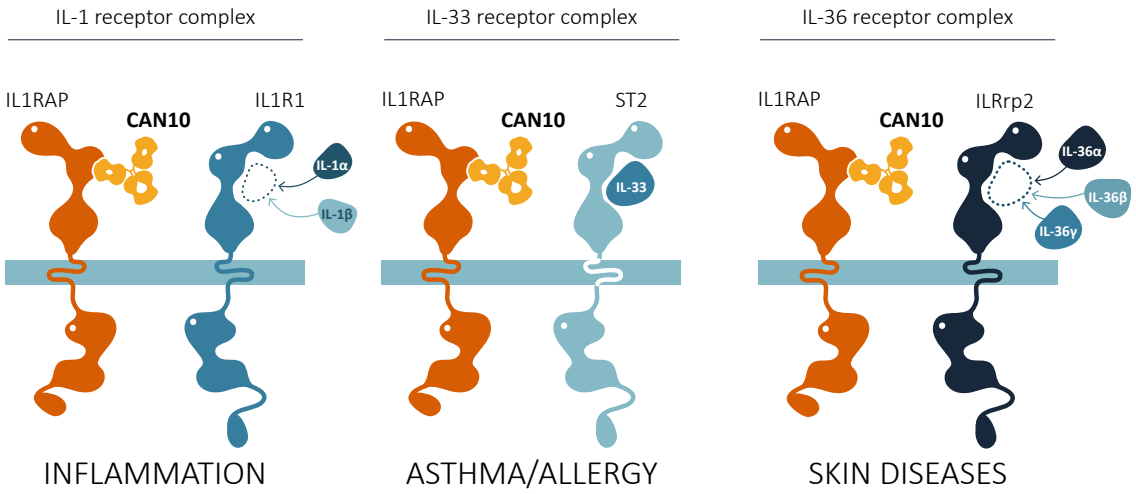
Cantargia's nadunolimab stands out from these by being the only treatment targeting IL1RAP. The major advantage of this is that nadunolimab thereby has a broader mechanism of action that is likely to contribute to a stronger antitumor effect and synergy with chemotherapy.

CAN10 – Cantargia's project in autoimmunity and inflammation

The CAN10 project was initiated with the goal of developing an anti-IL1RAP antibody for the treatment of autoimmune or inflammatory diseases. CAN10 thus covers a disease segment that complements nadunolimab and diversifies Cantargia's project portfolio.

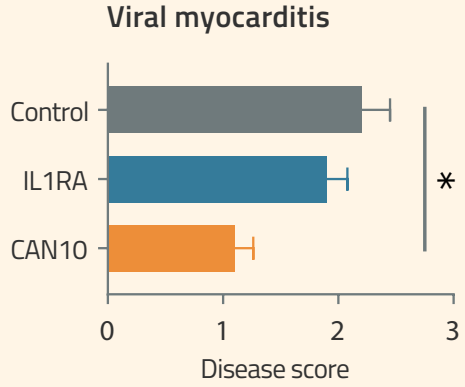
PROMISING PRECLINICAL DATA

IL1RAP conveys signals from the molecule interleukin-1, but also interleukin-33 and interleukin-36. These three signaling molecules are pro-inflammatory and play a central role in several severe diseases. Cantargia has developed the antibody CAN10 which, by binding IL1RAP, can block all these signaling pathways simultaneously. After extensive review of a large number of diseases, Cantargia decided to focus CAN10 on myocarditis and systemic sclerosis.



In the CAN10 project, an antibody is being developed that blocks interleukin-1, -33 and -36, all of which are pro-inflammatory molecules.

Myocarditis is a life-threatening disease characterized by impaired heart function. The disease can be caused by autoimmunity, but even more commonly by viral infections, and the incidence of this disease has increased during the COVID-19 pandemic. Cantargia has shown that a surrogate antibody for CAN10 reduces the disease burden in models of both autoimmune and viral myocarditis. This effect was stronger compared to blockade of interleukin-1 signaling alone.



In a myocarditis model caused by viral infection, CAN10 was shown to reduce disease burden. This effect was stronger compared to an IL-1 receptor antagonist, IL1RA, which only blocks interleukin-1 signaling.

Systemic sclerosis is a serious disease that leads to fibrosis of the skin and internal organs. Strong effects have also been demonstrated in three different models of systemic sclerosis where the surrogate antibody for CAN10 reduced skin and pulmonary fibrosis and normalized the levels of several disease-related biomarkers in skin biopsies.

In addition to these disease models, the CAN10 surrogate antibody has also shown effects in models for psoriasis, atherosclerosis, and peritonitis.

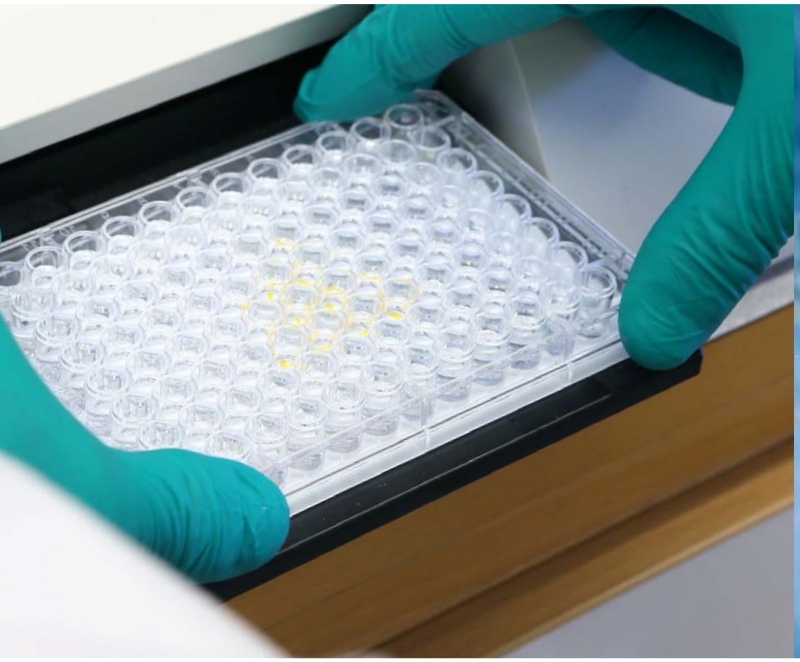
COMPLETED GLP TOXICITY STUDY

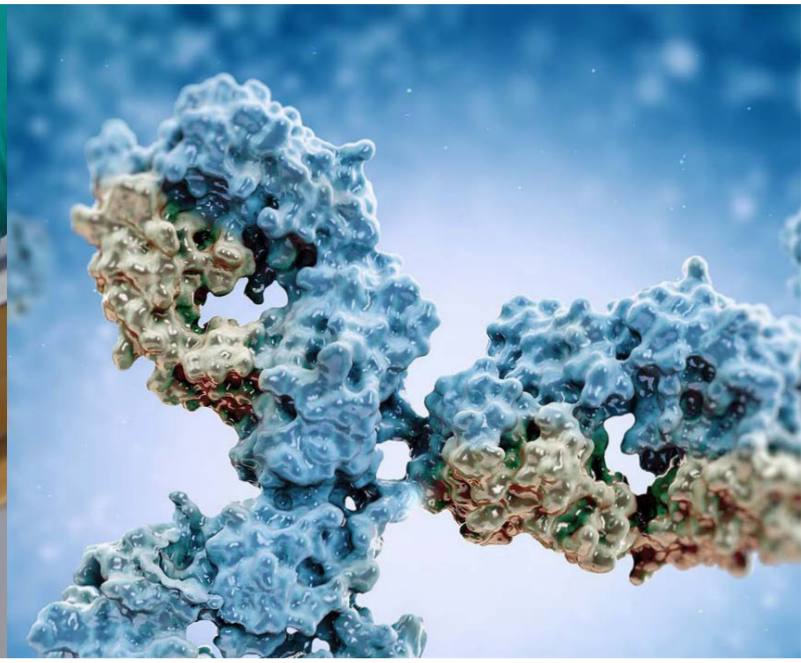
At the end of 2022, a GLP toxicity study for CAN10 was completed. This showed that CAN10 is well-tolerated when administered intravenously for six weeks at dose levels up to 50 mg/kg. Subcutaneous administration also demonstrated a good safety profile. An application to start the first clinical trial for CAN10 has been submitted. The goal is to start treatment of healthy volunteers in the trial in mid-2023.

CANxx – Cantargia's IL1RAP-based platform

CANxx is a technology platform that takes advantage of Cantargia's extensive knowledge of IL1RAP as a drug target. Within CANxx, a large library of antibodies has been produced which can be used for the development of new drugs, or for other purposes such as diagnostics or various analyses. CANxx is a source of new antibodies and consolidates Cantargia's strong position for the future.

Cantargia was the first company to develop drugs targeting IL1RAP and has built up a knowledge and technology platform in this field. Within CANxx, Cantargia has generated over one hundred unique antibodies that bind to IL1RAP and possess different properties. CANxx enables Cantargia to rapidly develop new antibodies, with unique properties, that can be used for treatment of various types of diseases. The development of novel drugs also depends on analyses and diagnostics, and CANxx is a valuable source of antibodies for these purposes as well.





Cantargia's clinical program

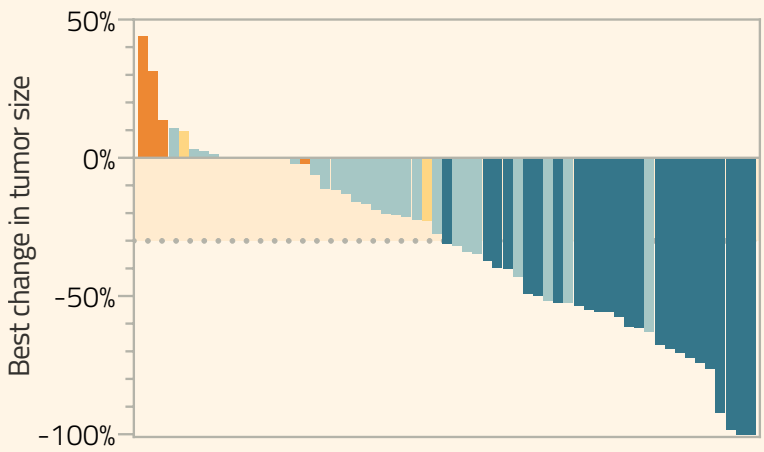
Advances have been made in the clinical development of nadunolimab, above all in pancreatic cancer, triple-negative breast cancer and non-small cell lung cancer, where promising safety and efficacy have been reported for combination treatment with chemotherapy. Cantargia is now turning its focus to randomized trials.

CANFOUR

Cantargia's first clinical trial, CANFOUR, is a phase I/IIa trial focusing on pancreatic cancer and non-small cell lung cancer. In the phase I part, the safety and dosage of nadunolimab were primarily evaluated. The results were very encouraging and indicated good safety as well as effects on important biomarkers.

Based on the positive outcome in phase I, CANFOUR progressed to the phase IIa part, which evaluates nadunolimab in combination with chemotherapy. In this phase, nadunolimab is combined with gemcitabine and nab-paclitaxel in first-line treatment of pancreatic cancer, or with cisplatin and gemcitabine in first- or second-line treatment of non-small cell lung cancer. Positive interim results from the phase IIa part show clear signals of efficacy for both combination therapies as stronger effects are observed compared to what is expected for chemotherapy alone.

In a total of 73 patients with pancreatic cancer, median progression-free survival of 7.2 months and median overall survival of 12.9 months were reported. This is an improvement over historical control data for gemcitabine and nab-paclitaxel alone, which show median progression-free survival of 5.5 months and median overall survival of 8.5 months. Even stronger efficacy was observed in patients with high tumor levels of IL1RAP, the target of nadunolimab, including significantly prolonged median overall survival compared to patients with low IL1RAP levels (14.2 vs 10.6 months; p=0.017).



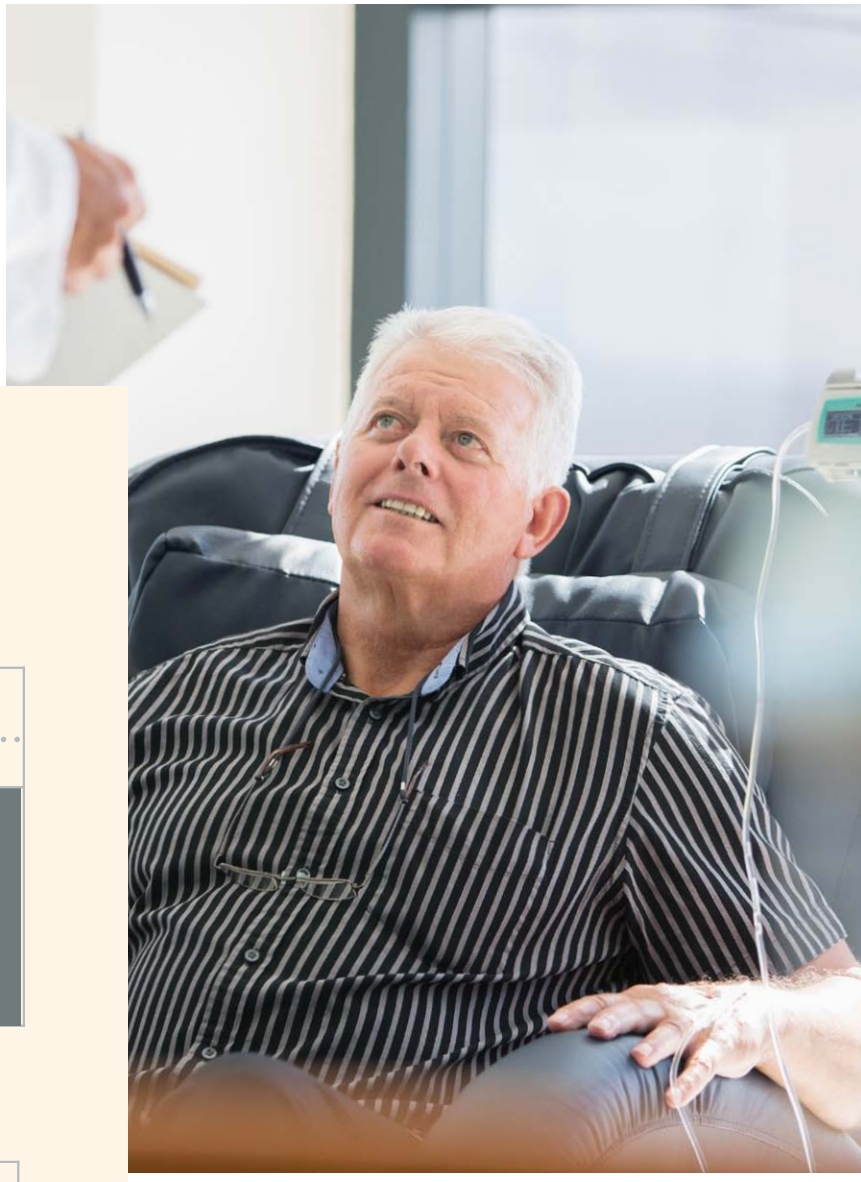
Nadunolimab in combination with chemotherapy shows promising responses in pancreatic cancer patients.

Effects of nadunolimab and chemotherapy in CANFOUR

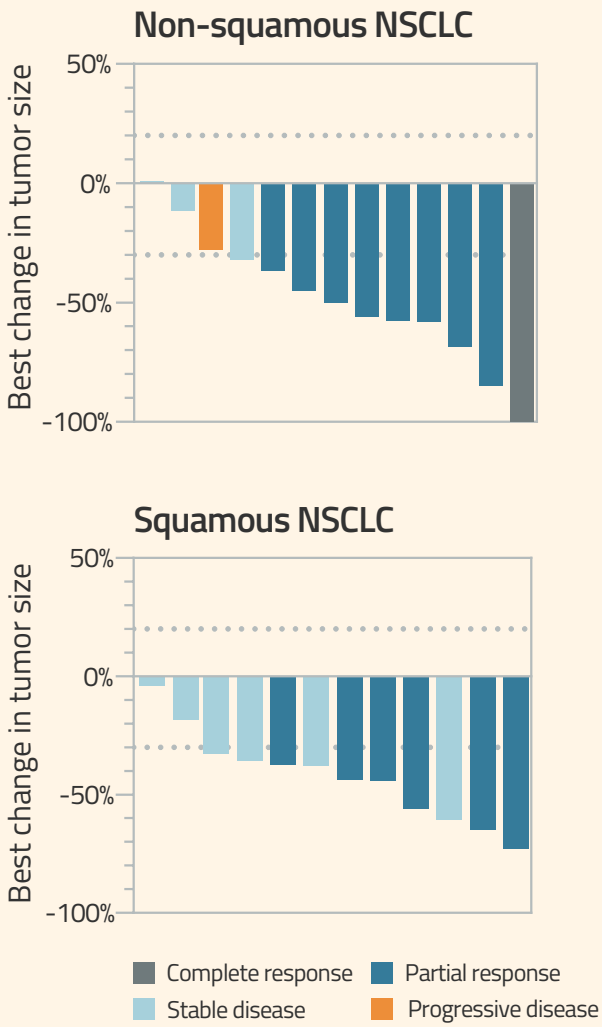
53%
Response rate of patients with **non-small cell lung cancer**

12.9 months
Median survival of patients with **pancreatic cancer**

In 30 patients with non-small cell lung cancer, a 53 per cent response rate was achieved resulting in median progression-free survival of 6.8 months. This is an improvement over historical controls, 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.

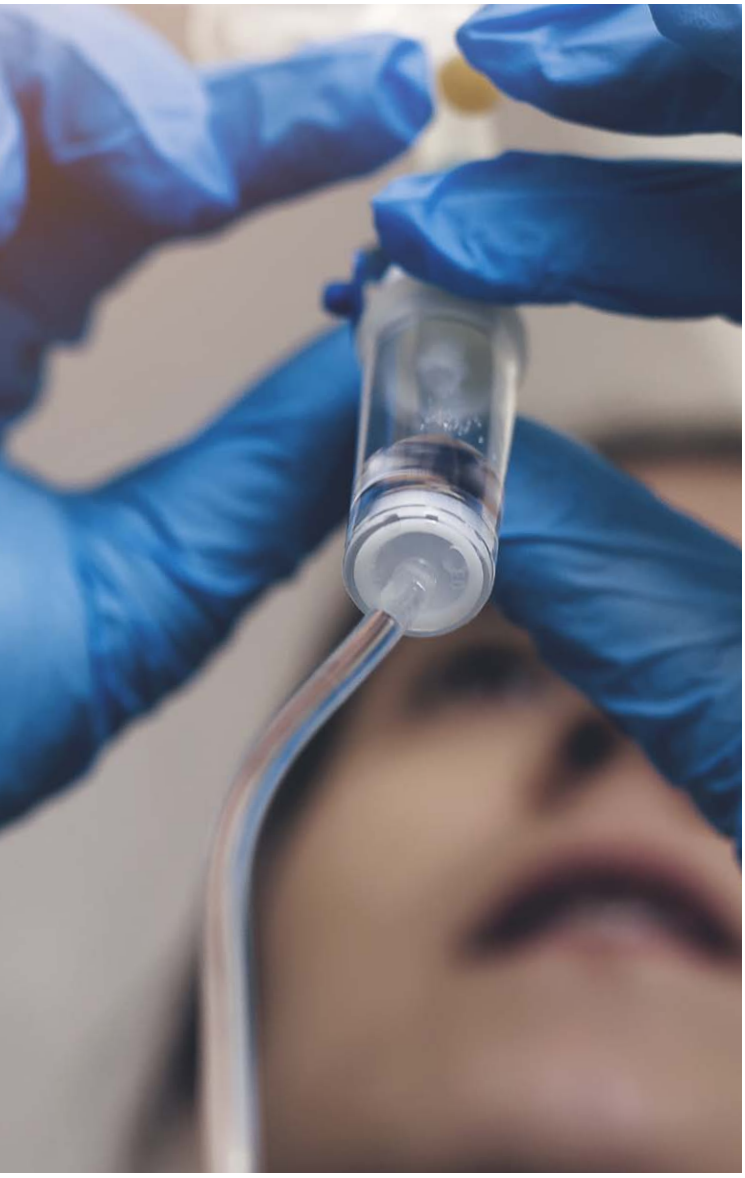


In non-small cell lung cancer (NSCLC), high responses were observed particularly in patients with the non-squamous subtype.



To date, over one hundred patients have been treated in the phase IIa stage of CANFOUR. Enrollment to this trial was ended in April 2023, following treatment of ten additional non-squamous non-small cell lung cancer patients with nadunolimab and the chemotherapies carboplatin and pemetrexed. Continued development in non-small cell lung cancer will further focus on patient subgroups by implementation of a biomarker strategy to identify best responders.

In addition, the next step in the late clinical development in pancreatic cancer is being prepared, where nadunolimab will be included in the potentially pivotal clinical phase II/III trial Precision Promise[SM] conducted by the US organization PanCAN.



CIRIFOUR

In the phase Ib trial CIRIFOUR, nadunolimab is evaluated in combination with the checkpoint inhibitor pembrolizumab (Keytruda®) where the main objective concerns safety. For CIRIFOUR, patient recruitment ended in October 2022 and a total of 16 patients with non-small cell lung cancer, head and neck cancer, or malignant melanoma have been treated.

Interim results show that nadunolimab in combination with pembrolizumab is well-tolerated and that disease control for at least 30 weeks (up to 58 weeks) is achieved in 6 out of 15 evaluated patients, which includes a partial response.

CAPAFOUR, CESTAFOUR AND TRIFOUR

Nadunolimab is investigated in three additional clinical trials. In the phase Ib trial CAPAFOUR, patients with pancreatic cancer are treated with nadunolimab in combination with the chemotherapy regimen FOLFIRINOX, and in the phase I/II trial CESTAFOUR, nadunolimab is evaluated in combination with chemotherapy for the treatment of three types of solid cancers. In October 2022, patient recruitment to both CAPAFOUR and CESTAFOUR was ended. Preliminary results showed an acceptable safety profile for the combinations as well as signs of efficacy in patients with non-small cell lung cancer treated with nadunolimab and cisplatin/gemcitabine in CESTAFOUR, in line with the observations in CANFOUR. More mature safety and efficacy from the two trials is planned to be presented during the second half of 2023.

In the clinical phase Ib/II trial TRIFOUR, patients with triple-negative breast cancer are treated with nadunolimab in combination with the chemotherapy carboplatin/gemcitabine. This trial advanced to the randomized phase II stage in early 2023 after initial results from phase I showed promising safety and efficacy.

Studie	Sjukdom	Kombinationsterapi	Antal patienter	Status	NCT-nummer
CANFOUR	PDAC	Gemcitabin/nab-paclitaxel	76	Aktiv, rekryterar ej	NCT03267316
	NSCLC/ icke-skivepitel NSCLC	Platinadubbletter	33 + 10	Aktiv, rekryterar ej	
CIRIFOUR	Solida tumörer	Pembrolizumab	16	Aktiv, rekryterar ej	NCT04452214
CAPAFOUR	PDAC	FOLFIRINOX	18	Aktiv, rekryterar ej	NCT04990037
CESTAFOUR	Solida tumörer	Docetaxel, cisplatin/ gemcitabin eller FOLFOX	36	Aktiv, rekryterar ej	NCT05116891
TRIFOUR	TNBC	Carboplatin/gemcitabin	Upp till 113	Rekryterar	NCT05181462
Precision Promise℠	PDAC	Gemcitabin/nab-paclitaxel	Upp till 350	Rekryterar ännu ej	NCT04229004

PDAC – bukspottkörtelcancer; TNBC – trippelnegativ bröstcancer; NSCLC – icke-småcellig lungcancer

TRIFOUR – Cantargia's first controlled clinical trial

In 2021, Cantargia initiated the clinical trial TRIFOUR, which evaluates nadunolimab with chemotherapy in patients with triple-negative breast cancer. TRIFOUR is conducted at around 20 hospitals in Spain in a joint effort with the Spanish breast cancer group, GEICAM, and was recently expanded to a randomized stage after promising early safety and efficacy data were presented for the first phase of the trial. Dr. Dominique Tersago, CMO at Cantargia, and Dr. Eva Carrasco, CEO of GEICAM, comment on the treatment options for triple-negative breast cancer, the TRIFOUR trial, and the collaboration behind the trial.

Triple-negative breast cancer is an aggressive and difficult-to-treat form of breast cancer with about 200,000 cases reported globally each year. It accounts for 10-15% of all breast cancer cases and is more common in people under the age of 50.

Eva Carrasco explains why triple-negative breast cancer is so difficult to treat: *"Unlike other forms of breast cancer, triple-negative breast cancer lacks the hormone receptors for estrogen and progesterone, as well as the growth factor receptor HER2, which limits the benefit of various targeted treatments."* She continues: *"It is a biologically aggressive cancer, with highly proliferative cells, which, together with limited treatment options, leads to the poorest prognosis among all breast cancer subtypes."*

In the phase Ib/II trial TRIFOUR, patients with advanced triple-negative breast cancer in the first or second line of treatment are given Cantargia's nadunolimab together with a chemotherapy doublet, carboplatin and gemcitabine. *"Current guidelines recommend the use of chemotherapy as the first treatment option for patients with metastatic triple-negative breast cancer. Other options have recently emerged, including targeted inhibitors, checkpoint inhibitors, and antibody-drug conjugates. Still, the medical need for triple-negative breast cancer remains high,"* comments Eva Carrasco.

An application to initiate TRIFOUR was submitted to the Spanish regulatory authority and ethics committee in July 2021 and approval to start the trial was obtained in September the same year. Treatment of patients in the phase I part began in early 2022. This part of the trial constitutes a dose escalation phase where different dose levels of nadunolimab are evaluated together with standard doses of the chemotherapy doublet. The primary objective here is to evaluate the safety of the combination, and antitumor activity is evaluated as a secondary objective.

Dominique Tersago comments why nadunolimab has the potential to contribute to great benefit for these patients: "*In our previous clinical and preclinical studies, we have seen clear indications that nadunolimab can enhance the effect of chemotherapy. In addition, IL1RAP, the target of nadunolimab, is present on a large number of solid tumors, including breast cancer, and has particularly high levels in triple-negative breast cancer.*"

The dose escalation phase of TRIFOUR, where a total of 15 patients were treated, was finalized in February 2023. An early evaluation of the results showed favorable safety of the combination. To prevent the treatment to cause neutropenia, i.e. a low concentration of neutrophil granulocytes in the blood, the patients were treated prophylactically with G-CSF, a granulocyte growth factor. An early assessment of the treatment effect was also made based on 12 patients who had participated long enough in the trial. This assessment showed signs of efficacy and a preliminary response rate of 50 per cent was observed.

"The results from the first part of the TRIFOUR trial are very promising. We could see higher responses in patients treated with nadunolimab in addition to chemotherapy, than is expected with chemotherapy alone. Also, the combination was well-tolerated, and the side effects were manageable," says Dominique Tersago. She continues: *"Confirmation of these results in the second part of the trial would give us the opportunity to further develop nadunolimab for the treatment of advanced triple-negative breast cancer and ultimately lead to a clear improvement in patients' lives."*

Based on these results, the TRIFOUR trial progressed to the phase II part, which is a randomized stage including a control group, where up to 98 additional patients can be recruited. In the phase II part, patients are randomized in a 1:1 ratio to either a control arm where only chemotherapy is given, or an experimental therapy arm where nadunolimab is also administered, with the objective to investigate antitumor activity. "*We will also analyze biomarkers that are linked to better response to treatment, especially markers involved in the IL-1 signaling pathway in the tumor and blood, so that in future studies we can identify the patients who would benefit most from our treatment,*" comments Dominique Tersago.

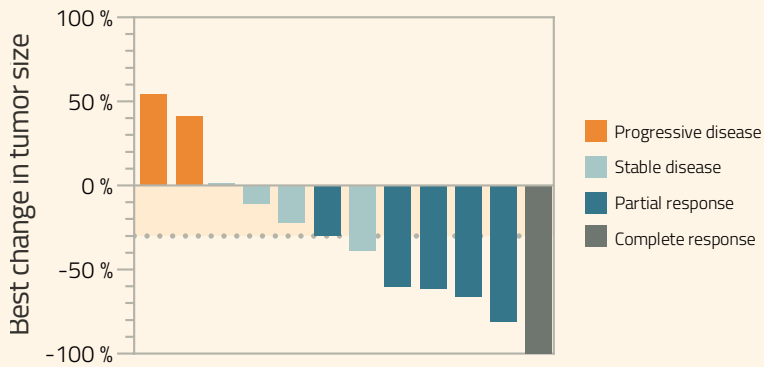
GEICAM spanish breast cancer group

GEICAM is a non-profit organization founded in 1995 with the aim of being a driving force in the development of breast cancer research in Spain. Today, GEICAM consists of more than 900 experts in over 200 hospitals in Spain. GEICAM has conducted more than 100 studies in which over 66,000 women and men have participated.

In March 2023, the first patient was treated in the phase II part of the trial and additional patients are now continuously being enrolled. A first indication of how the trial is progressing is expected to be given during the fourth quarter of 2023 when an interim futility analysis is expected to be performed. In such an analysis, a preliminary assessment is made of the probability that the combination therapy will produce a stronger efficacy than the control treatment.

Both Dominique Tersago and Eva Carrasco highlight the ongoing collaboration between Cantargia and GEICAM as a great success. *"The partnership between GEICAM and Cantargia in the TRIFOUR trial is highly constructive with very good communication and interactions,"* comments Eva Carrasco. Dominique Tersago adds: "*The collaboration with GEICAM has been very important for the successful management of the trial. The study teams and other staff in GEICAM's network are extremely motivated and receive strong support from GEICAM. They are all very committed to improving the treatment of patients with breast cancer.*"

Early signs of efficacy have been observed in the first 12 patients in the TRIFOUR trial, including one complete response and five partial responses.



Clinical strategy

Cantargia's objective for nadunolimab is to confirm the promising phase I/II results in randomized trials. An additional goal is to advance CAN10 towards clinical stage and thus have a second project in clinical development. This progress will broaden the company's activities, but will also provide an opportunity to focus on diseases with the best potential for success, based on clinical results.

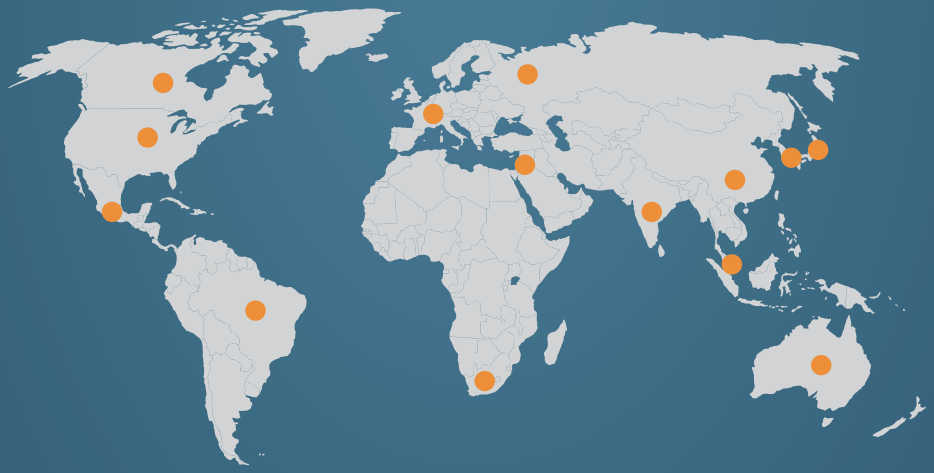
During 2022, the clinical development of nadunolimab was focused on randomized trials. A first such trial with a control group, TRIFOUR, has already started to recruit patients with triple-negative breast cancer. Cantargia is also planning for recruitment in a controlled trial in pancreatic cancer in 2023. A further objective is to build on the promising results that show that pancreatic cancer patients with high levels of IL1RAP respond best to treatment with nadunolimab and chemotherapy. In the short term, this observation strengthens previous signs of clinical efficacy of nadunolimab, but in the longer term it also provides an opportunity to select for patients who have the best chance of responding to treatment.

The CAN10 project is planned to begin its first clinical phase I trial in healthy volunteers in mid-2023. Initially, the trial will focus on single dosing to evaluate safety and pharmacokinetics, however, additional analyses of immunological biomarkers will also be performed. The subsequent part of the trial will focus on repeated dosing and is planned in patients with psoriasis to obtain an initial indication of effects on disease-related biomarkers. However, the goal is to start phase II trials in myocarditis and systemic sclerosis as soon as possible after the completion of the phase I trial.

Patent protection

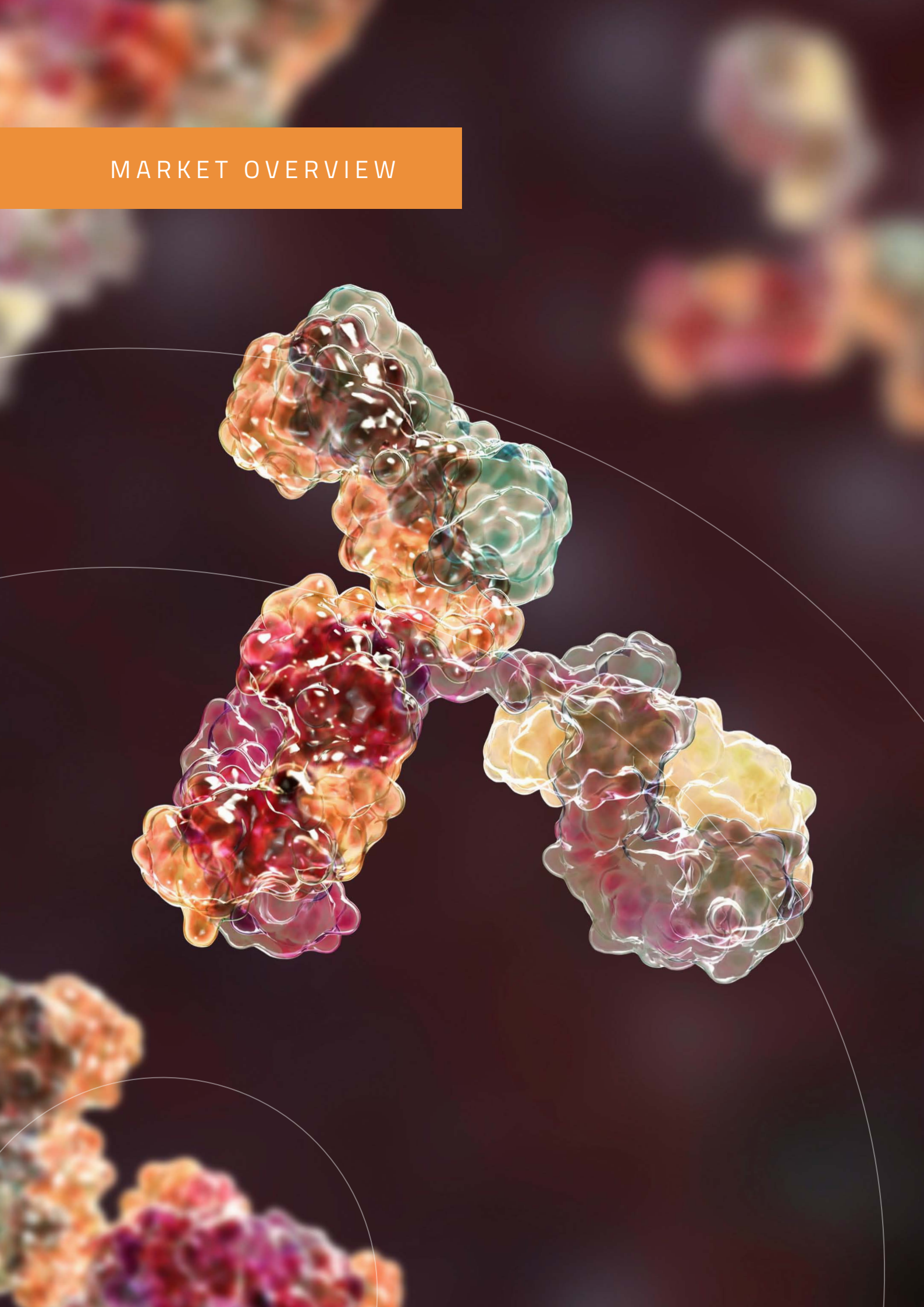
Cantargia's strategy is to obtain broad patent protection for its current and future product candidates in markets deemed to be of clinical and commercial relevance to its projects.

Cantargia's patent protection can be divided into two layers. The first layer consists of patents whose primary purpose is to protect Cantargia's drug candidates, nadunolimab and CAN10. The second layer consists of patents that mainly serve to extend Cantargia's protection to anti-IL1RAP antibodies with broader functional or structural properties, or for the treatment or diagnosis of a particular type of disease. One purpose of this second layer of protection is to limit the ability of potential competitors to develop drug candidates targeting IL1RAP.



PATENT FAMILY	PATENT APPLICATION	APPROVED PATENTS	VALIDITY
Nadunolimab (Product)	Australia, Brazil, Canada, China, Europe, India, Israel, Japan, Mexico, Singapore, South Africa, South Korea, US	Australia, China, Europe (Austria, Belgium, Czech Republic, Denmark, Estonia, France, Germany, Ireland, Italy, Latvia, Lithuania, Netherlands, Poland, Portugal, Spain, Sweden, Switzerland, Turkey, UK), Israel, Japan, Mexico, Singapore, South Africa, US	2035
CAN10 (Product)	PCT, US	US	2041
Leukemias (Treatment)	Europe, US	Europe (France, Germany, UK), US	2029
Hematological cancers (Treatment/Diagnosis)	Australia, Canada, China, Europe, Israel, Japan, Mexico, South Africa, US	Australia, Canada, China, Europe (France, Germany, Italy, Netherlands, Spain, Switzerland, UK), Israel, Japan, Mexico, South Africa, US	2030
Solid tumors (Treatment/Diagnosis)	Australia, Brazil, Canada, China, Europe, Japan, Mexico, South Korea, US	Australia, Canada, China, Europe (Austria, Belgium, Czech Republic, Denmark, Finland, France, Germany, Ireland, Italy, Netherlands, Norway, Poland, Spain, Sweden, Switzerland, UK), Japan, Mexico, South Korea, US	2032
CAN03 (Product)	China, Europe, Japan, US	China, Europe (France, Germany, UK) Japan, US	2035
Anti-IL1RAP antibodies (Product)	China, Europe, India, Japan, US	Japan, US	2037
Biepitopic antibody (Product)	China, Europe, Japan, US		2039

MARKET OVERVIEW



Cantargia's market focus

Since IL1RAP, the target of nadunolimab, is present on a large number of solid tumors, there is potential to utilize Cantargia's immuno-oncology platform for treatment of several additional forms of cancer.

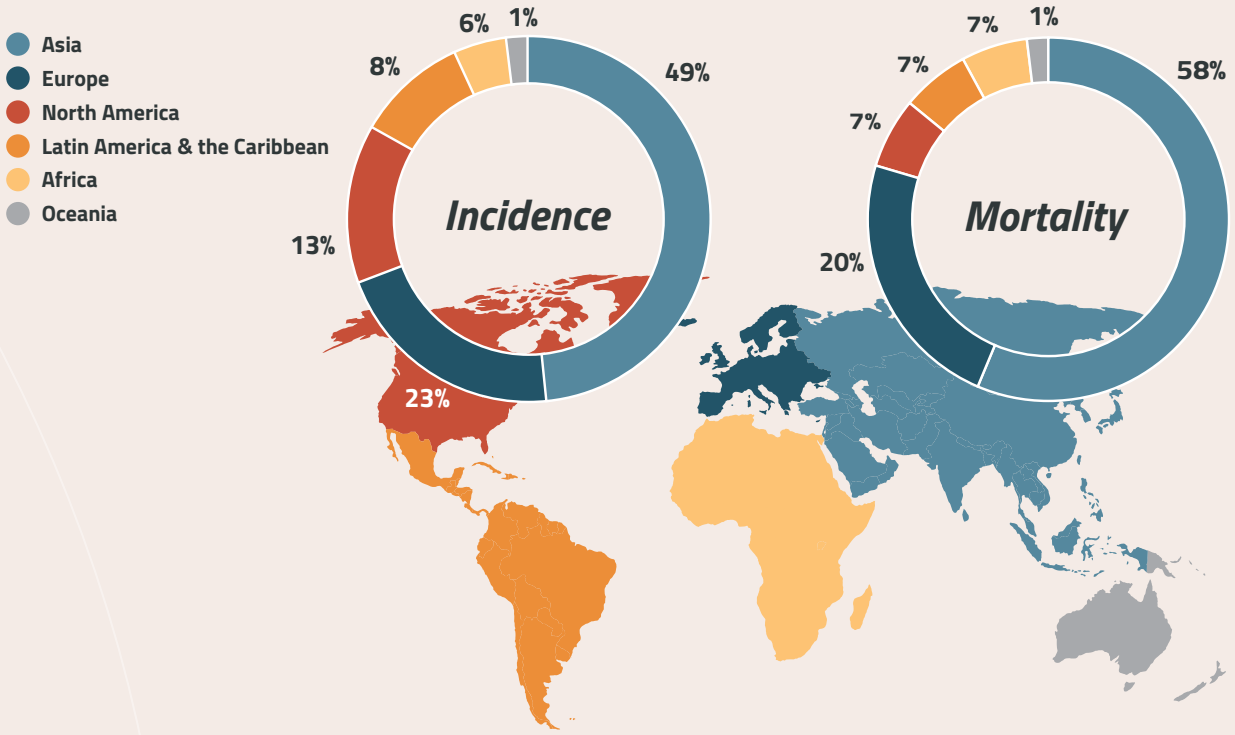
Cantargia is focusing the development of nadunolimab on pancreatic cancer, triple-negative breast cancer and non-small cell lung cancer. Pancreatic cancer is very difficult to treat, and few effective therapies have been developed to date. Triple-negative breast cancer is a very aggressive type of breast cancer with limited therapeutic options. Lung cancer is the form of cancer that causes the greatest number of deaths and non-small cell lung cancer is the most common form of the disease. Cantargia has focused on the non-squamous subtype, which is the largest subgroup of non-small cell lung cancer.

In parallel with nadunolimab, Cantargia is also developing the project CAN10 which is aimed at harnessing the full potential of IL1RAP as a molecular target. In CAN10, the objective is to develop a novel antibody for treatment of myocarditis and systemic sclerosis. The medical need for both diseases is high, with few approved drugs currently available.

CANCER – A GLOBAL CHALLENGE

Cancer is one of the leading causes of death in the world, accounting for about 20 percent 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.

There are approximately 200 different types of cancer, all of which have in common that cells begin to divide and grow uncontrollably somewhere in the human body. Research suggests that two independent events are required for cancer to develop: damaging of normal cells resulting in rapid and uncontrolled cell growth, and location of these cells in a microenvironment that provides the right conditions to grow and protects against attacks from the immune system. The chart below shows the distribution of cancer incidence and mortality in the world by type of cancer and major region in 2020.



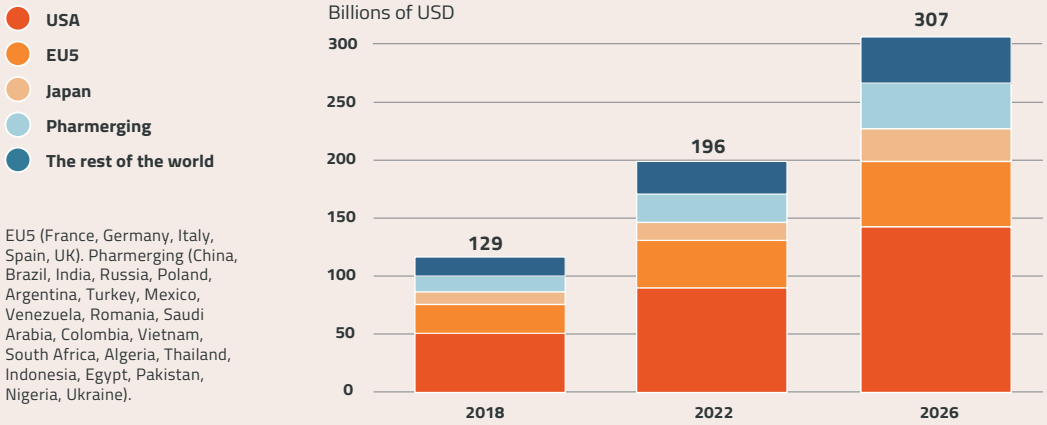
Source: WHO, The Global Cancer Observatory 2023

[1] Globocan 2020

The number of cancer cases is expected to increase continuously, and the forecast by the WHO is that, by 2040, over 29 million new cases will be diagnosed annually[2]. A significant factor behind the growing incidence of cancer is the aging population. By 2040, people above the age of 60 are expected to account for more than 75 per cent of all cancer cases[3]. Our Western lifestyle is considered another contributing factor as smoking, alcohol consumption, unhealthy diets, low physical activity, obesity and unhealthy sun habits become more widespread.

As more people are diagnosed with cancer and as additional new drugs are approved, the total costs of cancer drugs have risen significantly, reaching USD 196 billion by 2022[4]. An important factor behind the rising costs is that more innovative, and thus costly, treatments are made available, with a larger number of patients having access to these treatments. In addition, there is a strong focus on early diagnosing and thus treating patients at earlier stages. Half of the ten best-selling drugs globally in 2021 were drugs for treatment of cancer, accounting for about half of the total turnover for the ten best-selling pharmaceuticals[5].

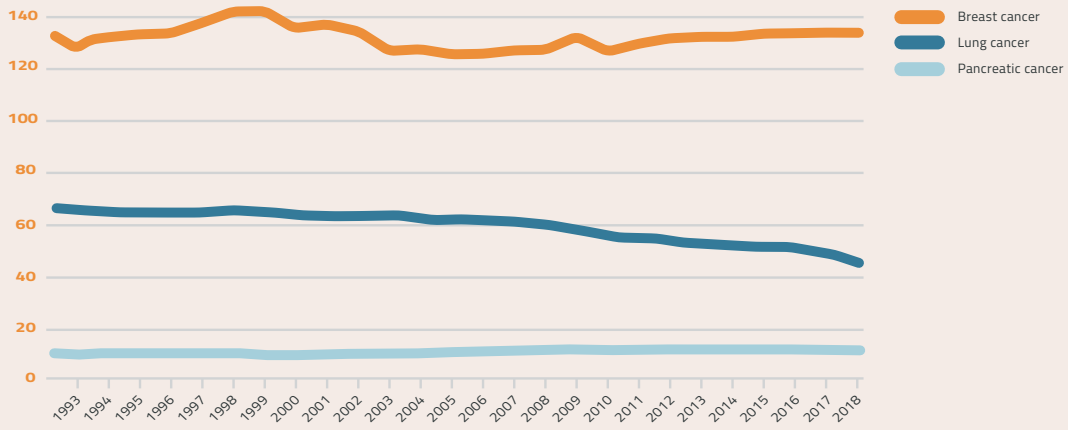
The cost of cancer drugs 2018 - 2026



Source: Iqvia Institute, Global Oncology Trends 2022, Outlook to 2026

Since the number of cancer cases is expected to increase considerably, a rapid growth of the market is anticipated. Globally, the cost of cancer therapies is expected to increase to approximately USD 300 billion by 2026, corresponding to an annual growth rate of approximately 11 percent[6]. In the coming years, over one hundred new cancer therapies are expected to become approved[7]. It is also estimated that the development of precision medicines and biomarker treatments will accelerate.

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



Source: SEER Cancer Statistics Review

[2] Globocan 2020
[3] Globocan 2020
[4] Iqvia Institute, Global Oncology Trends 2022, Outlook to 2026
[5] RTTNews, Top 10 Blockbuster Drugs In 2021
[6] Iqvia Institute, Global Oncology Trends 2022, Outlook to 2026
[7] Iqvia Institute, Global Oncology Trends 2022, Outlook to 2026

THE MARKET FOR PANCREATIC CANCER TREATMENT

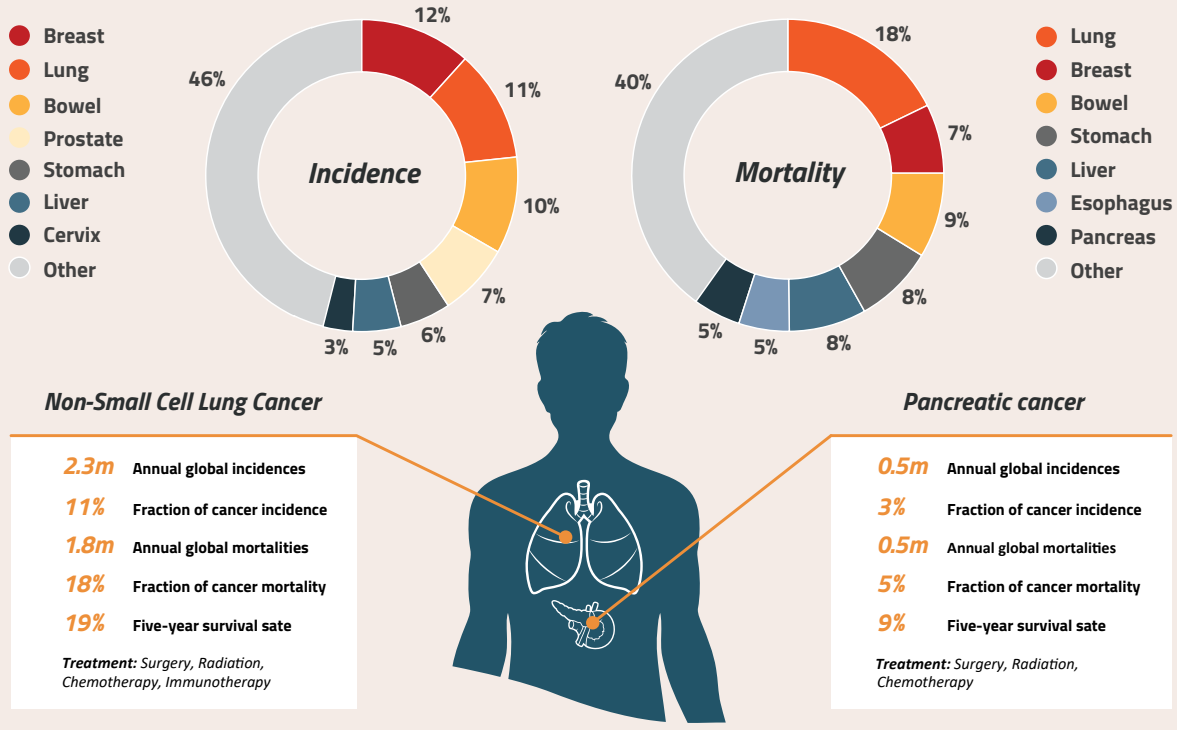
Globally, approximately 495,000 new cases of pancreatic cancer were diagnosed in 2020. In the same year, 466,000 people died from the disease[8]. In the US, the number of people diagnosed with the disease has increased by nearly 13 per cent over the last 20 years and pancreatic cancer is today the third most common cause of cancer-related deaths in the US[9]. 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 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[10]. 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[11]. The increase in the number of cases is in turn caused by an aging population and an 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 LUNG CANCER TREATMENT

In 2020, approximately 2.3 million cases of lung cancer were diagnosed globally and more than 1.8 million people died from the disease[12]. Around 85 per cent of all lung cancers are non-small cell lung cancer[13], 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[14]. In the US, the number of people diagnosed with lung cancer has decreased by approximately 27 per cent over the last 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 totaled USD 20 billion in 2020 and are projected to increase to USD 45 billion by 2027[15]. Sales are mainly driven 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.



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

[8] SEER Cancer Stat Facts
[9] SEER Cancer Stat Facts
[10] Reportlinker.com, Pancreatic Cancer Treatment Market Research Report - Global Forecast to 2026
[11] Globocan 2020
[12] Globocan 2020
[13] American Cancer Society
[14] Paz-Ares et al, N Engl J Med 2018; 379:2040-2051
[15] Reportlinker, Global Non-Small Cell Lung Cancer (NSCLC) Therapeutics Industry

THE MARKET FOR BREAST CANCER TREATMENT

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 million women are expected to be diagnosed with the disease and just over one million will die as a consequence of the disease[16]. The risk of developing breast cancer increases with age up to the age of 70. In the US, the median age for developing breast cancer is 62 years[17]. According to a study conducted on American women, increases in BMI and the fact that women on average give birth to fewer children, likely contribute to the increase in cases in the US between 1980 and 2018[18].

The global market for breast cancer treatment amounted to approximately USD 17.9 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[19]. The market growth is primarily caused by an increased incidence of the disease, but also the need for preventive measures and early treatment. The market growth is also expected to be driven by the launch of new therapies.

Triple-negative breast cancer tends to be more common in women under the age of 40, African-American women and women with a BRCA1 mutation. Approximately 10-15 per cent of breast cancer cases are triple-negative breast cancer[20]. 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[21].

THE MARKET FOR MYOCARDITIS AND SYSTEMIC SCLEROSIS TREATMENT

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 approximately 22 per 100,000 (1.7 million)[22], and globally the disease accounts for about 0.6 deaths per 100,000 (46,400) annually[23]. 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 subtypes. 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 approximately 1.4 per 100,000[24]. 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[25]. This corresponds to an average annual growth rate of 14 per cent.

[16] Globocan 2020

[17] American Cancer Society

[18] 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

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

[20] American Cancer Society

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

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

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

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

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

Drug development – From discovery to launch

PRECLINICAL PHASE

The preclinical phase is characterized by activities conducted by chemists, biologists and pharmacologists who study and develop various substances in laboratories. With the help of effective disease models, researchers can study how various pharmaceutical substances behave and interact. Individual substances are then selected for further studies in the laboratory and in animal models. Some questions that are commonly addressed include: "Does the substance have any treatment efficacy?", "What dose of the substance is appropriate?" and "Does the substance cause serious side effects?" The purpose of the preclinical phase is to select a candidate drug (CD) for which an application for clinical trials in humans is submitted.

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

CLINICAL PHASE

In the clinical phase, studies in humans are performed. These studies are normally conducted at hospitals or health centers and are formally divided into four phases – phase I, II, III and IV – although the differences between the phases are not always obvious in practice. To ensure that the studies can be interpreted objectively, endpoints for the evaluation of the studies are defined in advance. The design of the study program for a particular drug should be continually evaluated and regulatory approval is required for each sub-study.

Phase I

Phase I is the first stage where a new substance is administered to a human. The trial subjects are normally healthy volunteers and are subject to constant medical monitoring. In clinical studies in cancer, however, it is common for patients to be included already at this stage. Phase I studies normally involve 20-100 individuals. The purpose of the trial is to determine whether the trial subjects tolerate the drug and whether its behavior in the body is the same as indicated in the earlier animal studies and other research. The purpose is also to identify safe dose levels and any potential side effects. The initial dose is kept as low as possible but should be sufficiently high to provide answers to the questions that the trial is designed to answer. If the procedure progresses as planned, the dose can then gradually be increased to the clinical use level. Phase I studies normally take six months to a year to complete.

Phase II

Phase II is normally the first stage at which the new substance is administered to patients with the relevant disease. At this stage, the test group is also larger and normally consists of 100-500 subjects. The objective of this phase is to show 'proof of concept', i.e., that the drug actually achieves a treatment effect. Other objectives include studying how the drug affects the disease or its symptoms and determining the dose to be used in large-scale trials. Phase II studies can take between six months and two years to complete.

Phase III

Phase III is initiated only if the results from phase II are sufficiently encouraging to justify further studies. In this phase, the candidate drug is given to even larger groups, often 1,000-5,000 subjects. The new substance is tested against an ineffective placebo or against another already approved drug for the same disease condition. Patients are distributed randomly between treatment groups and neither the physician nor the patients are informed of which substance has been administered. This type of trial is known as a 'double-blind and randomized' trial and is considered to be the method that produces the best and most objective evaluation. Once the trial has been completed, the treatment of each patient is revealed. It is then possible to determine and evaluate what effect the candidate drug had compared to the placebo. The studies provide a statistical basis, which means that the difference between the two products must be statistically

significant. Phase III studies can take between one to four years to complete depending on the disease, the length of time during which the patients are studied, and the number of patients included.

Phase IV

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

REGISTRATION PHASE

If the drug appears to be promising and is well-tolerated by patients, further trials are conducted to verify the results. An application for approval is subsequently filed with the relevant drug control authorities, which in Europe is the European Medicines Agency (EMA). The application must include all documentation describing the quality, safety and effect of the drug and is generally very extensive. Examination of an application takes one year on average. The examination can result in the drug being approved or rejected, or the regulator may demand that further studies be conducted. An approval can also involve the regulator approving a more limited indication than was originally intended. Once regulatory approval has been obtained, the drug can be marketed.

Research and development costs for drug development are high, in the range of billions of SEK, and mainly comprise costs for research, development, production and clinical studies of a drug. Of 10-15 products that are studied in phase I, on average, only one will normally advance to regulatory approval. Approximately 35 new medical products are introduced on the Swedish market every year.

DIRECTOR'S REPORT

The Board of Directors and Chief Executive Officer of Cantargia AB (publ), corporate ID no. 556791-6019, hereby present the annual report for the financial year 1 January 2022 – 31 December 2022. The company has its registered office in Lund, Sweden. Amounts in the annual report are expressed in thousands of Swedish kronor (kSEK) unless otherwise indicated.

OPERATIONS

Cantargia is a biotechnology company that develops antibody-based treatments for life-threatening diseases and has established a platform based on the protein IL1RAP, involved in a number of cancer forms and inflammatory diseases. The lead project, the antibody nadunolimab (CAN04), is studied clinically primarily in combination with chemotherapy, focusing on pancreatic cancer, triple-negative breast cancer and non-small cell lung cancer. Positive interim data from the combination with chemotherapy indicate stronger efficacy than would be expected from chemotherapy alone. Cantargia's second development project, the antibody CAN10, blocks signaling via IL1RAP in a different manner than nadunolimab and addresses treatment of serious autoimmune/inflammatory diseases, with initial focus on myocarditis and systemic sclerosis.

FIVE-YEAR COMPARISON

Amounts in mSEK	2022	2021	2020	2019	2018
Net sales	-	-	-	-	-
Loss after net financial income/expense	-371.8	-366.5	-173.1	-110.8	-91.2
Cash and bank balances and liquid investments	189.6	247.3	693.4	39.9	76.5
Short-term investments	237.1	312.1	210.0	110.0	90.3
Equity	389.7	532.7	891.9	142.3	155.0
Total assets	474.8	600.2	925.5	166.1	171.4
Equity/assets ratio (%)	82%	89%	96%	86%	90%
Quick ratio (%)	543%	887%	2996%	669%	1027%
R&D costs	-364.7	-352.7	-158.4	-97.5	-77.0
Project costs[1]	-306.7	-304.2	-121.9	-81.1	-66.2
Total operating expenses	-381.5	-370.3	-173.9	-111.6	-93.3
R&D costs as a percentage of total operating expenses	96%	95%	91%	87%	82%
Project costs as a percentage of total operating expenses	80%	82%	70%	73%	71%
Number of outstanding shares at 31 Dec	166,987,895	100,192,737	100,192,737	72,804,392	66,185,811
Number of outstanding warrants at 31 Dec	-	-	-	85,000	85,000
Number of outstanding employee options at 31 Dec[2]	3,069,333	3,170,333	1,740,000	-	-
Earnings per share before and after dilution (SEK)[3]	-2.90	-3.66	-1.94	-1.56	-1.36
Equity per share (SEK)	2.33	5.32	8.90	1.95	2.34
Dividend (SEK)	-	-	-	-	-

[1] See also Note 24

[2] See also Note 19

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

DEFINITIONS

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

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

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

Nadunolimab

Cantargia has ongoing clinical studies that primarily investigate nadunolimab in combination with chemotherapy or with checkpoint inhibitor.

CLINICAL

Pancreatic cancer

- In January, it was reported that Cantargia would advance nadunolimab in pancreatic cancer in PanCAN's phase II/III clinical trial Precision Promise[SM].
- In May, new robust data were presented at ASCO 2022 confirming the promising efficacy of nadunolimab in the treatment of pancreatic cancer.

Triple-negative breast cancer

- In January, Cantargia reported on treatment of the first patient with triple-negative breast cancer in the TRIFOUR trial.

Non-small cell lung cancer

- In February, Cantargia reported on treatment of the first patient with non-squamous non-small cell lung cancer in a new arm of the CANFOUR trial.
- In May, data from the CANFOUR trial were presented at ASCO 2022 confirming the positive phase IIa interim results for nadunolimab in NSCLC.

Combination with checkpoint inhibitor

- In February, positive safety data from the clinical trial CIRIFOUR with nadunolimab in combination with Keytruda® were reported.
- In May, interim clinical data were presented at ASCO 2022 showing the potential of nadunolimab in combination with Keytruda®.
- In September, it was announced that the first patient with non-squamous NSCLC had been treated with nadunolimab, Keytruda® and chemotherapy.

Other

- In September, it was announced that Cantargia had reached a milestone in patient recruitment in the CAPAFOUR and CESTAFOUR trials as over 50 patients had been treated, and that the development of nadunolimab would be focused on future randomized trials.

PRECLINICAL

- In August, preclinical data were published showing a strong antitumor effect for nadunolimab in combination with chemotherapy.
- In September, preclinical data were presented showing unique treatment effects of nadunolimab on stromal cells in pancreatic cancer.
- In November, new data were presented at SITC 2022 supporting nadunolimab's promising clinical antitumor effects.

CAN10

- In February, new promising toxicology results were reported for CAN10 and the phase I trial was scheduled for 2023.
- In March, positive preclinical efficacy data were reported for CAN10 showing anti-fibrotic and anti-inflammatory effects in systemic sclerosis.
- In May, positive preclinical effects in atherosclerosis were reported, demonstrating the potential of CAN10 in cardiovascular diseases.
- In July, new preclinical efficacy data were reported for CAN10 supporting development in myocarditis.
- In November, positive effects of CAN10 in models of systemic sclerosis were presented at ACR Convergence 2022.

IP

- In January, a third-party appealed against the EPO's previous decision in favor of Cantargia's patent.
- In July, a Notice of Allowance was received from the USPTO for Cantargia's product patent for the CAN10 antibody.

Organization

- In March, Dr. Roger Belusa was appointed as Interim Chief Medical Officer (CMO) and the former CMO, Dr. Ignacio Garcia-Ribas, took up a new position at Cantargia to focus on ongoing early-phase clinical trials. In July, Dr. Dominique Tersago was appointed as CMO.

Financing

- In June, it was decided to raise approximately SEK 250 million through a fully underwritten rights issue. An extraordinary general meeting was held in June and in July the terms of the fully underwritten rights issue and the prospectus containing new financial information were published. The final outcome was announced in August, including the new number of shares and votes in the company.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

- In January, Cantargia successfully completed a GLP toxicity study for the CAN10 antibody.
- In January, it was announced that Cantargia had recruited Patrik Renblad as Chief Financial Officer.
- In February, it was reported that Cantargia would be starting the randomized part of the TRIFOUR trial based on promising early safety and efficacy data with nadunolimab in triple-negative breast cancer. In March, the first patient with triple-negative breast cancer was treated in the randomized part of TRIFOUR.
- In April, Cantargia presented new clinical data at AACR

2023 strongly supporting nadunolimab development in pancreatic cancer. Cantargia also presented anti-metastatic effects of nadunolimab in cancer models.
- In April, a phase I clinical trial application was submitted for CAN10.
- In April, favorable safety was reported for a new nadunolimab combination therapy and enrollment of non-small cell lung cancer patients in the CANFOUR trial was completed.

REVENUES

Cantargia's net sales in 2022 were SEK 0 (0) million.

OPERATING EXPENSES AND OPERATING PROFIT OR LOSS

Research and development costs totaled SEK 364.7 (352.7) million. The essentially unchanged cost level compared to the previous year is mainly a result of the focus of the clinical program that has occurred during the year. The majority of the costs are, as in previous years, related to the main project, nadunolimab, with clinical trials and CMC as the primary cost drivers.

Administrative expenses totaled SEK 15.0 (15.3) million for the year. The unchanged level reflects the development of R&D costs and the fact that administrative costs are largely fixed in nature.

Other operating expenses, which comprise foreign exchange differences on trade payables, amounted to SEK 1.9 (2.2) million. Other operating expenses is mainly related to the change in the value of the Swedish krona against the Euro.

The operating loss amounted to SEK -381.5 (-370.3) million for the year.

NET FINANCIAL INCOME/EXPENSE

Net financial income/expense consists substantially of foreign exchange differences on the company's EUR- and USD account. Net financial income amounted to SEK 9.7 (3.8) million for the year.

EARNINGS

Cantargia's loss before tax, which is the same as the loss for the year, was SEK -371.8 (-366.5) million.

FINANCIAL POSITION

Cantargia's equity/assets ratio at 31 December 2022 was 82 (89) percent and equity was SEK 389.7 (532.7) million. The company's cash and cash equivalents, which consist of cash and demand deposits with banks and other credit institutions, were SEK 189.6 (247.3) million at the balance sheet date. In addition to cash and cash equivalents, the company has short-term investments with banks and in fixed income funds of SEK 237.1 (312.1) million. The company's liquidity (including short-term investments) decreased by SEK -132.7 million in 2022. At the end of the period, total assets totaled SEK 474.8 (600.2) million.

CASH FLOW AND INVESTMENTS

Cash flow from operating activities for the full year was SEK -358.9 (-346.5) million. As part of cash flow from operating activities, changes in working capital were SEK 14.6 (14.4) million.

Cash flow from investing activities totaled SEK 67.9 (-102.4) million. For the full year 2022 as well as for the previous year, changes in short-term investments accounted for the majority of cash flow from investing activities.

Cash flow from financing activities was SEK 223.9 (0.0) million. The outcome in 2022 is related to a rights issue that was completed during the year.

The total change in cash and cash equivalents, including foreign exchange difference in cash and cash equivalents, was SEK -67.1 (-448.9) million.

SHARE-BASED INCENTIVE SCHEMES

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

At the Ordinary General Meeting in May 2020, it was decided to introduce Employee Stock Option Scheme 2020/2023, which is one of the company's active share-based incentive schemes. At the Ordinary General Meeting in May 2021, it was decided to introduce another Employee Stock Option Scheme 2021/2024. For information on the schemes, see Note 19.

In 2022, 260,000 employee stock options were granted, and 361 000 stock options were recalled. The options granted as of 31 December 2022 represent rights to purchase 3,683,200 shares. Recalculation of the Employee Stock Option Programs after the rights issue in 2022 means that each option entitles to 1.2 shares.

The cost of the share-based incentive schemes was SEK 4.0 (5.1) million, of which SEK -0.9 (2.2) million refers to provisions for social security contributions and SEK 4.8 (7.3) million to costs for share-based payments. The cost has not affected cash flow. The company has issued warrants to enable it to deliver shares in a simple and cost-effective manner upon exercise of the issued employee stock options.

RISKS AND RISK MANAGEMENT

Several risk factors can have a negative impact on the operations of Cantargia. It is therefore very important to take account of relevant risks in addition to assessing the company's growth prospects. A description of risk factors, not in order of importance and not exhaustive, is given below. For natural reasons it is not possible to assess all risk factors without making a general assessment of the company's operations and external factors. See also Note 3, Financial risk management.

Research and development and dependence on one candidate drug

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

Implementation of preclinical and clinical studies

Results from early clinical studies are not always consistent with the results of more comprehensive clinical studies. There is a risk that the planned studies will not indicate levels of safety and efficacy that are sufficient to obtain the required regulatory permits or to enable the company to license, establish partnerships for or sell its potential product.

Regulatory permits and registrations

To obtain the right to market and sell a drug, all candidate drugs under development need to go through a comprehensive registration process and be approved by the relevant regulator in an individual market.

There is also a risk that the rules which currently apply for registration, or interpretations of these rules, will be amended in a way that is to the disadvantage of Cantargia. In the event that Cantargia does not obtain the required product approvals or in the event that any future approvals are withdrawn or limited, this could have significant negative effects on Cantargia's operations, financial position and results.

Changes in economic activity and the pricing of drugs

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

Partnerships, licensing and marketing

Cantargia is and will in future be dependent on partnerships in connection with the development of candidate drugs, preclinical and clinical studies, and licensing/partnerships for any future sale of drugs. In the event that these or future partnerships were to be terminated, there is a risk that the company would be unable, on short notice, to conclude contracts with suitable new business partners, which could have a significant negative impact on the company's operations, financial position and results.

In the future, Cantargia could also be dependent on external parties for marketing and sales. If the company is not successful in its attempts to conclude future or maintain existing partnership agreements for its product candidate, this could have a significant negative impact on Cantargia's operations, financial position, and results.

Financing and capital requirements

Since starting its operations, Cantargia has been reporting an operating loss and cash flow is expected to remain mainly negative until Cantargia succeeds in generating revenue from a launched product. Cantargia will also continue to need significant capital for research and development in order to conduct preclinical and clinical studies. If Cantargia, wholly or partly, were to fail to acquire sufficient capital, or succeed in doing so only on unfavourable terms, this could have a significant negative impact on the company's operations, financial position and results.

Competition

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

Dependence on key individuals and employees

Cantargia is dependent on a number of key individuals for the continued development of the company's operations and preclinical and clinical projects. There is, however, a risk that one or several of the company's employees will terminate their employment with the company or that the company will fail to recruit new individuals with relevant knowledge, which could delay the company's development and commercialization of its candidate drug.

Patents and other intellectual property rights

There is a risk that it will not be possible to obtain patent protection for drugs and production methods developed by Cantargia, that Cantargia will be unable to register and complete all necessary or desirable patent applications at a reasonable cost or that a future patent portfolio and other intellectual property rights held by the company will not provide adequate commercial protection. There is also a risk that a patent will not create a competitive advantage for the company's drugs and/or methods or that competitors will succeed in circumventing the company's patents. If Cantargia is forced to defend its patent rights against a competitor, this could entail significant costs, especially in any disputes with competitors with significantly greater resources than Cantargia. If Cantargia in its own operations uses or is alleged to be using products or methods which are protected by patents or will be patented by another party, the holder of these patents could accuse Cantargia of patent infringement.

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

Product liability

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

Insurance cover

Cantargia believes that the insurance cover for its current operations is appropriate. There is, however, a risk that such cover will prove insufficient for claims that could arise in relation to product liability and other damage. There is therefore a risk that insufficient or excessively expensive insurance cover could have a significant negative impact on the company's operations, financial position, and results.

Currency risk

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

EMPLOYEES

One of Cantargia's key success factors is the company's employees. The average number of employees of the company during the year was 27 (22), of whom 17 (13) are women. The number of employees at year-end was 26 (26) fulltime equivalents, of whom 16 (15) are women. The level of education among the employees is generally high. Nearly all employees hold a PhD in medicine or natural sciences or have higher university degrees.

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

RESEARCH AND DEVELOPMENT

The majority of the company's resources, 96 (95) percent, are used for research and development.

ENVIRONMENTAL IMPACT

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

GUIDELINES FOR REMUNERATION AND OTHER TERMS OF EMPLOYMENT FOR SENIOR EXECUTIVES 2022

Under the Swedish Companies Act, guidelines for remuneration of the CEO and other senior executives must be adopted by the shareholders' meeting. A set of guidelines were adopted at the Annual General Meeting on 27 May 2020. No deviations from these guidelines have been made. The Board has not proposed that any changes be made

to the remuneration guidelines at the 2023 AGM and the guidelines will therefore continue to apply in accordance with the resolution of the 2020 AGM.

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

The guidelines applying for 2023 are presented below. For remuneration in 2022, see Note 18.

How the guidelines promote Cantargia's business strategy, long-term interests and sustainability

Cantargia's business model and scientific strategy are based on partnerships, and Cantargia has entered agreements with a number of companies, hospitals and academic groups. A large number of international and local organizations are currently engaged in research and development related to Cantargia's nadunolimab and the CAN10 antibody. The strategy is to advance the development of these drug candidates in-house until the stage where a development or commercialization agreement is reached with companies within Cantargia's business area. For further information about Cantargia's business strategy, see www.cantargia.com.

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

Long-term incentive schemes have been established in Cantargia. The schemes have been approved by the shareholders' meeting and are therefore not covered by these guidelines. For the same reason, the share-based incentive scheme and employee stock option scheme approved by the 2020, 2021 and 2022 AGMs are also not covered.

Forms of remuneration, etc.

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

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

For the CEO, the variable cash remuneration shall not exceed 30 percent of the fixed annual cash salary. For other senior executives, the corresponding remuneration shall not exceed 20 percent of the executive's fixed annual cash salary. Variable cash remuneration can be pensionable if this is provided for under mandatory provisions of a collective bargaining agreement.

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

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

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

Termination of employment

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

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

Criteria for payment of variable cash remuneration, etc.

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

compensation or royalties). The criteria must also be designed to promote Cantargia's business strategy and long-term interests, including its sustainability.

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

Salary and terms of employment for employees

In preparing these proposed remuneration guidelines, the Board has taken account of salaries and employment terms for the company's employees by including information on employees' total remuneration, the components of the remuneration and the increase and rate of increase of the remuneration over time in the decision basis used by the Board to assess the reasonableness of the guidelines and the limitations arising therefrom.

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

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

Deviation from the guidelines

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

OUTLOOK FOR 2023

Cantargia's goal is to develop drug candidates for treatment of life-threatening diseases with a focus on cancer as well as autoimmune and inflammatory diseases. The strategy is to advance the development of these drug candidates in-house until the stage where a development or commercialization agreement is reached with companies within Cantargia's business area.

For Cantargia's main project, nadunolimab, the goal is to confirm the promising phase I/II results in randomized trials. One such trial, TRIFOUR, has already been initiated for triple-negative breast cancer and in 2023, Cantargia also plans to recruit for a randomized trial in pancreatic cancer. Another ambition is to build on the promising results showing that pancreatic cancer patients with high levels of IL1RAP respond best to treatment with nadunolimab and chemotherapy. Additionally, the goal is to advance CAN10 into clinical phase and thereby have a second project in clinical development.

APPROPRIATION OF RETAINED EARNINGS

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

Share premium account	1,623,184,970
Loss brought forward	- 875,045,855
Loss for the year	- 371,814,113
	376,325,002

The Board of Directors proposes that: SEK 376,325,002 be carried forward.

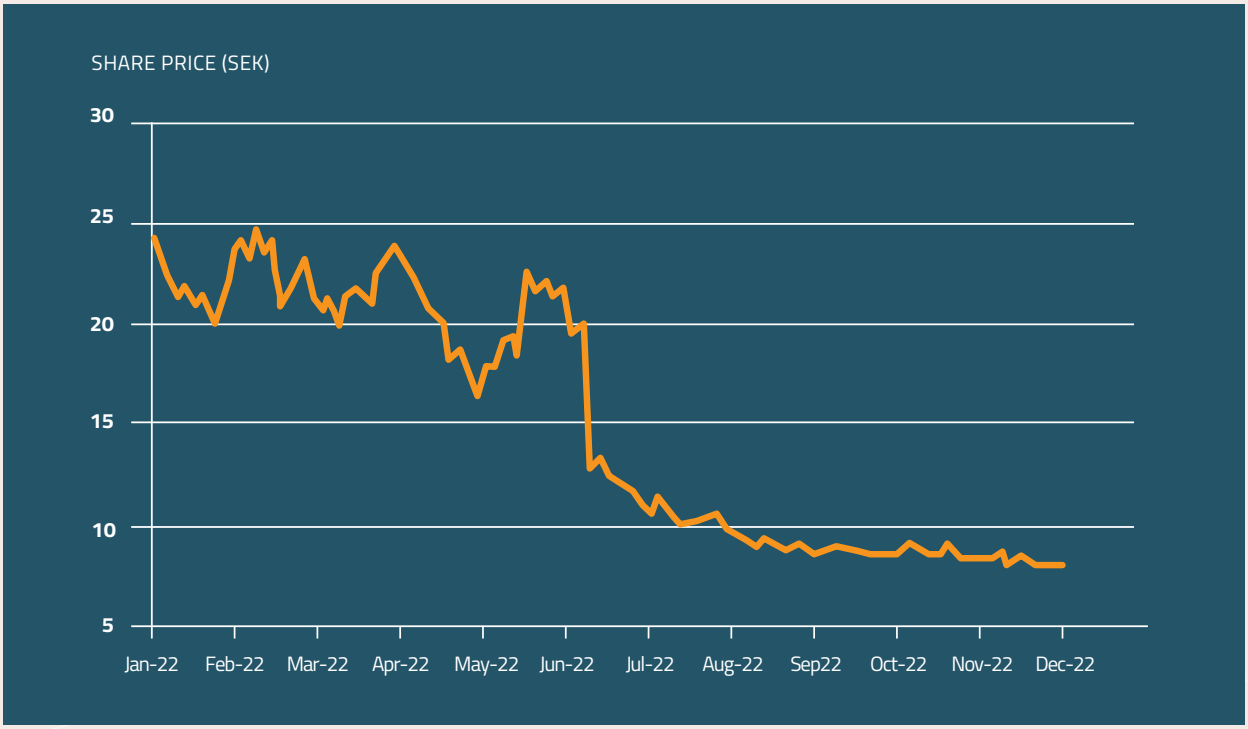
For more information on the company's results and financial position, see the following income statement and balance sheet and the additional disclosures.

SHAREHOLDER INFORMATION

SHAREHOLDER INFORMATION

As of 25 September 2018, Cantargia's shares have been listed on the main list of Nasdaq Stockholm, under the stock symbol "CANTA". At 31 December 2022, the number of shares was 166,987,895 (100,192,737). At the balance sheet date, the total outstanding option scheme including not assigned options comprised 4,475,333 employee stock options, entitling the holders to subscribe for 5,370,400 shares, which would have a dilutive effect of approximately 3.1 per cent and increase the share capital by SEK 429,632.

Share price performance



OWNERSHIP DISTRIBUTION

Cantargia's ten largest owners as of December 31, 2022

Owner	Number of shares	Capital/Votes (%)
Fjärde AP-fonden	14,743,911	8.8%
Alecta Tjänstepension, Ömsesidigt	12,240,992	7.3%
Försäkringsaktiebolaget, Avanza Pension	11,216,197	6.7%
Första AP-fonden	10,540,406	6.3%
Swedbank Robur Fonder	8,102,958	4.9%
Six Sis AG	7,895,983	4.7%
Handelsbanken fonder	7,148,994	4.3%
Goldman Sachs International	5,399,573	3.2%
Nordnet Pensionsförsäkring	2,396,835	1.4%
Brushamn Invest Aktiebolag	1,979,470	1.2%
Other	85,322,576	51.1%
Total	**166,987,895**	**100,0%**

OWNERSHIP DISTRIBUTION SIZE CLASSES AS OF DECEMBER 31, 2022

Holding	Number of shareholders	Number of shares	Capital/Votes (%)	Market Cap (kSEK)
1 - 500	6,189	935,052	0.6%	2,880
501 - 1 000	1,468	1,151,931	0.7%	3,548
1 001 - 5 000	2,964	7,539,688	4.5%	23,222
5 001 - 10 000	827	6,137,569	3.7%	18,904
10 001 - 15 000	317	3,942,775	2.4%	12,144
15 001 - 20 000	218	3,856,486	2.3%	11,878
20 001 -	671	143,424,394	85.9%	441,747
Total	**12,654**	**166,987,895**	**100.0%**	**514,323**

SHARE CAPITAL HISTORY

Year	Event	Quotient value	Increase in no. of shares	Increase in share capital	Total no. of shares	Total share capital
2009	Incorporation	1,00	100,000	100,000.00	100,000	100,000.00
2010	Issue of new shares	1,00	10,870	10,870.00	110,870	110,870.00
2011	Issue of new shares	1,00	14,130	14,130.00	125,000	125,000.00
2012	Issue of new shares	1,00	3,571	3,571.00	128,571	128,571.00
2012	Issue of new shares	1,00	7,143	7,143.00	135,714	135,714.00
2012	Issue of new shares	1,00	7,143	7,143.00	142,857	142,857.00
2013	Issue of new shares	1,00	3,572	3,572.00	146,429	146,429.00
2013	Issue of new shares	1,00	25,001	25,001.00	171,430	171,430.00
2014	Issue of new shares	1,00	12,500	12,500.00	183,930	183,930.00
2014	Bonus issue	2,96	-	360,502.80	183,930	544,432.80
2014	37:1 share split	0,08	6,621,480	-	6,805,410	544,432.80
2014	Debt-for-equity swap	0,08	789,464	63,157.12	7,594,874	607,589.92
2015	Issue	0,08	5,800,000	464,000.00	13,394,874	1,071,589.92
2015	Issue of new shares TO 2010:1	0,08	111,000	8,880.00	13,505,874	1,080,469.92
2016	Issue of new shares TO1/TO3	0,08	4,127,260	330,180.80	17,633,134	1,410,650.72
2016	Issue of new shares 2011/2016	0,08	46,250	3,700.00	17,679,384	1,414,350.72
2016	Issue of new shares TO2/TO4	0,08	3,237,816	259,025.28	20,917,200	1,673,376.00
2017	Issue of new shares	0,08	11,158,308	892,664.64	32,075,508	2,566,040.64
2017	Issue of new shares	0,08	14,865,000	1,189,200.00	46,940,508	3,755,240.64
2018	Issue of new shares	0,08	19,245,303	1,539,624.24	66,185,811	5,294,864.88
2019	Issue of new shares	0,08	6,618,581	529,486.48	72,804,392	5,824,351.36
2020	Issue of new shares	0,08	18,201,097	1,456,087.76	91,005,489	7,280,439.12
2020	Issue of new shares TO 2017/2020	0,08	86,700	6,936.00	91,092,189	7,287,375.12
2020	Issue of new shares	0,08	9,100,548	728,043.84	100,192,737	8,015,418.96
2022	Issue of new shares	0,08	66,795,158	5,343,612.64	166,987,895	13,359,031.60

FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME

SEK thousand	Note	1 Jan 2022 -31 Dec 2022	1 Jan 2021 -31 Dec 2021
Operating income			
Net sales		-	-
Other operating income		-	-
Operating expenses	24		
Research and development costs	7, 18	-364,686	-352,709
Administrative costs	6, 7, 18	-14,964	-15,309
Other operating expenses	9	-1,899	-2,249
		-381,549	**-370,267**
Operating profit		**-381,549**	**-370,267**
Financial income and expense			
Interest income and similar items	10, 12	9,740	3,766
Interest expense and similar items	10, 12	-4	-3
		9,736	**3,763**
Profit before taxes		**-371,814**	**-366,504**
Tax for the period	11	-	-
Loss for the period *)		**-371,814**	**-366,504**
Earnings per share before and after dilution (SEK) based on average number of shares		-2.90	-3.66

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

STATEMENT OF FINANCIAL POSITION

SEK thousand	Note	31 Dec 2022	31 Dec 2021
ASSETS			
Intangible assets			
Patent		5,558	6,459
	27	**5,558**	**6,459**
Tangible assets			
Machinery and equipment		7,395	3,097
	26	**7,395**	**3,097**
Total fixed assets		**12,953**	**9,556**
Current assets			
Other receivables		2,462	4,588
Prepaid expenses and accrued income		32,714	26,713
		35,176	**31,301**
Short-term investments			
Other short-term investments	14	237,095	312,064
		237,095	**312,064**
Cash and bank balances			
Cash and bank balances	15	189,573	247,322
		189,573	**247,322**
Total current assets		**461,845**	**590,688**
TOTAL ASSETS		**474,798**	**600,244**
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	16	13,359	8,015
		13,359	**8,015**
Non-restricted equity			
Share premium account		1,623,185	1,404,595
Retained earnings		-875,046	-513,362
Loss for the year		-371,814	-366,504
	21	**376,325**	**524,729**
Total equity		**389,684**	**532,745**
Long-term liabilities			
Provision for social security contributions, incentive program	13	24	892
		24	**892**
Short-term liabilities			
Trade payables		37,910	34,512
Tax liabilities		342	570
Other liabilities		1,025	1,105
Accrued expenses and deferred income	17	45,813	30,420
		85,090	**66,607**
TOTAL EQUITY AND LIABILITIES		**474,798**	**600,244**

STATEMENT OF CHANGES IN EQUITY

SEK thousand		Restricted equity	Non-restricted equity		Total
1 Jan 2022 - 31 Dec 2022	Note	Share capital	Share premium account	Ret earnings incl profit/loss for year	Total equity
Opening balance, 1 January 2022		**8,015**	**1,404,595**	**-879,866**	**532,745**
Loss for the period		-	-	-371,814	-371,814
Transactions with shareholders					
Issue of new shares for the year		5,344	245,138	-	250,482
Capital acquisition cost		-	-26,548	-	-26,548
Employee stock option program	19	-	-	4,819	4,819
		5,344	281,590	4,819	228,753
Closing balance, 31 December 2022		**13,359**	**1,623,185**	**-1,246,860**	**389,684**
1 Jan 2021 - 31 Dec 2021					
Opening balance, 1 January2021		**8,015**	**1,404,595**	**-520,676**	**891,935**
Loss for the period		-	-	-366,504	-366,504
Transactions with shareholders					
Employee stock option program	19	-	-	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 FLOWS

SEK thousand	Note	1 Jan 2022 -31 Dec 2022	1 Jan 2021 -31 Dec 2021
Cash flow from operating activities			
Operating loss		-381,549	-370,267
Adjustments for non-cash items	23	7,643	8,541
Interest received etc.	10	388	927
Interest paid etc.	10	-4	-3
Cash flow from operating activities before changes in working capital		**-373,523**	**-360,802**
Changes in working capital			
Change in receivables		-3,876	-21,782
Change in trade payables		3,398	23,834
Changes in other current liabilities		15,085	12,304
		14,607	**14 357**
Cash flow from operating activities		**-358,915**	**-346,445**
Investing activities			
Acquisition of tangible assets	26	-7,089	-383
Increase in other short-term investments	14	-31	-177,046
Decrease in other short-term investments	14	75,000	75,000
		67,880	**-102,429**
Financing activities			
Issue of new shares for the year		250,482	-
Capital acquisition cost		-26,548	-
		223,934	**-**
Change in cash and cash equivalents		-67,101	-448,873
Cash and cash equivalents at beginning of period		247,322	693,354
Exchange rate difference in cash equivalents	10	9,352	2,839
Cash and cash equivalents at end of period *)	15	**189,573**	**247,322**

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

Notes

NOTE 1

General information

Cantargia AB (publ), reg. no. 556791-6019, is a biotechnology company that develops antibody-based treatments for life-threatening diseases and has established a platform based on the protein IL1RAP, involved in a number of cancer forms and inflammatory diseases. The lead project, the antibody nadunolimab (CAN04), is studied clinically primarily in combination with chemotherapy, focusing on pancreatic cancer, triple-negative breast cancer and non-small cell lung cancer. Positive interim data from the combination with chemotherapy indicate stronger efficacy than would be expected from chemotherapy alone. Cantargia's second development project, the antibody CAN10, blocks signaling via IL1RAP in a different manner than nadunolimab and addresses treatment of serious autoimmune/inflammatory diseases, with initial focus on myocarditis and systemic sclerosis.

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

Cantargia is listed on Nasdaq Stockholm (ticker: CANTA) since September 2018.

NOTE 2

Accounting policies and valuation principles

Significant accounting policies applied in preparing this annual report are described in the following. Unless otherwise stated, these policies have been applied consistently for all the annual periods presented. This annual report was adopted by the Board of Directors on 27 April 2023.

2.1 Basis of preparation of financial statements

Cantargia AB has prepared its annual accounts in accordance with the Swedish Annual Accounts Act and Recommendation RFR 2 Financial Reporting for Legal Entities of the Swedish Financial Reporting Board (RFR 2). RFR 2 states that a legal entity is required to apply the International Financial Reporting Standards (IFRS), as adopted by the EU, insofar as this is possible under the Swedish Annual Accounts Act and Pension Obligations Vesting Act and with regard to the relationship between accounting and taxation. The recommendation specifies the exemptions from and the additional disclosures that are required in relation to IFRS. The preparation of financial statements in compliance with the applied regulations requires the use of critical accounting estimates. Management is also required to make certain judgements in applying the company's accounting policies. Areas which involve a high degree of judgement, are complex or where assumptions and estimates have a material impact are described in Note 4.

2.1.1 Changes to accounting policies and disclosures

Standards, amendments, and interpretations of existing standards that have entered into force during the financial year. No IFRS or IFRIC interpretations that have not yet become effective are expected to have a material impact on Cantargia.

2.1.2 Formats

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

2.2 Segment reporting

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

2.3 Intangible assets

(i) Research and development costs

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

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

The overall risk in ongoing development projects is high. The risk includes safety and efficacy risks that can arise in clinical studies, regulatory risks related to applications and approval for clinical studies and marketing authorization, as well as IP risks related to approval of patent applications and the maintenance of patents. All development work is therefore deemed to be research, as the work does not meet the criteria listed below. As of 31 December 2022 no development costs had been recognized as intangible assets in the balance sheet, as it was not considered that all of the above criteria for capitalization had been met for any of the development projects in which the company is engaged.

Research expenditure is expensed as incurred.

Capitalized development costs are recognized as intangible assets and amortized from the date when the asset is ready for use.

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

2.4 Impairment of intangible assets

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

2.5 Leases

Cantargia is a lessee only under operating leases, of which rental of office premises is the most significant. Leases in which a significant share of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made during the lease term (after deducting for any incentives from the lessor) are recognized as an expense in the statement of comprehensive income on a straight-line basis over the lease term.

2.6 Foreign currency

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

2.7 Financial assets and liabilities

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

Measurement of financial instruments
Cantargia applies the exemption in RFR 2 under which IFRS 9 Financial Instruments is not applied. Instead, cost is applied in accordance with the Annual Accounts Act.

Financial assets are initially measured at cost including any transaction costs directly attributable to the acquisition of the asset. After initial recognition, current financial assets are measured at the lower of cost and net realizable value at the balance sheet date.

Trade receivables and other receivables classified as current assets are measured individually at the amounts expected to be paid. Interest-bearing financial assets are measured at amortized cost using the effective interest method.

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

2.8 Employee benefits

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

Cantargia's defined benefit pension plans consist of the ITP 2 plan's defined benefit pension obligations. The ITP 2 plan's defined benefit pension obligations for retirement and family pensions are secured through an insurance policy with Alecta. According to a statement from the Swedish Financial Reporting Board, UFR 10 Recognition of the ITP 2 Plan that is funded through an insurance policy with Alecta, this is a defined benefit plan covering several employers. For the financial year 2020, Cantargia has not had access to information that would enable it to account for its proportionate share of the plan's obligations, assets, and expenses. It has therefore not been possible to recognize the plan as a defined benefit plan. The ITP 2 pension plan secured through an insurance policy with Alecta is therefore accounted for as a defined contribution plan. The contribution for defined benefit retirement and family pensions is calculated individually and depends on factors such as salary, previously earned pension and expected remaining period of service.

The collective funding ratio is defined as the market value of Alecta's assets as a percentage of its commitments to poli-

cyholders calculated using Alecta's actuarial methods and assumptions, which do not comply with IAS 19. The collective funding ratio should normally be permitted to vary within a range of 125 and 175 per cent. If Alecta's collective funding ratio were to fall below 125 per cent or exceed 175 per cent, it would be necessary to take measures that will enable the ratio return to the normal range. In case of a low funding ratio, one measure that can be taken is to raise the agreed price for new policies and the expansion of existing benefits. If the funding ratio is high, contributions can be reduced. At the end of the financial year 2022, Alecta's surplus, as defined by the collective funding ratio, was 172 per cent (2021: 172 per cent).

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

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

Accounting treatment – paid short-term leave
Short-term benefits for paid leave that can be saved should be accounted for as an expense and current liability when the employees have performed the services which entitle them to future paid leave. Short-term benefits for paid leave that are not saved should be recognized as an expense when the leave is taken.
Accounting treatment – bonus plans
The expected expense for profit sharing and bonuses should be recognized only if
1. the company has a legal or constructive obligation as a result of past events, and
2. the amount of the obligation can be reliably estimated.

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

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

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

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

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

2.10 Revenue
Interest income
Interest income is recognized using the effective interest method.

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

2.12 Share capital
Ordinary shares are classified as equity.

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

2.13 Earnings per share
(i) Earnings before dilution
Earnings per share before dilution are calculated by dividing:
- Profit/loss for the year
- with a weighted average number of outstanding ordinary shares during the period

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

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

2.14 Tangible Assets

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

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

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

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

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

2.15 Employee stock option program

The fair value of the service entitling an employee to an allotment of options under Cantargia's employee stock option scheme is recognized as a personnel expense with a corresponding increase in equity. The total amount expensed is based on the fair value of the allocated options:

- including all market-related terms (e.g., target share price),
- excluding any effect of service and non-market vesting conditions (e.g., profitability and that the employee remain an employee of the company for a specified period),
- including the effect of non-vesting conditions (e.g., a requirement that the employee save or hold the shares for a specified period).

The total expense is recognized over the vesting period, which is the period during which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the company reviews its assessments of how many shares are expected to be vested based on the non-market vesting conditions and service vesting conditions. Any deviations from the original assessments resulting from the review are recognized in the income statement with corresponding adjustments in equity.

As a basis for provisions for social security contributions, the fair value of vested employee stock options is remeasured at the end of each reporting period. Social security contributions are accounted for as personnel expenses and a corresponding provision is made in non-current or current liabilities depending on the remaining term of each scheme.

NOTE 3

Financial risk management

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

(a) Market risk

(i) Currency risk

Cantargia is primarily exposed to EUR and USD currency risk. Currency risks arise when future business transactions or recognized assets or liabilities are expressed in a currency that is not the functional currency of the unit. In Cantargia, these transactions mainly comprise purchases and trade payables in EUR and USD. Cantargia's policy is to hedge 50% of the anticipated cash flow in EUR and USD. At the end of the reporting period, Cantargia had an exposure to EUR of kEUR 2,470 (396) and kUSD 131 (22) in the form of outstanding trade payables. In addition to trade payables in EUR and USD, the company has a EUR and USD currency accounts which on 31 December 2022 had a balance of kEUR 7,156 (18,523) and kUSD 2,790 (1,244).

If the Swedish krona had weakened/strengthened by 10 per cent against the EUR and USD with all other variables held constant, the effect on profit/loss for the year and equity on 31 December 2022 would have been approximately SEK -22.9 million and SEK 22.9 million (-24,5 and 24.5, respectively) lower/ higher. The corresponding effect in respect of the company's EUR and USD currency accounts on 31 December 2022 would have been approximately SEK -10.4 million and SEK 10.4 million (-19.9 and 19.9 respectively) lower/higher.

(ii) Cash flow interest rate risk and fair value

The interest rate risk is considered to be limited as there is no borrowing and the interest-bearing investments only include low-risk funds. kSEK 237,095 (237,064) refers to investments in fixed income funds, where the return is dependent on short-term interest rates.

(iii) Price risk

Cantargia is not exposed to any significant price risk.

(b) Credit risk

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

(c) Liquidity risk

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

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

Surplus liquidity in Cantargia, in excess of what is required to manage working capital requirements, is invested in interest-bearing current accounts. At the balance sheet date, Cantargia had short-term investments in twelve month fixed-rate accounts of kSEK 0 (kSEK 75,000) and kSEK 237,095 (kSEK 237,064) invested in a short-term fixed income fund. In addition to this, Cantargia had bank deposits of kSEK 189,573 (kSEK 247,322) at the balance sheet date.

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

(d) Management of capital

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

In 2022, Cantargia's strategy, which remained unchanged from 2021, was to secure the company's ability to continue as a going concern by running the company's research projects in an optimal manner and thereby generate returns for its shareholders and benefits for other stakeholders. Cantargia also aims to maintain an optimal capital structure in order to keep its capital costs down with a low to minimal risk. Cantargia is mainly engaged in research and development. Prior to the listing of the company's shares on the main list of Nasdaq Stockholm on 25 September 2018, the company's activities were financed through a number of share offerings. Equity is therefore regarded as the company's capital.

31 December 2022	Less than 2 months	More than 2 months	Total
Trade payables	37,910	-	37,910
Other liabilities	1,025	-	1,025
Total	38,935	-	38,935

31 December 2021	Less than 2 months	More than 2 months	Total
Trade payables	34,512	-	34,512
Other liabilities	1,105	-	1,105
Total	35,617	-	35,617

NOTE 4

Critical accounting estimates and judgements

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

Estimates and assumptions are reviewed regularly. Any changes are 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.

Capitalization of development costs

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

Tax losses

There is no expiration date which limits the use of the company's tax losses. It is, however, uncertain at what point in time it will be possible to use these tax losses to offset taxable profits, as the company has not yet generated any profits. The deferred tax asset arising from the tax loss has therefore not been assigned any value. Changes in ownership and historical and potential future capital acquisitions may limit the amount of tax losses that can be used in future.

Incentive program (employee stock option program)

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

The Invasion of Ukraine

The invasion of Ukraine has negatively affected large parts of our world, both from a humanitarian and a business perspective. However, Cantargia does not have any operation in Russia or Ukraine, and therefore the invasion has not had any impact on our financial reporting.

NOTE 5

Segment information

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

NOTE 6

Auditors' fees and expenses

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

	2022	2021
PwC		
Audit engagement*	270	339
Audit services in addition to audit engagement	60	-
Tax advisory services	30	167
Other services	127	58
Total	**487**	**564**

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

NOTE 7

Employee benefits, etc.

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

	2022	2021
Salaries and other benefits *)	31,300	29,608
Social security contributions **)	5,095	2,531
Retirement benefit costs, defined contribution	6,425	5,554
Other personnel expenses	498	270
Total employee benefits	**43,317**	**37,964**

*) Whereof share-based incentives 7,314 (4,233)
**) Whereof share-based incentives -2,219 (3,111)

2022	Salaries and other benefits (of which bonuses)	Retirement benefit costs
Directors, CEO and other senior executives	19,891	3,375
Other employees	14,454	3,350
Total	**34,345**	**6,725**
	(2,818)	

2021	Salaries and other benefits (of which bonuses)	Retirement benefit costs
Directors, CEO and other senior executives	21,225	3,774
Other employees	11,427	1,781
Total	**32,652**	**5,554**
	(2,641)	

Average number of employees

	2022		2021	
	Number of employees	Of which men	Number of employees	Of which men
Sweden	27	11	22	9
Total	**27**	**11**	**22**	**9**

Gender distribution for Directors and other senior executives

	2022		2021	
	Number at balance sheet day	Of which men	Number at balance sheet day	Of which men
Directors	8	5	8	5
CEO and other senior executives	8	5	9	7
Total	**16**	**10**	**17**	**12**

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

NOTE 8

Operating leases

	2022	2021
Lease payments expensed during the financial year	2,035	1,513

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

	2022	2021
Due within one year	2,130	2,039
Due after more than one year but within five years	4,494	6,563
Due after more than five years	-	-
Total	**6,624**	**8,602**

Lease expenses refer to rent for premises and office equipment.

NOTE 9

Other operating expenses

	2022	2021
Foreign exchange losses, trade payable	-1,899	-2,249
Total	**-1,899**	**-2,249**

NOTE 10

Financial income and expense

	2022	2021
Interest income and similar income		
Interest income	388	927
Foreign exchange gains, currency accounts	9,352	2,839
Total	**9,740**	**3,766**

	2022	2021
Interest expense and similar charges		
Other interest expense	-4	-3
Total	**-4**	**-3**

NOTE 11

Income tax

	2022	2021
Current tax		
Current tax on profit for the year	-	-
Adjustments relating to prior years	-	-
Total current tax/income tax	**-**	**-**

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

	2022	2021
Reconciliation of reported tax for the year		
Loss before tax	-371,814	-366,504
Reported tax for the year		
Tax at applicable tax rate 20,6%	76,594	75,500
Tax effect of non-deductible expenses	-171	-154
Tax effect of non-taxable income	-	-
Tax effect of deductible expenses recognised directly in equity	5,469	-
Tax losses for which no deferred tax asset has been recognised	-81,892	-75,346
Reported tax for the year	**0**	**0**

	2022	2021
Tax losses		
Unused tax losses for which no deferred tax asset has been recognised	**1,353,719**	**982,734**
Potential tax benefit, 20,6%	**278,866**	**202,443**

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

NOTE 12

Net foreign exchange difference

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

	2022	2021
Other operating expenses (Note 9)	-1,899	-2,249
Interest expense and similar charges (Note 10)	9,352	2,839
Total	**7,453**	**590**

NOTE 13

Long-term liabilities

	31 Dec 2022	31 Dec 2021
Provision for social security contributions, incentive program	24	892
Total	**24**	**892**

NOTE 14

Short-term investments

	31 Dec 2022	31 Dec 2021
Fixed-rate account, Sparbanken Skåne	-	75,000
Liquidity funds, Sparbanken Skåne	237,095	237,064
Total	**237,095**	**312,064**

Fixed-rate account, Sparbanken Skåne, 31 Dec 2021, 75 MSEK fixed 12 months, 0.30% interest.
Liquidity funds, Sparbanken Skåne, low risk category 2.

NOTE 15

Cash and cash equivalents

Cash and cash equivalents in the statement of cash flows include the following:

	31 Dec 2022	31 Dec 2021
Available bank deposits		
SEK	80,116	45,149
EUR	79,656	189,477
USD	29,122	11,254
GBP	445	571
CHF	34	458
NOK	200	413
Total	**189,573**	**247,322**

NOTE 16

Share capital

Ordinary shares	Number of shares (thousands)	Share capital
1 January 2021	100,193	8,015
Issue of new shares	-	-
31 December 2021	**100,193**	**8,015**
1 January 2022	100,193	8,015
Issue of new shares	66,795	5,344
31 December 2022	**166,988**	**13,359**

At 31 December 2022, the share capital consisted of 166,987,895 shares with a quotient value of SEK 0.08 per share. Each share carries one vote. At 31 December 2021, the share capital consisted of 100,192,737 shares with a quotient value of SEK 0.08 per share. Each share carries one vote. All shares issued by the parent company are fully paid up.

NOTE 17

Accrued expenses and deferred income

	31 Dec 2022	31 Dec 2021
Accrued salaries and social security contributions	2,011	1,926
Project expenses	38,204	23,358
Other accrued expenses	5,598	5,135
Total	**45,813**	**30,420**

NOTE 18

Remuneration to senior executives and other related party disclosure

Remuneration of senior executives	2022	2021
Salaries and other short-term benefits *)	16,846	18,180
Post-employment benefits	3,375	3,774
Other long-term benefits	-	-
Termination benefits	-	-
Total	**20,222**	**21,954**

*) Whereof share-based incentives 2,575 (4,562)

Guidelines for executive remuneration

Fees are paid to the Chairman and members of the Board of Directors in accordance with the resolution of the Annual General Meeting. A separate fee is paid for committee work. In essence, the guidelines for remuneration and other terms of employment for management, which are adopted by the shareholders' meeting, stipulate that the company shall offer its senior executives a normal market remuneration, that resolutions on remuneration shall be prepared by a special Remuneration Committee of the Board and that the applicable criteria shall comprise the senior executive's responsibilities, role, expertise and position. Decisions on remuneration of senior executives are made by the Board excluding any Directors who are in a dependent position in relation to the company and management. The guidelines must be applied to new contracts, or to changes to existing contracts that are entered into with senior executives after the adoption of the guidelines and until new or revised guidelines are adopted. Complete guidelines for 2022 and the ones proposed for 2023 are described in the Director's report.

Salaries and remuneration for the year

Salaries, remuneration, social security contributions and retirement benefit costs have been paid in the following amounts. Please note that under the heading "Variable remuneration" are in addition to variable remuneration, incentive programs decided by the Annual General Meeting also included (see Note 19). The outcome for AGM-decided incentive programs regarding the CEO and senior executives for the year 2022 amounted to SEK 762 (925) thousand.

2022	Fee	Basic salary	Variable remuneration	Retirement benefit cost	Other benefits	Share-based incentives	Social sec contribu-tions*)	Total
Magnus Persson, Chairman	620	-	-	-	-	-	195	**815**
Thoas Fioretos, Director	270	-	-	-	-	-	85	**355**
Karin Leandersson, Director	290	-	-	-	-	-	91	**381**
Patricia Delaite, Director	340	-	-	-	-	-	47	**387**
Anders Martin-Löf, Director	345	-	-	-	-	-	108	**453**
Flavia Borellini, Director	520	-	-	-	-	-	-	**520**
Damian Marron, Director	330	-	-	-	-	-	-	**330**
Magnus Nilsson, Director	330	-	-	-	-	-	-	**330**
Göran Forsberg, CEO	-	2,285	645	932	23	1,008	175	**5,069**
Total, Board and CEO	**3,045**	**2,285**	**645**	**932**	**23**	**1,008**	**702**	**8,640**
Other senior executives (7 persons) **)	-	10,037	1,305	2,444	122	1,566	908	**16,382**
Total	**3,045**	**12,321**	**1,950**	**3,375**	**145**	**2,575**	**1,610**	**25,022**

*) Social security contributions for the CEO and other senior executives has been affected positivly in 2022 as the reserve for social secutiry contribution related to the employee option program has decreased under 2022, due to a falling share price. The positive effect amounts to SEK 171 thousand for the CEO and SEK 468 thousand for other senior executives.

**) Contains invoiced compensation for a senior executive.

2021	Fee	Basic salary	Variable remuneration	Retirement benefit cost	Other benefits	Share-based incentives	Social sec contribu-tions *)	Total
Magnus Persson, Chairman	620	-	-	-	-	-	195	**815**
Thoas Fioretos, Director	270	-	-	-	-	-	85	**355**
Karin Leandersson, Director	290	-	-	-	-	-	91	**381**
Patricia Delaite, Director	340	-	-	-	-	-	47	**387**
Anders Martin-Löf, Director	345	-	-	-	-	-	108	**453**
Flavia Borellini, Director	520	-	-	-	-	-	-	**520**
Damian Marron, Director	330	-	-	-	-	-	-	**330**
Magnus Nilsson, Director	330	-	-	-	-	-	-	**330**
Göran Forsberg, CEO	-	2,236	737	927	38	1,219	-102	**5,056**
Total, Board and CEO	**3,045**	**2,236**	**737**	**927**	**38**	**1,219**	**424**	**8,627**
Other senior executives (8 persons)	-	8,946	1,699	2,846	81	3,343	373	**17,288**
Total	**3,045**	**11,182**	**2,436**	**3,774**	**119**	**4,562**	**797**	**25,915**

*) Social security contributions for the CEO and other senior executives has been affected positivly in 2021 as the reserve for social secutiry contribution related to the employee option program has decreasd under 2021, due to a falling share price. The positive effect amounts to SEK 453 thousand for the CEO and SEK 1,228 thousand for other senior executives.

Pensions
The retirement age for the CEO is 65 years.

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

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

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

Directors' fees
The Directors' fees approved at the Annual General Meeting on 23 May 2022 are SEK 550,000 to the Chairman of the Board and SEK 250,000 to each of the other Directors. For the Remuneration Committee, a fee of SEK 40,000 is paid to the committee chairman and SEK 20,000 to each of the other members, for the Audit Committee SEK 95,000 is paid to the committee chairman and SEK 40,000 to each of the other members and for the Drug Development Committee SEK 230,000 is paid to the committee chairman and SEK 50,000 to each of the other members. It was also resolved that, for each physical Board meeting (up to a maximum of six meetings) that is held in Sweden and attended by the Director, a meeting fee of SEK 20,000 be paid to each Director living outside the Nordic region. The full amount of Directors' fees has been charged to earnings in 2022.

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

Cantargia has entered a research agreement with Lund University, with Gunilla Westergren-Thorsson, Professor of Lung Biology. 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 ownership of all research results from the projects free of charge.

Cantargia is co-financing a postdoctoral position as part of Lund University's CANFASTER programme where Professor Karin Leandersson is Head of Research. Under the agreement, Karin Leandersson is conducting research aimed at expanding the knowledge about IL1RAP's function in tumors. Cantargia owns 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.

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

The following transactions have been made with related parties:

Sale of services	**2022**	**2021**
Lunds Universitet (Gunilla Westergren-Thorsson)	650	650
Lunds Universitet (Karin Leandersson)	651	0
Total	**1,301**	**650**

NOTE 19
Share-based incentive programs

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

Incentive scheme
At the Annual General Meeting of the Company on May 23, 2022, the shareholders decided to introduce a variable share-based incentive scheme for 2022 to senior executives and key employees of the Company. The scheme is based on the incentive scheme adopted at the 2019 Annual General Meeting which has been designed to promote investment in and ownership of the Company's shares. The scheme is designed as a variable long-term remuneration scheme under which participants commit to use distributed variable cash remuneration to acquire shares of the Company. The scheme is based on that or those annual bonus targets which are defined by the board for the Company and which refer to the Company's activities, financial key performance indicators and internal processes. Target achievement will be assessed by the Company's board of directors in connection with the adoption of the annual report for each year. When the target achievement has been determined by the Company's board of directors, the amount due to each participant in the scheme is distributed, whereupon acquisition of shares by the participants should be made as soon as possible. Participants are required to use their whole remuneration under the scheme, net of tax, to acquire shares of Cantargia on the stock market.

The maximum payout to each participant in the scheme for 2022 is capped at 10 per cent of his or her fixed annual salary. The total size of the scheme for 2022 is capped at SEK 2,300,000 excluding social security contributions. In case of partial target achievement, a portion of the maximum payout will be distributed. The outcome for incentive programs decided by the AGM regarding the CEO and senior executives for the year 2022 amounted to SEK 762 (925) thousand and the total outcome for all employees amounted to SEK 1,481 (1,462) thousand.

Employee Stock Option Scheme 2020/2023
At the Annual General Meeting on 27 May 2020, the shareholders approved the introduction of Employee Stock Option Scheme 2020/2023. The options will be offered to employees of or consultants to the company and will be allocated to the participants free of charge. The options have a three-year vesting period (1/3 per year) from the date of allocation, provided, with the usual exceptions, that the participant remains an employee of or continues to provide services to Cantargia. Once vested, the options can be exercised during a two-year period. Each vested option gives the holder the right to purchase 1.2 shares of the company at a pre-defined price. The price per share will be determined as 150 percent of the volume weighted average price of the company's shares traded on Nasdaq Stockholm during the ten trading days preceding the allocation date. If fully exercised, the warrants would dilute the Company's share capital and voting rights by approximately 1.2 per cent.

Employee Stock Option Scheme 2021/2024
At the Annual General Meeting on 26 May 2021, the shareholders approved the introduction of Employee Stock Option Scheme 2021/2024. The options will be offered to employees of or consultants to the company and will be allocated to the participants free of charge. The options have a three-year vesting period from the date of allocation, provided, with the usual exceptions, that the participant remains an employee of or continues to provide services to Cantargia. Once vested, the options can be exercised during a two-year period. Each vested option gives the holder the right to purchase 1.2 shares of the company at a pre-defined price. The price per share will be determined as 150 percent of the volume weighted average price of the company's shares traded on Nasdaq Stockholm during the ten trading days preceding the allocation date. If fully exercised, the warrants would dilute the Company's share capital and voting rights by approximately 1.9 per cent.

Summary of total cost for incentive programs

	2022	2021
Share-based remuneration	-4,819	-7,314
Provision for social security contributions, incentive programs	868	2,219
Total	**-3,951**	**-5,095**

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

Long-term liabilities	**2022**	**2021**
Amount at the start of the year	892	3,110
Provisions for the year	-868	-2,219
Total long-term liabilities	**24**	**892**

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

Changes in existing incentive programs (number of options)

	2022	2021
1 January	**3,170,333**	**1,740,000**
Granted instruments		
Employee stock option program 2021/2024	260,000	1,334,000
Employee stock option program 2020/2023	-	147,000
Lapsed instruments		
Employee stock option program 2021/2024	-251,000	-24,000
Employee stock option program 2020/2023	-110,000	-26,667
Total change	**-101,000**	**1,430,333**
31 December	**3,069,333**	**3,170,333**

Number of shares granted instruments may entitle to)**	**2022-12-31**	**2021-12-31**
Employee stock option program 2021/2024	1,582,800	1,310,000
Employee stock option program 2020/2023	2,100,400	1,860,333
Number of shares granted instruments may entitle to	**3,683,200**	**3,170,333**

**) Recalculation of employee stock option programs after the rights issue in 2022 means that each option entitles to 1.2 shares. In 2021, each option entitled to 1 share.

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

Employee option	Allotment/ start date	Maturity date	Fair value upon issue of the option program, SEK	Exercise price, SEK**)	Volatility	Number of options *)	Vested
2020/2023:1	2020-06-09	2025-06-09	7.15	26.48	50%	1,583,333	**96%**
2020/2023:2	2020-07-10	2025-07-10	7.44	27.68	50%	60,000	**94%**
2020/2023:3	2021-02-04	2026-02-04	16.55	73.12	49%	80,333	**88%**
2020/2023:4	2021-02-24	2026-02-24	15.57	70.99	49%	26,667	**96%**
2021/2024:1	2021-09-17	2026-09-17	7.28	30.62	53%	1,029,000	**43%**
2021/2024:2	2021-11-10	2026-11-10	5.48	20.44	55%	70,000	**38%**
2021/2024:3	2022-02-09	2027-02-09	7.57	22.52	55%	70,000	**30%**
2021/2024:4	2022-08-29	2027-08-29	1.63	7.20	63%	150,000	**11%**

*) Refers to the number of outstanding options net after deduction of revoked options.
**) Recalculation of employee stock option programs after the rights issue in 2022 resulted in updated exercise prices and that each option entitles to 1.2 shares.

NOTE 20

Earnings per share

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

Cantargia has potential ordinary shares in the form of warrants. These do not have a dilutive effect for 2022 or 2021, as a conversion of warrants into ordinary shares would result in a lower loss per share.

	2022	2021
Profit/loss for the period attributable to parent company shareholders	-371,814	-366,504
Total	**-371,814**	**-366,504**
Weighted average number of outstanding ordinary shares (thousands)	128,024	100,193
Earnings per ordinary share, SEK	-2.90	-3.66

NOTE 21

Appropriation of retained earnings

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

Loss brought forward	-875,045,855
Share premium account	1,623,184,970
Loss for the year	-371,814,113
The Board of Directors proposes that the following sum be carried forward:	376,325,002

The Board of Directors proposes that no dividend be paid for the financial year 2022.

NOTE 22

Events after the end of the reporting period

- In January, Cantargia successfully concluded a GLP toxicity study for the CAN10 antibody.
- In January, the appointment of Patrik Renblad as new CFO was announced.
- In February, Cantargia announced that the TRIFOUR trial would advance to the randomized stage following promising early safety and efficacy of nadunolimab in triple-negative breast cancer. The first patient in the randomized phase was treated in March.
- In April, Cantargia presented new clinical data at AACR 2023 strongly supporting nadunolimab development in pancreatic cancer. Cantargia also presented anti-metastatic effects of nadunolimab in cancer models.
- In April, a phase I clinical trial application was submitted for CAN10.
- In April, favorable safety was reported for a new nadunolimab combination therapy and enrollment of non-small cell lung cancer patients in the CANFOUR trial was completed.

NOTE 23

Adjustments for non-cash items

	2022	2021
Depreciation	-3,692	-3,446
Employee option program	-3,951	-5,095
Total	**-7,643**	**-8,541**

NOTE 24

Costs by nature of expense

	2022	2021
Project costs	-306,691	-304,229
Other external expenses	-25,951	-22,378
Personnel expenses	-43,317	-37,966
Other operating expenses	-1,899	-2,249
Depreciation	-3,692	-3,446
Total	**-381,549**	**-370,267**

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

NOTE 25

Agreements for cooperation

Patheon Biologics B.V. (part of ThermoFischer Scientific)
In May 2019, Cantargia signed an agreement with Patheon Biologics B.V. ("Patheon") on future production of the antibody CAN04 (nadunolimab). This agreement complements the earlier agreement with Celonic AG (previous Glycotope Biotechnology GmbH). This agreement secures Cantargia's additional production capacity for future clinical trials. In preparation for later phases of clinical development, an increase in production capacity is part of the development plan. Patheon has manufacturing facilities in both Europe and the US, and during 2021 Patheon scaled up the process to 2,000 liters. Patheon is under the agreement entitled to compensation for ongoing work, but no part of future sales revenue for nadunolimab.

Allucent (Formerly: Specialized Medical Services-oncology BV)
In May 2016, Cantargia entered into a framework agreement with Allucent on the execution of clinical studies as a so-called CRO. The parties have subsequently agreed under the framework agreement that Allucent should act as CRO for the company's first clinical phase I/IIa trial with nadunolimab.

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

PanCAN
Cantargia has initiated a collaboration with Pancreatic Cancer Action Network (PanCAN) to include nadunolimab in combination with chemotherapy as first-line experimental therapy in metastatic pancreatic cancer (PDAC), in the clinical phase II/III trial Precision Promise^{SM}. The trial utilizes a Bayesian platform designed by PanCAN in collaboration with the US Food and Drug Administration (FDA) to provide a basis for marketing approval of therapies in PDAC.

NOTE 26
Tangible assets

Machinery and other technical facilities

	2022	2021
Ingoing accumulated acquisition value	7,070	7,070
Investments	7,072	-
Outgoing accumulated acquisition value	**14,143**	**7,070**
Ingoing accumulated depreciation	-4,714	-2,357
Depreciation	-2,553	-2,357
Outgoing accumulated depreciation	**-7,269**	**-4,714**
Closing balance	**6,874**	**2,356**

Fixtures, tools and installations

	2022	2021
Ingoing accumulated acquisition value	1,084	701
Investments	17	383
Outgoing accumulated acquisition value	**1,101**	**1,084**
Ingoing accumulated depreciation	-342	-152
Depreciation	-238	-190
Outgoing accumulated depreciation	**-580**	**-342**
Closing balance	**521**	**742**

NOTE 27
Intangible assets

Patent

	2022	2021
Ingoing accumulated acquisition value	8,111	8,111
Investments	-	-
Outgoing accumulated acquisition value	**8,111**	**8,111**
Ingoing accumulated depreciation	-1,652	-751
Depreciation	-901	-901
Outgoing accumulated depreciation	**-2,553**	**-1,652**
Closing balance	**5,558**	**6,459**

Signatures

The annual accounts have been prepared in accordance with generally accepted accounting standards and provide a true and fair view of the company's financial position and results. The Directors' Report for the company gives a true and fair overview of the performance, financial position and earnings of the company, and describes significant risks and uncertainties faced by the company. The income statement and balance sheet will be presented for adoption at the Annual General Meeting on 23 May 2023.

Lund, 27 April 2023

Magnus Persson
Chairman

Magnus Nilsson

Karin Leandersson

Thoas Fioretos

Patricia Delaite

Anders Martin-Löf

Flavia Borellini

Damian Marron

Göran Forsberg
Chief Executive Officer

We presented our auditor´s report on 27 April 2023.
Öhrlings PricewaterhouseCoopers AB

Mikael Nilsson
Authorised Public Accountant

AUDITOR'S REPORT

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

Report on the annual accounts

Opinions

We have audited the annual accounts of Cantargia AB (publ) for the year 2022. The annual accounts of the company are included on pages 30-64 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and the group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Our audit approach

Audit scope

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

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

Materiality

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

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall

group materiality for the financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key audit matters

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

Key audit matters	*How our audit addressed the Key audit matter*
Research and development expenses- cut-off and completeness The expenses for the company´s research and development activities during the financial year 2022 totaled approximately SEK 365 million, which corresponds to approximately 96% of the company´s total. The expenses consist of mainly personnel related expenses and external expenses for the clinical work that is being conducted. In our audit we have focused on these expenses since they are material amounts and that there is a risk regarding the completeness, the cut-off and the accuracy in the expenses.	***Our audit of the expenses of research and development has included, but is not limited to, the following measures:*** • Obtained an understanding of the company´s routines, business monitoring and internal control. • Testing of internal controls for approval of payment of invoices and salaries. • Checked and performed detail testing against invoices and other supporting financial documentation. • Based on samples requested and received external confirmations from suppliers of the year´s purchases and size of outgoing accounts payable as per 31 December 2022. • Performed detailed testing of salaries. Analyzed costs based on our knowledge of the business and follow up of the company´s internal reports.

Other Information than the annual accounts

This document also contains other information than the annual accounts and is found on pages 1-29 and 69-81. The other information also consists of the Remuneration Report that we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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

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

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

Auditor's responsibility

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

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Director's and the Managing Director of Cantargia AB (publ) for the year 2022 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

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

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

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

Auditor's responsibility

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

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

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

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

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

The auditor's examination of the ESEF report

Opinion

In addition to our audit of the annual accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4 a of the Swedish Securities Market Act (2007:528) for Cantargia AB (publ) for the financial year 2022.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Cantargia AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

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

The Board of Directors and the Managing Director are responsible for the preparation of the Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

The procedures mainly include a validation that the Esef report has been prepared in a valid XHTML format and a reconciliation of the Esef report with the audited annual accounts.

Öhrlings PricewaterhouseCoopers AB, 113 97 Stockholm, was appointed auditor of Cantargia AB (publ) by the general meeting of the shareholders on the 23 May 2022 and has been the company's auditor since the 13 January 2010.

Malmö, April 27 2023
Öhrlings PricewaterhouseCoopers AB

Mikael Nilsson
Authorized Public Accountant

CORPORATE GOVERNANCE

Corporate governance report

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

APPLICATION OF THE CODE

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

SHAREHOLDERS

Cantargia's shares have been listed for trading on Nasdaq Stockholm since 25 September 2018 (Small Cap). At 31 December 2022, the total number of shares and voting rights in the Company was 166,987,895, represented by 12,654 shareholders. For further information on the Company's ownership structure and major shareholders, see page 70-71 of the annual report.

SHAREHOLDERS' MEETINGS

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

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

NOMINATION COMMITTEE

Under a resolution of the Annual General Meeting of Cantargia on 23 May 2022, the Chairman of the Board is required, prior to the Annual General Meeting 2023, to convene a Nomination Committee consisting of one representative for each of the three largest shareholders of the Company as well as the Chairman of the Board. In accordance with these principles, the following Directors have been appointed:

- Jan Särlvik, appointed by Fjärde AP-fonden
- Mikael Wiberg, appointed by Alecta Pensionsförsäkring Ömsesidigt
- Mats Larsson, appointed by Första AP-fonden
- Magnus Persson, Chairman of the Board

The Nomination Committee has appointed Jan Särlvik as its chairman.

The Nomination Committee is required to perform the duties assigned to it under the Code and held 4 meetings prior to the Annual General Meeting 2023. The Nomination Committee's complete proposals for the 2023 AGM will be published in connection with the notice of AGM.

BOARD OF DIRECTORS

Under Cantargia's Articles of Association, the Board of Directors shall, insofar as it is elected by the shareholders' meeting, consist of not less than three and not more than eight Directors, with no deputies. Currently, the Company's Board of Directors consists of eight ordinary Directors, including the Chairman, who have been elected by the shareholders' meeting until the period of the end of the 2023 AGM. The composition of Cantargia's Board of Directors is considered to meet the requirements of the Code in respect of independence from the Company and from the Company's major shareholders. For a detailed presentation of the Directors, see page 77 of the annual report.

			Independence of			Attendance			Total Director´s fee 2022, TSEK
Name	Position	Member since	The Company and management	Major share-holders	Board meetings	Audit Committee meetings	Remu-neration Committee meetings	Drug de-velopment Committee meetings	
Magnus Persson	Chariman	2016	Yes	Yes	15/15	-	2/2	3/3	620
Patricia Delaite	Director	2017	Yes	Yes	14/15	-	1/1	3/3	340
Thoas Fioretos	Director	2010	Yes	Yes	14/15	-	1/1	-	270
Karin Leandersson	Director	2016	Yes	Yes	14/15	5/5	-	-	290
Anders Martin-Löf	Director	2018	Yes	Yes	15/15	5/5	-	-	345
Flavia Borellini	Director	2020	Yes	Yes	12/15	-	-	3/3	520
Damian Marron	Director	2021	Yes	Yes	13/15	-	1/1	-	330
Magnus Nilsson	Director	2021	Yes	Yes	12/15	5/5	-	-	330

Responsibilities and work of the Board

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

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

In 2022, the Board convened on 15 occasions, including through 14 Teams meetings or meetings by correspondence. The Directors' attendance is shown in the table above. The activities of the Board in 2022 were dominated by discussions and strategic decisions on matters relating to the Company's product development, in particular its main project nadunolimab and the development projects CAN10 and CANxx. The Board also adopted resolutions regarding the rights issue that was completed in 2022, the business plan with financial targets, risk management, dividend policy and financial reports.

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

Audit Committee
The Company's Audit Committee consists of three members: Anders Martin-Löf (Chairman), Magnus Nilsson, and Karin Leandersson. The Audit Committee shall, without prejudice to other responsibilities and duties of the Board, monitor the Company's financial reporting, monitor the effectiveness of the Company's internal control, internal auditing and risk management, keep itself informed on the audit of the annual accounts and consolidated financial statements, and on the conclusions presented in the quality control report of the Swedish Inspectorate of Auditors, assess and monitor the impartiality and independence of the auditor, paying particular attention to whether the auditor provides other services than auditing to the Company, and assist in drafting proposed resolutions on the choice of auditors for adoption by the shareholders' meeting.

Remuneration Committee
The Company's Remuneration Committee consists of three members: Damian Marron (Chairman), Magnus Persson and Thoas Fioretos. The Remuneration Committee is tasked with preparing proposals for remuneration principles, and remuneration and other terms of employment for the CEO and other senior executives.

Drug development Committee
The Board has established a Drug Development Committee consisting of three members: Flavia Borellini (chairman), Magnus Persson and Patricia Delaite. The Drug Development Committee shall act as an advisor and discussion partner for the company management in scientific and strategic issues concerning the development of the company's project portfolio.

Remuneration
Fees and other remuneration of Directors, including the Chairman, are determined by the shareholders' meeting. At the Annual General Meeting on 23 May 2022, it was resolved that Directors' fees of SEK 550,000 to the Chairman of the Board and SEK 250,000 to each of the other ordinary Directors be paid for the period until the end of the Annual General Meeting 2023. It was also resolved that the Chairman of the Audit Committee should receive SEK 95,000 and the other members of the Audit Committee SEK 40,000 each, and that the Chairman of the Remuneration Committee receive SEK 40,000 and the other members of the Remuneration Committee SEK 20,000 each and that the Chairman of the Drug development Committee should receive SEK 230, 000 and the other members of the Drug development Committee SEK 50 000 each. It was further resolved that, for each physical Board meeting (up to a maximum of six meetings) that is held in Sweden and attended by the Director, a meeting fee of SEK 20,000 be paid to each Director living outside the Nordic region.

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

CHIEF EXECUTIVE OFFICER AND MANAGEMENT

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

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

To assist him in his activities, the CEO has appointed a management team. For a more detailed presentation of the CEO and other members of the management team, see page 79-80.

Remuneration
At the Annual General Meeting on 27 May 2020, it was resolved to adopt guidelines for remuneration of the CEO and other senior executives in accordance with what is stated on page 35 of the annual report.

For information on the remuneration paid to the CEO and other senior executives in the financial year 2022, see Note 18 on page 56 of the annual report.

AUDITOR

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

For information on the remuneration paid to the auditor in the financial year 2022, see Note 6 on page 52 of the annual report.

AUTHORISATION TO ISSUE SHARES

At the Annual General Meeting of the Company on 23 May 2022, it was resolved to authorise the Board, during the period until the next AGM, on or one or several occasions and with or without pre-emption rights for existing shareholders, to decide to issue new shares, provided that such issuance not comprise more than ten per cent of the number of outstanding shares of the Company on the day of the AGM. It shall also be possible to stipulate that such new shares be issued for non-cash consideration or paid for by means of set-off or subject to other terms and conditions.

SHARE-BASED INCENTIVE SCHEMES

At the end of 2022, Cantargia had three incentive schemes for senior executives and key personnel of the Company. The incentive schemes have been introduced to provide longer-term incentives for the Company's management and employees and to promote investments in and ownership of the Company's shares.

Incentive scheme
At the Annual General Meeting of the Company on 23 May 2022, it was decided to introduce a variable share-based incentive scheme for 2022, aimed at senior executives and key personnel of the Company, based on the incentive scheme adopted at the 2020 AGM.

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

For further information about the scheme, see Note 19 on page 58 of the annual report.

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

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

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

For further information about the scheme, see Note 19 on page 58 of the annual report.

Employee Stock Option Scheme 2021/2024
At the Annual General Meeting on 26 May 2021, the shareholders approved the introduction of Employee Stock Option Scheme 2021/2024, compromising not more than 3,000,000 employee stock options. The purpose of the scheme is to enable the company to retain skilled personnel through a long-term incentive scheme.

The options will be offered to employees of or consultants to the company and will be allocated to the participants free of charge. The options have a three-year vesting period from the date of allocation, provided, with the usual exceptions, that the participant remains an employee of or continues to provide services to Cantargia. Once vested, the options can be exercised during a two-year period.

Each vested option gives the holder the right to purchase one share of the company at a pre-defined price. The price per share will be determined as 150 percent of the volume weighted average price of the company's shares traded on Nasdaq Stockholm during the ten trading days preceding the allocation date.

For further information about the scheme, see Note 19 on page 58 of the annual report.

Dilution
To enable the Company to deliver shares to participants in Employee Stock Option Scheme 2020/2023 as well as 2021/2024 in a simple and cost-effective manner, the AGM resolved to approve a directed issue of 4,900,000 warrants to the Company (i.e. Cantargia AB (publ)).

If fully exercised, the warrants would dilute the Company's share capital and voting rights by approximately 3.1 per cent.

INTERNAL CONTROL IN RESPECT OF FINANCIAL REPORTING

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

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

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

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

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

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

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

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

Auditor's report on the Corporate Governance Statement

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

Engagement and responsibility

It is the board of directors who is responsible for the corporate governance statement for the year 2022 (the financial year) on pages 69-74 and that it has been prepared in accordance with the Annual Accounts Act.

The scope of the audit

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

Opinions

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the annual accounts and the consolidated accounts and are in accordance with the Annual Accounts Act.

Malmö 27 april 2023
Öhrlings PricewaterhouseCoopers AB

Mikael Nilsson
Authorized Public Accountant


entargia

Board of Directors, senior executives, and auditors

BOARD OF DIRECTORS

Under Cantargia's Articles of Association, the Board of Directors shall consist of at least three and no more than eight Directors. At the Annual General Meeting on 23 May, 2022, it was resolved that the Board should consist of eight ordinary Directors with no deputies. The board members are elected for the period until the end of the 2022 Annual General Meeting.

Magnus Persson

Chairman of the Board since 2016, born 1960. Member of the Remuneration Committee and the Drug Development Committee.
Number of shares: 190,154

Magnus Persson is MD and associate professor in physiology at the Karolinska Institute in Stockholm. Persson has extensive experience of financing within the fields of medicine, life sciences and biotech. Persson has previously led development teams in clinical phase II and phase III programmes in the pharmaceutical industry and has founded and led private as well as public biotech and medtech companies, either as Chairman or Member of the Board, in Europe and the US. Persson has also been involved in multiple IPOs.

Persson is Chairman of the Board of Attgeno AB, Initiator Pharma AS, Eir Ventures Partners AB and associated companies and Board Member of Avalo Inc.

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

Karin Leandersson

Board member since 2016, born 1972. Member of the Audit Committee.
Number of shares: 2,500

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

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

Thoas Fioretos

Board member since 2010, born 1962. Member of the Remuneration Committee. Number of shares: 575,600

Thoas Fioretos is professor and physician at the Department of Clinical Genetics at Lund University. Fioretos research focuses on molecular and functional studies of genetic changes in leukaemia and how such changes can be used for diagnostic and therapeutic purposes. Fioretos has authored over 140 scientific publications and is one of the founders of Cantargia AB and the bio-IT company Qlucore AB. Fioretos is Board Member in Qlucore AB and alternate Board Member in Neodos AB.

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

Patricia Delaite

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

Patricia Delaite holds an MD/MBA from University of Geneva and Lausanne. Delaite has had leading positions at Nouscom, AMAL Therapeutics, Incytes International Biosciences, ARIAD Pharmaceuticals, Novartis, and Eli Lilly. Delaite also has 10 years of experience in clinical management from the University Hospital in Geneva.

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

Anders Martin-Löf

Board member since 2018, born 1971. Chairman of the Audit Committee. Number of shares: 50,000

Anders Martin-Löf is the incoming CFO of BioArctic AB and Board Member of Affibody Medical AB. He has extensive experience as CFO for companies listed on the Stockholm stock exchange and has served as CFO for A3P Biomedical AB, Oncopeptides AB, Wilson Therapeutics AB and RaySearch Laboratories AB. Martin-Löf has also held the position of Head of Investor Relations and different positions within business development at Swedish Orphan Biovitrum. Martin-Löf holds an MSc in Engineering Physics from the Royal Institute of Technology and a BSc in Business Administration and Economics from Stockholm University.

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

Flavia Borellini

Board Member since 2020, born 1959. Member of the Drug Development Committee. Number of shares: 0

Flavia Borellini holds a PhD in Pharmaceutical Chemistry and Technology from the University of Modena in Italy. Borellini has broad experience in oncology and other therapeutic areas and has held senior positions at Astra Zeneca (Global Franchise Head, Hematology and Vice President, Global Product and Portfolio Strategy), Acerta Pharma (CEO), ONYX Pharmaceuticals (Vice President, Program Leadership), and Roche/Genetech (Lifecycle Leader). Borellini serves as a Member of the Board of Directors of Kartos Therapeutics, Revolution Medicines and Viracta.

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

Magnus Nilsson

Board member since 2021, born 1956. Member of the Audit Committee. Number of shares: 100,000

Magnus Nilsson is founder, previously President and CEO, and since 2020 Senior Advisor at XVIVO Perfusion. Nilsson has also been President and CEO of Vitrolife and held prior to that various positions as Project Manager for drug development projects at Pharmacia & Upjohn, Pharmacia, and Karo Bio. Nilsson serves as a Member of the Board of Directors of Corline Biomedical. Nilsson is Doctor of Medicine (Med Dr Sc) from Uppsala University and has published over twenty scientific articles.

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

Damian Marron

Board member since 2021, born 1962. Chairman of the Remuneration Committee. Number of shares: 0

Damian Marron has extensive experience as a Board Member and CEO within the life science industry, with a successful track record of leadership and value creation in public and private biotechnology companies. Marron has held positions as CEO and Executive Vice President in several biotech companies. He is currently Chairman of the Board of Targovax ASA, Imophoron Ltd, CytoseeK Ltd and Board Member of Resolys Bio, and Head of Biopharma at Treehill Partners. Marron holds a BSc degree in Pharmacology from the University of Liverpool.

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

MANAGEMENT

Göran Forsberg

CEO employed since 2014, born 1963. Holdings: 246,412 shares and 575,000 options

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

Liselotte Larsson

COO employed since 2014, born 1963. Holdings: 58,166 shares and 205,000 options

Liselotte Larsson has a PhD in biotechnology and has over 25 years of experience in various management positions in pharmaceutical and biotechnology companies including BioGaia Fermentation, Novozymes Biopharma and Camurus. Larsson's main fields of expertise are business development, marketing & sales/out licensing, ISO certification, good manufacturing practice (GMP) and overall project management.

Lars Thorsson

VP Clinical Development employed since 2015, born 1961. Holdings: 131,036 shares and 205,000 options

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

David Liberg

VP Research employed since 2015, born 1969. Holdings: 15,044 shares and 205,000 options

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

Bengt Jöndell

CFO employed since 2017, born 1960. Holdings: 196,499 shares and 205,000 options

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

Nedjad Losic

VP Biometrics employed since 2021, born 1969. Holdings: 17,250 shares and 100,000 options

Nedjad Losic holds an MSc in Mathematics and a diploma in Management of Medical Product Innovation (SIMI). Losic has over 25 years of experience in providing biostatistics expertise in clinical drug development, mostly in antibody development and oncology. Losic has been directly involved in the planning and obtaining market approvals for several biological drugs at Genmab and Y-mAbs Therapeutics. He has previously held managerial positions and worked for Ferring, Spadille, Genmab and Y-mAbs.

Domenique Thersago

CFO employed since 2022, born 1962. Holdings: 0 shares and 150,000 options

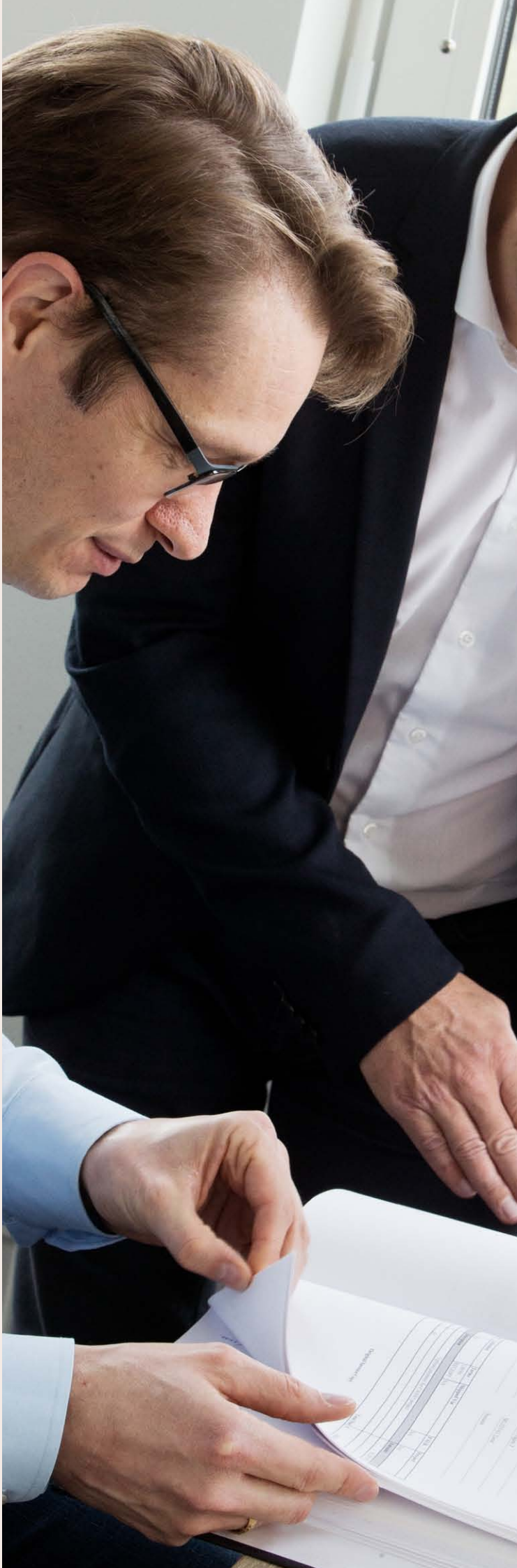
Dominique Tersago is MD and has over 25 years of experience in the biotech/pharmaceutical industry in early and late-stage clinical development, regulatory strategy and interactions. In biotech as of 2011, Tersago in the position of Chief Medical Officer has led the clinical development of various biologics and supported the transition and growth of the companies Ablynx, Bioncotech (now Highlight Therapeutics) and Exevir. Her experience covers the therapeutic areas of immune oncology, virology, auto-immune disease, and hematology. Pharmaceutical industry positions were with Bristol-Myers Squibb and Janssen Pharmaceutical.

Other disclosures on Directors and senior executives

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

Auditors

At the Annual General Meeting on 23 May 2022, Öhrlings PricewaterhouseCoopers AB were re-appointed as auditors for the Company for the period until the end of the Annual General Meeting 2023. Mikael Nilsson (born 1981) is auditor-in-charge. He is an Authorised Public Accountant and a member of FAR, the professional institute for accountants in Sweden.



ANNUAL GENERAL MEETING AND FINANCIAL CALENDAR

Cantargia's Annual General Meeting will be held on Tuesday 23 May 2023. Shareholders who wish to participate in the Annual General Meeting must be registered in the share register maintained by Euroclear Sweden AB as of Friday 12 May 2023 and register with the company no later than Tuesday 16 May 2023, in writing to Cantargia AB, Scheelevägen 27, SE-223 63 Lund. Shareholders can also register by telephone on +46 (0)46-27 56 260 or by e-mail at info@cantargia.com.

Shareholders whose shareholding is registered with a nominee must, to be entitled to participate in the AGM, ensure that their shareholding is temporarily re-registered in their own name with Euroclear Sweden AB so that the shareholder is registered in the share register as of 12 May 2023. Such registration may be temporary (registration of voting rights) and must be requested from the nominee in accordance with the nominee's procedures by the deadline specified by the nominee. Voting rights registered no later than the second business day after 12 May 2023 will be entered in the share register.

23 May 2023	Interim report January – March 2023
23 May 2023	Annual General Meeting
22 Aug 2023	Half-year report April – June 2023
10 Nov 2023	Interim report July – September 2023
22 Feb 2024	Year-end report for 2024

Cantargia

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