



naneXa

Interim report
January – March, 2021

Nanexa AB (publ)

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Nanexa AB is a nanotechnology drug delivery company focusing on the development of PharmaShell®, a new and groundbreaking drug delivery system with great potential for a number of medical substance types and indications. Within the framework of PharmaShell®, Nanexa has partnership agreements with several pharma companies, among others AstraZeneca. Nanexa's share is listed on Nasdaq First North Growth Market in Stockholm (NANEXA).

Significant events during the first quarter

- Applied Ventures invested USD 1 million in a directed share issue in accordance with the investment agreement entered into at the end of 2020, which provided the company with approximately SEK 8 million after issue costs.
- Nanexa decided that the company's second proprietary product project, NEX-20, will focus on developing a long-acting formulation of lenalidomide for the treatment of multiple myeloma.
- Nanexa signed an evaluation agreement with an unnamed European biotech company that has a development project in the cardiovascular area, where PharmaShell® can enable a long-acting injectable product.
- Redemption of warrants of series TO2 was carried out during the period 1-15 February 2021, with a subscription rate of 97.5%, which brought SEK 24.9 million to the company, before costs of issue. The number of shares and votes in the company thus increased by 2,956,588 to 24,866,934 shares and votes.
- Jonas Fransson was recruited as head of pharmaceutical development and will join Nanexa's management team as of 1 May 2021.

Significant events after the end of the period

- 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 before issue costs and the number of shares and votes in the company thus increased by 480,879 to 25,347,813 shares and votes.
- Nanexa started its first clinical trial in April 2021. It is a phase I study in the NEX-18 project to study pharmacokinetics, safety and tolerability.

Summary of the reporting period 1 January - 31 March 2021

- Turnover amounted to: TSEK 536 (1,192)
- Operating profit (EBIT) amounted to: TSEK -6,623 (-3,469)
- Profit after tax amounted to: TSEK -6,670 (-3,525)
- Earnings per share amounted to: SEK -0.29 (-0.22)
- Cash flow for the period was: TSEK 22,158 (32,672)
- Cash and cash equivalents at end of period: TSEK 34,849 (44,050)

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

The CEO's comments

The development of Nanexa is continuing and at the beginning of the quarter we started our second proprietary product project, NEX-20. The choice of multiple myeloma as our second indication fits well with myelodysplastic syndrome (MDS) in NEX-18 and creates an interesting portfolio in haematological cancer. In 2021, we intend to identify another project, NEX-21, where PharmaShell® can create another unique product with major potential.

Shortly after the end of the quarter, we started our first clinical trial with PharmaShell. It is a phase I study in NEX-18 that has been initiated at Karolinska University Hospital, but will also be conducted at Uppsala University Hospital.

The study is being conducted in two doses to study the pharmacokinetics, safety and tolerability of NEX-18, our long-acting formulation of azacitidine, the active ingredient in the drug Vidaza. By building on a proven drug, this development project (like NEX-20 and later NEX-21) is significantly less costly, with a simpler registration process, shorter time to market and significantly lower risk than projects with new substances.

Our own projects are focused on developing so-called "super-generics", i.e. generic substances that are reformulated to achieve new and significantly improved properties for both patients and healthcare providers. The combination with PharmaShell also creates a product with significant patent protection. NEX-18 and NEX-20 are being developed for use in haematological cancers and both the active substances, azacitidine and lenalidomide, are expected to remain key treatments in their respective disease areas for many years to come. Going forward, we expect the unique properties of the PharmaShell concept to also provide entirely new, breakthrough solutions in many other indications.

The start of the study is a major milestone for us. With the PharmaShell platform, we have created a controlled-release depot formulation for the treatment of the haematological cancer myelodysplastic syndrome (MDS). The ALD technology that underpins PharmaShell is already well established, especially in the electronics industry, but has the potential to revolutionize the pharmaceutical industry in a whole new way. Current treatment with Vidaza involves injections given in hospital seven days in a row every month. With NEX-18, the need for only one injection greatly simplifies treatment and allows for significant cost savings. We look forward to the completion of the study in Q3.

With the study results, we intend to continue the clinical development with a Phase II study to reach clinical Proof of Concept. This study will include about 40 patients and is expected to be completed in the first half of 2023. Given good study results, the goal is to license NEX-18 to a strong partner or to commercialize the project ourselves, depending on what is deemed to create the most value.

Our initial clinical results with PharmaShell will also be very valuable in our partnering discussions for licensing out the technology. We have a number of evaluation projects with pharmaceutical and animal health companies that clearly demonstrate that interest is high. After the start of the quarter, we were also able to announce that we have signed another new evaluation agreement with a European biotech company in the cardiovascular area. The intention is that PharmaShell will enable an injectable product that releases the relevant drug for 1-2 weeks. We look forward to generating great results in this collaboration as well.

Our collaboration with Applied Materials progressed well during the quarter. We have broken ground for a new complete GMP-rated pilot plant, where Applied Materials' production equipment will be installed. We will be able to produce on a much larger scale there, for Phase II and Phase III studies. The facility is important both for our own projects and our partner projects.

During the quarter, we also secured funding from Applied Ventures investing USD 1 million in Nanexa and from a successful redemption of warrants of SEK 24.5 million.

I am looking forward to the future with great confidence. In 2021, 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

Comments on the result and the company's financial position

Turnover in January-March 2021 amounted to TSEK 536 (1,192) and is mainly related to work on customer orders for surface treatment of sensors. Other external costs amounted to TSEK -6,332 (-3,973), an increase mainly related to the work on the proprietary product projects NEX-18 and NEX-20, the development of the PharmShell® platform and the GMP facility. Personnel costs amounted to TSEK -3,548 (-2,234), primarily as a result of the significant growth of the organization. Capitalized development costs during the period amounted to TSEK 4,433 (2,604) and is mainly attributable to investments in the NEX-18 project and the GMP facility.

The profit for the period amounted to TSEK -6,670 (-3,525).

Cash and cash equivalents as of 31 March 2021 amounted to TSEK 34,849 (44,050). During the first quarter, the company received SEK 8.0 million through a directed issue to Applied Ventures, LLC, and SEK 24.5 million through the redemption of warrants of series TO2. Applied Ventures intends to invest up to USD 3 million in Nanexa in 2021, of which USD 1 million was invested in the first quarter, USD 0.5 million after the end of the quarter and an additional USD 1.5 million is intended to be invested through the exercise of (non-transferable) warrants, at a discount of 10% on the current share price in connection with a subscription period in December 2021.

The number of employees at the end of the quarter was 12 (9), of which 4 (3) were women and 8 (6) were men. The average number of employees during the quarter was 12 (9).

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 Q1 2021 amounted to SEK -0.29 (-0.22).

The number of shares

As of 31 March 2021, Nanexa AB (publ) had 24,866,934 outstanding shares with a quotient value of SEK 0.13. The number of shares at full dilution of outstanding warrants was 29,541,212.

The average number of shares during the period January-March 2021 was 22,733,354 (15,959,541). Including full dilution of outstanding warrants, the average number of shares was 28,790,520.

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.

20 August 2021	Interim report January-June 2021
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 06/05/2021

The board of directors, Nanexa AB

Göran Ando (chairman)	Bengt Gustavsson (member)	Urban Paulsson (member)
Mårten Rooth (member)	Otto Skolling (member)	Magnus Westgren (member)

David Westberg, CEO Nanexa AB

Income statement

Amount in TSEK	01/01/2021 - 31/03/2021	01/01/2020 - 31/03/2020	01/01/2020 - 31/12/2020
Operating revenue			
Net sales	536	1,192	2,367
Capitalized work on own account	4,433	2,604	18,492
Other income	82	42	119
Total operating revenue	5,051	3,839	20,978
Operating expenses			
Other external expenses	- 6,332	-3,973	-24,445
Personnel costs	-3,548	-2,234	-12,553
Depreciation	- 1,704	-1,090	-5,205
Other operating expenses	-90	-11	-264
Total costs	-11,674	-7,308	-42,467
Operating profit (EBIT)	-6,623	-3,469	-21,489
Profit/loss from financial items			
Interest income and similar income statement items	0	0	0
Interest expenses and similar income statement items	-49	-58	-255
Total profit/loss from financial items	-49	-58	-255
Taxes			
Tax revenue	2	2	8
Profit/loss for the period	-6,670	-3,525	-21,736
Earnings per share (SEK)	-0.29	-0.22	-1.09

Balance sheet

Amount in TSEK	31/03/2021	31/03/2020	31/12/2020
Assets			
Fixed assets			
Intangible fixed assets	37,368	19,323	33,542
Tangible fixed assets	3,383	4,488	3,595
Financial fixed assets	108	16	123
Total fixed assets	40,859	23,827	37,260
Current assets			
Stock	0	88	62
Current receivables	3,083	3,443	3,678
Cash and cash equivalents	34,849	44,050	12,691
Total current assets	37,932	47,581	16,431
Total assets	78,791	71,408	53,691
Equity and liabilities			
Equity			
Share capital	3,218	2,747	2,747
Restricted equity	32,622	15,200	29,105
Profit and loss account reserve brought forward	39,955	45,856	33,235
Loss for the period	-6,670	-3,525	-21,736
Total equity	69,125	60,278	43,351
Non-current liabilities			
Liabilities to credit institutions	2,591	3,627	2,850
Total non-current liabilities	2,591	3,627	2,850
Current liabilities			
Accounts payable	2,539	3,690	2,177
Bank overdraft facilities	0	8	0
Other current liabilities	4,536	3,805	5,313
Total current liabilities	7,075	7,503	7,490
Total equity and liabilities	78,791	71,408	53,691

Cash flow analysis in summary

Amount in TSEK	31/01/2021 - 31/03/2021	01/01/2020 - 31/03/2020	01/01/2020 - 31/12/2020
Cash flow from operating activities	-4,792	-3,404	-16,827
Cash flow from investment activities	-5,318	-3,359	-20,801
Cash flow from financing activities	32,268	39,435	38,940
Cash flow for the period	22,158	32,672	1,313
Cash and cash equivalents at start of period	12,691	11,378	11,378
Cash and cash equivalents at end of period	34,849	44,050	12,691

Changes in equity

Amount in TSEK	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	29,105	109,329	-97,830	43,351
New share issue	471		32,654		32,125
Issue expenses			-681		-681
The period's capitalized development costs		4,433		-4,433	0
Depreciation for the period on Capitalized development costs		-916		916	0
Profit/loss for the period				-6,670	-6,670
Amount as of 31/03/2021	3,218	32,622	141,302	-108,017	69,125

Amount in TSEK	Share capital	Fund for development work	Share premium reserve	Profit brought forward (including profit for the period)	Total equity
Amount as of 01/01/2020	1,962	13,016	69,905	-60,005	24,878
New share issue	785		44,695		45,480
Subscription warrants			1,283		1,283
Issue expenses			-6,554		-6,554
The period's capitalized 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	29,105	109,329	-97,830	43,351

Pledged assets

	31/03/2021	31/03/2020	31/12/2020
Corporate mortgages	6,300	6,300	6,300

Contingent liabilities

	31/03/2021	31/03/2020	31/12/2020
Other contingent liabilities	250	250	250

Nanexa AB

Virdings Allé 32B, SE-754 50 Uppsala, Sweden

Phone: +46 (0) 18 100 300

Org. no. 556833-0285

info@nanexa.se

