Press release

Cantargia AB
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Cantargia prepares intensified development strategy and capital raising

- Expands its initial clinical phase I/IIa study of CAN04 with combination therapies
- Makes additional investments in the production process of CAN04
- Initiates a project to develop a new antibody within the IL1RAP platform

Cantargia AB today announced that the board has taken a decision on an enhanced development strategy for the company and its product candidate CAN04, and is initiating a project around a new antibody for the treatment of autoimmune and inflammatory diseases. To accomplish this, the company plans to conduct a capital raising of approximately MSEK 80, in addition to the capitalization of up to MSEK 25 through the conversion of warrants in October 2016. The decision is planned to be taken at an extraordinary general meeting estimated to be held Q4 2016 / Q1 2017.

Inclusion of combination therapies in the initial clinical study of CAN04
"*Cantargia's decision to increase the level of ambition in the CAN04 project is among the most important and the most intensified in the company's history. This marks a major step to enhance the value of the CAN04 project and take greater advantage of the potential around the target IL1RAP* (Interleukin 1 Receptor Associated Protein*). I feel enthusiastic about the opportunities that open up with our intensified development strategy*", says Göran Forsberg, CEO of Cantargia.

The decision has been taken in consultation with international key opinion leaders in the field of solid tumors, and it represents a significantly increased level of ambition in the initial stage of the clinical studies of Cantargia's product candidate CAN04 against non-small cell lung cancer (NSCLC) and pancreatic cancer. By expanding the study to include combination therapies – where CAN04 is combined with existing standard treatment – Cantargia will receive significantly more data, which allows the company to accelerate the overall development of CAN04. This improves the conditions for a partnership of CAN04. Cancer treatment today is often some form of combination treatment, and in view of the good safety and unique mechanism, CAN04 can potentially be a good substance to combine with other treatments.

The clinical study protocol is still under development. It will be based on an adaptive design which means increased flexibility during the trial. The protocol will provide relevant data on combination therapy and significantly more information than initially planned. During 2017 Cantargia plans to start preclinical studies with different types of combination therapies to support the clinical development.

The clinical study of CAN04 is now planned to start during the first half of 2017, and a presentation of the phase I data is planned about a year after the start of the study. More data will be generated continuously, but based on the first data set, the foundation is laid for Cantargia's ambition to find a partner who can take responsibility for the latter stages of clinical development. When phase I data are reported, in addition to the current study, the company also intends to finalize a protocol and start a clinical phase IIa trial for leukemia.

The next step in the production development of CAN04
In June 2016, Cantargia decided to invest in the further optimization of its production processes, which has resulted in a production process that can be used to produce material for initial clinical trials. Because of the company's development strategy, the production process needs, however, to be carried out in a larger scale and at a higher cost than initially planned. Therefore, as part of the more aggressive clinical development of CAN04, Cantargia plans to invest in further process development of a production method that meets the requirements in subsequent clinical studies. Like other antibody production processes, substantial development activity and process optimization are needed between early and late clinical phase in order to increase yields and ensure a robust production. Through the investment in the production process, a better opportunity to take advantage of the time savings made in the overall clinical development is created.

Start of a new project against autoimmunity and inflammation
Cantargia intends to initiate the development of a new antibody against IL1RAP with properties optimized for the treatment of autoimmune and inflammatory diseases. IL1RAP mediates signals of both the cytokines IL-1 and IL-33, which have a role in several severe autoimmune and inflammatory diseases. The project is planned to start in 2017, and the goal is to select a clinical candidate that can enter development at the end of 2018 or the beginning of 2019.

By starting a new project against a disease segment that complements CAN04 in cancer treatment, the company gets a risk spreading that according to the board of directors is considered very attractive. In addition, the knowledge and tools developed within the CAN04 project gives a pronounced synergy between the two projects.

"*The goal is that within our existing or new antibody libraries identify and optimize antibodies that inhibit both IL-1 and IL-33 activity to treat autoimmune and inflammatory diseases*", says Göran Forsberg.

Planned future capitalization process
In order to carry out the activities presented above, Cantargia's board assess that the company has an additional need of capital of about MSEK 80 until mid 2018, in addition to what has been previously announced. Further information on the planned capitalization is planned to be published in Q4 2016 or Q1 2017. In addition, the capitalization also includes the conversion of warrants of series TO 2 and TO 4 in October 2016. If fully exercised, these warrants add a total of about MSEK 25 before issue costs to Cantargia.

Cantargia's board is expected to evaluate the opportunities and strategic options available for the company's next development stage during mid 2018.

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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 20 September 2016, at 8:00 am.

Cantargia AB (publ), reg.no. 556791-6019, is a biotech company that is developing an antibody-based cancer treatment, which aims to attack cancer cells and arrest the inflammation of the tumour. The original discovery by the research team behind Cantargia was the overexpression of a specific target molecule, interleukin 1 receptor associated protein "IL1RAP", in cancer stem cells in patients with leukemia that is not found in normal stem cells in the bone marrow. In preclinical studies (in vitro and in vivo) the antibody, targeted at IL1RAP, has been shown to have two potential mechanisms of action, which are complementary. The Company has selected a product candidate, CAN04, for future studies in humans and development activities have been focused on non-small cell lung cancer and pancreatic cancer.

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.