

# INTERIM REPORT FOR KANCERA AB (publ)

1st January – 31st March 2018



1st January– 31st March 2018

# THIS IS KANCERA

Kancera AB develops medicines for cancer and autoimmune diseases in laboratories at Karolinska Institutet Science Park in Stockholm and employs approximately 18 people. The share is traded on NASDAQ First North Premier. The number of shareholders amounted to approximately 7300 as per 29th March 2018.

FNCA Sweden AB is Kancera AB's Certified Advisor. Professor Carl-Henrik Heldin, Professor Håkan Mellstedt and Dr. Charlotte Edenius are scientific advisors and board members in Kancera AB.

## Business model

To develop patent-protected drugs that can prolong life and reduce healthcare costs, for sale to the international pharmaceutical industry and further clinical trials.

Outsourcing of drug candidates is expected to take place at signature, with milestones during product development (typically at the start of Phase I, II, III, and Registration) and royalties.

## History

In 2006, Pharmacia's and Biovitrum's unit for the development of drug candidates was spun-out to create iNovacia AB. In 2008, iNovacia started drug development in collaboration with the Karolinska Institute. In May 2010, Kancera AB was formed by scientists from Cancer Center Karolinska, iNovacia AB and a group of private investors through capital contributions and two drug projects focusing on cancer.

NASDAQ approved Kancera's listing on First North with the first day of trading being February 25<sup>th</sup>, 2011. In March 2013 Kancera acquired a complete drug development laboratory from its former subsidiary iNovacia AB and since then drug development is performed within Kancera AB at the Karolinska Institutet Science Park, Stockholm. Prior to replacing Nasdaq First North with Nasdaq First North Premier, which took place on 28<sup>th</sup> October 2016, the subsidiary Kancera Förvaltning AB was formed, whereby accounting principles were changed to comply with IFRS with regards to the group and to RFR2 and the Annual Accounts Act with regards to the parent company Kancera AB.



# STATEMENT FROM THE CEO

During the start of 2018, good project results have been reported and funding has been completed that provides us with the opportunity to take further steps towards the goal of developing effective and safe drugs for cancer and inflammatory diseases. The clinical Phase I study of our immunoassay drug candidate KAND567 showed that it is well tolerated in doses up to 5-10 times the estimated effective dose and, as desired, blocks the fractalkine system.

The next step in this work is the preparation of a Phase IIa study of KAND567 directed against either inflammatory processes in the cardiovascular system or cancer. In the field of inflammation, evidence from preclinical disease models shows that KAND567 reduces cardiac damage after infarction, which may reduce the risk of chronic heart disease. In lymphoma (blood cancer), several research groups have reported that the fractalkine system is activated and correlated to rapid disease development. For this reason we started a clinical biomarker study in May to evaluate whether it is possible to identify certain groups of lymphoma patients with greater potential to benefit from KAND567 treatment.



As part of the preparation for the continued clinical development program, prototypes of KAND567 products have been developed for both acute and chronic treatment. In addition, we reported in May that a new patent application was submitted with the aim of further increasing product protection for KAND567.

Within the ROR project, our most important results have been published in the magazine "Leukemia", which is one of the three highest ranked journals in the field of blood cancer. Furthermore, we have shown that the ROR inhibitor KAN0441571 effectively reaches the bone marrow where many blood cancers originate.

During 2018, we have also shown that the HDAC6 inhibitor KAN0440262 penetrates the blood-brain barrier and then remains in the brain, at significantly higher concentrations and for longer periods than in the blood. This combination of properties of KAN0440262 allows us to test the substance against multiple disorders that have their origin in the brain, such as brain tumor (glioblastoma) and neuropathic pain.

With the capital injection from the recently completed share issue, we can now take Kancera's next major step in the development of drugs against inflammation-driven diseases which arise as complications after myocardial infarction and cancer. Next, we are fully committed to preparing and conducting the clinical Phase IIa study of the Fractalkine project's drug candidate KAND567.

Thomas Olin  
CEO Kancera AB (publ)

# PERIOD 1 JAN - 31 MARCH 2018

## IN BRIEF

- Net sales amounted to SEK 0 million (0 million)
- R & D expenses amounted to SEK 11.8 million (8.3 M)
- Operating profit amounted to SEK -12.5 million (-9.7 million)
- Profit after financial items amounted to SEK -12.5 million (-9.7 million)
- Earnings per share amounted to SEK -0.08 (-0.08)
- Cash flow from operating activities amounted to SEK -9.8 million (-9.4 million)
- Shareholders' equity amounted to SEK 26.3 million (SEK 50.0 million as of March 31, 2018, or SEK 0.17 (0.38) per share
- The equity ratio at 31<sup>st</sup> March 2018 was 65 percent (78 percent). Liquid funds amounted to SEK 18.0 million (48.3 million) on March 31, 2018.

# SIGNIFICANT EVENTS DURING THE FIRST QUARTER

- Kancera AB reported results from a Phase I study in healthy subjects with the immunoregulating drug candidate KAND567. The study showed that KAND567 is safe and well tolerated up to plasma concentrations that were five to ten times higher than the calculated effective level for therapeutic effect in humans. Upon further increase of the dose, a reversible increase in markers for liver effect was noted. The results also showed that KAND567 blocks the fractalkine system in humans.
- Kancera reported results from three preclinical disease models showing cardiovascular protection properties of KAND567.
- The company announced that it is now evaluating the conditions for continued clinical development of KAND567 against cancer and inflammatory heart and cardiovascular damage, e.g. in connection with infarction.



## SIGNIFICANT EVENTS AFTER THE END OF THE FIRST QUARTER

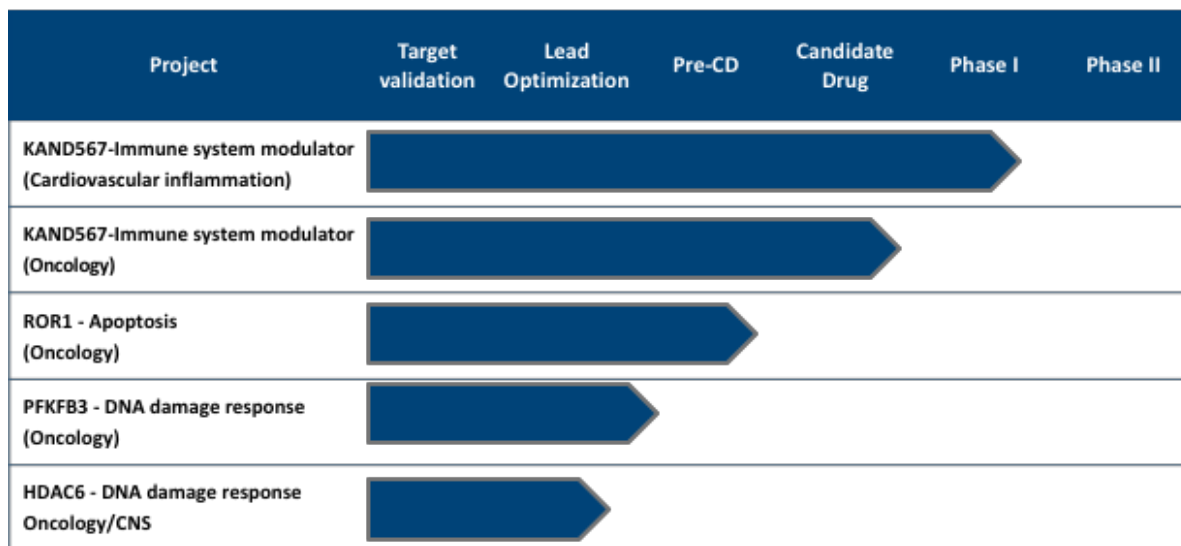
- Kancera AB has announced that the scientific article "First-in-class oral small molecule inhibitor of the tyrosine kinase ROR1 (KAN0439834) induced significant apoptosis of chronic lymphocytic leukemia cells" has been published in the journal Leukemia (Nature Publications).
- Kancera has reported that the company's HDAC6 inhibitor and ROR inhibitor are effectively absorbed in the brain and bone marrow, which provides the opportunity to develop these substances against new clinical applications, and that the European Patent Office has given Kancera's HDAC6 inhibitors the opportunity for rapid approval process due to the level of inventiveness.
- Kancera AB has announced that the Extraordinary General Meeting of April 20<sup>th</sup> decided in accordance with the Board's proposal for a new share issue with preferential rights for the shareholders, which, on full subscription, adds approximately SEK 60 million to Kancera before issue costs. In addition, the Board has an option to increase the issue amount by no more than 15 MSEK. Subscription period is 4th to 22th of May.
- Kancera's Nomination Committee proposed to the Annual General Meeting on May 30<sup>th</sup>, 2018 to elect Anders Gabrielsen as new Board member.

# PHARMACEUTICAL DEVELOPMENT

The company has four drug development projects in the portfolio:

- **Antagonist of the Fractalkine Receptor CX3CR1.** Kancera is developing the small molecule drug candidate KAND567, which blocks the receptor for Fractalkine, and hence specific parts of the immune system, for treatment against cardiac injury after myocardial infarction and against aggressive blood cancer.
- **ROR inhibitors for the treatment of cancer.** ROR inhibitors reprogram the cancer cells to destroy themselves. In the laboratory, ROR inhibitors have been shown to act on cells from both solid tumors and blood cancer (leukemia and lymphoma).
- **PFKFB3 inhibitor for the treatment of cancer.** PFKFB3 inhibitors inhibit the energy supply of glucose to solid tumors, as well as reduce the ability of cancer cells to repair their DNA, which together can increase the sensitivity of the tumor to other cancer therapies.
- **HDAC6 inhibitors for the treatment of brain tumor and other central nervous system disorders.** Inhibition of HDAC6 is primarily aimed at controlling the cell's ability to move and transport substances through the cell. In cancer this can increase sensitivity to other cancer therapies and increase the capacity of the patient's immune system to recognize and eliminate cancer cells.

Kancera's project portfolio:



Read more about the project portfolio, current project status and patent portfolio in the Project Report on our website: <http://www.kancera.com>

# FINANCIAL DEVELOPMENT, SUMMARY

## Financial development, summary

SEK 000's (unless otherwise specified)

### Kancera Group

	1 Jan-31 March		1 Jan-31 Dec
	2018	2017	2017
Net turnover	-		113
Operating expenses	-12 766	-9 691	-56 445
R&D expenses	-11 839	-8 284	-51 069
Operating Income	-12 486	-9 691	-56 143
Income after financial items	-12 472	-9 664	-56 198
Net income	-12 472	-9 664	-56 198
Cash-flow from operating activities	-9 817	-9 436	-53 541
Cash on hand at closing date	17 958	48 323	27 775
Equity at closing date	26 239	49 977	38 711
<b>Key ratios</b>			
Return on equity, %	neg	neg	neg
Return on capital employed, %	neg	neg	neg
Earnings by share, before and after dilution	-0,08	-0,08	-0,39
Cash-Flow from operating activities by share, kr	-0,06	-0,08	-0,37
Solvency ratio	65%	78%	76%
Equity by share, kr	0,17	0,38	0,26
No. of employees	18	13	16



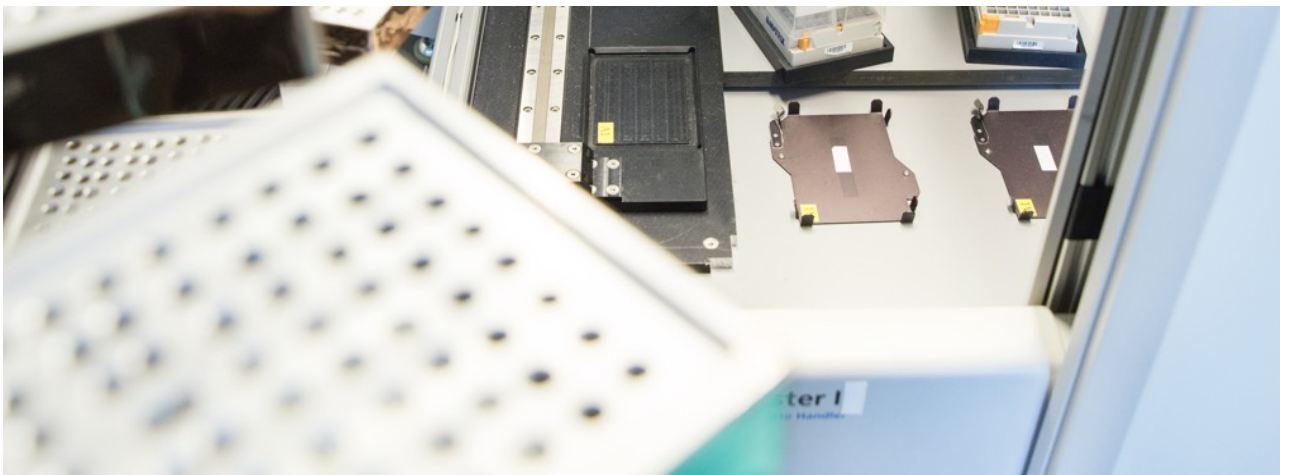
# COMMENTS ON THE FINANCIAL DEVELOPMENT

Increased costs for the period compared to the corresponding period 2017 are mainly attributable to increased research and development costs incurred as a result of Kancera's pharmaceutical project being advanced from research to development phase. Following acquisition of the subsidiary Kancera Förvaltning AB, interim reports are prepared from quarter 2, 2016, in accordance with IAS 34 and the Annual Accounts Act.

## REVENUES AND EARNINGS

### First quarter, January – March 2018

- Kancera AB's operations were mainly the development of pharmaceuticals.
- Net sales amounted to SEK 0.0 million (0.0 million)
- Costs amounted to SEK 12.8 million (9.7 million), distributed between research and development costs, SEK 11.8 million (8.3 million), and other sales and administrative expenses SEK 1.0 million (1.4 million)
- Earnings per share, based on a weighted average of the number of outstanding shares, amounted to SEK -0.08 (-0.08)
- Profit after financial items amounted to SEK -12.5 million (-9.7 million)





# FINANCIAL POSITION AND LIQUIDITY

## BALANCE SHEET AND CASH FLOW

Total equity amounted to SEK 26.2 million (SEK 50.0 million) as at March 31<sup>st</sup>, 2018.

Kancera AB's equity ratio as at 31<sup>st</sup> March 2018 was 65 percent (78 percent). Equity per share was SEK 0.17 (0.38).

Cash flow amounted to SEK -9.8 million (-9.4 million) during the first quarter. Cash flow from operating activities amounted to SEK -9.8 million (-9.4 million) or -0.06 SEK per share (-0.08) and from financing activities to SEK 0.0 million (0.0 million) .

Kancera AB's liquid assets amounted to SEK 18.0 million (48.3 million) as of March 31<sup>st</sup>, 2018.

## PERSONNEL

Kancera AB had 20 (18) full-time employees, including 2 EU-funded doctoral students on 31<sup>st</sup> March 2018, of which 11 are men and 9 are women.

## INVESTMENTS AND DEPRECIATIONS

Investments in fixed assets amounted to SEK 0 million (0 million) during the fourth quarter. The sales price of sold fixtures amounted to SEK 0 million (0 million).

## CURRENT INCENTIVE SCHEME

With the approval of the Extraordinary General Meeting of 28th September 2017, a decision has been taken regarding the issue of warrants, which means that Kancera issues no more than 4 million warrants to a wholly owned subsidiary. The warrants shall serve as the basis for the issuance of a maximum of 3 million employee stock options to employees and executives. Each option shall entitle the holder to acquire one share at a price corresponding to 130 per cent of the volume-weighted share price of the company's share on Nasdaq First North during the period 22 September to 5 October 2017, which corresponds to approximately 3 kr. The employee stock options are expected to be awarded to staff during the first half of 2018. They are granted free of charge and are not transferable. The stock options shall have a maturity of three years. Kancera retains 1 million warrants to cover the company's obligation to pay social security benefits on the exercise of employee stock options. If all 4 million warrants are exercised for subscription of new shares, the newly subscribed shares will amount to approximately 2.7 percent of the share capital.

## THE SHARE CAPITAL AND THE SHARE

The Company's Extraordinary General Meeting held on 20<sup>th</sup> April decided, in accordance with the Board's proposal, on a new share issue with preferential rights for existing shareholders which, on full subscription, would yield approximately SEK 60 million for Kancera before issue costs. In addition, the Board holds an allotment option to increase the issue amount by no more than SEK 15 million if it should be oversubscribed. The issue is guaranteed to approximately 80% corresponding to SEK 48 million. The subscription period was 4<sup>th</sup> to 22<sup>nd</sup> May 2018.

Share capital on March 31<sup>st</sup>, 2018 amounted to SEK 12,386,283 divided into 148,635,392 shares with a quota value, rounded off, at SEK 0.08 per share.



## DEFICITS FOR TAX PURPOSES

Kancera AB's current operations are expected to initially lead to negative results and tax losses. At present, there are insufficient convincing reasons which indicate that there will be tax surpluses in the future that can defend an asset value of the deficits, and no deferred tax asset has been reported. In the event of sale of a drug candidate, profits are expected to be reported which are currently judged to be tax-deductible against previous years' tax losses, which would entail a low tax burden on the Company when a project is sold. The tax deficits per 2017-12-31 amount to SEK 173 million.

## THE GROUP

Kancera consists of two companies, the parent company Kancera AB (publ), in which all product development takes place and the wholly owned subsidiary Kancera Förvaltnings AB, in which warrants are placed. The parent company in the group is the Swedish public limited liability company Kancera AB (publ.) whose shares have been listed on the Nasdaq First North Premier Segment since October 28th, 2016.



## Consolidated Statement of Comprehensive Income

SEK 000's (unless otherwise specified)

	1 Jan-31 March		1 Jan-31 Dec
	2018	2017	2017
<b>Kancera Group</b>			
<i>Revenues</i>			
<b>Net sales</b>	<b>0</b>	<b>0</b>	<b>113</b>
Other income	280	0	263
Cost of sales & services	0	0	-74
<b>Gross profit</b>	<b>280</b>	<b>0</b>	<b>302</b>
<i>Operating Expenses</i>			
General & administrative expenses	-639	-989	-3 930
Selling expenses	-288	-418	-1 446
Research & development expenses	-11 839	-8 284	-51 069
<b>Total operating expenses</b>	<b>-12 766</b>	<b>-9 691</b>	<b>-56 445</b>
<b>Operating income</b>	<b>-12 486</b>	<b>-9 691</b>	<b>-56 143</b>
<i>Income from Financial Investments</i>			
<b>Financial net</b>	<b>14</b>	<b>27</b>	<b>-55</b>
<b>Income after financial items</b>	<b>-12 472</b>	<b>-9 664</b>	<b>-56 198</b>
Taxation	-	-	-
<b>Net income</b>	<b>-12 472</b>	<b>-9 664</b>	<b>-56 198</b>
Net income attributable to the shareholder's of the parent company	-12 472	-9 664	-56 198
Non-controlling interests	-	-	-
Average number of shares (thousands), before and after dilution	153 000	122 724	143 886
Number of shares at closing date (thousands)	153 000	131 487	146 929
Earnings per share, before and after dilution	-0,08	-0,08	-0,39

## Comprehensive Income for the Period

SEK 000's (if otherwise not specified)

	1 Jan-31 March		1 Jan-31 Dec
	2018	2017	2017
<b>Net income for the period</b>	<b>-12 472</b>	<b>-9 664</b>	<b>-56 198</b>
Other comprehensive income, net before tax	0	0	0
<b>Total comprehensive income for the period</b>	<b>-12 472</b>	<b>-9 664</b>	<b>-56 198</b>
Attributable to the shareholder's of the parent company	-12 472	-9 664	-56 198
Non-controlling interests	-	-	-

## Condensed Consolidated Statement of Financial Position

SEK 000's (unless otherwise specified)

### Kancera Group

	31 March		31 Dec
	2018	2017	2017
<b>Assets</b>			
<b>Non-current Assets</b>			
<i>Intangible assets</i>			
Capitalized R&D	18 000	6 000	18 000
<i>Tangible assets</i>			
Equipment and chemical library	375	1 734	632
<b>Total non-current assets</b>	<b>18 375</b>	<b>7 734</b>	<b>18 632</b>
<b>Current Assets</b>			
Work in progress	1 945	6 097	1 580
Trade receivables and other receivables	2 360	1 780	3 238
Cash and cash equivalents	17 958	48 323	27 775
<b>Total current assets</b>	<b>22 263</b>	<b>56 200</b>	<b>32 593</b>
<b>TOTAL ASSETS</b>	<b>40 638</b>	<b>63 934</b>	<b>51 225</b>
<b>Equity and Liabilities</b>			
<b>Equity</b>			
Equity	26 239	49 977	38 711
<b>Provisions and Liabilities</b>			
Long-term liabilities	3 079	2 855	2 946
Short-term liabilities	11 320	11 102	9 568
<b>Total provisions and liabilities</b>	<b>14 399</b>	<b>13 957</b>	<b>12 514</b>
<b>TOTAL EQUITY and LIABILITIES</b>	<b>40 638</b>	<b>63 934</b>	<b>51 225</b>



## Consolidated Statement of Changes in Equity

SEK 000's (unless otherwise specified)

### Kancera Group

#### Kancera Group, January - December 2017

	Share capital	Other capital contributions	Accumulated deficit	Total equity
<b>Opening balance 2017-01-01</b>	10 957	106 468	-57 899	59 526
<i>Comprehensive income</i>				
Net income for the period			-9 664	-9 664
<i>Transactions with shareholders</i>				
Capital injections	-	-		0
Employee stock option programme			115	115
<b>Closing balance 2017-03-31</b>	<b>10 957</b>	<b>106 468</b>	<b>-67 448</b>	<b>49 977</b>

#### Period January-December 2017

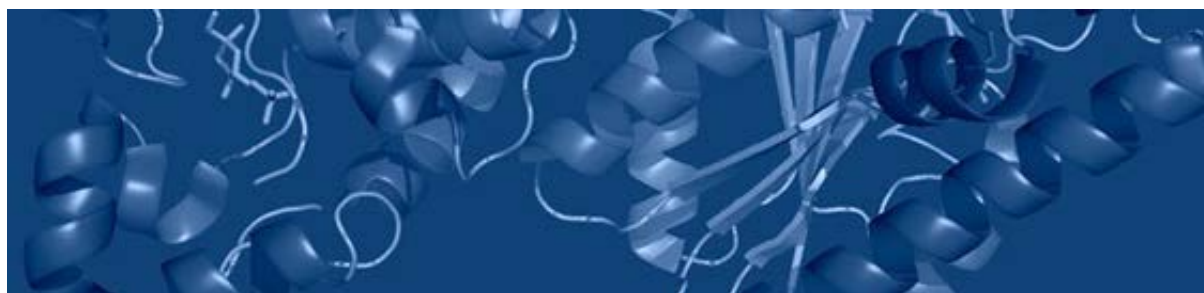
	Share capital	Other capital contributions	Accumulated deficit	Total equity
<b>Opening balance 2017-01-01</b>	10 957	106 468	-57 899	59 526
<i>Comprehensive income</i>				
Net income for the period			-56 198	-56 198
<i>Transactions with shareholders</i>				
Capital injections	1 429	34 227		35 656
Costs related to issue of shares		-463		-463
Employee stock option programme			190	190
<b>Closing balance 2017-12-31</b>	<b>12 386</b>	<b>140 232</b>	<b>-113 907</b>	<b>38 711</b>

#### First quarter January-March 2018

	Share capital	Other capital contributions	Accumulated deficit	Total equity
<b>Opening balance 2018-01-01</b>	12 386	140 232	-113 907	38 711
<i>Comprehensive income</i>				
Net income for the period			-12 472	-12 472
<i>Transactions with shareholders</i>				
Capital injections	-	-		0
Employee stock option programme			0	0
<b>Closing balance 2018-03-31</b>	<b>12 386</b>	<b>140 232</b>	<b>-126 379</b>	<b>26 239</b>

## Condensed Consolidated Statement of Cash-Flow

	1 Jan-31 March		1 Jan-31 Dec
SEK 000's (unless otherwise specified)	2018	2017	2017
<b>Kancera Group</b>			
<i>Cash-flow from operating activities</i>			
Operating income after financial items	-12 472	-9 664	-56 198
Depreciation	257	293	1 168
Taxes paid	-117	-59	-258
Other non-cash-flow affecting items		8	139
<b>Cash-flow from operating activities before working capital change</b>	<b>-12 332</b>	<b>-9 422</b>	<b>-55 149</b>
Change in working capital	2 515	-14	1 608
<b>Cash-flow from operating activities</b>	<b>-9 817</b>	<b>-9 436</b>	<b>-53 541</b>
<i>Investment activities</i>			
Sale of tangible assets			364
Investments in tangible assets	0	0	0
<b>Cash-flow from investment activities</b>	<b>0</b>	<b>0</b>	<b>364</b>
<b>FREE CASH-FLOW available to INVESTORS</b>	<b>-9 817</b>	<b>-9 436</b>	<b>-53 177</b>
<i>Financing activities</i>			
Issue of shares/other capital infusions	0	0	23 193
Financing from the EU/Vinnova	0	0	0
<b>Cash-flow from financing activities</b>	<b>0</b>	<b>0</b>	<b>23 193</b>
<b>CASH-FLOW for the PERIOD</b>	<b>-9 817</b>	<b>-9 436</b>	<b>-29 984</b>
Cash and cash equivalents at the beginning of the period	27 775	57 759	57 759
Cash and cash equivalents at the end of the period	17 958	48 323	27 775





## Condensed Parent Company Income Statement

	1 Jan-31 March		1 Jan-31 Dec
<i>SEK 000's (unless otherwise specified)</i>	2018	2017	2017
<b>The Parent Company Kancera AB</b>			
<i>Revenues</i>			
<b>Net sales</b>	<b>0</b>	<b>0</b>	<b>113</b>
Other income	280	0	263
Cost of sales & services	0	0	-74
<b>Gross profit</b>	<b>280</b>	<b>0</b>	<b>302</b>
<i>Operating Expenses</i>			
General & administrative expenses	-638	-989	-3 929
Selling expenses	-288	-418	-1 446
Research & development expenses	-11 839	-8 284	-51 069
<b>Total expenses</b>	<b>-12 765</b>	<b>-9 691</b>	<b>-56 444</b>
<b>Operating income</b>	<b>-12 485</b>	<b>-9 691</b>	<b>-56 142</b>
<i>Income from Financial Investments</i>			
<b>Financial net</b>	<b>14</b>	<b>27</b>	<b>-55</b>
<b>Income after financial items</b>	<b>-12 471</b>	<b>-9 664</b>	<b>-56 197</b>
Taxation	-	-	-
<b>Net income</b>	<b>-12 471</b>	<b>-9 664</b>	<b>-56 197</b>





## Condensed Parent Company Balance Sheet

	31 March		31 Dec
SEK 000's (unless otherwise specified)	2018	2017	2017
<b>The Parent Company Kancera AB</b>			
<i>Assets</i>			
<i>Non-current Assets</i>			
<i>Intangible assets</i>			
Capitalized R&D	18 000	6 000	6 000
<i>Tangible assets</i>			
Equipment and chemical library	375	1 734	2 028
<i>Financial assets</i>			
Shares in subsidiaries	50	50	50
<b>Total non-current assets</b>	<b>18 425</b>	<b>7 784</b>	<b>8 078</b>
<i>Current Assets</i>			
Work in progress	1 945	6 097	5 760
Trade receivables and other receivables	2 360	1 780	1 485
Cash and cash equivalents	17 909	48 273	57 709
<b>Total current assets</b>	<b>22 214</b>	<b>56 150</b>	<b>64 954</b>
<b>TOTAL ASSETS</b>	<b>40 639</b>	<b>63 934</b>	<b>73 032</b>
<i>Equity and Liabilities</i>			
<i>Equity</i>			
Restricted equity	10 957	10 957	10 957
Non-restricted equity	15 283	39 020	48 568
<b>Total equity</b>	<b>26 240</b>	<b>49 977</b>	<b>59 525</b>
<i>Provisions and Liabilities</i>			
Long-term liabilities	3 079	2 855	2 862
Short-term liabilities	11 320	11 102	10 645
<b>Total provisions and liabilities</b>	<b>14 399</b>	<b>13 957</b>	<b>13 507</b>
<b>TOTAL EQUITY and LIABILITIES</b>	<b>40 639</b>	<b>63 934</b>	<b>73 032</b>

# NOTES

## **Note 1. Accounting and valuation principles**

This report has been prepared in accordance with IAS 34 and the Annual Accounts Act. The consolidated accounts have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU, and the Swedish Annual Accounts Act. The Parent Company's accounts have been prepared in accordance with the Annual Accounts Act and the Financial Reporting Recommendation RFR 2, including a number of new or revised standards, interpretations and improvements, that have been adopted by the EU and will be applied from January 1st, 2017.

The accounting policies and accounting principles of the Group and Parent Company for the report are unchanged compared to the most recent annual report for the financial year ending 31st December 2016 and should be read together with it.

As of January 1, 2018, Kancera applies IFRS 9 Financial Instruments and IFRS 15 Revenues from agreements with customers. IFRS 15 has not had a material impact on the Group's financial reports as Kancera AB does not carry out to commissioned research for customers to a significant extent. IFRS 9 has not had any effect on the Group since the Group's financial instruments consist of accounts receivable and other receivables and borrowings reported at accrued acquisition value.

IFRS 16 Leases that replace IAS 17 will be applied as of January 1<sup>st</sup>, 2019. The management team is currently working on mapping the Group lease agreements to investigate the effects that this standard may have on the Group's financial statements.

During 2017, capitalization of balanced development expenditure has been used for part payment of the Fractalkine project. Activation of payments occurs as they are updated in accordance with agreements.

Amounts are given in Swedish kronor, rounded to the nearest thousand unless otherwise stated. Rounding to thousands of kronor may mean that the amounts do not match if they are summed up. Amounts and figures given in brackets refer to comparative figures for the corresponding period of the previous year.

## **Note 2. Transactions with related parties**

During the period Kancera AB has been paid compensation to Mellstedt Consulting AB for services of extensive scientific advice and scientific marketing to the sum of SEK 90,000 (0 thousand kr) and SEK 36,000 (30 thousand kr) to Allmora Life Science AB. Håkan Mellstedt, board member of Kancera AB is the CEO and owner of F:a Mellstedt Medical. Charlotte Edenius, Board member of Kancera AB, is CEO and owner of Allmora Life Science AB. No other remuneration has been paid to related parties in addition to board fees and expenses.

## **Note 3. Options program**

See information about employee stock option programs under the heading Financial Position and Liquidity.

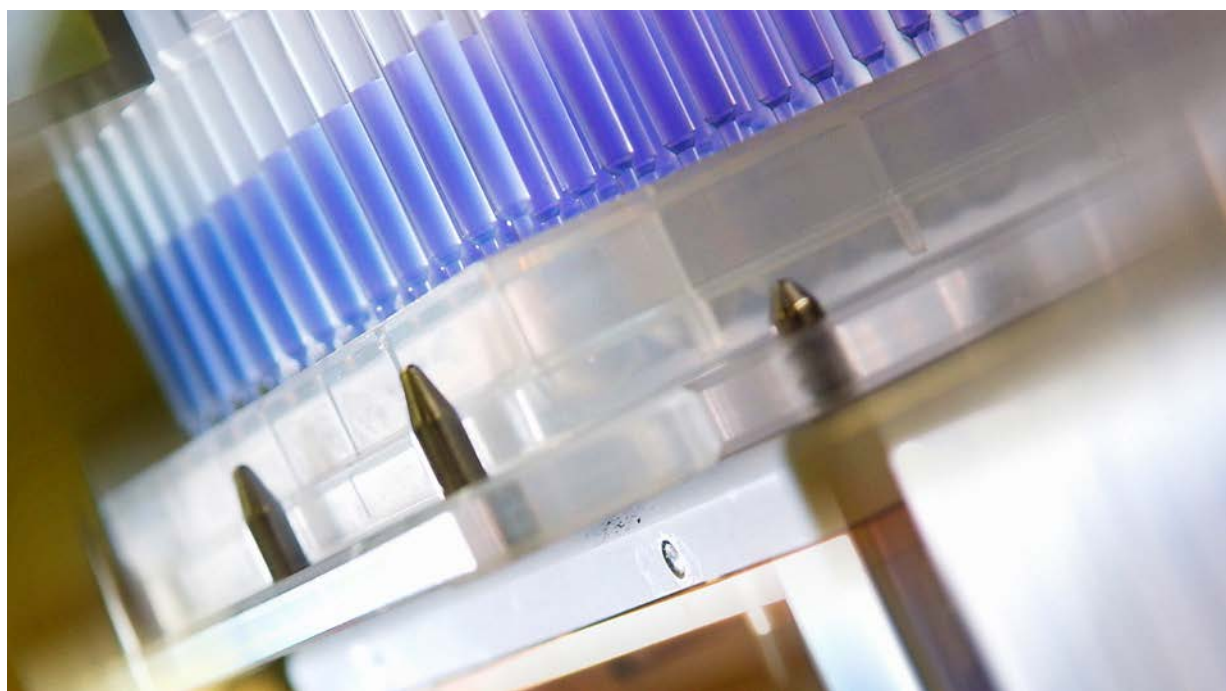
**Note 4. Grants awarded, to be reported at a later date**

Awarding body	Amount granted, tkr	Amount paid, tkr	Reporting date
Vinnova Fractalkine	1000	1000	July 2018
EU SYNTRAIN	4 462*	2 677	Sept. 2018
Total	5 482	3 677	

\*According to EUR conversion rate of 8.95 kr. The amount paid of SEK 2 677 000 corresponds to 60% of the contribution. An additional 25% of the contribution will be paid after approved reporting for period 1, submitted in September 2018, and 15% after the approved final report to be submitted in October 2020.

**Note 5. The company's operations and risk factors**

When assessing Kancera future development, it is important to consider risk factors alongside potential growth in earnings. Kancera's operations are affected by a number of risks that may affect Kancera's results and financial position to varying degrees. For a description of the risks associated with the Company, see page 19 in the company's Annual Report 2017.



## Note 6. Definitions

### Alternative key ratios

In addition to the financial ratios drawn up in accordance with IFRS, Kancera presents financial key figures that are not defined in accordance with IFRS, such as return on equity, return on capital employed, cash flow per share. These alternative key ratios are considered to be important result and performance indicators for investors and other readers of the interim report. The alternative key figures should be seen as a supplement to, but not a compensation for, the financial information prepared in accordance with IFRS. Since not all companies calculate financial measurements in the same way, these are not always comparable to measurements 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 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.

### Earnings per share

Profit for the period divided by the average number of shares.

### Capital employed

Balance sheet total reduced by non-interest bearing liabilities.

### Solidity

Shareholders' equity as a percentage of total assets.



The Board and Chief Executive Officer hereby declare that the interim report gives a true and fair view of the company's business, position and results and describes the significant risks and uncertainties faced by the company and the Group.

Stockholm 28th May 2018

Erik Nerpin  
*Chairman*

Håkan Mellstedt  
*Director*

Charlotte Edenius  
*Director*

Carl-Henrik Heldin  
*Director*

Thomas Olin  
*CEO/Director*

This report has not been audited by the company's auditors.

#### **Financial calendar**

Annual General Meeting:	30 May 2018
Interim Report January-June 2018:	24 August 2018
Interim Report January-September 2018:	23 November 2018
Year end report January-December 2018:	22 February 2019

# FOR FURTHER INFORMATION PLEASE CONTACT:

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