Interim report 1 for the stem cell company NextCell Pharma AB

September 2019 – November 2019

cellaviva

Cellaviva™ NextCell's stem cell bank, which offers family saving of stem cells for possible future medical needs - now the largest in Scandinavia.

nextcell pharma

ProTrans™ NextCell's proprietary stem cell product for the treatment of autoimmune and inflammatory diseases. Indicative effect shown in diabetes.

Contents

Interim Report Q1

"NextCell", "NXTCL" or "Company" refer to NextCell Pharma AB with organization number 556965-8361. "Spotlight" refers to the Spotlight Stock Market. The amount in brackets refers 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 times to be seen as the leading document.

FIRST QUARTER (2019-09-01 UNTIL 2019-11-30)

- Operating income amounted to SEK 1 222 087 (73 745).
- Operating result amounted to SEK -3 755 926 (-5 440 809).
- Earnings per share* amounted to SEK -0,20 (-0,38).
- Cash and bank amounted to SEK 15 715 418 (10 403 405).
- Solidity** amounted to 84,6 (59,2) %.

*Result per share: operating results divided by the average number of shares. Average number of shares for the first quarter of 2019/2020: 19 144 092 (8 505 425) shares. Number of shares in NextCell as per November 30th, 2019: 19 144 092 shares (8 505 425).

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

SIGNIFICANT EVENTS DURING THE FIRST QUARTER OF 2019/2020

- The last patient and last visit for ProTrans-1 Phase-1, the dose scaling part, was completed at the end of September. The Phase-I part of the study is now complete.
- The last patient in the ProTrans-Repeat study's active treatment group received treatment at the beginning of October. This means that all treatments with ProTrans for the two ongoing studies are now complete.
- NextCell opens, in October 2019, a new office in Copenhagen. The Copenhagen office is primarily intended to be a hub for the Danish Cellaviva business with the opportunity to host customers, trainings and more. The Copenhagen office also enables increased exposure and presence for NextCell in the Öresund region.
- NXTCL publishes a notice to attend the Annual General Meeting. Notice with suggested resolutions is available on the Company´s website (www.nextcellpharma.com). Entrepreneur Pingis Hadenius will be proposed as a new member of the Board.

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- NextCell announces in early December that an interim analysis of the dose escalation study (phase 1 part of ProTrans-1), which is a safety study, shows that after one year, the six patients treated with high and medium doses have retained their insulin production significantly better (P <0.01) than the three patients who received a low dose of ProTrans. No serious side effects have been reported.
- NXTCL holds its Annual General Meeting. Communique with a summary of decided resolutions is available on the Company´s website (www.nextcellpharma.com).
- NextCell announces, in mid-December, that the Swedish Medical Products Agency (Läkemedelsverket) has extended the company's wholesale license. In October, the Swedish Medical Products Agency carried out a routine inspection of NextCell's operations, which resulted in the license being extended for another five years.

NextCell Pharma – a part of the Stem Cell Revolution

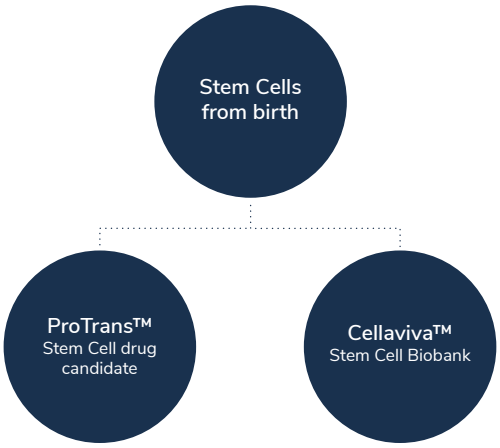
Two business areas based on the same technology

Stem cells are a revolutionary medical treatment for today's severe and incurable diseases. NextCell develops an umbilical cord stem cell based drug candidate, ProTrans, primarily for the treatment of autoimmune and inflammatory diseases.

NextCell also operates Cellaviva, Scandinavia's largest stem cell bank of umbilical cord blood and umbilical cord tissue stem cells for familial use. The umbilical cord is a rich source of young and viable stem cells that can be collected by non-invasive methods. The stem cells are harvested from the umbilical cord after birth, making valuable use of dispensable material.

ProTrans™ is developed by NextCell using the company's selection algorithm (patent pending). ProTrans is a stem cell product consisting of young healthy mesenchymal stem cells from the umbilical cord with both a regenerative and an immunosuppressive effect.

Cellaviva™ is NextCell's product name for banking of stem cells for familial use. We offer future parents a service to collect their child's stem cells and save them in our biobank for future use.



Nextcell history

2014 The company was founded by scientists at Karolinska Institutet, Dr Mathias Svahn, CEO, and Professor Edvard Smith, CMO.

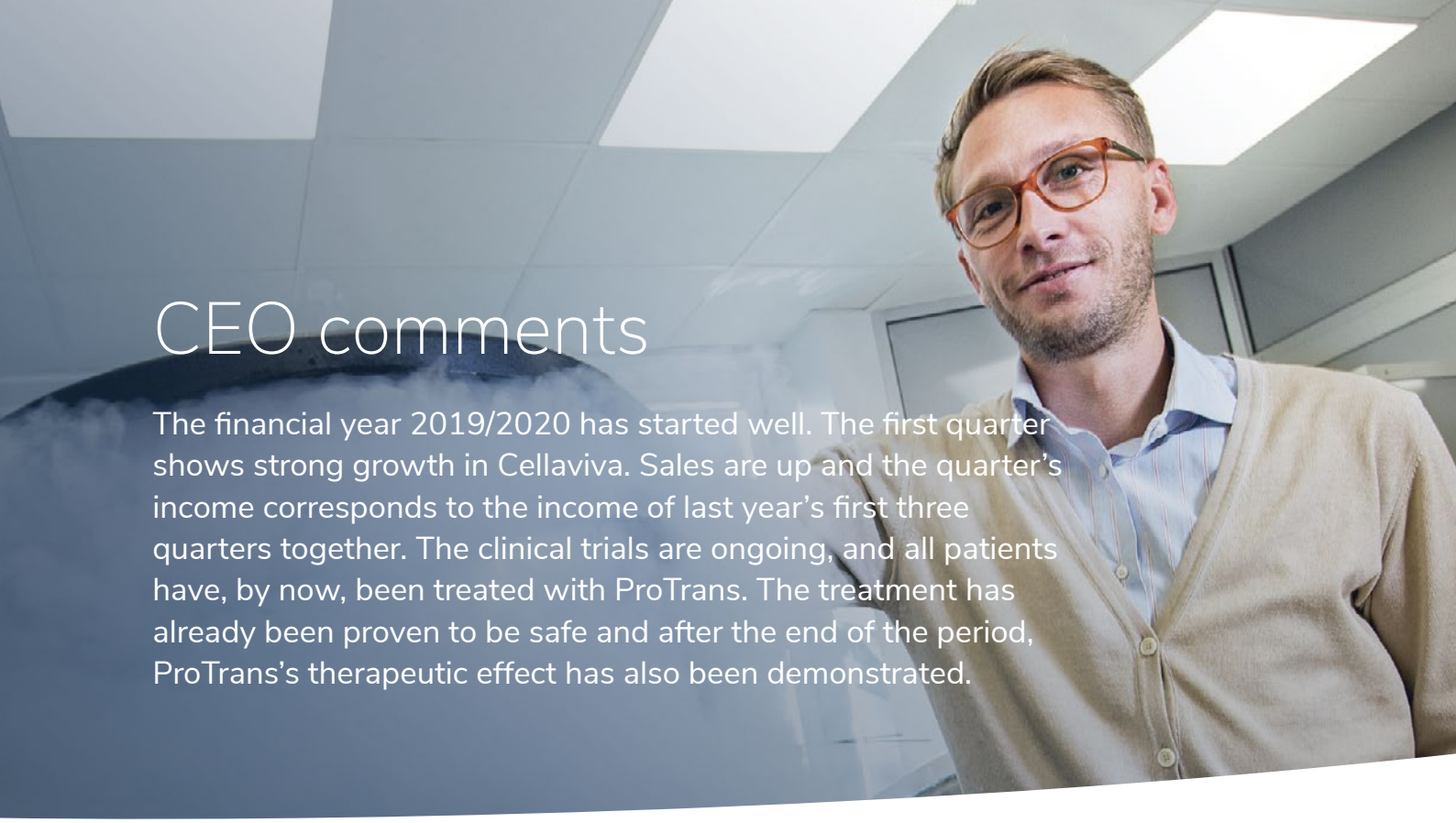
2015 First offering stem cell banking of cord blood and tissue derived stem cells.

2016 First batch of ProTrans produced according to GMP.

2017 Approval of first clinical trial with ProTrans.

2018 ProTrans-1 was shown safe in all three evaluated doses.

2019 All patients in both ProTrans-1 and ProTrans-Repeat have been treated.



CEO comments

The financial year 2019/2020 has started well. The first quarter shows strong growth in Cellaviva. Sales are up and the quarter's income corresponds to the income of last year's first three quarters together. The clinical trials are ongoing, and all patients have, by now, been treated with ProTrans. The treatment has already been proven to be safe and after the end of the period, ProTrans's therapeutic effect has also been demonstrated.

In 2018, the first nine Type-1 diabetes patients were treated with ProTrans stem cells in the dose scaling segment (phase-1) of the ProTrans-1 study. After a 12 months follow-up, they completed the ProTrans-1 study and subsequently agreed to undergo another treatment in NextCell's second clinical trial, ProTrans-Repeat. We are extremely grateful for their commitment and very pleased that all nine chose to get a repeated treatment.

In December, data from the dose escalation segment of ProTrans-1 was analyzed. The study design was only intended to evaluate safety at three different doses of ProTrans; therefore, no control patients were included. Nevertheless, we could see a statistically significant difference between low dose and medium or high dose in terms of efficacy.

> *"Patients treated with the medium or high dose of ProTrans have, one year after treatment, better preserved their ability to produce insulin compared to those receiving the low dose (P <0.05)."*

The effect of treatment is measured as a comparison between the patient's own insulin production before treatment and one year after treatment. The natural course of disease progression for this patient group is an insulin production drop by about 20-40% during the measurement period, comparable to the progression of patients who received a low dose. Low doses are unlikely to have any effect, while the higher doses appear to be able to prevent the reduction of insulin production during the 12 months studied.

This promising effect means that we are stepping up preparations for the next phase in the clinical trial program. The ProTrans-1 trial will be completed in July after the last patient has been to the last visit. Later in the summer, phase II data can be analyzed, i.e. a comparison of the 10 patients treated with the high-dose of ProTrans and the 5 patients who received the placebo. My hope is that we will submit an application for a larger Phase IIb study by the end of 2020, a study that may lead to conditional market approval.

> *"Cellaviva has experienced strong growth over the past year. Our presence in Denmark has increased and we now have offices in both Stockholm and Copenhagen. Cellaviva is Scandinavia's largest stem cell bank and we have customers from all over the Nordic region."*

The increase in sales is due to an ongoing long-term strategy to spread awareness of stem cells through digital channels and with the help of ambassadors. NextCell's clinical trials have also increased Cellaviva's visability. We are not only a stem cell bank, but we also develop therapies based on the same types of stem cells. It demonstrates the importance of stem cell banking as well as providing people with diabetes a promising treatment for their disease.

NextCell is doing well! 2020 will be an eventful year and I am grateful to be able to share the journey with you.

Mathias Svahn, Ph.D.
CEO NextCell Pharma AB

Clinical trials with ProTrans stem cells

NextCell is conducting two parallel clinical trials with the drug candidate ProTrans for treatment of patients with type 1-diabetes. The patients included in the studies are all between the ages of 18-40, have been diagnosed with type 1 diabetes within the past two or three years, and still retain some of their own insulin production.

Both clinical trails are conducted at the Karolinska Trial Alliance Phase I unit under the direction of Professor Per-Ola Carlsson, from Uppsala University, as principal investigator. Professor Ulf Smith and Professor Anders Fasth from Göteborg University, and Professor Åke Lernmark from Lund University, together form the Data Safety Monitoring Board.

PROTRANS-1

ProTrans-1 is a two-part phase I / II study, the first segment being a dose escalation with 3 + 3 + 3 patients treated with; low, medium and high doses of ProTrans. The second segment of the trial is a randomized, double-blind, placebo-controlled trial with a total of 15 patients, in which 10 patients receive ProTrans and five patients receive placebo. Together, both trials include a total 24 patients. 19 of those patients will be treated with ProTrans, nine in the dose escalation segment and another 15 in the placebo-controlled segment. The primary safety endpoint is drug safety and the primary efficacy endpoint is the change in insulin production after 1 year.

The last patient in the ProTrans-1 study was treated in June 2019, and the analysis results are expected to be available during the third quarter of 2020.

Milestones for ProTrans-1

2019-12-04	Primary efficacy measures are published for the dose-escalation part (Phase-1). Significant difference between low dose compared to medium and high dose noted.
2019-09-24	The last patient, last visit in the dose escalating segment (Phase-I), completing the Phase-1 part of the study.
2019-06-20	All patients in the Phase-II segment treated.
2019-01-30	The first patients in the phase-II part treated.
2018-10-14	All patients in the dose escalating part (Phase-I) treated.
2018-01-23	First patient treated.
2017-10-17	Permission granted by the Medicinal Product Agency (Läkemedelsverket).

PROTRANS-REPEAT

Started in May 2019, ProTrans-Repeat is a continuation study of ProTrans-1 with the aim of maximizing data collection on repeated treatment, i.e. to find out whether repeated treatment can increase or maintain the effect of ProTrans over a long period of time with retained safety.

The study includes the nine patients treated in the ProTrans-1 study's dose escalation segment, as well as another nine that serve as a control group, for a total of 18 patients. The efficacy is measured by comparing the patient's ability to produce insulin before treatment to insulin production 12 months after treatment with repeated doses of ProTrans. Patients are followed for five years after discontinuation of therapy. ProTrans-Repeat runs parallel to the phase II segment of ProTrans-1.

The last patient in the ProTrans-Repeat study was treated in September 2019, and the analysis results are expected to be available during the fourth quarter of 2020.

Milestones for ProTrans-Repeat

2019-10-01	Last patient in ProTrans-Repeat's active treatment group treated.
2019-06-19	First patient treated.
2019-05-09	Permission granted by the Swedish Medicinal Product Agency. (Läkemedels-verket).

PROTRANS™ – CAREFULLY SELECTED STEM CELLS

The drug candidate ProTrans is a stem cell product from umbilical cord cells. The cells are carefully selected with NextCell's selection algorithm (patent pending).

In a clean room laboratory, a variety of advanced analyses are performed to evaluate the function of cells and how they affect the immune system. The results are entered into the selection algorithm that calculates the cells' combined ability to attenuate an overactive immune system through several mechanisms of action.

PROTRANS™ – BIOLOGICAL INTELLIGENCE

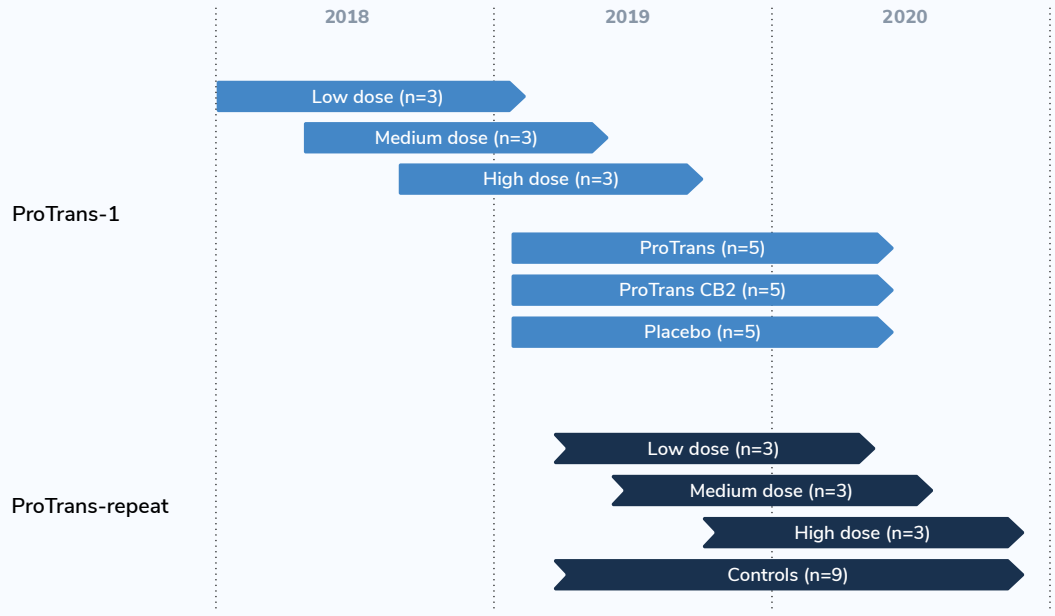
The immune system consists of a variety of cell types that are activated or inactivated by a multitude of different signalling molecules. In autoimmune diseases, this delicate balance has been disrupted and the immune system attacks the body's own cells, resulting in inflammation. This progression varies between individuals and can change over time.

ProTrans utilizes the body's own way of restoring balance. Mesenchymal stem cells immediately respond to the pathological inflammatory signalling in the environment and secrete signalling molecules to counteract the inflammation.

PROTRANS™ – INDUSTRIALLY DESIGNED CELL THERAPY

Based on experience from the pharmaceutical industry, NextCell has developed ProTrans to reach all the way to the patient. Umbilical cord stem cells can be grown in large quantities and as they are non-invasively harvested from dispensable material, the supply of raw materials is virtually unlimited.

ProTrans therapy is simple and safe and can be done at the health center (vårdcentralen). ProTrans is delivered as frozen cells in a small bag. ProTrans is thawed, and the bag of cells is then paired with a standard infusion bag. The stem cells are gently mixed with a saline solution before being given as an infusion into the arm fold. The treatment is cost-effective as NextCell can produce large production batches, can stably store frozen ProTrans for extended periods, and treatment is uncomplicated and non-invasive.



Overview of NextCells ongoing clinical trials.

Cellaviva – a biological backup

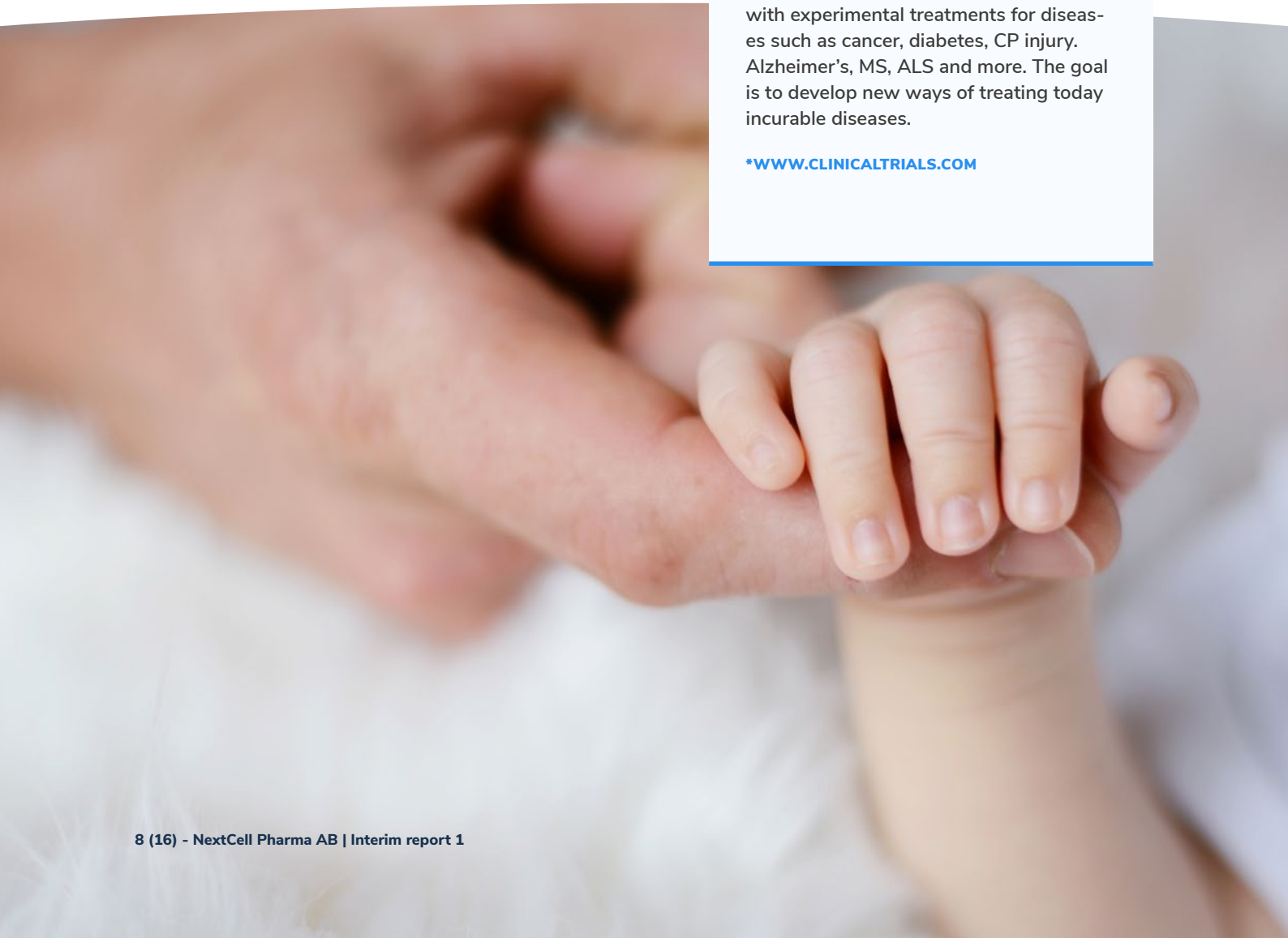
Cellaviva is Sweden's first biobank for banking of stem cells for familial use. After expansion to Denmark, and with a customer base throughout Scandinavia, the business has grown to become a market leader in stem cell banking throughout Scandinavia, and the only stem cell bank with permission from the Swedish Inspection for Health and Care (IVO).

Cellaviva launched its product in September 2015 and today, the Swedish market still can be regarded as relatively immature. However, abroad stem cell banking has been around for decades and is an established and widespread service globally. In 1988, the first stem cell transplant with umbilical cord blood cells was performed. Previously, the only stem cell source was bone marrow. Collecting stem cells from bone marrow is an extensive and invasive procedure and must be done close to the time that the transplant will be performed. Birth is a unique opportunity to collect stem cells from the umbilical cord using a non-invasive procedure from dispensable tissue. In addition, the stem cells are both unaffected by environmental factors and most powerful at birth.

Today, stem cells are used to treat a variety of severe diseases, such as blood cancers and immune system disorders. If needed, banked stem cells from the newborn baby can make treatment of severe illnesses easier, and shorten the waiting times for therapy, because matching stem cells are already available. In some cases, family members can also be treated with the stem cells from the newborn baby.

EXTENSIVE RESEARCH WITH STEM cells is being conducted. Currently, globally more than 2,500* clinical trials are ongoing with experimental treatments for diseases such as cancer, diabetes, CP injury. Alzheimer's, MS, ALS and more. The goal is to develop new ways of treating today incurable diseases.

***WWW.CLINICALTRIALS.COM**



Development in numbers during the period

CFO Sofia Fredrikson comments on the financial development. Amounts in brackets refer to the corresponding period of the previous year.

OPERATING INCOME

Operating income for the first quarter 2019/2020 amounted to SEK 1 222 087 (73 745). Of this, SEK 84 500 relates to other operating income, contribution from Vinnova and Swelife ATMP. Adjusted for this, net sales, i.e. revenues from the sale of Cellaviva's services, increased by SEK 1 063 842, corresponding approximately 1 500% compared to the same period for the previous fiscal year.

FINANCIAL DEVELOPMENT

Net result for the first quarter 2019/2020 amounts to SEK -3 755 926 (-5 440 806). The total cost base for the period amounts to SEK 4 977 101 (5 514 536) which means a decrease of SEK 537 435 (-9,7 %) compared to the corresponding period previous year. The decrease can mainly be explained to the decrease of other external costs (SEK -843 138).

LIQUIDITY

The company's cash and cash equivalents as of November 30, 2019 amounted to SEK 15 715 418 (10 437 404). Cash-flow for the first quarter 2019/2020 amounted to -4 412 765 (7 321 529). Cash flow from operating activities before changes in working capital amounted to SEK -3 676 303, which can be compared with SEK -5 346 305 (-31%) the same period for the previous fiscal year. Non-cash-affecting items in the form of depreciation amounted to SEK 79625 (94 505).

SOLIDITY

The solidity ratio as per November30, 2019 amounted to 84,6 (59,2) %.

THE SHARE AND THE LARGEST SHARE HOLDERS

The company's share is listed on Spotlight under the ticker "NXTCL". As of November 30, 2019 the number of shares amounted to 19 144 092 and the share capital amounted to 3 924 539 SEK. Average number of shares during the first quarter 2018/2019 amounted to 19 144 092 (10,693,960) All shares are of the same type and denominated in SEK. As of November 30, 2019 the number of shareholders amounted to approximately 2 590. The ten largest owners hold shares corresponding to 45.7% of the total number.

The list below shows the ten largest shareholders in NextCell Pharma as per 2019-11-30

NAME	SHARES	VOTES AND CAPITAL (%)
Diamyd Medical AB	2 453 485	12,82
Avanza Pension*	2 373 525	12,40
Anders Essen-Möller	911 721	4,76
Robert Joki	657 970	3,44
Polski Bank Komorek Macierzystych S.A.	602 483	3,15
Pabros AB (f.d.MabTech Group AB)	485 360	2,54
Nordnet Pensionsförsäkring AB	439 162	2,29
BioAll AB**	360 578	1,88
Konstruktions och försäljningsaktiebolaget	333 332	1,74
Niclas Löwgren	297 676	1,55
Total	**8 527 378**	**45,7**

* 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.

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:

Half year report	2020-04-29
Interim Report	2020-07-31
Year end report	2020-10-30

PUBLICATION OF INTERIM REPORT

Huddinge, January 31, 2020
NextCell Pharma AB

Board of Directors

Anders Essen-Möller
CHAIRMAN OF THE BOARD

Pingis Hadenius
BOARD MEMBER

Hans-Peter Ekre
BOARD MEMBER

Edvard Smith
BOARD MEMBER

Camilla Sandberg
BOARD MEMBER

Mathias Svahn
CHIEF EXECUTIVE OFFICER

Income statement

(SEK)	2019-09-01 2019-11-30	2018-09-01 2019-11-30	2018-09-01 2019-08-31
Operating income			
Net income	1 137 587	73 745	1 812 171
Other operating income	84 500	0	151 961
Total operating income	**1 222 087**	**73 745**	**1 964 132**
Operating expense			
Materials and goods	-1 194 830	-811 474	-5 613 495
Other external costs	-1 765 306	-2 608 444	-10 209 097
Personnel costs	- 1 926 896	-2 000 177	-7 231 628
Depreciation	-79 623	- 94 504	-348 256
Otheroperating expenses	-10 445	- 62	-15 284
Total operating expenses	**-4 977 101**	**-5 514 536**	**-23 417 759**
Operating results	**-3 755 014**	**-5 440 791**	**-21 453 628**
Financial income and expenses			
Interest received	0		10 630
Interest expenses and similar expenses	-912	-18	-7 787
Total	**-912**	**-18**	**-2 843**
Result before tax	**-3 755 926**	**-5440 809**	**-21 450 784**
Taxes			
Tax expenses for the period	0	0	0
Net result for the period	**-3 755 926**	**-5 440 809**	**-21 450 784**

Balance sheet

(SEK)	2019-11-30	2018-11-30	2019-08-31
ASSETS			
Non current assets			
Tangible non-current assets			
Property, plant and equipment	741 358	869 965	773 509
Inventories, tools and installations	1 654 658	1 859 425	1 702 129
	2 396 016	**2 729 390**	**2 475 638**
Financial assets			
Other long-term receivables	1 128 193	1 040 293	1 045 293
	1 128 193	**1 040 293**	**1 045 293**
Total non-current assets	**3 524 209**	**3 769 683**	**3 520 931**
Current assets			
Current receivables			
Trade receivables	782 787	45 335	360 030
Other receivables	384 061	470 857	839 374
Prepaid expenses and accrued income	2 299 189	1 484 330	1 869 077
	3 466 036	**2 000 522**	**3 068 481**
Liquid assets	**15 715 418**	**10 437 405**	**20 128 185**
Total current assets	**19 181 454**	**12 437 927**	**23 196 666**
TOTAL ASSETS	**22 705 663**	**16 207 610**	**26 717 596**

Balance sheet cont.

(SEK)	2019-11-30	2018-11-30	2019-08-31
EQUITY AND LIABILITIES			
Equity			
Restricted equit			
Share capital	3 924 539	2 354 723	3 924 539
Non-restricted equity			
Profit or loss brought forward	-644 003	-7 104 819	6 850 981
Shareholders surplus	19 679 793	24 273 891	33 635 593
Result for the period	-3 755 925	-5 440 806	-21 450 784
Total equity	**19 204 404**	**14 082 990**	**22 960 329**
Liabilities			
Long-term liabilities			
Other long-term liabilities	952 706	330 750	939 586
Current liabilitie			
Trade payable	1 371 689	432 694	1 421 834
Other liabilities	158 439	1 106 895	185 522
Prepaid income accrued expenses	1 018 426	254 280	1 210 325
	2 548 553	**1793 870**	**2 817 681**
Total liabilities	**3 501 260**	**2 124 620**	**3 757 267**
TOTAL EQUITY AND LIABILITIES	**22 705 663**	**16 207 610**	**26 717 596**

Cash flow statement

(SEK)	2018-09-01 2019-08-31	2017-09-01 2018-08-31	2018-09-01 2019-08-31
Operating activities			
Operating Profit/loss	-3 755 014	-5 440 791	-21 453 628
Non-cash flow items			
Depreciation	79 625	94 504	348 256
Interest received	0	0	10 630
Interest paid	-912	-18	-7 787
Cashflow from operating activities changes in working capital	**-3 676 303**	**-5 346 305**	**-21 102 529**
Changes in working capital			
Increase / decrease in receivables	-397 555	-73 842	-1 141 801
Increase / decrease in payables	-50 145	-219 082	770 058
Increase / decrease in other long-term payable	0	0	0
Increase / decrease in other short-term payables	-218 984	1 161 369	-660 281
Total of working capital	**-666 684**	**-1 454 293**	**-1 032 024**
Net cash flow fromoperating activities	**-4 342 987**	**-6 800 598**	**-22 134 553**
Investing activities			
Investments in material and immaterial assets	0	-396 500	-396 500
Investments in financial assets	-82 900	0	-5 000
Net cash flow from investing activities	**-82 900**	**0**	**-401 500**
Financing activities			
Long-term liabilities	13 120	36 181	178 598
Amortization	0	0	0
New issue / emission	0	14 482 446	39 417 194
Shareholder contributions	0	0	-47 430
Net cash flow from financing activities	**13 120**	**14 518 627**	**39 548 362**
Cash flow for the period			
Cash and cash equivalents at beginning of period	20 128 185	3 115 876	3 115 876
Change in cash and cash equivalents	-4 412 765	7 321 529	17 012 309
CASH AND CASH EQUIVALENTS AT END OF PERIOD	**15 715 418**	**10 437 405**	**20 128 185**

Statement of changes in equity

2018-09-01 - 2019-08-31

	SHARECAPITAL	SHARE-HOLDERS CONTRIBUTION	SHARE PREMIUMS	BALANCED RESULT	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	2 180 927		37 188 834		
Result					-21 450 784
Closing balance2019-08-31	3 924 539	13 955 800	33 635 593	-7 104 819	-21 450 784
Total equity					**22 960 329**

2019-09-01 - 2019-11-30

	SHARECAPITAL	SHARE-HOLDERS CONTRIBUTION	SHARE PREMIUMS	BALANCED RESULT	NET RESULT
Opening balance 2019-09-01	3 924 539	13 955 800	33 635 593	-7 104 819	-21 450 784
Disposition from AGM			-13 955 800	-7 494 984	21 450 784
Result					-3 755 925
Closing balance 2019-11-30	3 924 539	13 955 800	19 679 793	-14 599 803	-3 755 925
Total equity					**19 204 404**

COMPANY INFORMATION

Company name:	NextCell Pharma AB (Publ.)
Organization number:	556965-8361
Legal corporate form:	Public limited Company
Place:	Huddinge
Trading place:	Spotlight Stock Market

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