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Press release
Cantargia AB
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Cantargia: Combined directed issue and fully guaranteed rights issue of 232 MSEK for its expanded clinical program of immuno-oncology antibody CAN04

The Board of Directors of Cantargia AB (publ) ("Cantargia" or the "Company") resolved on November 9, 2017 to carry out a directed new share issue of approximately SEK 101 million and a fully guaranteed rights issue of approximately SEK 131 million. The Board's resolution requires approval by an Extraordinary General Meeting on November 27, 2017. Notice of the Extraordinary General Meeting will be published in a separate press release.

- Through the issues, the Company receives full funding of the expanded clinical development plan of its lead compound CAN04

- Through the directed issue, Cantargia gets several institutional owners, including First AP Fund, Second AP Fund, Fourth AP Fund, Nordic Cross Stable Return and Handelsbanken Läkemedelsfond.

- The company's second largest owner Sunstone Life Science Ventures has undertaken to subscribe for shares of the equivalent of SEK 25 million in the rights issue

- The company intends to apply for listing on Nasdaq Stockholm's main market in 2018

Background and reasons

The issues allow full funding until 2020 of the Company's expanded clinical development plan for the leading drug candidate CAN04, for the treatment of non-small cell lung cancer (NSCLC) and pancreatic cancer - two of the Company's prioritized indication areas.

Antibody-based immuno-oncological treatments for life-threatening cancer have proven to be successful, and Cantargia has created an increasingly prominent position in this highly interesting area. This much thanks to its strong patent portfolio and CAN04, an antibody targeting the target molecule IL1RAP (*interleukin 1 receptor accessory protein*), which is found in a large number of cancers.

"*Now that we have started the clinical CANFOUR trial, we have noticed a great interest in Cantargia, while independent data published in the scientific journal The Lancet has shown that an antibody reminiscent of CAN04 can reduce the risk of lung cancer. Many stakeholders support our new, offensive clinical program in lung cancer and pancreatic cancer, where CAN04 has a broader mechanism of action than the antibody that showed promising results. The capital raise allows us to expand the current phase I/IIa study, with both more patients and more combinations*", said Cantargia's CEO Göran Forsberg.

"I am very pleased and proud of the support and trust a number of reputable institutional investors give us. The targeted issue is transforming and very positive for us and strengthens the ownership of the Company", he continued. *"It is also gratifying that several of our existing owners continue to support the Company and that Sunstone Life Science Ventures, one of the leading life science investors in the Nordic region, chooses to expand its commitment to Cantargia."*

The recently initiated CANFOUR study with CAN04 is a two-part Phase I/IIa study, where the primary goal of the first part, which is made in patients, is to investigate safety. Other intermediate goals include pharmacokinetics, biomarkers and efficacy. The final result of the Phase I part of the study is expected to be obtained in the summer of 2018. Immediately following the completion of the Phase I part, the Phase IIa study begins with the aim of obtaining signals on biomarkers and antitumor activity. This part will be performed both as monotherapy and in combination with existing treatments. This means that combination studies are initiated in both NSCLC and pancreatic cancer.

The clinical studies have the potential to establish CAN04 as a promising drug candidate in several major cancer indications. Furthermore, the studies can result in significant commercial value in CAN04, thus creating good conditions for entering into license agreements with major players for the continued development of the project towards market approval.

In order to further strengthen Cantargia, the Company intends to apply for listing on Nasdaq Stockholm's main market in 2018.

Summary of the new issues

- The Board of Directors in Cantargia has resolved, subject to the approval of an Extraordinary General Meeting ("EGM"), to implement a capitalization of approximately SEK 232 million, through a directed share issue of approximately SEK 101 million, and a rights issue of approximately SEK 131 million, before issue costs.
- The directed issue comprises 14,865,000 shares issued at the price of SEK 6.80 per share. The Company has received binding subscription commitments in the directed issue from institutional investors, including the First AP Fund (SEK 30.9 million), the Fourth AP Fund (SEK 18.7 million), the Second AP Fund (SEK 15.0 million), Nordic Cross (SEK 12.9 million) and Handelsbanken Fonder (SEK 6.8 million), as well as a number of private and institutional investors (totaling SEK 16.8 million).
- The terms of the rights issue imply that three (3) new shares are issued for every five (5) existing shares, resulting in a maximum of 19,245,304 shares being issued at the price of SEK 6.80 per share.
- Both new issues require approval at the EGM to be held on November 27, 2017. Notice of the EGM is published in a separate press release.

- Cantargia's second largest owner, Sunstone Life Science Ventures, has undertaken to subscribe for its pre-emptive share of the rights issue of approximately 7.2 percent, corresponding to approximately SEK 9.4 million. In addition, through acquisition of subscription rights, Sunstone Life Science Ventures has undertaken to subscribe for an additional 11.9 percent of the rights issue, corresponding to approximately SEK 15.6 million. In total, Sunstone Life Science Ventures has undertaken to subscribe for shares of SEK 25 million, corresponding to approximately 19.1 percent of the rights issue.
- A number of additional existing shareholders and external investors have undertaken to subscribe for a total of approximately SEK 14.8 million, corresponding to approximately 11.3 percent of the rights issue. The Company's management team participates with at least its pre-emptive part.
- The total subscription undertakings in the rights issue amount to approximately SEK 39.8 million, corresponding to approximately 30.4 percent of the rights issue. The remaining part of the rights issue is secured through guarantee commitments.
- The record date for participation in the rights issue is November 29, 2017. Subscribers in the directed issue will not receive any new shares before the record date and will thus not receive subscription rights in the rights issue.
- The subscription period in the rights issue is between 1 and 15 December 2017.

The rights issue

Cantargia's Board of Directors resolved on November 9, 2017, subject to the approval of the EGM, to issue up to 19,245,304 new shares with pre-emptive rights for the Company's existing shareholders. The subscription price amounts to SEK 6.80 per share, which means that the Company will receive approximately SEK 131 million before issue costs.

The right to subscribe for new shares shall be granted with pre-emptive rights to the Company's shareholders, with five existing shares entitling to subscribe for three new shares. Subscription can also be done without pre-emptive rights in accordance with the complete terms of the rights issue.

The record date for participation in the rights issue is November 29, 2017 and the subscription period runs from 1 to 15 December 2017. The last date for trading in the Cantargia share including the right to participate in the rights issue is November 27, 2017. Trading in subscription rights occurs during the period 1 – 13 December 2017.

Total subscription undertakings amount to approximately SEK 39.8 million, corresponding to approximately 30.4 percent of the rights issue. In addition, guarantee commitments amount to approximately SEK 91.1 million, corresponding to approximately 69.6 percent of the rights issue. The rights issue is thus fully secured through subscriptions undertakings and guarantee commitments.

The Board's resolution on the new share issue will be submitted to an EGM for approval on November 27, 2017. Notice of the EGM will be published in a separate press release.

Full terms and conditions for the rights issue and other information about the Company will be disclosed in a prospectus published before the commencement of the subscription period.

Rights issue preliminary timelines

27 November	Extraordinary General Meeting
27 November	Last day of trading inclusive subscription rights
28 November	First day of trading exclusive subscription rights
29 November	Record date for participation in the rights issue, i.e. shareholders who are registered in the Company's share register as of this day will receive subscription rights for participation in the rights issue
1 – 13 December	Trading in subscription rights
1 – 15 December	Subscription period
Around 21 December	Announcement of the outcome of the rights issue

The directed issue

Cantargia's Board of Directors resolved on November 9, 2017, subject to the approval of the EGM, also to implement a directed issue of shares amounting to approximately SEK 101 million before issue costs. The Company has received binding commitments in the directed issue from a number of institutional investors, including the First AP Fund (SEK 30.9 million), the Fourth AP Fund (SEK 18.7 million), the Second AP Fund (SEK 15.0 million), Nordic Cross (SEK 12.9 million) and Handelsbanken Fonder (SEK 6.8 million), as well as a number of private and institutional investors (totaling SEK 16.8 million)[1].

In the directed issue, 14,865,000 shares are issued at a subscription price of SEK 6.80. The directed issue is conditional upon approval by the EGM on November 27, 2017.

The reasons for the deviation from shareholders' pre-emptive rights are that it is considered to be beneficial for Cantargia and its shareholders to broaden the shareholder base and to exploit the opportunity to acquire capital on favorable terms on the Company.

The shares issued in the directed issue are expected to be traded on Nasdaq First North at the same time as the shares issued in the rights issue. The shares subscribed for in the directed issue do not entitle to participation in the rights issue.

Company presentation

In connection with the new issues, the Company will present in Stockholm on 7 December at 18:00 at Erik Penser Bank, Apelbergsgatan 27. For attendance, notify to seminarium@penser.se.

Additional presentations will be announced separately, including the Company's website (www.cantargia.com).

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[1] The investors include Familjen Kamprads Stiftelse, Swedish Growth Fund, Lennart Sten (through company), Lennart Nilsson (through company), Ulf Strömsten (through company) and Mikael Hanell.

Financial and legal advisors

Erik Penser Bank is financial advisor and Advokatfirman Vinge is legal adviser to Cantargia in connection with the issues. Asperia AB acts as strategic advisor to the Company.

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This constitutes information that Cantargia is required to publish under the EU's Market Abuse Regulation. The information was submitted for publication through the above contact person on November 9, 2017, at 19.30 CET.

About Cantargia

Cantargia AB (publ), reg.no. 556791-6019, is a biotech company that is developing antibody-based treatments for life threatening diseases. The original discovery by the research team behind Cantargia was the overexpression of a specific target molecule, interleukin 1 receptor accessory protein "IL1RAP", in leukemia stem cells, later research has also identified IL1RAP in a large number of other forms of cancer. The lead compound, CAN04 directed against IL1RAP, will be investigated in the CANFOUR phase I/IIa clinical trial in with primary focus on non-small lung cancer and pancreatic cancer. CAN04 has a dual mechanism of action, it blocks IL1RAP function and stimulates the immune system to eradicate tumor cells. Cantargia's second project is in discovery phase with the goal to develop an IL1RAP binding antibody optimized for therapy of autoimmunity and inflammatory diseases.

Cantargia is listed on Nasdaq Stockholm First North (ticker: CANTA). Sedermera Fondkommission is the company's Certified Adviser. More information about Cantargia is available at http://www.cantargia.com.

IMPORTANT INFORMATION

This press release is not an offer to subscribe for shares in Cantargia and investors should not subscribe for or purchase any securities, except on the basis of information provided in the prospectus.

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The new shares, BTAs and subscription rights have not been recommended or approved by any United States federal or state securities commission or regulatory authority. No new shares, BTAs, subscription rights or other securities issued by Cantargia have been or will be registered under the U.S. Securities Act of 1933, as amended, or under the securities legislation in any state of the United States, and may not be offered, exercised or sold in the United States absent registration or an applicable exemption from registration requirements. There is no intention to register any portion of the offering in the United States or to conduct a public offering of securities in the United States.

The Company has not authorized any offer of the securities referred to herein to the public in any country in the European Economic Area ("EEA") other than Sweden. In other member states in the EEA, the securities may only be offered to (i) any legal entity which is a qualified investor as defined in the Directive 2003/71/EC (the "Prospectus Directive"); or (ii) any person falling within Article 3(2) of the Prospectus Directive.

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This press release may contain forward-looking statements which reflect Cantargia's current view on future events and financial and operational development. Words such as "intend", "will", "expect", "anticipate", "may", "plan", "estimate" and other expressions that imply indications or predictions of future development or trends, constitute forward-looking statements. Forward-looking statements inherently involve both known and unknown risks and uncertainties as they depend on future events and circumstances. Forward-looking statements do not guarantee future results or development and the actual outcome could differ materially from the forward-looking statements. The information, opinions and forward-looking statements included in this press release speak only as of its date and are subject to change without notice.