Interim report for second quarter 2021

1 January – 30 June 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 inflammation and cancer

Kancera is developing new drugs for inflammation and cancer. The most advanced drug candidate, the Fractalkine blocker KAND567, is developing clinically towards the goal of minimizing the damage that occurs in the heart and lungs in connection with an excessive inflammatory reaction, so-called hyperinflammation. The first Phase IIa clinical trial conducted in patients with acute COVID-19 has been completed and is the results scheduled to be concluded and reported in 2021 and the second, in myocardial infarction patients, in 2022.

During the first quarter of 2021, preclinical studies revealed 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.

Thanks to these results, Kancera is now in a leading position in this clinically and commercially dynamic area for the development of the cancer drugs of the future. Preclinical trials have begun to investigate how best to dose KAND567 to achieve the concentrations required to disrupt treatment resistance in advanced tumor disease. If these studies turn out well in 2021, the prerequisites are good for initiating a clinical phase IIa study in advanced cancer already in 2022, in this case with the goal of demonstrating efficacy and safety using established biomarkers.

Kancera AB conducts research and development at Karolinska Institutet Science Park in Stockholm and employs 7 people. The stock is traded on NASDAQ First North Premier. The number of shareholders as of June 30, 2021 was approximately 21,500. 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 Petter Brodin, MD PhD Charlotte Edenius, MD PhD Anders Gabrielsen, Professor Carl-Henrik Heldin and Professor Håkan Mellstedt are all scientific advisors 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.

Second quarter in brief

As well as the period 1 January to 30 June 2021

Net sales for the period (January to June) amounted to SEK 0 million (SEK 0 million), of which the second quarter contributed SEK 0 million (SEK 2,6 million).

R&D costs for the period amounted to SEK 19,3 million (SEK 19,3 million) of which the second quarter contributed SEK 11,1 million (SEK 9,6 million).

Operating profit for the period amounted to SEK -27,2 million (SEK -25,0 million), of which the second quarter contributed SEK -18,2 million (SEK -13,9 million).

Profit after financial items for the period amounted to SEK -27,3 million SEK (-25,5 million), of which the second quarter contributed SEK -18,3 million (SEK -13,8 million).

Earnings per share for the period amounted to -0,67 SEK (-0,93 SEK), of which the second quarter contributed -0,36 SEK (-0,41 SEK).

Cash flow from operating activities for the period amounted to till SEK -23,3 million (SEK -24,1 million), of which the second quarter contributed SEK -14,3 million (SEK -15,4 million).

Equity on 30 June 2021 amounted to SEK 143,7 million (SEK 77,3 million) or 2,6 SEK (1,8 SEK) per share.

The equity/assets ratio on 30 June 2021 amounted to 93 percent (84 percent).

Cash and cash equivalents on 30 June 2021 amounted to SEK 129,9 million (SEK 56,4 million).

Important events during the second quarter

- With the support of authorization from the Annual General Meeting of Kancera on May 28, 2020, the Board carried out a private placement and rights issue, on the same terms, which provided Kancera with a total of SEK 87.4 million after deduction of issue costs of SEK 13.9 million. The new issues correspond to a dilution of approximately 14 percent.

- Kancera announced that the exploratory phase IIa study with KAND567 in acute COVID-19 has been completed after more than 80 percent of the originally planned number of patients were treated. This patient data is considered sufficient to provide important and relevant results that can guide the further clinical development of KAND567 against hyperinflammation, including COVID-19. The study results are expected to be presented during the fourth quarter of 2021.

- Kancera put forward KAND757 in the PFKFB3 project as a drug candidate based on in-house discoveries, amongst which was a doctoral dissertation 2021 on the strengthening effect of DNA-damaging cancer treatment, as well as new positive metabolic effects documented in tumor preparations from patients with rectal cancer.

- Kancera announced that the Annual General Meeting elected Petter Brodin as a new Board member and re-elected former Board members and the Chairman of the Board.

- Kancera announced that a recently published study shows clear signs of immune activation in 4800 patients with widespread heart attack (STEMI) who, in connection with this, had to 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.

Important events after the end of the second quarter

- Kancera has announced that the UK drug and ethics testing authorities have approved the start of a Phase IIa clinical trial of KAND567 following a heart attack. The study is expected to start at the turn of the month September/October.
- Kancera has announced that the first opportunity to redeem warrant TO5 during the period June to November 2021 provided the company with approximately SEK 1.1 million.
- Kancera has decided to keep a patent application that covers the company's best-qualified HDAC6 inhibitors and to evaluate opportunities to further develop the HDAC project through collaborations in 2022.

CEO statement

Clear progress in our two clinical programs and new funding for efforts against advanced cancer

Since the end of last quarter, Kancera has achieved three important intermediate goals. We have reached a number of patients in the COVID-19 study that is considered sufficient to be able to evaluate the safety and indication of effect of our drug candidate KAND567 and have received the go-ahead to start another phase II study of the same drug candidate in patients with myocardial infarction. Furthermore, we have secured financial resources to carry out crucial steps in the coming years in the development of our drug candidates for treatment-resistant cancer.

Results from the COVID-19 study are expected during the fourth quarter

In mid-June, we announced that the recruitment of patients for the exploratory phase IIa study of KAND567 has been completed after more than 80 percent of the originally planned number of COVID-19 patients had been dosed. The decision was made in light of the fact that the number of patients in need of hospital care has decreased significantly, while the patient data obtained is considered sufficient to provide important and relevant results to guide the further clinical development of KAND567 against hyperinflammation caused by viral infections, including COVID- 19. We now look forward to receiving the study results, which are expected to be presented during the fourth quarter of 2021.

Ready to start Phase II study of KAND567 in patients with myocardial infarction

In July, the UK Medicines Agency gave the go-ahead to initiate a Phase II study to evaluate the safety and efficacy of the KAND567 Fractalkine blocker in patients with a history of myocardial infarction. The study, which is called FRACTAL, will be carried out by the Newcastle upon Tyne Hospital NHS Foundation Trust and is expected to start at the end of September / October 2021. In total, the study is planned to include 60 patients to be treated with either KAND567 or placebo for three days. An evaluation of safety, markers of cardioprotective effect, inflammation and general health will be performed 30 and 90 days after the first dose, respectively.

In the spring, new research results were published (see press release on May 6) that show clear signs of immune activation in the 4,800 patients studied that were suffering from widespread heart attack (STEMI) and undergoing emergency procedures to open the blood vessel blocked by a blood clot. Immune activation in myocardial infarction is linked to the risk of serious complications that can aggravate the heart muscle damage and thereby increase the risk of chronic heart problems or death. The risk is particularly high in patients who have an activated Fractalkine system. The complications associated with the Fractalkine system are impaired function of the important small vessels that supply the heart muscle (microvasculature),

and a change in the appearance and function of the heart muscle after the heart attack (remodeling), which is closely linked to chronic heart failure. KAND567 works by blocking the Fractalkine system and thus has the potential to prevent complications and save lives after an acute heart attack.

Funding secured for the development of Fractalkine blockers against ovarian cancer

In May, a directed new share issue was carried out to, among others, Nyenburgh Holding B.V. and Fårö Capital AB, on the same terms as a simultaneous rights issue. The company received a total of approximately SEK 87.4 after deduction of costs, which will be used to expand the development of KAND567 and KAND145 in the area of cancer and inflammation. This initiative is based, among other things, on pioneering preclinical research results, which show that KAND567 has the potential to break down cancer cells' resistance to chemotherapy and thereby significantly improve the treatment of advanced cancer such as ovarian cancer. We are now planning for clinical preparatory studies with the goal of defining an optimal dosing strategy for KAND567 in the field of cancer. Positive results would enable the start of a clinical study in cancer patients as early as 2022.

New research findings show potential for a new drug candidate for rectal cancer

The results of two recently presented preclinical research studies indicate that Kancera's drug candidate KAND757 has a unique ability to render resistant rectal cancer sensitive to today's standard treatment with cytotoxic drugs and radiation. This breaks new ground in the development of new treatments for colorectal cancer - which is the third most common form of cancer in Sweden. Within the framework of our current funding, KAND757 will undergo studies to establish an optimal form of administration, at the same time as we carry out a survey to identify the patients who benefit most from the treatment. A decision to possibly take KAND757 further to clinical development is expected to be made in 2022.

The final steps in the preparations for the start of the myocardial infarction study are now continuing, at the same time as the results from the study in COVID-19 patients are compiled. After the clear progress that has been made in the development of our drug candidates since the start of the second quarter, we can thus look forward to two new - and at least as important - intermediate goals for the rest of the year.

Solna, 20 August 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 June 2021, Kancera completed a phase II clinical 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.

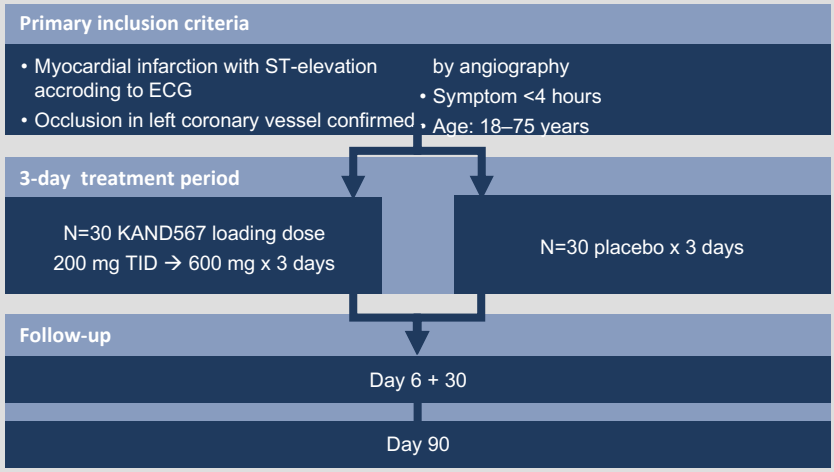
This cardiac study was performed by Kancera mainly at Freeman Hospital, Newcastle, UK which was nominated in 2020 as one of the world's 50 leading University Hospitals. The long-term goal is to increase survival and reduce the risk of severe complications after a severe heart attack. In addition to documenting 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.

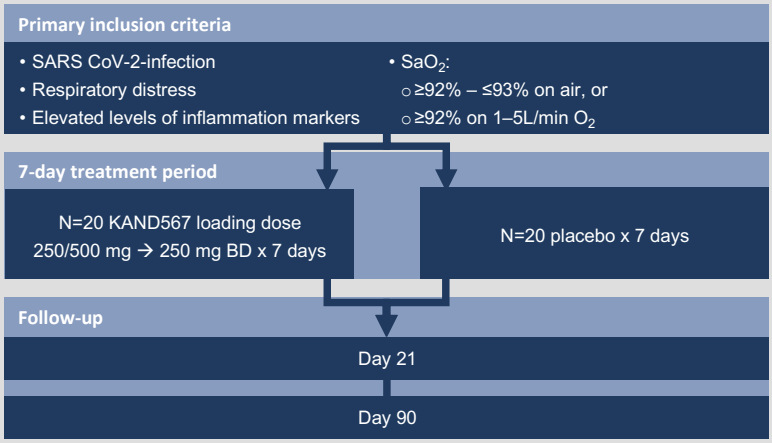
This is how Kancera's clinical phase IIa study in myocardial infarction works

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.



Results from the COVID-19 study with KAND567 regarding tolerability, impact on hyperinflammation and indication of tissue protective effect are planned to be presented during the fourth quarter of 2021. The goal of this clinical development is in the long run to reduce the need for intensive care and accelerate rehabilitation from severe viral infection. Successful results create 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 effect pattern KAND567 already in clinical phase II and provide support for possible expansion into new therapy areas.



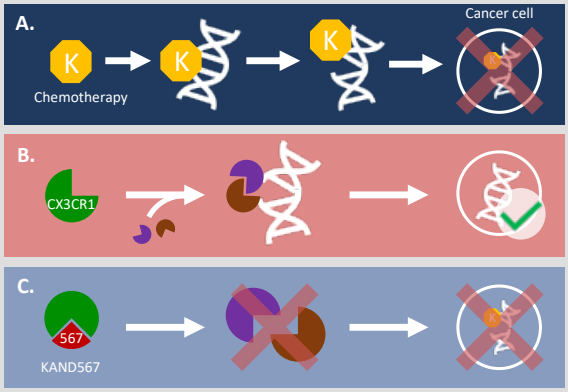
This is how Kancera's clinical phase IIa study in COVID-19 worked
A patient arrives at the emergency room within 10 days of breathing difficulties having occurred. At the hospital, it is found that oxygenation is 87–92%, that there are clear signs of inflammation but that pulmonary embolism can be ruled 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 preclinical findings 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 conducting pre-clinic 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 for the development of Kancera's product portfolio the next 12 to 24 months is to:

- conduct and report two Phase IIa clinical trials with KAND567 against inflammatory lesions of the lungs and heart in severe viral infection (COVID-19) and heart attack
- 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
- advance Kancera's second drug candidate KAND145 through phase I



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 continued development of the project takes place mainly through collaborations with independent academic research groups.

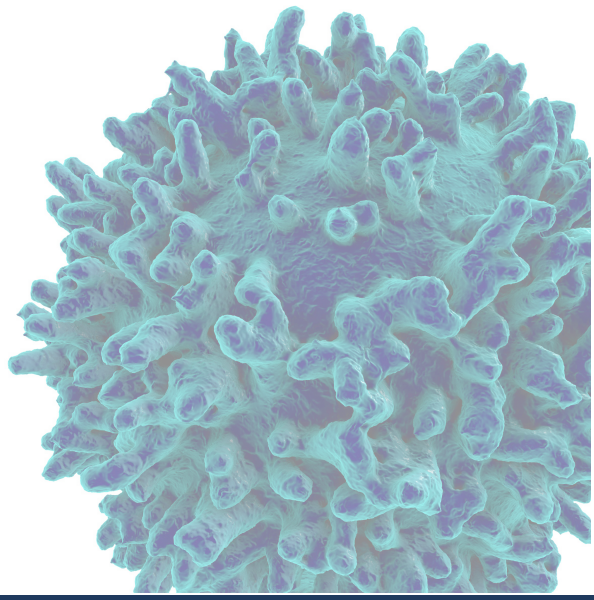
HDAC (inflammation, cancer)

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 owns all rights to preclinical results generated during the collaboration. Kancera has decided to uphold a patent application that includes the most promising chemical series of HDAC inhibitors and for the time being run the low-budget project through collaborations.

PFKFB3 (cancer)

Research studies published in 2021 by Kancera's researchers in collaboration with Karolinska Institutet show that KAND757 increases the sensitivity of cancer cells to radiation therapy and chemotherapy. In 2021, a research group from University Medical Center Göttingen has also shown that KAND757 effectively kills tumor preparations from rectal cancer patients by selectively blocking metabolism. Taken together, these results show that KAND757 has the potential to meet the characteristics sought for the next generation of rectal cancer drugs. Against this background, Kancera has chosen to nominate KAND757 as a 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	April-June		Jan-June		Jan-Dec
SEK 000´s (if otherwise not specified)	2021	2020	2021	2020	2020
Net turnover	0	2 600	0	2 641	90
Other operating revenues	433	971	998	1 716	5 295
Operating expenses	-18 673	-17 459	-28 240	-29 348	-51 873
R&D expenses	-11 115	-9 599	-19 302	-19 293	-39 279
Operating Income	-18 240	-13 888	-27 242	-25 018	-46 515
Income after financial items	-18 260	-13 801	-27 345	-25 471	-47 558
Net income	-18 260	-13 801	-27 345	-25 471	-47 558
Cash-flow from operating activities	-14 277	-15 473	-23 302	-24 077	-46 046
Cash on hand	129 944	56 443	129 944	56 443	55 008
Equity	143 711	77 265	143 711	77 265	72 283
Key ratios					
Return on equity, %	neg	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg	neg
Earnings by share, before and after dilution	-0,36	-0,41	-0,67	-0,93	-1,31
Cash-Flow from operating activities by share, kr	-0,28	-0,46	-0,57	-0,88	-1,27
Solvency ratio	93%	84%	93%	84%	87%
Equity by share, kr	2,58	1,77	2,58	1,77	1,52
No. of employees	8	19	8	19	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.

Guarantee costs for a new share issue carried out during the second quarter are reported as an expense, which contributes to an overall lower result.

Income and profits

Second quarter, March – June 2021

- Net sales during the quarter amounted to SEK -18,3 million SEK (-13,8 million).
- Expenses during the quarter amounted to SEK 0 million (SEK 2,6 million).
- Costs during the quarter amounted to SEK 18,7 million (SEK 17,6 million) broken down into costs for research and development, SEK 1 million (SEK 9,6 million), and other sales and administrative costs SEK 7,6 million (SEK 8,0 million).
- Earnings per share for the period, based on a weighted average number of shares outstanding, amounted to -0,36 SEK (-0,41 SEK).

Period January – June 2021

- Profit after financial items for the period amounted to SEK -27,3 million (SEK -25,5 million).
- Net sales during the quarter amounted to SEK 0 million (SEK 2,6 million).
- Expenses during the quarter amounted to SEK 28,2 million (SEK 29,4 million) broken down into costs for research and development SEK 19,3 million (SEK 19,3 million), and other sales and administrative costs SEK 8,9 million (SEK 10,1 million).
- Earnings per share for the period, based on a weighted average number of shares outstanding, amounted to -0,67 SEK (-0,93 SEK).

Financial position and liquidity

Balance sheet and cash flow

- Total equity as of June 30, 2021 amounted to SEK 143,7 million (SEK 77,3 million).
- Kancera AB's equity/assets ratio as of June 30 2021 was 93 percent (84 percent). Equity per share was 12,58 SEK (1,77 SEK).
- Cash flow amounted to SEK 84,5 million (SEK 53,2 million) during the second quarter. Cash flow from operating activities amounted to SEK -14,3 million (SEK -15,4 million) or –0,28 SEK per share (-0,46 SEK) and from financing activities it amounted to SEK 98,8 million (SEK 68,7 million).
- As of June 30, 2021, Kancera AB's cash and cash equivalents amounted to SEK 129,9 million (SEK 56,4 million).
- On May 19, 2021, Kancera carried out a combined directed and rights issue, on the same terms, of a total of 7,977,861 shares. The issue was decided by the Board on April 19, with the support of authorization from the Annual General Meeting on May 28, 2020. The rights issue was subscribed to at approximately SEK 66.6 million, corresponding to a subscription ratio of approximately 65.8 percent, which means that approximately 14.2 percent of the rights issue's total volume was allocated to the issue guarantors. The private placement of approximately SEK 20.4 million was fully subscribed. Through the two new issues, Kancera will receive a total of approximately SEK 87.4 million after deductions for issue costs of 13.9.
- After the period, redeemed TO5 comprising 116 150 shares was registered at an exercise price of SEK 9.93, which provided Kancera with approximately SEK 1.1 million after issue costs.

Employees

Kancera AB had approximately 7 full-time employees, including 2 EU-funded doctoral students as of June 30, 2021, of which 5 are men and 2 are women.

Investments and depreciation

Intangible fixed assets in the balance sheet amount to a total of SEK 21 million, which is divided into two 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 if there are indications of impairment. In the event of an indication of impairment, an impairment test is performed. As of June 30, 2021, there are no indications of a decline in value. No investments were made in fixed assets during the second 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 on October 28, 2016.

The share capital and the share

The share capital on June 30, 2021 amounted to SEK 46 485 490.01 divided into 55 782 588 shares with a quotient value of, rounded off, SEK 0.83 per share after a merger which meant that ten (10) shares were combined 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)	April-June		Jan-June		Jan-Dec
	2021	2020	2021	2020	2020
Kancera Group					
Revenues					
Net sales	0	2 600	0	2 641	90
Other operating revenues	433	971	998	1 716	5 295
Cost of sales & services	0	0	0	-27	-27
Gross profit	**433**	**3 571**	**998**	**4 330**	**5 358**
Operating Expenses					
General & administrative expenses	-7 219	-7 767	-8 487	-9 493	-11 660
Selling expenses	-339	-93	-451	-562	-934
Research & development expenses	-11 115	-9 599	-19 302	-19 293	-39 279
Total operating expenses	**-18 673**	**-17 459**	**-28 240**	**-29 348**	**-51 873**
Operating income	**-18 240**	**-13 888**	**-27 242**	**-25 018**	**-46 515**
Income from Financial Investments					
Financial net	-20	87	-103	-453	-1 043
Income after financial items	**-18 260**	**-13 801**	**-27 345**	**-25 471**	**-47 558**
Taxation	0	0	0	0	0
Net income	**-18 260**	**-13 801**	**-27 345**	**-25 471**	**-47 558**
Average number of shares (thousands), before and after dilution	51 084	33 560	40 954	27 435	36 301
Number of shares at closing date (thousands)	55 783	43 641	55 783	43 641	47 420
Earnings per share, before and after dilution	-0,36	-0,41	-0,67	-0,93	-1,31

Report on financial position

SEK 000´s	30 June		31 Dec
Kancera Group	2021	2020	2020
Assets			
Non-current Assets			
Intangible assets			
Capitalized R&D	21 000	24 000	21 000
Tangible assets	0	0	0
Lease assets	747	3 349	927
financial assets	1	1	1
Financial placements			
Total non-current assets	**21 748**	**27 350**	**21 928**
Current Assets			
Trade receivables and other receivables	2 444	8 284	6 166
Cash and cash equivalents	129 944	56 443	55 008
Total current assets	**132 388**	**64 727**	**61 174**
TOTAL ASSETS	**154 136**	**92 077**	**83 102**
Equity and Liabilities			
Equity			
Equity			
total equity	**143 711**	**77 265**	**72 283**
Liabilities			
Long-term liabilities	442	434	977
Short-term liabilities	9 983	14 378	9 842
Total liabilities	**10 425**	**14 812**	**10 819**
TOTAL EQUITY and LIABILITIES	**154 136**	**92 077**	**83 102**

Report on changes in equity

Kancera Group, 1 Jan 2020-30 June 2020 *SEK 000´s*	Sharecapital	Ongoing share issue	Other capital contributions	Accumulated deficit	Total equity
Second quarter					
Opening balance 2020-04-01	17 486		19 219	-11 670	25 035
Comprehensive income					
Net income for the period				-13 801	-13 801
Total comprehensive income	0		0	-13 801	-13 801
Transactions with shareholders					
Capital injections	18 881		73 261		92 142
Capital injection costs			-6 825		-6 825
Ongoing share issue		-19 286			-19 286
Total transactions with shareholders	18 881	-19 286	66 436	0	66 031
Closing balance 2020-06-30	**36 367**	**-19 286**	**85 655**	**-25 471**	**77 265**
The period January-June					
Opening balance 2020-01-01	17 486		36 028	-36 095	17 419
Comprehensive income					
Appropriation of last year´s net income			-36 095	36 095	
Net income for the period				-25 471	-25 471
Total comprehensive income	0		-36 095	10 624	-25 471
Transactions with shareholders					
Capital injections	18 881		73 261		92 142
Capital injection costs			-6 825		-6 825
Total transactions with shareholders	18 881		66 436	0	85 317
Closing balance 2020-06-30	**36 367**		**66 369**	**-25 471**	**77 265**

Kancera Group, 1 Jan 2021-30 June 2021	Sharecapital	Ongoing share issue	Other capital contributions	Accumulated deficit	Total equity
Second quarter					
Opening balance 2021-04-01	39 516	3 157	32 732	-9 085	66 320
Comprehensive income					
Net income for the period				-18 260	-18 260
Total comprehensive income	0	0	0	-18 260	-18 260
Transactions with shareholders					
Capital injections	6 969		97 624		104 593
Capital injection costs			-5 785		-5 785
Ongoing share issue		-3 157			-3 157
Total transactions with shareholders	6 969	-3 157	91 839	0	95 651
Closing balance 2021-06-30	**46 485**	**0**	**124 571**	**-27 345**	**143 711**
The period January-June					
Opening balance 2021-01-01	39 516		80 325	-47 558	72 283
Comprehensive income					0
Appropriation of last year´s net income			-47 558	47 558	
Net income for the period				-27 345	-27 345
Total comprehensive income	0	0	-47 558	20 213	-27 345
Transactions with shareholders					0
Capital injections	6 969		97 624		104 593
Capital injection costs			-5 820		-5 820
Total transactions with shareholders	6 969	0	91 804	0	98 773
Closing balance 2021-06-30	**46 485**	**0**	**124 571**	**-27 345**	**143 711**

Cash flow report

SEK 000´s	April-June		Jan-June		Jan-Dec
Kancera Group	2021	2020	2021	2020	2020
Cash-flow from operating activities					
Operating income after financial items	-18 260	-13 801	-27 345	-25 471	-47 558
Depreciation	90	607	180	1 182	1 696
Taxes paid	-105	-51	-211	-272	-387
Write-off of intangible assets	0	0	0	0	3 000
Other non-cash flow items	0	23	0	0	0
Cash-flow from operating activities before working capital change	**-18 275**	**-13 245**	**-27 376**	**-24 561**	**-43 249**
Change in working capital	3 998	-2 228	4 074	484	-2 797
Cash-flow from operating activities	**-14 277**	**-15 473**	**-23 302**	**-24 077**	**-46 046**
Investment activities					
Investments in financial assets	0	0	0	0	0
Cash-flow from investment activities	**0**	**0**	**0**	**0**	**0**
FREE CASH-FLOW available to INVESTORS	**-14 277**	**-15 473**	**-23 302**	**-24 077**	**-46 046**
Financing activities					
Change in debt referrable to financing activities	0	-139	-535	-145	2 306
Issue of shares/other capital infusions	98 808	82 817	98 773	82 817	100 900
Repayment of loans		-14 000		-14 000	-14 000
Cash-flow from financing activities	**98 808**	**68 678**	**98 238**	**68 672**	**89 206**
CASH-FLOW for the PERIOD	**84 531**	**53 205**	**74 936**	**44 595**	**43 160**
Cash and cash equivalents at the beginning of the period	45 413	3 215	55 008	11 848	11 848
Cash and cash equivalents at the end of the period	129 944	56 443	129 944	56 443	55 008

Income statement Parent Company

SEK 000´s	April-June		Jan-June		Jan-Dec
The Parent Company Kancera AB	2021	2020	2021	2020	2020
Revenues					
Net sales	0	2 600	0	2 641	90
Other revenues	433	971	998	1 716	5 132
Cost of sales & services	0	0	0	-27	-27
Gross profit	**433**	**3 571**	**998**	**4 330**	**5 195**
Operating Expenses					
General & administrative expenses	-7 219	-7 751	-8 487	-9 495	-11 663
Selling expenses	-339	-93	-451	-562	-934
Research & development expenses	-11 115	-9 600	-19 302	-19 293	-39 279
Total expenses	**-18 673**	**-17 444**	**-28 240**	**-29 350**	**-51 876**
Operating income	**-18 240**	**-13 873**	**-27 242**	**-25 020**	**-46 681**
Income from Financial Investments					
Financial revenues					0
Financial expenses	-15	104	-93	-413	-983
Income after financial items	**-18 255**	**-13 769**	**-27 335**	**-25 433**	**-47 664**
Taxation	0	0	0	0	0
Net income	**-18 255**	**-13 769**	**-27 335**	**-25 433**	**-47 664**

Balance sheet Parent Company

SEK 000´s	30 June		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			
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	2 508	8 876	6 230
Cash and cash equivalents	129 896	56 395	54 960
Total current assets	**132 405**	**65 272**	**61 191**
TOTAL ASSETS	**153 456**	**89 323**	**82 242**
Equity and Liabilities			
Equity			
Restricted equity	46 485	36 367	39 516
Non-restricted equity	97 249	41 055	32 780
Total equity	**143 734**	**77 422**	**72 296**
Liabilities			
Long-term liabilities	0	0	448
Short-term liabilities	9 722	11 901	9 498
Total liabilities	**9 722**	**11 901**	**9 946**
TOTAL EQUITY and LIABILITIES	**153 456**	**89 323**	**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 in which 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 paid compensation of SEK 60 000 (SEK 0) 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. Apart from this, Kancera AB has not paid remuneration to related parties in addition to board fees and expenses for costs.

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	Independent

1. According to EUR price SEK 10. Approved amount of approx. SEK 4 986 000. Amount paid of approximately SEK 4 237 000. As the final report for the project has been approved by the EU, an additional SEK 0.6 million has been paid to Kancera, and the total contribution for the project is recognized as revenue during the second quarter of 2021.

2. According to EUR price 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, will be paid out after approval of the final report submitted in July 2022

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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 20 August 2021

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

Interim report January-September 2021	19 November 2021
Year-end report January-December 2021	18 February 2022

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