

First quarter 2020

The figures for 2020 and 2019 refer to the Group.

- Other operating income amounted to SEK 1,185 (650) thousand
- Profit after tax amounted to SEK -3,784 (-2,776) thousand
- Earnings per share before and after dilution: SEK -0.04 (-0.03)
- Cash flow from operating activities was SEK 433 (-29) thousand
- Cash and cash equivalents amounted to SEK 50,582 (41,871) on the balance sheet date
- Solvency: 86 (91) %

Significant events during the first quarter of 2020

The company has been awarded EU funding through the Innovative Training Network, which can be seen as a certificate that the Company's research and technology are of high class. The funding covers the cost of the employment of a researcher for four years for future development of the IDOSE technology for the treatment of prostate cancer, and in the long term possibly other cancers such as breast cancer.

The organization has been strengthened with a Clinical project manager, Johan Glindre, and the company's communications manager has taken a place in the company management.

SpectraCure and Memorial Sloan Kettering Cancer Center in New York, USA, have signed an agreement, which means that the hospital will be the fourth hospital in SpectraCure's clinical program. The agreement provides an opportunity to treat more patients at a faster rate, which increases the analytical basis for further clinical studies and for future approval of the method by the authorities. SpectraCure's and Memorial Sloan Kettering Cancer Center's planned meeting, "Site Initiation Visit" was conducted as planned. It was a formal meeting for the start-up and review of routines and equipment.

The FDA has approved SpectraCure's updated protocol for clinical studies with broader inclusion criteria than before, enabling more patients to be treated at a faster rate, increasing the basis of analysis for further clinical trials. The updated software with the new more user-friendly interface, which communicates with the dose planning platform IDOSE® and controls the hardware, has also been approved. For the doctors in the study, the improved graphics mean higher resolution images and a more natural workflow. It becomes easier and faster to create a treatment plan in the system and the doctors also get better feedback during the treatment itself.

Significant events after the end of the period

A patent application covering a new technology to improve the company's IDOSE technology has moved on to the so-called PCT phase, which is a way of coordinating patent applications for all the countries in the world. This is after a positive review by the European Patent Office.

Measures have been taken in connection with the Corona outbreak to protect the company's employees, to take social responsibility and to limit the possible effects of the outbreak on the company's operations. SpectraCure has control over the things we can control, such as the development of the company's software and hardware and the work is going according to plan. We support and try to facilitate the study coordinators in their work in the clinical study. Hopefully, the close contact and good cooperation will result in an increased patient recruitment once the outbreak clears. Patients in active follow-up remain in the study. In order to ensure patient safety, the clinics follow up on patients by telephone and the patients submit blood tests to the extent possible at their GP.

SpectraCure has called for an Extraordinary General Meeting to decide on a rights issue, which will mean that the Company, when fully subscribed, can fully finance the planned phase 3 study, ensure regulatory requirements for accelerated approval, initiate clinical programs for new indications around the year 2020/2021 etc.

SpectraCure is, as previously announced, an industrial participant in a large quantum technology research program, the WACQT - Wallenberg Center for Quantum Technology, which is funded mainly by the Knut and Alice Wallenberg Foundation. The results are interesting for SpectraCure, as our treatment method is about delivering laser light to cancer tumors deep within the body. In addition, there is great market potential for other applications in medicine, such as diagnosis support for stroke, heart attack and cancer - our major diseases.

Words by CEO:

SpectraCure stands strong as a company and the activities in the clinical study have been adapted to the current situation.

The first quarter of the year has been special for everyone, even for us. Since we work with several parallel tracks, such as the clinical study, instrument production, collaborations and future plans, we have had full business during the first five months of the year. We are still aiming to reach the market within one to two years, depending on which route we take.

During the quarter, an agreement was signed with the renowned Cancer Hospital Memorial Sloan Kettering Cancer Center in New York, USA, which is eager to get started on the treatments.



Our newly appointed clinical project manager, Johan Glindre, is a welcome addition to the organization and during these months he has worked intensively to strengthen our already good relationships with the hospitals in our clinical study and has a dialogue with them so that everyone will be ready as soon as possible as well as enrolling new patients in the study. We continue to support the recruitment of patients. During the quarter, discussions started on how we market and create an interest in the study in, for example, the New York area.

As I have mentioned on previous occasions, we have two possible ways to reach the market: through phase 2 on to phase 3 and / or via phase 2 and an application for accelerated approval which, if approved by the FDA, may allow the launch of our treatment with the new protocol with extended end points and continued clinical trials in phase 3. We do not close any doors; we still look at both possibilities.

In parallel with the clinical work, we are working on assembling the new generation of instruments. Assembly is done at the office in Lund and we plan to be able to show the instrument in action in a movie that will be produced during the second quarter.

After the balance sheet date, the Board of Directors made a decision on a new rights issue. Today we have a strong economy but chose to carry out a rights issue to gain a stronger position in the market. The rights issue decision means that, upon full subscription, we can fully finance the planned Phase 3 study, ensure regulatory requirements for accelerated approval, begin production of instruments on a larger scale, and not least initiate clinical programs for new indications around the turn of the year 2020/2021. The issue is pre-secured up to approximately 82.5 percent, with guarantee commitments from a number of external investors corresponding to about 77.5 percent of the rights issue, which I am very proud of. SpectraCure's technology has great potential that can further increase the company value.

Our patent application covering a new technology to improve our IDOSE technology has moved on, after a positive review by the European Patent Office, to PCT phase, which is a way of coordinating patent applications for all the countries in the world.

After the Corona outbreak, no treatments have been performed in the clinical trial, however, patients have been screened and we have patients waiting for treatment as soon as the operating rooms can open again.

I have strong confidence in everyone in the team, both employees and partners, and that with joint forces will reach the market within the next two years.

Lund, May 28th, 2020

Masoud Khayyami
CEO



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