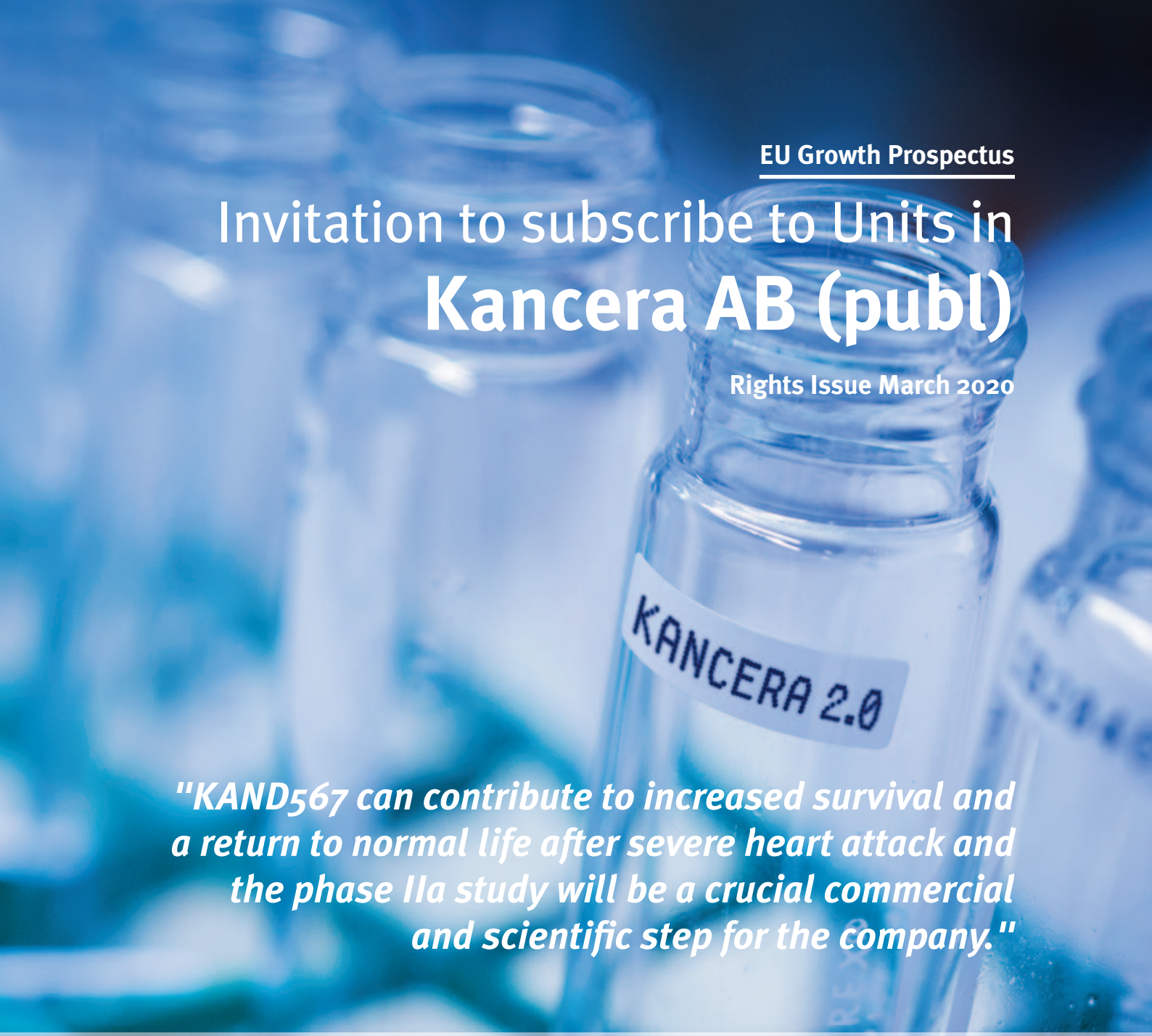
EU Growth Prospectus

Invitation to subscribe to Units in Kancera AB (publ)

Rights Issue March 2020



"KAND567 can contribute to increased survival and a return to normal life after severe heart attack and the phase IIa study will be a crucial commercial and scientific step for the company."

kancera

G&W FONDKOMMISSION

INVESTOR INFORMATION: The Offer to acquire shares in the Company in accordance with the terms of this Prospectus is not directed to persons residing in the United States, Canada, Australia, New Zealand, Hong Kong, Japan, South Korea or South Africa, or in any other country where participation in the issue would require additional Prospectus, registration or other measures than under Swedish law, or that contravenes rules in such country. No paid subscribed shares, shares or other securities issued by the Company have been registered or will be registered under the United States Securities Act 1933, or under the securities laws of any state in the United States or any provincial law in Canada. Therefore, no paid subscribed shares, shares or other securities issued by the Company may be transferred or offered for sale in the United States or Canada other than in exceptional cases that do not require registration. The notification of the acquisition of shares in contravention of the above may be considered invalid and be disregarded.

DISCLAIMER: G&W Fondkommission is a financial advisor to Kancera AB in connection with the imminent issue. Kancera AB takes responsibility for all content in this document and thus releases G&W and Aqurat fondkommission AB, which have been hired as issuer, from all responsibility for the said content. This disclaimer also covers other direct or indirect financials consequences which result from investment or other decisions that in whole or in part are based on the information in this document.

Focus on KAND567 which shows good results

Based on Kancera's internationally acclaimed research results, the focus is now on the company's main project KAND567. KAND567 belongs to a new class of immune-controlling drugs for the treatment of acute and chronic diseases. The Fractalkine blocker KAND567 is primarily intended to save lives by effectively reducing the inflammation of the heart and vessels after heart attack. Despite a great medical need, there is currently no treatment aimed at this life-threatening inflammation.

Protective effect of KAND567 shown in several independent animal studies

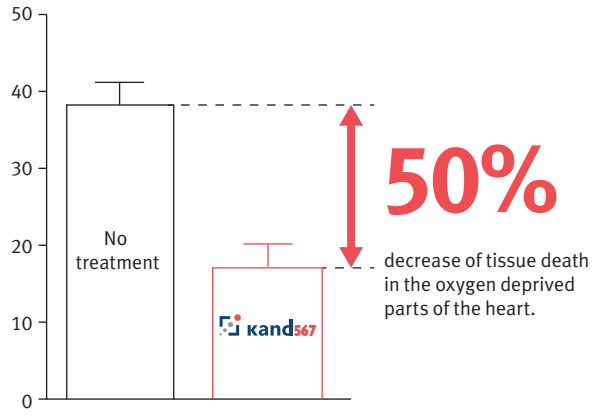


Figure 1: KAND567 has been shown to halve the heart injury in animal models of heart attack and reduce bleeding from the vessels, which is a known marker in humans for successful treatment.

Motivation for the Offer

Based on Kancera's internationally recognized research results, the focus of the business is now on the company's main project KAND567, which belongs to a new class of immune-controlling drugs for the treatment of acute and chronic diseases. The main purpose of the upcoming new issue is to secure sufficient financial resources to conduct a phase IIa study of the drug candidate KAND567 in patients affected by heart attack. The new share issue comprises Units of approximately SEK 61.4 million, including the opportunity to exercise a warrant that can be exercised during the second quarter of 2020. In total, this is deemed to provide sufficient funds to carry out the Phase IIa study.

Preparations for phase IIa study

Kancera's completed Phase Ia and Phase Ib programs form the basis for a new phase IIa dosing strategy consisting of sequential intravenous and oral administration of KAND567. For this sequential dosing, two drug products containing KAND567 have been developed for intravenous and oral administration, respectively.

Production of these two pharmaceutical products will take place during the first half of 2020. The products are an integral part of the application to the authorities for approval for a phase IIa study in patients who have suffered a heart attack.

The drug candidates KAND567 and KAND145

Kancera develops the small molecular drug candidates KAND567 and KAND145 (the latter in the late preclinical phase). They act by blocking the receptor for Fractalkine, which leads to inhibition of specific parts of the immune system. The first indication for Kancera's Fractalkine blocker is treatment for heart damage after a heart attack. Extended possibilities for blockers of the Fractalkine system are also being evaluated in inflammatory diseases and cancer.

"KAND567 can contribute to increased survival and normalized life after severe heart attack"

KAND567 works by reducing the acute inflammation on heart attack that is triggered in conjunction with the life-threatening vascular attack (PCI). KAND567 does this by blocking the Fractalkine receptor (also called CX3CR1) found on the surface of certain immune cells. As a result, these immune cells are prevented from entering the vessel wall and the damaged heart tissue, which in turn both reduces bleeding from the vessel and limits inflammation. The goal is to stop the harmful inflammation before it has even started.

KAND567 is based on solid science

A study of 4,800 patients in Newcastle (England) showed that activation of the Fractalkine system after a heart attack could be linked to more widespread cardiac and tissue damage and impaired long-term survival.

Kancera's research in three different animal models for both acute and chronic heart disease has shown that KAND567 can effectively block inflammation in vessels and protect heart tissue after heart attack. These results were recently selected for "outstanding scientific quality" for presentation in the main session of "upcoming treatments for acute cardiovascular disease" at the 2019 World Congress of Cardiology / ESC.

Kancera's clinical Phase Ia study in healthy subjects has shown that KAND567 is well tolerated in oral administration at levels exceeding those expected to have a cardioprotective effect in patients.

During December 2019, an in-depth immunological analysis of blood samples was performed from a number of healthy subjects included in the Phase Ib program (in which KAND567 is administered

Anti-inflammatory concept clinically proven

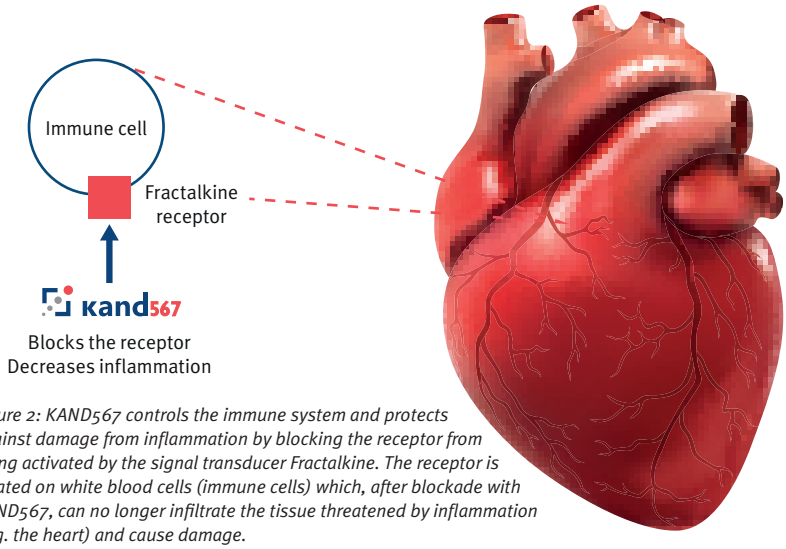


Figure 2: KAND567 controls the immune system and protects against damage from inflammation by blocking the receptor from being activated by the signal transducer Fractalkine. The receptor is located on white blood cells (immune cells) which, after blockade with KAND567, can no longer infiltrate the tissue threatened by inflammation (e.g. the heart) and cause damage.

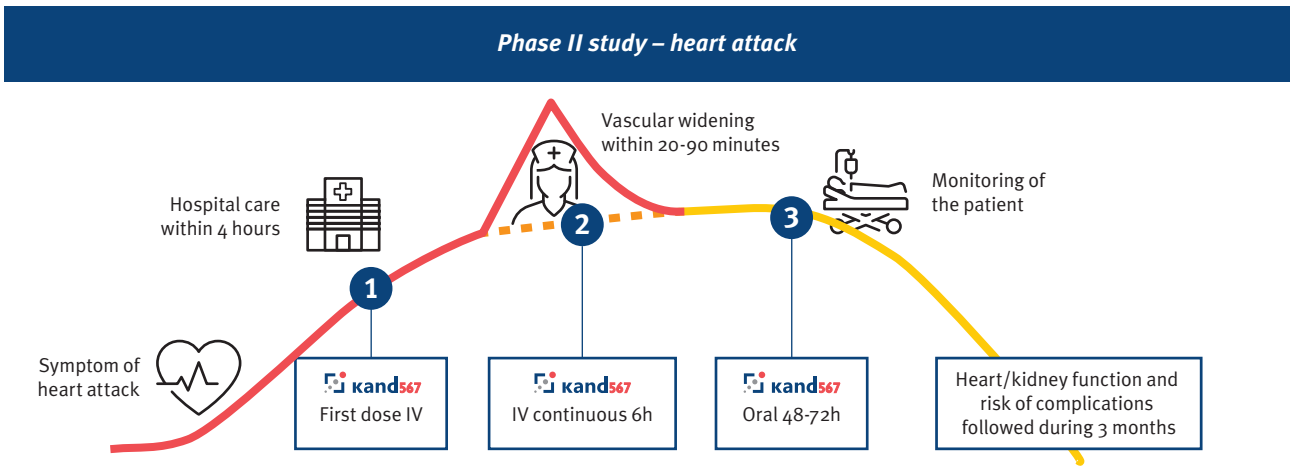


Figure 3. The figure shows the implementation of the phase IIa study from the patient's perspective. The red and yellow lines show the intensity of the inflammation of the heart which increases in connection with the heart attack and risks causing life-threatening injuries. It is this acute inflammation that KAND567 blocks.

intravenously), which for the first time supports this candidate drug's desired effect on the human immune system. The fact that KAND567 blocks the Fractalkine system in humans has been shown in previous studies, but data have so far been lacking to prove that the blockage leads to slowing down of immunological processes that can damage the heart. The analysis carried out shows that the subjects who have received KAND567 have lowered levels of an established and clinically relevant immune marker.

The results of this study in humans are important. They indicate that i) the desired effect of KAND567 on the immune system can be achieved in humans and that ii) this occurs at a relevant low therapeutic dose. The results also support the idea that Fractalkine blockers, such as KAND567 and KAND145, could have the potential to provide protective effects not only in cardiovascular disease but also in other acute and chronic diseases including inflammatory niche diseases and cancer.

Further results from the final part of the Phase Ib program for KAND567 show that the drug candidate achieved the desired safety and tolerability of intravenous administration. Kancera will now compile an application to start a Phase II clinical trial in patients with acute myocardial infarction.

Patent portfolio and intellectual property rights

Patent protection for the Fractalkine project is based on four patent families and data protection based for:

- Approved product protection for KAND567 until about 2030 including patent extension for marketed products in the USA, Europe and Japan.
- Patent application for protection of a unique production method for KAND567 from 2018.
- Patent application for protection of KAND145 from 2018.
- The potential for data protection for product documentation based on KAND567 up to 7.5 years after market introduction in the US and 10 years in Europe.

A patent application for KAND145 (PCT / EP2019 / 068169) was filed in June 2018 and in accordance with the international patent treaty PCT, the application has now been examined with regard to news value, degree of invention and industrial utility. The review shows that KAND 145 is performing well in all three categories, which indicates strong international patent protection for at least 20 years from the filing date.

The starting position for continued value creation

Market analysis of KAND567 for life-saving treatment after heart attack

The starting point for an assessment of society's willingness to pay for KAND567 is based on the increased risk of death after myocardial infarction in STEMI patients who have an activated Fractalkine system, which is about 240% and persists over three years. It is also based on gross domestic product (GDP) per capita being related to society's willingness to pay for improved health and the assumption that cost-effective treatment is estimated to be in the range 0.5-2 times GDP per capita / Quality Adjusted Life Years (QUALY), i.e. in the United States, corresponding to approximately $ 30,000 - $ 120,000.

In addition, an initial "Cost Effectiveness Analysis" has been done using a health economics computer model based on the cost of "Standard of Care" and the risk of progressing from acute heart attack to complications or death. The results support the conclusion that the threshold value for WTP is in the range of $ 2,000 - 9,000 per treatment with KAND567.

Given that WTP is in the range of $ 2,000 - $ 9,000 per treatment with KAND567 and that the primary patient segment is 30% of a total of about two million patients and an assumed market penetration is 20% (given that there is currently no effective treatment against heart damage after vasodilation), the initial estimate of so-called peak sales is in the range of $ 200-1,000 million per year.

The Offer in summary:

Issue amount:	61,4 MSEK
Date of Record:	13 March
Preferential rights:	One (1) existing share shall qualify for one (1) unit right. Four (4) unit rights entitle you to subscribe for three (3) units. One Unit contains one (1) share and two (2) free subscription options of series TO4 and TO5.
Subscription price:	0,39 SEK per Unit
Subscription period:	17 – 31 March 2020
Trade in Unit rights:	17 – 28 March 2020
Guarantees:	The issue is guaranteed in its entirety (100%)
Option Terms:	The warrants TO4 grant for each of two options the right to subscribe for a new share at a price of SEK 0.47 during May 2020, or the right to subscribe for a new share for each of two options during March 2021 at a price of SEK 0.85. During the period June - November 2021, subscription option TO5 entitles the subscriber to subscribe for one new share at a price of SEK 1.00 for every three options.

How to sign up

Pre-printed payment receipt

In the case of all Units received on the Day of Record being used for subscription of Units, the pre-printed payment voucher from Euroclear shall be used as a basis for notification of subscription by payment. The special application form should therefore not be used.

Special application form

In the event that a different number of Unit rights is used than that stated in the pre-printed Euroclear payment voucher, the special subscription form for subscription with Unit rights should be used.

Trustee-registered shareholders

Shareholders whose holdings of shares in the Company are trustee-registered with the bank or other trustee will not receive a share issue or registration form. The application for subscription must instead be made in accordance with instructions from the respective trustee.

Subscription without support of preferential rights

Application for subscription without preferential right is done by filling out the application form for subscription without Unit rights, signing it and then sending it to the Aqurat Fund Commission.

Application forms can be downloaded from the Company's website www.kancera.com and from the Aqurat Fund Commission's website www.aqurat.se and the G&W Fund Commission's website www.gwkapital.se

Reference to the prospectus

The above material is an introduction to Kancera AB (publ) and the Offer for subscription of Units, which has been made public. This is not a complete summary of the EU prospectus drawn up as a result of the Offer. For example, this introduction does not contain any description of the risks that are deemed to be important to be evaluated in connection with an investment in the Company's securities. These risks, the fact that the outcome of planned studies cannot be guaranteed and other information that is important for a complete evaluation of the Offer, and of an investment in the Company, are presented in the Prospectus.

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