

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549**

FORM 8-K

**CURRENT REPORT
Pursuant to Section 13 or 15(d)
of The Securities Exchange Act of 1934**

Date of Report (Date of Earliest Event Reported): March 1, 2022 (February 24, 2022)

CANDEL THERAPEUTICS, INC.

(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

001-40629
(Commission
File Number)

52-2214851
(I.R.S. Employer
Identification No.)

Candel Therapeutics, Inc.
117 Kendrick St Suite 450
Needham, Massachusetts 02494
(Address of principal executive offices, including zip code)

(617) 916-5445
(Registrant's telephone number, including area code)

Not Applicable
(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trade Symbol(s)	Name of each exchange on which registered
Common Stock, \$0.01 par value per share	CADL	The Nasdaq Global Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (§230.405 of this chapter) or Rule 12b-2 of the Securities Exchange Act of 1934 (§240.12b-2 of this chapter).

Emerging growth company

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act.

Item 1.01 Entry into a Material Definitive Agreement.

On February 24, 2022 (the “Effective Date”), Candel Therapeutics, Inc. (the “Company”) entered into a loan and security agreement (the “SVB Loan Agreement”) with Silicon Valley Bank, as lender (“SVB”), pursuant to which SVB has agreed to provide term loans to the Company in an aggregate principal amount of up to \$25.0 million (the “SVB Term Loans”), consisting of (i) a Term A loan advance in the aggregate principal amount of \$20.0 million, available to the Company on or around the Effective Date, and (ii) a contingent Term B loan advance in an aggregate principal amount not to exceed \$5.0 million, available to the Company at any time on or prior to December 31, 2022, following the Company having provided evidence to SVB of (x) achievement of positive Phase 2 clinical activity data from the Company’s CAN-2409 NSCLC clinical trial, (y) dosing of its first patient in its Phase 3 CAN-2409 high grade glioma clinical trial and (z) receipt, after February 24, 2022, but on or prior to December 31, 2022, of unrestricted and unencumbered cumulative net cash proceeds in an amount equal to at least \$75,000,000.00 from the issuance and sale by the Company of its equity securities to investors acceptable to SVB.

The SVB Term Loans bear interest at a floating rate per annum equal to the greater of (A) 5.75% and (B) the prime rate (as published in the money rates section of The Wall Street Journal) plus 2.50%. On the first calendar day of each month, the Company will be required to make monthly interest payments, and commencing on February 1, 2024 (extended to February 1, 2025 if the Term B loan is advanced), the Company will be required to repay the SVB Term Loans in (i) 24 consecutive installments of principal plus monthly payments of accrued interest if the Term B loan is not advanced and (ii) 12 months if the Term B loan is advanced. All outstanding principal and accrued and unpaid interest under the SVB Term Loans and all other outstanding obligations with respect to the SVB Term Loans are due and payable in full on January 1, 2026. Upon repayment in full of the SVB Term Loans, the Company will be required to pay a final payment fee equal to 4.50% of the original principal amount of any funded term loan being repaid.

The SVB Loan Agreement permits voluntary prepayment of all, but not less than all, of the SVB Term Loans, subject to a prepayment premium except if the facility is refinanced with another SVB facility. Such prepayment premium would be 3.00% of the principal amount of the SVB Term Loans if prepaid on or prior to the first anniversary of the Effective Date, 2.00% of the principal amount of the SVB Term Loan if prepaid after the first anniversary of the Effective Date but on or prior to the second anniversary of the Effective Date, and 1.00% of the principal amount of the SVB Term Loan if prepaid after the second anniversary of the Effective Date.

The SVB Term Loans and related obligations under the SVB Loan Agreement are secured by substantially all of the Company’s properties, rights and assets, except for its intellectual property (which is subject to a negative pledge under the SVB Loan Agreement). The SVB Loan Agreement contains customary representations, warranties, events of default and covenants, including a requirement that the Company maintain in accounts of the Company at SVB unrestricted and unencumbered cash equal to the lesser of all of the Company’s consolidated cash and 110% of the then-outstanding obligations to SVB. The occurrence and continuation of an event of default could cause interest to be charged at the rate that is otherwise applicable plus 5.00% (unless SVB elects to impose a smaller increase) and would provide SVB with the right to accelerate all obligations under the SVB Loan Agreement and exercise remedies against the Company and the collateral securing the SVB Term Loan and other obligations under the SVB Loan Agreement, including sale and use of assets securing the SVB Term Loan and other obligations under the SVB Loan Agreement, including the Company’s cash.

The foregoing description of the SVB Loan Agreement does not purport to be complete and is qualified in its entirety by reference to the full text of the SVB Loan Agreement, a copy of which will be filed as an exhibit to the Company’s Annual Report on Form 10-K for the year ended December 31, 2021 and the Company’s Quarterly Report on Form 10-Q for the quarter ending March 31, 2022.

Item 2.03 Creation of a Direct Financial Obligation or an Obligation Under an Off-Balance Sheet Arrangement of a Registrant.

The information set forth in Item 1.01 of this Current Report on Form 8-K is incorporated by reference into this Item 2.03.

Item 7.01 Regulation FD Disclosure.

On March 1, 2022, the Company issued a press release announcing entry into the SVB Loan Agreement and providing an update on its cash runway. A copy of the press release is furnished as Exhibit 99.1 to this report.

The information furnished in Item 7.01 and Exhibit 99.1 hereto shall not be deemed to be “filed” for the purposes of Section 18 of the Securities Exchange Act of 1934, as amended, or otherwise subject to the liabilities of that section. Furthermore, such information shall not be incorporated by reference into any filing or other document pursuant to the Securities Act of 1933, as amended, except as shall be expressly set forth by specific reference in such filing or document.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits.

99.1 [Press release dated March 1, 2022](#)

104 **Cover Page Interactive Data File (embedded within the Inline XBRL document)**

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Candel Therapeutics, Inc.

Date: March 1, 2022

By: /s/ Paul Peter Tak

Name: Paul Peter Tak, M.D., Ph.D., FMedSci

Title: President and Chief Executive Officer



Candel Therapeutics Announces \$25 Million Non-dilutive Debt Financing Agreement with Silicon Valley Bank

- *Additional capital extends cash runway into Q4 of 2023*

NEEDHAM, Mass., March 1, 2022 (GLOBE NEWSWIRE) — Candel Therapeutics, Inc. (Nasdaq: CADL) (the “Company” or “Candel”), a late clinical stage biopharmaceutical company developing novel oncolytic viral immunotherapies, today announced that it has entered into a loan and security agreement with Silicon Valley Bank for \$25 million, \$20 million of which will be available immediately. An additional \$5 million may be made available in the future if certain conditions and milestones are met. The loan agreement requires monthly payments of interest only for 24 months, after which the principal is repayable in 24 monthly payments. This financing extends the Company’s cash runway into the fourth quarter of 2023.

“This access to additional capital positions us well ahead of important anticipated catalysts for the Company, including initial clinical data from the phase 2 clinical trial of CAN-2409 in non-small cell lung cancer, data from our phase 1 clinical trial of CAN-2409 in combination with Opdivo for the first-line treatment of high-grade glioma, data from our phase 1 clinical trial of CAN-3110 in recurrent high-grade glioma, and initiation of our phase 3 clinical trial of CAN-2409 in high-grade glioma,” said Paul Peter Tak, MD, PhD, FMedSci, Chief Executive Officer of Candel. “We are especially pleased with the attractive terms and non-dilutive nature of this financing, which bolsters our cash position and provides additional operational flexibility.”

About Candel Therapeutics

Candel is a late clinical-stage biopharmaceutical company focused on helping patients fight cancer with oncolytic viral immunotherapies. Candel’s engineered viruses are designed to induce immunogenic cell death through direct viral-mediated cytotoxicity in cancer cells, thus releasing tumor neo-antigens while creating a pro-inflammatory microenvironment at the site of injection. Candel has established two oncolytic viral immunotherapy platforms based on novel, genetically modified adenovirus and herpes simplex virus (HSV) constructs, respectively. CAN-2409 is the lead product candidate from the adenovirus platform and CAN-3110 is the lead product candidate from the HSV platform. The enLIGHTEN™ Discovery Platform is based on Candel’s HSV technology.

For more information about Candel, visit www.candeltx.com.

Forward-Looking Statements

This press release includes certain disclosures that contain “forward-looking statements,” within the meaning of the Private Securities Litigation Reform Act of 1995, as amended, including, without limitation, express or implied statements regarding the timing and advancement of development programs; key data readout milestones in the Company’s clinical trials; expectations regarding the therapeutic benefit of the Company’s programs; and expectations regarding cash runway and expenditures. The words “may,” “will,” “could,” “would,” “should,” “expect,” “plan,” “anticipate,” “intend,” “believe,” “estimate,” “predict,” “project,” “potential,” “continue,” “target” and similar expressions are intended to identify forward-looking statements, although not all forward-looking statements contain these identifying words. Any forward-looking statements in this press release are based on management’s current expectations and beliefs and are subject to a number of risks, uncertainties and important factors that may cause actual events or results to differ materially from those expressed or implied by any forward-looking statements contained in this press release, including, without limitation, those risks and uncertainties related to the timing and advancement of development programs; expectations regarding the therapeutic benefit of the Company’s programs; the Company’s ability to efficiently discover and develop product candidates; the Company’s ability to obtain and maintain regulatory approval of product candidates; the Company’s ability to maintain its intellectual property; the implementation of the Company’s business model, and strategic plans for the Company’s business and product candidates, and other risks identified in the Company’s SEC filings, including the Company’s Registration Statement on Form S-1, the Company’s Quarterly Report on Form 10-Q filed on November 12, 2021, and subsequent filings with the SEC. The Company cautions you not to place undue reliance on any forward-looking statements, which speak only as of the date they are made. The Company disclaims any obligation to publicly update or revise any such statements to reflect any change in expectations or in events, conditions or circumstances on which any such statements may be based, or that may affect the likelihood that actual results will differ from those set forth in the forward-looking statements. Any forward-looking statements contained in this press release represent the Company’s views only as of the date hereof and should not be relied upon as representing its views as of any subsequent date.

Media Contact

Heidi Chokeir, PhD
Managing Director
Canale Communications
heidi.chokeir@canalecomm.com
619-203-5391

Investor Contact

Sylvia Wheeler
Principal
Wheelhouse Life Science Advisors
swheeler@wheelhousesa.com