

THE STEM CELL REVOLUTION

HALF-YEAR REPORT

2018-09-01 – 2019-02-28

NEXTCELL PHARMA AB
556965-8361

WWW.NEXTCELLPHARMA.COM



Summary of the half-year report

By "NextCell", "NXTCL" or "Company" is meant NextCell Pharma AB with organization number 556965-8361. "Spotlight" refers to the Spotlight Stock Market (previous AktieTorget). Amount in brackets refer to the corresponding period in the previous year. Note that the Company's fiscal year is September 1 - August 31. This English version is a translation of the Swedish version. The Swedish version is at all time to be seen as the leading document.

First Half (2018-09-01 till 2018-02-28)

- Operating income amounted to SEK 508,7795 (391,204).
- Operating result amounted to SEK -8,929,084 (-7,524,256).
- Earnings per share* amounted to SEK -0.83 (-0.88).
- Cash and bank amounted to SEK 6,886,879 (9,444,381).
- Solidity** amounted to 87 (59) %.

**Result per share: operating results divided by the average number of shares. Average number of shares for the first half of 2018/2019: 11,486,456 shares (8,505,425). Number of shares in NextCell as per February 28th, 11,486,456 shares (8,505,425).

** Equity ratio: shareholders' equity of the balance sheet total.

Significant events during the first quarter 2018/2019

- NXTCL strengthens the organization through the recruitment of a new CFO and through the establishment of the new role of Business Development Manager.
- NXTCL held the AGM. Communication with established decisions is available on the Company's website (www.nextcellpharma.com).
- NXTCL announces that phase IIa part of the clinical trial of ProTrans-1 has been initiated. The aim of the study is to evaluate the clinical effect, measured by the extent to which the patient's own insulin production improves 12 months after treatment with ProTrans.
- The NXTCL updates the market, among other things about the status in the ongoing ProTrans-1 study and the new ProTrans-Repeat study. In addition, the Company announces ongoing discussions with mainly academic groups about initiating clinical trials with ProTrans for a new indication.

Significant events after the reporting period

- NXTCL receives an order for its stem cells, selected using the company's patent-pending selection algorithm. The client is a foreign biotech company and the order value is approximately SEK 350,000.
- The NXTCL Biobank Cellaviva is licensed by the Inspectorate for Health and Care Services (IVO) to handle and collect adipose derived tissue stem cells. this decision makes it possible for the company to launch its new service, which involves private saving of stem cell for adults.
- The boards of NextCell Pharma AB and IdoGen AB are discussing a potential merger. The proposed structure currently being discussed entails that NextCell Pharma AB makes a bid for all of the shares in IdoGen AB and offers its own shares as means of payment.

CEO Mathias Svahn's comments

It has been an intensive second quarter for NextCell. We have been involved in a number of different value-creating activities and collaborations, while the clinical development of ProTrans has been progressing steadily. Over the past year, our strategy was to gradually increase our participation in different networks in order to make the company more visible, strengthen our network and take our place as an important player in the Swedish life sciences scene. NextCell is a Phase IIa cell therapy that deserves to be acknowledged and seen.



The development of ProTrans has entered a new phase during the second quarter. The second part of ProTrans-1 includes a total of 15 patients randomized to active treatment with ProTrans or placebo. The patients' own insulin production before treatment and one year after will be compared. Neither the patient, the doctor nor the study team know who gets what, which generates the highest degree of evidence to prove effect. We await approval from the Medical Products Agency to start another clinical trial with ProTrans, ProTrans-Repeat. The purpose is to give patients who have previously participated in the ProTrans-1 study an additional dose of ProTrans to evaluate whether repeated treatments can further affect and prolong the expression of insulin.

It is also gratifying to note that stem cell saving from births has increased significantly and that this has a positive effect on Cellaviva's activities. Cellaviva's long-term efforts to raise awareness of stem cells, for example through active efforts to increase digital presence, have begun to show results. The expansion to Denmark has already started to contribute to our sales figures.

NextCell and Cellaviva have been selected by Karolinska Institutet Innovations as a representative of how research from Karolinska Institutet has been beneficial to society over the past 20 years. It is very honourable and give us the opportunity to highlight the importance of KI Innovation for NextCell and other companies, spun-out of the Karolinska Institutet. It is clear to me that the view of stem cell therapies and stem cell saving is changing in Sweden. I am convinced that our view of complex and currently incurable diseases will change through continued research in the field.

NextCell has delivered in considerably more areas than initially set out in connection with the listing on Spotlight Stock Market during the summer of 2017. Some examples of achievements are shown through Cellaviva's expansion to Denmark, preparation for the launch of adipose stem cell saving from adults, patent applications, and application for the initiation of ProTrans-Repeat. I am impressed by our employees and the fact that we can keep pace whilst maintaining low spending.

We look at new collaborations and business opportunities on an ongoing basis. After the end of the reporting period, we communicated to the market that we have a dialogue and formal negotiations with an industry colleague about a possible merge. Regardless of this particular outcome, we see great opportunities to continue to expand our activities within stem cell saving, stem cell research and stem cell therapies, both organically and through consolidation.

Mathias Svahn, Ph.D.

Ongoing clinical trial with ProTrans

NextCell Pharma is conducting a clinical trial with ProTrans for treatment of patients with type 1-diabetes being 18-40 years and who received their diagnosis no later than two years ago, i.e. still have some insulin production. The study is a two-part phase I / II study, the first part being a dose escalation with 3 + 3 + 3 patients treated with; low, medium and high dosages of ProTrans.

The second part of the trial is a randomized, double-blind, placebo-controlled trial in which 10 patients receive ProTrans and five patients receive placebo, a total of 15 patients. In total 24 patients will be treated with ProTrans, nine in the dose escalation part and another 15 in the placebo-controlled part. The primary safety endpoint is drug safety and the primary efficacy endpoint is the change in insulin production after 1 year.

The clinical trial is conducted by the Karolinska Trial Alliance and headed by Professor Per-Ola Carlsson from Uppsala University, who is the principal investigator for the trial. The Data Safety Monitoring Board for the trial consists of Professors Ulf Smith and Anders Fasth from the University of Gothenburg, and Åke Lernmark from Lund University.

Milestones:

2019-02-22 A total of ten patients have been included, five were treated in the phase II part of ProTrans-1.

2019-01-30 The first patients in the phase II part of ProTrans-1 are treated.

2018-11-16 The Swedish Medical Product Agency approves the amendment for treatment of patients in the ProTrans-1 trial with high dose.

2018-10-25 Approval by the Data and Safety Monitoring board to proceed with the second part of the trial

2018-10-14 All three patients in the high-dose-cohort treated (nine patients have been treated in total)

2018-06-29 Approval by the Data and Safety Monitoring board to proceed with the high-dose cohort

2018-05-18 All three patients in the medium-dose-cohort treated (six patients have been treated in total)

2018-03-27 Approval by the Data and Safety Monitoring Board to proceed with the medium-dose cohort

2018-02-22 All three patients in the low-dose-cohort treated

2018-01-23 First patient treated

2018-01-03 First patient included

2017-12-15 First batch of ProTrans clinical grade released for usage in the clinical trial

2017-11-28 Initiation meeting at Karolinska Trial Alliance, Huddinge

2017-11-20 Karolinska Center for Cell Therapy approves that the trial will be conducted at Karolinska

2017-10-17 Permission granted by the Medicinal Product Agency

2017-09-04 Permission granted by the Ethics Committee

2017-07-24 Clinical trial application submitted

Development in numbers during the period

Amounts in brackets refer to the corresponding period of the previous year.

CFO Sofia Fredrikson comments on the financial development

Operating income

Operating income during the first half of 2018/2019 amounted to 508,795 (232,850) SEK and operating income during the second quarter of 2018/2019 amounted to SEK 435,051 (232,850). Of this, SEK 58,800 is a grant from Vinnova / RISE. Adjusted for this net sales, ie revenues from sales of Cellaviva's services, increased by 62% during the second quarter. During the past six months, Cellaviva has had a strong influx of new customers, however due to accrual effects which is a delay between the moment of order and when revenue is actually booked, this has been the first quarter in which the increase in sales is actually reflected in the operating income.



Financial development

The net results for the first half of 2018/2019 amounted to SEK -8,929,084 (-7,524,256) and net results for the second quarter amounted to -3,552,444 (-4,313,441) SEK. Total costs has increased with 19%, compared with the corresponding period last year. The reason for this are the increased activities in the company, of which the clinical trial and Cellaviva's launch in Denmark are significant cost drivers.

Liquidity

The company's cash and cash equivalents as of February 28, 2019 amounted to SEK 6,886,879 (9,444,381). Cash flow during the first 6 months of 2018/2019 amounted to 3,771,004 (-7,156,556) SEK. In September 2018, the redemption of the series TO1 warrants issued in conjunction with the listing in July 2017, contributed approximately MSEK 12.9 after issuing costs to the Company. Cash flow during the second quarter amounts to -3,550,526 SEK.

Solidity

The solidity ratio as per February 28, 2019 amounted to 85 (82) %.

Largest shareholders

The list below shows the ten largest shareholders in NextCell Pharma as per 2019-02-28.

Name	Shares	(%)
Diamyd Medical AB	1,472,091	12.82
Avanza Pension*	1,175,279	10.23
Anders Essen-Möller	547,033	4.76
Polski Bank Komorek Macierzystych S.A.	410,478	3.57
Bertil Lindkvist	344,511	3.00
Nordnet Pensionsförsäkring	310,969	2.71
Mabtech Group AB	291,216	2.54
Nordic Tech House AB	260,100	2.26
BioAll AB**	224,348	1.95
Konstruktions och Försäljningsaktiebolaget	185,000	1.61

* Chairman Anders Essen-Möller holds shares corresponding to 4.98 percent (558,885 shares) of votes and capital in NextCell which is managed through Avanza Pension. This is in addition to his directly registered share holdings.

** CEO Mathias Svahn holds both directly registered shares and shares via his company BioAll AB. In this overview the holdings are combined

Shares

The company's share is listed on Spotlight (formerly AktieTorget) under the ticker "NXTCL". As of February 28, 2019, the number of shares amounted to 11,486,456. Average number of shares during the first half 2018/2019 amounted to 11,486,456.

Accounting principles for the preparation of this interim report

The interim report has been prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Financial Statements ("K3") and according to BFNAR 2007: 1 ("voluntary Interim Reporting"). For further information on accounting principles, consult NextCell's Annual Report.

Auditor's review

The interim report has not been reviewed by the company's auditor.

Financial calendar

The company prepares and publishes a financial report each quarter. Upcoming reports are planned as follows:

- Interim report 3 2019-07-31
- Year-end report 2019-10-31

Publication of interim report

Huddinge, April 30, 2019
NextCell Pharma AB
Board of Directors

Anders Essen-Möller
Chairman of the board

Hans-Peter Ekre
Board member

Niclas Löwgren
Board member

Camilla Sandberg
Board member

Edvard Smith
Board member

Mathias Svahn
Chief Executive Officer

Income statement

(SEK)	2018-12-01 2019-02-28	2017-12-01 2018-02-28	2018-09-01 2019-02-28	2017-09-01 2018-02-28
<i>Operating income</i>				
Net income	376,251	232,850	449,995	391,204
Other operating income	58,800	0	58,800	0
<i>Total operating income</i>	435,051	232,850	508,795	391,204
<i>Operating expenses</i>				
Materials and goods	-829,240	-2,089,921	-1,640,713	-2,806,824
Other external costs	-1,160,944	-1,267,874	-3,769,384	-2,657,113
Personnel costs	-1,904,718	-1,129,186	-3,840,729	-2,317,302
Depreciation	-94,507	-74,683	-189,011	-149,361
Other operating expenses	-2,110	0	-2,048	0
<i>Total operating expenses</i>	-3,991,518	-4,561,664	-9,441,885	-7,930,600
Operating results	-3,556,467	-4,328,814	-8,933,090	-7,539,396
<i>Financial income and expenses</i>				
Interest received	4,354	-15,606	4,354	15,606
Interest expenses and similar expenses	-330	-234	-348	-466
<i>Total</i>	4,024	15,372	4,006	15,140
Results before taxes	-3,552,444	-4,313,442	-8,929,084	-7,524,256
<i>Taxes</i>				
Tax expenses for the period	0	0	0	0
Net result for the period	-3,552,444	-4,313,442	-8,929,084	-7,524,256

Balance sheet

(SEK)	2019-02-28	2018-02-28	2018-08-31
Assets			
Non-current assets			
<i>Tangible non-current assets</i>			
Property, plant and equipment	837,813	966,419	902,117
Inventories, tools and installations	1,797,070	1,610,335	1,525,277
	<u>2,634,883</u>	<u>2,576,254</u>	<u>2,427,394</u>
<i>Financial assets</i>			
Other long-term receivables	1,045,293	1,040,293	1,040,293
	<u>1,045,293</u>	<u>1,040,293</u>	<u>1,040,293</u>
Total non-current assets	3,680,176	3,617,047	3,467,687
Current assets			
<i>Current receivables</i>			
Trade receivables	137,360	42,506	56,590
Other receivables	347,823	491,949	288,248
Prepaid expenses and accrued income	1,416,344	560,615	1,581,842
	<u>1,901,527</u>	<u>1,095,070</u>	<u>1,926,680</u>
Liquid assets	6,886,879	9,444,381	3,115,876
Total current assets	8,788,407	10,539,451	5,042,556
Total assets	12,468,582	14,156,498	8,510,243

Balance sheet

(SEK)	2019-02-28	2018-12-28	2018-08-31
Equity and liabilities			
Equity			
<i>Restricted equity</i>			
Share capital	2,354,723	1,743,612	1,743,612
<i>Non-restricted equity</i>			
Profit or loss brought forward	6,850,981	-34,948,302	6,927,475
Shareholders surplus	10,318,090	13,955,800	10,402,559
Result for the period	-8,929,084	38,322,536	-14,032,294
Total equity	10,594,711	11,549,390	5,041,353
Liabilities			
<i>Long-term liabilities</i>			
Other long-term liabilities	844,351	704,426	760,988
<i>Current liabilities</i>			
Trade payable	66,391	1,240,465	651,776
Other liabilities	232,383	152,212	289,676
Prepaid income accrued expenses	730,743	510,004	1,766,450
	1,029,517	1,902,682	2,707,902
Total liabilities	1,873,871	2,607,108	3,468,890
Total equity and liabilities	12,468,582	14,156,498	8,510,243

Cash flow statement

(SEK)	2018-12-01 2019-02-28	2018-09-01 2019-02-28	2017-09-01 2018-08-31
Operating activities			
Operating profit/loss	-3,552,444	-8,933,090	-14,046,715
Non-cash flow items			
Depreciation	94,507	189,011	298,720
Interest received	4 354	4 354	30,637
Interest paid	-330	-348	-16,216
Cash flow from operating activities before changes in working capital	-3,453,913	-8,740,073	-13,733,574
Changes in working capital			
Increase / decrease in receivables	-98,995	25,153	-666,914
Increase / decrease in payables	-366,303	-585,385	-226,341
Increase / decrease in other long-term payables	0	0	0
Increase / decrease in other short-term payables	-1,161,369	-281,222	1,077,050
Total of working capital	-605,414	-1,653,232	183,795
Net cash flow from operating activities	-4,059,127	-10,393,305	-13,549,779
Investing activities			
Investments in material assets	-0	-396,500	0
Investments in immaterial assets	-5,000	-5,000	0
Net cash flow from investing activities	-396,500	-401,500	0
Financing activities			
Long-term liabilities	513,601	83,363	64,717
Amortization	0	0	0
New issue / emission	0	14,482,446	0
Shareholder contributions	0	0	0
Net cash flow from financing activities	513,601	14,565,809	64,717
Cash flow for the period			
Cash and cash equivalents at beginning of period	10,437,405	3,115,875	16,600,937
Change in cash and cash equivalents	-3,550,526	3,771,004	-13,485,062
Cash and cash equivalents at end of period	6,886,879	6,886,879	3,115,876

Statement of changes in equity

2018-08-31

	Share Capital	Shareholders contribution	Share premiums	Balanced results	Net result
Opening balance 2017-09-01	1,743,612	13,955,800	24,358,359	-7,738,919	-13,245,206
Disposition from AGM			-13,955,800	710,594	13,245,206
Result					-14,032,294
Closing balance 2018-08-31	1,743,612	13,955,800	10,402,559	-7,028,325	-14,032,294
Total equity					5,041,353

2019-02-28

	Share Capital	Shareholders contribution	Share premiums	Balanced results	Net result
Opening balance 2018-09-01	1,743,612	13,955,800	10,402,559	-7,028,325	-14,032,294
Disposition from AGM			-13,955,800	-76,494	14,032,294
New issue	611,111		13,871,331		
Result					-8,929,084
Closing balance 2018-11-30	2,354,723	13,955,800	10,318,091	-7,104,819	-8,929,084
Total equity					14,082,990

NextCell Pharma AB

Karolinska Institutet Science Park
Hälsovägen 7, 141 57 Huddinge
Phone: +46 (0)8 735 20 10
E-mail: info@nextcellpharma.com