



# Half-year report for stem cell company NextCell Pharma

September 2017 – February 2018

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NextCell Pharma AB  
556965-8361

[www.nextcellpharma.com](http://www.nextcellpharma.com)

## Summary of the half-year report

By "NextCell" or "Company" is meant NextCell Pharma AB with organization number 556965-8361. Amount in brackets in the report refers to the corresponding period in the previous year. Note that the Company's fiscal year is September 1 - August 31.

### First half (2017-09-01 till 2018-02-28)

- Net sales amounted to SEK 391 204 (120 594).
- Operating result amounted to SEK -7 524 256 (-4 863 506).
- Cash and bank amounted to SEK 9 444 381 (4 124 396).
- Result per share\* amounted to SEK -0,88 (-1,86).
- Solidity\*\* amounted to 82 (69) %.

### Second quarter (2017-12-01 till 2018-02-28)

- Net sales amounted to SEK 232 850 (37 908).
- Operating result amounted to SEK -4 313 441 (-2 399 780).
- Result per share\* amounted to SEK -0,51 (-0,68).

\*Result per share: operating results divided by the average number of shares. Average number of shares for the first half of 2017/2018: 8,505,425 (2,624,260). Average number of shares for the second quarter 2017/2018: 8,505,425 (3,5297,250).

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

### Significant events during the second quarter 2017/2018

- At the end of January 2018, the first diabetes patient was included in the clinical trial and treated with ProTrans.
- NextCell announced in mid-February 2018 that the company has filed a patent application to the Swedish Patent and Registration Office. The patent application relates to the company's proprietary selection algorithm and the formulation of the stem cell-based drug candidate ProTrans.
- By the end of February 2018, NextCell announced that three patients have been treated with ProTrans. Thus, all patients in the low dose cohort have undergone treatment.

### Significant events after the reporting period

- NextCell entered into a partnership agreement with Nordic Tech House in mid-March 2018. Nordic Tech becomes a shareholder in NextCell and responsible for NextCell's digital presence with the specific focus on family saving of stem cells.
- NextCell announced at the end of March 2018, that the Data and Safety Monitoring Board for the clinical trial with ProTrans, approves that principal investigator professor Per-Ola Carlsson and NextCell continue the trial with the treatment of three patients in the medium-dose cohort.
- NextCell signed a letter of intent with China General Consulting & Investment at the end of April 2018, regarding a cooperation on stem cells in China.

## CEO Mathias Svahn's comments

**During the second quarter, we treated all three patients with ProTrans in the low dose cohort. After the end of the quarter, the Data and Safety Monitoring Board gave approval to proceed with the next dose cohort. In addition, we have initiated a strategically important collaboration with Nordic Tech House and Isabella Löwengrip, who was recently named the most powerful businesswoman of the year 2018.**

The clinical trial with ProTrans for the treatment of type 1 diabetes was initiated at the end of November 2017 with an initiation meeting at the Karolinska Trial Alliance's clinic at Huddinge Hospital. The first patient was included early in January 2018 for treatment in the same month. Another two patients were treated in February, meaning that all patients in the low dose cohort have been treated.

After the stem cell infusion, patients were observed for a few hours and then allowed to go home. The next visit occurred after a month when samples and clinical assessments were carried out. A safety committee consisting of professors Ulf Smith, Anders Fasth and Åke Lernmark has then reviewed the results and decided to recommend Professor Pilot Per-Ola Carlsson and investigators Daniel Espes and Nabil Al-Tawil to continue the study with the inclusion of patients in the medium-dose cohort.

The study evaluates the safety and efficacy of ProTrans treatment in patients aged 18-40 who have had type 1 diabetes for a maximum of two years. The first part is a three-dose dose scale with three diabetic patients in each, i.e. a total of nine patients. The second part of the study is randomized, double-blind, placebo-controlled study where ten patients receive ProTrans and five patients receive placebo, a total of 15 patients. Endpoints include safety and change of metabolic parameters such as diabetes, insulin requirements and insulin production one year after treatment.

In February 2018 we submitted a patent application to the Swedish Patent and Registration Office. The patent application is for the protection of our selection algorithm and the formulation of ProTrans. NextCell has had the final product in mind throughout the development process; the selection algorithm, the manufacturing method and the formulation of the drug ProTrans have been designed with the aim of having a scalable production with large production batches of potent stem cells.

In November 2017, NextCell was invited to the Diabetes Gala and came in contact with Isabella Löwengrip. The collaboration was formalized in March 2018 with a two-year agreement, which means that Nordic Tech House is responsible for our overall digital presence with a specific focus on family saving of stem cells through the brand Cellaviva. Isabella Löwengrip, one of the co-owners of Nordic Tech House, will raise awareness of stem cells and family-saving stem cells leveraging on her role as influencer, mother, entrepreneur and investor. The agreement is funded through a directed new issue to Nordic Tech House, through which Nordic Tech House receives approximately 3.9 percent of votes and capital in NextCell.

By the end of April 2018, NextCell and China General Consulting & Investment (CGCI) signed a Memorandum of Agreement. The plan is to conduct a clinical trial with ProTrans in China and that CGCI will be our partner both for the trial and even after Chinese market approval.



A big thank you to my amazing employees and partners. Together we drive the stem cell revolution forward with new treatment options and increased awareness.

Stockholm, April 30th, 2018

*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 who received their diagnosis no later than 2 years ago and 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 being treated with; low, medium and high dosages of ProTrans.

The treatment with ProTrans of all three patients in the low-dose cohort has been assessed as safe after one-month follow-up. Likewise, patients in the medium-dose cohort will be assessed before recruitment to the high-dose cohort can be initiated. Once one-month follow-up of the high-dose cohort has been evaluated for safety, the randomized, double-blind, placebo-controlled part of the study can be initiated with a total of 15 additional patients.

The second part of the trial is a randomized, double-blind, placebo-controlled trial in which ten patients receive ProTrans and 5 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.

### Achieved milestones:

- 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
- 2017-11-28 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 Leo Groenewegen comments on the financial development*

#### **Net sales**

Net sales during the first half of 2017/2018 amounted to SEK 391 204 (120 592), and net sales in the second quarter of 2017/2018 amounted to SEK 232 850 (37 908). Both the half year and quarterly results show an improvement in results from the Cellaviva business.

#### **Financial development**

The net results for the first six months of 2017/2018 amounted to SEK -7,524,256 (-4,863,506) SEK and the net results for the second quarter of 2017/2018 amounted to -4,313,441 (-2,399,780). The increased deficit for the second quarter and half year compared with the previous periods is according to budget. It is the company's ongoing clinical trial that increases costs, including for instance; the study drug, the study team and the treatment of patients.



#### **Liquidity**

The company's cash and cash equivalents as of February 28, 2018 amounted to SEK 9,444,381 (4,124,396) SEK and the cash flow for the first six months of 2017/2018 amounted to SEK -7,155,556 million (-1,724,703). Management views this as sufficient liquidity to run our business until the subscription period for TO 1 expires and additional funds will flow into the company.

#### **Solidity**

The solidity ratio as per February 28, amounted to 82 (62) %.

#### **Larges shareholders**

The list below shows the 5 biggest shareholders in NextCell Pharma as per 2017-12-29.

Name	%
Diamyd Medical Aktiebolag	13,82
Avanza Pension	11,52
Anders Essen-Möller	6,61
Polski Bank Komórek Macierzystych S.A.	3,95
Mabtech Group AB	3,42

## Shares

The company's share is listed on AktieTorget under the ticker "NXTCL". As of February 28, 2018, the number of shares was 8,505,425. Average number of shares for the first half of 2017/2018: 8,505,425 Average number of shares in the second quarter 2017/2018 amounted to 8,505,425.

## Warrants

In connection with NextCell's issue for listing on AktieTorget, 2,860,940 warrants of series TO 1 were issued. One (1) warrants of series TO 1 entitles subscription of one (1) new share at a price of SEK 5.00 per share. Subscription of shares on the basis of warrants may take place from 23 August 2018 until September 13, 2018. Warrants of series TO 1 are traded on AktieTorget under the ticker "NXTCL TO1".

## 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 for 2016/17. This English version is a translation of the Swedish version, the Swedish version is at all time to be seen as the leading document.

## Auditors 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 2018-07-31
- Year-end report 2018-10-31

## Publication of interim report

Huddinge, April 30, 2018  
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 2018-02-28	2017-12-01 2017-02-28	2017-09-01 2018-02-28	2016-09-01 2017-02-28
<i>Operating income</i>				
Net income	232 850	37 908	391 204	120 592
<i>Operating expenses</i>				
Materials and goods	-2 089 921	-307 523	-2 806 824	-556 285
Other external costs	-1 267 874	-1 211 055	-2 657 113	-2 700 746
Personnel costs	-1 129 186	-850 595	-2 317 302	-1 583 891
Depreciation	-74 682	-74 683	-149 361	-149 362
Other operating expenses	0	0	0	0
Total operating expenses	-4 561 663	-2 443 855	-7 930 600	-4 990 284
<b>Operating results</b>	<b>-4 328 813</b>	<b>-2 405 947</b>	<b>-7 539 397</b>	<b>-4 869 692</b>
Financial income and expenses				
Interest received	15 606	7 200	15 606	7 200
Interest expenses and similar expenses	-234	-1 034	-466	-1 014
Total	15 372	6 167	15 140	6 186
<b>Result before taxes</b>	<b>-4 313 441</b>	<b>-2 399 780</b>	<b>-7 524 256</b>	<b>-4 863 506</b>
<i>Taxes</i>				
Tax expenses for the period	0	0	0	0
<b>Net result for the period</b>	<b>-4 313 441</b>	<b>-2 399 780</b>	<b>-7 524 256</b>	<b>-4 863 506</b>

## Balansräkning i sammandrag

(SEK)	2018-02-28	2017-02-28	2017-08-31
<b>Assets</b>			
<b>Non-current assets</b>			
<i>Tangible non-current assets</i>			
Property, plant and equipment	966 419	1 095 025	1 030 723
Inventories, tools and installations	1 610 335	1 780 448	1 695 392
	<u>2 576 754</u>	<u>2 875 473</u>	<u>2 726 115</u>
<i>Financial assets</i>			
Other long-term receivables	1 040 293	0	1 040 293
	<u>1 040 293</u>	<u>0</u>	<u>1 040 293</u>
<b>Total non-current assets</b>	<b>3 617 047</b>	<b>2 875 473</b>	<b>3 766 408</b>
<b>Current assets</b>			
<i>Current receivables</i>			
Trade receivable	42 506	2 900	118 324
Other receivables	491 949	358 260	500 060
Prepaid expenses and accrued income	560 615	470 278	561 381
	<u>1 095 070</u>	<u>831 438</u>	<u>1 259 765</u>
Liquid assets	9 444 381	4 124 396	16 600 937
<b>Total current assets</b>	<b>10 539 451</b>	<b>4 955 834</b>	<b>17 860 702</b>
<b>Total assets</b>	<b>14 156 498</b>	<b>7 831 307</b>	<b>21 627 110</b>

## Balance sheet in brief

(SEK)	2018-02-28	2017-02-28	2017-08-31
<b>Equity and liabilities</b>			
Equity			
<i>Restricted equity</i>			
Share capital	1 743 612	723 234	1 743 612
<i>Non-restricted equity</i>			
Profit or loss brought forward	-34 948 302	-21 703 096	-21 703 096
Shareholders surplus	13 955 800	13 955 800	52 278 336
Result for the period	38 322 536	17 293 765	-13 245 206
<b>Total equity</b>	<b>11 549 390</b>	<b>5 406 198</b>	<b>19 073 647</b>
Liabilities			
<i>Long-term liabilities</i>			
Other long-term liabilities	704 426	612 702	696 271
<i>Current liabilities</i>			
Trade payable	1 240 465	852 034	878 117
Other liabilities	152 212	623 663	409 317
Prepaid income accrued expenses	510 004	336 710	569 759
	1 902 682	1 812 407	1 857 193
<b>Total liabilities</b>	<b>2 607 108</b>	<b>2 425 109</b>	<b>2 553 464</b>
<b>Total equity and liabilities</b>	<b>14 156 498</b>	<b>7 831 307</b>	<b>21 627 110</b>

## Cash flow statement in brief

(SEK)	2018-02-28	2017-02-28	2017-08-31
<b>Operating activities</b>			
Operating profit/loss	-7 539 397	-4 869 692	-13 260 853
Non-cashflow items			
Depreciation	149 361	149 362	298 720
Interest received	15 606	7 200	17 542
Interest paid	-466	-1 014	-1 895
<b>Cash flow from operating activities before changes in working capital</b>	<b>-7 374 895</b>	<b>-4 714 144</b>	<b>-12 946 486</b>
<b>Changes in working capital</b>			
Increase / decrease in receivables	164 696	-239 283	-1 707 903
Increase / decrease in payables	362 348	299 326	325 409
Increase / decrease in other short-term payables	-340 866	-740 461	-486 808
<b>Total of working capital</b>	<b>186 178</b>	<b>-680 418</b>	<b>-1 869 302</b>
<b>Net cash flow from operating activities</b>	<b>-7 188 717</b>	<b>-5 394 562</b>	<b>-14 815 788</b>
<b>Investing activities</b>			
Investments in material and immaterial assets	0	0	0
<b>Net cash flow from investing activities</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Financing activities</b>			
Long-term liabilities	32 161	164 926	13 545
Amortization	0	0	0
New issue / emission	0	0	25 554 081
Shareholder contributions	0	0	0
<b>Net cash flow from financing activities</b>	<b>32 161</b>	<b>3 669 859</b>	<b>25 567 626</b>
<b>Cash flow for the period</b>			
Cash and cash equivalents at beginning of period	16 600 937	5 849 099	5 849 099
Change in cash and cash equivalents	-7 156 556	-1 724 703	10 751 838
<b>Cash and cash equivalents at end of period</b>	<b>9 444 381</b>	<b>4 124 396</b>	<b>16 600 937</b>

## Statement of changes in equity

2017-08-31

	Share Capital	Shareholders contribution	Share premium	Balanced results	Net result
Opening balance 2016-09-01	547 890	13 955 800	13 964 177	-10 289 715	-11 413 381
Disposition from AGM				-11 413 381	11 413 381
Capitalization	262		-262		
New issue	1 195 460		24 358 621		
Result					-13 245 206
Closing balance 2017-08-31	1 743 612	13 955 800	38 322 536	-21 703 096	-13 245 206
<b>Total equity</b>					<b>19 073 646</b>

2018-02-28

	Share Capital	Shareholders contribution	Share premium	Balanserat resultat	Net result
Opening balance 2017-09-01	1 743 612	13 955 800	38 322 536	-21 703 096	-13 245 206
Disposition from AGM				14 156 498	7 831 307
Result					-7 524 256
Closing balance 2018-02-28	1 743 612	13 955 800	38 322 536	-34 948 302	-7 524 256
<b>Total equity</b>					<b>11 549 390</b>



# NextCell Pharma AB

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