

NextCell celebrates its first-year anniversary as a listed company

The potential market for stem cell therapies is immense and development is at record speed. On July 13, 2017, stem cell company NextCell Pharma AB ("NextCell") was listed on Spotlight Stock Market (formerly AktieTorget). In his own words, CEO Mathias Svahn reflects on the company's first year as a listed company and sends a reminder regarding the company's upcoming option redemption period.

"We have promised a lot - we delivered even more.

In the spring of 2017, we turned to you, our shareholders and asked for your investment to enable us to develop an advanced stem cell therapy which is our drug candidate ProTrans. ProTrans is comprised of selected live stem cells, which after infusion are able to switch the patient's immune cells from a proinflammatory to a regenerative phenotype.

Thanks to our great employees and close collaboration with our GMP manufacturer, we have produced several batches of ProTrans for clinical usage. Our main shareholder Diamyd Medical AB's outstanding contacts within the field of diabetes and NextCell's medically responsible Professor Edvard Smith, along with renowned researchers; principle investigator Professor Per-Ola Carlsson & Doctor Daniel Espes and the Data Safety and Monitoring Board consisting of Professors Ulf Smith, Anders Fasth and Åke Lernmark, have all contributed to the fast developments we have been going through. As a result, The Medical Products Agency granted permission for a clinical phase I/II drug trial with ProTrans before the end of 2017.

NextCell is a small company with great ambitions. We are experts in auto-immune disease and stem cells from the umbilical cord and that is exactly what we produce and deliver on. I would particularly like to thank PBKM, manufacturer of ProTrans, and Karolinska Trial Alliance, where Dr. Sofia Sisay is our investigator, Dr. Nabil Al-Tawil, KTA's responsible physician and investigator, Linn Wurse, research nurse and all others in the study team. Together we make our time plan possible."

From the prospectus 2017:

NextCell's goals for 2017 and 2018 at the time of listing were as follows:

2017

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| • Production of GMP-grade ProTrans for clinical trials - | Achieved |
| • Apply for completion of Phase I / II trial with ProTrans - | Achieved |
| • Begin pre-clinical studies for immunosuppression in kidney transplants - | Achieved |

2018

- | | |
|---|-----------------|
| • Start the clinical trial during Q1 / Q2 provided approval - | Achieved |
| • Interim analysis, preliminary safety assessment of ProTrans - | On Track |
| • Optional extension of initial Phase I / II trial | |
| • Possibly initiate collaboration for initiating clinical trial of ProTrans in a new indication | |

The clinical trial proceeds according to plan. Both the low and medium-dose cohorts have been considered safe and the same is expected to apply to the ongoing high dose cohort, which is the last dose cohort in the first part of the trial. The second part is a randomized, double-blind, placebo-controlled trial where ten patients receive ProTrans and five patients receive placebo. Safety and maintenance of own insulin production after one year is evaluated. Results from the trial are scheduled to be presented in 2019. After a positive outcome of the phase I / II clinical trial there are four potential scenarios; outsourcing of ProTrans, further development together a partner, a self-managed Phase III or selling of the entire project. Alternatively, we also could sell ProTrans to



researchers and companies who are already showing an interest in testing ProTrans for their own projects.

The stem cells used in ProTrans are chosen by an in-house developed (proprietary) selection algorithm. We judge this as being unique and in February 2018 we submitted a patent application to the Swedish Patent and Registration Office. The patent application relates to the proprietary selection algorithm and to the formulation of ProTrans. The patent application is formulated to cover the general production of all types of mesenchymal stem cell products, derived from multiple donors and cells selected with the selection algorithm. Furthermore, the patent application specifically focuses on stem cells from the afterbirth and umbilical cord tissue to treat inflammatory and autoimmune diseases. Recently, we also submitted another patent application to the Swedish Patent and Registration Office. This time for a method to predict if a specific patient is susceptible to treatment with ProTrans. If ProTrans shows upregulation of certain markers upon contact with the patient's tissue / blood, ProTrans is more likely to modify the patient's disease. Our selection algorithm and prediction algorithm ensures that the most potent stem cells are always selected to produce ProTrans (selection) and that patients most benefiting from the treatment are also recommended to be treated with ProTrans (prediction).

In parallel with the development of ProTrans, we operate Cellaviva, which is Sweden's first and only stem cell bank for the family-saving of stem cells. Globally, this is an established field of business, but in Sweden this is still somewhat lagging behind. In March 2018, Nordic Tech House of which influencer Isabella Löwengrip is a co-founder, decided to cooperate with and participate in NextCell. Together with Nordic Tech House, we are now preparing targeted work to raise awareness regarding the potential of family saving of stem cells. I have great hope that Isabella and Nordic Tech House will be able to effectively reach our target group and that all prospective parents will know about Cellaviva and the services we offer. Technical progress has been moving forward, stored cells can now be expanded to a level in which they are sufficient to treat adult patients. Currently we are working to support research and development in this area and we have the idea of a stem cell donation to the national umbilical cord blood bank. Stem cells have changed and will continue to change the way we treat severe and fatal diseases. Giving birth is a unique opportunity to take advantage of stem cells and through Cellaviva we can offer a safe biobank.

We are always evaluating potential opportunities to change and improve our business and at the end of April 2018 we signed a Memorandum of Agreement with a Chinese company. The purpose of the agreement is to investigate the possibilities of conducting clinical trials in China with our ProTrans stem cells, with the long-term goal of reaching market approval for the drug candidate in China. It will be very exciting to see what this agreement leads to.

During August - September 2018, NextCell can gain access to additional capital through redemption of the warrants issued in conjunction with the company's issue of units for listing on Spotlight. The additional liquidity provided through the redemption of the warrants will mainly be used for the completion of the clinical trial of ProTrans and to potentially attract a suitable partner to conduct clinical trials for a new indication.

A year has passed since listing on Spotlight and we are working at full speed!



Warrants redemption during August - September 2018

In conjunction with the listing, NextCell performed a unit issue, of which 2 860 940 warrants. The warrants are listed on Spotlight and traded under the ticker "NXTCL TO 1" and have ISIN-code SE0009888795. During the period 23th August – 13th September 2018, warrant holders may convert their warrants and subscribe for shares based on the amount of warrants they hold. Holdings of one (1) warrant of series TO 1 entitles the holder to subscription of one (1) share at a price of 5.00 SEK.

Subscription list will be made available on NextCells and Sedermera Fondkommission's respective websites:

NextCell: www.nextcellpharma.com

Sedermera: www.sedermera.se

Stay up to date with the latest development in NextCell Pharma

LinkedIn: <https://www.linkedin.com/company/15255207/>

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About NextCell Pharma AB:

Stem cells are expected to change the way how many of today's life-threatening diseases are treated. NextCell Pharma AB develops ProTrans, a drug candidate consisting of stem cells for the primary treatment of autoimmune and inflammatory diseases as well as for use in kidney transplants. ProTrans consists of selected stem cells derived from the umbilical cord tissue with NextCell Pharma AB's proprietary method. In addition, the company has a service called Cellaviva, Sweden's first and only IVO-approved stem cell bank for the family-saving of stem cells from umbilical cord blood and umbilical cord tissue.