Interim report for first quarter 2021

1 January – 31 March 2021
Kancera AB (publ.), org.nr. 556806-8851

Contents

About Kancera

Kancera's discoveries pave the way for the development of a new class of drugs - Fractalkine blockers - against hyperinflammation and cancer

Kancera develops new drugs for inflammation and cancer. The most advanced drug candidate, the Fractalkine blocker KAND567, is in clinical development with the goal of minimizing the damage to the heart and lungs associated with hyperinflammation. The first phase IIa clinical trial in COVID-19 patients is scheduled to be finalized in 2021 and the second, in myocardial infarction patients, in 2022.

During the first quarter of 2021 it was discovered that Kancera's drug candidates have the potential to improve the treatment of difficult-to-treat cancer by disrupting the cancer's resistance to chemotherapy.

Due to these results, Kancera is now in a leading position in this clinically and commercially dynamic area for the development of tomorrow's cancer drugs. Clinical preparatory studies have started to investigate the best dosing of KAND567 to achieve the concentrations required to disrupt treatment resistance in an advanced tumor disease. If these studies turn out well in 2021, the prerequisites will be good for starting a clinical phase IIa study in advanced cancer already in 2022 with the goal of demonstrating efficacy and safety with established biomarkers.

Kancera AB conducts research and development at Karolinska Institutet Science Park in Stockholm and employs approximately 8 people. The stock is traded on NASDAQ First North Premier. The number of shareholders as of March 31, 2021 was approximately 23,000. FNCA Sweden AB is the company's Certified Adviser. FNCA can be reached at info@fnca.se and at 08-528 00 399. MD PhD Charlotte Edenius, MD PhD Anders Gabrielsen, Professor Carl-Henrik Heldin and Professor Håkan Mellstedt are all scientific advisers and board members of Kancera AB.

Business model

To develop patent-protected drugs that can normalize life and reduce healthcare costs for sales to the international pharmaceutical industry and further clinical development and marketing.

Out-licensing of drug candidates is expected to take place in return for partial payments for signatures and milestones in product development (typically at the start of clinical phase I, II, III and at registration) as well as royalty income.

Background

Kancera's team has extensive experience in drug research from discoveries of new disease processes to clinical development within AstraZeneca, Biovitrum (formerly Pharmacia) and Karolinska Institutet. Kancera has mainly focused on inflammatory diseases and cancer, both for its own drug development and as research consultants. As research consultants, Kancera's team has carried out projects for both pharmaceutical companies and biotech companies in the USA and in Europe. Among these assignments is the development of the chemistry that laid the foundation for Enasidenib, a drug that has been marketed since 2017 by the American pharmaceutical company Bristol-Myers Squibb for the treatment of acute leukemia (AML). In 2018, an agreement was signed with the German pharmaceutical company Grünenthal on the development of Kancera's patent-pending HDAC inhibitors for the treatment of neuritis and pain. The collaboration agreement was completed in 2020, after which Kancera is the exclusive owner of the project.

NASDAQ approved Kancera AB for admission to trading on First North with the first trading day on February 25, 2011. Since 2013, Kancera AB has been conducting drug development within Karolinska Institutet Science Park, Stockholm. In connection with listing on Nasdaq First North Premier on 28 January 2016, the subsidiary Kancera Förvaltning AB was formed, after which, from the second quarter of 2016, Kancera AB was transferred to accounting in accordance with IFRS in the Group and RFR2 in the Parent Company.

First quarter in brief

Net sales for the period (January to March) amounted to SEK 0 million (SEK 0 million).

R&D costs for the period amounted to SEK 8,2 million (SEK 9,7 million).

Operating profit for the period amounted to SEK -9,0 million (SEK -11,1 million).

Profit after financial items for the period amounted to SEK -9,1 million (SEK -11,7 million).

Earnings per share for the period amounted to -0,03 SEK (-0,06 SEK).

Cash flow from operating activities for the period amounted to SEK -9,0 million (SEK -8,6 million).

Equity on 31 March 2021 amounted to SEK 66,3 million (SEK 25,0 million) or 1,39 SEK (1,19 SEK) per share.

The equity/assets ratio on 31 March 2021 amounted to 86 percent (45 percent).

Cash and cash equivalents on 31 March 2021 amounted to SEK 45,4 million (SEK 3,2 million).

Important events during the first quarter

- Kancera carried out a merger of shares in accordance with a resolution from the 2020 Annual General Meeting of Kancera. The merger means that ten (10) shares are combined into one (1) share and that Kancera has 47,419,547 outstanding shares.
- The ongoing phase IIa study in COVID-19 was strengthened through collaboration with another hospital in Sweden, Västmanland Hospital in Västerås. Thus, the study is run in total at four hospitals - two in Sweden and two in Denmark in order to enable full recruitment of patients for the study during the second quarter of 2021.
- Kancera reported preclinical research results, which show that the company's Fractalkine blockers have the potential to break down cancer cells' resistance to chemotherapy and thereby significantly improve the treatment of advanced cancer such as ovarian cancer.

Important events after the end of the first quarter

- With the support of authorization from the Annual General Meeting of Kancera on 28 May 2020, the Board has announced a directed new issue of shares of no more than approximately SEK 20.4 million to Swedish and international qualified investors and a new issue of shares of no more than approximately SEK 101.2 million with preferential rights for Kancera shareholders.
- Kancera has provided an operational update for: a) clinical phase IIa study in COVID patients in which two thirds of the patients have been administered doses and b) the PFKFB3 project where new results meant that KAND757 was nominated as a drug candidate after positive effects documented in tumor preparations from patients with rectal cancer.
- Kancera has announced that the company's Nomination Committee proposes the election of Petter Brodin as a new Board member at the Annual General Meeting on May 26, 2021. At the same time, the Nomination Committee proposes re-election of current Board members and re-election of the current Chairman. The Nomination Committee's proposal in its entirety will be stated in the notice convening the Annual General Meeting.
- Kancera has announced that a recently published study shows clear signs of immune activation in 4800 patients with widespread myocardial infarction (STEMI), and who, in connection with this, must undergo an emergency procedure to open the blood vessel blocked by a blood clot. Kancera believes that the study provides new information that underlines the potential of the Fractalkine blocker KAND567 to prolong life after an acute heart attack.

CEO statement

Pioneering research results motivate new investment in advanced cancer while we effectively continue our phase II programs

Kancera is the first in the world to clinically develop small molecule drugs that block the Fractalkine receptor. As more and more research shows, the importance of the Fractalkine system in various disease processes, the potential in our projects also increases. We already know that the Fractalkine receptor plays a key role when the body's immune system overreacts and develops hyperinflammation, and that a blockade of the Fractalkine receptor reduces hyperinflammation. Based on this knowledge, we are currently conducting clinical development programs with our drug candidate KAND567 in two disease states where hyperinflammation causes great harm: a phase II study is ongoing in patients with severe COVID-19 and a phase IIa study is planned to start in patients with acute myocardial infarction later this year.

In March, new groundbreaking preclinical results were published which show that our Fractalkine blockers also have the potential to disrupt the resistance of tumor cells to chemotherapy. The results show that KAND567 renders previously treatment-resistant tumor cells sensitive to chemotherapy again already after 72 hours of treatment. Since we have extensive knowledge of our Fractalkine blockers based on our ongoing clinical trials in other indications, we can go directly into clinical trials to establish a treatment plan that has the best effect against cancer. With the right results from these studies, a clinical development program for advanced ovarian cancer may be up and running as early as next year.

With all this momentum, Kancera is currently raising capital through a combined private placement and rights issue with the aim of, in parallel with the funded Phase II projects against hyperinflammation, initiating a new effort against advanced cancer to fully utilize the potential of our unique Fractalkine blockers.

KAND567 has the potential to alleviate COVID-19

This fall, we initiated a Phase II clinical trial of KAND567 in patients suffering from COVID-19. Since the beginning of the year, we have increased the number of participating clinics with two clinics at a university hospital in Denmark and, since April 2021, a clinic at Västmanland Hospital in Västerås. The project schedule has been adjusted slightly due to the extremely tough situation prevailing in healthcare due to COVID-19, but we still expect to be able to complete the study by the end of the first half-year and report the study results as soon as laboratory results are generated and processed statistically. The immunological analyzes are expected to be reported during the third quarter and the final results for clinical observations during the fourth quarter 2021.

Clinical evaluation of cardioprotective effect

In parallel with Kancera's phase II study of KAND567 in COVID-19, there is a strong focus on preparing the upcoming phase II study that will evaluate the safety and efficacy of KAND567 in patients undergoing heart surgery in connection with acute myocardial infarction. A recently published study shows clear signs of immune activation in 4800 individuals in the patient group. The study provided new information that underscores the potential of Fractalkine blockers to prevent complications and prolong life after an acute myocardial infarction. The upcoming Phase II clinical trial is being conducted in collaboration with Freeman Hospital in Newcastle, one of the world's 50 highest ranked university hospitals. We are currently working with our partner to optimize the flow and time management in the operating rooms where the study will be conducted. When the work of optimizing the course of the study is completed, we will apply for the start of studies at the British Medicines Agency MHRA. The start of studies is thus expected to occur during the third quarter of 2021.

Pioneering research paves the way for new treatment for ovarian cancer

Ovarian cancer affects approximately 100,000 women annually and is considered one of the most serious forms of gynecological cancer. The new

preclinical research results published in March show that Kancera's Fractalkine blockers have the ability to make previously treatment-resistant cancer cells sensitive to chemotherapy again. The effect is due to the fact that the Fractalkine receptor has been shown to play an important role in orchestrating tumor cell machinery to repair DNA damage. By blocking the Fractalkine receptor, we also block the tumor cells' defenses against chemotherapy and the treatment works once more.

The research project has been made possible through partial funding by the EU project SYNTRAIN. In April, Kancera received approval of the project's final report, which was delivered earlier this year, which means that the EU will make a final payment of SEK 600,000 to Kancera.

New results motivate us to explore KAND757 further

In addition to our Fractalkine blockers, we announced at the end of April that a new drug candidate KAND757 had been put forward. The decision was made on the basis of recently published research results that show that the PFKFB3 inhibitor selectively inhibits the metabolism of rectal cancer cells. In combination with previous research, which shows that the drug candidate increases the sensitivity of cancer cells to radiation therapy, KAND757 is judged to have the potential to meet the coveted properties sought for the next generation of drugs for rectal cancer. Within the framework of our current funding, the drug candidate will now undergo studies to establish an optimal form of administration and we will conduct a survey to identify the patients who can benefit most from future treatment. A decision to possibly take KAND757 further to clinical development is expected in 2022 based on the results of the studies.

A leap in the pace of development

Recently, we were able to announce that the company was provided with SEK 3.3 million after the last day for redemption of warrants TO4 on 31 March. The warrant program has brought a total of approximately SEK 42 million to Kancera after transaction costs and contributed to the ongoing clinical studies of KAND567. To ensure that the high rate of development can be maintained, Kancera's Board of Directors decided in April to carry out a private placement and a rights issue of a maximum of SEK 20.4 million and SEK 101.2 million, respectively. The subscription period for the issues takes place during the period 5–19 May and the outcome will be announced around 24 May.

Progress in our development takes place in collaboration with some of the world's most prominent clinical researchers. Ahead of this year's Annual General Meeting, Associate Professor Petter Brodin, physician and research leader in systems immunology at Science for Life Laboratory, is proposed as a new board member to Kancera's board. By linking important expertise to the company, the urgent investment in new drugs that can normalize the lives of patients with complex and life-threatening diseases is strengthened.

Solna, 21 May 2021
Kancera AB
Thomas Olin, CEO

Drug development

Two scientific breakthroughs strengthen development of Kancera's Fractalkine blockers against hyperinflammation and cancer

Kancera AB is developing a new class of drugs for inflammation and cancer. The company's drug candidates work specifically through a newly discovered control system for immune cells and cancer cells, the so-called Fractalkine system.

The Fractalkine blocker KAND567 has primarily been developed to effectively counteract damage that occurs when our immune system overreacts after a tissue damage or infection, so-called hyperinflammation. Hyperinflammation is a common and disease-causing factor that increases the risk of life-threatening complications in connection with e.g. heart attack and severe viral infections affecting the lungs.

In September 2020, Kancera started a clinical phase II study of KAND567 in COVID-19 patients and plans to start another phase II study in myocardial infarction patients during the third quarter of 2021.

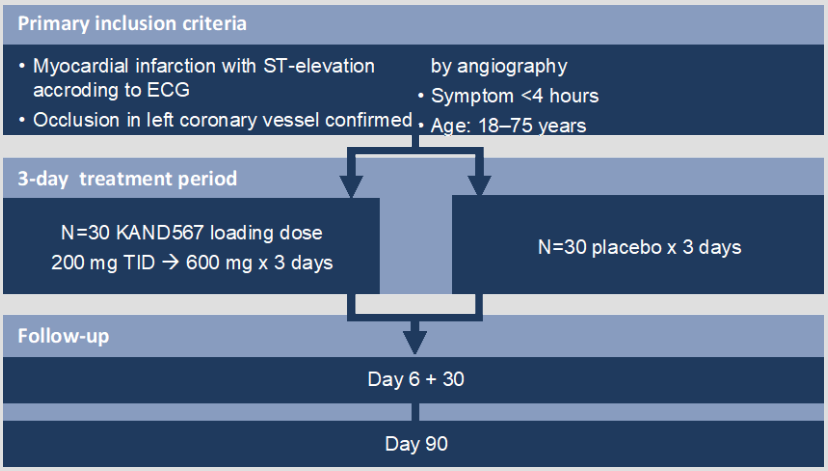
This cardiac study is performed by Kancera mainly at Freeman Hospital, Newcastle, UK which was nominated in 2020 as one of the world's 50 leading University Hospitals. The long-term goal is to increase survival and reduce the risk of severe complications after a severe heart attack. In addition to documenting the drug candidate's tolerability and safety in patients, this phase IIa study in a total of 60 patients aims to capture early signs of effect against the inflammatory damage that occurs in connection with the infarction as well as positive effects on heart pump function.

The expected cardiovascular protective effect will be monitored with magnetic resonance imaging (MRI) and blood markers for inflammation and heart damage.

Successful results open up opportunities to treat other heart diseases such as acute heart failure and inflammatory cardiomyopathy.

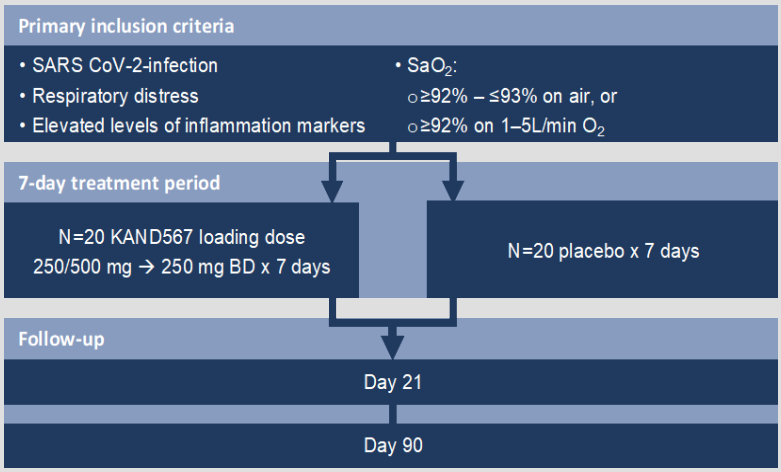
This is how Kancera's clinical phase IIa study in myocardial infarction works

The patient arrives at the emergency room within four hours of the first symptoms and undergoes an ECG examination where it is established that a major infarction in the anterior wall of the heart (STEMI) has taken place. The patient is offered the chance to participate in the study and if they agree, the first intravenous infusion of KAND567 is given, which generates tissue-protective concentrations in the heart within a few minutes. Then the vital vasodilation is performed within 90 minutes and administration with KAND567 continues. Thereafter, the patient is moved to a cardiac clinic and begins standard medication, treatment with KAND567 takes place in parallel, and after about six hours switches to oral treatment with a capsule. Kancera's preclinical research results show that KAND567 improves the chances for the patient to be able to return to a normal life.



The COVID-19 study started in September 2020 with the goal of protecting vital organs such as the lungs, heart and vessels from injuries that occur in connection with virus-triggered hyperinflammation. The first viral disease to be investigated is COVID-19. The study is currently being carried out at St Göran's Hospital, Västerås Hospital and two university hospitals in Denmark. The long-term goal of this clinical development is to reduce the need for intensive care and accelerate rehabilitation from the disease. Successful results open up opportunities to treat other severe inflammations triggered by viruses such as CMV (Cytomegalovirus) and RSV (Respiratory syncytial virus).

The two phase II studies are conducted in collaboration with leading researchers in systems immunology, which gives Kancera a detailed picture of how KAND567 affects the immune system at the gene, protein and cell level. These techniques are expected to give a clear "fingerprint" of the pattern of effects of KAND567 already in clinical phase II and provide support for possible expansion into new areas of therapy.



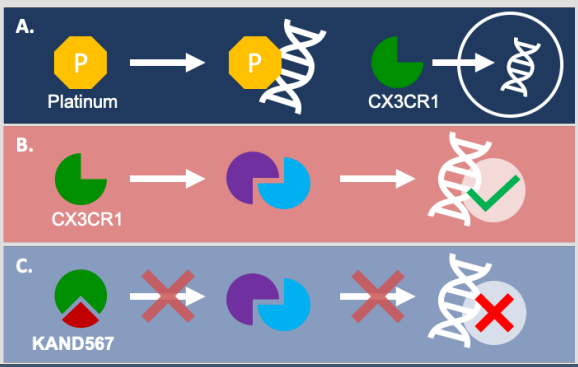
This is how Kancera's clinical phase IIa study in COVID-19 works
A patient arrives at the emergency room within 10 days of breathing difficulties having occurred. At the hospital, it is found that oxygenation is 87–92%, that there are clear signs of inflammation but that pulmonary embolism can be ruled out. The patient decides to participate in the study and if approved, administration of KAND567 begins orally with a capsule. Within a couple of hours, KAND567 is present in the bloodstream in amounts that could provide protection against hyper-inflammation and thus damage to the lungs, heart and vessels. The administration lasts for about 7 days and in the meantime, samples are taken to monitor how the immune system responds to KAND567, how the general condition develops and how well the lungs oxygenate the body. Follow-up of the patient takes place on day 7, day 21 and day 90 from the first dose of KAND567. On day 90, the patient's rehabilitation is also followed up with regard to general health and lung recovery through computed tomography.

During the first quarter of 2021, Kancera reported discoveries that show that the company's Fractalkine blockers also have the potential to disrupt cancer cells' resistance to chemotherapy and thereby significantly improve the treatment of advanced cancer such as ovarian cancer.

Kancera is now planning for clinical preparatory studies with the aim of defining an optimal dosing strategy for the Fractalkine blocker KAND567. Positive results would enable the start of a clinical study in cancer patients as early as 2022.

The goal Kancera's product portfolio the next 12 to 24 months is to:

- conduct two Phase IIa clinical trials with KAND567 against inflammatory lesions of the lungs and heart in severe viral infection (COVID-19) and heart attack
- advance Kancera's second drug candidate KAND145 through phase I
- conduct clinical preparatory studies with the aim of documenting in patients the potential for KAND567 to disrupt treatment resistance to chemotherapy, for example in ovarian cancer.



KAND567 fights cancer cells by disrupting their resistance to chemotherapy

A. In the early stages of a cancerous disease, chemotherapy, e.g. with platinum compounds, works effectively by causing damage to the cancer cell's DNA.

B. In advanced disease, activation of the Fractalkine receptor (CX3CR1) increases, thereby coordinating the repair of DNA damage in the cell nucleus of tumor cancer cells. The repaired cancer cell survives and the disease is likely to worsen.

C. Preclinical research shows that KAND567 can block the Fractalkine receptor (CX3CR1). This means that the repair of the cancer cell's DNA can no longer be coordinated in a sufficiently efficient way. This accumulates the number of DNA damage in the cancer cell, which leads to death of the cancer cell.

Project in preclinical research phase

ROR1 (cancer)

Kancera has shown that substances that inhibit ROR-1, a growth factor receptor found in some cancer tumors, can be used to reprogram the cancer cells so that they destroy themselves by cellular suicide.

External research groups have shown that ROR-1 is involved in blood cancers such as chronic lymphocytic leukemia (CLL) and certain difficult-to-treat solid tumor diseases such as pancreatic cancer, ovarian cancer and triple-negative breast cancer (a particularly difficult-to-treat form of breast cancer that lacks three common cancers).

The first drug candidate in Cancer's ROR1 project was found to disappear relatively quickly from the blood circulation and is therefore expected to have a limited effect against solid cancers. Therefore, work was initiated to generate new substances with more favorable pharmacokinetic properties. Kancera has now identified inhibitors that show an improved effect against cancer cells. The continued development of the project takes place mainly through collaborations with independent academic research groups.

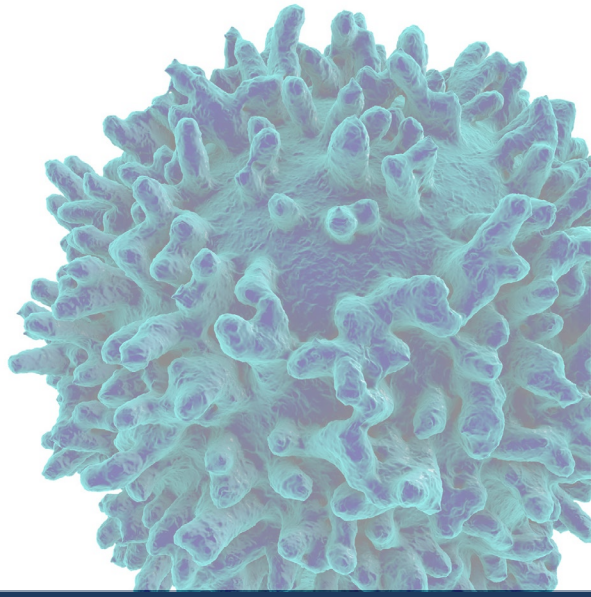
HDAC (inflammation, cancer)

For two years until the fourth quarter of 2020, Kancera's HDAC project has been developed in partnership with and financed by the pharmaceutical company Grünenthal in order to counteract nerve inflammation and pain. Kancera has now taken over the rights to results generated during the collaboration with Grünenthal and intends during the first half of 2021 to decide on the next step for the project.

PFKFB3 (cancer)

A recently published research study shows that another of Kancera's drug substances, the PFKFB3 inhibitor KAND757, effectively kills tumor preparations from rectal cancer patients by selectively blocking metabolism. These results, together with the company's previous publication describing how KAND757 increases cancer cells' sensitivity to radiation therapy, show that KAND757 has the potential to meet the properties sought for the next generation of drugs for rectal cancer. As described in the Annual Report 2020, Kancera had previously planned to downgrade the PFKFB3 project, but in light of the results described above, this decision has been reconsidered and instead KAND757 has been put forward as a new drug candidate for preclinical development. The next step is to evaluate the effect of a larger tumor sample material from rectal cancer and develop a suitable technique for local delivery of KAND757 to the tumor before deciding on any clinical development.

For supplementary information on projects and market prospects, see Annual Report 2020 via Kancera's website www.kancera.com.



Financial development in summary

Kancera Group *SEK 000´s (if otherwise not specified)*	Jan-March 2021	 2020	1 Jan-31 Dec 2020
Net turnover	0	41	90
Other operating revenues	565	745	5 295
Operating expenses	-9 567	-11 889	-51 873
R&D expenses	-8 187	-9 694	-39 279
Operating Income	-9 002	-11 130	-46 515
Income after financial items	-9 085	-11 670	-47 558
Net income	-9 085	-11 670	-47 558
Cash-flow from operating activities	-9 025	-8 627	-46 046
Cash on hand	45 413	3 215	55 008
Equity	66 320	25 035	72 283
Key ratios			
Return on equity, %	neg	neg	neg
Return on capital employed, %	neg	neg	neg
Earnings by share, before and after dilution	-0,29	-0,56	-1,31
Cash-Flow from operating activities by share, kr	-0,29	-0,41	-1,27
Solvency ratio	86%	45%	87%
Equity by share, kr	1,39	1,19	1,99
No. of employees	8	20	8

Comparative figures for equity and cash flow per share in 2020 have been multiplied by ten (10) as the number of shares decreased in Kancera February 2021 through aggregation in which ten (10) shares were combined into one (1) share.

Comments on the financial development

Kancera AB's operations are mainly the development of drugs for future out-licensing to marketing partners.
The reduced operating expenses in the first quarter in comparison with the previous corresponding period are mainly attributable to the focus of operations that took place with reductions in premises and number of employees implemented during the second quarter of 2020 and the increased cash and cash equivalents implemented during the same quarter 2020.

Income and profits

Period, January – March 2021

- Net sales during the quarter amounted to SEK 0 million (SEK 0 million).
- Expenses during the quarter amounted to SEK 9,6 million (SEK 11,9 million) broken down into costs for research and development SEK 8,2 million (SEK 9,7 million), and other sales and administrative costs SEK 1,4 million (SEK 2,2 million).
- Earnings per share for the period, based on a weighted average number of shares outstanding, amounted to -0,03 SEK (-0,06 SEK).
- Profit after financial items for the period amounted to SEK -9,1 million (SEK -11,7 million).

Financial position and liquidity

Balance sheet and cash flow

- Total equity as of March 31, 2021 amounted to SEK 77,4 million (SEK 56,2 million).
- Kancera AB's equity/assets ratio as of March 31, 2021 was 86 percent (45 percent). Equity per share var 1,39 SEK (1,19 SEK).
- Cash flow amounted to SEK 9.6 million (8.6 million) during the period. Cash flow from operating activities amounted to SEK -9.0 million (SEK -8.6 million) or SEK -0.29 per share (SEK -0.41) and from financing activities it amounted to SEK 0 million (SEK 0 million).
- As of March 31, 2021, Kancera AB's cash and cash equivalents amounted to SEK 45.4 million (SEK 3.2 million).
- After the period, the last redeemed TO4s were registered comprising 385,180 shares at an exercise price of SEK 8.50, which provided Kancera with approximately SEK 3.1 million after issue costs.
- After the period, the Board has decided, with the support of authorization from the Annual General Meeting on May 28, 2020, to carry out a directed new issue of shares of a maximum of approximately SEK 20.4 million to Swedish and international qualified investors and a new issue of shares of a maximum of approx. SEK 101.2 million with preferential rights for Kancera's shareholders.

Employees

Kancera AB had approximately 8 full-time employees, of which 5 are men and 3 are women and including 3 EU-funded doctoral students, as of March 31 2021.

Investments and depreciation

Intangible fixed assets in the balance sheet amount to a total of SEK 21 million, which is divided into 2 projects: the ROR1 project, SEK 3 million and the Fractalkine project, SEK 18 million. The item for the ROR1 project arose as a result of a non-cash issue in the formation of Kancera AB. The item for the Fractalkine project is the sum of three off-set issues carried out in accordance with the acquisition agreement. The Board conducts assessments on an ongoing basis of whether there are indications of impairment. In the event of an indication of impairment, an impairment test is performed. No investments were made in fixed assets during the first quarter.

The group

Kancera consists of two companies, the parent company Kancera AB (publ) in which all research and product development takes place and the wholly owned subsidiary Kancera Förvaltnings AB in which warrants are invested. The parent company in the group is the Swedish public limited company Kancera AB (publ.) Whose shares are listed on Nasdaq First North, the Premier Segment from October 28, 2016.

The share capital and the share

The share capital on March 31, 2021 amounted to SEK 39 837 272 divided into 47 804 727 shares with a quota value of, rounded off, SEK 0.83 per share after a merger which resulted in ten (10) shares being merged into one (1) share, according to a decision at the Annual General Meeting in Kancera 2020.

Tax deficits

Kancera AB's current operations are initially expected to result in negative results and tax losses. There are currently not enough convincing reasons that indicate that taxable surpluses will exist in the future that can defend an activation of the value of the deficits, and no deferred tax assets have been reported.
In the case of a sale of a drug candidate, profits are expected to be reported which are currently deemed to be tax-deductible against previous years' tax losses, which would entail a low tax burden for the Company when a project is sold. As of December 31, 2020, the tax deficits amounted to SEK 301 276 000. No deferred tax assets are reported for these tax deficits.

Report on comprehensive income

SEK 000´s (if otherwise not specified)	Jan-March		1 Jan-31 Dec
	2021	2020	2020
Kancera Group			
Revenues			
Net sales	0	41	90
Other operating revenues	565	745	5 295
Cost of sales & services	0	-27	-27
Gross profit	**565**	**759**	**5 358**
Operating Expenses			
General & administrative expenses	-1 268	-1 726	-11 660
Selling expenses	-112	-469	-934
Research & development expenses	-8 187	-9 694	-39 279
Total operating expenses	**-9 567**	**-11 889**	**-51 873**
Operating income	**-9 002**	**-11 130**	**-46 515**
Income from Financial Investments			
Financial net	-83	-540	-1 043
Income after financial items	**-9 085**	**-11 670**	**-47 558**
Taxation	0	0	0
Net income	**-9 085**	**-11 670**	**-47 558**
Average number of shares (thousands), before and after dilution	30 823	20 983	36 301
Number of shares at closing date (thousands)	47 805	20 983	47 420
Earnings per share, before and after dilution	-0,29	-0,56	-1,31

Report on financial position

SEK 000´s	31 March		31 Dec
Kancera Group	2021	2020	2020
Assets			
Non-current Assets			
Intangible assets			
Capitalized R&D	21 000	24 000	21 000
Tangible assets			
Lease assets	837	3 956	927
financial assets			
Financial placements	1	1	1
Total non-current assets	**21 838**	**27 957**	**21 928**
Current Assets			
Trade receivables and other receivables	10 133	25 047	6 166
Cash and cash equivalents	45 413	3 215	55 008
Total current assets	**55 546**	**28 262**	**61 174**
TOTAL ASSETS	**77 384**	**56 219**	**83 102**
Equity and Liabilities			
Equity			
Equity	66 320	25 035	72 283
total equity	**66 320**	**25 035**	**72 283**
Liabilities			
Long-term liabilities	442	434	977
Short-term liabilities	10 622	30 750	9 842
Total liabilities	**11 064**	**31 184**	**10 819**
TOTAL EQUITY and LIABILITIES	**77 384**	**56 219**	**83 102**

Report on changes in equity

Kancera Group, 1 Jan 2020-31 March 2020 *SEK 000´s*	Sharecapital	Ongoing share issue	Other capital contributions	Accumulated deficit	Total equity
First quarter					
Opening balance 2020-01-01	17 486		36 028	-36 095	17 419
Comprehensive income					
Net income for the period			-36 095	36 095	
Total comprehensive income				-11 670	-11 670
Transactions with shareholders	0	0	-36 095	24 425	-11 670
Capital injections					
Ongoing share issue		19 286			19 286
Total transactions with shareholders	0	19 286	0	0	19 286
Closing balance 2020-03-31	**17 486**	**19 286**	**-67**	**-11 670**	**25 035**
Period January-December					
Opening balance 2020-01-01	17 485		36 029	-36 095	17 419
Comprehensive income					
Appropriation of previous year´s income			-36 095	36 095	
Net income for the period				-47 558	-47 558
Total comprehensive income	0		-36 095	-11 463	-47 558
Transactions with shareholders					
Capitalinjection	22 031		87 873		109 904
Costs related to issue of shares			-7 482		-7 482
Total transactions with shareholders	22 031		80 391	0	102 422
Closing balance 2020-12-31	**39 516**		**80 325**	**-47 558**	**72 283**

Kancera Group, 1 Jan 2021-31 March 2021	Sharecapital	Ongoing share issue	Other capital contributions	Accumulated deficit	Total equity
First quarter					
Comprehensive income	39 516		80 325	-47 558	72 283
Appropriation of previous year´s loss			-47 558	47 558	
Net income for the period				-9 085	-9 085
Total comprehensive income	0	0	-47 558	38 473	-9 085
Transactions with shareholders					
Costs related to issue of shares		-115	-35		-150
Ongoing share issue		3 272			3 272
Total transactions with shareholders	0	3 157	-35	0	3 122
Closing balance 2021-03-31	**39 516**	**3 157**	**32 732**	**-9 085**	**66 320**

Cash flow report

SEK 000's	Jan-March		1 Jan-31 Dec
Kancera Group	2021	2020	2020
Cash-flow from operating activities			
Operating income after financial items	-9 085	-11 670	-47 558
Depreciation	90	575	1 696
Taxes paid	-106	-221	-387
Write-off of intangible assets	0	-23	3 000
Cash-flow from operating activities before working capital change	-9 101	-11 339	-43 249
Change in working capital	76	2 712	-2 797
Cash-flow from operating activities	-9 025	-8 627	-46 046
Investment activities			
Investments in financial assets	0	0	0
Cash-flow from investment activities	0	0	0
FREE CASH-FLOW available to INVESTORS	-9 025	-8 627	-46 046
Financing activities			
Change in debt referrable to financing activities	-535	-6	2 306
Issue of shares/other capital infusions	-35	0	100 900
Repayment of loans	0	0	-14 000
Cash-flow from financing activities	-570	-6	89 206
CASH-FLOW for the PERIOD	-9 595	-8 633	43 160
Cash and cash equivalents at the beginning of the period	55 008	11 848	11 848
Cash and cash equivalents at the end of the period	45 413	3 215	55 008

Income statement

SEK 000's	Jan-March		1 Jan-31 Dec
The Parent Company Kancera AB	2021	2020	2020
Revenues			
Net sales	0	41	90
Other revenues	565	745	5 132
Cost of sales & services	0	-27	-27
Gross profit	**565**	**759**	**5 195**
Operating Expenses			
General & administrative expenses	-1 268	-1 744	-11 663
Selling expenses	-112	-469	-934
Research & development expenses	-8 187	-9 693	-39 279
Total expenses	**-9 567**	**-11 906**	**-51 876**
Operating income	**-9 002**	**-11 147**	**-46 681**
Income from Financial Investments			
Financial revenues	0	0	0
Financial expenses	-78	-517	-983
Income after financial items	**-9 080**	**-11 664**	**-47 664**
Taxation	0	0	0
Net income	**-9 080**	**-11 664**	**-47 664**

Balance sheet

SEK 000´s	31 March		31 Dec
The Parent Company Kancera AB	2021	2020	2020
Assets			
Non-current Assets			
Intangible assets			
Capitalized R&D	21 000	24 000	21 000
Financial assets			
Financial assets			
Shares in subsidiaries	50	50	50
Financial placements	1	1	1
Total non-current assets	**21 051**	**24 051**	**21 051**
Current Assets			
Intercompany receivables	1	1	1
Trade receivables and other receivables	10 198	25 047	6 230
Cash and cash equivalents	45 365	3 167	54 960
Total current assets	**55 564**	**28 215**	**61 191**
TOTAL ASSETS	**76 615**	**52 266**	**82 242**
Equity and Liabilities			
Equity			
Restricted equity	42 673	36 771	39 516
Non-restricted equity	23 666	-11 612	32 780
Total equity	**66 339**	**25 159**	**72 296**
Liabilities			
Long-term liabilities	0	0	448
Short-term liabilities	10 276	27 107	9 498
Total liabilities	**10 276**	**27 107**	**9 946**
TOTAL EQUITY and LIABILITIES	**76 615**	**52 266**	**82 242**

Notes

Note 1: Accounting and valuation principles

The interim report has been prepared in accordance with IAS 34 and the Annual Accounts Act. The Group's and the Parent Company's accounting principles and valuation principles as well as the calculation bases for the report are unchanged compared with the most recent annual report for the financial year, which ended on 31 December 2020 and must be read in conjunction with it.
The Group invests continuously in research and development projects that increase the Group's knowledge of technology and where intangible assets such as patent applications for technology can also be included. Intangible assets are capitalized and reported in the balance sheet if certain criteria are met, while expenses for research are expensed when they arise.
Kancera has continuously expensed all development costs when they arise because they mainly consisted of research efforts and Group management has assessed that the criteria for capitalization have not been met.
Amounts are stated in Swedish kronor, rounded to the nearest thousand unless otherwise stated. Rounding to thousands of kronor can mean that the amounts are not correct if they are summed up. Amounts and figures given in parentheses refer to comparative figures for the corresponding period last year.

Note 2: Related party transactions

During the period, Kancera AB did not pay any compensation to related parties in addition to board fees and expenses for costs. During the corresponding period of the previous year, compensation of SEK 60,000 was paid to Mellstedt Consulting AB for services comprising scientific advice and scientific marketing. Håkan Mellstedt, board member of Kancera AB, is the CEO and owner of Mellstedt Consulting AB.

Note 3: Options programs

There are currently no employee stock option programs

Note 4: Grants received that will be reported at a later date

Awarding body	Amount awarded, tkr	Amount paid, tkr	Date for reporting
EU SYNTRAIN[1]	4 986	4 237	Final report delivered
EU TOBEATPAIN[2]	2 637	1 791	Next: July 2022
Total	7 623	6 028	

1. According to EUR exchange rate SEK 10. Approved amount of approx. SEK 4 986 000. Amount paid of approximately SEK 4 237 000. The remaining amount of the grant, of which approximately SEK 288 000 goes to administration to the coordinating university, will be paid according to the EU plan during May-June 2021.

2. According to EUR exchange rate SEK 10. Approved amount of approx. SEK 2 637 000. Amount paid of approximately SEK 1 791 000. The remaining amount of the grant, of which approximately SEK 248 000 is allocated for administration and education to the coordinating university, is paid after approved reporting for period 1, which is expected to be submitted during the first quarter of 2021, and after approved final reporting submitted in July 2022.

Note 5: The Group's operations and risk factors

When assessing the Group's future development, it is important to consider risk factors in addition to potential earnings growth. The Group's operations are affected by a number of risks that can have an effect on the Group's earnings and financial position to varying degrees. For a description of the Group's risks, see page 28 in the annual report for 2019. In addition to these reported risks, the COVID-19 pandemic is a new risk as the healthcare system's capacity to conduct clinical studies may decrease, which may affect the timelines for the company's clinical studies.

Note 6: Definitions

Alternative key ratios

In addition to the financial key ratios prepared in accordance with IFRS, Kancera AB presents financial key ratios that are not defined according to IFRS, such as return on equity, return on capital employed and cash flow per share. These alternative key ratios are considered to be important results and performance indicators for investors and other users of the interim report. The alternative key ratios should be seen as a complement to, but not a replacement for, the financial information prepared in accordance with IFRS. Because not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies.

Return on equity

Profit for the period as a percentage of average equity

Return on capital employed

Profit before tax plus financial expenses as a percentage of average capital employed.

Equity per share

Shareholders' equity divided by the number of shares on the balance sheet date.

Cash flow per share

Cash flow from operating activities divided by the average number of shares.

Option-based business

Agreement between two parties where one party acquires by prepayment the option of subsequently acquiring exclusive right to the asset in question.

Capital employed

Balance sheet total reduced by non-interest-bearing liabilities.

Solidity

Shareholders' equity as a percentage of total assets

The Board’s declaration

The Board of Directors and the CEO assure that the year-end report provides a true and fair view of the company's operations, position and results, and describes the material risks and uncertainties that the company and the Group face.

Stockholm 21 May 2021

Erik Nerpin *Chairman*	Håkan Mellstedt *Board member*	Charlotte Edenius *Board member*
Carl-Henrik Heldin *Board member*	Anders Gabrielsen *Board member*	Thomas Olin *CEO/ Board member*

This report has not been subject to review by the company's auditors.

Upcoming reports and the Annual General Meeting

Annual General Meeting 2021	26 May 2021
Interim report January-June 2021	20 August 2021
Interim report January-September 2021	19 November 2021
Year-end report January-December 2021	18 February 2022

For further information, contact:
Thomas Olin, CEO: +46 73 520 40 01
Erik Nerpin, Chairman of the Board & convener of the Nomination Committee: +46 70 620 73 59

Kancera AB (publ)
Karolinska Institutet Science Park
Nanna Svartz väg 4
SE 171 65 Solna

Visit our web site at www.kancera.se