



Press release

Cantargia AB
556791-6019
28 April 2020

Notice of annual general meeting in Cantargia AB (publ)

The shareholders of Cantargia AB (publ) are invited to the annual general meeting on Wednesday, 27 May 2020, at 16.00 CET at Ideon Gateway, Scheelevägen 27, Lund, Sweden.

Right to participate and notice

Shareholders who wish to participate in the meeting must:

- be recorded in the share register maintained by Euroclear Sweden AB on Wednesday, 20 May 2020, and
- notify the company of their intention to participate in the meeting not later than Wednesday, 20 May 2020. The notification shall be made by regular mail to Cantargia AB (publ), Scheelevägen 27, SE-223 63 Lund, Sweden. Notification may also be made by telephone +46 (0)46-27 56 260 or by e-mail info@cantargia.com. The notification shall set forth name, social security number or company registration number, number of shares, address, daytime telephone number and, where applicable, the number of advisors (maximum two) that will accompany the shareholder at the meeting.

Nominee registered shares

Shareholders whose shares are nominee registered with a bank or other nominee, must, in order to be entitled to participate at the meeting, re-register the shares in their own name. Such re-registration, which may be temporary, must be completed on Wednesday, 20 May 2020. Accordingly, shareholders who wish to re-register their shares must inform the nominee of this request well in advance of the said date.

Proxy etc.

Shareholder represented by a proxy shall issue a power of attorney for the proxy. If the power of attorney is issued on behalf of a legal entity, a registration certificate or the equivalent indicating the authorized signatories of the legal entity must be enclosed. The original power of attorney, and any registration certificate or the equivalent document, shall be sent to the company at the address above well in advance of the meeting. Proxy forms are available at the company's website www.cantargia.com and will, upon request, be sent by regular mail to shareholders stating their postal address.

Information due to the coronavirus

Against the background of the coronavirus, Cantargia does not want shareholders to physically attend this year's annual general meeting. Cantargia therefore urges all shareholders to carefully consider using the opportunity to be represented by proxy or to vote in advance (see below). Any questions that shareholders may have can with advantage be sent to the company prior to the meeting at info@cantargia.com. No refreshments will be served and in order to reduce the length of the meeting, no presentations will be made at the meeting.

Advance voting

The shareholders may exercise their voting rights at the general meeting by voting in advance. Cantargia encourages the shareholders to use this opportunity in order to minimise the number of participants attending the general meeting in person and thus reduce the spread of the virus. A special form shall be used for advance voting. The form is available on Cantargia's website, www.cantargia.com. A shareholder exercising its voting right through advance voting do not need to notify the company of its attendance to the general meeting. The advance voting form is considered as the notification of attendance to the general meeting. The completed voting form must be submitted to Cantargia so that it is received no later than Wednesday, 20 May 2020. The completed and signed form shall be sent to the postal address or e-mail address stated under the section "Right to participate and notice" above. If the shareholder is a legal entity or is voting in advance by proxy, a certificate of incorporation or a corresponding document shall be enclosed to the form. The shareholder may not prove the advance vote with special instructions or conditions. If so, the vote is invalid. Further instructions and conditions is included in the form for advance voting.

Number of shares and votes

As per the date of this notice, there are 91,005,489 outstanding shares and votes in the company. The company holds no treasury shares.

Proposed agenda:

1. Opening of the meeting
2. Election of chairman of the meeting
3. Preparation and approval of voting list
4. Approval of the agenda
5. Election of one or two persons to verify the minutes
6. Determination of whether the meeting has been duly convened
7. Presentation of the annual report and auditor's report
8. Resolutions
 - a) on the adoption of the income statement and the balance sheet
 - b) on the disposition of the company's results as per the adopted balance sheet
 - c) on discharge from liability of the members of the board of directors and the CEO
9. Determination of the number of members of the board of directors and auditors
10. Determination of fees to be paid to the board of directors and auditor
11. Election of the members of the board of directors and auditor
 - a) Re-election of Claus Asbjørn Andersson as board member
 - b) Re-election of Patricia Delaite as board member
 - c) Re-election of Thoas Fioretos as board member
 - d) Re-election of Karin Leandersson as board member
 - e) Re-election of Anders Martin-Löf as board member
 - f) Re-election of Magnus Persson as board member
 - g) Re-election of Magnus Persson as chairman of the board
 - h) Re-election of Öhrlings PricewaterhouseCoopers AB as auditor
12. Resolution on the nomination committee
13. Resolution on guidelines for remuneration of senior executives
14. The board of directors' proposal regarding implementation of a long term share based incentive scheme
15. The board of directors' proposal regarding implementation of a long term employee option program
16. The board of directors' proposed resolution on share issue authorization
17. Closing of the meeting

Disposition of the company's results (item 8 b)

The board proposes that no dividend shall be distributed, and that the company's accumulated results shall be carried forward.

The nomination committee's proposal (items 2 and 9 - 11)

The nomination committee, consisting of Sten Verland (partner at Sunstone Life Science Ventures), Chairman, Jannis Kitsakis (Fourth Swedish National Pension Fund), Alexander Mata (Alecta Pensionsförsäkring, Ömsesidigt) and Magnus Persson, chairman of the board, proposes the following:

- that attorney-at-law Erik Sjöman is elected chairman of the annual general meeting;
- that the board of directors shall consist of six members with no deputies;
- that the remuneration to the members of the board, including remuneration for the work performed on the board's committees, shall amount to SEK 1,640,000 in total, of which SEK 450,000 shall be distributed to the chairman of the board and SEK 200,000 shall be distributed to each of the other board members. As remuneration for work performed in a committee, an amount of SEK 190,000 in total is proposed to be distributed in accordance with the following: SEK 70,000 shall be distributed to the chairman of the audit committee and SEK 30,000 to each of the other members of the audit committee, SEK 30,000 shall be distributed to the chairman of the remuneration committee and SEK 15,000 to each of the other members of the remuneration committee. In addition, SEK 20,000 shall be distributed to each member residing outside the Nordic region for each physical board meeting (however, not more than six meetings) held in Sweden, attended by such member;
- that the board members Claus Asbjørn Andersson, Patricia Delaite, Thoas Fioretos, Karin Leandersson, Anders Martin-Löf and Magnus Persson are re-elected.
- that Magnus Persson is re-elected chairman of the board;
- that the company shall have one auditor with no deputies;
- that remuneration to the auditor shall be paid in accordance with approved invoices; and
- that Öhrlings PricewaterhouseCoopers AB is re-elected as the company's auditor (Ola Bjärehäll is intended to serve as auditor-in-charge).

The proposal regarding the auditor is in accordance with the audit committee's recommendation.

Nomination committee (item 12)

The nomination committee proposes that the annual general meeting resolves:

- to instruct the chairman of the board to convene a nomination committee, based on the ownership structure in the company as per the end of September 2020, consisting of one member appointed by each of the three largest shareholders of the company as well as the chairman of the board,
- that in the event any of the three largest shareholders refrain from its right to appoint a member of the nomination committee, this right shall be vested in the shareholder that, after these three shareholders, has the largest shareholding,
- that the chairman of the nomination committee shall, unless otherwise resolved by the nomination committee, be the member appointed by the shareholder with the largest shareholding,
- that in the event any of the shareholders that have appointed a member of the nomination committee sells a nonnegligible portion of its shareholding during the nomination committee's period of mandate, or for other reason ceases to be a major shareholder entitled to appoint a member of the nomination committee, the member appointed by that shareholder shall resign from the nomination committee. Such member shall, if deemed appropriate by the nomination committee, be replaced by a member appointed by the shareholder who instead qualifies as one of the three largest shareholders of the company,
- that in the event a member no longer represents the shareholder that he was appointed by, or if the member for other reasons resigns from the nomination committee before its work has been completed, the shareholder shall be given the opportunity to appoint a new member of the nomination committee, and
- that the nomination committee shall fulfil the duties incumbent upon it under the Swedish Corporate Governance Code.

Guidelines for remuneration to senior executives (item 13)

The board of directors proposes that the annual general meeting resolves to adopt guidelines principally entailing that the company shall offer a competitive remuneration in order to be able to recruit and retain qualified personnel who are working to achieve the maximum level of shareholder and customer value. The remuneration to the executive management may consist of the following components: base cash salary, variable cash remuneration, pension benefits and other benefits.

The base cash salary shall be individual and relate to the relevant person's responsibilities, role, competence and position. The variable cash remuneration may for the CEO amount to not more than 30 per cent of the total fixed annual cash salary. For other senior executives the variable cash remuneration may amount to not more than 20 per cent of the total fixed annual cash salary. Variable cash remuneration may qualify for pension benefits if mandatory under applicable collective agreement provisions.

Variable cash remuneration shall be linked to predetermined and measurable criteria, which can be financial or non-financial, designed to contribute to the company's long-term value creation. The criteria shall relate to the development of Cantargia's projects and the partnerships the company enters into for acceleration of the clinical development and future commercialization, as well as the remuneration (such as upfront fees when the agreement is entered into, milestone payments or royalties) resulting from this development. Furthermore, the criteria shall be designed so as to contribute to Cantargia's business strategy and long-term interests, including its sustainability.

Pension benefits shall be premium defined unless the individual concerned is subject to defined benefit pension under mandatory collective agreement provisions. The pension premiums for premium defined pension shall amount to not more than 35 per cent of the fixed annual cash salary.

Other benefits may include, for example, health care insurances and health services. Such benefits shall be of limited value in relation to other compensation and shall correspond to customary market terms in each geographic market. Other benefits may amount to not more than 10 per cent of the annual base cash salary.

The board of directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve Cantargia's long-term interests, including its sustainability, or to ensure Cantargia's financial viability.

Share based incentive scheme (item 14)

The board of directors proposes that the annual general meeting resolves to adopt a long-term variable share-based incentive scheme for senior executives and key personnel within the company. The proposal is based on the incentive scheme that was adopted by the 2019 annual general meeting. It has been initiated by Cantargia's board of directors and has been designed in collaboration with external advisors and prepared by the remuneration committee and examined at

board meetings.

Purpose and scope of the scheme

In order to create a long-term incentive for the company's management team and to promote investments in and ownership of Cantargia shares, all members of the company's management team, including the CEO, as well as other key personnel will be offered variable long-term remuneration in the form of a group bonus for acquisition of shares of the company (the "Scheme"). The Scheme is a variable long-term remuneration scheme under which the participants commit to use distributed variable cash remuneration to acquire shares in the company. The participants will acquire the shares on the stock market. In terms of the CEO, the Scheme applies in addition to any variable remuneration in accordance with the remuneration guidelines above. It is intended that the Scheme shall recur annually.

The maximum pay out to each Scheme participant for 2020 is capped at 10 per cent of the participant's base cash salary. The total size of the Scheme for 2020 is capped at SEK 1,400,000, excluding social security contributions. In case of partial target achievement, a portion of the maximum amount will be distributed.

Performance requirements and target achievement

The Scheme is based on the annual bonus target or targets set up by the company's board of directors and that refer to the company's activities, financial key performance indicators and internal processes. The resolution on the annual amount available under the Scheme will be integrated in the annual evaluation process for the total variable remuneration in order to link annual performances to long-term targets, to increase employee shareholding in Cantargia and to retain competent staff at competitive terms.

Target achievement will be assessed by the company's board of directors in connection with the adoption of the annual report for each year. To be entitled to a portion of the group bonus for acquisition of shares under the Scheme, the employee must be a permanent employee. In addition, the employee must have been employed by the company for at least one year. A draft resolution on which employees that will be subject to the Scheme will be drawn up by the remuneration committee in consultation with the CEO. The board of directors will resolve upon which employees that will be subject to the Scheme.

Distribution and acquisition of Cantargia share

When the target achievement has been determined by the company's board of directors, the amount will be distributed to each participant in the Scheme within four weeks of the adoption of the annual report. The acquisition of shares by the participant shall be made as soon as possible after the distribution from the company. In the event the participant is prevented from acquiring shares of the company, due to for example applicable market abuse regulations, the company's board of directors may permit that the acquisition of shares under the Scheme takes place at a later stage.

Participants are required to use their entire remuneration under the Scheme, net of tax, to acquire Cantargia shares on the stock market. Shares acquired by a participant under the Scheme must be held by the participant under a three-year period after the distribution.

The company will pay social-security contributions on variable remuneration distributed under the Scheme. However, the remuneration distributed under the Scheme will not entitle to pension contributions or holiday pay in addition to what is provided under mandatory legislation.

Termination of employment or breach of contract

A participant whose employment ceases as a result of termination by the employee or by the company or for other reasons will be required to continue to hold shares acquired in accordance with the provisions of the Scheme.

In the event a participant violates the terms of the Scheme, for example by failing to provide information on the status of its shareholding, the company may require that the participant sells all shares acquired under the Scheme, whereby the gross amount received by the participant through the sale shall be reimbursed to the company. In the event the participant sells shares in breach of the terms of the Scheme, the participant is required to pay a penalty to the company corresponding to the gross amount that the employee has received through the sale of the shares.

Principles for annual variable remuneration and the Scheme

When designing the annual variable remuneration and the Scheme, the board of directors shall consider introducing conditions which:

- disqualify a person from future participation in variable or long-term remuneration schemes, if that person sells shares in breach of the provisions of the Scheme;
- make the distribution of a certain portion of such remuneration contingent on that the performance, on which the remuneration is based, proves to be sustainable over time;

- give the company the right to reclaim remuneration which has been distributed based on information which subsequently has proved to be manifestly incorrect; and
- stipulate that distribution to a participant shall be entirely or partially delayed, reduced or cancelled if the payment, in the view of the board of directors, is considered inappropriate with regards to the company's results, position or liquidity situation.

Employee option program (item 15)

The board of directors proposes that the annual general meeting resolves to implement a long term incentive program for employees in the company (the "Employee Option Program 2020/2023" or the "Program") in accordance with the below.

The reasons for the implementation of Employee Option Program 2020/2023 are to be able to create possibilities for the company to retain competent personnel through offering a long-term incentive program. Such engagement is expected to stimulate the personnel to an increased level of interest in the business and development of the company and increase the feeling of connectedness with the company.

A) Implementation of Employee Option Program 2020/2023

The board of directors proposes that the annual general meeting resolves to implement Employee Option Program 2020/2023 in accordance with the following substantial terms and conditions.

The Employee Option Program 2020/2023 shall consist of not more than 1,900,000 employee options.

Each employee option confers the holder a right to subscribe for one new share in the company against cash consideration at a strike price corresponding to 150 percent of the volume weighted average price of the company's share during the ten trading days preceding the date the employee options are allotted. The strike price and the number of shares that each employee option confers right to may be subject to recalculation in the event of a bonus issue, share split, rights issue or similar.

The employee options under the Program shall be offered to employees or consultants of the company. The allotment of employee options under the Program shall be made no later than the day falling one year after the annual general meeting 2020 (each such day of allotment being a "Grant Date") in accordance with the following guidelines:

- a) CEO, a maximum of 350,000 options
- b) Other senior executives (approximately 6 individuals), a maximum of 950,000 options, in aggregate
- c) Other employees or consultants (approximately 8 individuals), a maximum of 600,000 options, in aggregate

The allotted employee options shall vest over a three-year period in accordance with the following:

- a) 1/3 on the first anniversary of the Grant Date;
- b) 1/3 on the second anniversary of the Grant Date; and
- c) 1/3 on the third anniversary of the Grant Date.

In the event of a public take-over offer, asset sale, liquidation, merger or any other such transaction affecting Cantargia, the employee options will vest in their entirety upon completion of such transaction.

Furthermore, vesting requires that the participant is still employed by or otherwise engaged with the company and that the participant has not given notice or terminated the employment or engagement as of the date when the relevant vesting occurs. If a participant ceases to be employed or gives notice or terminates the employment or engagement before a vesting date, the already vested employee options can be utilized on the ordinary date of utilization in accordance with the below, but further vesting will not take place. However, if the participant's employment expires due to dismissal (*Sw. avsked*) or breach of contract, as the case may be, by the company, also vested options will expire.

The employee options shall be allotted without consideration. The employee options shall not constitute securities and shall not be able to be transferred or pledged. However, in the event of an option holder's death, the rights constituted by the employee options shall accrue to the beneficiaries of the holder.

Vested employee options may be utilized during a two-year period, however not earlier than three years after the relevant Grant Date.

Participation in the Employee Option Program 2020/2023 requires that such participation is in accordance with applicable laws, as well as that such participation can be executed with reasonable administrative costs and financial efforts according

to the company's assessment.

The employee options shall be governed by separate agreements with each participant. The board shall be responsible for the preparation and management of the Employee Option Program 2020/2023 within the above mentioned substantial terms and conditions.

Other information regarding Employee Option Program 2020/2023

In case all warrants issued within the Program are utilized for subscription of new shares, a total of 1,900,000 new shares will be issued, which corresponds to a dilution of approximately 2.0 percent of the company's share capital and votes. Assuming also full utilization of the 85,000 warrants issued by the 2017 annual general meeting the aggregate dilution amounts to approximately 2.1 percent.

The board of directors assesses that Employee Option Program 2020/2023 will trigger costs in the form of accounting costs and social security contributions.

Based on the assumption that all options under the Program vest, the estimated total accounting costs for the options will amount to approximately MSEK 11.8 during the time period 2020-2023, based on the actual value of the options at the start of the program. The options do not have a market value since they are not transferable. However, the board has calculated a theoretical value of the options in accordance with the Black Scholes formula. The calculations have been based on an assumed share price of SEK 20 per share and an assumed volatility of 50 percent. In accordance with this valuation, the value of the options in the Employee Option Program 2020/2023 is approximately SEK 6.21 per option. The limitations of the disposal rights have not been taken into consideration in the valuation.

The total costs for social security contributions during the vesting period will depend on the value of the benefit that the participant finally will receive, i.e. on the value of the option upon utilization. Based on the assumption that all options under the Program vest and an assumed share price of SEK 40 at the time of utilization, the total costs for social security contributions will amount to approximately MSEK 6.0.

All calculations above are preliminary only and are only intended to provide an illustration of what costs the Program may induce. Actual costs may therefore deviate from what has been stated above.

The proposal of the Employee Option Program 2020/2023 has been prepared by the board and the remuneration committee together with external consultants.

B) Directed issue and approval of transfer of warrants

In order to enable the company's delivery of shares under Employee Option Program 2020/2023, the board proposes that the annual general meeting resolves on a directed issue of warrants as well as on an approval of transfer of warrants, in accordance with the below.

The board proposes that the annual general meeting resolves to issue not more than 1,900,000 warrants. The right to subscribe for the warrants shall, with deviation from the shareholders' pre-emptive rights, only fall upon the company (i.e. Cantargia AB (publ)) or a wholly-owned subsidiary of the company. Subscription shall be made no later than 1 July 2020 and the warrants shall be issued free of charge. The reason for the deviation from the shareholders' pre-emptive rights is the implementation of Employee Option Program 2020/2023.

Each warrant confers right to subscribe for one new share in the company against cash consideration under the period from and including the registration of the warrants with the Swedish Companies Registration Office (Sw. Bolagsverket) up to and including 30 July 2026. The subscription price shall correspond to the quota value of the Cantargia share.

The board further proposes that the annual general meeting resolves to approve that the company, directly or indirectly, may transfer warrants and/or shares to the participants in the Program without consideration in connection with utilization of the employee options in accordance with the terms conditions set out in section A) above, or in another way dispose of the warrants in order to be able to secure the company's commitments and costs in relation to the Employee Option Program 2020/2023.

C) Equity swap agreement with a third party

Should the majority requirement for item 15b above not be met, the board proposes that the annual general meeting resolves that Employee Option Program 2020/2023 shall instead be hedged so that the company can enter into an equity swap agreement with a third party on terms in accordance with market practice, whereby the third party in its own name shall be entitled to acquire and transfer shares of Cantargia to the participants.

Share issue authorization (item 16)

The board of directors proposes that the annual general meeting resolves to authorize to the board, up and until the next annual general meeting, on one or several occasions and with or without pre-emptive rights for shareholders, to resolve on the issue of new shares, provided that such issue or issues may not comprise a total of more than 10 per cent of the number of outstanding shares in the company as per the day of the annual general meeting. It shall also be possible to make such an issue resolution stipulating in-kind payment, the right to offset debt or other conditions.

The purpose of the authorization is to raise working capital for the company. If the board resolves on a share issue with deviation from the shareholders' pre-emptive rights, the reason therefor shall be to raise working capital for the company, to provide new shareholders of strategic importance to the company or to acquire other companies or businesses.

Other information

Complete documentation is available at the company's offices, Scheelevägen 27 in Lund, Sweden, and at the company's website (www.cantargia.com) no later than three weeks prior to the meeting. Copies of the documentation will be sent to shareholders who so request. Shareholders are reminded of their right to require information under Chapter 7 Section 32 of the Swedish Companies Act.

Processing of personal data

For information about the processing of your personal data, please refer to <https://www.euroclear.com/dam/ESw/Legal/Privacy-notice-bolagsstammor-engelska.pdf>. Cantargia's AB (publ) corporate registration number is 556791-6019 and its registered office is in Lund, Sweden.

Lund, April 2020
Cantargia AB (publ)
The board of directors

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 www.cantargia.com.

About CAN04

The antibody CAN04 binds IL1RAP with high affinity and functions through both ADCC and blockade of IL-1 α and IL-1 β 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.