



# Interim report third quarter 2022

January 1 – September 30 2022  
Kancera AB (publ.), org.nr. 556806-8851

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# About Kancera

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

### Kancera projects

Kancera develops new drugs against inflammation and cancer. The most advanced drug candidate, the Fractalkine blocker KAND567, is being developed with the goal of minimizing the damage that occurs in the heart and kidney in connection with an excessive inflammatory reaction, so-called hyperinflammation. Kancera's primary objective with the ongoing phase IIa study in myocardial infarction patients is to use biomarkers to study the safety and possible tissue-protective effect of KAND567. The fully funded study is being conducted at two university hospitals in England and is expected to be fully recruited in 2022 and the results reported during 2023. In November 2021, Kancera reported top-line results from a phase IIa study with KAND567 in patients with acute COVID-19 and was able to demonstrate good safety and tolerability as well as "proof of principle" for desired pharmacological effect on the immune system. Even though Kancera does not intend to continue development in the COVID-19 area, these results are very valuable for the company's development of KAND567/145 in other indications.

Kancera has previously published results from preclinical research in a scientific article in the journal *Cancers*. The results show that the company's Fractalkine blockers prevent the cancer cells' ability to repair the DNA damage caused by platinum-based chemotherapy, whereby the effect of the chemotherapy treatment can be regained. Kancera has now confirmed the treatment effect in studies in mice that show that the company's Fractalkine-blocking drug candidates in combination with platinum-based chemotherapy reduce tumor volume, even though the implanted tumor originates from cancer cells that are treatment-resistant and have a high growth rate. The effect can be linked to DNA damage and specific killing of cancer cells. In addition, the studies in mice show that the treatment leads to the tumor losing certain immune and connective tissue cells that protect the tumor against chemotherapy.

Kancera has now decided to conduct clinical studies with KAND567 in patients with ovarian cancer who have relapsed during treatment with platinum-based chemotherapy. The intention is for an application to be submitted in the fourth quarter of this year and for the study to start in the first half of 2023. The study will take place in collaboration with leading university hospitals and investigators in the Nordics. Assuming a positive study outcome, Kancera plans to continue the development of a new treatment against ovarian cancer with KAND145. The advantage of starting the clinical program against ovarian cancer with KAND567 and then switching to KAND145 is that the company can more quickly test this new treatment concept clinically because KAND567 already has the required regulatory documentation.

At the same time, the development continues of KAND145, which has properties that make it a more suitable product for

the treatment of tumor diseases. The plan is to enter clinical phase Ia during the first half of 2023 and in this way KAND145 can be available for continued development against ovarian cancer directly in the event of a possible positive outcome of the study with KAND567.

In parallel, Kancera's drug candidates KAND567 and KAND145 are also being evaluated for the treatment of inflammation in acute kidney injury and B-cell malignancies.

### Business model

Kancera's business model is to develop patent-protected drug candidates until proven efficacy in patients (so-called "proof of concept" in clinical phase IIa) and further to market approval and commercialization in partnership with internationally established pharmaceutical companies. Such a partnership can be based on co-development or, alternatively, out-licensing or divestment of Kancera's patent-protected drug candidates.

In order to strengthen the possibilities of entering into commercially attractive partnerships, Kancera places a great deal of focus on ensuring strong IP protection and assuring product supply for future clinical trials.

### Background

Kancera's executive team has solid experience of drug research from discoveries of new disease processes to clinical development within AstraZeneca, Pharmacia/Pfizer, Biovitrum/Sobi and Karolinska Institutet. Kancera has mainly focused on cancer and inflammatory diseases both for its own drug development and as research consultants. As research consultants, Kancera's team has carried out projects for 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 operational since 2013 within the Karolinska Institutet Science Park, Stockholm and since January 28, 2016 the share is traded on the Nasdaq First North Premier Growth Market. The number of shareholders amounted to approximately 18 300 as of 30 September 2022. From 2016, Kancera reports in accordance with IFRS in the Group and RFR2 in the parent company.

FNCA Sweden AB is the company's Certified Adviser. FNCA can be reached at [info@fnca.se](mailto:info@fnca.se) and on 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.

# Third quarter in brief

As well as the period 1 January to 30 September 2022

## July – September

### Financial summary for the third quarter

- Net sales amounted to SEK 0 million (SEK 0.0 million).
- R&D costs amounted to SEK 8,7 million (10,9 million).
- Operating profit for the third quarter amounted to SEK -10,7 million (-10,9 million).
- Profit after financial items for the third quarter amounted to SEK -10,9 million (-11,0 million).
- Earnings per share, before and after dilution, for the third quarter amounted to SEK -0,19 kr (-0,20 kr).
- Cash flow from operating activities for the third quarter amounted to SEK -14,1 million (-12,0 million).
- Equity as of September 30, 2022 amounted to SEK 84,1 million (133,3 million) or 1,5 kr (2,38 kr) per share.
- The equity / assets ratio as of September 30, 2022 was 89 percent (91 percent).
- Cash and cash equivalents on September 30, 2022 amounted to SEK 68,2 million (118,7 million).

## January – September

### Financial summary for the entire period

- Net sales amounted to SEK 0 million (SEK 0.0 million).
- R&D costs amounted to SEK 34,0 million (29,7 million).
- Operating profit for the period amounted to SEK -38,0 million (-32,5 million).
- Profit after financial items for the period amounted to SEK -38,5 million (-32,7 million).
- Earnings per share, before and after dilution, for the period amounted to SEK -0,69 kr (-0,59 kr).
- Cash flow from operating activities for the period amounted to SEK -38,3 million (-29,5 million).
- Equity as of September 30, 2022 amounted to SEK 84,1 million (133,3 million) or 1,5 kr (2,38 kr) per share.
- The equity / assets ratio as of September 30, 2022 was 89 percent (91 percent).
- Cash and cash equivalents on September 30, 2022 amounted to SEK 68,2 million (118,7 million).

### Significant events during the third quarter

- Kancera reported convincing preclinical results and decision to initiate clinical studies of KAND567 in ovarian cancer
- Kancera reported that the recruitment to the ongoing phase IIa study of KAND567 in myocardial infarction is progressing well and that a decision has been made to enable the recruitment of an additional 10 patients, which should provide a sufficient number of evaluable patients to be able to report the study's primary objectives.

### Significant events after the end of the third quarter

- Kancera announces a decision on a rights issue of approximately SEK 90 million with the aim of increasing efforts and investments in clinical development for the treatment of ovarian cancer as well as the manufacture of additional study drug for upcoming clinical trials. With the support of authorization from the annual general meeting on May 25, 2022, the board has decided on a new issue of units consisting of shares and warrants for a maximum of approximately SEK 90 million with preferential rights for Kancera's shareholders. In the event of full subscription in the rights issue, the Company will receive approximately SEK 90 million before transaction costs.
- Kancera reports new research results that show that the company's Fractalkine blocker KAND145 works effectively against B-cell lymphoma by neutralizing cancer-associated monocytes and macrophages, and that the company therefore sees great potential for treatment with KAND145 against B-cell lymphoma such as chronic lymphocytic leukemia (CLL).
- Peter Selin takes over responsibility for the company's financial reporting with the new title of Executive Vice President Corporate Development and Finance. Former CFO Hans Richter remains as an advisor to the company



# CEO statement

## Continued strong recruitment of myocardial infarction patients to the FRACTAL study being conducted in England. Decision on and funding of the KANDOVA study - clinical development against ovarian cancer.

### New issue increases the pace towards commercialization through partnerships

Despite the current climate in the capital market, we believe that the timing of this capital injection to Kancera is critical for conducting a combined phase Ib/IIa study and demonstrate efficacy of Kancera's Fractalkine blocker against ovarian cancer in human. Positive clinical results from phase IIa mean that a strong foundation is being laid for entering into a partnership and with this plan we can deliver results within the next 24 months. We have support from leading clinicians in gynecological oncology in the Nordics and feel a strong momentum for the study. It gives us good prerequisites for carrying out the study with the leading university hospitals, which ensures speed and quality. The capital acquisition will thus contribute to Kancera's project portfolio growing in strength at a faster pace and generating products that both meet significant medical needs and our business goals.

### The FRACTAL study with myocardial infarction patients is progressing according to plan

In the fourth quarter of 2021, Kancera initiated the phase IIa clinical study FRACTAL, which aims to document the safety and cardioprotective effect of the Fractalkine blocker KAND567 in patients who have suffered an infarction in the anterior wall of the heart chamber. The study is run in collaboration with the NHS Foundation at the two prominent university hospitals Freeman Hospital and James Cook Hospital in Great Britain.

The FRACTAL study continues strongly, which allows for increasing the size of the study by 10 patients (70 patients in total) within current financial means and time frames, thereby strengthening the chances of reaching the study's goals with high quality.

Cardiovascular diseases are the most common cause of premature death in the world today and, amongst these, heart attacks dominate. Annually, approximately 500,000 individuals suffer from a large heart attack in the USA and Europe, with approximately 25% of those affected having a serious complication or death within five years. The need for adequate and effective treatments is therefore extensive.

### Convincing research results and decision to start clinical development against ovarian cancer

Kancera's preclinical research has shown that the company's Fractalkine blockers KAND567/145 in combination with platinum-based chemotherapy reduces tumor volume, even in very aggressive tumors. The effect can be linked to the inhibition of the cancer cell's DNA repair and blocking of specific immune cells in the tumor microenvironment that protect the tumor against chemotherapy. Together with

clinical experts at the leading university hospitals in the Nordics, Kancera is now working to design the study protocol and prepare the regulatory application to start a combined phase Ib/IIa study in early 2023. Kancera already has funding to conduct the phase Ib study and with the announced rights issue, financing is secured for the subsequent phase IIa. With a combined phase Ib-IIa study, the company estimates that the lead time to phase IIa results is shortened by approximately one year and can be done at a lower total cost.

### Kancera strengthens the clinical portfolio with a second-generation Fractalkine blocker, KAND145

Kancera has developed KAND145, which is a second-generation Fractalkine axis blocker with improved product properties that make it particularly suitable for the treatment of diseases where higher doses are required. The required degree of inventiveness has been confirmed by approval of Kancera's patent protection for KAND145 in the USA, which represents the largest market for pharmaceuticals. We are now starting a phase Ia clinical study which will open the door to a strengthened competitive situation in the area of cancer and other specialist indications.

The third quarter of the year has meant significant progress for Kancera's clinical development of Fractalkine blockers against inflammatory heart conditions as well as ovarian cancer. Commercialization of the Fractalkine project through partnerships is based on results from these studies that are scheduled to be reported in 2023-2024. Overall, Kancera is in a position with strong clinical projects and funding that enables us to achieve our business goals.



Solna, 26 October 2022  
Kancera AB  
Thomas Olin, CEO

# Drug development

## What distinguishes Kancera?

Discoveries by Kancera and independent research groups have shown that the Fractalkine system has a decisive importance for how difficult a cancer is to treat and how serious inflammatory conditions can develop. Kancera's small molecule drug candidates act through the Fractalkine system that precisely controls cancer cells and immune cells. Kancera is a leader in the clinical development of small molecule drug candidates that act on the Fractalkine system and has proof-of-principle on this new drug class in humans. Thus, Kancera has a unique opportunity to develop a new class of drugs for treatment that disrupts harmful acute inflammation and advanced cancer. The business model is to develop drug candidates with internal funding to demonstrated "proof-of-concept" in humans and then, in partnership with international pharmaceutical companies, take these new products to patients and the market.

## Significant progress during 2021 and 2022

Kancera currently invests over 90% of available financial and human resources in the development of the Fractalkine project and its two drug candidates KAND567, which was acquired from Astra Zeneca in 2016, and KAND145, which is the second generation Fractalkine blocker developed and patented by Kancera.

The Fractalkine blocker KAND567 is primarily developed to effectively counter damage that occurs when our immune system overreacts, so-called hyperinflammation. Hyperinflammation is a common and disease-inducing factor that increases the risk of life-threatening complications in the heart, kidney and lungs in connection 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 provide the best effect.

These include inflammation triggered by vasodilation after a heart attack or lack of blood flow in the kidney in connection with surgery or transplantation. Heart attack is also at the center of Kancera's second phase II clinical study, the so-called FRACTAL study. This heart study is being conducted by Kancera with KAND567 mainly at one of Northern Europe's largest university hospitals, the Freeman Hospital, Newcastle, UK. 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 (biomarkers) of protective effects that, both (i) counteract inflammatory damage that occurs in connection with the infarction and, (ii), promote heart function.

Successful results open up opportunities to treat other disease states that are triggered by acute vessel inflammation, also in the kidneys.

In the third quarter of 2022, Kancera reported convincing preclinical results from several disease models and the decision to start clinical studies of KAND567 in ovarian cancer.

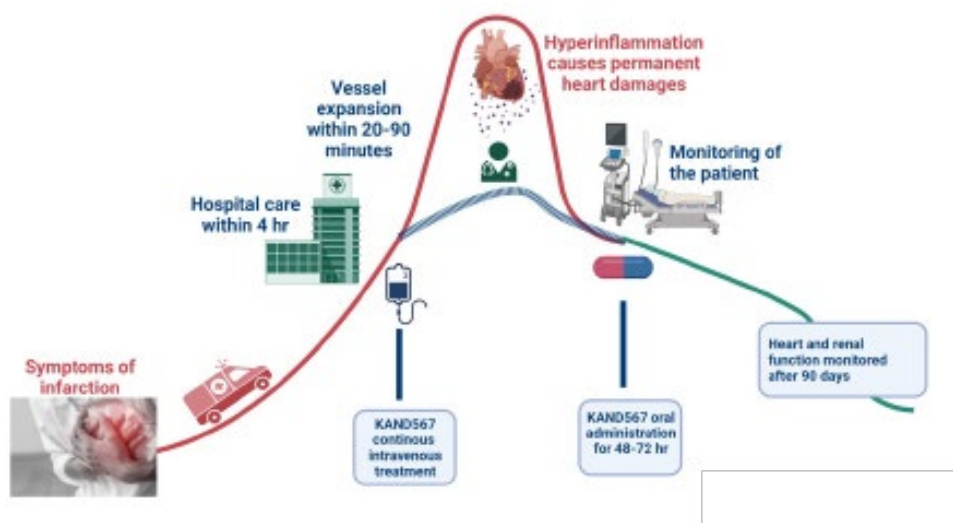
Significant activities in Kancera's continued drug development over the next 24 months:

### KAND567:

- Complete the ongoing clinical phase IIa study in myocardial infarction
- Conduct a combined phase Ib/IIa study in ovarian cancer

### KAND145

- Conduct phase Ia study in healthy subjects to document desired dose levels against cancer and inflammation



## Projects in preclinical research phase

### KAN571 / ROR1 (cancer)

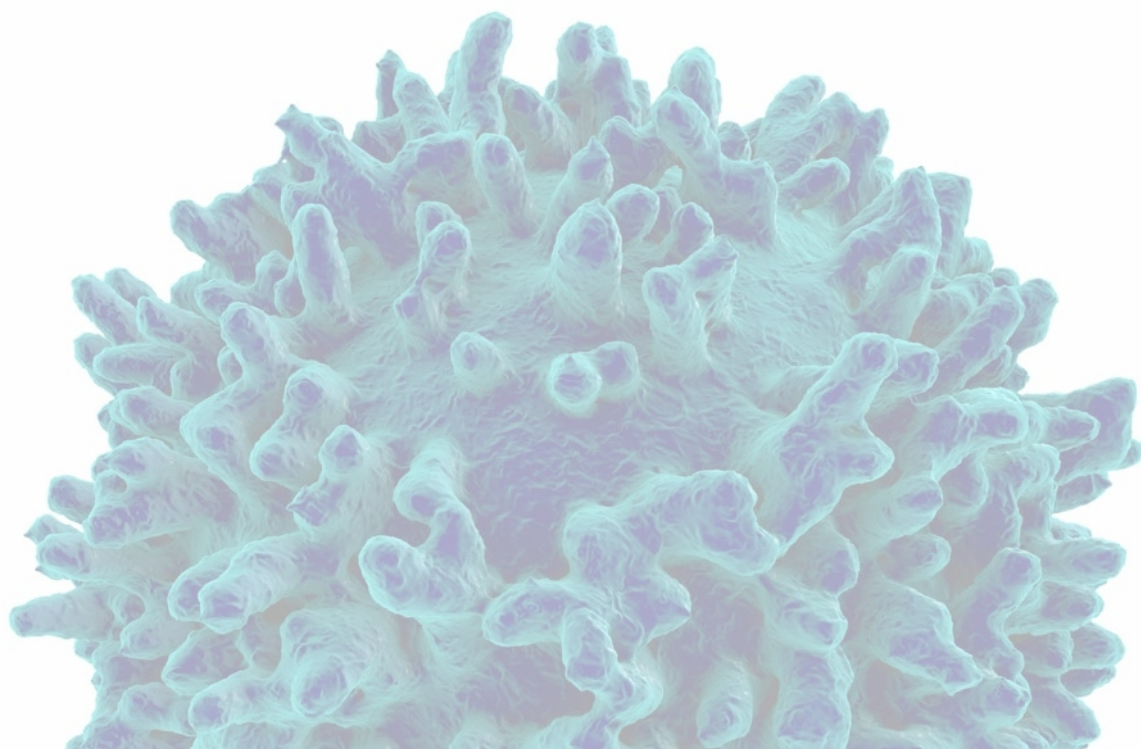
Kancera has shown that substances that inhibit ROR1, a growth factor receptor found in some cancer tumors, can be used to reprogram the cancer cells so that they destroy themselves through cellular suicide, so-called. apoptosis. External research groups have demonstrated that ROR1 is involved in B-cell malignancies such as chronic lymphocytic leukemia (CLL), mantle cell lymphoma (MCL) and certain hard-to-treat solid tumor diseases such as pancreatic cancer, ovarian cancer and triple-negative breast cancer. The further development of the project will be subject to a partnership.

### KAN757 / PFKFB3 (cancer)

Kancera has shown in its own studies that the PFKFB3 inhibitor KAND757 increases the sensitivity of cancer cells to radiation therapy and chemotherapy. In parallel, a research group from the University Medical Center Göttingen has shown that KAND757 effectively kills tumor preparations from rectal cancer patients by selectively blocking metabolism. Taken together, these results demonstrate that KAND757 has potential as a drug candidate for the treatment of rectal cancer. Against this background, Kancera has chosen to nominate KAND757 as a drug candidate for preclinical development. The company is now conducting further preclinical studies to evaluate the effect in a larger tumor sample material and the possibility of developing a suitable administration technique. Decisions on any clinical development will be made after these activities are completed.

For additional information on projects and market prospects, see Annual Report 2021

via Kancera's website [www.kancera.com](http://www.kancera.com)



## Financial development in summary

<b>Financial development, a summary</b>					
<b>Kancera Group</b>	1 jul - 30 sep		1 jan - 30 sep		1 jan-31 dec
SEK 000's (if otherwise not specified)	2022	2021	2022	2021	2021
Net turnover	0	0	0	0	0
Other operating revenues	220	416	726	567	1 704
Operating expenses	-10 945	-11 309	-38 687	-33 092	-46 960
R&D expenses	-8 747	-10 936	-34 013	-29 739	-42 634
Operating Income	-10 725	-10 893	-37 961	-32 525	-45 256
Income after financial items	-10 903	-10 998	-38 473	-32 733	-45 686
Net income	-10 903	-10 998	-38 473	-32 733	-45 686
Cash-flow from operating activities	-14 065	-9 025	-38 327	-29 513	-44 125
	0				
Cash on hand	68 221	45 413	68 221	118 697	106 521
	0				
Equity	84 065	66 320	84 065	133 287	122 536
<b>Key ratios</b>					
R&D costs / total costs, %	80%	97%	88%	90%	91%
Earnings by share, before and after dilution, kr	-0,19	-0,20	-0,69	-0,59	-0,82
Cash-Flow by share, kr	-0,25	-0,22	-0,68	-0,53	-0,79
Equity by share, kr	1,50	2,38	1,50	2,37	2,18
Total assets	94 273	145 834	94 273	145 834	133 640
Solvency, %	89%	91%	89%	91%	92%
No. of employees	5	7	5	7	7

See note 5 for definitions of key ratios.



## Comments on the financial development

Kancera's business is mainly to invest in research and development of drug candidates for future out-licensing to larger pharmaceutical companies as revenue can be expected in the form of milestone payments and royalty revenue on sales.

The result is in line with the previous year and follows the company's budget. The increased costs for research and development compared to the previous year are explained by the ongoing clinical phase IIa study of KAND567 in heart/vascular and preparatory activities to start a phase Ib study of KAND567 in ovarian cancer.

### Income and profits

#### Third quarter, July – September 2022

- Net sales during the quarter amounted to SEK 0 million (SEK 0.0 million).
- Costs during the quarter amounted to SEK 10,9 million (11,3 million) broken down into costs for research and development of SEK 8,7 million (10,9 million), and other sales and administrative costs SEK 2,2 million (0,4 million).
- Profit after financial items during the quarter amounted to SEK -10,9 million (-11,0 million).
- Earnings per share for the quarter, based on a weighted average of the number of outstanding shares, amounted to -0,19 kr (-0,20 kr).

#### Period, January – September 2022

- Net sales during the period amounted to SEK 0 million (0 million).
- Costs during the period amounted to SEK 38,7 million (33,1 million) broken down into costs for research and development of SEK 34,0 million (29,7 million), and other sales and administrative costs SEK 4,7 million (3,5 million).
- Profit after financial items during the period amounted to SEK -38,5 million (-32,7 million).
- Earnings per share for the quarter, based on a weighted average of the number of outstanding shares, amounted to -0,69 kr (-0,59 kr).
- Management and the board of directors assess that research and development costs and operating results 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 September 30, 2022 amounted to SEK 84,1 million (133,3 million).
- Kancera AB's solvency as of 30 September 2022 was 89 percent (91 percent). Equity per share was 1,5 kr (2,38 kr).
- Cash flow amounted to SEK -14,1 million (-11,2 million) during the quarter. Cash flow from operating activities amounted to SEK -14,1 million (-12,0 million) or -0,25 kr per share (-0,22 kr) and from the financing activities it amounted to SEK 0 million (0,8 million).
- As of September 30, 2022, Kancera AB's cash and cash equivalents amounted to SEK 68,2 million (118,7 million).

## Employees

Kancera AB had approx. 5 full-time employees on the 30<sup>th</sup> of September 2022, of which 5 are men.

## 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. No investments were made in fixed assets during the 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. 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 September 30, 2022 amounted to SEK 46 786 623.35 (SEK 46 582 281.68) distributed over 56 143 948 (55 898 738) shares with a quota value of, rounded-off, SEK 0.83 (0.83) per share. The changed share capital and the number of shares are attributable to the new issue of shares through the redemption of TO5.

## Tax deficits

Kancera AB's current operations are initially expected to result in negative results and tax deficits. At present, there are not sufficiently convincing reasons to suggest that tax surpluses will exist in the future that can justify an activation of the value of the deficits, and no deferred tax asset has been reported. In the event of a sale of a drug candidate, profits are expected to be reported which are currently judged to be tax deductible against previous years' tax deficits, which would mean a low tax burden for the Company when a project is sold. The tax deficits as of December 31, 2021 amounted to SEK 346 297 KSEK. No deferred tax assets are reported for these tax deficits.

## Report on comprehensive income

<b>Consolidated Statement of Comprehensive Income</b>					
<i>SEK 000's (if otherwise not specified)</i>					
	1 jul - 30 sep		1 jan - 30 sep		1 jan - 31 dec
	2022	2021	2022	2021	2021
<b>Kancera Group</b>					
Net sales	0	0	0	0	0
Other operating revenues	220	416	726	567	1 704
<b>Total revenue</b>	<b>220</b>	<b>416</b>	<b>726</b>	<b>567</b>	<b>1 704</b>
<b>Gross profit</b>	<b>220</b>	<b>416</b>	<b>726</b>	<b>567</b>	<b>1 704</b>
<i>Operating Expenses</i>					
General & administrative expenses	-1 456	-132	-3 392	-2 806	-3 620
Selling expenses	-742	-241	-1 282	-547	-706
Research & development expenses	-8 747	-10 936	-34 013	-29 739	-42 634
<b>Total operating expenses</b>	<b>-10 945</b>	<b>-11 309</b>	<b>-38 687</b>	<b>-33 092</b>	<b>-46 960</b>
<b>Operating income</b>	<b>-10 725</b>	<b>-18 240</b>	<b>-37 961</b>	<b>-32 525</b>	<b>-45 256</b>
<i>Income from Financial Investments</i>					
Financial net	-178	-105	-512	-208	-430
<b>Income after financial items</b>	<b>-10 903</b>	<b>-18 345</b>	<b>-38 473</b>	<b>-32 733</b>	<b>-45 686</b>
Taxation					0
<b>Net income</b>	<b>-10 903</b>	<b>-18 345</b>	<b>-38 473</b>	<b>-32 733</b>	<b>-45 686</b>
Average number of shares (thousands), before and after dilution	56 144	55 860	56 144	55 860	55 968
Number of shares at closing date (thou)	56 144	55 899	56 144	55 899	56 144
Earnings per share, before and after dil	-0,19	-0,20	-0,69	-0,59	-0,82

## Report on financial position

### Condensed Consolidated Statement of Financial Position

SEK 000's

Kancera Group	30-sep		31-dec
	2022	2021	2021
<b>Assets</b>			
<i>Non-current Assets</i>			
<i>Intangible assets</i>			
Capitalized R&D	21 000	21 000	21 000
<i>Tangible assets</i>			
Lease assets	0	0	0
	337	657	607
<i>Financial assets</i>			
Financial placements	1	1	1
<b>Total non-current assets</b>	<b>21 338</b>	<b>21 658</b>	<b>21 608</b>
<i>Current Assets</i>			
Trade receivables and other receivables	4 714	5 480	5 511
Cash and cash equivalents	68 221	118 697	106 521
<b>Total current assets</b>	<b>72 935</b>	<b>124 177</b>	<b>112 032</b>
<b>TOTAL ASSETS</b>	<b>94 273</b>	<b>145 835</b>	<b>133 640</b>
<i>Equity and Liabilities</i>			
<i>Equity</i>			
Equity	84 065	133 287	122 770
<b>total equity</b>	<b>84 065</b>	<b>133 287</b>	<b>122 770</b>
<i>Liabilities</i>			
Long-term liabilities	0	442	442
Short-term liabilities	10 208	12 105	10 429
<b>Total liabilities</b>	<b>10 208</b>	<b>12 547</b>	<b>10 870</b>
<b>TOTAL EQUITY and LIABILITIES</b>	<b>94 273</b>	<b>145 834</b>	<b>133 640</b>



## Report on changes in equity

<b>Consolidated report on changes in equity</b>					
Kancera Group, Jan 1 2021 - Dec 30 2021					
SEK 000's	Sharecapital	Ongoing share issue	Other capital contributions	Accumulated deficit	Total equity
<b>Third quarter</b>					
Opening balance 2021-07-01	46 485	0	118 295	-21 735	143 045
<i>Comprehensive income</i>					
Net income for the period				-10 998	-10 998
Total comprehensive income		0	0	-10 998	-10 998
<i>Transactions with shareholders</i>					
Capital injections	97		1 058		1 155
Capital injection costs			-148		-148
Ongoing share issue		233			233
<b>Total transactions with shareholders</b>	<b>97</b>	<b>233</b>	<b>910</b>	<b>0</b>	<b>1 240</b>
<b>Closing balance 2021-09-30</b>	<b>46 582</b>	<b>233</b>	<b>119 205</b>	<b>-32 733</b>	<b>133 287</b>
<b>The period January - September</b>					
Opening balance 2021-01-01	39 516	0	73 267	-40 500	72 283
<i>Comprehensive income</i>					
Appropriation of last year's net income			-40 500	40 500	
Net income for the period				-32 733	-32 733
Total comprehensive income	0	0	-40 500	20 213	-32 733
<i>Transactions with shareholders</i>					
Capital injections	7 066		98 682		105 748
Capital injection costs			-12 244		-12 244
Ongoing share issue		233			233
<b>Total transactions with shareholders</b>	<b>7 066</b>	<b>233</b>	<b>86 438</b>	<b>0</b>	<b>93 737</b>
<b>Closing balance 2021-09-30</b>	<b>46 582</b>	<b>233</b>	<b>119 205</b>	<b>-32 733</b>	<b>133 287</b>

Kancera Group, Jan 1 2022 - Sep 01 2022 SEK 000's	Sharecapital	Ongoing share issue	Other capital contributions	Accumulated deficit	Total equity
<b>Third quarter</b>					
<b>Opening balance 2022-07-01</b>	46 786	0	75 750	-27 570	94 967
<i>Comprehensive income</i>					
<i>Net income for the period</i>				-10 903	-10 903
Total comprehensive income	0	0	0	-10 903	-10 903
<i>Transactions with shareholders</i>					
Capital injections					
Capital injection costs					
Ongoing share issues					
Total transactions with shareholders	0	0	0	0	0
<b>Closing balance 2022-09-30</b>	<b>46 786</b>	<b>0</b>	<b>75 750</b>	<b>-38 473</b>	<b>84 065</b>
<b>The period January-September</b>					
<b>Opening balance 2022-01-01</b>	46 786	0	121 436	-45 686	122 536
<i>Comprehensive income</i>					
Appropriation of last year's net income			-45 686	45 686	
<i>Net income for the period</i>				-38 473	-38 473
Total comprehensive income	0	0	-45 686	7 215	-38 473
<i>Transactions with shareholders</i>					
Capital injections					
Capital injection costs					
Ongoing share issue					
Total transactions with shareholders	0	0	0	0	0
<b>Closing balance 2022-09-30</b>	<b>46 786</b>	<b>0</b>	<b>75 750</b>	<b>-38 473</b>	<b>84 065</b>

## Cash flow report

<b>Condensed Consolidated Statement of Cash-Flow</b>					
SEK 000's	1 jul-30 sep		1 jan-30 sep		1 jan-31 dec
<b>Kancera Group</b>	2022	2021	2022	2021	2021
<i>Cash-flow from operating activities</i>					
Operating income after financial items	-10 903	-10 998	-38 473	-32 733	-45 686
Depreciation	90	90	270	270	320
Taxes paid	-9	-317	701	-317	-386
Other non-cash flow items	-40		-40		
<b>Cash-flow from operating activities before working capital change</b>	<b>-10 862</b>	<b>-11 225</b>	<b>-37 542</b>	<b>-32 780</b>	<b>-45 753</b>
Change in working capital	-3 203	-807	-785	3 267	1 628
<b>Cash-flow from operating activities</b>	<b>-14 065</b>	<b>-12 032</b>	<b>-38 327</b>	<b>-29 513</b>	<b>-44 125</b>
<i>Investment activities</i>					
Investments in financial assets	0	0	0	0	0
Investments in financial assets	0	0	0	0	0
<b>Cash-flow from investment activities</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>FREE CASH-FLOW available to INVESTORS</b>	<b>-14 065</b>	<b>-12 032</b>	<b>-38 326</b>	<b>-29 513</b>	<b>-44 125</b>
<i>Financing activities</i>					
Change in debt referable to financing activities	0	211	26,5	-535	-302
Issue of shares/other capital infusions	0	574	0	93 737	95 940
Repayment of loans	0	0	0	0	0
Increase in short-term financing	0	0	0	0	0
<b>Cash-flow from financing activities</b>	<b>0</b>	<b>785</b>	<b>26,5</b>	<b>93 202</b>	<b>95 638</b>
<b>CASH-FLOW for the PERIOD</b>	<b>-14 065</b>	<b>-11 247</b>	<b>-38 300</b>	<b>63 689</b>	<b>51 513</b>
Cash and cash equivalents at the beginning of the period	82 286	129 944	106 521	55 008	55 008
Cash and cash equivalents at the end of the period	68 221	118 697	68 221	118 697	106 521

## Income statement

<b>Condensed Parent Company Income Statement</b>					
SEK 000's (if otherwise not specified)					
The Parent Company Kancera AB	1 jul - 30 sep		1 jan - 30 sep		1 jan - 31 dec
	2022	2021	2022	2021	2021
<i>Revenues</i>					
Net sales	0	0	0	0	0
Other operating revenues	220	416	726	567	1 704
<b>Total revenue</b>	<b>220</b>	<b>416</b>	<b>726</b>	<b>567</b>	<b>1704</b>
<b>Gross profit</b>	<b>220</b>	<b>416</b>	<b>726</b>	<b>567</b>	<b>1704</b>
<i>Operating Expenses</i>					
General & administrative expenses	-1 456	49	-3 392	-2 806	-3 620
Selling expenses	-742	-241	-1 282	-547	-706
Research & development expenses	-8 747	-10 936	-34 013	-29 739	-42 634
<b>Total operating expenses</b>	<b>-10 945</b>	<b>-11 128</b>	<b>-38 687</b>	<b>-33 092</b>	<b>-46 960</b>
<b>Operating income</b>	<b>-10 725</b>	<b>-10 712</b>	<b>-37 961</b>	<b>-32 525</b>	<b>-45 256</b>
<i>Income from Financial Investments</i>					
Financial net	-145	-100	-477	-193	-413
<b>Income after financial items</b>	<b>-10 870</b>	<b>-10 812</b>	<b>-38 438</b>	<b>-32 718</b>	<b>-45 669</b>
Taxation	0	0	0	0	0
<b>Net income</b>	<b>-10 870</b>	<b>-10 812</b>	<b>-38 438</b>	<b>-32 718</b>	<b>-45 669</b>



## Balance sheet summary

<b>Condensed Parent Company Balance Sheet</b>			
<i>SEK 000's</i>			
<b>The Parent Company Kancera AB</b>			
	30 Jun		31 Dec
<i>Assets</i>	2022	2021	2021
<i>Non-current Assets</i>			
<i>Intangible assets</i>			
Capitalized R&D	21 000	21 000	21 000
<i>Financial assets</i>			
Shares in subsidiaries	50	50	50
Financial placements	1	1	1
<b>Total non-current assets</b>	<b>21 051</b>	<b>21 051</b>	<b>21 051</b>
<i>Current Assets</i>			
Intercompany receivables	1	1	1
Trade receivables and other rec	4 779	5 314	4 572
Cash and cash equivalents	68 173	118 649	106 473
<b>Total current assets</b>	<b>72 953</b>	<b>123 964</b>	<b>111 045</b>
<b>TOTAL ASSETS</b>	<b>94 004</b>	<b>145 015</b>	<b>132 096</b>
<i>Equity and Liabilities</i>			
<i>Equity</i>			
Equity	84 175	133 081	122 567
<b>Total equity</b>	<b>84 175</b>	<b>133 081</b>	<b>122 567</b>
<i>Liabilities</i>			
Short-term liabilities	9 829	11 932	9 529
<b>Total liabilities</b>	<b>9 829</b>	<b>11 932</b>	<b>9 529</b>
<b>TOTAL EQUITY and LIABILITIES</b>	<b>94 004</b>	<b>145 013</b>	<b>132 096</b>

# Notes

## Note 1: Accounting and valuation principles

The interim report has been prepared in accordance with IAS 34 and the Annual Accounts Act. The Group's and the Parent Company's accounting principles and valuation principles as well as the calculation bases for the report are unchanged compared with the most recent annual report for the financial year, which ended on 31 December 2021 and must be read in conjunction with it.

The Group invests continuously in research and development projects that increase the Group's knowledge of technology and where intangible assets such as patent applications for technology can also be included.

Intangible assets are capitalized and reported in the balance sheet if certain criteria are met, while expenses for research are expensed when they arise.

Kancera has continuously expensed all research costs when they arise because they mainly consisted of research efforts and 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: Transactions with related parties

During the period 1 January to 30 September 2022, Kancera AB has paid compensation of SEK 180 000 (60 000) to Mellstedt Consulting AB for services including scientific advice and scientific marketing. Håkan Mellstedt, board member of Kancera AB, is CEO of and owner of Mellstedt Consulting AB. Otherwise, Kancera AB has not paid compensation to related parties other than board fees and outlays for costs.

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

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

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

## Note 4: The Group's operations and risk factors

On 12 October 2022, the board of Kancera decided on a rights issue. Through the rights issue, a maximum of 3 742 929 units will be issued, which means that a maximum of 44 915 148 new shares will be issued and that the share capital will increase by a maximum of approximately SEK 37 429 290.01. The subscription price in the Rights Issue will be SEK 24.00 per unit, corresponding to SEK 2.00 per share (the warrants are issued free of charge). After the rights issue, the number of shares in Kancera, if fully subscribed, will amount to a maximum of 101 059 096, and the share capital will amount to a maximum of approximately SEK 84 215 913.36.

The maximum net cash from the rights issue of approximately SEK 76.4 million, after deduction for issue costs of approximately SEK 13.4 million, is estimated to provide the necessary funds to implement the business plan through the second quarter of 2024. The rights issue is covered by underwriting, corresponding to approximately 50 percent of the rights issue. In the event that only 50% of the Net cash is provided through emission guarantees, the company assesses that the necessary funds are available to complete the ongoing phase IIa study of KAND567 in myocardia infarction, conduct a combined phase Ib/IIa study of KAND567 in ovarian cancer and conduct the planned the phase Ia study of KAND145.

When assessing the group's future development, it is important to consider risk factors in addition to potential profit growth. The group's operations are affected by a number of risks that can have an effect on the group's results and financial position to varying degrees. For a description of the group's risks, refer to page 29 of the annual report for 2021. In addition, the risk that changes in the macro environment, such as increased cost inflation, energy costs and interest rates, will negatively impact operations is perceived to be low.

## Note 5: Definitions of key ratios

### Alternative key ratios

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

### R&D costs as proportion of total

The figure provides information on how large a part of the company's costs pertains to the core business. This gives a picture of cost allocation and an indication of how large the part of the administrative part takes up of the total cost mass.

### Balance sheet total

The company's total assets or liabilities and equity. Provides a picture of the company's change in assets over time. Relevant as a result of the company raising capital.

### 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. Given the company's phase in which revenues are still fictitious, the figure together with equity provides per share information about the company's capital raising and financing.

### Options-based trading

Agreement between two parties whereby one party through prepayment acquires the possibility to later acquire exclusive rights to the asset in question.

### Solidity

Equity as a percentage of total assets.

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**Upcoming reports and the Annual General Meeting**

Year-end report January-December 2022      21 February 2023





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