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Press release

Cantargia AB
556791-6019
19 February 2020

Cantargia has completed a directed share issue of approximately SEK 410 million

February 19, 2020 – The board of directors of Cantargia AB (publ) ("Cantargia" or the "Company") (Nasdaq Stockholm: CANTA) has, as indicated in the Company's press release earlier today, resolved to issue not more than 18,201,097 shares (the "New Shares"), where 7,280,439 shares are issued based on the authorization granted by Cantargia's annual general meeting on 27 May 2019 and 10,920,658 shares are issued subject to the subsequent approval of the extraordinary general meeting (together the "Directed Share Issue"). The subscription price in the Directed Share Issue is SEK 22.5 per share and has been determined through an accelerated book building procedure.[1] Through the Directed Share Issue, Cantargia will receive proceeds amounting to approximately SEK 410 million before transaction related costs. Investors in the Directed Share Issue are a wide range of Swedish and international investors including reputable new investors such as Swedbank Robur, HBM Healthcare Investments, Granite Point Capital and Unionen as well as current shareholders such as Fjärde AP-fonden, Alecta, Första AP-fonden and Handelsbanken Fonder.

The net proceeds from the Directed Share Issue are intended to be used to advance the Company's lead drug candidate, CAN04, towards phase III, including (i) additional clinical studies, (ii) CMC, late stage preparations, as well as to advance CANxx/CAN10 and for general corporate purposes and financial flexibility.

"*The interest in Cantargia is extremely motivating and we would like to thank the investors for the confidence in our R&D. With this additional capital, we now have the financial muscles to continue the advancement of our antibody CAN04 towards pivotal development and start clinical studies complementing the ongoing CANFOUR trial. In parallel to the clinical activities, we will be able to perform necessary validation of the production process, a key step forward in pharmaceutical development. Finally, it also provides funding for our second project, CAN10, to enter early clinical studies*" says Göran Forsberg, CEO of Cantargia. "*Overall, this investment provides the means towards our goal: to provide patients with life threating diseases effective and safe treatment options*".

The reasons for the deviation from the shareholders' pre-emptive rights are to raise capital for planned preparations towards a phase III clinical program in a timely and cost-efficient manner and to diversify the shareholder base.

The part of the Directed Share Issue which was resolved based on the authorization granted by the annual general meeting amounts to 7,280,439 shares and the part requiring the extraordinary general meeting's subsequent approval amounts to 10,920,658 shares. The reason that the Directed Share Issue is carried out based on an authorization as well as subject to a subsequent approval of the extraordinary general meeting is that the authorization granted by the annual general meeting only allows issuance of not more than 7,280,439 shares.

The Directed Share Issue will entail a dilution of approximately 20 percent of the number of outstanding shares and votes in the Company calculated after the Directed Share Issue. Calculated prior to the Directed Share Issue the dilution will amount to approximately 25 percent. Through the Directed Share Issue, the number of outstanding shares and votes will increase by 18,201,097 from 72,804,392 to 91,005,489. The share capital will increase by SEK 1,456,087.76 from SEK 5,824,351.36 to SEK 7,280,439.12.

In connection with the Directed Share Issue, the Company has undertaken, subject to customary exceptions, not to issue additional shares for a period of 180 calendar days after the settlement date. In addition, CEO and CFO as well as the

members of the board of directors of Cantargia who own shares, have agreed not to sell any shares in the Company for a period of 90 calendar days after the settlement date, subject to customary exceptions.

Sunstone, Fjärde AP-fonden and Alecta as well as several other larger shareholders, who together hold approximately 44 percent[2] of the shares and votes in Cantargia, have undertaken to vote in favor of the board of directors' issue resolution at the extraordinary general meeting. A notice to the extraordinary general meeting will be announced separately.

Advisers

Carnegie Investment Bank AB (publ) and Zonda Partners AB have acted as Joint Bookrunners (jointly referred to as the "**Joint Bookrunners**") in connection with the Directed Share Issue. Advokatfirman Vinge acted as legal counsel to the Company, and Baker McKenzie acted as legal counsel to the Joint Bookrunners in connection with the Directed Share Issue.

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This is information that Cantargia AB (publ) is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person above, on 19 February 2020 at 23:25 (CET).

About Cantargia

Cantargia AB (publ), reg. no. 556791-6019, is a biotechnology company that develops antibody-based treatments for life-threatening diseases. The basis for this is the protein IL1RAP that is involved in a number of diseases and where Cantargia has established a platform. The main project, the antibody CAN04, is being studied in the clinical phase I/IIa CANFOUR study with a primary focus on non-small cell lung cancer and pancreatic cancer. The study is focused on combination therapies, but also includes a monotherapy arm. Positive interim data from the combination therapies were presented in December 2019. Cantargia's second project, the antibody CAN10, addresses treatment of serious autoimmune/inflammatory diseases, with initial focus on systemic sclerosis and myocarditis.

Cantargia is listed on Nasdaq Stockholm (ticker: CANTA). More information about Cantargia is available at http://www.cantargia.com.

About CAN04

The antibody CAN04 binds IL1RAP with high affinity and functions through both ADCC and blockade of IL-1α and IL-1β signaling. CAN04 is investigated in an open label phase I/IIa clinical trial, CANFOUR, examining first line chemotherapy combination with two different standard regimes in 31 patients with NSCLC (gemcitabine/cisplatin) and 31 patients with PDAC (gemcitabine/nab-paclitaxel) as well as monotherapy in late stage patients (www.clinicaltrials.gov). The phase I monotherapy data from 22 patients were presented at ASCO 2019 and showed a good safety with infusion related reaction being the most common side effect. In addition, the biomarkers IL6 and CRP were decreased with treatment and 9/21 patients had stable disease. Positive interim data from the combination therapies were presented in December 2019. A phase I trial investigating CAN04 in combination with an immune checkpoint inhibitor is planned to start H1 2020.

the Joint Bookrunners. The information contained in this announcement is for background purposes only and does not purport to be full or complete. No reliance may be placed for any purpose on the information contained in this announcement or its accuracy or completeness.

This press release does not constitute or form part of an offer or solicitation to purchase or subscribe for securities in the United States. The securities referred to herein may not be sold in the United States absent registration or an exemption from registration under the US Securities Act of 1933, as amended (the "**Securities Act**"), and may not be offered or sold within the United States absent registration or an applicable exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. There is no intention to register any securities referred to herein in the United States or to make a public offering of the securities in the United States. The information in this press release may not be announced, published, copied, reproduced or distributed, directly or indirectly, in whole or in part, within or into, to the United States of America, Australia, Canada, Hong Kong, Israel, Japan, New Zealand, Singapore, South Africa, Switzerland or in any other jurisdiction where the announcement, publication or distribution of the information would not comply with applicable laws and regulations or where such actions are subject to legal restrictions or would require additional registration or other measures than what is required under Swedish law. Actions taken in violation of this instruction may constitute a crime against applicable securities laws and regulations.

This press release is not a prospectus for the purposes of the (EU) Regulation 2017/1129 (the "**Prospectus Regulation**") and has not been approved by any regulatory authority in any jurisdiction. Cantargia has not authorized any offer to the public of shares or rights in any member state of the EEA and no prospectus has been or will be prepared in connection with the Directed Share Issue for the purpose of any offer to the public. In any EEA Member State, this communication is only addressed to and is only directed at qualified investors in that Member State within the meaning of the Prospectus Regulation.

In the United Kingdom, this press release and any other materials in relation to the securities described herein is only being distributed to, and is only directed at, and any investment or investment activity to which this document relates is available only to, and will be engaged in only with, "qualified investors" who are (i) persons having professional experience in matters relating to investments who fall within the definition of "investment professionals" in Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (the "**Order**"); or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order (all such persons together being referred to as "**relevant persons**"). In the United Kingdom, any investment or investment activity to which this communication relates is available only to, and will be engaged in only with, relevant persons. Persons who are not relevant persons should not take any action on the basis of this press release and should not act or rely on it.

Information to distributors

Solely for the purposes of the product governance requirements contained within: (a) EU Directive 2014/65/EU on markets in financial instruments, as amended ("**MiFID II**"); (b) Articles 9 and 10 of Commission Delegated Directive (EU) 2017/593 supplementing MiFID II; and (c) local implementing measures (together, the "**MiFID II Product Governance Requirements**"), and disclaiming all and any liability, whether arising in tort, contract or otherwise, which any "manufacturer" (for the purposes of the MiFID II Product Governance Requirements) may otherwise have with respect thereto, the New Shares have been subject to a product approval process, which has determined that the New Shares are: (i) compatible with an end target market of retail investors and investors who meet the criteria of professional clients and eligible counterparties, each as defined in MiFID II; and (ii) eligible for distribution through all distribution channels as are permitted by MiFID II (the "**Target Market Assessment**"). Notwithstanding the Target Market Assessment, distributors should note that: the price of the New Shares may decline and investors could lose all or part of their investment; the New Shares offer no guaranteed income and no capital protection; and an investment in the New Shares is compatible only with investors who do not need a guaranteed income or capital protection, who (either alone or in conjunction with an appropriate financial or other adviser) are capable of evaluating the merits and risks of such an investment and who have sufficient resources to be able to bear any losses that may result therefrom. The Target Market Assessment is without prejudice to the requirements of any contractual, legal or regulatory selling restrictions in relation to the Directed Share Issue. Furthermore, it is noted that, notwithstanding the Target Market Assessment, the Joint Bookrunners will only procure investors who meet the criteria of professional clients and eligible counterparties.

For the avoidance of doubt, the Target Market Assessment does not constitute: (a) an assessment of suitability or appropriateness for the purposes of MiFID II; or (b) a recommendation to any investor or group of investors to invest in, or purchase, or take any other action whatsoever with respect to the New Shares.

Each distributor is responsible for undertaking its own target market assessment in respect of the New Shares and determining appropriate distribution channels.

Forward-looking statements

This press release contains forward-looking statements that reflect the Company's intentions, beliefs, or current expectations about and targets for the Company's future results of operations, financial condition, liquidity, performance, prospects, anticipated growth, strategies and opportunities and the markets in which the Company operates, including with respect to prospects for pharmaceutical treatments and studies. Forward-looking statements are statements that are not historical facts and may be identified by words such as "believe", "expect", "anticipate", "intend", "may", "plan", "estimate", "will", "should", "could", "aim" or "might", or, in each case, their negative, or similar expressions. The forward-looking statements in this press release are based upon various assumptions, many of which are based, in turn, upon further assumptions. Although the Company believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurances that they will materialize or prove to be correct. Because these statements are based on assumptions or estimates and are subject to risks and uncertainties, the actual results or outcome could differ materially from those set out in the forward-looking statements as a result of many factors. Such risks, uncertainties, contingencies and other important factors could cause actual events to differ materially from the expectations expressed or implied in this release by such forward-looking statements. The Company does not guarantee that the assumptions underlying the forward-looking statements in this press release are free from errors nor does it accept any responsibility for the future accuracy of the opinions expressed in this press release or any obligation to update or revise the statements in this press release to reflect subsequent events. Undue reliance should not be placed on the forward-looking statements in this press release. The information, opinions and forward-looking statements contained in this press release speak only as at its date and are subject to change without notice. The Company does not undertake any obligation to review, update, confirm or to release publicly any revisions to any forward-looking statements to reflect events that occur or circumstances that arise in relation to the content of this press release.

[1] The subscription price corresponds to the volume weighted average price of the last 20 trading days and a 6 percent discount to the closing price 19 February 2020.

[2] Voting undertakings corresponds to approximately 40 percent of the outstanding shares including the 7,280,439 additional shares issued as part of the Directed Share Issue which was resolved based on the authorization granted by the annual general meeting.