Interim report for fourth quarter 2021

1 January – 31 December 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’s projects

Kancera develops new drugs for inflammation and cancer. The most advanced drug candidate, the Fractalkine blocker KAND567, is progressing 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. Kancera's primary study to demonstrate the protective effect of KAND567 in connection with acute hyperinflammation is being carried out with heart attack patients. The study is currently running at two university hospitals in England and is expected to complete recruitment in 2022. In November 2021, Kancera reported top-line results from a phase IIa study of KAND567 in COVID-19 which demonstrated safety, tolerability and "proof of principle" for desired pharmacological effect on inflammatory cells.

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 future cancer drugs. Since this spring, clinical preparatory studies with KAND145 have made significant progress towards the start of a clinical study with the aim of treating ovarian cancer. If these studies turn out well, there are good prerequisites for beginning a clinical study on cancer already in 2022 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 December 31, 2021 was approximately 19 400. 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).

Kancera AB has been conducting drug development since 2013 at the Karolinska Institutet Science Park, Stockholm, and has been listed on Nasdaq First North Premier Growth Market since 28 January 2016. At that time, the subsidiary Kancera Förvaltning AB was also formed. From the second quarter of 2016, Kancera reports in accordance with IFRS in the Group and RFR2 in the Parent Company.

The year in brief

October – December

Financial summary for the fourth quarter

- Net sales amounted to SEK 0 million (0,0 million).
- R&D costs amounted to SEK 12,9 million (11,2 million).
- Operating profit for the fourth quarter amounted to SEK -12,7 million (-12,9 million).
- Profit after financial items for the fourth quarter amounted to SEK -13,0 million (-12,7 million).
- Earnings per share for the fourth quarter, before and after dilution, amounted to -0,23 kr (-0,29 kr).
- Cash flow from operating activities for the fourth quarter amounted to SEK -14,6 million (-11,1 million).
- Equity on 31 December 2021 amounted to SEK 122,7 million (72,3 million) or 2,19 kr (1,52 kr) per share.
- The equity/assets ratio on 31 December 2021 amounted to 92 percent (87 percent).
- Cash and cash equivalents on 31 December 2021 amounted to SEK 106,5 million (55,0 million).

January – December

Financial summary for the entire period

- Net sales amounted to SEK 0 million (0,1 million).
- R&D costs amounted to SEK 42,6 million (39,3 million).
- Operating profit for the period amounted to SEK -45,3 million (-39,5 million).
- Profit after financial items for the period amounted to SEK -45,7 million (-40,5 million).
- Earnings per share for the period, before and after dilution, amounted to -0,82 kr (-1,12 kr).
- Cash flow from operating activities for the period amounted to till SEK -44,1 million (-39,0 million).
- Equity on 31 December 2021 amounted to SEK 122,7 million (72,3 million) or 2,19 kr (1,52 kr) per share.
- The equity/assets ratio on 31 December 2021 amounted to 92 percent (87 percent).
- Cash and cash equivalents on 31 December 2021 amounted to SEK 106,5 million (55,0 million).
- The Board intends to propose to the Annual General Meeting that no dividend be paid to shareholders for the period.

Significant events during the fourth quarter

- Kancera announced that the Phase IIa clinical trial of KAND567 in patients with myocardial infarction has started.
- Kancera announced start of toxicological studies of KAND145.
- Warrant 5 (TO5) provided the company with approximately SEK 3.6 million.
- Kancera reported top-line results from the Phase IIa clinical trial with KAND567 in patients with acute COVID-19. The results show favorable safety and "proof of principle" for the desired pharmacological effect on inflammatory cells.
- Kancera appointed Peter Selin Executive Vice President Corporate Development and Vice President.

Significant events after the end of the fourth quarter

- Kancera has announced that the recruitment of heart patients at Freeman Hospital is going well and notes that all patients are expected to be included in the study during 2022.
- Kancera has announced that good results from 14-day toxicology mean that clinic-preparatory 28-day studies will start as planned during first quarter 2022.
- Kancera has presented a strategy for the most time-efficient start of clinical cancer studies, in which a study with the drug candidate KAND567 begins, and after which a transfer to KAND145 takes place.

Significant events during the period January to December 2021

- Kancera carried out a merger of shares in accordance with a resolution from the 2020 Annual General Meeting. The merger means that ten (10) shares are combined into one (1) share
- Kancera reported preclinical research results, which show that the company's Fractalkine blockers have the potential to disrupt cancer cells' resistance to chemotherapy and thereby significantly improve the treatment of advanced cancer such as ovarian cancer.
- With the support of authorization from the Annual General Meeting of Kancera on May 28, 2020, the Board carried out a private placement, and a 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.
- Kancera announced that the Annual General Meeting elected Petter Brodin as a new Board member as well as re-electing former Board members and Chairman of the Board.
- Kancera announced that the Phase IIa clinical trial of KAND567 in patients with myocardial infarction has started.
- Kancera announced the start of pre-clinical toxicological studies of KAND145.
- Kancera reported top-line results from the Phase IIa clinical trial with KAND567 in patients with acute COVID-19. The results show favorable safety and "proof of principle" for the desired pharmacological effect on inflammatory cells.
- Kancera appointed Peter Selin Executive Vice President Corporate Development and Vice President

CEO statement

Start of cardiac study and new steps towards clinical study against ovarian cancer

The FRACTAL study of KAND567 in patients with myocardial infarction: *First patients recruited*

Kancera is developing a new class of small molecule drug candidates for inflammation and cancer. During the year we made significant progress in both the development program against inflammation-driven injuries in heart attacks and in the program aimed at cancer. The recruitment of patients for the Phase IIa clinical trial of KAND567 in myocardial infarction patients is proceeding according to plan. With the current recruitment rate of four to six patients per month, we look to be able to complete patient recruitment during the fourth quarter of 2022. The study is conducted at Freeman Hospital and James Cook Hospital in the UK and is focused on evaluating the safety profile and cardioprotective effect of KAND567 in a total of 60 patients with a major myocardial infarction in the anterior wall of the heart muscle (STEMI). The drug candidate is administered for three days and patients are followed up 90 days after the first dose. During the study, markers for heart protection effect, inflammation and general health are evaluated. Top-line data are expected four to six months after the last patient is treated, around the turn of the year 2023.

COVID-19: Results from Phase II clinical study of KAND567

Medical expertise pointed out early in the pandemic that hyper-inflammation could be a major contributor to the severe symptoms that afflicted some patients. This motivated Kancera to carry out a less targeted phase IIa study of KAND567 in COVID-19 with the primary goal to show safety and secondary goals to show lung protective effect and pharmacological effect on the immune system. We reached the primary objective of the study with results showing that the chosen dosage resulted in a desired concentration of KAND567 in the blood and that this dose was well tolerated in this population of patients with an acute and severe inflammatory onset. A lung protection effect could not be evaluated, partly due to the limited size of the study, while the extensive molecular profiling shows that KAND567 had a pharmacological effect on the immune system. Taken together, these results strengthen the continued development of KAND567 against harmful inflammation.

Several established and widely used anti-inflammatory drugs have already been shown to help with COVID-19. Against this background, Kancera has chosen to continue to focus on the company's main tracks, i.e. inflammatory conditions where the trigger for initiating treatment is clear and where broad-spectrum anti-inflammatory drugs do not help. These disease states include inflammation associated with acute myocardial infarction and recurrent relapses of autoimmune disease. Kancera's direction and focus is exemplified by the ongoing study of KAND567 in myocardial infarction patients at Freeman Hospital in the UK.

Cancer: an efficient path to the first patient study

The KAND145 development project has reached several important milestones during the fourth quarter. A recent preclinical study shows that KAND145 in combination with chemotherapy effectively reduces the tumor size in chemotherapy-resistant ovarian cancer. In parallel, we have conducted 14-day toxicological studies that have been successful. This means that during the first quarter we can continue with 28-day toxicological studies in preparation for clinical studies. With the overall preclinical data, we then intend to define a safe and effective dose for future clinical studies. Provided we achieve good results, we plan to submit an application for permission during the second quarter of 2022 to conduct a clinical study in patients.

Compared to its sister molecule KAND567, KAND145 has several properties that make it more effective and easier for the cancer patient to take orally and it is better adapted for intravenous treatment.

To gain time in the clinical development of KAND145, we plan to take advantage of clinical data for our most advanced drug candidate KAND567, which is made possible by the similarity of the substances and the amount of existing clinical data for KAND567. We plan to achieve the time saving by conducting two clinical studies in parallel. Firstly, a clinical phase I study of KAND145 to document the drug candidate's pharmacokinetic properties and tolerability in healthy individuals.

Secondly through a clinical phase Ib study with KAND567 in which we intend to evaluate the tolerability of combination treatment with chemotherapy and the effect on markers that reflect the treatment's effect on the cancer disease.

With these two parallel studies as a foundation, a subsequent more comprehensive clinical study of KAND145 against ovarian cancer can start in 2023 and deliver results approximately 6–12 months earlier than in a scenario where only KAND145 is used for these studies. Results from this study approach could also provide early and significant support for a new treatment principle with Fractalkine blockers against ovarian cancer.

New addition to the management team

Our portfolio of unique small molecule blockers of the Fractalkine system has been shown to control both the immune system and the sensitivity of cancer cells in chemotherapy and we look forward to future steps in the clinical development in each area. As the projects develop, our commercial focus increases, and in December 2021, Peter Selin was therefore recruited to a position as Executive Vice President Corporate Development and Vice President with responsibility for business development, strategic partnerships and out-licensing. Peter has previously held senior positions in both business development and operations at Oasmia Pharmaceuticals, Inceptua Group and Sobi and is a welcome addition to the company's management when he takes office on or before May 1.

Solna, February 18, 2022
Kancera AB
Thomas Olin, CEO

Drug development

Clinical cardiac study with KAND567 recruits patients according to plan and start of clinical study against ovarian cancer is planned to take place in 2022

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

The Fractalkine blocker KAND567 is primarily developed to effectively counteract damage that occurs when our immune system overreacts, so-called hyperinflammation. Hyperinflammation is a common and disease-causing factor that increases the risk of life-threatening complications in the heart, kidney and lungs in association with infarction, surgery or infection. Kancera focuses specifically on the disease states where there is a clear trigger for when treatment with the company's drug candidates should start to give the best effect. These include inflammation triggered by vascular damage such as vasodilation after a heart attack or acute kidney injury. Myocardial infarction is also at the heart of Kancera's second Phase II clinical trial.

This cardiac study with KAND567 is being performed by Kancera mainly at Freeman Hospital, Newcastle, UK which was nominated in 2020 as one of the world's 50 leading University Hospitals.

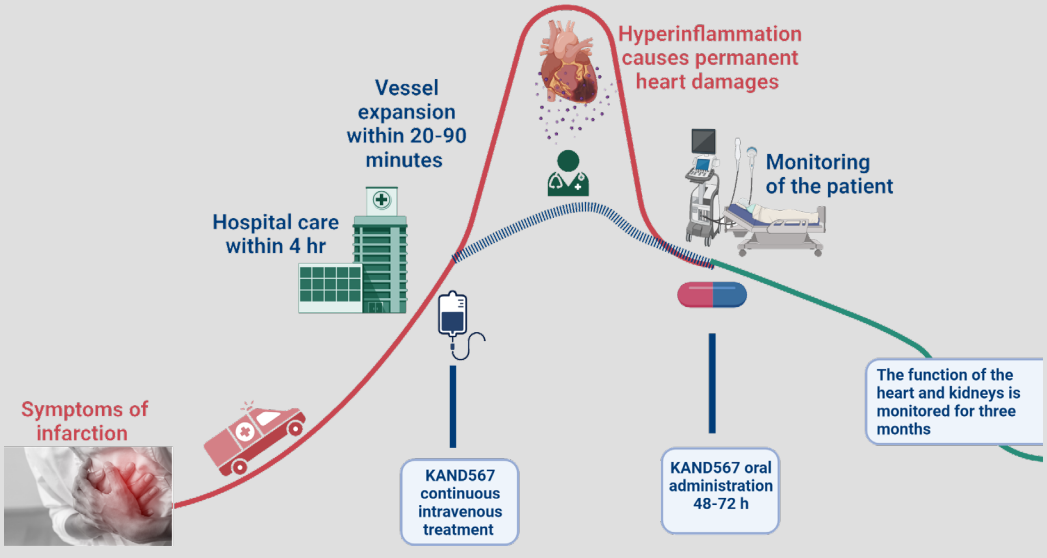
The long-term goal of this treatment is to increase survival and reduce the risk of severe complications after a severe heart attack. In addition to documenting the drug candidate's tolerability and safety in patients, this phase IIa study in a total of 60 patients aims to capture early signals of effect against the inflammatory damage that occurs in connection with the infarction and 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 provide opportunities to treat other conditions that are triggered by an acute vasculitis such as acute renal failure.

In connection with Sweden being hit by the pandemic wave of 2020 and the lack of effective treatments leading to large high rates from COVID-19, Kancera, in consultation with medical expertise, chose to investigate whether KAND567 could also help to alleviate the acute hyper-inflammation in COVID-19, which was assumed to contribute to the complications.

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, generating tissue-protective effects 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 randomized double-blind study achieved the primary objective, which was to confirm that KAND567 has a favorable safety and tolerability profile even in severely ill patients. In addition, the desired plasma concentration of KAND567 was achieved, which was in line with the calculated effective concentration. On decoding of the study when completed, an imbalance was found regarding the inflammatory status between the treatment groups. This in combination with the limited size of the study meant that no conclusions could be drawn regarding the secondary goal, to evaluate a potential effect of KAND567 on clinical disease parameters. However, analyses of the immune system's regulation at the cellular and protein level showed that KAND567 has a significant pharmacological effect on a type of immune cell that is linked to several types of inflammatory conditions.

Kancera has previously shown that the effect of KAND567 is greatest in disease states (preclinical results) caused by specific inflammatory immune cells and when dosing can start in close proximity to the inflammation building up. Today, however, several broad-spectrum and established anti-inflammatory drugs have shown good effect against COVID-19 in patients who already suffer from advanced inflammation.

Against this background, Kancera has decided to continue to focus available resources on the company's main focus for KAND567, ie treatment of such inflammatory conditions where the trigger for starting treatment is clear and is not helped by broad-spectrum anti-inflammatory drugs. Among other things, the focus is on inflammation in connection with acute myocardial infarction and recurrent relapses in autoimmune disease.

During the first quarter of 2021, Kancera reported preclinical findings that show that the company's Fractalkine blockers also have the potential to break down cancer cells' resistance to cytostatics and thereby significantly improve the treatment of advanced cancer such as ovarian cancer. Since last spring, significant progress has been made, including the kilogram-scale production of KAND145, the start of toxicological studies and an efficacy study to map how KAND145 is best dosed to achieve the concentrations required to disrupt treatment resistance in an advanced tumor disease.

Positive results would enable the start of a clinical study in cancer patients as early as 2022.

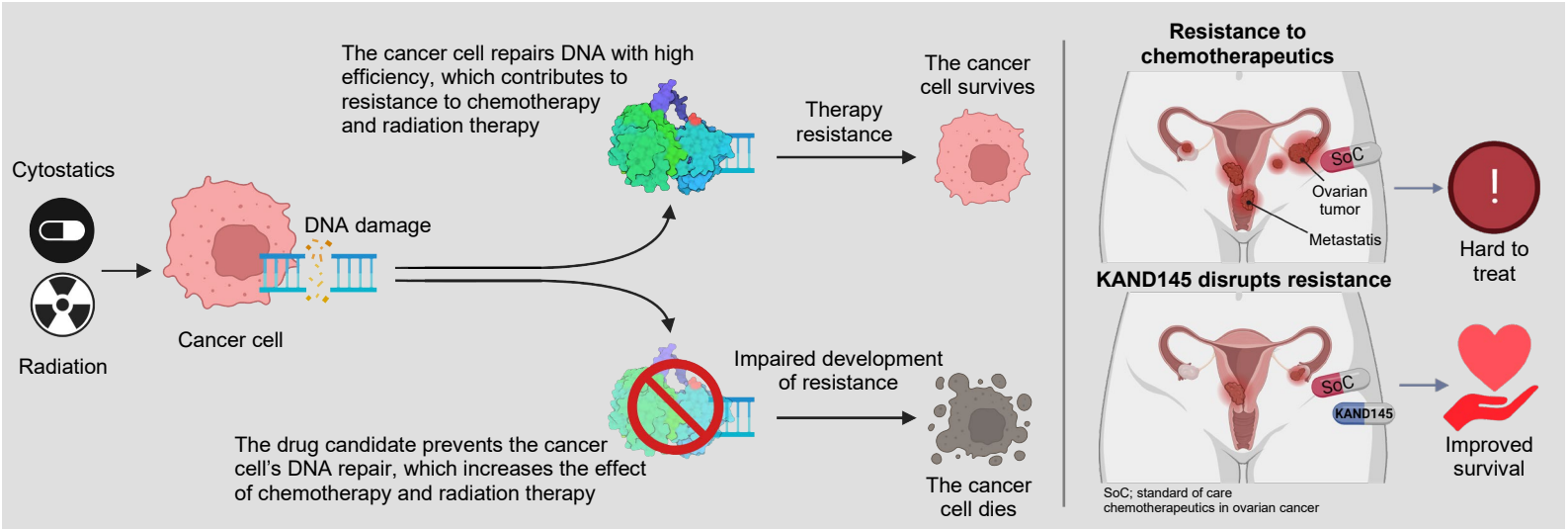
The main goals for Kancera's product portfolio
In the next 24 months is to:

KAND567:

- complete the ongoing Phase IIa clinical trial for inflammatory heart disease following infarction
- carry out a phase Ib study against ovarian cancer in order to accelerate the start of a phase IIa study with KAND145 in the same indication

KAND145

- conduct phase I study in healthy subjects to document desired dose levels against cancer
- start phase IIa study against ovarian cancer towards the goal of achieving orphan drug status



Projects 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. Kancera's research in collaboration with Karolinska Institutet and independent research groups has 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. The continued development of the project is taking place mainly through collaborations with independent academic research groups.

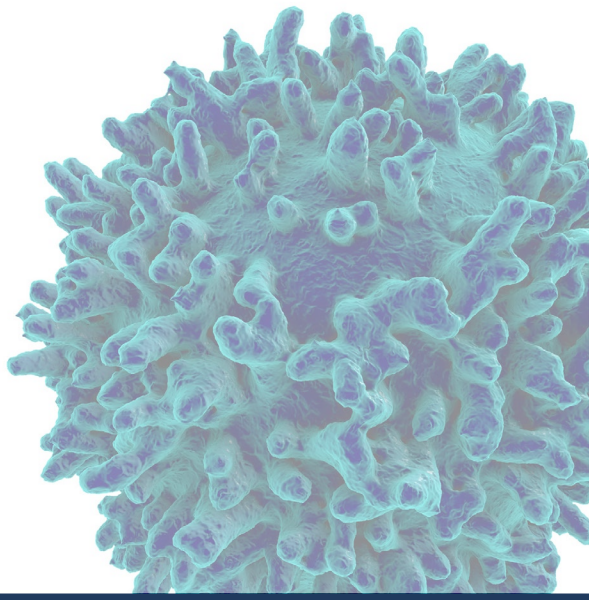
HDAC (inflammation, cancer)

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 the PFKFB3-inhibitor 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	Oct-Dec		Jan-Dec	
SEK 000´s (if otherwise not specified)	2021	2020	2021	2020
Net turnover	0	0	0	90
Other operating revenues	1 137	624	1 704	5 295
Operating expenses	-13 868	-13 500	-46 960	-44 815
R&D expenses	-12 895	-11 171	-42 634	-39 279
Operating Income	-12 731	-12 876	-45 256	-39 457
Income after financial items	-12 953	-12 718	-45 686	-40 500
Net income	-12 953	-12 718	-45 686	-40 500
Cash-flow from operating activities	-14 612	-11 077	-44 125	-38 988
Cash on hand	106 521	55 008	106 521	55 008
Equity	122 770	72 283	122 770	72 283
Key ratios				
Return on equity, %	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg
Earnings by share, before and after dilution	-0,23	-0,29	-0,82	-1,12
Cash-Flow from operating activities by share, kr	-0,26	-0,25	-0,79	-1,07
Solvency ratio	92%	87%	92%	87%
Equity by share, kr	2,19	1,52	2,19	1,52
No. of employees	7	8	7	8

See note 5 for definitions

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 outlicensing to marketing partners when net revenues can be expected.

Impact on results of changes in the reporting of guarantee costs and EU projects

Guarantee costs

Guarantee costs for 2020 have been transferred from the income statement, administrative expenses to equity, new issue expenses to the sum of SEK 7.1 million, which also affected the report on changes in equity and the report on cash flows. For the period January - June 2021, the transfer took place in the same way with SEK 6.3 million. During the fourth quarter of 2021, no guarantee costs have arisen attributable to TO5.

The impact on earnings for 2020 will thus be positive by SEK 7.1 million and for the period January - June 2021 positive by SEK 6.3 million. During the third quarter July-September 2021, guarantee costs of SEK 0.05 million were booked as new issue expenses.

Reporting of EU projects

During the period January - June 2021, an EU project has been reported with a higher income and cost than the actual outcome. The effect on profit is positive and consists of an adjusted income of SEK 0.7 million and a reduced cost of SEK 1.8 million.

Income and profits

Fourth quarter, October – December 2021

- Net sales during the quarter amounted to SEK 0 million (0 million).
- Costs during the quarter amounted to SEK 13,9 million (13,5 million) broken down into costs for research and development, SEK 12,9 million (11,2 million), and other sales and administrative costs SEK 1,0 million (2,3 million).
- Profit after financial items for the quarter amounted to SEK -13,0 million (-12,7 million).
- Earnings per share for the quarter, based on a weighted average number of shares outstanding, amounted to -0,23 kr (-0,29 kr).

Period, January – December 2021

- Net sales during the period amounted to SEK 0 million (0,1 million).
- Costs during the period amounted to SEK 47,0 million (44,8 million) broken down into costs for research and development, SEK 42,6 million (39,3 million), and other sales and administrative costs SEK 4,3 million (5,5 million).
- Profit after financial items for the period amounted to SEK -45,7 million (-40,5 million). The deterioration in results is due to an EU project having been completed in 2020.
- Earnings per share for the period, based on a weighted average number of shares outstanding, amounted to -0,82 kr (-1,12 kr).
- It is the assessment of the Management and Board that research and development costs and operating profit are in line with the company's budget and cash flow forecast.

Financial position and liquidity

Balance sheet and cash flow

- Total equity as of December 31, 2021 amounted to SEK122,8 million (72,3 million).
- Kancera AB's equity/assets ratio as of December 31 2021 was 92 percent (87 percent). Equity per share was 2,19 kr (1,52 kr).
- Cash flow amounted to SEK -12,2 million (7,4 million) during the fourth quarter. Cash flow from operating activities amounted to SEK -14,6 million (-11,1 million) or –0,22 kr per share (0,17 kr) and from financing activities it amounted to SEK 2,4 million (18,5 million).
- As of December 31, 2021, Kancera AB's cash and cash equivalents amounted to SEK 106,5 million (55,0 million). Increased cash and cash equivalents compared with the previous period are attributable to a new share issue during the second quarter of 2021 and the redemption of warrants during the fourth quarter of 2021.
- 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 and the redemption of warrants, Kancera will receive a total of approximately 93.7 million after deductions for issue costs of 12.2 million. The added cash will mainly be used to develop the Fractalkine project against cancer.
- During the period June to November 2021, redemption of TO5 has provided the company with approximately SEK 3.6 million. The total cost of redemption regarding TO5 is estimated to amount to approximately SEK 0.15 million.

Employees

Kancera AB had approximately 7 full-time employees, including 1 EU-funded doctoral student as of 31 December 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 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 at 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 and at least once a year, an impairment test is performed. As of 31 December 2021, there are no indications of a decline in value. No investments were 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 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 December 31, 2021 amounted to SEK 46 786 623.35 (SEK 39 516 288.68) divided into 56 143 948 (474 195 466) shares with a quota value of, rounded off, SEK 0.83 (0.083) per share. The changed share capital, quota value and number of shares are attributable to: (i) A merger which meant that ten (10) shares were merged into one (1) share, according to a decision at the Annual General Meeting in Kancera 2020 (ii) new issue of shares completed in April 2021 and (iii) redemption of TO5.

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. The tax deficits as of December 31, 2021 amounted to SEK 345 833 000. No deferred tax assets are reported for these tax deficits.

Report on comprehensive income

SEK 000´s (if otherwise not specified)	Oct 1 - Dec 31		Jan 1 - Dec 31	
	2021	2020	2021	2020
Kancera Group				
Revenues				
Net sales	0	0	0	90
Other operating revenues	1 137	624	1 704	5 295
Cost of sales & services	**0**	**0**	**0**	**-27**
Gross profit	1 137	624	1 704	5 358
Operating Expenses				
General & administrative expenses	-814	-2 062	-3 620 **	-4 602 *
Selling expenses	-159	-267	-706	-934
Research & development expenses	-12 895	-11 171	-42 634	-39 279
Total operating expenses	-13 868	-13 500	-46 960	-44 815
Operating income	-12 731	-12 876	-45 256	-39 457
Income from Financial Investments				
Financial net	-222	158	-430	-1 043
Income after financial items	-12 953	-12 718	-45 686	-40 500
Taxation	0	0	0	0
Net income	-12 953	-12 718	-45 686	-40 500
Average number of shares (thousands), before	55 968	43 641	55 968	36 301
Number of shares at closing date (thousands)	56 144	43 641	56 144	47 420
Earnings per share, before and after dilutio kr	-0,23	-0,29	-0,82	-1,12

* Gereneral & administrative expenses are adjusted by SEK 7.1 million consiting of guarantee costs which are considered issue expenses and reduce the share premium reserves.
** Gereneral & administrative expenses are adjusted by SEK 6.3 million. consiting of guarantee costs which are considered issue expenses and reduce the share premium reserves.

Report on financial position

SEK 000´s

Kancera Group	Dec 31 2021	Dec 31 2020
Assets		
Non-current Assets		
Intangible assets		
Capitalized R&D	21 000	21 000
Tangible assets		
Lease assets	607	927
Financial assets		
Financial placements	1	1
Total non-current assets	**21 608**	**21 928**
Current Assets		
Trade receivables and other receivabl	5 511	6 166
Cash and cash equivalents	106 521	55 008
Total current assets	**112 032**	**61 174**
TOTAL ASSETS	**133 640**	**83 102**
Equity and Liabilities		
Equity		
Equity	122 770	72 283
total equity	**122 770**	**72 283**
Liabilities		
Long-term liabilities	442	977
Short-term liabilities	10 429	9 842
Total liabilities	**10 870**	**10 819**
TOTAL EQUITY and LIABILITIES	**133 640**	**83 102**

Report on changes in equity

Kancera Group, Jan 1 2020 - Dec 31 2020 **SEK 000´s**	Sharecapital	Ongoing share issue	Other capital contributions	Accumulated deficit	Total equity
Fourth quarter					
Opening balance 2020-01-01	**36 367**	**3 149**	**73 266**	**-27 782**	**85 000**
Comprehensive income					
Net income for the period	0	0	0	-12 718	-12 718
Total comprehensive income	0	0	0	-12 718	-12 718
Transactions with shareholders					
Capital injections	3 149	0	15 280	0	18 429
Capital injection costs	0	0	-666	0	-666
Ongoing share issue	0	-3 149	-14 613	0	-17 762
Total transactions with shareholders	3 149	-3 149	1	0	1
Closing balance 2020-12-31	**39 516**	**0**	**73 267**	**-40 500**	**72 283**
The period January-Dec					
Opening balance 2020-01-01	**17 485**	**0**	**36 028**	**-36 095**	**17 418**
Comprehensive income					
Appropriation of last year´s net income	*0*	*0*	*-36 095*	*36 095*	*0*
Net income for the period	0	0	0	-40 500	-40 500
Total comprehensive income	0	0	-36 095	-4 405	-40 500
Transactions with shareholders					
Capital injections	18 882	0	73 261	0	92 143
Capital injection costs	0	0	-7 483	0	-7 483
Ongoing share issue	0	3 149	7 555	0	10 705
Total transactions with shareholders	18 882	3 149	73 333	0	95 365
Closing balance 2020-12-31	**36 367**	**3 149**	**73 266**	**-40 500**	**72 283**

Report on changes in equity, continued

Kancera Group, Jan 1 2021-30 Dec 2021	Sharecapital	Ongoing share issue	Other capital contributions	Accumulated deficit	Total equity
Fourth quarter					
Opening balance 2021-10-01	46 582	233	119 205	-32 733	133 287
Comprehensive income					
Net income for the period	0	0	0	-12 953	-12 953
Total comprehensive income	0	0	0	-12 953	-12 953
Transactions with shareholders					
Capital injections	204	0	2 231	0	2 435
Capital injection costs	0	0	0	0	0
Ongoing share issue	0	0	0	0	0
Total transactions with shareholders	204	0	2 231	0	2 435
Closing balance 2021-12-31	**46 786**	**233**	**121 436**	**-45 686**	**122 770**
The period January-Dec					
Opening balance 2021-01-01	39 516	0	73 267	-40 500	72 283
Comprehensive income					
Appropriation of last year´s net income	0	0	-40 500	40 500	0
Net income for the period	0	0	0	-45 686	-45 686
Total comprehensive income	0	0	-40 500	-5 186	-45 686
Transactions with shareholders					
Capital injections	7 270	0	100 913	0	108 184
Capital injection costs	0	0	-12 244	0	-12 244
Ongoing share issues					
Total transactions with shareholders	**7 270**	**233**	**88 669**	**0**	**96 173**
Closing balance 2021-12-31	**46 786**	**233**	**121 436**	**-45 686**	**122 770**

Cash flow report

SEK 000´s	Oct 1 - 30 Dec		Jan 1 - 31 Dec	
Kancera Group	2021	2020	2021	2020
Cash-flow from operating activities				
Operating income after financial items	-12 953	-12 718	-45 686 **	-40 500 *
Depreciation	50	85	320	1 696
Taxes paid	-69	-10	-386	-387
Other non-cash flow items	0	3 000	0	3 000
Cash-flow from operating activities before working cap change	**-12 973**	**-9 643**	**-45 753**	**-36 191**
Change in working capital	-1 639	-1 434	1 628	-2 797
Cash-flow from operating activities	**-14 612**	**-11 077**	**-44 125**	**-38 988**
Investment activities				
Investments in financial assets	0	0	0	0
Cash-flow from investment activities	**0**	**0**	**0**	**0**
FREE CASH-FLOW available to INVESTORS	**-14 612**	**-11 077**	**-44 125**	**-38 988**
Financing activities				
Change in debt referrable to financing activities	233	435	-302	2 306
Issue of shares/other capital infusions	2 203	18 083	95 940	93 842
Repayment of loans	0	0	0	-14 000
Cash-flow from financing activities	**2 436**	**18 518**	**95 638**	**82 148**
CASH-FLOW for the PERIOD	**-12 176**	**7 441**	**51 513**	**43 160**
Cash and cash equivalents at the beginning of the period	118 697	47 567	55 008	11 848
Cash and cash equivalents at the end of the period	106 521	55 008	106 521	55 008

* New issue expenses amounting to SEK 7.1 million has been transferred from cash-flow from operations (income after financial items) to cash-flow from financing activites since these are guarantee costs which are considered issue expenses.

** New issue expenses amounting to SEK 6.3 million between jan-jun 2021 has been transferred from cash-flow from operations (income after financial items) to cash-flow from financing activites ince these are guarantees which are considered issue expenses.

Income statement

SEK 000´s

The Parent Company Kancera AB	Oct 1 - Dec 31		Jan 1 - Dec 31	
	2021	2020	2021	2020
Revenues				
Net sales	0	0	0	90
Other revenues	1 137	624	1 704	5 132
Cost of sales & services	0	0	0	-27
Gross profit	**1 137**	**624**	**1 704**	**5 195**
Operating Expenses				
General & administrative expenses	-814	-2 061	-3 620	-4 605
Selling expenses	-159	-267	-706	-934
Research & development expenses	-12 895	-11 172	-42 634	-39 279
Total expenses	**-13 868**	**-13 500**	**-46 960**	**-44 818**
Operating income	**-12 731**	**-12 876**	**-45 256**	**-39 623**
Income from Financial Investments				
Financial revenues	0	0	0	0
Financial expenses	-222	165	-430	-983
Income after financial items	**-12 953**	**-12 711**	**-45 686**	**-40 606**
Taxation	0	0	0	0
Net income	**-12 953**	**-12 711**	**-45 686**	**-40 606**

Balance sheet

SEK 000´s

The Parent Company Kancera AB

	Dec 31	
	2021	2020
Assets		
Non-current Assets		
Intangible assets		
Capitalized R&D	21 000	21 000
Financial assets		
Shares in subsidiaries	50	50
Financial placements	1	1
Total non-current assets	**21 051**	**21 051**
Current Assets		
Intercompany receivables	1	1
Trade receivables and other receivables	4 572	6 230
Cash and cash equivalents	106 473	54 960
Total current assets	**111 045**	**61 191**
TOTAL ASSETS	**132 096**	**82 242**
Equity and Liabilities		
Equity		
Restricted equity	46 787	39 516
Non-restricted equity	75 780	32 780
Total equity	**122 567**	**72 296**
Liabilities		
Long-term liabilities	0	448
Short-term liabilities	9 529	9 498
Total liabilities	**9 529**	**9 946**
TOTAL EQUITY and LIABILITIES	**132 096**	**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 120 000 (SEK 120 000) to Mellstedt Consulting AB for services comprising scientific advice and scientific marketing. Kancera's board has also approved the payment of research funding of SEK 192 988 to Karolinska Institutet as support for research on the fractal cancer system in cancer, with Håkan Mellstedt as representative. Håkan Mellstedt, board member of Kancera AB, is the CEO and owner of Mellstedt Consulting AB. In addition, Kancera AB has not paid remuneration to related parties in addition to board fees and expenses for costs.

Note 3: 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 of 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 in 2021.

[2] According to EUR exchange rate of 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 the final report is approves and this is submitted to the EU for review in July 2022.

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 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 5: 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 18 February 2022

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 2021	29 April 2022
Interim report January-March 2022	20 May 2022
Annual General Meeting 2022	25 May 2022
Interim report January-June 2022	19 August 2022
Interim report January-September 2022	18 November 2022
Year-end report January-December 2022	21 February 2023

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.com