

Interim report for the third quarter 2020

1 January – 30 September 2020

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

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This is Kancera

Kancera develops drugs against inflammatory diseases and cancer. A pharmaceutical candidate, KAND567, is in a phase II clinical study in hyperinflammation

Kancera is developing drugs that counteract damage in acute and chronic inflammation. The Fractalkine blocker KAND567 is primarily developed to effectively counteract hyperinflammation 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 of the Fractalkine system in several other hyper-inflammatory conditions and certain forms of cancer, there are several possible developmental 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 September 30, 2020 was approximately 17 000. 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 Celgene for the treatment of lymphoma (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.

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.

Third quarter in brief

as well as the period 1 January – 30 September 2020

Net sales for the period (January to September) amounted to SEK 0,09 million (3,3 million), of which the third quarter contributed SEK 0,05 million (0,20 million).

R&D costs for the period amounted to SEK 28,1 million (27,5 million), of which the third quarter contributed SEK 8,8 million (7,2 million).

Operating profit for the period amounted to SEK -33,6million (-28,1 million), of which the third quarter contributed SEK -9,3 million (-7,5 million).

Profit after financial items for the period amounted to SEK -34,8 million (-28,4 million), of which the third quarter contributed SEK -9,4 million (-7,6 million).

Earnings per share for the period amounted to SEK -0,11 (-0,14 kr), of which the third quarter contributed -SEK 0,02 kr (-0,04 kr).

Cash flow from operating activities for the period amounted to SEK -35,0 million (-32,6 million), of which the third quarter contributed SEK -10,9 million (-11,6 million).

Equity amounted on 30 September 2020 to SEK 85,0 million (23,6 million) or SEK 0,19 (0,11 kr) per share.

The equity/assets ratio amounted on 30 September 2020 to 88 percent (65 percent).

Cash and cash equivalents amounted on 30 September 2020 to SEK 47,6 million (3,9 million).



Significant events during the third quarter

- Kancera announced that the Phase II clinical trial of KAND567 has started. The study, which is carried out in collaboration with Capio St. Göran's Hospital and Petter Brodin's research group at SciLifeLab, aims to study the effect of KAND567 on the immune system, lung function and rehabilitation. Results from the study will be analyzed and communicated on two occasions, the first after all patients have undergone sampling after day 7 and the second after day 90.
- Kancera announced that independent researchers have published results that show that the Fractalkine system is activated in COVID-19 and that increased levels of Fractalkine are linked to more severe disease. The results mean that the probability increases that the company's drug candidate KAND567 will be able to counteract serious complications as a result of COVID-19.
- Kancera announced that within the collaboration with Grünenthal, a new supplemented patent application has been filed that covers a series of HDAC inhibitors that are intended to be developed for the treatment of neuritis and pain.

Important events after the end of the third 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 announced that a new capsule product of KAND567 has been developed to meet reproducibility requirements in large-scale production and clinical use. The expected properties of the product will be verified in a small clinical study in healthy subjects which will be carried out for about a week in November. The first patient study for the new capsule will be the Phase IIa study of KAND567 in cardiac patients with a planned start in early 2021.
- Kancera has started a collaboration with SciLifeLab, which gives Kancera the opportunity to identify new starting points for drug development if necessary, and has transferred a chemical library to Karolinska Institutet (KI) in order to support national development of new drugs and to study disease biology.
- The Board has assessed that the covid-19 pandemic may have a negative effect on the company's operations in 2020, but that the Board cannot currently assess how large that effect may be. However, up to the date of publication of this report, no significant adverse effect of the covid-19 pandemic has been noted.

CEO statement

Kancera has begun the phase II-study in COVID-19

At the end of September, more than 1,300 people participated in Kancera's digital market meeting. International experts in infectious and cardiovascular diseases described how hyperinflammation exacerbates the disease at heart attack, but also causes severe complications of COVID-19, and how Kancera's innovations can contribute to new drugs that can normalize the lives of these seriously ill patients.

In September, we started a phase II study using the drug candidate KAND567 in acute COVID-19 at Capio St Göran's Hospital. The study, which includes 40 patients, aims to evaluate the treatment effect of KAND567 on lung function and the immune system, both during and after the acute phase of the disease. In collaboration with research groups at SciLifeLab and Linköping University, we are mapping the immunological regulation at the cell and gene level. This survey can give us the opportunity to fine-tune the treatment with KAND567 and at the same time open the door to the treatment of other diseases where hyperinflammation is a risk factor for progression to severe disease.

In November, we also began a collaboration with SciLifeLab and Karolinska Hospital in Stockholm, Solna, to study the link between hyperinflammation and long-term complications after COVID-19. In addition to investigating whether an overactive immune system is causing these complications, the study will also provide information on whether the Fractalkine system plays a role in the course of the disease and thus whether Kancera's drug candidates could counteract complications after COVID-19. Today, there is no effective treatment for this large group of patients - in Sweden alone, tens of thousands of people are estimated to be affected.

In parallel with the clinical studies, we continue to work to optimize the drug formulation of KAND567. Next, a clinical study will follow to test a new capsule formulation on healthy subjects. The results are expected in December and will be included in the regulatory application for the Phase II study in cardiac patients, to be performed at the University Hospital of Newcastle, UK.

The conversion in our warrant program (TO4) that was finalized in September added an additional total amount of SEK 38.6 million to Kancera. Thus, we have secured financial resources for the two clinical phase II studies of KAND567 in COVID-19 and myocardial infarction, respectively. The capital injection also gives us space to carry out a first regulatory toxicology study of our drug candidate KAND145, an important milestone on the way to the first clinical studies.

With our clinical development projects and collaborations with leading scientific institutions, we continue to work to provide innovative, effective and safe drugs that block hyperinflammation. All with the goal of being able to help the seriously ill to a normal life.

Solna, 20 November 2020

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

In December 2018, collaboration was initiated with the German pharmaceutical company Grünenthal based on Kancera's preclinical HDAC project for the development of new drugs for neuritis and pain. In August 2020, a supplementary patent application was registered within the framework of the collaboration between Kancera and Grünenthal.

Kancera was invited to the largest heart congress of 2019 to present KAND567 during the central session for scientific progress in the field of "acute coronary heart disease" with the motivation that the results are of exceptionally high scientific quality. In September 2020, Kancera started a clinical phase II study in covid-19 patients and an application for a permit for a second clinical phase II study in patients with myocardial infarction is planned during the second half of 2020. The aim of these studies is to test KAND567 as a potentially groundbreaking treatment to protect vital organs in connection with overreaction on the part of the immune system (hyperinflammation) which can lead to damage to vital organs such as the lungs, heart and vessels.

The cause of hyperinflammation is an imbalance in the immune system such as can be triggered by medical procedures such as vasodilation after a heart attack, physical trauma such as spinal cord injury or by certain types of viral infections such as those that lead to diseases such as COVID-19.

New knowledge indicates that hyperinflammation is behind several types of inflammatory conditions and that KAND567 can block this disease process. Taken together, these examples of disease states with hyperinflammation show that there are significant expansion opportunities for Kancera's Fractalkine-blocking drug candidates.

Results from the phase I studies with orally and intravenously administered KAND567 show good pharmacokinetic properties and a favorable safety profile. An in-depth immunological analysis of blood

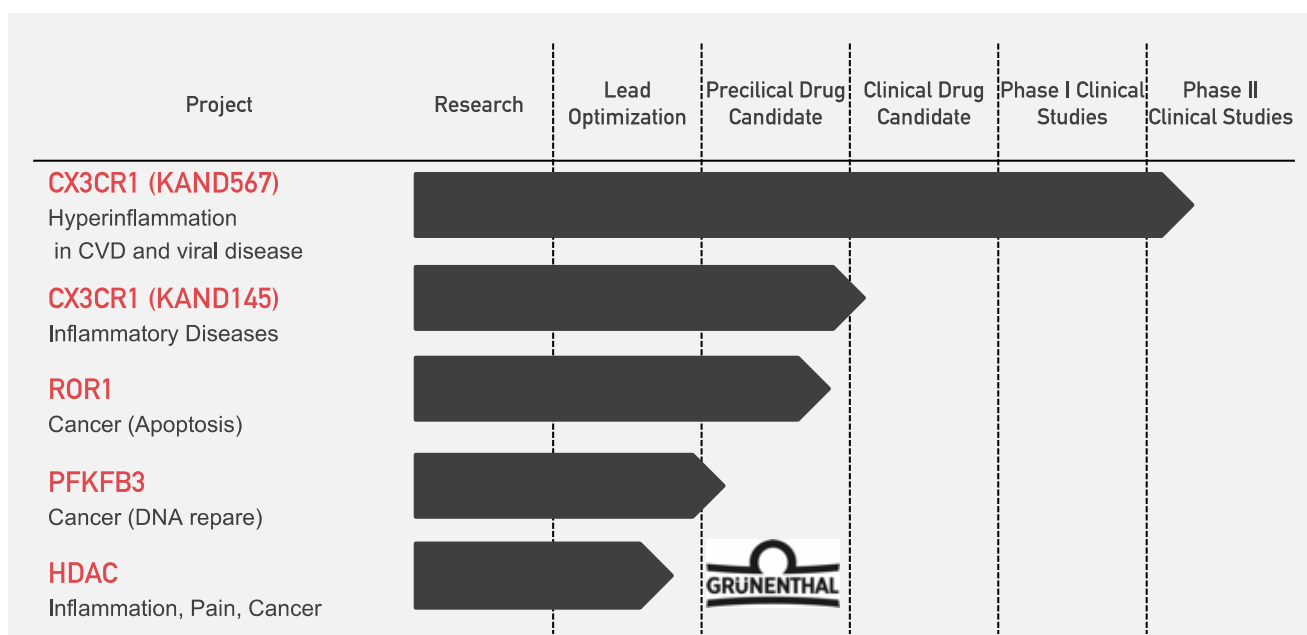
samples from a number of healthy subjects supports the potential of KAND567 to block specific immune cells that are known to cause inflammatory diseases. In total, KAND567 has now been administered to 92 healthy subjects in phase I studies.

Kancera intends to conduct two Phase II clinical trials of KAND567. The first of these, which has started at Capio Sankt Görän Hospital in Stockholm, aims to counteract hyper-inflammation in COVID-19 and thereby reduce the need for intensive care and accelerate rehabilitation from the disease. The second Phase II study aims to increase survival after a severe heart attack in the long term. This study is scheduled to start in early 2021 at Freeman Hospital, Newcastle, UK which is one of the world's most reputable hospitals for acute cardiac medicine.

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 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, which both block the Fractalkine receptor CX3CR1 and thus specific parts of the immune system. The first indications for Kancera's Fractalkine blockers are treatment for hyperinflammation leading to tissue damage associated with viral infection such as COVID-19 and acute stress such as vasodilation after myocardial infarction. Expansion possibilities for blockers of the Fractalkine system are also being evaluated in other inflammatory disease states and cancer.

Project in research phase

Kancera's HDAC project is being developed in partnership with Grünenthal in order to counteract nerve inflammation and pain. In addition to patents, Grünenthal finances this entire 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 inhibitors of PFKFB3 restrict the energy supply to solid tumors, and reduce the ability of cancer cells to repair their DNA, which together can increase the tumor's sensitivity to other cancer therapies. The project is funded through an EU project.

Financial development in summary

Kancera Group	1 July-30 Sept		1 Jan-30 Sept		1 Jan-31 Dec
<i>SEK 000's (if otherwise not specified)</i>	2020	2019	2020	2019	2019
Net turnover	49	244	90	3 343	3 216
Other operating revenues	355	524	4 671	1 588	2 338
Operating expenses	-9 725	-8 224	-38 373	-32 930	-41 111
R&D expenses	-8 815	-7 218	-28 108	-27 488	-34 505
Operating Income	-9 321	-7 476	-33 639	-28 095	-35 653
Income after financial items	-9 369	-7 617	-34 840	-28 435	-36 095
Net income	-9 369	-7 617	-34 840	-28 435	-36 095
Cash-flow from operating activities	-10 892	-11 561	-34 969	-32 582	-33 286
Cash on hand	47 567	3 896	47 567	3 896	11 848
Equity	85 000	23 608	85 000	23 608	17 419
Key ratios					
Return on equity, %	neg	neg	neg	neg	neg
Return on capital employed, %	neg	neg	neg	neg	neg
Earnings by share, before and after dilution	-0,02	-0,04	-0,11	-0,14	-0,18
Cash-Flow from operating activities by share, kr	-0,02	-0,05	-0,11	-0,16	-0,17
Solvency ratio	88%	65%	88%	65%	39%
Equity by share, kr	0,19	0,11	0,19	0,11	0,08
No. of employees	9	20	9	20	20

Comments on the financial development

Other operating income for the third quarter is mainly attributable to a one-time payment resulting from the sale of instruments in connection with the transfer of the laboratory to Oncopeptides. Increased liquidity and a strengthened equity/assets ratio for the third quarter are attributable to a new share issue during the first quarter and the exercise of options during the second and third quarters.

Income and profits

Kancera AB's operations were mainly the development of pharmaceuticals.

Third quarter, January – September 2020

Net sales during the quarter amounted to SEK 0,05 million (0,20 million)

Expenses during the quarter amounted to SEK 9,7 million (8,2 million) broken down into costs for research and development costs SEK 8,8 million (7,2 million), and other sales and administrative costs SEK 0,9 million (1,0 million).

Earnings per share for the quarter, based on a weighted average number of shares outstanding, amounted to SEK -0,02 (-0,04 kr).

Profit after financial items during the quarter amounted to SEK -9,4 million (-7,6 million).

Period, January – September 2020

Net sales during the quarter amounted to SEK 0,09 million (3,3 million)

Expenses during the quarter amounted to SEK 38,4 million (32,9 million) broken down into costs for research and development SEK 28,1 million (27,5 million), and other sales and administrative costs SEK 10,9 million (5,4 million).

Earnings per share for the quarter, based on a weighted average number of shares outstanding, amounted to SEK -0,11 (-0,14 kr).

Profit after financial items during the quarter amounted to SEK -34,8 million (-28,4 million)

Financial position and liquidity

Balance sheet and cash flow

Total equity as of September 30, 2020 amounted to SEK 85,0 million (23,6 million).

Kancera AB's equity/assets ratio as of September 30, 2020 was 88 percent (65 percent). Equity per share was SEK 0,19 (0,11 kr).

Cash flow amounted to SEK 8,9 million (-5,0 million) during the third quarter. Cash flow from operating activities amounted to SEK -10,9 million (-11,6 million) or SEK -0,02 per share (-0,05 kr) and from financing activities it amounted to SEK 2,0 million (6,6 million).

As of September 30, 2020, Kancera AB's cash and cash equivalents amounted to SEK 47,6 million (3,9 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 9 full-time employees, including 3 EU-funded doctoral students as of September 30, 2020, of which 5 are men and 4 are women.

Investments and depreciation

Intangible fixed assets in the balance sheet amount to a total of SEK 24 million, which is divided into SEK 3 million for the ROR1 project, SEK 3 million for the PFKFB3 project and SEK 18 million for the Fractalkine project. The items for the ROR1 and PFKFB3 projects arose as a result of a non-cash issue in the formation of Kancera AB. The item for the Fractalkine project is the sum of three set-off 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. The Board has not identified any indications of a decline in value as of September 30.

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

The share capital and the share

The share capital on September 30, 2020 amounted to SEK 36 367 051 divided into 436 404 shares with a quota value of, rounded off, SEK 0,08 per 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.

The tax deficits as of the 2019 tax return amounted to SEK 255 041 000.

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 placed. The parent company of the Group is the Swedish public limited company Kancera AB (publ.) whose shares are listed on Nasdaq First North, the Premier Segment as of October 28, 2016.



Report on comprehensive income in summary

Consolidated Statement of Comprehensive Income

<i>SEK 000's (if otherwise not specified)</i>	1 July-30 Sept		1 Jan-30 Sept		1 Jan-31 Dec
	2020	2019	2020	2019	2019
Kancera Group					
<i>Revenues</i>					
Net sales	49	244	90	3 343	3 216
Other operating revenues	355	524	4 671	1 588	2 338
Cost of sales & services	0	-20	-27	-96	-96
Gross profit	404	748	4 734	4 835	5 458
<i>Operating Expenses</i>					
General & administrative expenses	-805	-675	-9 598	-4 538	-5 404
Selling expenses	-105	-331	-667	-904	-1 202
Research & development expenses	-8 815	-7 218	-28 108	-27 488	-34 505
Total operating expenses	-9 725	-8 224	-38 373	-32 930	-41 111
Operating income	-9 321	-7 476	-33 639	-28 095	-35 653
<i>Income from Financial Investments</i>					
Financial net	-48	-141	-1 201	-340	-442
Income after financial items	-9 369	-7 617	-34 840	-28 435	-36 095
Taxation	0	0	0	0	0
Net income	-9 369	-7 617	-34 840	-28 435	-36 095
Average number of shares (thousands), before	436 405	213 099	326 925	202 672	198 712
Number of shares at closing date (thousands)	436 405	209 825	436 405	209 825	209 825
Earnings per share, before and after dilution	-0,02	-0,04	-0,11	-0,14	-0,18

Report on financial position in summary

Condensed Consolidated Statement of Financial Position

<i>SEK 000's</i>	30 Sept		31 Dec
Kancera Group	2020	2019	2019
<i>Assets</i>			
<i>Non-current Assets</i>			
<i>Intangible assets</i>			
Capitalized R&D	24 000	24 000	24 000
<i>Tangible assets</i>			
Lease assets	1 195	5 171	4 531
<i>financial assets</i>			
Financial placements	1	0	1
Total non-current assets	25 196	29 182	28 532
<i>Current Assets</i>			
Trade receivables and other receivables	23 881	3 268	3 973
Cash and cash equivalents	47 567	3 896	11 848
Total current assets	71 448	7 164	15 821
TOTAL ASSETS	96 644	36 346	44 353
<i>Equity and Liabilities</i>			
<i>Equity</i>			
Equity	85 000	23 608	17 419
Equity	85 000	23 608	17 419
<i>Liabilities</i>			
Long-term liabilities	725	8 595	579
Short-term liabilities	10 919	4 143	26 355
Total liabilities	11 644	12 738	26 934
TOTAL EQUITY and LIABILITIES	96 644	36 346	44 353

Report on changes in equity

Consolidated report on changes in equity

Kancera Group, 1 Jan 2019-30 September 2019 SEK 000's	Ongoing Sharecapitalshare issue	Other capital contributions	Accumulated deficit	Total equity	
Third quarter					
Opening balance 2019-07-01	16 486	69 538	-66 753	19 271	
<i>Comprehensive income</i>					
Net income for the period			-7 617	-7 617	
Total comprehensive income	0	0	-7 617	-7 617	
<i>Transactions with shareholders</i>					
Capital injections	583	9 167		9 750	
Costs related to issue of shares				0	
Total transactions with shareholders		416	1 788	2 204	
Total transactions with shareholders	583	416	10 955	11 954	
Closing balance 2019-09-30	17 069	416	80 493	-74 370	23 608
Period January-September					
Opening balance 2019-01-01	15 879	63 413	-45 935	33 357	
<i>Comprehensive income</i>					
Net income for the period			-28 435	-28 435	
Total comprehensive income	0	0	-28 435	-28 435	
<i>Transactions with shareholders</i>					
Capitalinjection	1 190	15 292		16 482	
Nyemissionsutgifter		416	1 788	2 204	
Total transactions with shareholders	1 190	416	17 080	18 686	
Closing balance 2019-09-30	17 069	416	80 493	-74 370	23 608
Kancera Group, 1 Jan 2020-30 September 2020					
	Ongoing Sharecapitalshare issue	Other capital contributions	Accumulated deficit	Total equity	
Third quarter					
Opening balance 2020-07-01	36 367	0	66 369	-25 471	77 265
<i>Comprehensive income</i>					
Net income for the period			-9 369	-9 369	
Total comprehensive income	0	0	-9 369	-9 369	
<i>Transactions with shareholders</i>					
Capital injections				0	
Costs related to issue of shares			-658	-658	
Ongoing capital injection	3 149	14 613		17 762	
Total transactions with shareholders	0	3 149	13 955	0	17 104
Closing balance 2020-09-30	36 367	3 149	80 324	-34 840	85 000
Period January-September					
Opening balance 2020-01-01	17 485	0	36 028	-36 095	17 418
<i>Comprehensive income</i>					
Appropriation of previous year's income			-36 095	36 095	
Net income for the period			-34 840	-34 840	
Total comprehensive income	0	0	-36 095	1 255	-34 840
<i>Transactions with shareholders</i>					
Capital injections	18 882	73 261		92 143	
Costs related to issue of shares			-7 483	-7 483	
Ongoing capital injection	3 149	14 613		17 762	
Total transactions with shareholders	18 882	3 149	80 391	0	102 422
Closing balance 2020-09-30	36 367	3 149	80 324	-34 840	85 000

Cash flow report

Condensed Consolidated Statement of Cash-Flow

SEK 000's	1 July-30 Sept		1 Jan-30 Sept		1 Jan-31 Dec
Kancera Group	2020	2019	2020	2019	2019
<i>Cash-flow from operating activities</i>					
Operating income after financial items	-9 369	-7 617	-34 840	-28 435	-36 095
Depreciation	429	34	1 611	101	111
Taxes paid	-105	-96	-377	-367	-80
Cash-flow from operating activities before working capital change	-9 045	-7 679	-33 606	-28 701	-36 064
Change in working capital	-1 847	-3 882	-1 363	-3 881	2 778
Cash-flow from operating activities	-10 892	-11 561	-34 969	-32 582	-33 286
<i>Investment activities</i>					
Investments in financial assets	0	0	0	0	-1
Cash-flow from investment activities	0	0	0	0	-1
FREE CASH-FLOW available to INVESTORS	-10 892	-11 561	-34 969	-32 582	-33 287
<i>Financing activities</i>					
Change in debt referable to financing activities	2 016	623	1 871	2 769	-4 045
Issue of shares/other capital infusions	0	5 954	82 817	12 686	14 157
Repayment of loans	0	0	-14 000	0	0
Increase in short-term financing	0	0	0	0	14 000
Cash-flow from financing activities	2 016	6 577	70 688	15 455	24 112
CASH-FLOW for the PERIOD	-8 876	-4 984	35 719	-17 127	-9 175
Cash and cash equivalents at the beginning of the period	56 443	8 880	11 848	21 023	21 023
Cash and cash equivalents at the end of the period	47 567	3 896	47 567	3 896	11 848

Income Statement

Condensed Parent Company Income Statement

SEK 000's	1 July-30 Sept		1 Jan-30 Sept		1 Jan-31 Dec
The Parent Company Kancera AB	2020	2019	2020	2019	2019
<i>Revenues</i>					
Net sales	49	244	90	3 343	3 216
Other revenues	192	524	4 508	1 588	2 338
Cost of sales & services	0	-20	-27	-96	-96
Gross profit	241	748	4 571	4 835	5 458
<i>Operating Expenses</i>					
General & administrative expenses	-807	-761	-9 602	-4 590	-5 404
Selling expenses	-105	-331	-667	-904	-1 202
Research & development expenses	-8 814	-7 150	-28 107	-27 488	-34 507
Total expenses	-9 726	-8 242	-38 376	-32 982	-41 113
Operating income	-9 485	-7 494	-33 805	-28 147	-35 655
<i>Income from Financial Investments</i>					
Financial revenues	0	0	0	0	2
Financial expenses	-35	-112	-1 148	-247	-327
Income after financial items	-9 520	-7 606	-34 953	-28 394	-35 980
Taxation	0	0	0	0	0
Net income	-9 520	-7 606	-34 953	-28 394	-35 980

Balance sheet

Condensed Parent Company Balance Sheet

SEK 000's	30 Sept		31 Dec
The Parent Company Kancera AB	2020	2019	2019
<i>Assets</i>			
<i>Non-current Assets</i>			
<i>Intangible assets</i>			
Capitalized R&D	24 000	24 000	24 000
<i>Tangible assets</i>			
Equipment and chemical library	0	11	0
Shares in subsidiaries	50	50	50
Financial placements	1	0	1
Total non-current assets	24 051	24 061	24 051
<i>Current Assets</i>			
Intercompany receivables	1	1	1
Trade receivables and other receivables	23 881	3 268	4 565
Cash and cash equivalents	47 519	3 849	11 800
Total current assets	71 401	7 118	16 366
TOTAL ASSETS	95 452	31 179	40 417
<i>Equity and Liabilities</i>			
<i>Equity</i>			
Restricted equity	36 367	19 273	17 485
Non-restricted equity	48 638	4 380	53
Total equity	85 005	23 653	17 538
<i>Liabilities</i>			
Long-term liabilities	0	3 942	0
Short-term liabilities	10 447	3 584	22 879
Total liabilities	10 447	7 526	22 879
TOTAL EQUITY and LIABILITIES	95 452	31 179	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 60 000 (SEK 180 000). 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	Sept 2020 completed. 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 during April-May 2021.
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, which is a delay caused by the COVID-19 pandemic, 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, in addition to potential profit growth, risk factors. The Group's operations are affected by a number of risks that can have varying degrees of impact on the Group's results and financial position. For a description of the Group's risks, refer to page 28 of the 2019 Annual Report.

Note 6 Definitions

Alternative key ratios

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

Return on equity

Profit for the period as a percentage of average equity

Return on capital employed

Profit before tax plus financial expenses as a percentage of average capital employed.

Equity per share

Shareholders' equity divided by the number of shares on the balance sheet date.

Cash flow per share

Cash flow from operating activities divided by the average number of shares.

Option-based business

Agreement between two parties where one party acquires by prepayment the option of subsequently acquiring exclusive right to the asset in question.

Capital employed

Balance sheet total reduced by non-interest-bearing liabilities.

Solidity

Shareholders' equity as a percentage of total assets

The Board's declaration

The Board of Directors and the CEO assure that the year-end report provides a true and fair view of the company's operations, position and results, and describes the material risks and uncertainties that the company and the Group face.

Stockholm 20 November 2020

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 been subject to review by the company's auditors.

Upcoming reports and the Annual General Meeting

Year-end report January-December 2020	19 February 2021
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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