SPAGO NANOMEDICAL AB

Interim report

January- June 2023

Tumorad® into clinic

JANUARY – JUNE IN BRIEF

- Net sales for the quarter amounted to KSEK 114 (KSEK 304)
- The loss for the quarter amounted to KSEK –7,866 (KSEK -9,565)
- Operating expenses for the quarter amounted to KSEK -10,982 (KSEK -11,084)
- Earnings per share, before and after dilution, for the quarter amounted to SEK -0.09 (SEK -0.23)
- Cash and cash equivalents at the end of the quarter amounted to KSEK 31,392 (KSEK 29,414)

JANUARY – JUNE IN BRIEF

- Net sales for the half-year period amounted to KSEK 201 (KSEK 515)
- The loss for the half-year period amounted to KSEK -22,274 (KSEK -19,445)
- Operating expenses for the half-year period amounted to KSEK -28,150 (KSEK -22,184)
- Earnings per share, before and after dilution, for the half-year period amounted to SEK -0.24 (SEK -0.47)

SIGNIFICANT EVENTS DURING THE QUARTER

- The application for the start of the clinical phase I/IIa study of the radionuclide therapy program Tumorad with the candidate drug ^{177}Lu-SN201 in cancer patients, Tumorad-01, was submitted to an Australian ethics committee.
- Principal investigator Dr Ligita Jokubkiene presented observations from the ongoing phase IIa clinical trial SPAGOPIX-02 in endometriosis at the 15th World Congress on Endometriosis scientific conference.
- Hans Arwidsson was elected as new chairman of the board and Alan Raffensperger as new board member by the annual general meeting to increase the commercial focus. Kari Grønås and Nicklas Westerholm were re-elected.
- A Scientific Advisory Board (SAB) of scientific and clinical leaders in oncology and nuclear medicine was established to provide support and guidance in the clinical development of the Tumorad radiopharmaceutical program. At the outset the SAB consists of three prominent members; Professor Sten Nilsson, Professor Kristian Pietras and Dr. Austin Smith.
- A preliminary analysis of data from the phase IIa clinical study SPAGOPIX-02 shows that SN132D has a good safety profile in patients with endometriosis. Further evaluation of the MRI contrast enhancing properties, particularly in lesions indicative of deep endometriosis, is ongoing.

SIGNIFICANT EVENTS AFTER THE QUARTER

- Nothing to report.

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. No operations were conducted in the subsidiary during the financial year 2022, which is why comparative figures for the group are missing.

CEO STATEMENT

The intensive work with the start of our first clinical study Tumorad-01, a phase I/IIa study, with the radionuclide therapy Tumorad® in cancer patients has continued during the second quarter. We expect to include patients as soon as we receive approval to commence the study. We expect initial results showing the accumulation of Tumorad in tumors of cancer patients later this year. In addition, we also expect to make calculations on the biodistribution during the phase I part of the study, i.e. determining the amount of radiation that will be able to reach the tumor and thus the conditions for an effective and safe drug.

Within the SpagoPix project, the MRI contrast agent SN132D has continued to demonstrate a favorable safety profile in a preliminary analysis of the phase IIa study SPAGOPIX-02, while the work to produce the final report for the completed SPAGOPIX-01 study continues.

With a clearly commercially oriented board, a newly established scientific advisory board and all preparations ready to enter the clinic with Tumorad, we look forward to a busy autumn as we take Spago Nanomedical into the next phase.

In May, the final preparation steps for the clinical study with the candidate drug Tumorad (^{177}Lu-SN201) were taken, and our assessment is to start the clinical phase I/IIa study Tumorad-01 after the summer. The application to start the study has been submitted to an Australian ethics review committee, which is then followed by a Clinical Trial Notification, to the Australian Medicines Agency (TGA). We anticipate approval from the Australian authorities by the end of the summer, or shortly thereafter, and to be able to enroll patients immediately thereafter.

While awaiting the completion of the formal approval process, we are working on preparing the participating clinics. Earlier in the spring, large-scale GMP-classified manufacturing of test material for the study was completed, resulting in a significant reduction of risk in the project. We have established an agreement with an Australian contract manufacturer who will provide the isotope and ensure the delivery of radioactive medicine to the hospitals. Furthermore, the clinical study protocol has been finalized previously, and we have selected CROs for conducting the study.

The Phase I part of Tumorad-01 is a dose-escalation, first-in-human study, planned to include up to 30 patients with advanced cancer, with a primary objective of evaluating safety, tolerability and dosimetry of ^{177}Lu-SN201. Initially, the study will be conducted at a number of clinics in Australia. The decision to start the clinical development of ^{177}Lu-SN201 in Australia is based on the country offering an excellent structure for our study with several regulatory and financial advantages that will facilitate bringing Tumorad to patients in a fast and cost-effective way. In addition to competent clinics, the possibility of significant reimbursement of R&D costs is a great advantage, as well as experience with regulatory authorities and hospitals with radionuclide therapies and access to local manufacturing and distribution of the radioisotope lutetium-177. As the study progress, clinics in other countries may also be included.

In recent years, radionuclide therapy has become increasingly common and an effective treatment option for cancer. The fact that we are now taking the step into this segment is incredibly exciting. We see several clinical advantages with our technology compared to other radionuclide therapies. Its unique action profile, provides the potential to create a drug that can be used against several types of cancer. We see an increased interest in radionuclide therapy from both major pharmaceutical companies and specialist investors.

In parallel with taking Tumorad into the clinic, the development continues with the MRI contrast agent SN132D, which in phase I showed clear contrast in MRI images of solid tumors in the breast, as well as in the pancreas and liver. At the beginning of May, Dr. Ligita Jokubkiene, principal investigator of the phase IIa clinical trial SPAGOPIX-02, participated in the 15th World Congress on Endometriosis scientific conference, where she presented the design and observations of the study evaluating SN132D in endometriosis. At the end of June, we announced that a preliminary analysis of SPAGOPIX-02 showed that the contrast agent is well tolerated in patients with endometriosis. The number of patients included so far is deemed sufficient to carry out a meaningful analysis, hence the recruitment of patients to the study is paused for the time being. We look forward to the conclusions of this analysis.

The start of the clinical development program with Tumorad marks a very important milestone for Spago Nanomedical and takes the company into a new important phase. In order to ensure the best way forward, we have during the quarter established a new scientific advisory board consisting top experts in oncology and nuclear medicine who will provide

support and guidance in the continued clinical development. Furthermore, we have implemented changes in the company's board composition for increased commercial focus.

We note that the first half of the year offered a series of investments and deals with companies that develop radionuclide therapies, which we interpret as continued high interest in the field. The ability to use radioactivity to stop tumor growth is well known and clinically well used in many forms of cancer. With modern targeted drugs, radioisotopes can be taken to certain types of tumors inside the body and thus can treat more patients, including patients with cancer that has spread or with tumors that cannot be treated with external radiation. Tumorad can further open up the field through the possibility of treating several different forms of cancer, even those where we currently lack targeted treatments. We are also very interested in exploring Tumorad in combination with other treatments, as it is well known that radioactivity can make tumors more susceptible to different therapeutic approaches.

We continue to operate the business in a cost-effective manner, maintaining a lean organization optimized for the task. With a strengthened board in place, suited to address company operations, business development and financing, as well as access to deep collective expertise in the development of new radionucleotide therapies for cancer, we are well prepared to take the next step in the company's history. I am now looking forward to an even more exciting second half of the year.

Thank you for your continued support.

Mats Hansen, CEO Spago Nanomedical AB

"We anticipate approval from the Australian authorities by the end of the summer, or shortly thereafter, and to be able to enroll patients immediately thereafter."

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).

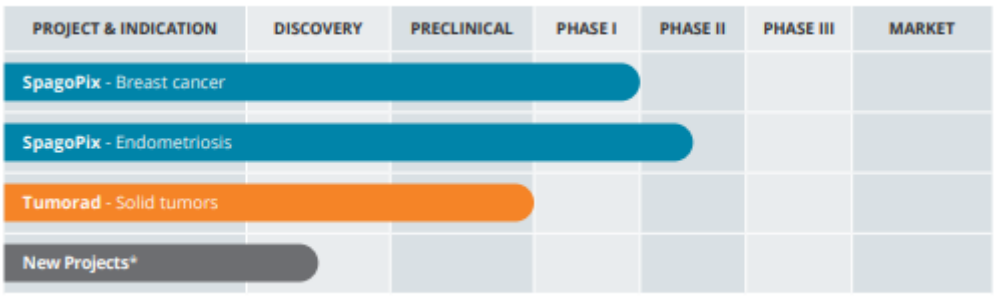
The company's operations are based on a patented material for the design of functional nanoparticles that accumulate physiologically in tumors, thus enabling higher precision in image diagnostics and treatment of severe diseases. With our development programs, we aim to improve the conditions for effective 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 novel drugs for radionuclide therapy for aggressive cancer. Preclinical results show that the product candidate ^{177}Lu-SN201 accumulates in aggressive tumors, delays growth and prolongs survival at clinically useful doses. This opens up for wide use of ^{177}Lu-SN201 for the treatment of various forms of cancers. A clinical trial application for the start of a clinical phase I/IIa study in cancer patients has been submitted in Australia.*

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.

In the end of previous year, the company initiated a phase IIa clinical study, SPAGOPIX-02, in patients with suspected endometriosis. The study evaluates the safety and MRI enhancing properties of SN132D in participants with suspected endometriosis. Comparisons are made with transvaginal ultrasound and non-contrast enhanced MRI to consider the diagnostic potential of SN132D in endometriosis. Preliminary analysis of data from SPAGOPIX-02 shows that SN132D has a good safety profile in patients with endometriosis. Further evaluation of the MRI contrast enhancing properties, particularly in lesions indicative of deep endometriosis, is ongoing. In total, 8 patients have been included in the study at Skåne University Hospital in Malmö, which is sufficient to provide for a meaningful assessment and recruitment is therefore paused.

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.

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.

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 significantly 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. SpagoPix has shown that the material is safe to give to humans and that the mechanism for selective accumulation of the nanoparticle in tumors via the EPR effect works. This opens up for successful use of the Tumorad particles for the purpose of radionuclide treatment of cancer.

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. The application to start a clinical phase I/IIa study in cancer patients has been submitted to an Australian ethics review committee, which is then followed by a Clinical Trial Notification to the Australian Medicines Agency. Patient recruitment is expected to start immediately following approval from the Australian authorities.

FINANCIAL DEVELOPMENT

RESULTS

Operating expenses amounted to KSEK -10,982 (KSEK -11,084) for the quarter and KSEK -28,150 (KSEK -22,184) for the half-year period. 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 2,879 (KSEK 1,502) for the quarter and KSEK 5,389 (KSEK 2,701) for the half-year period, 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 year.

The operating result amounted to KSEK -8,103 (KSEK -9,581) for the quarter and KSEK -22,760 (KSEK -19,483) for the half-year period. Earnings per share before and after dilution amounted to SEK -0.09 (SEK -0.23) for the quarter and SEK -0.24 (SEK -0.47) for the half-year period.

INVESTMENTS AND FINANCIAL POSITION

At the end of the quarter, cash and cash equivalents amounted to KSEK 31,392 (KSEK 29,414).

Cash flow from operating activities amounted to KSEK -12,029 (KSEK -9,809) for the quarter and KSEK -27,830 (KSEK -20,760) for the half-year period. 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 -1,686 (KSEK –945) for the quarter and KSEK -2,879 (KSEK -1,485) for the half-year period. 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 -824) for the quarter and KSEK 0 (KSEK -802) for the half-year period.

At the end of the quarter, the company's equity amounted to KSEK 174,979 (KSEK 215,947) and the equity ratio to 97.8 percent (94.4 percent). Equity per share, before dilution, amounted to SEK 1.92 (SEK 2.40).

SHARES AND SHARE CAPITAL

The number of registered shares as of June 30, 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. By the end of the quarter, the share's quota value amounted to SEK 1, whereby the share capital was equal to the number of shares. After the quarter end, the Swedish Companies Registration Office has implemented the annual general meeting's decision on the reduction of the share capital, whereby the quota value is changed to SEK 0.10. The number of shareholders at the end of the period were 2,819. 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 -8,500 KSEK (9,565 KSEK) for the quarter and KSEK -23,581 (KSEK -19,445) for the half-year period. In December 2022, the company incorporated a fully owned Australian subsidiary, Spago Nanomedical AU Pty Ltd (45 664 495 283), 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 year.

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. No operations were conducted in the subsidiary during the financial year 2022, which is why comparative figures for the group are missing.

INCOME STATEMENT

Amounts in KSEK	Group Apr-Jun 2023	Parent Apr-Jun 2023	Parent Apr-Jun 2022	Group Jan-Jun 2023	Parent Jan-Jun 2023	Parent Jan-Jun 2022	Parent Jan-Dec 2022
Income							
Net sales	114	845	304	201	933	515	1 054
Internal work capitalized	74	74	91	136	136	255	441
External work capitalized	1 509	1 509	721	2 641	2 641	1 097	3 254
Other operating income	1 182	413	387	2 411	857	834	1 711
Total income	**2 879**	**2 841**	**1 502**	**5 389**	**4 567**	**2 701**	**6 460**
Operating costs							
Project costs	-4 377	-3 314	-4 335	-15 121	-12 316	-8 908	-20 353
Other external costs	-2 534	-2 069	-2 359	-4 459	-3 961	-4 395	-8 071
Personnel costs	-4 311	-4 311	-4 264	-8 400	-8 400	-8 472	-16 765
Depreciation/amortization of fixed assets	-67	-66	-93	-136	-135	-182	-356
Other operating costs	307	-87	-32	-34	-420	-226	-380
Total operating costs	**-10 982**	**-9 848**	**-11 084**	**-28 150**	**-25 233**	**-22 184**	**-45 925**
OPERATING RESULT	**-8 103**	**-7 007**	**-9 581**	**-22 760**	**-20 667**	**-19 483**	**-39 465**
Financial items							
Interest income and similar items	237	237	17	486	486	38	268
Impairment of financial assets	0	-1 730	0	0	-3 400	0	0
Total financial items	**237**	**-1 493**	**17**	**486**	**-2 915**	**38**	**268**
RESULT AFTER FINANCIAL ITEMS	**-7 866**	**-8 500**	**-9 565**	**-22 274**	**-23 581**	**-19 445**	**-39 197**
PROFIT/LOSS FOR THE PERIOD	**-7 866**	**-8 500**	**-9 565**	**-22 274**	**-23 581**	**-19 445**	**-39 197**

BALANCE SHEET

Amounts in KSEK	Group 30 Jun 2023	Parent 30 Jun 2023	Parent 30 Jun 2022	Parent 31 Dec 2022
ASSETS				
Tecknat men ej inbetalt kapital	**0**	**0**	**21 193**	**0**
NON-CURRENT ASSETS				
Intangible assets				
Capitalized expenditure for development	134 344	134 344	129 743	131 744
Patents	8 290	8 290	7 770	8 113
Tangible assets				
Equipment, tools, fixtures and fittings	819	717	1 027	853
Financial assets				
Shares in group companies	0	840	0	1
Total non-current assets	**143 453**	**144 191**	**138 540**	**140 710**
CURRENT ASSETS				
Accounts receivables	0	0	0	49
Other current assets	759	634	38 290	662
Prepaid expenses and accrued income	3 361	1 812	1 401	2 431
Cash and cash equivalents	31 392	30 552	29 414	62 101
Total current assets	**35 512**	**32 997**	**69 105**	**65 243**
TOTAL ASSETS	**178 965**	**177 189**	**228 838**	**205 953**
EQUITY AND LIABILITIES				
Equity				
Equity	174 979	173 575	215 947	197 156
Total eqiuty	**174 979**	**173 575**	**215 947**	**197 156**
Current liabilities				
Accounts payables	1 033	675	2 593	4 725
Other current liabilities	498	498	388	494
Accrued expenses and deferred income	2 455	2 441	9 910	3 577
Total current liabilities	**3 985**	**3 614**	**12 891**	**8 797**
TOTAL EQUITY AND LIABILITIES	**178 965**	**177 189**	**228 838**	**205 953**

STATEMENT OF CHANGES IN EQUITY

Amounts in KSEK	Share capital	Not reg. share capital	Dev. fund	Other contributed capital	Translation difference	Other equity incl. profit/loss	Total equity
Opening balance Jan 1, 2022	**41 182**	**0**	**84 418**	**255 366**	**0**	**-196 155**	**184 812**
Capitalization of development expenses			1 351			-1 351	**0**
Ongoing share issue		48 682		9 736			**58 419**
Issuance costs				-7 838			**-7 838**
Profit/loss						-19 445	**-19 445**
Closing balance Jun 30, 2022	**41 182**	**48 682**	**85 770**	**257 264**	**0**	**-216 951**	**215 947**
Opening balance, Jul 1, 2022	**41 182**	**48 682**	**85 770**	**257 264**	**0**	**-216 951**	**215 947**
Share issue	49 761	-48 682		216			**1 295**
Issuance costs				-334			**-334**
Capitalization of development expenses			2 344			**-2 344**	**0**
Profit/loss						-19 752	**-19 752**
Closing balance Dec 31, 2022	**90 944**	**0**	**88 113**	**257 146**	**0**	**-239 047**	**197 156**
Opening balance, Jan 1, 2023	**90 944**	**0**	**88 113**	**257 146**	**0**	**-239 047**	**197 156**
Capitalization of development expenses			2 777			-2 777	**0**
Translation difference					97		**97**
Profit/loss						-22 274	**-22 274**
Closing balance Jun 30, 2023	**90 944**	**0**	**90 890**	**257 146**	**97**	**-264 098**	**174 979**

CASHFLOW STATEMENT IN SUMMARY

Amounts in KSEK	Group Apr-Jun 2023	Parent Apr-Jun 2023	Parent Apr-Jun 2022	Group Jan-Jun 2023	Parent Jan-Jun 2023	Parent Jan-Jun 2022	Parent Jan-Dec 2022
Cash flow from operating activities and before changes in working capital	**-8 036**	**-7 672**	**-9 488**	**-22 624**	**-21 263**	**-19 301**	**-38 841**
Changes in working capital	-3 992	-3 078	-321	-5 206	-4 001	-1 459	654
Cash flow from operating activities	**-12 029**	**-10 750**	**-9 809**	**-27 830**	**-25 264**	**-20 760**	**-38 187**
Cash flow from investing activities	-1 686	-1 583	-945	-2 879	-6 285	-1 485	-3 829
Cash flow from financing activities	0	0	-824	0	0	-802	51 657
Cash flow for the period	**-13 714**	**-12 334**	**-11 578**	**-30 709**	**-31 549**	**-23 047**	**9 641**
Cash and cash equivalents at the beginning of the period	45 106	42 886	40 992	62 101	62 101	52 460	52 460
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	**31 392**	**30 552**	**29 414**	**31 392**	**30 552**	**29 414**	**62 101**

DATA PER SHARE

	Group Apr-Jun 2023	Parent Apr-Jun 2023	Parent Apr-Jun 2022	Group Jan-Jun 2023	Parent Jan-Jun 2023	Parent Jan-Jun 2022	Parent Jan-Dec 2022
Earnings per share, before and after dilution, SEK	-0.09	-0.09	-0.23	-0.24	-0.26	-0.47	-0.61
Equity per share, before dilution, SEK	1.92	1.91	2.40	1.92	1.91	2.40	2.17
Average number of shares before dilution	90 943 723	90 943 723	42 252 227	90 943 723	90 943 723	41 720 213	63 810 559
Average number of shares after dilution	90 943 723	90 943 723	42 631 778	90 943 723	90 943 723	42 190 759	64 173 887
Number of shares at the end of the period	90 943 723	90 943 723	89 864 562	90 943 723	90 943 723	89 864 562	90 943 723

OTHER KEY FIGURES

	Group Apr-Jun 2023	Parent Apr-Jun 2023	Parent Apr-Jun 2022	Group Jan-Jun 2023	Parent Jan-Jun 2023	Parent Jan-Jun 2022	Parent Jan-Dec 2022
Average number of employees	13	13	15	13	13	15	15
Equity ratio, %	97.8	98.0	94.4	97.8	98.0	94.4	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

Chairman of the board, Hans Arwidsson, has during the quarter provided consulting services to the company within business development. Transactions with related parties have been made according to agreement based on market terms.

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 July 31, 2023

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

Hans Arwidsson
Chairman of the board

Kari Grønås

Alan Raffensperger

Nicklas Westerholm

Mats Hansen
CEO