SPAGO NANOMEDICAL AB

Interim report

January- March 2023

Towards clinic with Tumorad®

JANUARY – MARCH IN BRIEF

- Net sales for the quarter amounted to KSEK 88 (KSEK 211)
- The loss for the quarter amounted to KSEK –14,379 (KSEK -9,880)
- Operating expenses for the quarter amounted to KSEK -17,168 (KSEK -11,100)
- Earnings per share, before and after dilution, for the quarter amounted to SEK -0.16 (SEK -0.24)
- Cash and cash equivalents at the end of the quarter amounted to KSEK 45,106 (KSEK 40,992)

SIGNIFICANT EVENTS DURING THE QUARTER

- The paper, titled "Characterization and Efficacy of a Nanomedical Radiopharmaceutical for Cancer Treatment", was published in the peer reviewed scientific journal ASC Omega. The results show that the candidate drug ^{177}Lu-SN201 within the Tumorad program accumulates in tumors to the same extent as a comparable market approved benchmark and is well suited for systemic treatment of cancer. Furthermore, ^{177}Lu-SN201 delays tumor growth and prolongs survival in a preclinical model of colon cancer.

SIGNIFICANT EVENTS AFTER THE QUARTER

- The nomination committee proposed for the annual general meeting election of Hans Arwidsson as new chairman of the board and Alan Raffensperger as new board member to increase the commercial focus. Furthermore, the election committee proposed re-election of the board members Kari Grønås and Nicklas Westerholm.
- Principal investigator Dr Ligita Jokubkiene presented observations from the ongoing phase IIa clinical trial SPAGOPIX-02 in endometriosis at the scientific conference, 15th World Congress on Endometriosis.

Unless otherwise stated, this Interim report refers to the Group. Figures in parentheses refer to the parent company and to the corresponding period last year.

CEO STATEMENT

The start of 2023 was characterized by intensive preparations for the start of our first clinical study with the radionuclide therapy Tumorad® in cancer patients. In parallel, we worked on producing the final report for the completed SPAGOPIX-01 study in which the MRI contrast agent SN132D was evaluated in breast cancer.

The preparations for the planned phase I/IIa clinical study Tumorad-01 with our leading drug candidate ^{177}Lu-SN201 has been intensified during the first quarter. The clinical study protocol has been finalized, as have contracts with CROs for conducting the study. Additionally, we have completed large-scale GMP-classified manufacturing of trial material for the study, a significant risk reduction in the project. Now remaining the formal approval process for the study with an Australian Human Research Ethics Committees, we expect this to begin in the next few weeks. The Phase I part of Tumorad-01 is a dose-escalation, first-in-human study intended to be conducted in up to 30 patients with advanced cancer. The study will initially be conducted at clinics in Australia with the primary objective of evaluating the safety, tolerability and dosimetry of ^{177}Lu-SN201. In addition to competent clinics, Australia offers several regulatory and financial advantages that allow us to bring Tumorad to cancer patients quickly and cost-effectively. Not least, the possibility of substantial reimbursement of R&D costs is a great advantage. Moreover, authorities and hospitals are familiar with radiopharmaceuticals and have access to local manufacturing and distribution of the radioisotope lutetium-177.

The start of clinical development with Tumorad marks a crucial milestone for Spago Nanomedical. Following the positive results with the SpagoPix diagnostic project in breast cancer, which shows that our platform works well for targeting solid tumors, we are now placing a large and increasing focus on the development of drugs against cancer. Our belief in Tumorad as a promising new radionuclide therapy for physiological targeting and tumor-selective treatment of cancer was further confirmed at the beginning of the quarter by the publication of an article in the scientific journal ACS Omega showing that ^{177}Lu-SN201 accumulates well in cancer tumors and slows tumor growth, which resulted in longer survival in preclinical tumor models. The published results provide further support for the start of clinical development with Tumorad.

At the end of last year, the initial clinical results from our completed phase I study SPAGOPIX-01 were presented at the San Antonio Breast Cancer Symposium 2022. The results showed that SN132D is well tolerated and provides clear contrast enhancement in MRI images of solid tumors of the breast, as well as in the pancreas and in the liver, which means that the primary objective of the study was achieved. Intensive work is now underway to complete the final report and we expect to be able to present full results from the study later this year. In addition, work is underway to evaluate and clearly define the commercial positioning in breast cancer.

Following the close of the quarter, the principal investigator Dr Ligita Jokubkiene presented early observations from the phase IIa study SPAGOPIX-02 evaluating the contrast agent SN132D in endometriosis at the 15th World Congress on Endometriosis scientific conference. The observations from patients examined so far support further study recruitment. Preliminary results are expected to be presented as planned around mid-year.

Following the close of the quarter, the nomination committee presented its proposal for the board's composition for the 2023 annual general meeting. In the proposal, Hans Arwidsson and Alan Raffensperger are nominated as chairman and new member of Spago Nanomedical, respectively. With the proposed composition, we get a clearly commercially oriented board that is well-suited to drive important areas within company management, business development and financing. I am very much looking forward to continuing to develop the company together with the new board.

With continued positive momentum from the previous year within both of our leading development programs, I look forward to an eventful 2023.

Mats Hansen, CEO Spago Nanomedical AB

"The start of clinical development with Tumorad marks a crucial milestone for Spago Nanomedical."

SPAGO NANOMEDICAL IN BRIEF

Spago Nanomedical AB (publ) is a Swedish clinical phase nanomedicine company, developing products for diagnostics and treatment of severe diseases. Spago Nanomedical´s share is listed on Nasdaq First North Growth Market (ticker: SPAGO).

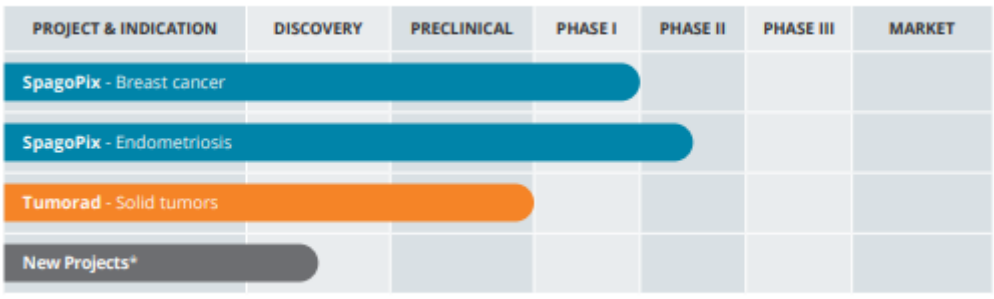
The company's operations are based on a patented material for the design of functional nanoparticles that accumulate physiologically in tumors, thus enabling higher precision in image diagnostics and treatment of severe diseases. With our development programs, we aim to improve the conditions for effective healthcare for large groups of patients while at the same time meeting the needs of commercial pharmaceutical companies for positioning, supplementing and renewing their product portfolio.

Spago Nanomedical's business model is based on the development of nanomedical projects up to the point of clinical proof-of-concept. The subsequent development to commercialization is carried out by means of licensing and partnership agreements with established companies in each project area, with global reach and sufficient capacity.

***SpagoPix** aims to improve the precision of MRI scans of suspected cancers and other severe diseases by launching a groundbreaking selective contrast agent for more precise visualization of tumors and other lesions. Initial clinical results show that the product candidate SN132D provides high and relevant contrast in breast cancer tumors, in the liver and in the pancreas, while maintaining good safety. In a phase IIa clinical study, the possibility of increasing the precision in the diagnosis of endometriosis is currently being investigated.*

***Tumorad®** aims to develop a novel drug for radionuclide therapy for aggressive cancer. Preclinical results show that the product candidate 177Lu-SN201 accumulates in aggressive tumors, delays growth and prolongs survival at clinically useful doses. This opens up for wide use of 177Lu-SN201 for the treatment of various forms of cancers. Work is currently underway to complete the clinical trial application and prepare for the start of a clinical phase I/IIa study in cancer patients.*

PIPELINE



*Undisclosed indications

PROGRAM - SPAGOPIX

BACKGROUND

SpagoPix is a tumor-selective contrast agent with extraordinary signal strength and potential to significantly improve cancer diagnostics based on magnetic resonance imaging (MRI). Through better and more precise visualization of soft tissue tumors and other lesions, the chances of successful treatment of patients are increased.

The product candidate within SpagoPix, SN132D, is designed for physiological and selective accumulation in tumors and other lesions via the scientifically well-established mechanism "Enhanced Permeability and Retention (EPR) effect"[1]. Furthermore, the contrast agent has a significantly better ability to amplify the signal measured in MRI examinations (relaxivity) compared to current contrast agents.

The combination of the selective mechanism of action and the high signal strength gives MRI images better contrast between cancer tissue and the healthy tissue, which creates better opportunities to detect small and aggressive tumors with high specificity, and provides a more accurate and clearer image of the tumor. This can open up for earlier diagnostics, more efficient surgery, screening of high-risk patients, monitoring and follow-up of patients before and after surgery, and facilitating automated image analysis for example with AI-based systems. Improved methods for accurate visualization and diagnosis of tumors would increase the probability of a successful treatment and thus the patients' chance of better survival and quality of life. SN132D can also provide the opportunity for better imaging of other disease states where the EPR effect is pronounced, such as endometrios, and thus open to earlier detection and more effective treatment even of this disease with a great medical need for improved imaging.

In addition to the good diagnostic properties, SN132D is also free of the metal gadolinium, that is found in all clinically used MRI contrast agents at present. Gadolinium has been shown to, among other things, accumulate in the brain[2], which has led to several authorities introducing restrictions on the use of gadolinium-based MRI contrast agents. There is also increasing evidence that gadolinium can pose an environmental problem when it ends up in waste water. SN132D is instead based on manganese, a naturally occurring element that is essential for many functions in the human body.

In summary, these properties make SN132D a unique contrast agent with the potential to significantly improve the imaging of tumors and other lesions compared to conventional MRI contrast agents.

MARKET

In order to effectively demonstrate clinical proof of concept for the program and the company's platform technology, the development of the SpagoPix initially focuses on MRI examination of breast cancer, a disease that annually affects approximately 2.3 million people globally. Already today, MRI is a clinical practice with several different areas of application in cancer, and a gadolinium-free contrast agent with higher precision can both take market shares from existing preparations and increase its use further. Based on the mechanism of action of SN312D, there is an opportunity to broaden the use further both in the field of cancer, in breast cancer and other forms of solid tumors such as pancreas, and in other diseases such as endometriosis. It is estimated that more than 176 million women of reproductive age are affected worldwide and endometriosis accounts for societal healthcare costs of a similar order as diseases such as type 2 diabetes or rheumatoid arthritis. Currently, the average time to diagnosis is 7 years and the clinical need for improved diagnostic technologies is high. A tissue-selective product, free of gadolinium, is expected to be priced higher than today's products. This means that the possible market size is very attractive.

[1] Eriksson et al., 2014
[2] Kanda et al., 2014, Radiol. 270: 834-841; McDonald et al., 2015, Radiol. 275: 772-782

STATUS

The clinical phase I study SPAGOPIX-01, conducted at two hospitals in Sweden, was concluded in previous year. In total, 14 patients with confirmed cancer in breast were included and dosed. The primary objective with the study was to study safety at different doses of SN132D. A secondary objective was to document how this new contrast agent can enhance MRI images of cancer tumors in breast and pancreas with suspicious spread to the liver.

Based on analysis of the second dose group, the interim results show that SN132D gives a positive contrast in MRI images of breast cancer tumors in humans while maintaining a good safety profile. In addition to the positive contrast in breast cancer tumors, all MRI images in the study show that SN132D also generates good contrast in the pancreas and liver. Beyond confirming that SN132D can improve the diagnosis and monitoring of suspected and diagnosed breast cancer with MRI, the results also confirm the ability of the company's unique platform material to accumulate selectively and without background noise in solid tumors in humans. This can be seen as a clinical validation of the platform technology and allows for the use of the company's nanomaterial also for therapeutic purposes. The interim results from the study were be presented at the 2022 San Antonio Breast Cancer Symposium and the final report of the study is in preparation.

During the end of previous year, the company dosed the first patient in a phase IIa clinical study, SPAGOPIX-02, in patients with suspected endometriosis. The study will include up to 18 patients and will be conducted at Skåne University Hospital in Malmö. The study evaluates the safety and MRI enhancing properties of SN132D in participants with suspected endometriosis. Comparisons will be made with transvaginal ultrasound and non-contrast enhanced MRI to consider the diagnostic potential of SN132D in endometriosis. Following the close of the quarter, the principal investigator Dr Ligita Jokubkiene presented early observations from SPAGOPIX-02 at the 15th World Congress on Endometriosis scientific conference. Observations from patients examined so far support further study recruitment. Preliminary results are expected to be presented as planned around mid-year.

In the next stage, SN132D will be tested in larger clinical studies and/or in different indications prior to market approval. Spago Nanomedical's strategy is based on the licensing of projects in the clinical phase. The process of evaluating potential licensees is ongoing and has so far resulted in valuable feedback. On the basis of this and interim data, which shows good contrast enhancement in tumors and target organs without background noise, the company is currently evaluating the positioning in cancer and other diseases to maximize the opportunity for partnership.

PROGRAM - TUMORAD

BACKGROUND AND MARKET

Behandling med radioaktiv strålning har sedan länge använts för effektiv bekämpning av cancer. Tillsammans med kirurgi och cytostatika utgör terapi med strålning en hörnsten i behandlingen av flera cancerformer. I Tumorad laddas nanopartiklar med radioaktiva isotoper och ger därmed möjlighet till invärtes strålterapi, så kallad radionuklidterapi, mot cancer. Liksom i SpagoPix har Tumorad-partiklarna designats för fysiologisk ansamling i tumörer, vilket ger möjlighet till invärtes strålbehandling av aggressiv och spridd cancer med hög precision.

Despite important advances in the treatment of disseminated cancer, long-term survival is in many cases still unsatisfactory. Surgery, external radiation therapy, and chemotherapy are seldom curative and often have side effects that limit treatment options. Internal radiation therapy, so-called radionuclide therapy (RNT), is a valuable alternative or complement to existing treatment, especially in cases of disseminated or aggressive cancer. A few drugs are used clinically at present, but unlike those that target specific cancers, Tumorad has the advantage of providing the opportunity to treat different types of solid tumors, and as such has a potentially higher market value.

Interest in RNT is very high and is shown not least by a number of deals in recent years where large pharmaceutical companies have acquired or invested billions in RNT projects. Today there are just over a handful of approved RNT products and the market is expected to grow rapidly in steps with further market approvals, increased subsides, and a remaining large medical need. Tumorad is expected to be used both as a complement to surgery, chemotherapy, and immunotherapies, as well as first treatment options. This opens up opportunities for optimized development and for broad use in the market. Based on the number of people who die annually from disseminated cancer in indications with a documented EPR effect, and a price on a par with current preparations, the annual market potential for Tumorad is estimated to amount to billions.

STATUS

As the core of the Tumorad particles is based on the same platform as the nanoparticles used for SpagoPix, there are significant synergies between the programs with regards to the material's structure and production.

Extensive development and optimization work has previously resulted in the candidate drug, SN201, which coupled with the isotope lutetium-177 (^{177}-Lu) provides the desired exposure to radioactivity in tumors, while minimizing the impact on other organs. Furthermore, preclinical efficacy studies have shown that ^{177}Lu-SN201 inhibits tumor growth and prolongs survival in a model for aggressive breast cancer. The company has also showed that ^{177}Lu-SN201 reduces tumor growth and prolongs survival by 37% in a preclinical model for colorectal cancer compared to the control group. The material has shown a good safety profile in regulatory preclinical toxicology studies, as well as favorable distribution in the body (biodistribution) in preclinical dosimetry studies. Production of SN201 on a larger scale for clinical studies is completed. Now remaining the formal approval process for the study with an Australian Human Research Ethics Committees to be able to start the clinical phase I/IIa trial in cancer patients. Formal approval to start the study is expected during the summer.

FINANCIAL DEVELOPMENT

RESULTS

Operating expenses amounted to KSEK -17,168 (KSEK -11,100) for the quarter. The operating costs during the year are primarily related to the production of material for the planned clinical phase I/IIa study in the Tumorad program as well as other clinic preparatory activities such as compilation of material for the clinical trial application, consultation and advice with relevant regulatory agencies, and identification of suitable clinical sites for the study.

Total revenue amounted to KSEK 2,540 (KSEK 1,198) for the quarter, and relates mainly to development expenses and patent expenses for the SpagoPix program that were capitalized in the balance sheet during the period as well as an accrued innovation support from the Australian authorities for the development activities that the company carried out during the first quarter.

The operating result amounted to KSEK -14,628 (KSEK -9,902) for the quarter. Earnings per share before and after dilution amounted to SEK -0.16 (SEK -0.24) for the quarter.

INVESTMENTS AND FINANCIAL POSITION

At the end of the quarter, cash and cash equivalents amounted to KSEK 45,106 (KSEK 40,992).

Cash flow from operating activities amounted to KSEK -15,801 (KSEK -10,929 for the quarter. The negative cash flow in the quarter is driven by the ongoing clinic preparatory activities in the Tumorad program. Cash flow from investment activities amounted to KSEK -1,193 (KSEK –540) for the quarter. The investments mainly consist of intangible assets, which are the development and patent expenses that were capitalized during the period. Cash flow from financing activities amounted to KSEK 0 (KSEK 0) for the quarter.

At the end of the quarter, the company's equity amounted to KSEK 182,808 (KSEK 174,931) and the equity ratio to 96.2 percent (96.8 percent). Equity per share, before dilution, amounted to SEK 2.01 (SEK 4.25).

SHARES AND SHARE CAPITAL

The number of registered shares as of March 31, 2023 amounted to 90,943,723. Since 2021 the share has been traded on the Nasdaq First North Growth Market, with the ticker SPAGO. The company then changed trading venue from Spotlight Stock Market, where it has been listed since the end of 2012. The share's quota value amounts to SEK 1, whereby the share capital is equal to the number of shares. The number of shareholders at the end of the period were 2,793. The largest owners at the end of the period were Peter Lindell, with companies and related parties, Avanza Pension, Mikael Lönn, Eva Redhe and Tiel Ridderstad.

PARENT COMPANY

The parent company’s profit amounted to -15,081 KSEK (9,880 KSEK) for the quarter. In December 2022, the company incorporated a fully owned Australian subsidiary, Spago Nanomedical AU Pty Ltd (664 495 283), in order to take advantage of the innovation support and research and development opportunities available in the region. Shares in group companies are continuously written down to the net booked value in the subsidiary. The cash flow from investment activities includes, in addition to the expenses capitalized as intangible assets, also SEK -3.5 million that the parent company transferred to the subsidiary in the quarter.

Unless otherwise stated, this Interim report refers to the Group. Figures in parentheses refer to the parent company and to the corresponding period last year.

INCOME STATEMENT

Amounts in KSEK	Group Jan-Mar 2023	Parent Jan-Mar 2023	Parent Jan-Mar 2022	Parent Jan-Dec 2022
Income				
Net sales	88	88	211	1 054
Internal work capitalized	62	62	164	441
External work capitalized	1 131	1 131	376	3 254
Other operating income	1 259	444	447	1 711
Total income	**2 540**	**1 726**	**1 198**	**6 460**
Operating costs				
Project costs	-10 749	-9 002	-4 573	-20 353
Other external costs	-1 892	-1 892	-2 036	-8 071
Personnel costs	-4 089	-4 089	-4 208	-16 765
Depreciation/amortization of fixed assets	-69	-69	-89	-356
Other operating costs	-368	-333	-194	-380
Total operating costs	**-17 168**	**-15 385**	**-11 100**	**-45 925**
OPERATING RESULT	**-14 628**	**-13 660**	**-9 902**	**-39 465**
Financial items				
Interest income and similar items	249	249	22	268
Impairment of financial assets	0	-1 670	0	0
Total financial items	**249**	**-1 422**	**22**	**268**
RESULT AFTER FINANCIAL ITEMS	**-14 379**	**-15 081**	**-9 880**	**-39 197**
PROFIT/LOSS FOR THE PERIOD	**-14 379**	**-15 081**	**-9 880**	**-39 197**

BALANCE SHEET

Amounts in KSEK	Group 31 Mar 2023	Parent 31 Mar 2023	Parent 31 Mar 2022	Parent 31 Dec 2022
ASSETS				
NON-CURRENT ASSETS				
Intangible assets				
Capitalized expenditure for development work	132 837	132 837	129 327	131 744
Patents	8 213	8 213	7 375	8 113
Tangible assets				
Equipment, tools, fixtures and fittings	784	784	986	853
Financial assets				
Shares in group companies	0	1 839	0	1
Total non-current assets	**141 834**	**143 673**	**137 688**	**140 710**
CURRENT ASSETS				
Accounts receivables	94	94	87	49
Other current assets	765	630	696	662
Prepaid expenses and accrued income	2 315	1 579	1 184	2 431
Cash and cash equivalents	45 106	42 886	40 992	62 101
Total current assets	**48 279**	**45 189**	**42 959**	**65 243**
TOTAL ASSETS	**190 114**	**188 862**	**180 647**	**205 953**
EQUITY AND LIABILITIES				
Equity				
Equity	182 808	182 075	174 931	197 156
Total eqiuty	**182 808**	**182 075**	**174 931**	**197 156**
Current liabilities				
Accounts payables	4 499	4 037	1 545	4 725
Other current liabilities	472	473	414	494
Accrued expenses and deferred income	2 334	2 277	3 757	3 577
Total current liabilities	**7 305**	**6 787**	**5 716**	**8 797**
TOTAL EQUITY AND LIABILITIES	**190 114**	**188 862**	**180 647**	**205 953**

STATEMENT OF CHANGES IN EQUITY

Amounts in KSEK	Share capital	Dev. fund	Other contributed capital	Translation difference	Other equity incl. profit/loss	Total equity
Opening balance Jan 1, 2022	**41 182**	**84 418**	**255 366**	**0**	**-196 155**	**184 812**
Capitalization of development expenses		540			-540	**0**
Profit/loss					-9 880	**-9 880**
Closing balance Mar 31, 2022	**41 182**	**84 958**	**255 366**	**0**	**-206 575**	**174 931**
Opening balance, Apr 1, 2022	**41 182**	**84 958**	**255 366**	**0**	**-206 575**	**174 931**
Share issue	49 761		9 952			**59 714**
Issuance costs			-8 172			**-8 172**
Capitalization of development expenses		3 155			-3 155	**0**
Profit/loss					-29 317	**-29 317**
Closing balance Dec 31, 2022	**90 944**	**88 113**	**257 146**	**0**	**-239 047**	**197 156**
Opening balance, Jan 1, 2023	**90 944**	**88 113**	**257 146**	**0**	**-239 047**	**197 156**
Capitaliazation of development expenses		1 193			-1 193	**0**
Translation difference				31		**31**
Profit/loss					-14 379	**-14 379**
Closing balance Mar 31, 2023	**90 944**	**89 307**	**257 146**	**31**	**-254 619**	**182 808**

CASHFLOW STATEMENT IN SUMMARY

Amounts in KSEK	Group Jan-Mar 2023	Parent Jan-Mar 2023	Parent Jan-Mar 2022	Parent Jan-Dec 2022
Cash flow from operating activities and before changes in working capital	**-14 559**	**-13 591**	**-9 813**	**-38 841**
Changes in working capital	-1 243	-923	-1 116	654
Cash flow from operating activities	**-15 801**	**-14 514**	**-10 929**	**-38 187**
Cash flow from investing activities	-1 193	-4 702	-540	-3 829
Cash flow from financing activities	0	0	0	51 657
Cash flow for the period	**-16 995**	**-19 216**	**-11 469**	**9 641**
Cash and cash equivalents at the beginning of the period	62 101	62 101	52 460	52 460
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**45 106**	**42 886**	**40 992**	**62 101**

DATA PER SHARE

	Group Jan-Mar 2023	Parent Jan-Mar 2023	Parent Jan-Mar 2022	Parent Jan-Dec 2022
Earnings per share, before and after dilution, SEK	-0.16	-0.17	-0.24	-0.61
Equity per share, before dilution, SEK	2.01	2.00	4.25	2.17
Average number of shares before dilution	90 943 723	90 943 723	41 182 287	63 810 559
Average number of shares after dilution	90 943 723	90 943 723	41 744 839	64 173 887
Number of shares at the end of the period	90 943 723	90 943 723	41 182 287	90 943 723

OTHER KEY FIGURES

	Group Jan-Mar 2023	Parent Jan-Mar 2023	Parent Jan-Mar 2022	Parent Jan-Dec 2022
Average number of employees	14	14	15	15
Equity ratio, %	96.2	96.4	96.8	95.7

FINANCIAL DEFINITIONS

EQUITY RATIO
Equity in relation to total balance sheet

EQUITY PER SHARE, BEFORE DILUTION
Equity in relation to the number of shares at the end of the period

EARNINGS PER SHARE, BEFORE DILUTION
Result for the period in relation to the average number of shares

EARNINGS PER SHARE, AFTER DILUTION
Result for the period in relation to the average number of shares increased by the number added at full dilution. In accordance with IAS 33, no dilution effect arises in cases where a conversion entails a lower loss per share.

SIGNIFICANT RISKS AND UNCERTAINTIES

Spago Nanomedical's operations are exposed to a number of risk factors and elements of uncertainty, both operational and financial. Risk and uncertainty factors mainly consist of risks related to research and development, clinical trials, patents and other rights, collaborations and commercialization of projects, and financing. A detailed account of the company's significant financial risks is described on pages 25-26 in the annual report for 2022.

ACCOUNTING PRINCIPLES

Spago Nanomedical AB (publ) reports in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR2012:1 Annual Report and consolidated statements (K3). The company's accounting principles are described in Note 1 in the company's annual report for 2022.

Consolidated accounts include the parent company Spago Nanomedical AB (publ) and the companies over which the parent company directly or indirectly has controlling interest (subsidiaries). Control means a right to shape another company's financial and operational strategies in order to obtain financial benefits. When assessing whether a controlling interest exists, account is taken of holdings of financial instruments that are capital instruments. Consideration is also given to whether the company has the opportunity to control the business through an agent. Controlling influence normally exists when the parent company directly or indirectly holds shares that represent more than 50% of the votes. A subsidiary's income and expenses are included in the consolidated accounts from and including the time of the acquisition/start-up up to and including the time when the parent company no longer has a controlling interest over the subsidiary. The accounting principles for the subsidiary are consistent with the group's accounting principles. All intra-group transactions, transactions and unrealized profits and losses attributable to intra-group transactions have been eliminated when preparing the consolidated accounts. The consolidated accounts are prepared according to the acquisition method, which means that the subsidiaries' taxed and untaxed equity is included in the group's equity only to the extent it was earned after the acquisition. The conversion of foreign companies takes place according to the current rate method (see also valuation in foreign currency in note 1 in the company's annual report for 2022.

Unless otherwise stated, this Interim report refers to the Group. Figures in parentheses refer to the parent company and to the corresponding period last year. The amounts are expressed in KSEK, which in this report refers to thousands of Swedish kronor.

TRANSACTIONS WITH RELATED PARTIES

No transactions with related parties to report.

INVESTOR RELATIONS

This report can be downloaded from the website www.spagonanomedical.se
or ordered from the company by e-mail or mail: Spago Nano Medical AB, Scheelevägen 22, 223 63 Lund, Sweden. For further information, please contact CEO Mats Hansen on 046 811 88 or e-mail mats.hansen@spagonanomedical.se.

OTHER

This report has not been reviewed by the company's auditors. This is a translation of the Swedish interim report.

CERTIFICATION

The board and the CEO ensure that the interim report provides a fair overview of the company's operation, financial position and results and describes significant risks and uncertainties to which the company is exposed.

Lund May 9, 2023

Spago Nanomedical AB (publ)
Org.no: 556574-5048

Eugen Steiner
Chairman of the board

Mats Hansen
CEO

Sten Nilsson

Peter Leander

Nicklas Westerholm

Kari Grønås