Interim report for fourth quarter 2020

1 January – 31 December 2020

Kancera AB (publ.), org.nr. 556806-8851

Contents

This is Kancera

Kancera develops drugs for inflammatory diseases and cancer. One drug candidate, KAND567, is in a Phase II clinical trial for hyperinflammation.

Kancera is developing drugs that counteract damage in acute and chronic inflammation. The Fractalkine blocker KAND567 has primarily been developed to effectively counteract hyper-inflammation and thereby protect vital organs in connection with e.g. heart attack or severe viral infections. In September 2020, Kancera started a clinical phase II study of KAND567 in COVID-19 patients. Because scientific studies have shown increased activity for the Fractalkine system even in autoimmune diseases and certain forms of cancer, there are several possible development opportunities for Kancera's Fractalkine blockers KAND567 and KAND145.

Kancera AB conducts research and development at Karolinska Institutet Science Park in Stockholm and employs approximately 9 people. The stock is traded on NASDAQ First North Premier. The number of shareholders as of December 31, 2020 was approximately 24 000. FNCA Sweden AB is the company's Certified Adviser. FNCA can be reached at info@fnca.se and at 08-528 00 399. MD PhD Charlotte Edenius, MD PhD Anders Gabrielsen, Professor Carl-Henrik Heldin and Professor Håkan Mellstedt are all scientific advisers and board members of Kancera AB.

Business model

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

Licensing of drug candidates is expected to be made against partial payments at signature and milestones in product development (typically when initiating clinical phase I, II, III and at registration) as well as royalty revenues.

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 US and Europe. Among these assignments is the development of the chemistry that laid the foundation for Enasidenib, a drug that since 2017 has been marketed by the American pharmaceutical company Bristol-Myers Squibb for the treatment of acute leukemia (AML). In 2018, an agreement was signed with German pharmaceutical company Grünenthal on the development of Kancera's patent-pending HDAC inhibitor for the treatment of nerve inflammation and pain. The collaboration agreement was completed in 2020, after which Kancera became the exclusive project owner.

Kancera's furthest-developed drug candidate KAND567 is based on research that was awarded the Nobel Prize in Physiology or Medicine in 2019, i.e. the knowledge of how cells sense and adapt to oxygen supply. That adaptation includes, for example, how immune responses are controlled by the Fractalkine system through which drug candidates KAND567 and KAND145 act.

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

Fourth quarter in brief

as well as the period 1 January – 31 December 2020

Net sales for the period (January to December) amounted to SEK 0,1 million (3,2 million), of which the fourth quarter contributed SEK 0 million (0 million).

R&D costs for the period amounted to SEK 39,3 million (34,5 million), of which the fourth quarter contributed SEK 11,2 million (7,0 million).

Operating profit for the period amounted to SEK -46,5 million (-35,6 million), of which the fourth quarter contributed SEK -12,9 million (-7,6 million). The result for the period was negatively affected by two non-recurring items: guarantee costs of SEK 7 million for a new share issue during the first quarter and a write-down of intangible assets of SEK 3 million.

Profit after financial items for the period amounted to SEK -47,6 million (-36,1 million), of which the fourth quarter contributed SEK -12,7 million (-7,7 million).

Earnings per share for the period amounted to -0,13 kr (-0,18 kr), of which the fourth quarter contributed -0,03 kr (-0,04 kr).

Cash flow from operating activities for the period amounted to SEK -46,0 million (-33,3 Mkr), of which the fourth quarter contributed SEK -11,1 million (-0,1 million).

Equity amounted on 31 December 2020 to SEK 72,3 million (17,4 million) or 0,15 kr (0,08 kr) per share.

The equity/assets ratio amounted on 31 December 2020 to 87 percent (39 percent).

Cash and cash equivalents amounted on 31 December 2020 to SEK 55,0 million (11,8 million).

Significant events during the fourth quarter

- Kancera has announced that the conversion of TO4 during 2020 provided Kancera with a total of approximately SEK 38.6 million. which the board believes provides a good basis for an accelerated development of the company's drug projects aimed at COVID-19 and myocardial infarction, including the drug candidates KAND567 and KAND145.
- Kancera has started a collaboration with SciLifeLab, which gives Kancera the opportunity to identify new starting points for drug development as needed.
- Kancera announced that the company is collaborating with SciLifeLab in a research study of patients with COVID-19 who have suffered from long-term symptoms. The purpose of the study is to map how the immune system affects these patients, which is expected to contribute to the development of new treatments.
- Kancera announced that a collaboration agreement linked to the company's HDAC6 inhibitor for nerve pain will end. Since the end of 2018, the pharmaceutical company Grünenthal has been responsible for the development of Kancera's series of HDAC6 inhibitors and has made progress in the chemical development of the project. Kancera has taken over the rights to results generated under the option agreement free of charge and intends to decide on the next step for the project during the second half of 2021.
- Kancera announced that the ongoing phase II study of the drug candidate KAND567 in COVID-19 patients is being strengthened through new collaborations with university hospitals in Denmark. This is in order to increase the recruitment rate and broaden the scientific basis generated in the study. Kancera estimates that the recruitment and treatment of patients can be completed during April 2021, which corresponds to approximately one month of extended study time compared to the company's original estimated schedule.
- Kancera announced that the company has established a Scientific Advisory Board consisting of three internationally leading researchers in the fields of clinical cardiology and immunology.
- Kancera announced that the company's new capsule product with KAND567 has been evaluated in a successful phase I study in Finland and is thus completed for the planned clinical phase IIa study in patients suffering from myocardial infarction. The application for permission to conduct this cardiac study is expected to be sent to the UK Medicines Agency MHRA during the first quarter of 2021 in collaboration with the Newcastle University Hospital Foundation.
- The COVID-19 pandemic has affected healthcare's capacity to conduct clinical trials and thus affected the timelines for the company's two clinical trials, including the COVID-19 trial which was extended by approximately 1 month and the study of patients after heart attack, the onset of which has been delayed by approximately 2 months. The COVID-19 pandemic has not significantly affected the company in any other way.

Important events after the end of the fourth quarter

Kancera has announced that a merger of Kancera's shares (so-called reverse split) will be carried out in accordance with a decision at the Annual General Meeting in Kancera 2020. The decision means that ten (10) shares will be merged into one (1) share. Prior to the completion of the merger, Kancera has 474 195 466 outstanding shares. In a first step, Kancera is now carrying out a new issue of four (4) shares to equalize the number of shares in the company to a number that is evenly divisible by 10. Thereafter, the decision on amalgamation must be registered with the Swedish Companies Registration Office. Kancera will publish a timetable for enforcement when the registrations with the Swedish Companies Registration Office have taken place. Following the completion of the split, Kancera will have 47 419 547 outstanding shares.

CEO statement

Phase II study of KAND567 in myocardial infarction patients is scheduled to start in the first half of the year

In 2020, Kancera has made continued progress in the development of two drug candidates that are being developed to neutralize severe inflammatory conditions where current treatments are lacking. During the year, we conducted two successful Phase I clinical trials with our leading drug candidate and started Kancera's first patient study.

The outbreak of covid-19 has increased the focus on the need for new therapies that protect health and life by preventing the immune system from overreacting in a so-called hyperinflammation. Such protection has the potential to improve the care of patients regardless of whether the hyper-inflammation is caused by a severe viral infection or tissue damage such as a heart attack.

The common factor for these disease states is cell damage in the blood vessels. Such a damaged blood vessel allows inflammatory cells to pass and infiltrate e.g. heart and lung. The strategic focus of Kancera's research has resulted in two unique drug candidates that neutralize the ability of these cells to cross the damaged blood vessel, resulting in protection against inflammation and tissue damage. Kancera has a globally leading position in the development of this type of drug that selectively controls immune cells through the so-called "Fractalkine system".

Kancera's operational focus is now on showing the potential of our drug candidate KAND567 in two Phase IIa clinical trials. A phase IIa study is planned to start in the first half of 2021 to demonstrate signs of heart-protecting effect in patients after a heart attack. The second is ongoing in covid-19 patients and aims to demonstrate signs of lung protective effect.

Our financial situation gives us sufficient resources to carry out both these comprehensive and potentially value-adding studies. During the past quarter, a successful phase I study was completed which confirms that the new capsule product of KAND567 exhibits the desired properties and is thus ready for use in clinical studies. Being able to offer an oral dosage form in addition to intravenous treatment also increases the potential for future use of our drug candidate.

Mapping the heart-protective effect

Kancera's top priority is now to prepare for the upcoming study of KAND567 in patients undergoing balloon rupture after a heart attack. The purpose is to map the cardiovascular protective effect of KAND567, which in the long run is expected to reduce complications and increase survival. Preclinical studies in disease models provide strong support for the idea that KAND567 could provide the patient with such protection. The clinical study will be conducted in collaboration with Freeman Hospital in Newcastle, UK, one of the highest ranked hospitals in the world. Study preparations have been delayed due to the covid-19 pandemic. The entire healthcare system in the UK has been focused on saving lives, but we have done our utmost to meet all the challenges posed by the virus outbreak and now expect to be able to start this phase IIa study before the end of the first half of the year.

Properly positioned

The rampant pandemic has increased interest in drugs that can reduce viral inflammation in the airways. Anti-inflammatory treatment with cortisone quickly established itself as a standard component in the care of covid-19 patients, but the need for safe drugs that both reduce inflammation and allow a good antibody response in the patient is still significant. Based on the unique mechanism of action of KAND567, it was a natural step for Kancera to initiate a development program in this area as well. The treatment concept rests on a strong scientific basis - the role of the Fractalkine system in hyperinflammation is well documented and

we know that strong activation is closely linked to severe covid-19 disease. The fact that the global pharmaceutical companies Eisai and Boehringer-Ingelheim have been involved in the development of drugs that block the Fractalkine system is further evidence that Kancera is in the right place at the right time. We are now evaluating KAND567 in a phase II study that is planned to include 40 hospitalized covid-19 patients. The extremely high workload in healthcare as a result of the pandemic has made it more difficult for patients to be included, but after including more reputable study centers, we now see good opportunities for an increased inclusion rate.

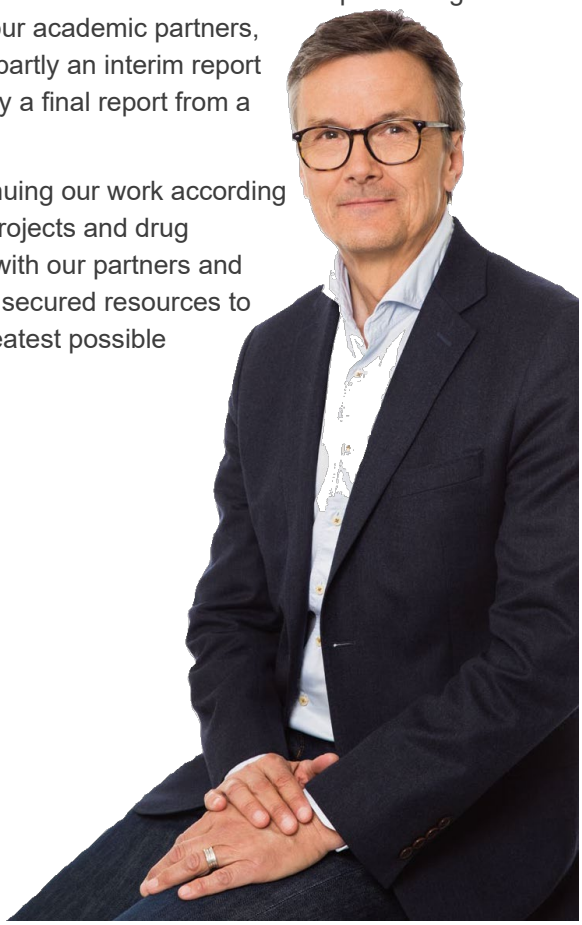
World-leading authorities

The scientific quality of Kancera's platform for drug development - the Fractalkine system - has enabled us to engage world-leading authorities in our newly established Scientific Council. Petter Brodin, Associate Professor of Systems Immunology at ScienceForLife Laboratory and Karolinska Institutet, Peter Libby, Professor of Medicine at Harvard Medical School, and Ioakim Spyridopoulos, Professor of Cardiovascular Gerontology and specialist in the treatment of myocardial infarction at Newcastle University och Freeman Hospital, are now all deeply involved in the continued clinical development of our drug candidates. We also experience strong support from the clinics involved in the ongoing and upcoming clinical trial of KAND567, and are now working at the highest possible pace to be able to obtain the study results as soon as possible.

Intensified focus

In order to further strengthen our focus in the Fractalkine area, we have decided to phase out the PFKFB3 project, which is aimed at a very different drug target. This has been run for six years as an academic research project that has mainly been funded through EU grants. The project's scientific progress has been published in Nature Communications, but like other international research groups, we have encountered technical obstacles in the development of a sufficiently good drug candidate. Thus, it is logical for us to free up resources from this project to instead conduct a probing preclinical evaluation of the possibility of developing KAND145 for the treatment of autoimmune diseases and cancer. We look forward to presenting results from preclinical research in the spring, in collaboration with our academic partners, which maps new areas of use for KAND567 and KAND145. This is partly an interim report from a two-year project in rheumatic autoimmune disease, and partly a final report from a four-year project focusing on ovarian cancer, both EU-funded.

Strengthened by the steps we took last year, I look forward to continuing our work according to a well-defined strategy and operational plan to drive our priority projects and drug candidates forward. Kancera's own research competence together with our partners and networks, as well as a good financial situation, means that we have secured resources to carry out both the ongoing and the planned phase II study at the greatest possible pace.



Solna, 19 February 2021

Kancera AB

Thomas Olin, CEO

Drug development

KAND567 is being developed to reduce the consequences of hyperinflammation. A clinical phase II-study has been initiated and another is in preparation

Kancera was invited in 2019 to the largest congress of the heart (World Congress of Cardiology) to present KAND567 during the central session for scientific progress in the field of "acute coronary heart disease". The results presented show how KAND567 has the capacity to protect the heart by suppressing the tissue-damaging hyper-inflammation (the result of an overreacting immune system) that is triggered when blood flow returns after the infarction. Starting in the first half of 2021, Kancera intends to test this new treatment concept in a clinical phase II study in patients with myocardial infarction. The study is conducted mainly at Freeman Hospital, Newcastle, UK which was nominated in 2020 as one of the world's 50 leading University Hospitals. The goal of this clinical development is in the long term to increase survival and reduce the risk of severe complications after a severe heart attack.

In September 2020, Kancera started a second phase II clinical study with the goal of protecting vital organs such as the lungs, heart and vessels from injuries that occur in connection with virus-triggered hyperinflammation. The first viral disease to be investigated is COVID-19. The study is currently being carried out at St Göran's Hospital and during the first quarter of 2021 it will expand to two university hospitals in Denmark. The goal of this clinical development is, in the long run, to reduce the need for intensive care and accelerate rehabilitation from the disease. Successful results open up opportunities to treat other severe inflammations triggered by viruses such as CMV (Cytomegalovirus) and RSV (Respiratory syncytial virus).

Since 2017 and 2019, respectively, Kancera has been participating in two EU-funded projects aimed at, among other things, to investigate whether blockade of the Fractalkine system (through e.g. KAND567 and KAND145) constitutes a new treatment concept for autoimmune rheumatic diseases and certain cancers. During the first half of 2021, the project will report on the first half of the research in autoimmune diseases while the cancer project final report will be delivered.

Results from three phase I studies show that KAND567 has good pharmacokinetic properties and a favorable safety profile for both intravenous and oral administration. An in-depth immunological analysis of blood samples from a number of healthy subjects supports the idea that KAND567 has the potential to block specific immune cells that are known to cause inflammatory diseases. In total, KAND567 has now been administered to 100 healthy subjects in phase I studies.

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 the clinical phase II and provide support for possible expansion into new therapy areas.

The goal for the development of Kancera's product portfolio over the next 12-24 months is to:

- conduct two or more Phase IIa clinical trials with KAND567 against inflammatory lesions
- advance Kancera's second drug candidate KAND145 through clinical preparatory studies
- evaluate expansion opportunities for KAND567 and KAND145 in inflammatory niche diseases and cancer

Kancera's main resources are invested in the two Fractalkine projects. The other three pharmaceutical projects in the research phase are financed with external funds.

Project in clinical and preclinical phase

Kancera is developing small molecule drug candidates KAND567 and KAND145, both of which block the Fractalkine receptor CX3CR1 and thus specific parts of the immune system. The first group of disease states to which Kancera's Fractalkine blockers are directed are those driven by so-called hyperinflammation. Hyperinflammation is a term that summarizes a kind of excessive activation of the immune system that leads to tissue damage. Such hyperinflammation occurs, amongst other times, in connection with physical stress or injury such as vasodilator treatment after myocardial infarction and in response to certain viral infections such as SARS-CoV-2 (and the disease COVID-19).

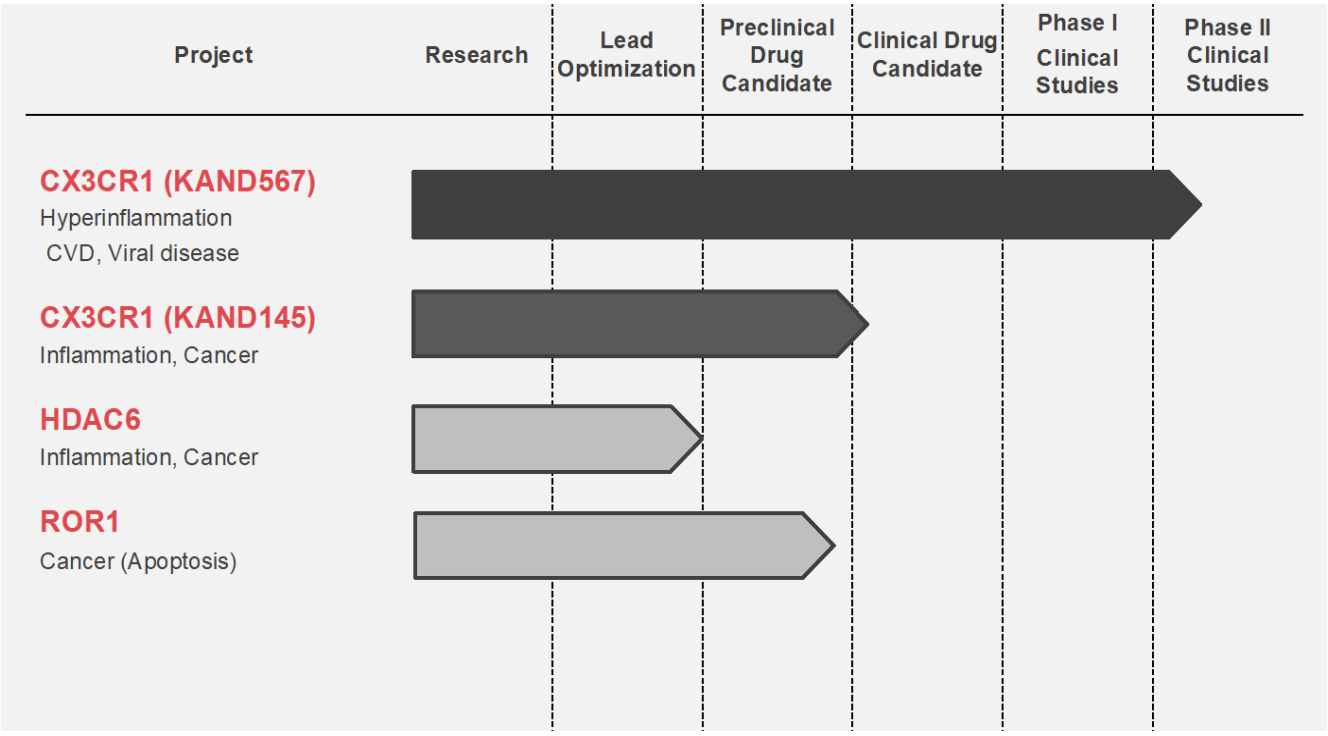
Expansion opportunities for blockers of the Fractalkine system are also being evaluated in other inflammatory diseases and cancers.

Project in research phase

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

Kancera's ROR inhibitors are being developed for the treatment of cancer. Inhibitors of ROR reprogram cancer cells so that they destroy themselves. In preclinical disease models, ROR inhibitors have been shown to work on cells from both solid tumors and blood cancers (leukemia and lymphoma). The ROR project is mainly financed through academic collaborations in which the external party bears its own costs.

Kancera's PFKFB3 project, which has been funded within an EU project, is planned to be phased out during the first quarter of 2021. This is done in favor of an increased investment in an exploratory preclinical evaluation in 2021 of the possibility of developing KAND145 for the treatment of cancer and autoimmune diseases.



Financial development in summary

Kancera Group	1 Oct-31 Dec		1 Jan-31 Dec	
SEK 000´s (if otherwise not specified)	2020	2019	2020	2019
Net turnover	0	0	90	3 216
Other operating revenues	624	623	5 295	2 338
Operating expenses	-13 500	-8 181	-51 873	-41 111
R&D expenses	-11 171	-7 017	-39 279	-34 505
Operating Income	-12 876	-7 558	-46 515	-35 653
Income after financial items	-12 718	-7 660	-47 558	-36 095
Net income	-12 718	-7 660	-47 558	-36 095
Cash-flow from operating activities	-11 077	-142	-46 046	-33 286
Cash on hand	55 008	11 848	55 008	11 848
Equity	72 283	17 419	72 283	17 419
Key ratios				
Return on equity, %	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg
Earnings by share, before and after dilution	-0,03	-0,04	-0,13	-0,18
Cash-Flow from operating activities by share, kr	-0,02	0,00	-0,13	-0,17
Solvency ratio	87%	39%	87%	39%
Equity by share, kr	0,15	0,08	0,15	0,08
No. of employees	8	20	8	20

Comments on the financial development

Kancera AB's operations are mainly the development of drugs for future out-licensing to marketing partners.

Further operating income for the third quarter is attributable to a one-time payment received in connection with the sale of instruments in connection with the transfer of the laboratory to Oncopeptides. Strengthened liquidity and a strengthened equity / assets ratio for the fourth quarter compared with the previous year are attributable to a new share issue during the first quarter and the exercise of options during the second and third quarters. Increased costs in the fourth quarter are attributable to the start of a phase II clinical study. The result for the period was negatively affected by two non-recurring items: guarantee costs of SEK 7 million that arose in connection with a new share issue during the first quarter and a depreciation of intangible assets of SEK 3 million.

Income and profits

Fourth quarter October – December 2020

Net sales during the quarter amounted to SEK 0 million (0 million).

Expenses during the quarter amounted to SEK 13,5 million (8,2 million) broken down into costs for research and development, SEK 11,2 million (7,0 million), and other sales and administrative costs SEK 2,3 million (1,2 million).

Earnings per share for the quarter, based on a weighted average number of shares outstanding, amounted to -0,03 kr (-0,04 kr).

Profit after financial items during the quarter amounted to SEK -12,7 million (-7,7 million).

Period, January – December 2020

Net sales during the quarter amounted to SEK 0,1 million (3,2 million). The difference in net sales between 2020 and the previous year is attributable to a non-recurring item in 2019 in connection with a cooperation agreement entered into with Grunenthal.

Expenses during the quarter amounted to SEK 51,9 million (41,1 million) broken down into costs for research and development SEK 39,3 million (34,5 million), and other sales and administrative costs SEK 12,6 million (6,6 million).

Earnings per share for the quarter, based on a weighted average number of shares outstanding, amounted to -0,13 kr (-0,18 kr).

Profit after financial items during the quarter amounted to SEK -47,6 million (-36,1 million)

Financial position and liquidity

Balance sheet and cash flow

Total equity as of December 31, 2020 amounted to SEK 72,3 million (17,4 million).

Kancera AB's equity/assets ratio as of December 31, 2020 was 87 percent (39 percent). Equity per share was SEK 0,15 kr (0,08 kr).

Cash flow amounted to SEK 7,4 million (8,0 million) during the fourth quarter. Cash flow from operating activities amounted to SEK -11,1 million (-0,1 million) or –0,02 kr per share (-0,00 kr) and from financing activities it amounted to SEK 18,5 million (8,1 million).

As of December 31, 2020, Kancera AB's cash and cash equivalents amounted to SEK 55,0 million (11,8 million).

With a last subscription date on March 31, 2020, Kancera carried out a new issue of 157 369 119 units, each consisting of one share and two warrants. The issue, which was decided upon at the Extraordinary General Meeting on January 13, 2020, was fully subscribed through a guarantee of SEK 61.4 million. Cash issue costs are estimated at approximately SEK 4.8 million. In addition, guarantors and advisers are reimbursed through 22 000 203 Units which in total corresponds to a dilution of 85%.

TO4 was converted during the redemption period June to September 2020 to 85 000 652 shares at an exercise price of SEK 0.47, which provided Kancera with approximately SEK 38.6 million after issue costs.

In total, with the issue in March 2020 and the conversion of TO4 up to and including September 2020, the number of shares increased to 474 195 466 and the share capital to SEK 39 516 289 according to registration on 7 October 2020.

Employees

Kancera AB had approximately 8 full-time employees, including 3 EU-funded doctoral students as of December 31, 2020, of which 5 are men and 3 are women.

Investments and depreciation

Intangible fixed assets amount in the balance sheet to a total of SEK 21 million, which is divided into 2 projects: the ROR1 project, 3 million and the Fractalkine project, 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 offset 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. In connection with this examination, the Board decided to depreciate the

PFKFB3 project from SEK 3 million to SEK 0 in the balance sheet as of December 31, 2020, and to liquidate linked patents. This decision was made in light of the fact that a scientifically successful EU-funded research study in the PFKFB3 area will be completed during the first quarter of 2021 and that continued preclinical product development within the Fractalkine project is judged to create more value than the PFKFB3 project.

No investments were made in fixed assets during the fourth quarter.

The share capital and the share

The share capital on December 31, 2020 amounted to SEK 39 516 289 divided into 474 195 466 shares with a quota value of, rounded off, SEK 0.08 per share.

Kancera has announced that a merger of Kancera's shares (so-called reverse split) will be carried out during the first quarter of 2021 in accordance with a decision at the Annual General Meeting in Kancera 2020. The decision means that ten (10) shares will be merged into one (1) share.

Current incentive scheme

There are no active stock option programs in the company.

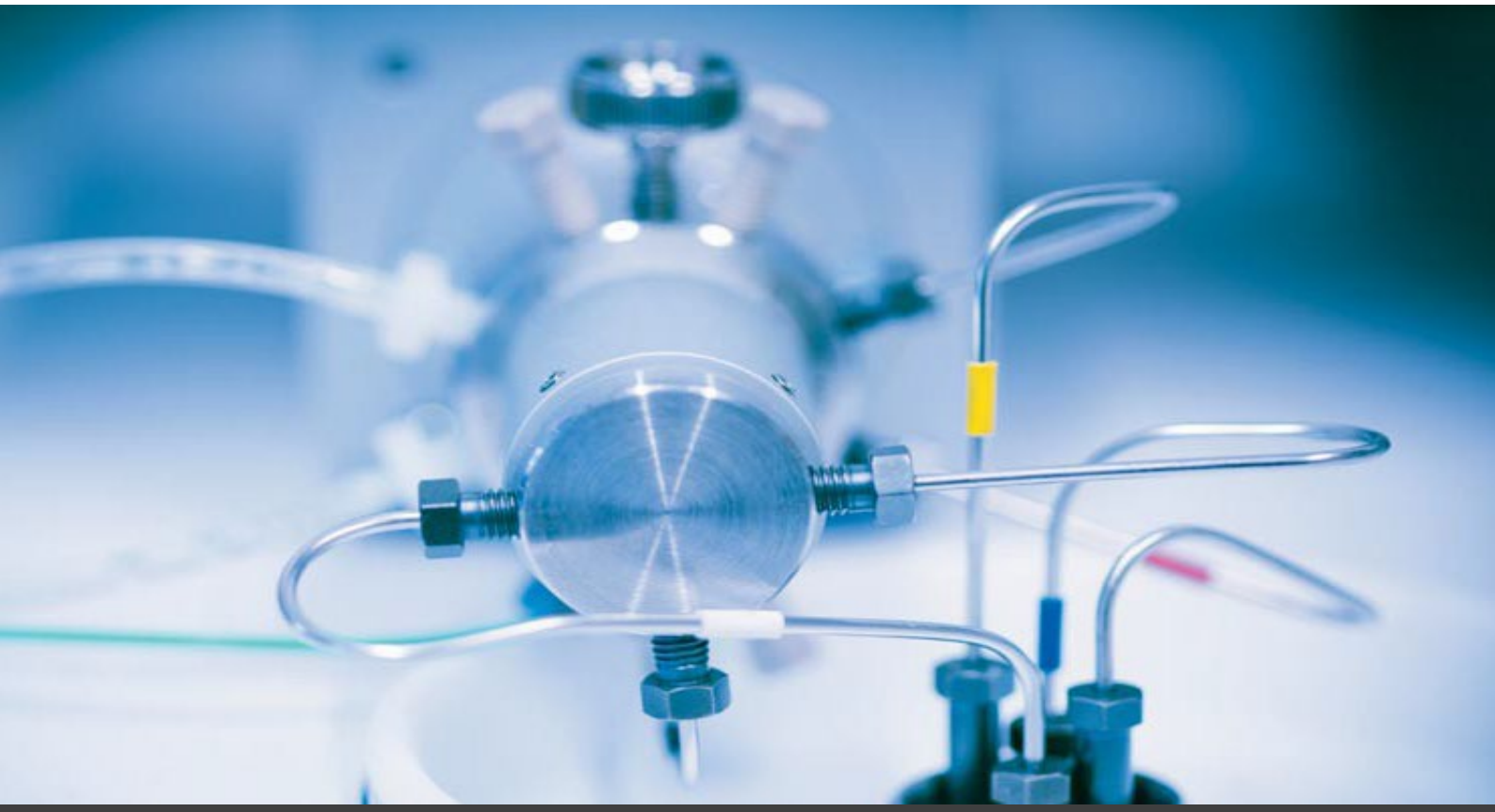
Tax deficits

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.

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.



Report on comprehensive income

SEK 000´s (if otherwise not specified)	1 Oct-31 Dec		1 Jan-31 Dec	
	2020	2019	2020	2019
Kancera Group				
Revenues				
Net sales	0	0	90	3 216
Other operating revenues	624	623	5 295	2 338
Cost of sales & services	0	0	-27	-96
Gross profit	**624**	**623**	**5 358**	**5 458**
Operating Expenses				
General & administrative expenses	-2 062	-866	-11 660	-5 404
Selling expenses	-267	-298	-934	-1 202
Research & development expenses	-11 171	-7 017	-39 279	-34 505
Total operating expenses	**-13 500**	**-8 181**	**-51 873**	**-41 111**
Operating income	**-12 876**	**-7 558**	**-46 515**	**-35 653**
Income from Financial Investments				
Financial net	158	-102	-1 043	-442
Income after financial items	**-12 718**	**-7 660**	**-47 558**	**-36 095**
Taxation	0	0	0	0
Net income	**-12 718**	**-7 660**	**-47 558**	**-36 095**
Average number of shares (thousands), before and after dilution	471 256	209 825	363 008	198 712
Number of shares at closing date (thousands)	474 195	209 825	474 195	209 825
Earnings per share, before and after dilution	-0,03	-0,04	-0,13	-0,18

Report on financial position

SEK 000´s	31 Dec	
Kancera Group	2020	2019
Assets		
Non-current Assets		
Intangible assets		
Capitalized R&D	21 000	24 000
Tangible assets		
Lease assets	927	4 531
financial assets		
Financial placements	1	1
Total non-current assets	**21 928**	**28 532**
Current Assets		
Trade receivables and other receivables	6 166	3 973
Cash and cash equivalents	55 008	11 848
Total current assets	**61 174**	**15 821**
TOTAL ASSETS	**83 102**	**44 353**
Equity and Liabilities		
Equity		
Equity	72 283	17 419
Equity	**72 283**	**17 419**
Liabilities		
Long-term liabilities	977	579
Short-term liabilities	9 842	26 355
TOTAL EQUITY and LIABILITIES	**83 102**	**44 353**

Report on changes in equity

Kancera Group, 1 Jan 2019-31 December 2019 *SEK 000´s*	Sharecapital	Ongoing share issue	Other capital contributions	Accumulated deficit	Total equity
Fourth quarter					
Opening balance 2019-10-01	17 485	0	34 558	-28 435	23 608
Comprehensive income					
Net income for the period				-7 660	-7 660
Total comprehensive income	0	0	0	-7 660	-7 660
Transactions with shareholders					
Capital injections			1 471		1 471
Costs related to issue of shares					0
Total transactions with shareholders	0	0	1 471	0	1 471
Closing balance 2019-12-31	**17 485**	**0**	**36 029**	**-36 095**	**17 419**
Period January-December					
Opening balance 2019-01-01	15 879		63 413	-45 935	33 357
Comprehensive income					
Appropriation of previous year´s income			-45 935	45 935	
Net income for the period				-36 095	-36 095
Total comprehensive income	0	0	-45 935	9 840	-36 095
Transactions with shareholders					
Capitalinjection	1 606		18 551		20 157
Total transactions with shareholders	1 606	0	18 551	0	20 157
Closing balance 2019-12-31	**17 485**	**0**	**36 029**	**-36 095**	**17 419**

	Sharecapital	Ongoing share issue	Other capital contributions	Accumulated deficit	Total equity
Fourth quarter					
Opening balance 2020-10-01	36 367	3 149	80 324	-34 840	85 000
Comprehensive income					
Net income for the period				-12 718	-12 718
Total comprehensive income	0	0	0	-12 718	-12 718
Transactions with shareholders					
Capital injections	3 149		15 280		18 429
Costs related to issue of shares			-666		-666
Ongoing capital injection		-3 149	-14 613		-17 762
Total transactions with shareholders	3 149	-3 149	1	0	1
Closing balance 2020-12-31	**39 516**	**0**	**80 325**	**-47 558**	**72 283**
Period January-December					
Opening balance 2020-01-01	17 485	0	36 029	-36 095	17 419
Comprehensive income					
Appropriation of previous year´s income			-36 095	36 095	
Net income for the period				-47 558	-47 558
Total comprehensive income	0	0	-36 095	-11 463	-47 558
Transactions with shareholders					
Capital injections	22 031		87 873		109 904
Costs related to issue of shares			-7 482		-7 482
Total transactions with shareholders	22 031	0	80 391	0	102 422
Closing balance 2020-12-31	**39 516**	**0**	**80 325**	**-47 558**	**72 283**

Cash flow report

SEK 000´s	1 okt-30 dec		1 jan-31 dec	
Kancera Group	2020	2019	2020	2019
Cash-flow from operating activities				
Operating income after financial items	-12 718	-7 660	-47 558	-36 095
Depreciation	85	10	1 696	111
Taxes paid	-10	287	-387	-80
Write-off of intangible assets	3 000	0	3 000	0
Cash-flow from operating activities before working capital change	**-9 643**	**-7 363**	**-43 249**	**-36 064**
Change in working capital	-1 434	7 221	-2 797	2 778
Cash-flow from operating activities	**-11 077**	**-142**	**-46 046**	**-33 286**
Investments in financial assets	0	-1	0	-1
Cash-flow from investment activities	**0**	**-1**	**0**	**-1**
FREE CASH-FLOW available to INVESTORS	**-11 077**	**-143**	**-46 046**	**-33 287**
Financing activities				
Change in debt referrable to financing activities	435	-7 376	2 306	-4 045
Issue of shares/other capital infusions	18 083	1 471	100 900	14 157
Repayment of loans	0	0	-14 000	0
Increase in short-term financing	0	14 000	0	14 000
Cash-flow from financing activities	**18 518**	**8 095**	**89 206**	**24 112**
CASH-FLOW for the PERIOD	**7 441**	**7 952**	**43 160**	**-9 175**
Cash and cash equivalents at the beginning of the period	47 567	3 896	11 848	21 023
Cash and cash equivalents at the end of the period	55 008	11 848	55 008	11 848

Income Statement

SEK 000´s	1 Oct-31 Dec		1 Jan-31 Dec	
The Parent Company Kancera AB	2020	2019	2020	2019
Revenues				
Net sales	0	0	90	3 216
Other revenues	624	623	5 132	2 338
Cost of sales & services	0	0	-27	-96
Gross profit	**624**	**623**	**5 195**	**5 458**
Operating Expenses				
General & administrative expenses	-2 061	-866	-11 663	-5 404
Selling expenses	-267	-298	-934	-1 202
Research & development expenses	-11 172	-7 017	-39 279	-34 507
Total expenses	**-13 500**	**-8 181**	**-51 876**	**-41 113**
Operating income	**-12 876**	**-7 558**	**-46 681**	**-35 655**
Income from Financial Investments				
Financial revenues	0	2	0	2
Financial expenses	165	-104	-983	-327
Income after financial items	**-12 711**	**-7 660**	**-47 664**	**-35 980**
Taxation	0	0	0	0
Net income	**-12 711**	**-7 660**	**-47 664**	**-35 980**

Balance sheet

SEK 000's	31 Dec	
The Parent Company Kancera AB	2020	2019
Assets		
Non-current Assets		
Intangible assets		
Capitalized R&D	21 000	24 000
Financial assets		
Shares in subsidiaries	50	50
Financial placements	1	1
Total non-current assets	**21 051**	**24 051**
Current Assets		
Intercompany receivables	1	1
Trade receivables and other receivables	6 230	4 565
Cash and cash equivalents	54 960	11 800
Total current assets	**61 191**	**16 366**
TOTAL ASSETS	**82 242**	**40 417**
Equity and Liabilities		
Equity		
Restricted equity	39 516	17 485
Non-restricted equity	32 780	53
Total equity	**72 296**	**17 538**
Liabilities		
Long-term liabilities	448	0
Short-term liabilities	9 498	22 879
Total liabilities	**9 946**	**22 879**
TOTAL EQUITY and LIABILITIES	**82 242**	**40 417**

Notes

Note 1 Accounting and valuation principles

The interim report has been prepared in accordance with IAS 34 and the Annual Accounts Act. In addition to what is shown below, the Group's and the Parent Company's accounting principles and valuation principles as well as the basis of calculation for the report are unchanged compared to the latest annual report for the financial year ending December 31, 2019 and should be read together with it.
The Group continuously invests in research and development projects that increase the Group's knowledge of technology and which may also include intangible assets such as patent applications for technology.

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 to Mellstedt Consulting AB for services comprising scientific advice and scientific marketing in the amount of SEK 120 000 (SEK 240 000). Håkan Mellstedt, board member of Kancera AB, is the CEO and owner of Mellstedt Consulting AB. No other remuneration has been paid 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 to be reported at a later date

Awarding body	Grant awarded, tkr	Amount paid tkr	Date for reporting
EU SYNTRAIN[1]	4986	4 237	Next: January 2021
EU TOBEATPAIN[2]	2637	1 791	Next: July 2022
Total	7623	6 028	

1. According to EUR rate SEK 10. Granted amount of about 4 986 KSEK. Amount paid out of about 4 237 KSEK. The remaining amount of the grant will be paid according to the EU plan April-May 2021.

1. 2. According to EUR rate SEK 10. Granted amount of about 2 637 KSEK. Amount paid out of about 1 791 KSEK. The remaining amount will be paid after approved reporting for period 1, which is expected to be submitted during the fourth quarter 2020 and after an approved final report to be submitted in July 2022.

Note 5 The Group's operations and risk factors

When assessing the Group's future development, it is important to consider risk factors in addition to potential earnings growth. The Group's operations are affected by a number of risks that can have an effect on the Group's earnings and financial position to varying degrees. For a description of the Group's risks, see page 28 in the annual report for 2019. In addition to these reported risks, the COVID-19 pandemic is a new risk as healthcare'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 19 February 2021

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

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

Upcoming reports and the Annual General Meeting

Annual report 2020	30 April 2021
Interim report January-March 2021	21 May 2021
Annual General Meeting 2021	26 May 2021
Interim report January-June 2021	20 August 2021
Interim report January-September 2021	19 November 2021
Year-end report January-December 2021	18 February 2022

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