



# Interim Report

## Fourth Quarter 2022

January 1 – December 31 2022  
Kancera AB (publ.), org.nr. 556806-8851

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# About Kancera

Kancera is developing a new class of drugs for treatment of severe diseases with high unmet medical need

Kancera develops pharmaceutical drugs against life-threatening diseases that currently lack effective treatments. The company conducts its business at the Karolinska Institutet Science Park in Solna. Kancera's vision is to develop new drug treatments that contribute to a normalized life for patients and lead to more efficient care. The company focuses its resources on developing a new class of small molecule drug candidates that act through the so-called Fractalkine axis. Kancera is developing two drug candidates in this area, the small-molecule Fractalkine blockers KAND567 and KAND145, which control immune cells and cancer cells with high precision. Kancera primarily sees opportunities within two disease areas, hyperinflammation and treatment-resistant cancer, both with significant medical need and market potential.

Kancera is run by a team with solid experience and track record in translating medical research into drug candidates and to develop these further through clinical studies and market approval. The team possess extensive expertise and experience from leading international companies such as Pharmacia/Pfizer, Biovitrum/Sobi and Astra Zeneca.

Kancera is transitioning from a research company to a development-focused company with several pharmaceutical projects in clinical development phase. The lead drug candidate, the Fractalkine blocker KAND567, is in clinical development and is currently being studied in two clinical trials:

- a phase IIa study with the objective to reduce cardiac damage following infarction. To date, the study has recruited a total of 70 patients and recruitment will continue until the end of February, with the aim of reporting results in the third quarter of 2023.
- a combined phase Ib/IIa study in relapsing ovarian cancer patients with the objective to restore sensitivity to platinum-chemotherapy. The study is planned to start at the end of the first quarter of 2023 and is expected to report results in the second half of 2024.

## Business model

Kancera's business model is to develop innovative drug candidates with strong IP, demonstrate efficacy in patients and enter into commercially attractive partnerships with other pharmaceutical companies. By developing and commercializing drug candidates in collaboration with other pharmaceutical companies, Kancera's need for capital is lowered and the portfolio risk is reduced. Collaboration agreements are expected to result in Kancera licensing out development and commercialization rights in exchange for up front fees, milestone payments and royalties on sales. The exact timing for entering into a partnership will vary from project to project, but a general guideline is that Kancera aims at demonstrating signs of efficacy in human, i.e. completed phase II studies. See the section "Kancera's project portfolio" for an overview of the current stage of each Kancera project.

# Year in brief

## October – December

### Financial summary for the fourth quarter

- Net sales amounted to SEK 0 million (SEK 0.0 million).
- R&D costs amounted to SEK 11,6 million (12,9 million).
- Operating profit for the fourth quarter amounted to SEK -14,0 million (-12,7 million).
- Profit after financial items for the fourth quarter amounted to SEK -14.0 million (SEK -13.0 million).
- Earnings per share, before and after dilution, for the fourth quarter amounted to -0.22 kr (-0.23 kr).
- Cash flow from operating activities amounted to SEK -9.8 million (SEK -14.6 million) for the fourth quarter.
- As of December 31, 2022, equity amounted to SEK 106.9 million (SEK 122.5 million) or SEK 1.34 (SEK 2.19) per share.
- The equity ratio as of 31 December 2022 was 89 percent (92 percent).
- Cash and cash equivalents on 31 December 2022 amounted to SEK 95.1 million (SEK 106.5 million).

## January – December

### Financial summary for the entire period

- Net sales amounted to SEK 0 million (SEK 0.0 million).
- R&D costs amounted to SEK 45,6 million (42,6 million).
- Operating profit for the period amounted to SEK -51,9 million (-45,3 million).
- Profit after financial items for the period amounted to SEK -52.5 million (SEK -45.7 million).
- Earnings per share, before and after dilution, for the period amounted to -0.90 kr (-0.82 kr).
- Cash flow from operating activities for the period amounted to SEK -48.2 million (SEK -44.1 million).
- As of December 31, 2022, equity amounted to SEK 106.9 million (SEK 122.7 million) or SEK 1.34 (SEK 2.19) per share.
- The equity ratio as of 31 December 2022 was 89 percent (92 percent).
- Cash and cash equivalents on 31 December 2022 amounted to SEK 95.1 million (SEK 106.5 million).

## Significant events during the fourth quarter

- Kancera reported that the application to conduct the KANDOVA study has been submitted to the Swedish Medicines Agency and that the company has entered into a collaboration with the clinical trial unit within the Nordic Society of Gynecological Oncology (NSGO-CTU).
- Kancera reported in November that the rights issue had been subscribed for approximately SEK 46 million before transaction costs, corresponding to a subscription rate of approximately 52 percent, which meant that the issue guarantees did not need to be used.
- Kancera reported new results from preclinical studies that support the potential for the company's Fractalkine-blocking drug candidates to treat B-cell lymphomas, such as chronic lymphocytic leukemia.
- Kancera reported new results from preclinical studies supporting the potential of the company's ROR1 inhibitor for the treatment of mantle cell lymphoma. The results show that the ROR1 inhibitor KAN571 effectively kills cancer cells that have become resistant to established therapies.

## Significant events after the reporting period

- Kancera reported that the Swedish Medicines Agency approved the company's application to conduct the KANDOVA study.
- Kancera announced that Hanjing Xie has been appointed as new Chief Medical Officer.
- Kancera reported that applications to the regulatory authorities in Denmark and Norway to conduct the KANDOVA study have been submitted.
- Kancera reported that the US Patent Office granted a patent protecting the production method for KAND567 and KAND145. The patent is owned by Kancera and is valid until 2039.

## Other significant events during January 1 – December 31 2022

- Kancera reported compelling preclinical results and a decision on clinical development of KAND567 against ovarian cancer.
- Kancera announced that a decision has been made to enable the recruitment of an additional 10 patients to the FRACTAL study, with the aim of increasing the number of evaluable patients and thereby strengthening the study.
- Kancera announced that Peter Selin is taking over responsibility for the company's financial reporting with the new title of Executive Vice President Corporate Development and Finance.
- Kancera announced that the United States Patent Office (USPTO) issued a patent protecting the chemical structure of Kancera's Fractalkine blocker KAND145, a so called "composition of matter" patent. This patent, US 11,339,183, is owned by Kancera and is valid through 2039.
- Kancera presented in-depth analysis of how KAND567 affects the immune system in severely ill covid patients, showing an immediate and specific effect of KAND567 on the Fractalkine axis in humans. These results support the idea that Kancera's innovative drug candidates can slow down inflammatory conditions in which the Fractalkine axis is activated, such as acute inflammation in the heart and kidney as well as rheumatic autoimmune diseases.

# CEO Statement

## **Continued strong recruitment of myocardial infarction patients to the FRACTAL study. Completed rights issue ensures financing of the KANDOVA study - clinical development against ovarian cancer.**

### **The FRACTAL study in myocardial infarction patients is progressing according to plan, results expected in third quarter 2023.**

Since the fourth quarter of 2021, Kancera has been conducting the FRACTAL study in collaboration with the British NHS Foundation at the two university hospitals, Freeman and James Cook Hospital. The FRACTAL study is a phase IIa clinical study of Kancera's Fractalkine-blocking drug candidate KAND567 in patients with myocardial infarction undergoing percutaneous coronary intervention therapy. The primary objective of the study is to evaluate safety and tolerability. The secondary aim of the study is to evaluate the signs of cardiovascular protective effect from treatment with KAND567.

Patient recruitment has progressed well during the year, which opened up an opportunity for us to further strengthen the study by achieving approximately 60 evaluable patients who underwent all of the study's planned sampling and examinations. By the end of December, 63 patients had been recruited to the study, exceeding the originally defined goal of a total of 60 patients, and to date 70 patients have been recruited. During the month of February, we will be able to complete the recruitment of new patients in order to present results from the FRACTAL study in the third quarter of 2023 as planned.

### **The KANDOVA study in ovarian cancer patients is expected to start according to plan in the first half of 2023**

Based on strong preclinical results, which show that Kancera's Fractalkine-blocking drug candidates can increase the effect of platinum-based cytostatics against ovarian cancer, Kancera made the decision in September 2022 to increase the pace of development through the KANDOVA study. KANDOVA is a combined phase Ib/IIa clinical study of KAND567 in combination with carboplatin in ovarian cancer patients. During the fourth quarter, Kancera submitted the regulatory application in Sweden and after the end of the period,

applications in Denmark and Norway have been submitted.

Furthermore, during the reporting period, Kancera entered into a cooperation agreement with the Nordic Society of Gynecological Oncology and its clinical trials unit (NSGO-CTU). NSGO-CTU is a Nordic society among the leading Nordic university hospitals and clinical gynecological oncology specialists. Through this collaboration, Kancera has managed to engage the leading university hospitals and investigators in Sweden, Denmark and Norway. NSGO-CTU has expressed strong interest in the KANDOVA-study and sees that positive study results will mean that Kancera's drug candidate stands good chances of adding significant clinical benefit.

The goal is to shortly begin patient recruitment for the phase Ib part of the study and to recruit 30 patients in total for the combined phase Ib/IIa study at all Nordic hospitals. Results from the KANDOVA study are expected to be reported in the second half of 2024.

### **Completed rights issue secures financing of strategic clinical studies**

Kancera's board decided in October to carry out a rights issue with the support of authorization from the annual general meeting, and the company reported in November that the rights issue brought the company approximately SEK 36 million after transaction costs, which also meant that the issue guarantees did not need to be used.

Despite the challenging capital market environment, Kancera judged that the timing of this rights issue was well justified as it was critical to be able to conduct the KANDOVA study as a combined phase Ib/IIa study without interruption. Our assessment is that the financing now secured for both phases of the study will reduce the overall development lead time with more than a year, which has a significant impact on the project's value. Positive clinical results from the phase IIa will mean that a strong foundation will be laid for a future industrial partnership, in line with the company's business strategy.

In addition to the KANDOVA study, Kancera has full funding to complete the ongoing FRACTAL study and conduct the phase Ia study of KAND145 as planned in 2023. KAND145 is the company's second generation Fractalkine-blocking drug candidate and strategically important for the company's continued drug development in the cancer area.

In summary, we see that 2022 ended with a strong fourth quarter, when important steps were taken in the direction of establishing a clinical project portfolio that lays the foundation for commercially attractive partnerships.



Solna, 21 February 2023  
Kancera AB  
Thomas Olin, CEO



# Kancera's research and development

## A new class of drugs for the treatment of hyperinflammation and treatment-resistant cancer.

Kancera's main focus is to develop drug candidates that work through the so-called Fractalkine axis. Fractalkine is a natural protein in the body acting as a master regulator of the immune system, e.g. by regulating leucocytes. The development of Kancera's two drug candidates in this area, KAND567 and KAND145, are based on the research that was awarded the Nobel Prize in Medicine in 2019 and which, for example, showed how lack of oxygen triggers certain genes that control immune and cancer cells. The Fractalkine receptor (CX3CR1) is one of these genes. Both of Kancera's drug candidates KAND567 and KAND145 work by blocking the receptor CX3CR1 from binding to the Fractalkine ligand CX3CL1. Based on the mechanisms of action for KAND567 and KAND145, the company primarily sees opportunities to treat diseases in two areas: hyperinflammation and treatment-resistant cancer.

### **Kancera's Fractalkine-blocking drug candidates**

KAND567 and KAND145 have three main mechanisms-of-actions, all of which are achieved by blocking the Fractalkine receptor CX3CR1:

- Prevention of hyperinflammation by blocking immune cell infiltration of body tissues
- Blocking DNA repair in cancer cells treated with chemotherapy or radiation
- Blocking cancer-promoting cells in the tumor microenvironment

### **Fractalkine axis and hyperinflammation**

Hyperinflammation is a term that encompasses a form of excessive activation of the immune system which can cause serious tissue damage. In this area, the company sees great medical needs in situations where hyperinflammation occurs in connection with acute heart and kidney damage. Based on KAND567 and KAND145's mechanism of action, the company primarily sees great opportunities for preventive treatment *before* hyperinflammation occurs.

### **The Fractalkine axis and treatment-resistant cancer**

In the early phase of a cancer disease, the cancer is commonly treated with platinum-chemotherapy, or radiation. Initially, chemotherapy or radiation effectively cause damage to the cancer cell's DNA. In far progressed disease, however, the cancer cells develop resistance to treatment through the ability to repair the DNA damage that the chemotherapy or radiation treatment has created. The repaired cancer cells survive, and the disease progresses.

### **Inhibiting DNA repair**

Several independent research groups have previously shown that the mechanism of action that Kancera's Fractalkine blockers influence, the so called Fanconi anemia pathway, increases the effect of chemotherapy and radiation treatment on cancer cells. In 2021, Kancera published results from its own research in ovarian cancer in a scientific article in the well-recognized journal *Cancers*. The results showed that Kancera's Fractalkine-blocking drug candidates inhibit the cancer's ability to repair the damage to the cancer's DNA caused by chemotherapy. A similar effect is achieved in treatment with so-called PARP inhibitors, but KAND567 and KAND145 may have the potential to be effective against tumors where PARP inhibitors are not efficacious, as they act through a different pathway and molecular target. The company primarily sees opportunities for its Fractalkine blockers in the field of solid tumors, such as e.g. ovarian cancer, lung cancer and breast cancer.

### **Blocking cancer-promoting cells in the tumor microenvironment**

In addition to cancer cells, a tumor consists of a range of supporting cells in its microenvironment. New research has shown that these supporting cells are of critical importance for how the tumor grows, spreads and is affected by drug treatment. In ovarian cancer, special immune cells and transformed connective tissue cells, so-called tumor-associated macrophages and fibroblasts, have been shown to negatively affect the development of the disease and increase the tumor's resistance to chemotherapy. In 2022,



Kancera has shown in preclinical studies that the company's Fractalkine blockers have the ability to inhibit these cancer supporting cells.

This newly discovered effect on the tumor's supporting cells is consistent with how Kancera has already shown that Fractalkine blockers prevent severe inflammation by preventing proinflammatory cells from infiltrating vulnerable tissues and organs.

### Two generations of Fractalkine-blocking drug candidates

KAND567 is a Fractalkine blocker that Kancera acquired from AstraZeneca in 2016, at that time in preclinical development. KAND145 is a second generation Fractalkine-blocking drug candidate that has been developed and patented solely by

Kancera. KAND145 builds on KAND567's mechanism of action but has improved product properties, including dry powder properties. This allows for a more effective loading of capsules and a higher level of solubility, which together provide means for a more effective administration of the drug in indications requiring high doses, such as treatment of cancer. After administration of KAND145, a process is activated in the body that releases KAND567. Since KAND145 is converted to KAND567 in the body, the company expects to be able to build on the study data generated in studies of KAND567 in the continued development of KAND145. For example, the company's strategy is to switch to KAND145 after completion of the phase IIa study of KAND567 in ovarian cancer from phase IIb onwards.

### Kancera's pipeline



# Kancera's clinical stage projects

Around 90% of the company's resources are allocated to the Fractalkine project and the drug candidates KAND567 and KAND-145. With the current funding, Kancera intends to advance the project portfolio according to the following goals:

- Finalize the phase IIa clinical study of KAND567 in myocardial infarction patients undergoing percutaneous coronary intervention (PCI), with planned presentation of results in the second half of 2023
- Conduct phase Ib/IIa clinical studies of KAND567 in ovarian cancer patients with planned readout in the second half of 2024
- Conduct Phase Ia clinical study of KAND145 in healthy subjects with planned readout of data in the second half of 2023

Within the Fractalkine program, the main part of the company's resources are currently allocated to KAND567 and the two clinical studies. However, as KAND145 advances, the share of the company's investments in this project is expected to increase.

## **The FRACTAL study - KAND567 in ongoing phase IIa study**

In the fourth quarter of 2021, Kancera initiated a phase IIa clinical study in patients with myocardial infarction in collaboration with the British NHS Foundation, which is the study sponsor. The study is mainly conducted at the Freeman Hospital in Newcastle, one of the world's leading university hospitals. The goal of this clinical development is ultimately to reduce the risk of long-term severe complications after a severe heart attack and to increase survival. In addition to investigating tolerability and safety, this phase IIa study aims at capturing early signals of efficacy, as well as positive effects on the heart's function.

Treatment with KAND567 is started before PCI is performed and ends when the patient is discharged from the hospital approximately three

days later. The expected cardiovascular protective effect will be followed with magnetic resonance imaging (MRI) and biomarkers for inflammation and heart damage.

The recruitment of patients is ongoing and will be completed by the end of February at the latest, with the goal of reporting the results from the study in the third quarter of 2023.

## **The KANDOVA study - KAND567 in a combined phase Ib/IIa study**

In the first quarter of 2023, Kancera plans to start a combined phase Ib/IIa clinical study in patients with ovarian cancer with relapse after platinum-based chemotherapy. The study is planned to be carried out at five hospitals in Sweden, Denmark and Norway. The goal of this clinical development is to restore sensitivity for platinum-based chemotherapy and thereby prolong survival. In addition to documenting tolerability and safety, this phase Ib/IIa study intends to capture early signals of inhibition of DNA repair and blocking of cancer-promoting cells in the tumor's microenvironment. The study is conducted in collaboration with the clinical trials unit of the Nordic Society of Gynecological Oncology (NSGO-CTU), a Nordic society of leading hospitals and investigators in the field of gynecological cancer. NSGO establishes treatment guidelines for ovarian cancer in the Nordic countries and conducts clinical studies. Through this collaboration, Kancera believes that the KANDOVA-study is strengthened, e.g. with regards to patient recruitment.

## **Projects in pre-clinical phase**

- KAND567 for the treatment of kidney related hyperinflammation
- KAND571 (ROR1 inhibitor) for the treatment of B-cell malignancies
- KAND757 (PFKFB3 inhibitor) for the treatment of rectal cancer

For additional information on projects and market prospects, see Annual Report 2021 on Kancera's website [www.kancera.com](http://www.kancera.com)

## Financial development in summary

<b>Kancera Group</b> SEK 000's (if otherwise not specified)	1 oct - 31 dec		1 jan - 31 dec	
	2022	2021	2022	2021
Net turnover	0	0	0	0
Other operating revenues	27	1 137	753	1 704
Operating expenses	-14 000	-13 868	-52 687	-46 960
R&D expenses	-11 595	-12 895	-45 608	-42 634
Operating Income	-13 973	-12 731	-51 934	-45 256
Income after financial items	-14 011	-12 953	-52 484	-45 686
Net income	-14 011	-12 953	-52 484	-45 686
Cash-flow from operating activities	-9 832	-14 612	-48 158	-44 125
	0			
Cash on hand	95 149	106 521	95 149	106 521
	0			
Equity	106 912	122 536	106 912	122 536
<b>Key ratios</b>				
R&D costs / total costs, %	83%	93%	87%	91%
Earnings by share, before and after dilution, kr	-0,22	-0,23	-0,90	-0,82
Cash-Flow by share, kr	-0,12	-0,26	-0,61	-0,79
Equity by share, kr	1,34	2,19	1,34	2,19
Total assets	120 738	133 406	120 738	133 406
Solvency, %	89%	92%	89%	92%
No. of employees	5	7	5	7

See Note 5 for definitions of key ratios

## Comments on the financial development

Kancera AB's business model is to develop drug candidates up to demonstrated proof-of-concept in human and then seek partnerships with other pharmaceutical companies for late stage development and commercialization. Through these partnerships Kancera will earn income from up-front and milestone payments and royalties on sales.

### Income and profits

#### Fourth quarter, October – December 2022

- Net sales during the quarter amounted to SEK 0 million (SEK 0.0 million)
- The costs during the quarter were in accordance with plan and amounted to SEK 14,0 million (13,9 million) broken down into costs for research and development of SEK,6 million (12,9 million), and other sales and administrative costs SEK 2,4 million (1,0 million).
- The result after financial items was in accordance with plan and during the quarter amounted to SEK -14,0 million (-13,0 million).
- Earnings per share for the quarter, based on a weighted average of the number of outstanding shares, amounted to till -0,22 kr (-0,23 kr).

#### Period, January – December 2022

- Net sales during the period amounted to SEK 0 million (0 million).
- Costs during the period amounted to SEK 52,7 million (47,0 million), broken down into costs for research and development of SEK 45,6 million (42,6 million), and other sales and administrative costs SEK 7,1 million (4,3 million). The increase compared to the previous year is due to increased investments in clinical development in the ongoing FRACTAL study and preparations for the KANDOVA study.
- Profit after financial items during the period amounted to SEK -52,5 million (-45,7 million). The deterioration of the result compared to the previous year is due to increased costs for clinical development according to the point above.
- Earnings per share for the period, based on a weighted average of the number of outstanding shares, amounted to -0,90 kr (-0,82 kr).

# Financial position and cash flow

## Balance sheet and cash flow

- Total equity as of December 31, 2022 amounted to SEK 106.9 million (SEK 122.8 million).
- Kancera's equity ratio as of 31 December 2022 was 89 percent (92 percent). Equity per share was 1.34 kr (2.19 kr). The change in equity is a result of the completed rights issue.
- Cash flow amounted to SEK 26.9 million (-12.2 million) during the fourth quarter. The positive cash flow and the increase compared to the previous year is explained by the capital contribution from the rights issue. Cash flow from operating activities amounted to SEK -9.8 million (SEK -14.6 million) or SEK -0.12 per share (SEK -0.26) and from financing activities it amounted to SEK 36.8 million (SEK 2.4 million). That the cash flow was higher in the same period last year is explained by normal variability that arises when larger payments are made, for example for manufacturing and study costs.
- Kancera's cash and cash equivalents as of 31 December 2022 amounted to SEK 95.1 million (SEK 106.5 million).
- The preferential issue of units decided by the board on October 12, 2022, with the support of authorization from the annual general meeting on May 25, 2022, was subscribed for approximately SEK 46.3 million before issue costs, corresponding to a subscription rate of approximately 51.57 percent, which meant that the issue guarantees did not need to be claimed. The issue costs totaled SEK 10.1 million, and the rights issue thus brought Kancera a total of approximately SEK 36.5 million after deduction of issue costs.

## Employees

Kancera AB had approximately 5 full-time employees as of December 31, 2022, of which 5 are men and 0 are women.

## Investments and depreciation

Intangible fixed assets amount to a total of SEK 21 million, which is distributed over 2 projects: the ROR1 project, SEK 3 million and the Fractalkine project, SEK 18 million. The item derived from the ROR1 project arose as a result of a non-cash issue during the establishment of Kancera AB. The item derived from the Fractalkine project is the sum of three offset issues carried out in accordance with the acquisition agreement with Astra Zeneca. The valuation of these two intangible assets is thus a result of the contractual terms in connection with the acquisitions of these assets, i.e. not a market valuation of the projects. For a description of the market outlook for Kancera's projects, refer to the Annual Report for 2021 and Kancera's website. The board carries out an impairment test on an ongoing basis and at least once a year, to ensure that capitalized values are fair and justified. As of 31 December 2022, the board has concluded that there are no indications of impairment. No investments have been made in fixed assets during the fourth 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 Förvaltning AB. The parent company in the group is the Swedish public limited company Kancera AB (publ.) whose shares are listed on Nasdaq First North Premier from on 28 October 2016. Kancera Förvaltning AB is a dormant company.

## The share capital and the share

The share capital on December 31, 2022 amounted to SEK 66 273 643.35 (SEK 46 786 623.35) distributed over 79 528 372 (56 143 948) shares with a quota value of, rounded-off, SEK 0.87 (0.83) per share. The increase in number of shares is attributable to the new issue of shares conducted in November 2022.

## Tax deficits

Kancera AB's current operations are initially expected to result in negative results and fiscal deficits. There are currently not sufficiently convincing reasons to believe that tax surpluses will exist in the future that can justify a capitalization of the value of the deficits, and no deferred tax asset has been reported. In the event of a sale of a drug candidate, it is expected that profits can be reported, which are currently deemed to be able to be taxed against previous years' tax losses, which would mean a low tax burden for the Company when a project is sold. The fiscal deficits amounted to SEK 397 636 000 as of December 31, 2022. No deferred tax asset is recognized for these tax losses.

## Dividend

The board intends to propose to the annual general meeting that no dividends to shareholders will be paid out for the period.

## Consolidated Statement of Comprehensive Income

SEK 000's (if otherwise not specified)

	1 Oct - 31 Dec		1 Jan - 31 Dec	
	2022	2021	2022	2021
<b>Kancera Group</b>				
Net sales	0	0	0	0
Other operating revenues	27	1 137	753	1 704
<b>Total revenue</b>	<b>27</b>	<b>1 137</b>	<b>753</b>	<b>1 704</b>
<i>Operating Expenses</i>				
General & administrative expenses	-1 293	-814	-4 685	-3 620
Selling expenses	-1 112	-159	-2 394	-706
Research & development expenses	-11 595	-12 895	-45 608	-42 634
<b>Total operating expenses</b>	<b>-14 000</b>	<b>-13 868</b>	<b>-52 687</b>	<b>-46 960</b>
<b>Operating income</b>	<b>-13 973</b>	<b>-18 240</b>	<b>-51 934</b>	<b>-45 256</b>
<i>Income from Financial Investments</i>				
Financial net	-38	-222	-550	-430
<b>Income after financial items</b>	<b>-14 011</b>	<b>-18 462</b>	<b>-52 484</b>	<b>-45 686</b>
Taxation				
<b>Net income</b>	<b>-14 011</b>	<b>-18 462</b>	<b>-52 484</b>	<b>-45 686</b>
Average number of shares (thousands), before and after dilution	64 199	55 968	58 158	55 968
Number of shares at closing date (thousan	79 528	56 144	79 528	56 144
Earnings per share, before and after dilutio	-0,22	-0,33	-0,49	0,67



## Condensed Consolidated Statement of Financial Position

<i>SEK 000's</i>		31-dec	
<b>Kancera Group</b>	2022		2021
<i>Assets</i>			
<i>Non-current Assets</i>			
<i>Intangible assets</i>			
Capitalized R&D	21 000		21 000
<i>Tangible assets</i>			
Lease assets	0		0
	247		607
<i>Financial assets</i>			
Financial placements	1		1
<b>Total non-current assets</b>	<b>21 248</b>		<b>21 608</b>
<i>Current Assets</i>			
Trade receivables and other receivables	4 341		5 278
Cash and cash equivalents	95 149		106 521
<b>Total current assets</b>	<b>99 490</b>		<b>111 799</b>
<b>TOTAL ASSETS</b>	<b>120 738</b>		<b>133 406</b>
<i>Equity and Liabilities</i>			
<i>Equity</i>			
Equity	106 912		122 536
<b>total equity</b>	<b>106 912</b>		<b>122 536</b>
<i>Liabilities</i>			
Long-term liabilities	0		442
Short-term liabilities	13 826		10 429
<b>Total liabilities</b>	<b>13 826</b>		<b>10 870</b>
<b>TOTAL EQUITY and LIABILITIES</b>	<b>120 738</b>		<b>133 406</b>

## Consolidated report on changes in equity

<b>Kancera Group, Jan 1 2021 - Dec 31 2021</b> <b>SEK 000's</b>	Sharecapital	Ongoing share issue	Other capital contributions	Accumulated deficit	Total equity
<b>Fourth quarter</b>					
<b>Opening balance 2022-10-01</b>	46 582	0	119 205	-32 733	133 054
<i>Comprehensive income</i>					
Net income for the period				-12 953	-12 953
Total comprehensive income				-12 953	-12 953
<i>Transactions with shareholders</i>					
Capital injections	0	0	0		
Capital injection costs	204		2 231		2 435
Ongoing share issue		0			0
<b>Total transactions with shareholders</b>	204	0	2 231		2 435
<b>Closing balance 2021-12-31</b>	<b>46 786</b>	<b>0</b>	<b>121 436</b>	<b>-12 953</b>	<b>122 536</b>
<b>The period January - September</b>					
<b>Opening balance 2021-01-01</b>	<b>39 516</b>	<b>0</b>	<b>73 267</b>	<b>-40 500</b>	<b>72 283</b>
<b>Comprehensive income</b>					
<i>Appropriation of last year's net income</i>			-40 500	40 500	
Net income for the period				-45 686	-45 686
Total comprehensive income	0	0	-40 500	-45 686	-45 686
<i>Transactions with shareholders</i>					
Capital injections	7 270		100 913		108 183
Capital injection costs			-12 244		-12 244
Ongoing share issue					0
Total transactions with shareholders	7 270	0	88 669	0	95 939
<b>Closing balance 2021-12-31</b>	<b>46 786</b>	<b>0</b>	<b>121 436</b>	<b>-45 686</b>	<b>122 536</b>

## Consolidated report on changes in equity (cont'd)

Kancera Group, Jan 1 2022 - Dec 31 2022 SEK 000's	Sharecapital	Ongoing share issue	Other capital contributions	Accumulated deficit	Total equity
<b>Fourth quarter</b>					
<b>Opening balance 2022-10-01</b>	46 786		75 750	-38 473	84 065
Comprehensive income					
<i>Appropriation of last year's net income</i>					
Net income for the period				-14 011	-14 011
Total comprehensive income				-14 011	-14 012
<i>Transactions with shareholders</i>					
Capital injections	19 487		27 442		46 929
Capital injection costs			-10 070		-10 070
Ongoing share issues					
Total transactions with shareholders	19 487	0	17 372	0	36 858
<b>Closing balance 2022-12-31</b>	<b>66 273</b>	<b>0</b>	<b>93 122</b>	<b>-52 484</b>	<b>106 912</b>
<b>The period January-December</b>					
<b>Opening balance 2022-01-01</b>	<b>46 786</b>	<b>0</b>	<b>121 436</b>	<b>-45 686</b>	122 536
<b>Comprehensive income</b>					
<i>Appropriation of last year's net income</i>			-45 686	45 686	
Net income for the period				-52 485	-52 484
Total comprehensive income	0	0	-45 686	-6 798	-52 484
<i>Transactions with shareholders</i>					
Capital injections	19 487		27 442		46 929
Capital injection costs			-10 070		-10 070
Ongoing share issue					
Total transactions with shareholders	19 487	0	17 372	0	36 859
<b>Closing balance 2022-12-31</b>	<b>66 273</b>	<b>0</b>	<b>93 122</b>	<b>-52 485</b>	<b>106 912</b>

## Condensed Consolidated Statement of Cash Flow

SEK 000's Kancera Group	1 oct - 31 dec		1 jan-31 dec	
	2022	2021	2022	2021
<i>Cash-flow from operating activities</i>				
Operating income after financial items	-12 008	-9 085	-52 484	-45 686
Depreciation	90	90	360	320
Taxes paid	-152	-106	732	-386
Other non-cash flow items		0	-40	0
<b>Cash-flow from operating activities before working capital change</b>	<b>-12 070</b>	<b>-9 101</b>	<b>-51 432</b>	<b>-45 753</b>
Change in working capital	2 717	76	3 274	1 628
<b>Cash-flow from operating activities</b>	<b>-9 352</b>	<b>-9 025</b>	<b>-48 158</b>	<b>-44 125</b>
<i>Investment activities</i>				
<b>Cash-flow from investment activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FREE CASH-FLOW available to INVESTORS</b>	<b>-9 352</b>	<b>-9 025</b>	<b>-48 158</b>	<b>-44 125</b>
<i>Financing activities</i>				
Change in debt referable to financing activities	-442	-535	0	-302
Issue of shares/other capital infusions	0	-35	36759	95 940
Repayment of loans	0	0	27	0
<b>Cash-flow from financing activities</b>	<b>-442</b>	<b>-570</b>	<b>36786</b>	<b>95 638</b>
<b>CASH-FLOW for the PERIOD</b>	<b>-9 794</b>	<b>-9 595</b>	<b>-11 372</b>	<b>51 513</b>
Cash and cash equivalents at the beginning of the period	106 521	55 008	106 521	55 008
Cash and cash equivalents at the end of the period	96 727	45 413	95 149	106 521

## Condensed Income Statement – Parent company

SEK 000's (if otherwise not specified)				
The Parent Company Kancera AB				
	1 Oct - 31 Dec		1 Jan - 31 Dec	
	2022	2021	2022	2021
<i>Revenues</i>				
Net sales	0	0	0	0
Other operating revenues	28	1 137	754	1 704
<b>Total revenue</b>	<b>28</b>	<b>1 137</b>	<b>754</b>	<b>1 704</b>
<b>Gross profit</b>	<b>28</b>	<b>1 137</b>	<b>754</b>	<b>1 704</b>
<i>Operating Expenses</i>				
General & administrative expenses	-1 323	-814	-4 715	-3 620
Selling expenses	-1 169	-159	-2 451	-706
Research & development expenses	-11 509	-12 895	-45 522	-42 634
<b>Total operating expenses</b>	<b>-14 001</b>	<b>-13 868</b>	<b>-52 688</b>	<b>-46 960</b>
<b>Operating income</b>	<b>-13 973</b>	<b>-12 731</b>	<b>-51 934</b>	<b>-45 256</b>
<i>Income from Financial Investments</i>				
Financial net	-1	-222	-433	-430
<b>Income after financial items</b>	<b>-13 974</b>	<b>-12 953</b>	<b>-52 367</b>	<b>-45 686</b>
Taxation	0	0	0	0
<b>Net income</b>	<b>-13 974</b>	<b>-12 953</b>	<b>-52 367</b>	<b>-45 686</b>

## Condensed Balance Sheet – Parent company

<i>SEK 000's</i>		
<b>The Parent Company Kancera AB</b>		
	31-Dec	
	2022	2021
<b>Assets</b>		
<i>Non-current Assets</i>		
<i>Intangible assets</i>		
Capitalized R&D	21 000	21 000
<i>Financial assets</i>		
Shares in subsidiaries	50	50
Financial placements	1	1
<b>Total non-current assets</b>	<b>21 051</b>	<b>21 051</b>
<i>Current Assets</i>		
Intercompany receivables	1	1
Trade receivables and other receiv	4 341	4 572
Cash and cash equivalents	95 101	106 473
<b>Total current assets</b>	<b>99 443</b>	<b>111 046</b>
<b>TOTAL ASSETS</b>	<b>120 494</b>	<b>132 096</b>
<i>Equity and Liabilities</i>		
<i>Equity</i>		
Equity	108 227	122 567
<b>Total equity</b>	<b>108 227</b>	<b>122 567</b>
<i>Liabilities</i>		
Short-term liabilities	12 266	9 529
<b>Total liabilities</b>	<b>12 266</b>	<b>9 529</b>
<b>TOTAL EQUITY and LIABILITIES</b>	<b>120 493</b>	<b>132 096</b>

# 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 2021 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 research costs when they arise because they mainly consisted of research efforts and the Group management has assessed that the criteria for capitalization have not been met.

Amounts are stated in Swedish kronor, rounded off 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: Transactions with related parties

During the period, Kancera AB paid compensation of SEK 180 000 (SEK 120 000) to Mellstedt Consulting AB for services including scientific advice and scientific marketing. Kancera's board has also approved the payment of research funds of SEK 192 988 to the Karolinska Institute as support for research into the Fractalkine axis in cancer with Håkan Mellstedt as representative. Håkan Mellstedt, board member of Kancera AB, is CEO of and owner of Mellstedt Consulting AB. In addition, Kancera AB has not paid compensation to related parties in addition to board fees and outlays for costs.

## Note 3: Received grants to be finalized at a later time

Awarding body	Amount awarded tkr	Amount paid, tkr	Date for reporting
EU TOBEATPAIN <sup>1</sup>	2 637	1 791	July 2022
Total	2 637	1 791	

<sup>1</sup>Using EUR exchange rate SEK 10. Granted amount of approximately SEK 2 637 000. Paid amount of approx. SEK 1 791 000. The remaining amount of the grant, of which approx. SEK 248 000 is used for administration and education to the coordinating university, is paid out after an approved final report that is submitted to the EU for review in July 2022. Kancera is still awaiting final approval from the EU.



## Note 4: 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 profit growth. The group's operations are affected by a number of risks that can have an effect on the group's results and financial position to varying degrees. For a description of the group's risks, refer to the section Risks and risk management on page 29 of the annual report for 2021. In addition to these reported risks, the prevailing macroeconomic situation, with higher inflation, increased interest and energy costs, generally means increased uncertainty. However, the company assesses that the effects of this uncertainty are relatively limited. Kancera has no loans, and its own operations have very limited energy consumption. However, the increased costs in these areas indirectly impact the company in the form of increased costs for contracted development and production. The company has taken this into account in the financial forecast developed for 2023 and 2024 and the company has concluded that it will be possible to execute the business plan as planned with existing funding.

## Note 5: Definitions of key ratios

### 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.

### R&D costs as share of total costs

The key ratio provides information on the share of the company's research and development costs in relation to the total cost of business. This gives a view of cost allocation and an indication of how resources are allocated to core business versus general administration.

### Return on equity

Profit for the period as a percentage of average equity. The key figure shows the company's performance and gives an indication of how well equity has been used.

### Return on capital employed

The key ratio is calculated by dividing the company's operating profit by capital employed. The key ratio provides information about the company's efficiency and profitability, which in a multi-year overview provides information about the company's development over time.

### Equity per share

Calculated by dividing Equity by the number of shares on the balance sheet date. The change of this key ratio between years gives an indication that changes have taken place in the company's equity, for example if a new issue has been carried out and how much of such a capital injection remains per balance sheet date.

### Cash flow per share from current operations

Cash flow from operating activities divided by average number of shares. Given the company's phase where revenues are still fictitious, the number, together with equity per share, provides information about the company's capital acquisition and financing.

### Solidity

Equity as a percentage of total assets. The key ratio shows how much of the assets were financed via equity and thus indicates the company's financial robustness.

# 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 and group's operations, position and results, and describes the material risks and uncertainties that the company and the group face.

Stockholm 21 February 2023

Erik Nerpin  
*Chairman*

Håkan Mellstedt  
*Board member*

Charlotte Edenius  
*Board member*

Carl-Henrik Heldin  
*Board member*

Anders Gabrielsen  
*Board member*

Petter Brodin  
*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 report 2022	28 April 2023
Interim report January-March 2023	19 May 2023
Annual general meeting 2023	25 May 2023
Interim report January-June 2023	18 August 2023
Interim report January-September 2023	17 November 2023
Year-end report January-December 2023	23 February 2024



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