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Timetable and conditions for a fully guaranteed rights issue of SEK 61.4 million to finance Kancera's Phase IIa study of KAND567

Kancera AB (publ) ("Kancera" or "the Company") announces that the Company's Board of Directors, in accordance with authorization from the Annual General Meeting on January 13, 2020, today decided on a new share issue with preferential rights of 157,369,119 Units consisting of one share and two warrants. The issue is secured in its entirety through subscription guarantees and is expected to add approximately SEK 61.4 million before issue costs that are paid in cash. The contribution from warrants may amount to a further maximum of approximately SEK 48.7 million in 2020 before issue costs. Compensation for issue guarantors is made by issuing Units on the same terms as in the rights issue. In addition, advisers receive part of their remuneration in the form of Units on the same terms.

The main purpose of the issue is to secure financial resources for conducting a phase IIa study of the drug candidate KAND567 in patients affected by acute heart attack. This aim is achieved through the current new issue of Units of approximately SEK 61.4 million during the first quarter of 2020, including the possibility of exercising an option during Q2 2020. In total, this is estimated to provide sufficient funds to carry out the phase IIa study.

Kancera has today reported positive results from the final part of the phase Ib program for KAND567. Thus, the goals of the safety documentation in healthy subjects have been achieved and Kancera will now compile an application for permission to start a phase IIa clinical study in patients with myocardial infarction.

The Phase IIa study is expected to be completed and reported within one year from the start. Positive Phase IIa results could provide the opportunity to qualify KAND567 as the PRIority MEdicine (PRIME)

at the European Medicines Agency EMA (equivalent to the "Breakthrough Therapy Designation" of the US FDA), which would accelerate further development and further increase the attractiveness of the project.

Background and motivation

Two million people suffer heart attacks each year in the United States and Europe. A quarter of these die or suffer from further serious heart disease within five years - despite well-developed care. Recent discoveries show that severe inflammation of the heart tissue starts within minutes of life-saving vasoconstriction (PCI). The extent of inflammation is crucial for survival, which is confirmed in follow-up studies three and six years after the heart attack. In these patient studies, the Fractalkine system has been clearly identified as responsible for the severe inflammation. Despite a great medical need, there is currently no treatment aimed at this life-threatening inflammation.

Both Kancera and other independent research groups have presented results that together indicate that KAND567 can achieve the desired therapeutic effect in humans:

- The blood concentration of KAND567 that is expected to result in a clinically relevant effect has been determined both in animal studies where a clear cardioprotective effect was shown and in Kancera's Phase Ia study in healthy subjects where the desired effect on mechanism of action was shown.
- Results from Kancera's Phase 1a and Phase 1b programs show that KAND567 is well tolerated in both oral and intravenous administration at concentrations that are expected to result in clinically relevant efficacy.
- A biomarker study in 4,800 patients followed for six years after a heart attack supports the idea that inhibition of the Fractalkine system (with KAND567) can have the desired effect on survival.
- Clinical studies of an antibody (developed by the drug company Eisai) show that blockage of the Fractalkine system stops inflammatory disease in difficult-to-treat patients.

There is therefore a strong scientific basis for Kancera's decision to take KAND567 on to a phase IIa study.

Even from a commercial perspective, the timing is favorable for further development of KAND567. A growing number of clinical studies indicate that the development of drugs that block the Fractalkine system is approaching a possible breaking point as more and more drug companies will seek projects similar to Kancera in the area. At the same time, Kancera is well positioned as a leader in the field due to the unique small molecular properties of KAND567 in relation to the competing antibodies. In addition, there is a great need for improved treatment of heart disease, which Kancera has chosen as the primary indication. A market analysis shows that a heart-protective drug with the profile of KAND567 has the potential to reach annual sales in the range of \$ 200-1000 million.

In addition to various types of cardiovascular disease, scientific studies have shown that similar immunological overreactions lie behind several forms of inflammatory diseases and certain types of cancer. Thus, there are significant expansion opportunities for Kancera's Fractalkine-blocking drug candidates KAND567 and KAND145.

Time plan (dates refer to 2020)

10 March	Estimated date for publication of a prospectus
11 March	Last day for trading in shares including the right to participate in the Rights Issue with preferential rights
12 March	First day for trading in shares <i>excluding</i> the right to participate in the New Issue with preferential rights

13 March	Day of record for obtaining unit rights and the right to participate in the rights issue with preferential rights
17 March	Subscription period starts, trading with unit rights (UR) and paid subscribed Unit (BTU) starts
27 March	Trading in unit rights (UR) ends
31 March	The subscription period ends
3 April	Publication of outcomes of the New Issue and the sending of settlement documents

Terms of the New Issue

Kancera's share capital before the New Issue amounts to approx. SEK 17 485 458 divided into 209 825 492 shares. The share's quotient value is 1/12 SEK (about 0.0833 SEK).

The share issue takes place with preferential rights and every four existing shares confer the right to subscribe for three Units. The subscription price is SEK 0.39 per Unit. The issue is 100% guaranteed.

The date of record for the right to participate is March 13, 2020, where one (1) existing share shall be entitled to one (1) unit right. Four (4) unit rights entitle you to subscribe to three (3) units. One Unit contains one (1) share and two (2) free subscription options of series TO4 and TO5. The subscription price is SEK 0.39 per Unit

The subscription period will run between March 17 and March 31, 2020. Trading with Unit rights and BTU will take place on First North from March 17, 2020. The last day for trading in Units rights is March 27, 2020. Trading with BTU will continue until the Issue has been registered with the Swedish Companies Registration Office.

The offer includes a maximum of 157 369 119 shares and 314 738 238 warrants. The first warrants (TO4) entitle the holder to subscribe for a new share at a price of SEK 0.47 during May 2020 for each two options, or the right to subscribe for a new share during March 2021 at a price of SEK 0.85. The second option (TO5) gives entitlement during the period June - November 2021 to subscribe for a new share at a price of SEK 1.00 for every three options held.

In the event of over-subscription, it is also possible to decide on the over-allotment of a maximum of 25 650 000 Units, corresponding to approx. SEK 10 million, on the same terms as in the Offer.

Compensation to guarantors amounts to a maximum of 20 460 000 Units and compensation to advisers amounts to a maximum of 3 910 000 Units. In total, a maximum of 207 389 119 Units may thus be issued within the framework of the offer, remuneration and possible over-allotment.

For those shareholders who choose not to participate in the Rights Issue, the total dilution effect amounts to a maximum of 207 389 119 shares, corresponding to approximately 49,7% at full subscription, full over-allotment and after compensation to guarantors and advisors. The share capital will increase by approximately SEK 17 282 426,58 from approximately SEK 17 485 457,67 to approximately SEK 34 767 884,25.

Upon full exercise of pending Warrants, the maximum number of shares in the Company will increase by a further maximum of 172 824 266 shares to a maximum of 590 038 877 shares and the share capital will increase by a maximum of approximately SEK 14 402 012,15 from approximately SEK 34 767 884,25 to a maximum of approximately SEK 49 169 906,40, which corresponds to a total maximum dilution effect of no more than about 64,4%.

The issue costs are expected to amount to a total of approximately SEK 3.5 million and consist mainly of remuneration to financial advisers in connection with the Offer. SEK 1.5 million of the remuneration is paid in the form of newly issued Units on the same terms as in the Offer and the remainder is paid in

cash. If over-allotment is utilized there will be an additional approx. SEK 0.5 million in issue costs. There are no costs for investors participating in the Offer.

The total maximum capital contribution within the framework of the rights issue, and possible over-allotment and within the framework of remuneration to guarantors and advisers, issued warrants TO4 and TO5 may amount to a maximum of approximately SEK 157,3 million and a minimum of approximately SEK 117,9 million until November 2021 if all holders of options exercise these and depending on when they are exercised.

Advisor

G&W Fondkommission is a financial advisor to Kancera in the New Issue.

About Kancera

Kancera develops drugs that counteract damage in acute and chronic inflammation. The KAND567 Fractalkine blocker is primarily developed to effectively and selectively reduce heart and vessel inflammation following a heart attack and is expected to be the subject of a Phase II clinical trial in the second quarter of 2020. Since scientific studies have shown elevated levels of Fractalkine not only in connection with heart attack, but also in inflammatory diseases and certain forms of cancer, there are several possible developmental opportunities for Fractalkine blockers KAND567 and KAND145. Kancera is also developing preclinical anti-cancer drug projects aimed at stopping cancer cell survival signals and preventing the cancer cell's ability to be repaired. Kancera conducts its operations at the Karolinska Institutet Science Park in Stockholm. The stock is traded on the Nasdaq First North Growth Market. FNCA Sweden AB (tel. 08-528 00 399, info@fnca.se) is the company's Certified Adviser. 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.

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This press release contains certain forward-looking statements that reflect the Company's current views and expectations of future events, as well as financial and operational development, including statements regarding the New Issue and statements regarding guidance, planning, outlook and strategies. Words such as "intended", "assessed", "expected", "planned", "estimated", "can", and other terms that imply indications or predictions of future development or trends and which are not based on historical facts, are forward-looking information. Although the Company believes that these statements

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