Interim report 3 for the cell therapy company

NextCell Pharma AB

September 2020 – May 2021

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. Significant effect shown in diabetes.

NextCell Pharma AB (publ.) | 556965-8361 | nextcellpharma.com | cellaviva.se

Content

01.

Interim Report Q3

"NextCell", “NXTCL” or "Company" refers to NextCell Pharma AB, organization number 556965-8361. 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.

Third quarter (2020-03-01 until 2021-05-31)

- Operating income amounted to SEK 905 750 (750 512).
- Operating result amounted to SEK -6 457 514 (-4 833 332).
- Earnings per share* amounted to SEK -0,19 (-0,42).
- Cash and bank amounted to SEK 150 753 843 (5 612 952).
- Solidity** amounted to 96,6 (74,5) %.

First nine month (2020-09-01 until 2021-05-31)

- Operating income amounted to SEK 3 074 446 (3 191 314).
- Operating result amounted to SEK -20 078 599 (-12 803 349).
- Earnings per share* amounted to SEK -0,69 (-1,11).

Significant events during the third quarter of 2020/2021

- NextCell announced in the beginning of March, the decision to establish a production facility in order to optimize and further scale up the production for a future market approval. NextCell has an agreement with the landlord Hemsö and the clean room supplier QleanAir to build a production facility in direct connection to the Company's existing office and clean room in the Novum building at Karolinska University Hospital in Huddinge. The construction will take place during the spring 2021 and the premises are expected to be completed in the third quarter of 2021. The expansion of the existing NextCell production capacity with an internal GMP facility is a further development of the ProTrans manufacturing process, from 2-dimensional cell culture to 3-dimensional bioreactor, in accordance with the awarded Eurostars Horizon 2020 grant of SEK 5 million. The primary purpose of NextCell's GMP facility is to prepare technology transfer to a potential partner and additional contract manufacturers.

- The Board of NextCell decided, with the support of the authorization by Annual General Meeting's on November 24, 2020, on a directed issue of 666,666 shares to Consensus Sverige Select at the end of March. The subscription price was set at SEK 15 per new share, and the Company received approximately SEK 10 million. The purpose of the issue of shares, and the reason for the deviation from the shareholders' preferential rights, is to broaden the shareholder base and to finance the Company’s investment in its own production facility as communicated by a press release on 2 March 2021.

- NextCell announced in mid-April that the Academic Hospital and Chief Examiner Professor Per-Ola Carlsson have been granted approval from the Medical Products Agency and the Swedish Ethical Review Authority to conduct a pediatric clinical drug trial with ProTrans to treat children and adolescents with type 1 diabetes. The study is a phase I / II study with a total of 66 patients. The first six patients, three adolescents (12-18 years) and then three children (7-11 years), will be evaluated for safety. Thereafter, a randomized, placebo-controlled part is performed to evaluate the treatment effect.

Significant events after the reporting period

- NextCell announces in the beginning of June that the first patient with severe pneumonia, as a result of COVID-19 infection, has now been treated with ProTrans. The patient was hospitalized at Örebro University Hospital, where the phase 1b study ProTrans19+SE is in progress led by Principal Investigator Associate Professor Josefin Sundh.

- NextCell announces in mid-June that an advisory meeting with the European Medicines Agency (EMA) has been held regarding ProTrans and the path forward to a possible market approval. The focus was the design of the phase III study ProTrans-3, which NextCell intends to submit an application for later this year.

- NextCell announces in late June that they have invested in a joint venture together with their long-term collaborator and contract manufacture organisation, Polski Bank Komórek Macierzystych (PBKM, FamiCord Group). NextCell has acquired approximately 10 % of shares in the newly started company FamiCordTx through a directed equity issue, raising the capital with 0,5 MEuro in cash. FamiCordTx has exclusively licensed a patent pending CAR-T technology and the tech transfer is completed, and the production of CAR-T cell therapy is awaiting ATMP manufacturing approval before production of CAR-T for clinical trial use can be started.

**Result per share: operating results divided by the average number of shares. Average number of shares for the third quarter of 2020/2021 is: 34 056 943 (19 144 092) shares and the average number of shares for the first nine months of 2020/2021 is: 29 074 754 (19 144 092). Number of shares in NextCell as per May 31st, 2021 is: 34 379 523 (19 144 092) shares.*
*** Solidity/Equity ratio: shareholders' equity of the balance sheet total.*

02.

NextCell Pharma

- the next generation of cell therapy

NextCell is active within the area of cell therapy, a field that could revolutionize the way diseases are treated in the future. The Company develops novel cell therapies based on mesenchymal stromal cells (alså called Mesenchymal stem cells, MSCs) derived from the umbilical cord. In the Company's clinical trials ProTrans™ has been shown to be both safe and efficacious in maintaining a patient's ability to produce their own insulin.

NextCell was founded in 2014 by researchers at Karolinska Institutet, initially under the name Cellaviva AB. NextCell's business concept is to develop and commercialize cell therapies based on the Company's novel selection algorithm (patent pending). Beside generating stromal cell therapies, NextCell operates Cellaviva, Sweden's first and the Nordic region's largest stem cell bank. Via Cellaviva, parents are offered the opportunity to save their newborn baby´s hematopoietic and mesenchymal stem cells, extracted from the umbilical cord, for future medical needs. Cellaviva is the only stem cell bank in Sweden with a permit from the Swedish Inspection for Health and Care (IVO).

With the proprietary selection algorithm, advanced cell therapies for autoimmune and inflammatory diseases are evaluated. NextCell's drug candidate, ProTrans, is based on mesenchymal umbilical cord stromal cells, selected by the algorithm. Initial focus has been the treatment of type 1 diabetes.

In September 2020, positive results from NextCell's clinical phase II trial, ProTrans-2, were presented. The study showed that patients treated with one dose of ProTrans maintained a statistically significant elevated production of insulin after a twelve-month period compared with the patients treated with placebo, thus achieving the study's primary endpoint. Furthermore, in December 2020, results from the follow-up study, ProTrans Repeat, were published. In addition to demonstrating the primary endpoint, a strong tendency of sustained efficacy was observed in the patients receiving high dose ProTrans. Based on these successful results in phase II, NextCell's intention is to take ProTrans to market approval via a larger phase III study, ProTrans-3.

Type-1 diabetes has been selected as the first indication for ProTrans. In the United States alone, more than 60,000 people are diagnosed with type 1 diabetes each year, and existing therapies focus only on treating the symptoms. **One of the 's goals is for ProTrans to become the first treatment targeting the underlying disease in type 1 diabetes.**

03.

CEO comments

Now the third quarter of 2021 is filed. At the time of writing, it is in the middle of summer and exactly one year since NextCell was listed on Nasdaq First North and four years since the company's shares entered a marketplace. It is a relatively short time for a pharmaceutical company, where the lead times can be long with no income at all along the way.

I think though, we have succeeded quite well in building financial value for long-term shareholders, as well as adding benefit in the medical field. In our clinical diabetes studies, patients receiving treatment with our drug candidate, ProTrans have improved their ability to produce insulin. We are a passionate team and we believe that ProTrans will make a big difference in several indications.

Clinical trials with the lead candidate ProTrans have shown both safety and efficacy in Phases 1 and 2 as well as in repeated treatments (ProTrans-1, ProTrans-2 and ProTrans-Repeat) for the treatment of adults with type-1 diabetes. The evaluation of primary endpoints has been made after 1 and 2 years, respectively, and the patients are followed up further, up to five years, to evaluate the long-term effect of the cell therapy treatment. (ProTrans-Repeat and ProTrans-OBS).

NextCell focuses on entering the market with ProTrans for the treatment of type 1 diabetes and has far-reaching plans for a phase 3 study (ProTrans-3). The study will be a multicenter study with hospitals in several countries in the EMA region. The plan is to submit the application in 2021 and start the study during the first half of 2022.

ProTrans-Young is an important investigator-initiated study to broaden the treatment of type-1 diabetes with ProTrans. The study has been granted with approval to include a total of 66 children and adolescents who will be recruited at three study centers. The principal investigator is prof. Per-Ola Carlsson at Uppsala University Hospital together with the co-investigators prof. Johnny Ludvigsson at Linköping University Hospital and prof. Helena Larsson at Skåne University Hospital.

Mesenchymal stromal cell therapies have shown promise for the treatment of severely affected COVID-19 patients. ProTrans has been shown to be a potentially effective mesenchymal stromal cell therapy and therefore, in these challenging times, been requested for use in two clinical COVID-19 studies; a phase 1b in Sweden and a phase 2 study in Canada. These studies are now recruiting patients.

ProTrans mesenchymal stromal cells are given as an infusion into the armpit. The stem cells pass, and a large part of the stem cells linger in the small blood vessels in the lungs. There, most of the cells will temporarily stay and will affect the inflammation. This makes the lung the most optimal target organ for ProTrans treatment. Patients who get life-threatening symptoms related to COVID-19 usually get it because the body overreacts to the viral infection. The immune system causes hyperinflammation in the lungs. In this hyperinflammatory state, ProTrans is given to control a local immunomodulatory effect in the lungs. We have a strong believe that ProTrans will be a particularly potent treatment for inflammatory conditions in the lungs.

Since start, NextCell has generated income via the stem cell bank Cellaviva. An important core business that demonstrates the company's business skills and ability to performing sales. The pandemic has been a challenge and has had a negative impact on Cellaviva's sales statistics. However, now the curves have turned up and this has also started to be reflected in the result, a development that we think will intensify during the second half of 2021.

Great things are happening in NextCell and the development of ProTrans. Together we build value and I want to thank all shareholders for being a part of the journey. Finally, I want to point out that the NextCell team is passionate about making a difference by developing the next generation of cell therapies. We do it for the patients, together with researchers and patients and we do it with the aim that we all shall be winners.

Mathias Svahn, Ph.D.
CEO NextCell Pharma AB

04.

Product Portfolio

NextCell´s product portfolio is based on mesenchymal stroma cells from Wharton's Jelly (WJMSCs), ie the jelly that is found around the blood vessels in the umbilical cord tissue. Mesenchymal stroma cells have an immunomodulatory ability, a feature that can be useful in a variety of areas where there is today great potential for improvement, such as in treatment of autoimmune conditions and rejection in transplants.

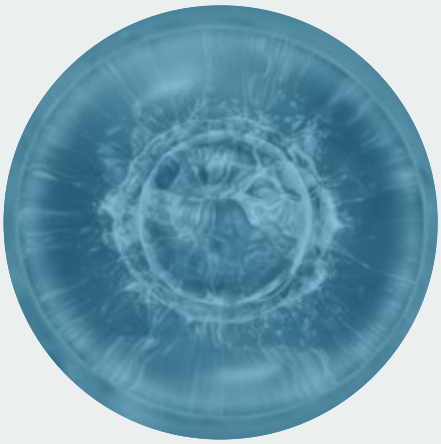
Currently, there are a number of approved treatments with mesenchymal stroma cells from, for example, adipose and bone tissue, but no established method of treatment with mesenchymal stroma cells from umbilical cord tissue. On the other hand, there are a large number of clinical trials in stroma cells from umbilical cord tissue are ongoing globally.

The basis for NextCell's stem cell therapies is the Company's proprietary selection algorithm, a patent - pending method for selecting cells with the best efficiency and potency. The method is an overall assessment of multiple functional potency assays for identifying optimal donors and cells for the manufacturing of ProTrans™ (ProTrans).

NextCell's advanced selection approach ensures higher potency and efficacy compared to other applications in cell therapy and has the ability to easily upscale. It also results in a strong safety profile with few adverse events. **The selection Algoritm is currently protected by three patent pending families.**

Furthermore, NextCell's competitive strength also lies in the use of stem cells from umbilical cord tissue. It serves as a potent cell source, capable of rapid expansion. NextCell's stem cell products are allogeneic, which means that donated stem cells, not the patient's own, are used.

05.



ProTrans™

ProTrans™ (ProTrans) is NextCell´s lead candidate, based on the selection algorithm and developed for the treatment of type-1 diabetes. Type-1 diabetes is a chronic autoimmune condition in which the immune system is attacks the insulin producing cells in the pancreas. The causes of this autoimmune reaction are not known and are not linked to modifiable lifestyle factors.

Today, there is no cure and it cannot be prevented. About 5–10 percent of all the patients with diabetes have the type-1 form, with the disease usually diagnosed in children and young adults. About the same number have an adult form of autoimmune diabetes, LADA (Latent Autoimmune Diabetes in the Adult) and a total of about 80 million people live with some form of autoimmune diabetes.

ProTrans is manufactured from umbilical cord, donated for this specific purpose. The umbilical cord is a rich source of stem cells that can be recovered at birth and cryopreserved for a long time. The willingness to donate umbilical cord tissue is extensive because the collection is completely risk-free for both children and mothers. and from these cords a large amounts of stem cells are grown. ProTrans is manufactured by a contract manufacturing organization (CMO) accordingly to NextCell's criteria. The goal is to reprogram the immune system to accept the body's own insulin producing cells. ProTrans reduces the immune system attack, and thus insulin production is preserved. By restoring the patient's innate insulin producing ability, the need for insulin treatment is reduced.

Since safety and immunomodulatory effects have been shown in phase I and phase II of the diabetes study, it is likely that ProTrans can also be effective for other types of inflammatory and autoimmune diseases. Sales or out-licensing of the selection algorithm or ProTrans can take place per indication, i.e. a platform technology with a possibility to generate several transactions. NextCell conducts, in parallel with the clinical trial program for type 1 diabetes, a study where Covid-19 patents are treated with ProTrans stem cells. The severe stage of COVID-19 is when the immune system becomes hyperactive and attacks organs including the lungs. The hypothesis is to treat patients before they reach this life-threatening condition.

ProTrans™ – carefully selected stem cells

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

In the 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

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 performed 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.

06.

Clinical trials with ProTrans™ stem cells

Clinical trials with ProTrans™ stem cells

NextCell is conducting a clinical trial program with the drug candidate ProTrans™ (ProTrans) for treatment of patients with type 1-diabetes. ProTrans-1 (phase I) and ProTrans-2 (phase II) have been completed with positive results. The patients included 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. The clinical trials have been conducted at the Karolinska Trial Alliance Phase I unit under the direction of Professor Per-Ola Carlsson, from Uppsala University, as Principal Investigator. Professors Ulf Smith and Anders Fasth from Göteborg University, and Professor Åke Lernmark from Lund University, together form the Data Safety Monitoring Board.

ProTrans-1

ProTrans-1 was started in January 2018 as a phase I study, evaluating ProTrans™ (ProTrans) safety and it´s impact on the patient's own insulin production. The study included a total of nine patients treated with low, medium and high dose. Results of the study were published on December 4, 2019 and showed a statistically significant difference in own insulin production between the different patient groups. The patients in the high and medium dose cohort had maintained a higher insulin production compared to the patients in the low dose cohort.

ProTrans-2

ProTrans-2 was a randomized, double-blinded, placebo-controlled phase II study with the effecacy as primary end point. Ten patients were treated with ProTrans and five patients were treated with placebo. The last patient in ProTrans-2 was treated in June 2019 and results were published in September 2020. The fact that the study was double-blinded ensured that neither the doctors or patients knew if they had received active treatment or placebo during the 12-month follow-up period. The results showed that the patients treated with ProTrans had maintained a statistically significantly higher insulin production after a 12-month period compared with the patients treated with placebo (p-value <0.05).

ProTrans-3

Given positive results in ProTrans-2, NextCell is planning to submit an application for a phase III study, ProTrans-3, during 2021. ProTrans-3 will be a larger phase III clinical study, and the intention is that this study will form the basis for a conditional market approval.

ProTrans-Repeat

ProTrans-Repeat was started in May 2019 and is a continuation study of ProTrans-1/2 with the aim of obtaining data on repeated treatment, ie verifying whether repeated treatment can increase or maintain any potential 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 escalating part as well as another nine patients that serve as a control group. The efficacy is measured by comparing the patient's ability to produce insulin before treatment with 12 months after treatment with the repeated dose of ProTrans. Patients are followed for five years after treatment is completed. The last patient in ProTrans-Repeat was treated in September 2019 and positive data were published in December 2020. Primary endpoint, safety, was met. No severe adverse events were recorded during the 12-month follow-up period after a second dose of ProTrans. Furthermore, a strong tendency of sustained efficacy was observed in the three patients receiving high dose ProTrans.

ProTrans-OBS

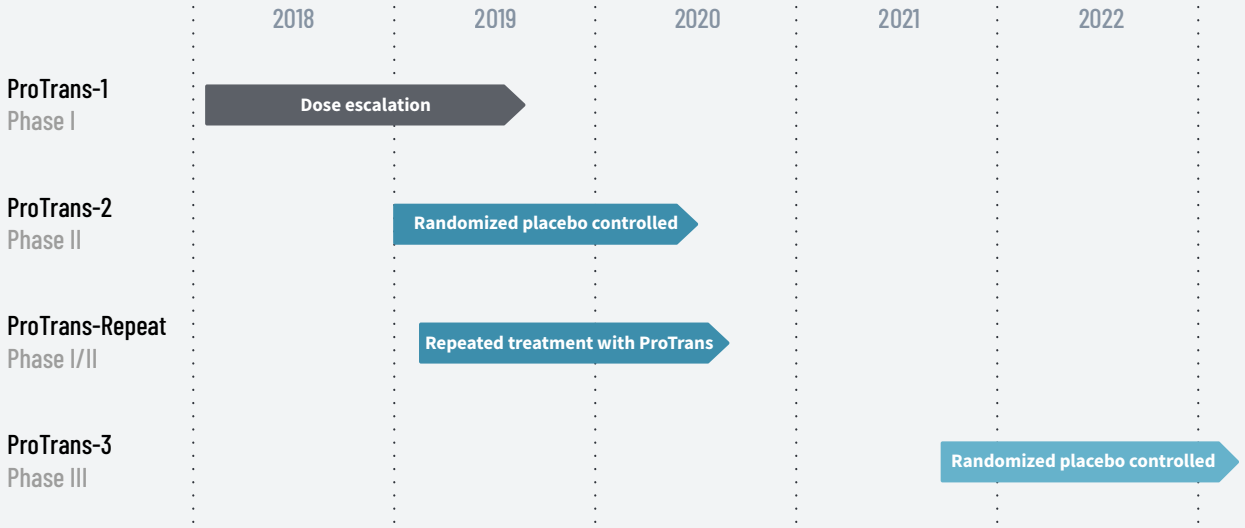
The observational study, ProTrans-OBS, was approved by the Swedish Ethical Review Board in December 2020 and the start is scheduled to the first quarter of 2021. The trial is a follow-up of the clinical trial ProTrans 2 and patients that completed ProTrans-2 are asked to participate in semi-annual follow-up of safety and efficacy over a four-year period. The OBS study is conducted by Professor Per-Ola Carlsson at Uppsala University and is a non-intervention study, ie. the patients included will only be followed up, not be treated with aditional doses of ProTrans. As stated above, the ProTrans-Repeat study showed both efficacy and safety over a two-year period where an additional high dose of ProTrans was given after 12 months. The long-term effect of a single infusion compared to two infusions is evaluated by running the two studies, ProTrans-Repeat and ProTrans-OBS, in parallel.

ProTrans-Young

ProTrans-Young is a pediatric ProTrans study for the treatment of children and adolescents with type 1 diabetes. The trial is initiated by, and will also be carried out by, Professor Per-Ola Carlsson, principal investigator for all NextCell's diabetes studies, together with the co-investigators Professor Helena Elding Larsson, Skåne University Hospital and Professor Johnny Ludvigsson, Linköping University Hospital. Sponsor is Uppsala Universitet, NextCell will contribute ProTrans and Placebo to the study. The study has received aproval from the Medical Products Agency and the Swedish Ethical Review Authority and start is expected to the third quarter of 2021. ProTrans Young is a phase I / II study with a total of 66 patients. The first six patients treated will be evaluated for safety. The first six patients, three adolescents (12-18 years) and three children (7-11 years), will be treated and assessed for safety. After that, a randomized, placebo-controlled phase will be performed to evaluate the treatment efficacy.

ProTrans for the Treatment of Covid-19 and Other Respiratory Diseases

ProTrans is an immunomodulatory cell therapy and this mechanism is believed to be effective in other autoimmune diseases and inflammatory conditions in addition to type 1 diabetes. The severe stage of Covid-19 is caused by the immune system becoming hyperactive and attacking organs, including the lungs. The hypothesis is to treat patients before they reach this life-threatening condition. Urrently, two clinical trials are being conducted in which COVID-19 patients are being treated with the drug candidate ProTrans. After beeing granted approval from both the Swedish Ethics Review Authority and the Medical Products Agency, ProTrans-19 + SV was started in mid-May 2021. In this open phase 1b study, COVID-19 patients are treated with the drug candidate ProTrans. A total of three groups of each three patients will be treated with different doses. The study will be carried out at the University Hospital in Örebro in collaboration with the Department of Clinical Trials and Karolinska Trial Alliance. In addition, McGill University in Montreal has been granted with a approval from Health Canada to conduct a phase-2 study with ProTrans for the treatment of hyperinflammation of the lungs caused by the coronavirus. The study is sponsored by the Research Institute of the McGill University Health Center and NextCell contributes with study drugs. The study includes 48 patients with severe pneumonia and confirmed Covid-19 where 24 patients are randomized to ProTrans treatment and another 24 patients will receive placebo.



Overview of NextCells ongoing clinical trials. Note: In order to simplify for the reader, the study titles' short names have been changed. Formally, ProTrans-1 and ProTrans-2 are a single phase I / II study with EudraCT No: 2017-002766-50. ProTrans-Repeat can be seen as a continuation study of ProTrans-1 where the patients in the dose scaling section have undergone another treatment with ProTrans, EudraCT no: 2018-004158-11

Milestones achieved

ProTrans-1

2019-12-04	Interim results published with positive effect
2019-09-24	All patients in the dose escalation phase have now completed the trial
2018-10-14	All three patients in the high-dose-cohort treated (nine patients have been treated in total)
2018-01-03	First patient treated
2017-11-28	Initiation meeting at Karolinska Trial Alliance, Huddinge
2017-10-17	Permission granted by the Medicinal Product Agency
2017-07-24	Clinical trial application submitted

ProTrans-2

2020-09-08	Positive data with statistical significance are published
2020-06-08	All patients have now completed the trial
2019-06-20	Final patient treated in ProTrans-2
2019-01-30	First two patients have been treated in ProTrans-2
2018-10-25	Approval by the Data and Safety Monitoring board to proceed with the second part of the trial

ProTrans Repeat

2020-12-10	Positive data with proven efficacy and safety are published
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 (Läkemedelsverket)

07.

Employees

Bahareh Khalaj switched from the academia to NextCell Pharma to be a part of the development of the future cell therapies.

Bahareh Khalaj is working as a laboratory engineer and joined NextCell Pharma in 2015. Before, she worked within the academy, but applied to NextCell Pharma to get the chance to participate in the pioneering work of developing the future cell therapies for individuals with autoimmune diseases.

- I´m born in Iran where I also studied to be a biomedical analyst before I came to Sweden to study immunology and infectious biology. My original plan was to move back to Iran after finishing my studies, but then I met my husband and decided to stay in Sweden, says Bahareh Khalaj.

After working as a laboratory engineer at Uppsala University and at Karolinska Hospital, she applied to NextCell Pharma 2015. NextCell has developed ProTrans, the world's first drug candidate to treat the underlying mechanisms behind type-1 diabetes.

Cell therapy and how it can be used to treat inflammatory and autoimmune diseases is an exciting area that is still mostly unexplored. What attracted me to the pharmaceutical industry in general and NextCell in particular was the opportunity to be involved in developing the stem cell therapy of the future that can make a real difference for individuals with type-1 diabetes and other autoimmune diseases, says Bahareh Khalaj.

Varied work in a tight team

As a research engineer, she has been involved in the development of both NextCell and the company's drug candidate ProTrans since the start.

- I perform different studies to analyze the effect of ProTrans on various autoimmune diseases. This work has many factors that makes me happy. We are a small, tight team, working very focused to further develop ProTrans and guide the candidate through various development phases. Working as a research engineer at a pharmaceutical company is very different from working within the academy. Here, the work continuously shifts focus as the drug candidates are in different stages of development. This makes the work varied and constantly challenging, says Bahareh Khalaj.

Strong belief in the possibilities of mesenchymal stroma cell therapy

Working at a fast-growing cell therapy company, placed at the forefront of stem cell research and being involved in developing drugs that may have a major impact on human health feels meaningful and interesting to Bahareh Khalaj.

- I am driven by a strong belief in the possibilities of mesynchemal stroma cell therapy. The fact that our drug candidate actually has shown an effect on diabetic patients in our clinical studies, gives me an enormous satisfaction. It makes our work meaningful and important. Now I look forward to the next challenge when we will start manufacturing ProTrans under our own auspices in connection with the phase III study that will take our drug candidate to a market approval, says Bahareh Khalaj.

08.

Cellaviva – from birth to life

NextCell operates, in addition to the development of new therapies for autoimmune and inflammatory diseases, Sweden's first and Nordic region's largest biobank for stem cells, Cellaviva. Cellaviva offers parents the service to store stem cells, hematopoietic from umbilical cord blood and mesenchymal from the umbilical cord, at the time of birth.

After the 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 Inspectorate 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. The market penetration for stem cell savings differs a lot between different countries. Singapore is at the top with tissue saved for over 20 percent of the births, while European countries are usually below 5 percent. NextCells assessment is that Sweden is far behind and that awareness of the presence of stem cells in the unbilical cord is low.

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 are most effective at birth.

Extensive research with stem cells is being conducted. Currently, globally more than 2 300* clinical trials are ongoing with experimental treatments for diseases as cancer, diabetes, cerebralpalsy, Alzheimer´s, multiple sclerosis, ALS and more. The goal is to develop new ways of treating today incurable diseases.

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.

**www.clinicaltrials.com*

09.

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 third quarter of 2020/2021 amounts to SEK 0,9 (0,8) million, where SEK 0,9 (0,7) million relates to income from Cellaviva's operations. This means that revenues are at an even level between the periods. Revenues related to Cellaviva have shown steady growth over the past two years. However, during the past six months a slowdown has been noted which can be explained by the current pandemic. The restrictions with restraining orders on the deliveries makes it difficult for our midwifes to accomplish some of the planned stem cell collections. We have also noticed that the economic crisis, as a result of the pandemic, leads to potential customers refraining from investing in stem cell savings. In recent months, however, we see that sales have turned up again in both Sweden and Denmark, which is expected to have an impact on revenue in the coming quarters.

Financial development

The result for the third quarter 2020/2021 amounts to SEK -6,5 (-4,8) million and the total cost base for the period amounts to SEK -7,4 (-5,6) million, which means an increase of SEK 1,8 million (32 %). The increase is in line with the budget and is mainly traced to the item Other external costs and Personnel costs. The costs are expected to increase in coming periods as the business shifts up in scope due to the planned phase III study.

Liquidity

NextCell's cash and cash equivalents as of May 31, 2021 amounted to SEK 150,8 (5,6) million. Total cash flow for the second quarter 2020/2021 amounted to SEK 1,8 (-5,1) million. During the period, in April 2021, a rights issue was carried out which provided the Company with SEK 10,0 million, approximately SEK 9,4 million after deductions for transaction costs. Cash flow from operating activities amounted to SEK -7,2 (-4,7) million. Thus, cash flow from operating activities has increased by SEK 2,5 million, corresponding to 53 % which is in line with expectations and budget as the business gradually is scaling up due to the planned Phase III study. The cash flow for the first nine months amounted to SEK 128,8 (-14,5) million, of which the cash flow from operating activities amounts to SEK -19,8 (-12,5) million. The Company assesses that it has financing to run the business with the planned scope of activities, including the Phase III study, for at least three years ahead.

Solidity

The solidity ratio as per May 31, 2021 amounted to 96,6 (74,5) %.

The share and the largest share holders

The Company's share is listed on First North Growth Market and is traded under the ticker “NXTCL”. In April 2021, a directed issue was carried out and as a result the share capital increased by SEK 136 666.53 by issuing 666 666 shares. As of May 31, 2021, after registration of the issue, the number of shares amounted to 34 379 523 and the share capital to SEK 7 047 802,215. The average number of shares during the third quarter was 34 056 943 (19 144 092) and the average number of shares for the first nine months of 2020/2021 is: 29 074 754 (19 144 092). All shares are of the same type and denominated in Swedish kronor (SEK).

As of May 31, 2021, the number of shareholders was approximately 5 226 (2 849). The ten largest owners held shares corresponding to 46,06 % of the total number.

The list below shows the ten largest shareholders in NextCell Pharma as per 2021-05-31

NAME	SHARES	VOTES AND CAPITAL (%)
Diamyd Medical AB	4 283 861	12,46
Avanza Pension	3 755 696	10,92
Anders Essen-Möller*	2 518 909	7,33
Ålandsbanken	1 197 585	3,48
Pabros AB	847 452	2,46
Christer Jansson	789 037	2,30
Consensus Sverige Select AB	666 666	1,94
Konstruktions och försäljningsaktiebolaget	650 000	1,89
Nordnet Pensionsförsäkring	591 157	1,72
Robert Joki	535 600	1,56
Total	**15 783 680**	**46,82**

** In addition to Chairman of the Board, Anders Essen-Möller´s directly registered holdings, this item includes holdings of 4,17 percent managed by Avanza Pension.*

Accounting principles for the preparation of this Year-End 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:

Year-End Report	2021-10-29
Annual Report	2021-11-03
Annual Meeting	2021-11-24

Publication of interim report

Huddinge, July 30, 2021
NextCell Pharma AB

Board of Directors

Anders Essen-Möller
CHAIRMAN OF THE BOARD

Camilla Sandberg
BOARD MEMBER

Hans-Peter Ekre
BOARD MEMBER

Edvard Smith
BOARD MEMBER

Mathias Svahn
CHIEF EXECUTIVE OFFICER

10.

Income statement

(SEK)	2021-03-01 2021-05-31	2020-03-01 2020-05-31	2020-09-01 2021-05-31	2019-09-01 2020-05-31	2019-09-01 2020-08-31
Operating income					
Net income	862 82	734 925	2 762 328	3 191 314	3 564 701
Other operating income	42 929	15 587	312 118	145 931	601 422
Total operating income	**905 750**	**750 512**	**3 074 446**	**3 337 245**	**4 166 123**
Operating expense					
Materials and goods	-2 052 987	-1 169 083	-8 115 442	-4 769 637	-6 765 340
Other external costs	-2 336 967	-2 442 839	-6 475 056	-5 510 606	-7 172 686
Personnel costs	-2 852 496	-1 835 199	-8 256 709	-5 549 093	-7 506 910
Depreciation	-114 432	-118 976	-311 111	- 291 340	-397 102
Other operating expenses	-5 747	-16 545	-50 840	-33 696	-26 453
Total operating expenses	**-7 362 629**	**-5 582 642**	**-23 209 158**	**-16 154 372**	**-21 868 490**
Operating results	**-6 456 879**	**-4 832 130**	**-20 134 712**	**-12 817 127**	**-17 702 367**
Financial income and expenses					
Interest received	0	0	56 994	16 167	30 508
Interest expenses and similar expenses	-635	-1 202	-881	-2 389	-8 838
Total	**-635**	**-1 202**	**56 113**	**13 778**	**21 670**
Result before taxes	**-6 457 514**	**-4 833 332**	**-20 078 599**	**-12 803 349**	**-17 680 697**
Taxes					
Tax expenses for the period	0	0	0	0	0
Net result for the period	**-6 457 514**	**-4 833 332**	**-20 078 599**	**-12 803 349**	**-17 680 697**

11.

Balance sheet

(SEK)	2021-05-31	2020-05-31	2020-08-31
ASSETS			
Non current assets			
Tangible non-current assets			
Property, plant and equipment	1 825 802	1 411 694	1 340 186
Inventories, tools andinstallations	1 203 549	1 559 717	1 274 346
	3 029 351	**2 971 411**	**2 614 532**
Financial assets			
Other long-term receivables	1 129 193	1 128 193	1 128 193
	1 129 193	**1 128 193**	**1 128 193**
Total non-current assets	**4 158 544**	**4 218 580**	**3 742 725**
Current assets			
Current receivables			
Trade receivables	710 062	571 708	820 235
Other receivables	407 481	404 704	454 011
Prepaid expenses and accrued income	4 171 930	2 456 406	2 798 783
	5 289 473	**3 432 818**	**4 073 028**
Liquid assets	**150 753 843**	**5 612 952**	**21 958 336**
Total current assets	**156 043 316**	**9 045 770**	**26 031 364**
TOTAL CURRENT ASSETS	**160 201 860**	**13 145 374**	**29 774 089**

Balance sheet cont.

(SEK)	2021-05-31	2020-05-31	2020-08-31
EQUITY AND LIABILITIES			
Equity			
Restricted equit			
Share capital	7 047 802	3 924 539	4 796 658
Non-restricted equity			
Profit or loss brought forward	-28 827 505	4 712 990	-14 599 803
Shareholders surplus	196 669 920	13 955 800	53 702 295
Result for the period	-20 078 599	-12 803 349	17 680 697
	147 763 816	**5 865 441**	**21 421 795**
Total equity	**154 811 618**	**9 789 980**	**26 218 453**
Liabilities			
Long-term liabilities			
Other long-term liabilities	1 700 497	1 100 686	1 380 802
Current liabilitie			
Trade payable	772 676	771 147	477 603
Other liabilities	259 984	261 170	176 569
Prepaid income accrued expenses	2 657 085	1 222 391	1 520 662
	3 689 745	**2 254 708**	**2 174 834**
Total liabilities	**5 390 242**	**3 355 394**	**3 555 636**
TOTAL EQUITY AND LIABILITIES	**160 201 860**	**13 145 374**	**29 774 089**

12.

Cash flow statement

(SEK)	2021-03-01 2021-05-31	2020-03-01 2020-05-31	2020-09-01 2021-05-31	2019-09-01 2020-05-31	2019-09-01 2020-08-31
	3 MÅN	3 MÅN	6 MÅN	6 MÅN	12 MÅN
Operating activities					
Operating profit/loss	-6 456 879	-4 832 130	-20 134 712	-12 817 127	-17 702 367
Non-cash flow items					
Depreciation	114 432	118 976	311 111	291 340	397 102
Revenue from disposal of assets	0	0	0		-28 883
Interest received	0	0	56 994	16 167	30 508
Interest paid	-635	-1 202	-881	-2 389	-8 838
Cashflow from operating activities before changes in working capital	**-6 343 082**	**-4 714 356**	**-19 767 488**	**-12 512 009**	**-17 312 478**
Changes in working capital					
Increase / decrease in receivables	-1 219 682	340 404	-1 216 445	-364 337	-1 004 547
Increase / decrease in payables	-473 078	-791 220	295 071	-650 687	-944 231
Increase / decrease in other short-term payables	788 044	444 399	1 219 838	248 813	301 384
Total of working capital	**-904 716**	**-6 417**	**298 464**	**-766 211**	**-1 647 394**
Net cash flow from operating activities	**-7 247 798**	**-4 720 773**	**-19 464 023**	**-13 278 220**	**-18 959 872**
Investing activities					
Investments in material and immaterial assets	368 950	0	-725 930	-787 113	-787 113
Sale of fixed assets					280 000
Investments in financial assets	0	0	-1 000	-82 900	-82 900
Net cash flow from investing activities	**-368 950**	**0**	**-726 930**	**-870 013**	**-590 013**
Financing activities					
Long-term liabilities	78 607	0	319 695	0	441 216
New issue	9 999 990	0	164 717 835		25 100 028
Cost related to the new issue	-644 299	-367 000	-16 046 071	-367 000	-4 161 206
Net cash flow from financing activities	**9 434 298**	**-367 000**	**148 991 459**	**-367 000**	**21 380 038**
Cash flow for the period					
Cash and cash equivalents at beginning of period	148 936 293	10 700 725	21 958 336	20 128 185	20 128 185
Change in cash and cash equivalents	1 817 550	-5 087 773	128 795 506	-14 515 233	-1 830 151
CHANGE IN CASH AND CASH EQUIVALENTS	**150 753 843**	**5 612 952**	**150 753 842**	**5 612 952**	**21 958 336**

13.

Statement of changes in equity

2020-08-31

	SHARE CAPITAL	BALANCED RESULT	SHARE PREMIUMS	NET RESULT OF THE PERIOD	TOTAL EQUITY
Opening balance 2019-09-01	**3 924 539**	**6 850 981**	**30 182 598**	**-17 997 789**	**22 960 329**
Disposition from AGM		-17 997 789		17 997 789	0
New issue	872 120		24 227 908		25 100 028
Costs related to the new issue			-4 161 206		-4 161 206
Result				-17 680 697	-17 680 697
Closing balance 2020-08-31	**4 796 658**	**-11 146 808**	**50 249 300**	**-17 680 697**	**26 218 453**

2021-05-31

	SHARE CAPITAL	BALANCED RESULT	SHARE PREMIUMS	NET RESULT OF THE PERIOD	TOTAL EQUITY
Opening balance 2020-09-01	**4 796 658**	**-11 146 808**	**50 249 300**	**-17 680 697**	**26 218 453**
Disposition from AGM		-17 680 697		17 680 697	0
New issue	2 251 144		162 466 691		164 717 835
Costs related to the new issue			-16 046 071		-16 046 071
Result				-20 078 599	-20 078 599
Closing balance 2021-05-31	**7 047 802**	**-28 827 505**	**196 669 920**	**-20 078 599**	**154 811 618**

Company information

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

Trading place: Nasdaq First North Growth Market
Address: Novumhuset Hälsovägen 7, 141 57 Huddinge
Telephone: +46 8 735 55 95
Web page: www.nextcellpharma.com | www.cellaviva.se