



naneXa

Interim report
1 January – 30 June 2021

Nanexa AB (publ)

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Nanexa AB is a nanotechnology drug delivery company focusing its activities on the development of PharmaShell®, a new and groundbreaking drug delivery system that is considered to have great potential in a number of medical indications. The PharmaShell technology is applied in its own product projects and together with development partners consisting of large pharmaceutical companies and smaller biotech companies in both human and veterinary medicine, including AstraZeneca.

Significant events during the second quarter 2021

- Applied Ventures invested a further USD 0.5 million through the exercise of warrants issued in connection with the directed share issue in Q1 2021. Nanexa received SEK 4.3 million through the issue and the number of shares and votes in the company increased by 480,879 to 25,347,813 shares and votes.
- Nanexa started its first clinical trial at the end of April 2021. It is a phase I study in the NEX-18 project to study pharmacokinetics, safety and tolerability. The first patients were treated at the end of May 2021.
- Nanexa received approval in China in May 2021 for its basic patent, which covers the manufacturing method, products derived from it, and the use of PharmaShell®-coated drugs.
- At Nanexa's Annual General Meeting on May 24, it was decided, among other things, to elect Eva Nilsagård and Birgit Stattin Norinder as new Board members, on authorizations for the Board to decide on rights issue and directed issue, and to establish a warrant based incentive program for employees. A total of 380,000 warrants were thereafter subscribed for, corresponding to a maximum dilution of 1.5%.
- In May 2021, Nanexa filed a complaint of patent infringement in the United States District Court of Delaware against Vitrivax, Inc.
- Nanexa decided in June 2021 to carry out a fully guaranteed rights issue of approximately SEK 127 million. The subscription period ran from 17 June to 1 July 2021.
- Nanexa received approval in South Korea in June 2021 for its basic patent on PharmaShell®-coated drugs.

Significant events after the end of the period

- The European Patent Office (EPO) communicated its intention to grant a European patent for Nanexa's PharmaShell® technology.
- The rights issue of SEK 127 million decided in June was completed and registered in July 2021.

Summary of the reporting period 1 April - 30 June 2021

- Turnover amounted to: TSEK 342 (97)
- Operating profit (EBIT) amounted to: TSEK -8,296 (-6,430)
- Profit after tax amounted to: TSEK -8,339 (-6,494)
- Earnings per share amounted to: SEK -0.33 (-0.31)
- Cash flow for the period amounted to: TSEK -6,253 (-9,961)
- Cash and cash equivalents at end of period: TSEK 28,596 (34,089)

Summary of the reporting period 1 January - 30 June 2021

- Turnover amounted to: TSEK 878 (1,289)
- Operating profit (EBIT) amounted to: TSEK -14,919 (-9,899)
- Profit after tax amounted to: TSEK -15,008 (-10,020)
- Earnings per share amounted to: SEK -0.64 (-0.54)
- Cash flow for the period amounted to: TSEK 15,905 (22,711)
- Cash and cash equivalents at end of period: TSEK 28,596 (34,089)

Figures in brackets refer to the corresponding period in the previous year.

The CEO's comments

The development of Nanexa continues. In the second quarter, we secured funding that will allow us to pursue our projects until valuable milestones are reached. The fact that we are now in the clinical development phase with PharmaShell is the first important step on that journey and, thanks to the funding, we can now accelerate our activities.

Our first clinical trial with PharmaShell started on schedule before the summer according to plan. It is a phase I study in two doses to study pharmacokinetics, safety and tolerability for NEX-18. The start of the study was a major milestone for us. With the PharmaShell platform, we can create controlled-release depot preparations that could revolutionise pharmaceutical treatment. By using NEX-18 to administer only one injection, instead of the current seven, the treatment of myelodysplastic syndrome (MDS) would be significantly simplified and significant cost savings would be achieved.

The exceptional situation for our hospitals created by the pandemic continues to have a greater impact than we expected, and as clinics get up and running after the summer, we see that patient enrolment in the study is slower than we had anticipated. To increase the pace of enrolment, we have added another clinic to the study and we are working hard to be able to complete the study as soon as possible. However, our long-term plans are not affected.

Although NEX-18 is still at an early stage, we have already seen interest from a number of pharmaceutical companies. With the study results, we intend to continue clinical development with a phase II study to reach clinical Proof of Concept. Given good study results, the goal is to license NEX-18 to a strong partner or to take the project further towards commercialisation in-house, depending on what is deemed to create the most value. We are also seeing a lot of interest as we build international expert teams for our projects.

During the second quarter, progress was made in the evaluation collaboration signed with a European biotech company in the first quarter of this year. The company is conducting a development project including PharmaShell® in the cardiovascular field. The evaluation has been going well and has now moved into animal studies. Future results may form the basis for a deeper and longer product development agreement.

We look forward to meeting new potential partners at upcoming partnering conferences this autumn, including plans to participate in Partnership Opportunities in Drug Delivery (PODD) in Boston in October. Historically, these types of conferences have led to new partnerships for us, and as the world slowly opens up, so do our opportunities to make important new contacts.

Our collaboration with Applied Materials progressed well during the quarter. We look forward to the installation of production equipment from Applied Materials in our GMP-certified pilot plant. The facility is important for both our own projects and for our partner projects, as it will streamline our development and create opportunities for scaling up.

I am proud of the skills Nanexa is able to attract. During the quarter, the board was further strengthened with Eva Nilsagård and Birgit Stattin Norinder. Eva Nilsagård has over 30 years of experience in senior positions, mainly in the automotive and medical/biotech industries, and Birgit Stattin Norinder has extensive experience from senior management positions in international pharmaceutical and biotech companies, which has, among other things, resulted in a number of new and approved medicines. I would like to welcome both Eva and Birgit to Nanexa.

During the quarter, we secured financing through a fully underwritten rights issue of approximately SEK 127 million before transaction costs. I would like to take this opportunity to thank you for the confidence placed in us in connection with the issue, both by old and new owners. The strong ownership support is appreciated by us at the company and it enables us to drive our projects towards value-adding milestones.

I am looking forward to the future with great confidence. We will receive results from our first clinical study, obtain important preclinical results from our second project, NEX-20, and determine the indication for our third project, NEX-21. We also expect further development of the collaborations that we have with existing and new partner companies for licensing out the technology, and not least progress in our collaboration with Applied Materials. We have an exciting time ahead of us and I look forward to keeping you updated on Nanexa's continued development.

David Westberg

CEO Nanexa

Financial overview

Sales in the second quarter 2021 amounted to TSEK 342 (97) and for period January-June 2021 to TSEK 878 (1,289). The second quarter sales are mainly attributable to the evaluation agreement signed with a European biotech company in the first quarter of 2021. Other external costs amounted to TSEK -7,692 (-6,603) in the second quarter and TSEK -14,024 (-10,575) for the period January-June 2021, an increase mainly related to the work on the proprietary product projects NEX-18 and NEX-20, and the development of the PharmShell® platform. Personnel costs in the second quarter amounted to TSEK -3,944 (-3,494) and for the period January-June 2021 to TSEK -7,492 (-5,728), primarily as a result of the significant growth of the organisation. Capitalised development costs during the quarter amounted to TSEK 4,752 (4,865) and to TSEK 9,185 (7,469) during January-June 2021, and is attributable mainly to investments in the NEX-18 and NEX-20 projects and the GMP facility. The profit for the second quarter amounted to TSEK -8 339 (-6 494) and for the period January-June 2021 to TSEK -15,008 (-10,020).

Cash and cash equivalents as of 30 June 2021 amounted to TSEK 28,596 (34,089). The company received SEK 12.3 million from Applied Ventures, LLC, during the first half of the year, of which SEK 8.0 million was through a directed share issue and an additional SEK 4.3 million was through the exercise of warrants issued in connection with the directed share issue, and SEK 24.5 million was through the redemption of warrants of series TO2. Applied Ventures holds approximately 3.1 million additional (non-transferable) warrants to subscribe for shares at a 10% discount to the current share price in connection with a subscription period in December 2021.

In connection with the fully underwritten rights issue decided by the board of directors on 7 June 2021, where the subscription period closed on 1 July 2021, the company will receive approximately SEK 107.3 million after issue costs.

The number of employees at the end of the period was 13 (10), of which 4 (3) were women and 9 (7) were men. The average number of employees during the second quarter was 13 (10) and 12 (9) during the period January-June 2021.

The share

Nanexa AB (publ) was listed on the Nasdaq First North Growth Market on 29 May 2020. The share was previously listed on the Spotlight Stock Market since 17 June 2015.

Earnings per share

Earnings per share before and after dilution for the second quarter amounted to -0.33 (0.31) and for period January-June 2021 to SEK -0.64 (-0.54).

The number of shares

As of 30 June 2021, Nanexa AB (publ) had 25,347,813 outstanding shares with a quotient value of SEK 0.13. The number of shares at full dilution of outstanding warrants was 30,001,212. In connection with the current rights issue, the number of shares will increase by 25,347,813 to 50,695,626 and to 55,349,025 including full dilution.

The average number of shares during the second quarter of 2021 was 25,178,713 and for the period January-June 2021 23,962,788. Including full dilution of outstanding warrants, the average number of shares for the quarter was 29 546 267 and for the period January-June 2021 29,170,481.

Principles for preparing the report

The interim report has been prepared in accordance with the same accounting principles as in the company's most recent annual report, i.e. in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general recommendations BFNAR 2012:1 Annual Report and Consolidated Accounts (K3).

Upcoming reporting

Nanexa AB provides recurring financial information according to the following plan.

10 November 2021	Interim report January-September 2021
17 February 2022	Year-end report 2021

The company's financial year is 1 January - 31 December.

This interim report has not been subject to a comprehensive audit by the company's auditors.

Uppsala 20/08/2021

The board of directors, Nanexa AB

Göran Ando (chairman)

Bengt Gustavsson (member)

Eva Nilsagård (member)

Urban Paulsson (member)

Mårten Rooth (member)

Otto Skolling (member)

Birgit Stattin Norinder (member)

Magnus Westgren (member)

David Westberg, CEO Nanexa AB

Income statement

Amount in TSEK	01/04/2021- 30/06/2021	01/04/2020- 30/06/2020	01/01/2021- 30/06/2021	01/01/2020- 30/06/2020
Operating revenue				
Net sales	342	97	878	1,289
Capitalised work on own account	4,752	4,865	9,185	7,469
Other income	27	31	110	73
Total operating revenue	5,121	4,993	10,173	8,831
Operating expenses				
Other external expenses	-7,692	-6,603	-14,024	-10,575
Personnel costs	-3,944	-3,494	-7,492	-5,728
Depreciation	-1,775	-1,218	-3,479	-2,309
Other operating expenses	-6	108	-97	-119
Total costs	-13,417	-11,423	-25,092	-18,730
Operating profit (EBIT)	-8,296	-6,430	-14,919	-9,899
Profit/loss from financial items				
Interest income and similar income statement items	0	0	0	0
Interest expenses and similar income statement items	-45	-66	-93	-125
Total profit/loss from financial items	-45	-66	-93	-125
Taxes				
Tax revenue	2	2	4	4
Profit/loss for the period	-8,339	-6,494	-15,008	-10,020
Earnings per share (SEK)	-0.33	-0.31	-0.64	-0.54

Balance sheet

Amount in TSEK	30/06/2021	30/06/2020	31/12/2020
Assets			
Subscribed but unpaid capital	126,895	0	0
Fixed assets			
Intangible fixed assets	41,462	23,692	33,542
Tangible fixed assets	2,989	4,236	3,595
Financial fixed assets	93	19	123
Total fixed assets	44,544	27,947	37,260
Current assets			
Stock	0	18	62
Current receivables	3,289	3,324	3,678
Cash and cash equivalent	28,596	34,089	12,691
Total current assets	31,885	37,431	16,431
Total assets	203,324	65,378	53,691
Equity and liabilities			
Equity			
Share capital	3,281	2,747	2,747
Unregistered share capital	3,281	0	0
Restricted equity	36,342	19,536	29,105
Profit and loss account reserve brought forward	144,588	42,803	33,235
Loss for the period	- 15,008	-10,020	-21,736
Total equity	172,484	55,066	43,351
Non-current liabilities			
Liabilities to credit institutions	3,332	3,368	2,850
Total non-current liabilities	3,332	3,368	2,850
Current liabilities			
Accounts payable	3,680	2,328	2,177
Other current liabilities	23,828	4,616	5,313
Total current liabilities	27,508	6,944	7,490
Total equity and liabilities	203,324	65,378	53,691

Cash flow analysis in summary

Amount in TSEK	01/04/2021	01/04/2020	01/01/2021	01/01/2020
	-	-	-	-
		30/06/2020	30/06/2021	30/06/2020
Cash flow from operating activities.	-5,142	-5,624	-9,933	-9,028
Cash flow from investment activities.	-5,475	-5,337	-10,794	-8,696
Cash flow from financing activities.	4,364	1,000	36,632	40,435
Cash flow for the period	-6,253	-9,961	15,905	22,711
Cash and cash equivalents at start of period	34,849	44,050	12,691	11,378
Cash and cash equivalents at end of period	28,596	34,089	28,596	34,089

Changes in equity

Amount in TSEK	Share capital	Unregistered share capital	Fund for development work	Share premium reserve	Profit brought forward (including profit for the period)	Total equity
Amount as of 01/01/2021	2,747	0	29,105	109,329	-97,830	43,351
New share issue	534			36,896		37,430
Ongoing new issue		3,281		123,457		126,738
Subscription warrants				156		156
Issue expenses				-20,183		-20,183
The period's capitalised development costs		0	9,185		-9,185	0
Depreciation for the period on Capitalized development costs		0	-1,948		1,948	0
Profit/loss for the period					-15,008	-15,008
Amount as of 30/06/2021	3,281	3,281	36,342	249,655	-120,075	172,484

Amount in TSEK	Share capital	Unregistered share capital	Fund for development work	Share premium reserve	Profit/loss carried forward (including net income)	Total equity
Amount as of 01/01/2020	1,962	0	13,016	69,905	-60,005	24,878
New share issue	785			44,695		45,480
Issue expenses				1,283		1,283
The period's capitalised development costs			18,492		-18,492	0
Depreciation for the period on Capitalized development costs			-2,403		2,403	0
Profit/loss for the period					-21,736	-21,736
Amount as of 31/12/2020	2,747	0	29,105	109,329	-97,830	43,351

Pledged assets

	30/06/2021	30/06/2020	31/12/2020
Corporate mortgages	7,015	6,300	6,300

Contingent liabilities

	30/06/2021	30/06/2020	31/12/2020
Other contingent liabilities	250	250	250

Contact

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*This information is information that Nanexa is obliged to make public pursuant to the EU Market Abuse Regulation.
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