Annual Report 2020

Vicore Pharma Holding AB (publ)

vicorepharma.com

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Summary of the Period

Important events during 2020

- In January, Vicore issued 243,525 shares to the warrant holders in the incentive programme LTIP 2016.
- In February, the mechanistic phase II study with C21 in patients with systemic sclerosis (SSc) and Raynaud's phenomenon dosed its first patients.
- In March, Vicore submitted a Clinical Trial Application (CTA) to the UK regulatory agency MHRA, for a phase II study with C21 in patients with idiopathic pulmonary fibrosis (IPF).
- In March, Vicore submitted a Letter of Intent (LoI) to file a clinical trial application (CTA) to the UK regulatory agency MHRA, for a phase II study with C21 in patients with COVID-19.
- In April, Vicore gained approval from the UK regulatory agency MHRA, to start the phase II study on patients with COVID-19 (ATTRACT study).
- In May, Vicore received approval from the UK regulatory agency MHRA, to start the phase II study with C21 in patients with IPF (AIR study).
- In May, Vicore was awarded a grant of 1.5 GBP million from the UK charity LifeArc for the ATTRACT study in patients with COVID-19.
- In June, Vicore announced positive results with C21 in a preclinical model considered predictive of human pulmonary hypertension.
- In June, Vicore announced that the ATTRACT study with C21 on COVID-19 expanded to India in order to accelerate patient enrolment.
- In July, Vicore completed a directed share issue resulting in proceeds of 185 MSEK before transaction costs.
- In July, Vicore announced that the first patient with COVID-19 had been dosed in the ATTRACT study in India.
- In August, Vicore announced that the study with VP01 in patients with systemic sclerosis had restarted after the pause caused by the COVID-19 pandemic.
- In September, Vicore announced that treatment with VP01 on lung tissue with IPF caused a dose-dependent decrease of TGFβ1, a key growth factor in fibrosis development.
- In October, Vicore announced that the ATTRACT study with C21 in patients with COVID-19 was fully recruited.
- In November, Vicore acquired a series of intellectual property rights (IPR) from HaLaCore Pharma AB ("HaLaCore") as part of the development of novel angiotensin II type 2 receptor (AT2R) agonists.
- In November, Vicore announced changes in the management team.
- In November, Vicore recruited the first patient in the phase II Proof-of-Concept study in IPF.
- In December, Vicore announced positive top line data from the phase II study on patients with COVID-19.
- In December, Vicore announced the last patient last visit in the mechanistic phase II study with C21 in SSc.

Important events after the year-end

- In February, Vicore completed a directed share issue raising 336 MSEK, which subsequently was approved at an Extraordinary General Meeting. Pro forma, including the directed share issue, cash, cash equivalents and short-term investments as of December 31, 2020, amounted to 654.7 MSEK.
- In March, Vicore reported top-line data from the mechanistic phase II study in SSc showing that C21 increased bloodflow in fibrotic tissue.

Financial overview for 2020

Net sales amounted to 0.0 MSEK (0.0).

The operating loss was -149.5 MSEK (-94.0).

Loss for the period amounted to -146.9 MSEK (-93.1).

Loss per share before and after dilution was -2.71 SEK (-2.16).

Cash, cash equivalents and short-term investments as of December 31, 2020, amounted to 318.7 MSEK (264.6).

Financial calendar

May 5, 2021	Interim report, Q1
May 11, 2021	Annual General Meeting
August 26, 2021	Interim report, Q2
November 4, 2021	Interim report, Q3
February 26, 2022	Year-end report 2021

Financial reports are available on the company's website

www.vicorepharma.com

from the day of publication

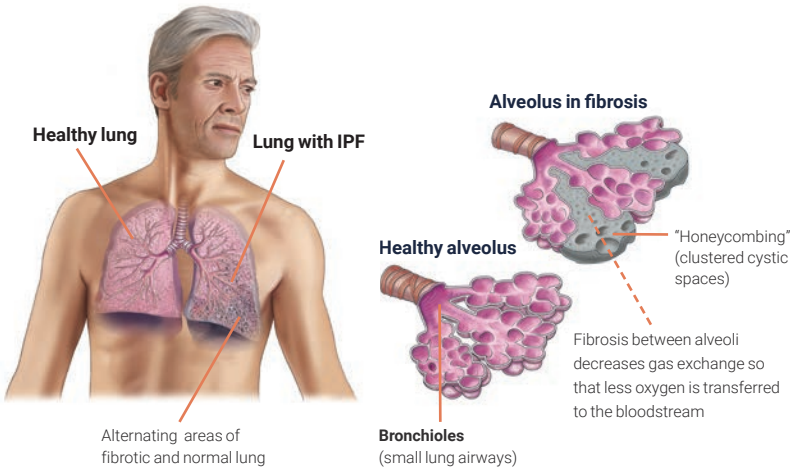
The group consists of the parent company, Vicore Pharma Holding AB (publ) ("Vicore"), the subsidiaries Vicore Pharma AB ("Vicore Pharma") and INIM Pharma AB ("INIM Pharma")

Vicore in Brief

Vicore Pharma is a rare disease pharmaceutical company focused on interstitial lung diseases and related indications. The company currently has three drug development programs, VP01, VP02 and VP03. The VP01 program aims to develop the substance C21 for the treatment of idiopathic pulmonary fibrosis ("IPF") and COVID-19. The VP02 program is based on a new formulation and delivery route of thalidomide, an existing immunomodulatory compound (an "IMiD"). The VP02 program focuses on the underlying disease and the severe cough associated with IPF. Both projects are also being actively evaluated for other indications within the field of fibrotic lung diseases which have a significant high unmet need. The VP03 program includes identifying new selective AT2 receptor stimulators for further development.

Idiopathic Pulmonary Fibrosis (IPF)

Idiopathic pulmonary fibrosis ("IPF") is characterized by progressive fibrosis (scarring) in the lungs. The disease gradually causes impaired lung function leading to shortness of breath and cough. In later stages of IPF, signs of pulmonary hypertension are often seen.



Pipeline

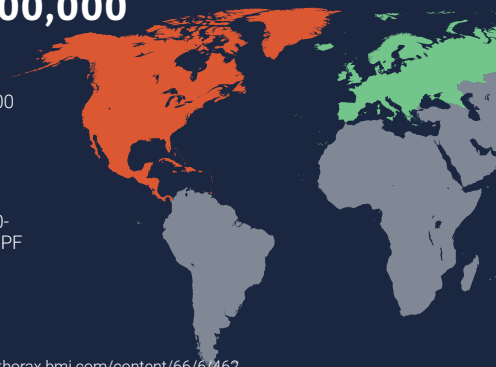
Program	Indication	Explorative	Preclinical	Phase I	Phase II	Phase III	
VP01 (C21)	Idiopathic pulmonary fibrosis (IPF)						
	COVID-19						*
VP02 (IMiD)	Idiopathic pulmonary fibrosis (IPF)						
VP03 (New AT2R agonists)	Multiple indications						

Supportive mechanistic studies	Indication	Explorative	Preclinical	Phase I	Phase II	
VP01 (C21)	Systemic sclerosis (SSc) and Raynaud's phenomenon (RP)					**

Ongoing
Finalized

* Phase III preparations ongoing
** Finalized

Worldwide prevalence of IPF: 13-20/100,000



USA
30,000-40,000 new diagnoses of IPF per year. Approximately 100,000 people in the US live with IPF

Europe
30,000-35,000 new diagnoses of IPF per year. Approximately 80,000-100,000 people in the EU live with IPF

The incidence of IPF is rising and estimates to be double in 2030

Source: Navaratnam et al, 2011 https://thorax.bmj.com/content/66/6/462

There are two drugs for IPF available on the market today. Despite a limited effect and risk of severe side effects their total sales in 2018 amounted to approximately

2.8 BUSD

Source: Company reports

Up to **70%** of the patients with IPF suffers from severe cough

Ongoing/planned activities during 2021

VP01 (C21 in IPF - AIR study):
Show effect on lung function in patients with IPF in ongoing phase II study

VP01 (C21 in COVID-19 - ATTRACT study):
Preparations to start phase III study during summer 2021.

VP01 (SSc):
Finalized. Supportive mechanistic phase II study results showed vessel dilation in fibrotic tissues.

VP02:
Submit CTA for phase I study by the end of 2021

VP03:
Preclinical phase. Select candidate drug by the end of 2021.
Submit CTA for phase I study during first six months 2022.

Year in Brief

Several reached milestones during 2020

Positive results in the phase II study on patients with COVID-19 (VP01 program)

In July, the first patient was dosed in the phase II study (ATTRACT) with C21(VP01 program). The study was performed in India and was fully recruited in two months. Top-line data was published in December. The study was a randomized, double blind, placebo-controlled study in 106 COVID-19 patients with a moderately severe disease with signs of an acute respiratory infection but not requiring mechanical ventilation.

The aim of the study was to evaluate if C21 as a stimulator of the angiotensin II type 2 receptor (AT2R), might have an effect on the way by which the virus incapacitates the system. Summarized, the study shows that the risk for patients needing oxygen supplementation in the C21 group was decreased by 58% (p=0.026) at day eight after start of treatment.

At day 14 there was only one patient in the C21 group in need of oxygen supplementation compared to eleven patients in the placebo group (p=0.003), a reduction of more than 90%. In the subgroup of patients needing a significant amount of oxygen supplementation (about 30 patients per treatment group), C21 produced a more distinct reduction of CRP* (C-reactive protein). There was also a clear trend for C21 reducing the number of patients needing mechanical ventilation and a trend for C21 reducing mortality. The treatment was reported safe and well tolerated.

Preparations to start a phase III study are ongoing.

The phase II study in IPF started to recruit patients (VP01 program)

In November the first patient in the phase II study (AIR study) on patients with idiopathic pulmonary fibrosis (IPF) was recruited (VP01 program). The study is performed in India, Ukraine, UK and Russia. The study is a six month open study with an option to continue for an additional three months. It will include approximately 60 patients and will observe the compared treatment effect of C21 with the well documented linear decrease of lung function in untreated patients.

Top-line data in the mechanistic phase II-study in SSc (VP01 program)

In December Vicore announced that the last patient conducted the last visit in the study. The study was a mechanistic phase II study in twelve patients with systemic sclerosis and Raynaud's phenomenon and the aim of the study was to shed light on the angiotensin II type 2 receptor's (AT2R) role in acute improvement of blood flow in affected tissues.

The patients performed a cold challenge test with both hands held in

Highlights

- ***Reported positive results from our phase II ATTRACT study in COVID-19***
- ***Recruited the first patient in the phase II study in IPF***
- ***Strengthened pipeline with the acquisition of new novel AT2R agonists***
- ***Shown positive vasodilatory effects with C21 in the mechanistic phase II study in systemic sclerosis and Raynaud's phenomenon***
- ***Secured the company's financing through two directed share issues of a total of 521 MSEK***

* CRP (C-reaktive protein) increases in the blood during inflammation.

cold water and the recovery periods on drug or placebo were compared. The result from the study showed a temperature recovery as an effect of dilation of peripheral vessels suggesting that C21 can increase bloodflow in fibrotic tissue. This effect is believed to be an advantage in IPF.

The VP02-program advances

The VP02-program, which relates to local lung delivery of thalidomide (an IMiD - Immunomodulatory drug) for the treatment of IPF and IPF cough, has experienced some delays due to a technical disturbance with the producer of the substance for toxicological studies. The technical disturbance has been cleared by now and the production has resumed.

New collaborations in the VP03 program

In November, Vicore aquired a series of IP rights from HaLaCore Pharma as part of the development of new AT2R agonists. As compensation for the acquisition, HaLaCore Pharma will receive a one-time payment of 6 MSEK, split between approximately 3 MSEK in cash and 142,054 shares in Vicore corresponding to approximately 3 MSEK.

Interesting data from a preclinical model considered predictive of human pulmonary hypertension

C21 showed good effects in a well established animal model considered predictive on the effect of drugs in human pulmonary hypertension the so-called Sugen-Hypoxia-model. It demonstrated both hemodynamic effects and reduced vascular remodeling. This together with the anti-fibrotic effects gives C21 a unique profile.

Robust effects of C21 in IPF lung tissue

Fresh human IPF lung tissue harvested from a patient during lung transplantation showed stable expression of the C21 target, the AT2-receptor, and treatment with clinically relevant concentrations of C21 caused a dose-dependent decrease of TGFβ1, a key growth factor in fibrosis development.

Two successful directed share issues of a total 521 MSEK during 2020/2021

Vicore completed a directed share issue of approximately 185 MSEK during 2020. After the year-end Vicore completed another directed share issue of approximately 336 MSEK. The share issues were subscribed by Swedish and international institutional investors. In total, Vicore has strengthened its financial position with 521 MSEK during 2020 and beginning of 2021.

CEO Comments

2020 was a breakthrough year for Vicore, as we demonstrated clinical validation for our angiotensin II type 2 receptor (AT2R) agonist C21 in human disease. The positive clinical results, from the ATTRACT phase II study in COVID-19 and a mechanistic study of Raynaud's phenomenon in systemic sclerosis (SSc) patients, are helping us unravel a new biology.

The encouraging results from the ATTRACT phase II trial, presented in December, clearly showed the benefits of treating hospitalized COVID-19 patients for 7 days with our AT2R agonist, C21, as their alveolar function in the lung was restored and gas exchange normalized. Patients on C21 required less oxygen supplementation than the placebo group, an effect sustained after C21 treatment stopped: about one week after the last treatment, only one patient in the C21 group needed oxygen compared to 11 in the placebo group.

With these exciting data in hand, Vicore is preparing for a C21 phase III study in COVID-19 in a larger population across several countries, including the US. Despite the timely development of several vaccines and the restoration of global economic normality, the emergence of virus variants means that SARS-CoV-2 and related viruses are likely to remain a considerable seasonal threat for many years, and the need to develop therapeutics remains high. The C21 mechanism of action is agnostic to viral strain mutations.

The potential of the new biology underlying the use of AT2R agonists in human fibrotic disease was further underlined by recent top-line data from a mechanistic phase II study in SSc. Our study demonstrated C21's ability to increase blood flow in fibrotic tissue, which we believe bodes well for a similar effect of C21 in idiopathic pulmonary fibrosis (IPF).

These two clinical trials further confirm the molecular understanding of C21 activity that Vicore already had in preclinical work. C21 reduces fibrosis by attenuating TGFβ1, decreases pulmonary hypertension by cutting down on the formation of rogue new blood vessel and it dilates resistance vessels in fibrotic tissue. We now have convincing clinical proof that the effects of C21 we see in the lab are highly relevant to the treatment of patients with respiratory and fibrotic conditions.

I would like to take this opportunity to acknowledge the efforts of the patients and physicians at the cutting edge of Vicore's clinical programs. In the midst of a highly disruptive pandemic, Vicore and its extended team swiftly designed and completed the phase II COVID-19 trial, completed the SSc trial and started recruitment in the phase II trial of C21 in IPF.

In addressing fibrotic lung disease, Vicore is validating a new biology with a different profile. It aims to reduce or prevent fibrosis, cell aging and microvascular disease, and IPF and COVID-19 are just the start.

Progress across the pipeline

Other programs have continued to progress, including VP02, an inhaled treatment for IPF and IPF cough. The active ingredient in VP02 is thalidomide, an immune modulator highly effective in suppressing the severe cough prevalent in many IPF patients. By formulating it as inhalable microparticles, Vicore has focused its activity in the lung. We are in the process of bringing the formulation in line with Good Manufacturing Practice standards, and aim to submit a Clinical Trial Application for a phase I study by the end of 2021.

Following on from clinical success with C21, we are advancing our

Read more

"Positive clinical results, from the ATTRACT phase II study in COVID-19 and a mechanistic study in SSc, are helping us to unravel a new biology."

novel AT2R agonists into preclinical development. We strengthened our preclinical pipeline through the acquisition of IP rights from HaLaCore Pharma, headed by Anders Hallberg, one of the original inventors of C21. We are also collaborating with Emeriti Bio to synthesize AT2R agonists related to C21. We aim to select a candidate drug by the end of 2021.

Our substantial clinical and preclinical progress is underpinned by a strong financial position, which we reinforced by raising a combined total of 521 MSEK (approximately 60 MUSD) via two successful directed share issues, in June 2020 and February 2021.

Our financial runway extends Vicore's operations into the second half of 2023. We were pleased with the participation and support from Swedish and international investors, including existing shareholders. These included Andra AP-fonden, Fjärde AP-fonden, Handelsbanken Fonder, HBM Healthcare Investments AG, HealthCap VII L.P., Invus Public Equities LP and Swedbank Robur Fonder.

The past year has brought huge challenges for us all, and I am proud of the way the Vicore team has responded with dedication and agility. I would like to thank all our employees for their contributions, and our shareholders for continuing to support our work as we seek to alleviate the pain and suffering caused by fibrotic lung disease.

Carl-Johan Dalsgaard, CEO

"During 2020, we swiftly designed and completed the phase II COVID-19 trial, completed the SSc trial and started recruitment in the phase II trial in IPF."

Vision

Vicore's vision is to remove the pain and suffering caused by fibrotic lung disease. As a company, we pride ourselves on our collaborative approach to science and are committed to working closely with the patient community, scientific experts and clinicians to find innovative solutions that meet their needs.

Goal

Vicore's goal is to establish itself as a leading company in fibrotic lung disease and related indications. Through clinical studies, Vicore will document the therapeutic properties of VP01 (C21), VP02 (the IMiD-technology) and VP03 (new AT2R agonists) in IPF and other indications. By generating strong clinical data, Vicore will build significant value in the company and thereby create the prerequisites for future financing and commercial collaborations. The company's long-term goal is to obtain regulatory approval and launch medicines to help patients suffering from fibrotic lung disease.

The Road Ahead

Vicore's long-term goal is to establish the company as a leading player in fibrotic lung disease and related indications. Through clinical studies, we will substantiate the therapeutic properties in our three drug development programs VP01, VP02 and VP03 in idiopathic pulmonary fibrosis("IPF") and other related indications The goal is to build significant value in the company by generating strong clinical data and thereby creating the prerequisites for future financing and commercial collaborations.

Further down the road, our goal is to obtain regulatory approval and launch medicines to help patients suffering from fibrotic lung disease. An advantage with orphan indications is that smaller companies can choose to commercialize their products themselves and thus do not have to depend on a larger partner for final development, marketing, sales and reimbursement.

Fibrotic lung disease is an area where there is a great need for new and effective treatments. This attracts considerable interest from the major pharmaceutical companies, which may open up for potential commercial partnerships in the future.

Focus on the patient

Vicore has a patient-centered focus and works with patient groups in severe lung diseases - non-profit organizations started by patients, caregivers, family members or healthcare professionals - to understand their experiences and needs. Vicore is also a sponsor of the EU-IPFF charity and participates in their conventions.

The VP01 program

The VP01 program aims to develop the substance C21 for the treatment of idiopathic pulmonary fibrosis ("IPF") and COVID-19 . In September 2019, Vicore completed a phase I dose optimization study in 54 individuals with C21. The study was able to establish that 200 mg daily is safe and constitutes the highest tolerable dose. This dose was used for the phase II study in patients with SSc, in the ongoing phase II study in IPF and in the completed phase II study in patients with COVID-19.

The phase II study in IPF has been designed in collaboration with international clinical experts in IPF and will investigate both safety and lung function. The study aims to support the decision to initiate a confirmatory phase IIb/III study.

The study is an open-label six month study in approximately 60 patients and we will also give the patient the opportunity to continue treatment for an additional three months. The ambition is to perform the best possible study to answer the question if C21 can preserve the lung function in patients with IPF.

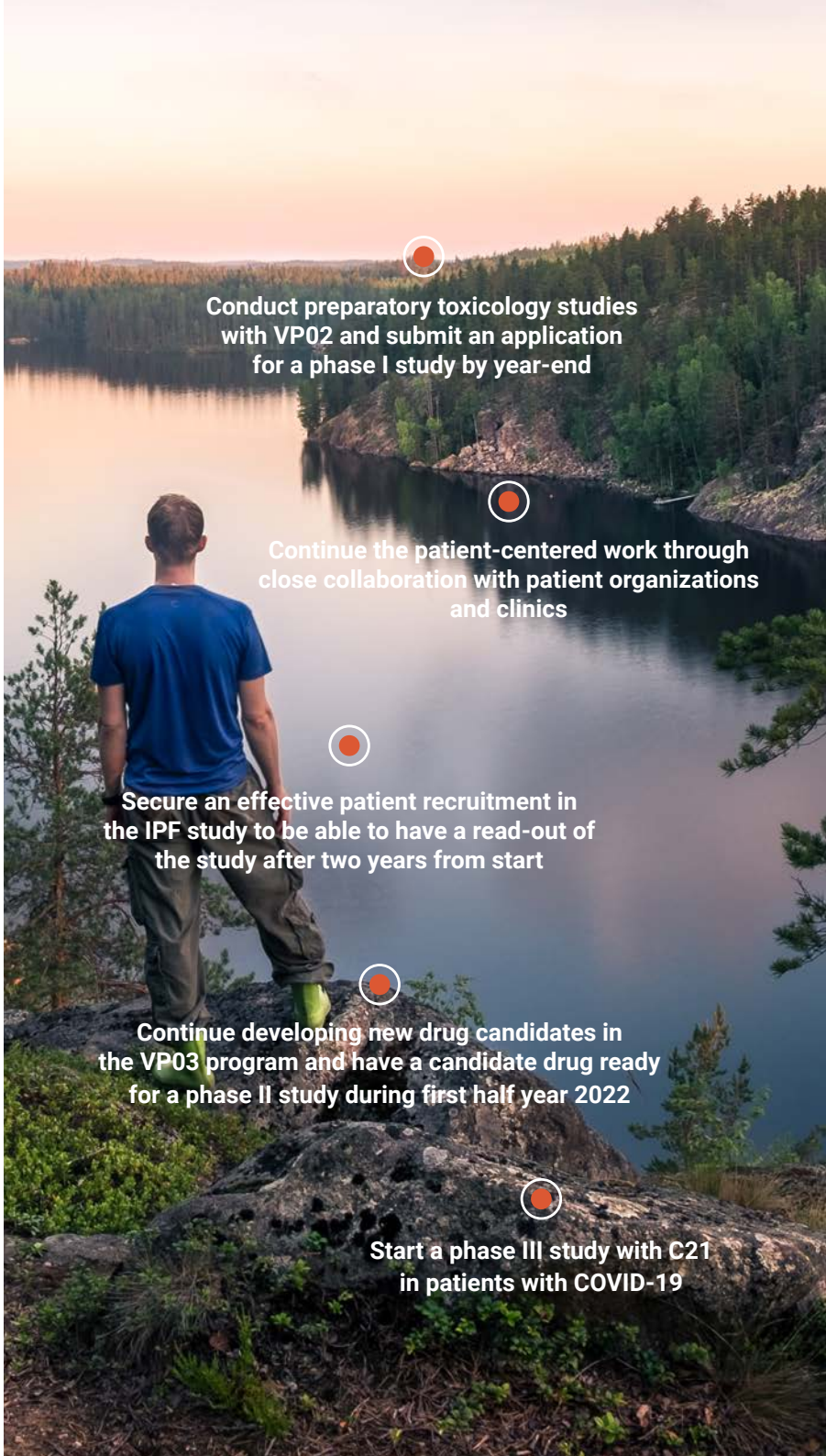
Regulatory approvals to conduct the study have been received in UK, India, Ukraine and Russia and the first patient was recruited in November 2020. The study is estimated to read-out at the end of 2022.

Vicore has during 2020 performed a phase II study in patients with COVID-19. The study was a randomized, double blind, placebo controlled study in 106 patients with a moderately severe disease, requiring oxygen support, but not mechanical ventilation.

The positive outcome from the study was clear and Vicore is now preparing to start a phase III study in a larger population and in several countries and the target is to start during summer 2021.

The VP02 program

The VP02 program is based on a new administration method for thalidomide, an existing immune modulating substance (an "IMiD") that can be



administered locally to the lung by loading the drug molecules into inhalable amorphous microparticles.In addition to the underlying disease VP02 focuses on the severe cough associated with IPF. The program is in preclinical phase with fine adjustments of the formulation and preparations for toxicological studies.

The production has been affected by technical disturbances during 2020 which has resulted in a delay of about six months but Vicore plans to submit a CTA (clinical trial application) for the first clinical study by the end of 2021.

The VP03 program

Within the VP03 program, Vicore develops new patentable AT2R agonists. The goals is to develop competitive pharmaceuticals even for broader indications where there is no possibility to have orphan drug status.

In November, Vicore strengthened its portfolio in the VP03 program with new molecules through the aquisition of IP rights from HaLaCore Pharma as part of the development of new AT2R agonists.

The development work, which is in preclinical stage, is performed in collaboration with Emeriti Bio and HaLaCore Pharma.

The target is to have a candidate drug by year-end and start a phase I study during the first six months of 2022.

Partnerships and collaborations

Vicore has several important partnerships with external partners. One of these is the collaboration with Emeriti Bio and HaLaCore Pharma, which aims to develop new AT2R agonists.

Vicore compensates its collaboration partners through consulting fees, possible milestone payments and royalties if the collaboration results in approved products.

Vicore is working on finding partners for further development of pharmaceuticals in larger indications outside the company's core areas.

The company also has a license agreement with Nanologica and the use of their drug administration technology (NLAB Aero®) within the framework of VP02. Nanologica's technology consists of nanoporous amorphous silicon. By providing the drug molecules in this form, local uptake can be maximized while the total dose can be minimized. Thus, through Nanologica's technology, substances which are less soluble, such as IMiDs can be more readily available as drugs.

Market Overview

The European Idiopathic Pulmonary Fibrosis and Related Disorders Foundation has estimated that between 80,000 and 111,000 people in the EU are currently living with idiopathic pulmonary fibrosis ("IPF"), with up to 35,000 new cases being diagnosed each year. In the US, approximately 100,000 people are currently living with IPF according to the National Institutes of Health (NIH), with 30,000-40,000 new cases per year. The NIH has estimated the overall prevalence worldwide to be 13-20/100,000 people. Both the incidence and prevalence of IPF is increasing worldwide[1].

Unmet medical need for new IPF drugs

The IPF market consists of two approved drugs, Esbriet (pirfenidone; Roche / Shionogi) and Ofev (nintedanib; Boehringer Ingelheim). Although both Esbriet and Ofev can slow down the progression of the deterioration of lung function, these drugs are associated with side effects such as vomiting and diarrhea and have not yet conclusively shown that they can improve the survival or quality of life of the affected patients. The Pulmonary Fibrosis Foundation (PFF) registry, which is a large multicenter US-based patient registry, found that 40 percent of IPF patients were not prescribed either of these drugs[2]. According to the American Thoracic Society, on average 60-70 percent of patients with mild to moderate IPF receive no treatment either due to the patient not tolerating the treatment or that the patient is not willing to be exposed to the known side effects associated with the drugs[3]. There is thus a significant medical need for a drug that can show better efficacy and / or better safety and tolerability profile compared to existing treatments.

Market trends

The total sales of IPF drugs in 2019 amounted to 2.8 BUSD, of which the US accounted for approximately 70 percent of total sales[4]. As the proportion of the general elderly population, aged 65 and above, is rising and projected to more than double to an estimated 21 percent by the year 2050[5], aging is considered to be the major factor contributing to an increasing prevalence of IPF. The global market for IPF is expected to reach 5.9 BUSD by 2025, growing at a CAGR of 13.1 percent over the forecast period[6].

Transactions in IPF

The IPF market has in recent years attracted a great deal of interest from the pharmaceutical industry due to the significant unmet medical need. IPF as an indication is now the number one priority in the field of respiratory diseases among several of the world's leading pharmaceutical companies. As a result, a number of licensing deals and corporate acquisitions have been completed (see table on page 12). In 2019, Roche acquired Promedior in a deal worth up to 1,390 MUSD[7]. Roche had a few years earlier acquired InterMune for 8.3 BUSD. In 2019, Gilead Sciences paid a total of 5 BUSD to Galapagos to gain access to a portfolio of substances, including six molecules in clinical trials, of which one in IPF, and more than 20 preclinical programs[8].

1. Wakwaya et al. Idiopathic pulmonary fibrosis; Natural history; Diagnosis; Outcome. Am J Med Sci 2019; 357(5): 359–369

2. Holtze et al. Patient and site characteristics associated with pirfenidone and nintedanib use in the United States; an analysis of idiopathic pulmonary fibrosis patients enrolled in the Pulmonary Fibrosis Foundation Patient Registry Respiratory Research (2020) 21:48 https://doi.org/10.1186/s12931-020-1315-4

3. ATS (American Thoracic Society) conference 2018

4. Roche, sales in 2019 (Esbriet) och Boehringer Ingelheim, sales in 2019 (Ofev). Source: Company reports

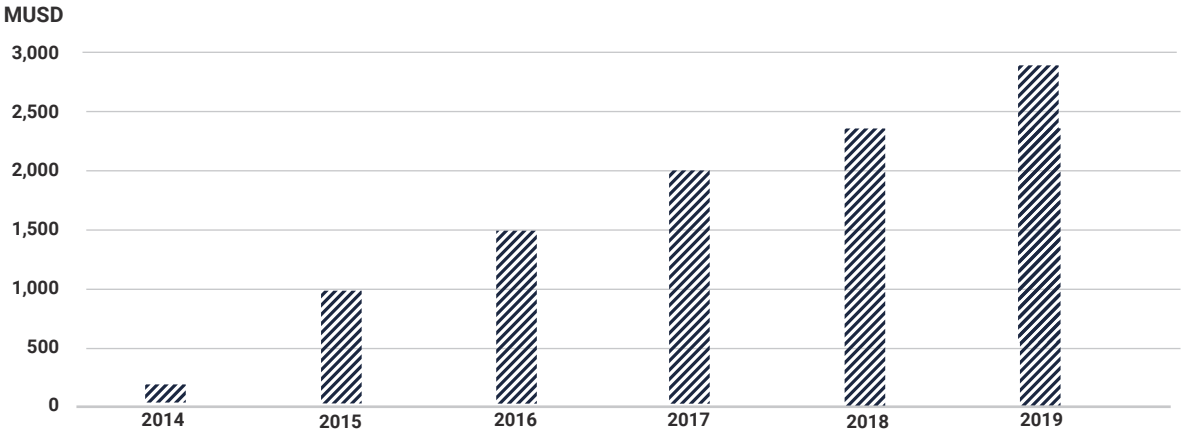
5. Swati Gulati, Victor J. Thannickal MD , The Aging Lung and Idiopathic Pulmonary Fibrosis, The American Journal of the Medical Sciences (2019), doi: https://doi.org/10.1016/j.amjms.2019.02.008

6. https://www.ihealthcareanalyst.com/global-idiopathic-pulmonary-fibrosis-treatment-market/

7. Promedior, "Promedior Enters Into Definitive Merger Agreement To Be Acquired By Roche", November 15, 2019

8. Gilead "Gilead and Galapagos Enter Into Transformative Research and Development Collaboration", July 14, 2019

Total sales of IPF drugs

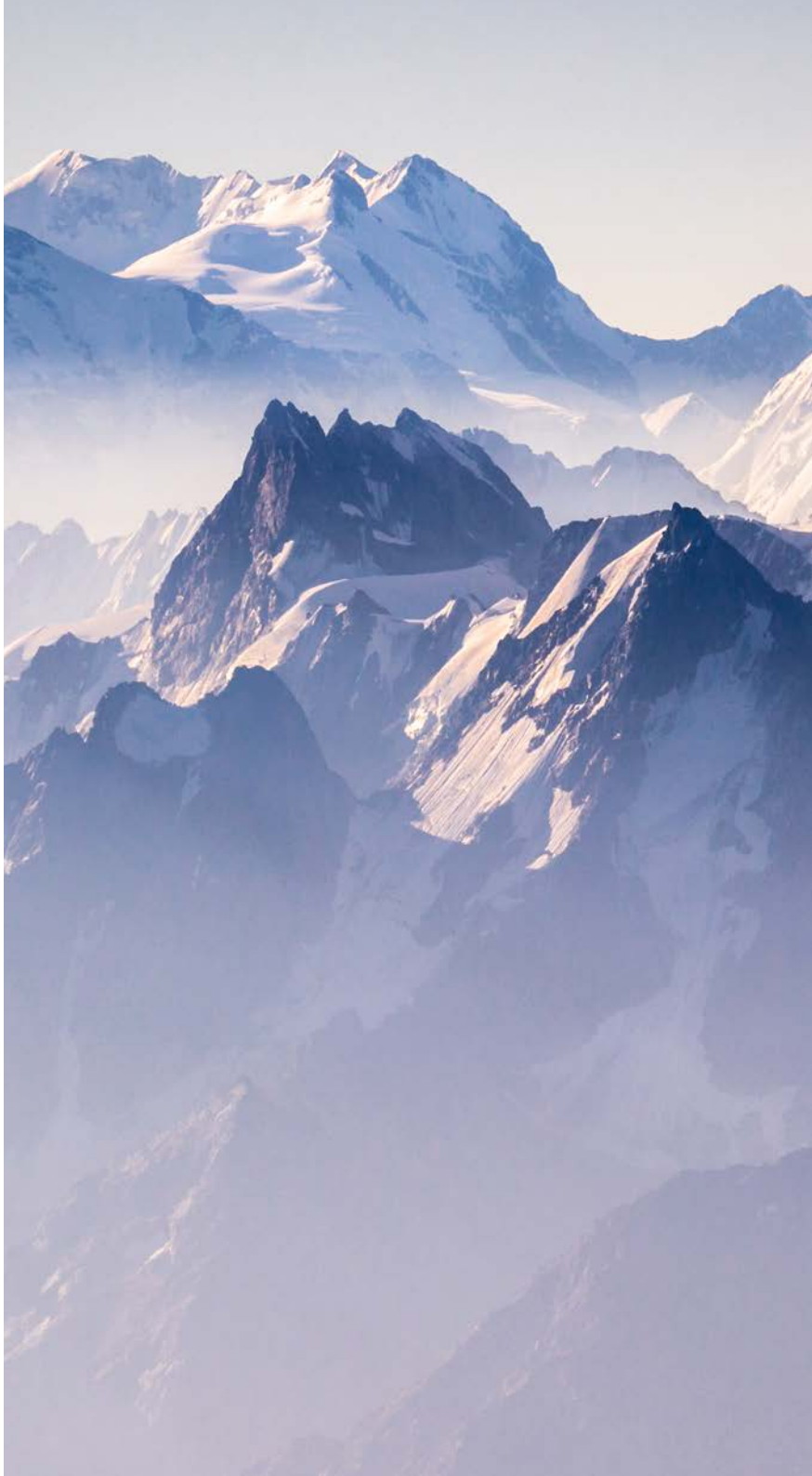


Deals in IPF, fibrosis and severe cough

Year	Target/Licensor	Acquiror/Licensee	Type of deal	Development stage at transaction	Total deal value (MUSD)
2020	Redx Pharma	AstraZeneca	License	Preclinical	377
2020	Forbius	BMS	Acquisition	Phase I	Undisclosed
2020	Curzion Pharmaceuticals	Horizon Therapeutics	Acquisition	Phase II	45 + milestones
2020	Enleofen	Boehringer Ingelheim	License	Preclinical	>1,000 per product, subject to milestones
2019	Promedior	Roche	Acquisition	Phase II	1,390
2019	Galapagos	Gilead Sciences	License	Phase III	5,000 (incl. other therapy areas)
2019	Bridge Biotherapeutics	Boehringer Ingelheim	License	Phase I	1,300
2016	Nitto Denko	BMS	License	Phase Ib	Undisclosed
2016	Afferent Pharmaceuticals	Merck	Acquisition	Phase IIb	1,250
2015	Promedior	BMS	Option*	Phase II	1,250
2014	InterMune	Roche	Acquisition	Approved (EU and Canada), Registration (US)	8,300
2014	Galecto Biotech	BMS	Option*	Phase I/IIa	444
2012	Stromedix	Biogen	Acquisition	Phase II	563
2011	Amira Pharmaceuticals	BMS	Acquisition	Phase I	475
2011	Arresto BioSciences	Gilead Sciences	Acquisition	Phase I	225 + milestones

* BMS decided not to exercise its option

Source: Corporate webpages



The Orphan Drug Market

Regulatory authorities can grant a drug candidate a so-called Orphan Drug Designation (ODD). Orphan drug status is a way of encouraging research and development of drugs for the treatment of rare diseases.

In the US and Europe, about 60 million people are believed to suffer from one of the 7,000 identified rare diseases[1,2]. It is estimated that in total, about 350 million people around the world suffer from one of the identified rare diseases. Historically, the pharmaceutical industry has not given much priority to developing drugs for a limited patient group. In order to increase the incentives to develop drugs for smaller patient groups, different forms of regulation have been designed. The United States was the first country to introduce a specific regulatory framework for rare diseases in1983 through the Orphan Drug Act. Since its introduction, the FDA has approved more than 500 drugs for sale under this regulation and has granted orphan drug designation to more than 4,300 projects. The success of the US program meant that Japan (1993) and later Europe (2000) followed suit with their own legislation.

The definition of rare disease for different markets[3]:

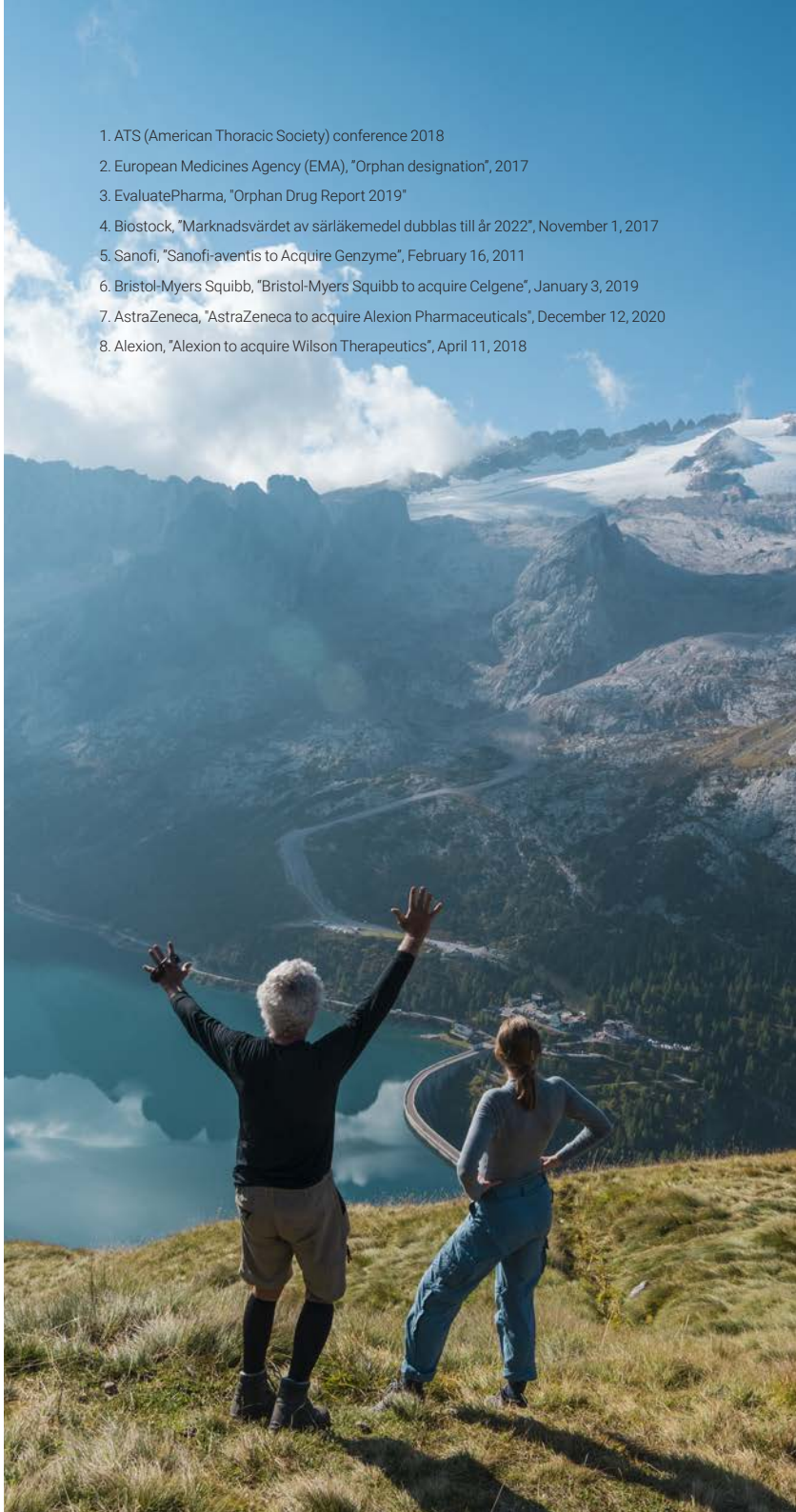
- USA: <200,000 patients per indication
- Japan: <50,000 patients per indication
- Europe: <5 per 10,000 people (approximately 250,000 patients per indication)

Developing a drug with orphan drug status provides a number of benefits. Financial driving forces include, among other things, market exclusivity that can mean product protection. In the USA, market exclusivity can be obtained for up to seven years from approval and in the EU and Japan, up to ten years from approval[3].

Other benefits of orphan drug status are linked to region. Among other things, they can include tax credits for parts of the development costs or a discounted fee to the FDA in the US. In the EU, assistance with the development of the drug is possible and a discount on the fee to the European Medicines Agency (EMA) is also possible[3].

When it comes to orphan drugs, which are aimed at a relatively fewer number of patients, the studies are often smaller, more emphasis is placed on biomarkers and the development phases are often combined, which can lead to a faster development timeline[3].

Despite the limited patient population in rare diseases, several large companies focus exclusively on orphan drugs. The US companies Alexion Pharmaceuticals, Biomarin, Celgene and Genzyme are probably the best known examples. Genzyme was acquired in 2011 by Sanofi for approximately 20 BUSD[5]. In the beginning of 2019 Celgene was acquired by Bristol-Myers Squibb for approximately 74 BUSD and in December 2020 Alexion Pharmaceuticals was acquired by AstraZeneca for 39 BUSD[6,7]. There are several examples of Nordic companies that have successfully developed and launched orphan drugs. One example is Sobi which has developed and launched several orphan drugs within, in particular, hemophilia. Sobi is listed on Nasdaq Stockholm. Another example is Wilson Therapeutics, which was founded in 2012 and developed WTX101 as potential treatment of Wilson's disease. Wilson Therapeutics listed on Nasdaq Stockholm in May 2016. Following a positive clinical development, Alexion Pharmaceuticals acquired Wilson Therapeutics for approximately 7 BSEK in 2018[8].

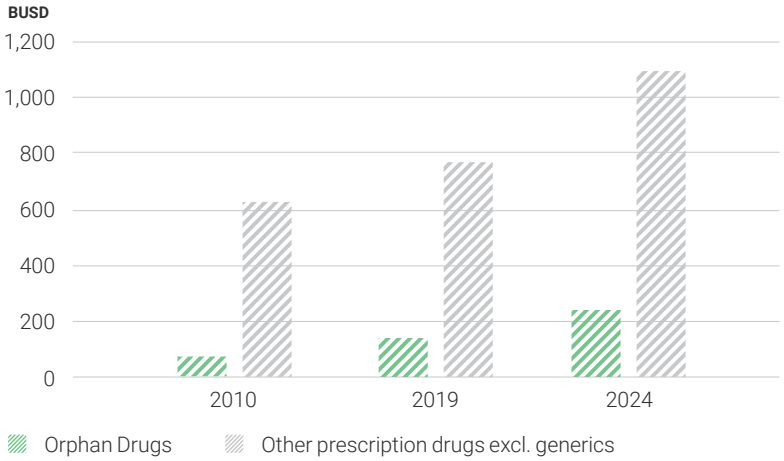


1. ATS (American Thoracic Society) conference 2018
2. European Medicines Agency (EMA), "Orphan designation", 2017
3. EvaluatePharma, "Orphan Drug Report 2019"
4. Biostock, "Marknadsvärdet av särläkemedel dubblas till år 2022", November 1, 2017
5. Sanofi, "Sanofi-aventis to Acquire Genzyme", February 16, 2011
6. Bristol-Myers Squibb, "Bristol-Myers Squibb to acquire Celgene", January 3, 2019
7. AstraZeneca, "AstraZeneca to acquire Alexion Pharmaceuticals", December 12, 2020
8. Alexion, "Alexion to acquire Wilson Therapeutics", April 11, 2018

The orphan drug market is expanding rapidly

The orphan drug market has shown strong growth in recent years. According to EvaluatePharma, it is projected to grow by 12.3 percent per year until 2024, reaching a value of 242 BUSD. This compares with the expected annual growth of 7.4 percent for the entire pharmaceutical market during the same period[3].

Worldwide Orphan Drug & Prescription Drugs Sales



CAGR (cumulative average growth rate) 2018-2024. Orphan drugs 12.3 percent. Other prescription drugs excluding generics 7.4 percent

Source: EvaluatePharma, Orphan Drug Report 2019

Renin-Angiotensin System

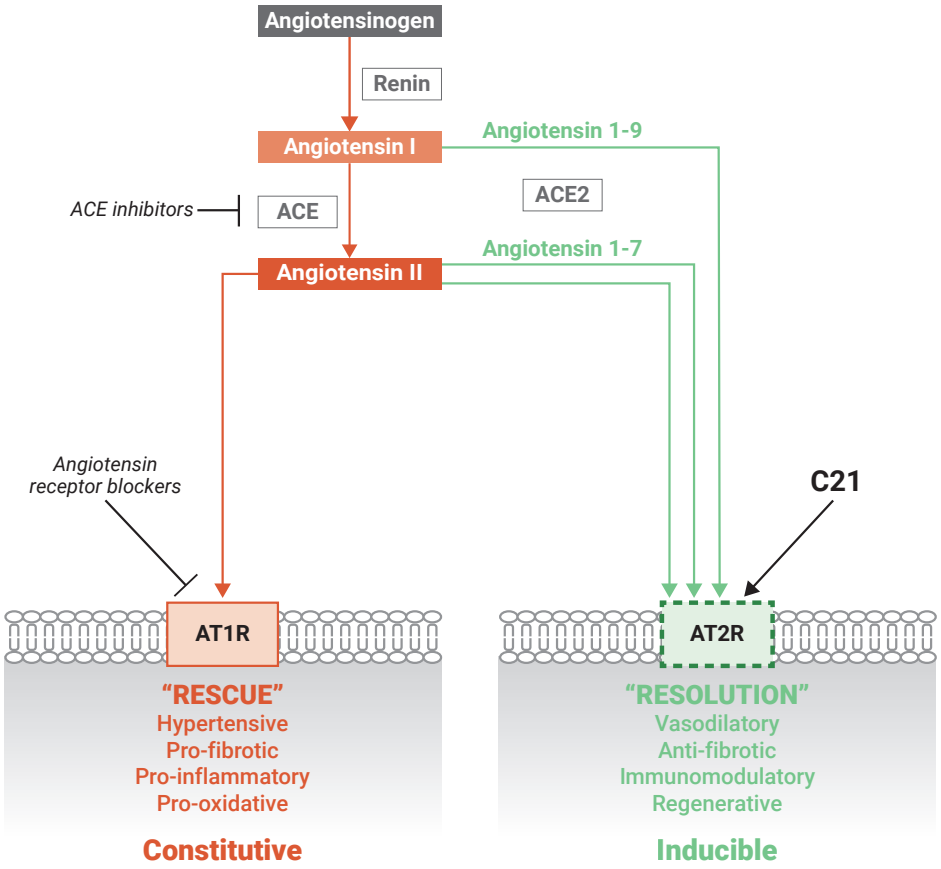
The renin-angiotensin system (RAS) is a hormone system that regulates several important physiological processes. In the RAS cascade, the circulating hormone precursor angiotensinogen is converted to Angiotensin I by the enzyme renin released from the kidneys when blood pressure drops. Angiotensin I is then converted to Angiotensin II by angiotensin-converting enzyme (ACE). Ang II acts via two specific receptors, the angiotensin II type 1 receptor (AT1R) and AT2R.

The AT1R is widespread and continuously active. The expression of the AT2R, on the other hand, is normally low in adult tissues but can be upregulated during repair and regeneration. Interestingly, the AT2R is relatively highly expressed in type II alveolar epithelial cells in the normal lung where these cells play an important role in maintaining normal alveolar function. These cells are also known to contribute to pulmonary fibrosis when they loose their normal function, for example following excessive exposure to inhaled toxic materials and microorganisms.

The AT1R is mainly involved in blood pressure regulation though several different mechanism related to constriction of blood vessels and fluid retention, but also contributes to innate immunity through pro-inflammatory actions. The vasoconstrictive effect of the AT1R arm of the RAS is an important rescue mechanism following hypotension due to trauma and blood loss. However, when this system "over-shoots", it can also contribute to the pathogenesis of diseases such as hypertension, myocardial infarction and different fibrotic conditions including pulmonary fibrosis and chronic kidney disease.

The AT2R is on the other hand an inducible system that can be seen as mechanism responsible for resolution and regeneration following the defensive immune and vascular reactions to injury. Natural ligands/agonists of AT2R such as Ang 1-9 and Ang 1-7 are fragments of Angiotensin I and II cleaved by angiotensin-converting enzyme 2 (ACE2).

Vicore's candidate drug C21 is an AT2R agonist, i.e. it binds to and activates AT2R (see figure to right).



ACE: Angiotensin Converting Enzyme

Idiopathic Pulmonary Fibrosis

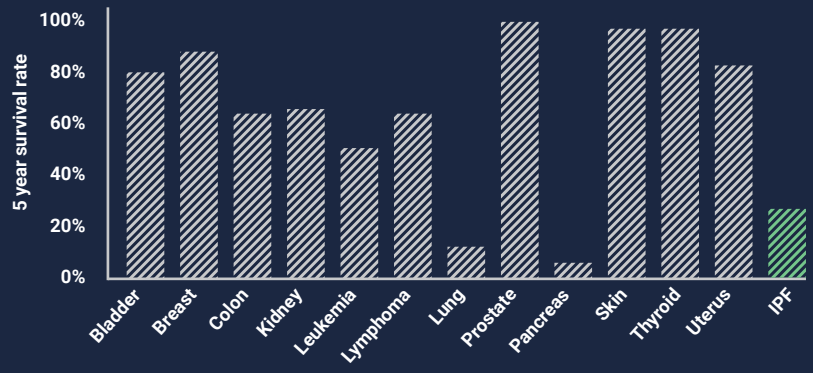
Interstitial lung disease (ILD) encompasses a large group of pulmonary disorders of which a majority are classified as rare[1]. In these patients with fibrotic lung disease, the lung tissue becomes thickened, stiff, and scarred. This results in less efficient absorption of oxygen, and breathing becomes increasingly difficult as the disease progresses, leading to dyspnoea. Severe, persistent dry cough is another particularly troubling symptom and correlates with disease progression in conditions such as idiopathic pulmonary fibrosis ("IPF") which is the most common ILD with no known cause.

Debilitating symptoms of dyspnoea and cough typically appear between the ages of 50 and 70 years in IPF and, while the disease is more common in men, the number of cases in women is increasing. Quality of life is significantly impaired as the disease progresses and the prognosis is poor, with a life expectancy of 3-5 years after diagnosis. The five-year survival rate for IPF is less than that for many cancers, including bladder, prostate, breast, thyroid, and colon cancer.

Increased blood pressure in the arteries of the lungs due to vascular compression by scar tissue and other pathological vascular changes can lead to pulmonary hypertension ("PH") and subsequently to right heart failure. PH is a common, often fatal, complication of IPF[2] which C21 is targeting given the vasodilatory, anti-fibrotic and anti-inflammatory properties[3].

Comparison of the 5 year survival rate for IPF and various forms of cancer

The median survival rate after diagnosis for patients with IPF is currently 3-5 years after diagnosis.



Source: Vancheri et al, Idiopathic Pulmonary Fibrosis: a disease with similarities and links to cancer biology, 2010

1. Cottin V, Hirani NA, Hotchkin DL, et al. Presentation, diagnosis and clinical course of the spectrum of progressive-fibrosing interstitial lung diseases. Eur Respir Rev 2018; 27: 180076 [https://doi.org/10.1183/16000617.0076-2018].

2. Nathan et al, Pulmonary Hypertension and Pulmonary Function Testing in Idiopathic Pulmonary Fibrosis, CHEST 2007; 131:657–663

3. Bruce, E., Shenoy, V., Rathinasabapathy, A., Espejo, A., Horowitz, A., Oswalt, A., Francis, J., Nair, A., Unger, T., Raizada, M.K., Steckelings, U.M., Sumners, C., Katovich, M.J. 2015. Selective Activation of AT2 Receptor Attenuates Progression of Pulmonary Hypertension and Inhibits Cardiopulmonary Fibrosis. Br. J. Pharmacol., 172: 2219-2231.

IPF and COVID-19
The patient experience

"When the virus was explained to me, I understood that if I contracted COVID-19 it would be very difficult to overcome it since I have a reduced lung capacity."

Meet Achille, who lives with IPF

While the COVID-19 pandemic has been a turbulent and emotionally draining time for people of all walks of life, it has been particularly challenging for individuals with comorbid conditions, and especially those such as idiopathic pulmonary fibrosis (IPF) which impairs lung function. For these patients, the fear of contracting COVID-19 is significant as the virus may have devastating effects due to their greater vulnerability. The past year has led to many IPF patients, like Achille Abbondanza, exhibiting great resilience, courage and strength of character.

Achille is 48 years old and lives with IPF. He was first diagnosed with the condition in 2015 after a short cycling ride with a friend. After only 5 km by bike, chatting with his friend, he was forced to stop during his ride to accommodate a severe coughing attack which resulted in vomiting. After this frightening event, Achille underwent a series of tests which proved inconclusive. Fortunately, Achille was a patient at the Ospedale G. B. Morgagni in Forlì, Italy, which is a national centre of expertise in pneumology. After additional testing at the centre, he received a diagnosis of IPF. Since his diagnosis, Achille has been receiving drug therapy and has continued to pursue his love of cycling.

An IPF patient perspective on COVID-19

We recently spoke with Achille to gather his insights on how the COVID-19 pandemic has affected him and his family, including his IPF treatment and his support network.

Knowing that COVID-19 is a respiratory disease, how did the thought of catching the virus affect you emotionally?

The COVID-19 virus made me feel very afraid. I am 48 years old, and until the first lock down occurred in Italy, I worked regularly as an air traffic controller. I work in a tower, in a small room measuring only a few square meters, in close contact with two colleagues with whom I constantly exchange microphones, telephones, binoculars and other equipment. Working 8-hour shifts in such close proximity to others, even if we were using personal protective equipment, was no longer possible.

As someone living with IPF, did you feel more vulnerable to COVID-19?

Certainly. When the virus was explained to me, I understood that if I contracted COVID-19 it would be very difficult to overcome it. I have a reduced lung capacity, with a forced vital capacity (FVC) of 65 % of predicted and a DLCO (diffusing capacity of the lungs – a measure of the ability of the lungs to absorb oxygen from inhaled air into the bloodstream) of about 50% of predicted, so I am particularly vulnerable to COVID-19.

How did you feel about the lockdown situation?

The lockdown has reassured me a lot. I am married and I have two sons, the oldest is 19 years old and the youngest 13 years old. With the lockdown in place, my family stopped seeing their friends so I felt more confident that I would be able to stay clear of COVID-19 and maintain my current health.

Did the lockdown affect your medical support and treatment for your IPF?

Throughout the pandemic my medical support has been downsized. Spirometry tests were suspended for the first few months, and the 6 Minute Walking Test remains suspended. Fortunately, my treatments for IPF were not discontinued. At the start of the pandemic, my regular doctor's appointments were all cancelled, and although I am now able to see my doctor again, the appointments are less frequent.

Did lockdown affect your support from your family and friends?

Yes, very much. Consider that we live in Cervia, a touristic town on the Adriatic Sea. For us, the summer is a beautiful period filled with fun and a busy social life. During the summer of 2020, we almost avoided meeting friends in order to lower our risk of contracting the virus. It is harder now to maintain social distancing, though, because the country is no longer in a rigid lockdown. My wife and I still don't go out for lunch or dinner with friends - our social life is very small, and we only meet people outdoors at a distance and with masks.

I try to keep fit by cycling. Last year I rode 5000 km on my e-bike, using oxygen. Prior to the pandemic I would cycle with friends, but now I cycle only with my family.

What improvements could be made to keep IPF patients safe during the pandemic?

I hope for an early vaccination for all IPF patients. I look forward to the time when my family and I are all vaccinated, as my family is making important social sacrifices to protect me.

What advice do you have for other IPF patients who may be afraid of COVID-19?

This week I lost a great friend of mine because he contracted COVID-19. He was the first person I met who also had IPF. We became great friends and spoke often. When I heard that he had tested positive for COVID-19, I started praying for him. Before this he didn't use oxygen and his health was better than mine. The last time we spoke he was hospitalized and was wearing an oxygen mask. Now, I feel like telling all of my sick friends to be very careful. If the virus hits us aggressively, it can be fatal.

During these difficult times, let's try to see the glass as half-full - "bicchiere mezzo pieno" - just as my friend always told me.

This narrative has been developed in collaboration with EU-IPFF to which Vicore provided a grant to the charity in order to raise awareness of IPF and support research within this field.

COVID-19
SARS-CoV-2

Coronavirus disease 2019 (COVID-19) is a viral infection caused by the newly emergent virus 'severe acute respiratory syndrome coronavirus 2' (SARS-CoV-2), which was announced as a pandemic by the WHO in March 2020. COVID-19 primarily effects the upper airways and symptoms include cough, fever, breathing difficulties, loss of taste and smell. Most reported cases of COVID-19 illness are mild, but severe disease is not uncommon where patients can present with clinical signs of pneumonia (dyspnoea, fast breathing) and hypoxia (body is deprived of adequate oxygen supply).

Furthermore, approximately 5% suffer from critical disease which includes respiratory failure, shock or multiorgan dysfunction.

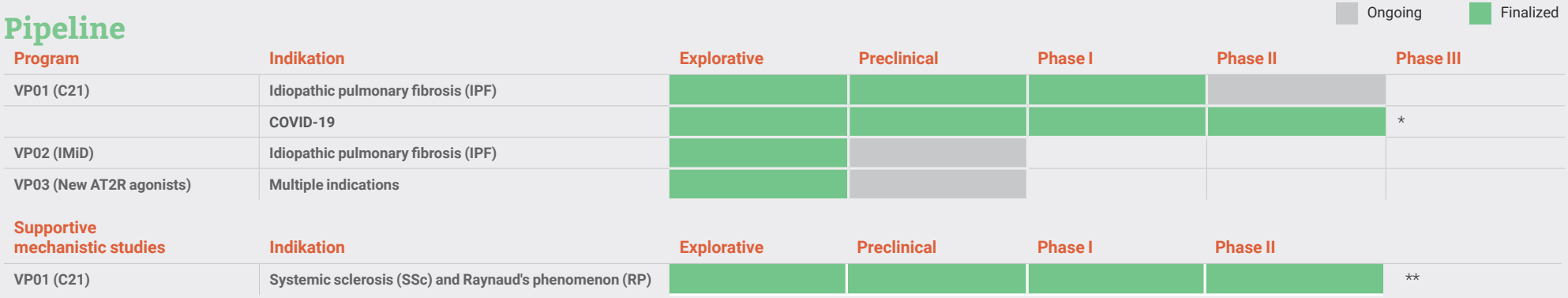
Most severe and critical cases of COVID-19 develop acute respiratory disease syndrome (ARDS) and acute lung injury, leading to morbidity and mortality caused by damage to the alveolar cells where gas exchange occurs.

The virus is known to bind to and enter target cells through angiotensin converting enzyme 2 (ACE2), an integral component of the renin-angiotensin system (RAS). It is also known that such infection results in downregulation of ACE2. Based on this, the hypothesis was that since SARS-CoV-2-induced down-regulation may result in the RAS being thrown out of kilter.

There are currently a number of recently launched vaccines on the market, yet the need for complementary treatments will most likely remain for a significant period of time. Vicore is addressing this need by developing a medicine that could be used in an outpatient setting to reduce need for oxygen support, stopping the development of severe lung disease and bringing down hospitalisations.

Program overview

Pipeline



* Phase III preparations ongoing
** Finalized

VP01 (C21) – Idiopathic pulmonary fibros ("IPF")

- Completed phase I dose optimization study in 2019.
- The phase I study included 54 individuals. It established a safe and tolerable daily dose of 200 mg for further studies in IPF.
- The phase II trial is an open 6 month study of approximately 60 patients. In addition, patients will be given the opportunity to continue treatment for another three months.
- Approval to start the study have been received in UK, India, Ukraine and Russia and the first patient was recruited in November 2020. Estimated read-out of the study is during the fourth quarter 2022.

VP01 (C21) – COVID-19

- Finalized phase II study in 2020
- The phase II study was a randomized, double blind, placebo controlled study in 106 COVID-19 patients with a moderately severe disease, requiring oxygen support, but not mechanical ventilation.
- Summarized, the study shows that the risk for patients needing oxygen supplementation in the C21 group was decreased and at day 14 there was only one patient in the C21 group in need of oxygen supplementation compared to eleven patients in the placebo group (p=0.003), a reduction of more than 90%. In patients needing oxygen from the start, C21 showed a more distinct reduction of CRP (C-reactive protein) compared to placebo.
- Preparations to start a phase III study in a larger patient population and in several countries is ongoing and the aim is to start the study during summer 2021.

VP01 (C21) – Systemic sclerosis and Raynaud's phenomenon

- Supportive mechanistic phase II study on systemic sclerosis and Raynaud's phenomenon to detect effects on peripheral vessels in fibrotic disease.
- The result from the study showed a temperature recovery as a result of dilation of peripheral vessels suggesting that C21 can increase bloodflow in fibrotic tissue.

VP02 (IMiD) – Idiopathic pulmonary fibrosis ("IPF")

- Formulation adjustments, production and preparations for toxicological studies ongoing.
- Clinical trial application (CTA) for a phase I study aimed to be submitted by the end of 2021.

VP03 (multiple indications)

- Preclinical research is underway to evaluate new follow-up molecules to C21 for indications in fibrosis among other wider indications.
- Acquired IP rights for new AT2R agonists from HaLaCore Pharma.
- Development work is done in collaboration with Emeriti Bio and HaLaCore Pharma.
- The aim is to have a candidate drug available by the end of 2021 and to start a phase I study during first half year 2022.

Our Programs

VP01 - AT2 receptor agonist - multi-modal effect

Vicore's drug candidate C21 (VP01 program) originates from research on the Renin-Angiotensin System (RAS), a central system in the body for regulating blood pressure and salt balance (see page 15).

In June, Vicore announced positive results with C21 in a gold-standard preclinical model considered predictive of human pulmonary hypertension, the so called Sugen-Hypoxia-induced pulmonary hypertension (PH) model. Pulmonary hypertension is a common and serious complication of interstitial lung disease, including IPF, and is not addressed with currently available therapies.

In September, Vicore announced robust effects of C21in idiopathic pulmonary fibrosis lung tissue. Human IPF lung tissue harvested from a patient during lung transplantation showed stable expression of AT2R, the C21 target, and treatment with clinically relevant concentrations of C21 caused a dose-dependent decrease of TGFβ1, a key growth factor in fibrosis development.

C21 has previously been found to be highly effective in animal models of pulmonary fibrosis and is now studied in a phase II clinical trial in IPF patients. Vicore has received orphan drug designation for C21 in IPF which e.g. provides for up to ten years of market exclusivity (from the date of registration of an approved drug) in Europe and seven years in the United States.

Program status VP01

In September 2019, Vicore completed a 54-subject phase I dose-escalation study with C21. The study established that 200 mg daily has a good safety profile and that it is the maximum tolerated dose. This dose was used in the phase II study in SSc and COVID-19 and is used in the phase II study in IPF. Moreover, based on receptor-binding and other data, Vicore concluded that this dose results in a free C21 plasma concentration that is sufficient to activate the AT2 receptor.

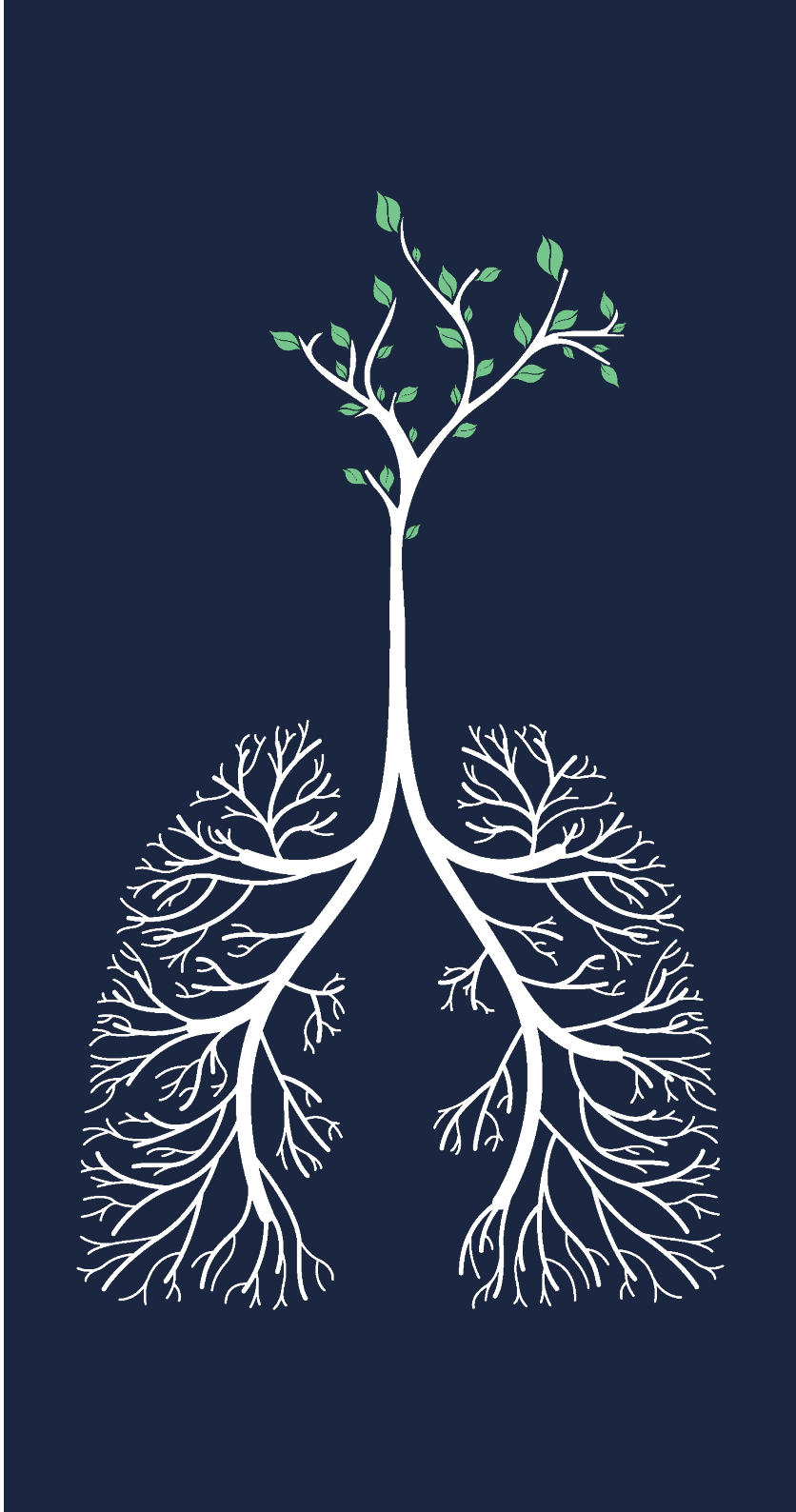
In addition to stimulating the AT2R, C21 blocks the thromboxane receptor (TP receptor), which is relevant for diseases such as pulmonary fibrosis where stimulation of the TP receptor contributes to the disease. The effect on the TP receptor occurs at higher concentrations of C21 than what is needed on the AT2R receptor.

The phase II study in IPF (AIR study) has been designed in collaboration with international clinical experts in IPF and will investigate both safety and lung function. The study aims to support the decision to initiate a confirmatory phase IIb/III study. The study is performed in UK, India, Ukraine and Russia.

The IPF study was designed to

1. provide strong statistical power to detect a treatment effect
2. make patient recruitment easier
3. reduce the number of patients needed

Instead of a blinded placebo controlled three month study, which the safety package automatically allows for, Vicore will conduct a six month study and compare with well documented patient baseline values. This is feasible since the important endpoint, FVC (Forced Vital Capacity), a measurement of lung volume, is an objective measure and because disease progression has consistently been documented to correspond to a decrease of lung volume of approximately 120 ml per six months. By doing this change, it is also possible to eliminate the risk of unintentional unblinding since patients may realize whether or not they are



on drug or placebo during the course of the study. In addition, patients will be given the opportunity to continue treatment for another three months. The first patient was recruited in India in November 2020 and estimated read-out is two years from start.

In addition, Vicore has conducted a phase II study with C21 in 106 patients with COVID-19 (ATTRACT). At the end of July, the first patient was dosed in India and on October 1, the company reported that the study was fully recruited. Top-line data was published in December 2020.

The results from the study were positive and show that C21 can restore lung function in COVID-19 suggesting that C21 can become an important complement to vaccines to combat the pandemic.

Summarized, the study showed that the risk for patients needing oxygen supplementation in the C21 group was decreased by 58% (p=0.026) at day 8 after start of treatment. At day 14 there was only one patient in the C21 group in need of oxygen supplementation compared to eleven patients in the placebo group (p=0.003), a reduction of more than 90%.

In the subgroup of patients needing oxygen supplementation (about 30 patients per treatment group), C21 produced a more distinct reduction of CRP (C-reactive protein). There was also a clear trend for C21 reducing the number of patients needing mechanical ventilation and a trend for C21 reducing mortality. The treatment was reported safe and well tolerated.

The study was a randomized, double blind, placebo-controlled study in 106 COVID-19 patients with a moderately severe disease, requiring basic respiratory support, but not mechanical ventilation. It investigated the efficacy on respiratory failure and other functional outcomes.

Preparations to start a phase III study in a larger population and in several countries are ongoing.

Vicore has been awarded a 1.5 GBP million grant from the UK-based self-funded medical research charity LifeArc for co-funding of the COVID-19 phase II study.

In March 2021, Vicore reported the results from the mechanistic phase II study in twelve patients with systemic sclerosis (SSc) and Raynaud's phenomenon. The patients receieved a single-dose of C21 and the aim of the study was to shed light on the angiotensin II type 2 receptors (AT2R) role in acute improvement of blood flow in affected tissues.

The result from the study showed a statistically significant temperature recovery (p= 0.04) as a result of dilation of peripheral vessels suggesting that C21 can increase bloodflow in fibrotic tissue. The temperature increase continued after the measurement period. This vasodilatory effect is believed to be a benefit in IPF.

VP02 – Targeting IPF and IPF related cough

VP02 is a novel formulation utilizing an existing immunomodulatory drug (IMiD) that can be administered locally to the lung by loading the drug molecules into inhalable amorphous microparticles.

Many IPF patients suffer from a chronic intractable cough which considerably affects the patients' quality of life due to sleep disturbances, difficulties at work and stress incontinence[1]. Currently, there is no established therapy for IPF-related cough and standard cough medications have little or no effect. It is thought that the actions of the IMiD suppress pathways involved in the cough reflex together with disease modifying antifibrotic effects. The anti-cough mechanism of VP02 in IPF is unknown, but the cough is thought to be due to structural changes in the lungs, increased sensitivity of the cough reflex, airway inflammation and/or changes in mucus production and clearance[2].

Using IMiDs to treat IPF-related cough is a breakthrough finding which has been shown to have clinical validity. IMiDs have documented antifibrotic and anti-inflammatory attributes and may therefore be well suited for treatment of a number of interstitial lung diseases. In a clinical study, an IMiD given orally demonstrated a significant positive effect on patients with IPF, reducing the cough and dramatically improving quality of life which is not seen in interventional clinical trials[3].

However, the high risk of severe side effects such as peripheral neuropathy, constipation and sedation due to systemic IMiD exposure has limited their use. Vicore's VP02 program aims to eliminate the negative aspects of systemic exposure by developing VP02 for local administration to the lungs.

Program status VP02

The inhaled formulation for local delivery of thalidomide to treat IPF-related cough is in a preclinical development phase, finetuning the formulation and preparing for the toxicological studies. In order to manufacture the product for the first clinical trial, Vicore has entered into an agreement with Nanologica AB for tech transfer to the UK manufacturer Sterling Ltd.

The technical disturbance with the producer previously announced has now been cleared and the production of the substance has resumed.

A clinical trial application (CTA) to start a phase I study with VP02 is planned to be submitted by the end of 2021.

VP03 – New AT2R agonists

Within this program, Vicore develops new patentable AT2R agonists. The objective is partly to develop competitive pharmaceutical products also for broader indications where it is not possible to obtain orphan drug status.

In November, Vicore strengthened its portfolio of new chemical entities for the VP03 project by aquiring the intellectual property rights (IPR) of a series of novel AT2R agonists from HaLaCore Pharma.

The VP03 program, which is in the preclinical phase, has developed well. The development work is done in collaboration with Emeriti Bio and HaLaCore Pharma.

The aim is to have a candidate drug by year-end and start a phase I study during the first six months 2022.

1. Saini et al 2011 2. Vigeland et al 2017 3. Horton et al 2012

Interview on our preclinical program

Johanna Gräns joined Vicore in 2015 as Regulatory Affairs Manager, and since 2020 she has been the Head of Preclinical Development. Johanna´s background is in toxicology, in which she has a Ph.D. from the University of Gothenburg.

What is the VP03 programme?

The VP03 programme focuses on the development of new AT2 receptor (AT2R) agonists with the possibility of addressing a broader range of indications.

How come you are trying to develop new AT2R agonists when you already have C21?

AT2R agonists represent a new class of drugs with the first-in-class compound, C21, as a forerunner to show if the AT2R biology delivers on the promise seen in all the preclinical studies. The positive effect of C21 has been supported not only by data from animal models of pulmonary fibrosis and human lung fibrosis tissue, but also from studies in a range of other indications, particularly in the area of cardiovascular and renal diseases. In addition, with the positive clinical results with C21 in COVID-19, wherein lung function was restored in patients, the AT2R biology is starting to reveal itself. This new class of compounds may revolutionize treatment in many different diseases.

C21's development has been directed towards IPF because it has orphan drug designation in this indication. New patent-protected AT2R molecules will also give us the possibility of exploring indications outside the orphan disease area where there is a need for new, better treatments and where we believe we can make a difference to patients.

Is there potential for C21 in cardiovascular and renal medicine?

There is strong preclinical evidence that AT2R agonists would be beneficial in cardiovascular and renal diseases. We are therefore very excited about the VP03 project because it gives us the possibility of exploring these diseases, where there is a great need for more effective medicines.

Are you doing the development work yourselves or are you working with other companies?

We have close collaborations with Emeriti Bio and HaLaCore Pharma - both of which have very experienced chemistry groups - to synthesize potential compounds in this space and then to find the best molecules to bring forward.

How far have you come and when can you start clinical studies?

We have an accelerated VP03 development program and are actively working on evaluating potential candidates. It is, of course, important to make sure that the new molecules bind specifically to the AT2R. Other important properties for the compounds are metabolic stability, and to ensure they do not inhibit any of the enzymes involved in the metabolism of other drugs. Based on the results from the early testing, compounds are selected to move forward into more comprehensive tests including efficacy, toxicology, and safety pharmacology studies. Our aim is to have one or more candidate drugs by the end of 2021 and to be able to start a phase 1, first-in-human, study during the first half of 2022.

Which therapeutic areas will you be looking at for future pipeline development of AT2R agonists?

Our main focus resides within fibrotic lung diseases and other interstitial lung diseases. However, as I mentioned, there is a huge potential for AT2R agonists in cardiovascular and renal diseases, examples in which we have both strong preclinical supporting data and a great need of effective medicines. For larger indications outside the orphan area, we recognize the need for partnering if we are to be able to take the development forward.

Looking ahead: The clinical development pipeline

Vicore's target is to find new treatments for rare lung disorders and research and development efforts is a key focus for the company. To learn more about Vicore's ongoing clinical development programs, we sat down with Anne Katrine Cohrt, Head of Clinical Operations at Vicore.

Which clinical programs have Vicore currently in the development pipeline?

At present, we have a multinational phase II study ongoing in idiopathic pulmonary fibrosis (IPF) and are in the midst of preparations to start a global phase III study in COVID-19, both with our lead candidate drug, C21. We recently completed a phase II study in COVID-19 and a mechanistic phase II study in Raynaud's phenomenon secondary to systemic sclerosis.

What are the timelines for the IPF study?

We have received regulatory approvals for conducting the study in the UK, India, Ukraine, and Russia. In November 2020, the first IPF patient was dosed in India and we are also actively recruiting in Ukraine and Russia. Despite the COVID-19 situation, the recruitment of patients is proceeding according to plan and as of today, we have eleven of 60 patients enrolled. The IPF study includes a 36-week treatment period and 4-week follow-up period, and top-line data is anticipated in Q4 2022.

Anne Katrine Cohrt, Head of clinical operations

Study design phase II in IPF (AIR)

A phase II, multi-centre, open-label, single-arm trial investigating the safety, efficacy and pharmacokinetics of C21 in 60 subjects with IPF

Screening

Treatment period 1 (12 weeks)

Clinic visit every other week for the first six weeks and subsequently every third week

Treatment period 2 (12 weeks)

Clinic visit every third week

Treatment period 3 (12 weeks)

Clinic visit every fourth week

Individual evaluation of continued treatment

Treatment period 24 weeks

Extended treatment period 12 weeks

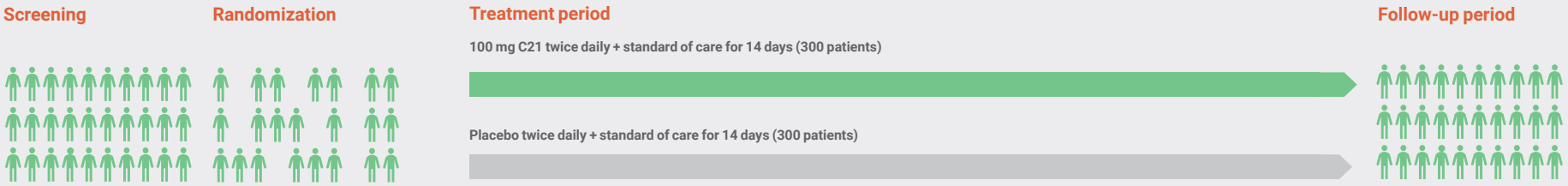
Follow-up period (4 weeks)

Endpoints

Safety
Forced vital capacity (FVC)
Pharmacokinetics
Biomarkers

Study design phase III in COVID-19

Randomized, double-blind, placebo-controlled, multicenter, phase III study to investigate efficacy and safety of C21 in patients hospitalized with COVID-19.



What are the main challenges of conducting an IPF study?

Our main challenges have been related to the COVID-19 situation and the difficulties for IPF patients to visit the study sites for screening, treatment and follow-ups. Some of the study sites in India do not treat patients with COVID-19, making it easier for IPF patients to attend study visits. We are working actively to offering secure travel to and from the patients' homes, and some of the study visits can be performed virtually. All efforts are made to ensure that the patient feel safe participating in our study.

Another challenge is that we are only treating patients with IPF that are not, and have not been, on other antifibrotic drugs. This will allow us to differentiate the treatment effects of C21, but limits the number of patients available. However, so far we are very pleased with the patient recruitment and the professional work performed by the study sites and the CRO, Orphan Reach.

C21 was also studied in patients with COVID-19. Can you elaborate on the recently reported phase II study?

Vicore investigated the safety and efficacy of C21 in patients hospitalized with COVID-19. The phase II ATTRACT study was a randomised, double-blind, placebo-controlled study conducted in 106 patients with mild to moderate COVID-19 requiring medical care, but not mechanical ventilation.

The first patient in the ATTRACT study was dosed in the end of July 2020 and 2 months later, the study was fully recruited. Topline data from the study was published in December 2020 and demonstrated the promising result that C21 can restore lung function in patients with COVID-19.

The key learnings from this study were the strengths of Vicore being able to swiftly adopt to a changing environment; to rapidly expand the study into new countries and study sites. The Vicore team, together with the CRO Orphan Reach, managed this situation in an excellent way and the study was fully recruited in a record time of only 2 months. We are now conducting the IPF study with the same proactive and innovative thinking as there are many similarities between the two studies.

What is the next step for C21 in COVID-19

We are now preparing to start a phase III study in COVID-19. The study is a randomized, double-blind, placebo-controlled, multinational study that will include approximately 600 patients hospitalized with COVID-19. We are currently in discussions with the US FDA to ensure that the design fulfils the needs of a pivotal study.

Intellectual Property

Vicore holds granted US patents that cover the C21 substance for use in all indications (see Table A). Vicore assesses that the patents are of importance for the development activities, but will substantially decrease in importance if Vicore succeeds in developing and registering a new approved drug. Instead of patent protection, Vicore can likely rely on the so-called orphan drug status Vicore obtained in the EU and the US for C21 regarding treatment of IPF in the VP01 program. Orphan drug status provides up to ten-year protection in Europe and an up to seven-year protection in the United States from the time of registration of an approved drug. If Vicore subsequently receives a market approval, the sale of C21 for the treatment of IPF will also be protected by regulatory data/ market exclusivity (ten years in Europe and five years in the US). The company also sees good opportunities to obtain orphan drug status for C21 for interstitial lung diseases other than IPF.

Vicore also develops new patentable C21-like molecules in the VP03 programme. The goal is to develop competitive pharmaceutical products for broader indications where it is not possible to obtain orphan drug status. Three patent applications with C21 analogs have been filed (see Table A).

Overall, Vicore believes that the company has strong product protection for C21 based on the development plan being followed.

The VP02-programme is based on a known immunomodulatory substance in combination with new drug formulation. Five patent applications have been filed to protect this drug candidate (see Table B). In a later stage of the patent process, the company will be able to decide for which area/country to apply.

Table A – Substance patents VP01 (C21) and new molecules

Project	Country	Application date (priority)	Application number (publication number)	Status	Expiry date (planned)
VP01	USA	30.05.2002 (31.05.2001)	10/721,892 (2004-0167176)	Approved	2024
VP01	USA	30.05.2002 (31.05.2001)	12/553,939 (2009-0326026)	Approved	2022
VP03	International	20.09.2019	GB1913603.5	Submitted	2040
VP03	International	01.09.2020	GB2013721.2	Submitted	2041
VP03	International	29.06.2020	2050782-8	Submitted	2041

Table B – Product patents VP01 (C21) and VP02

Project	Country	Application date	Application number	Status	
VP02	International	03.05.2018	PCT/GB2019/051237	Approved	2039
VP01	International	07.11.2018	PCT/GB2018/181644	Approved	2039
VP02	International	06.11.2019	PCT/GB2020/052816	Submitted	2040
VP02	International	06.11.2019	PCT/GB2020/052812	Submitted	2040
VP02	International	06.11.2019	PCT/GB2020/052818	Submitted	2040

Shareholder information

The share

Vicore's shares are listed on Nasdaq Stockholm with the ticker VICO and ISIN SE0007577895. As of December 31, 2020, the total number of shares amounted to 60,418,239 and the market capitalization was 1,903 MSEK. The company's shares are issued in one class and each share carries one vote.

Capital supply

The Annual General Meeting in May 2020 resolved to, in accordance with the board of directors' proposal, authorize the board of directors, at one or several occasions, with or without deviation from the shareholders' preferential rights and for the period up until the next Annual General Meeting, to increase the company's share capital by issuing new shares. The number of shares that may be issued under the authorization may not exceed a dilution effect of more than 20 percent of the number of shares and votes outstanding in the company at the 2020 Annual General Meeting.

In January 2020 Vicore issued 243 525 shares to share option holders within the share option program LTIP 2016.

In July 2020, Vicore completed a directed share issue of 10,000,000 shares at a subscription price of SEK 18.5 per share, raising 185 MSEK before transaction costs.

In November, Vicore acquired novel AT2R agonists from HaLaCore Pharma and decided on an issue in kind of 142,054 shares as part of the payment, which was registered at the Swedish Companies Registration Office during the first quarter of 2021.

On February 10, 2021, Vicore completed a directed share issue of 11,200,000 shares at a subscription price of SEK 30,0 per share. Provided that the Extraordinary General Meeting approves the directed share issue, the company will receive proceeds of 336 MSEK before transaction costs. The share issue was approved by an Extraordinary General Meeting in March 2021. The total number of shares in Vicore after the share issue, amounts to 71,760,293.

Analyst coverage

The following analysts cover Vicore and continuously analyze the company's development:

- DNB Bank ASA, Patrik Ling
- Pareto Securities, Dan Akschuti
- Redeye, Ludvig Svensson

Development of the share during 2020

Largest shareholders

Largest shareholders in Vicore as of December 31, 2020:

Shareholder	No. of shares	%
HealthCap VII L.P.	15,663,908	25.9%
Swedbank Robur	6,005,432	9.9%
Fourth Swedish National Pension Fund	4,515,041	7.5%
Göran Wessman[1]	4,030,340	6.7%
HBM Healthcare Investments (Cayman) Ltd.	2,000,000	3.3%
Handelsbanken Funds	1,983,696	3.3%
Unionen	1,663,990	2.8%
Länsförsäkringar Funds	1,621,662	2.7%
Third Swedish National Pension Fund	1,591,425	2.6%
Kjell Stenberg	1,531,303	2.5%
Alfred Berg Funds	1,051,313	1.7%
Second Swedish National Pension Fund	1,050,000	1.7%
Other	17,710,129	29.3%
Total number of shares	**60,418,239**	**100.0%**

1. Shareholdings privately and through Protem Wessman AB where Göran Wessman controls 40 percent of votes/capital.

Share-price development

At the end of 2020, the share was listed at 31.5 SEK. The highest price paid for the share during the year was 37.6 SEK on December 23 and the lowest price paid was 6.9 SEK on March 18. The share price increased by a total of 114 percent during 2020 and the market value amounted to 1,903 MSEK as of December 31, 2020.

Share data

The number of registered shares on December 31, 2020 amounted to 60,418,239 ordinary shares. After the end of the year, the number of shares has increased to 71,760,293 ordinary shares

Share capital development

Year	Event	Quota value	Increase in number of shares	Increase in share capital	Total no. of shares	Total share capital
2020	Share issue	0.5	10,000,000	5,000,000	60,418,239	30,209,119
2020	Share issue	0.5	243,525	121,763	50,418,239	25,209,119
2019	Share issue	0.5	7,800,000	3,900,000	50,174,714	25,087,357
2019	Share issue	0.5	9,414,706	4,707,353	42,374,714	21,187,357
2018	Share issue	0.5	8,240,002	4,120,001	32,960,008	16,480,004
2018	Issue in kind	0.5	8,851,502	4,425,751	24,720,006	12,360,003
2017	Share issue	0.5	1,500,000	750,000	15,868,504	7,934,252
2017	Share issue	0.5	2,000,000	1,000,000	14,368,504	7,184,252
2015	Share issue/Listing	0.5	3,248,144	1,624,072	12,368,504	5,684,252
2015	Reverse split,1:10	0.5	-73,083,239	-	8,120,360	4,060,180
2015	Share issue	0.05	12,639,073	631,954	81,203,599	4,060,180
2013	Share issue	0.05	34,282,263	1,714,113	68,564,526	3,428,226
2012	Offset issue	0.05	474,498	23,725	34,282,263	1,714,113
2011	Share issue	0.05	10,402,389	520,120	33,807,765	1,690,388
2010	Offset issue	0.05	1,000,000	50,000	23,405,376	1,170,269
2010	Share issue	0.05	5,601,344	280,067	22,405,376	1,120,269
2010	Share issue	0.05	5,601,344	280,067	16,804,032	840,202
2008	Share issue	0.05	688	34	11,202,688	560,134
2008	Split 1:2000	0.05	11,196,399	-	11,202,000	560,100
2008	Bonus issue	100	4,601	460,100	5,601	560,100
2005	Formation	100	1,000	100,000	1,000	100,000

Financial targets and dividend policy

The target is to distribute approximately 50 percent of the company's annual net profit as dividends when Vicore has achieved the desired financial stability, taking into account present and future profit levels, investment needs, liquidity and development opportunities as well as general economic and business conditions.

In accordance with the Board of Directors' dividend policy, no dividend is to be paid before the company generates significant revenue.

Shareholder categories

Shareholder categories in Vicore as of December 31 2020:

Shareholder category	Number of shares	% of capital
International shareholders	5,135,550	8.50%
Swedish shareholders	55,282,689	91.50%

Shareholder types	Number of shares	% of capital
Funds	13,412,849	22.20%
Investment companies	15,696,658	25.98%
Pension & Insurance	7,787,911	12.89%
Private	8,899,607	14.73%
Other	14,621,214	24.20%

Ownership distribution by holding

Ownership distribution in Vicore as of December 31 2020:

Size categories	Number of known shareholders	Number of shares	Share %
1 - 10,000	153	479,632	0.8%
10,001 - 50,000	32	779,649	1.3%
50,001 - 100,000	23	1,783,494	3.0%
100,001 - 500,000	14	3,395,079	5.6%
500,001 - 1,000,000	1	702,514	1.2%
1,000,001 - 5,000,000	11	22,643,501	37.5%
5,000,001 -	2	21,669,340	35.9%
Anonymous holdings	-	8,965,030	14.8%
Totalt	**236**	**60,418,239**	**100.0%**

Annual Report 2020
Administration Report

The Board of Directors and the CEO of Vicore Pharma Holding AB (publ.), Corp. Reg. No. 556680-3804, hereby submit the annual report and consolidated financial statements for the 2020 fiscal year.

Vicore's operations

Vicore is a rare disease company focused on fibrotic lung diseases and related indications. The company currently has three drug development programs, VP01, VP02 and VP03. VP01 aims to develop the substance C21 for the treatment of idiopathic pulmonary fibrosis ("IPF") and COVID-19. VP02 is based on a new formulation and delivery route of thalidomide, an existing immunomodulatory compound (an "IMiD"). In addition to the underlying disease, VP02 focuses on the severe cough associated with IPF. VP01 and VP02 are also being actively evaluated for other indications within the field of fibrotic lung diseases where the unmet need is significant. The VP03 program includes development of new AT2R agonists for further development.

The phase II clinical study with C21 in patients with SSc recruited the last patient in December 2020.The study was designed to study the effect of C21 on cold induced vasoconstriction in patients with SSc. The results from the study was presented after year-end showed vasodilating effects with C21 on peripheral resistance vessels.. In November, the first patient in the phase II study (AIR study)in patients with idiopathic pulmonary fibrosis (IPF) was recruited. The study is performed in India, Ukraine, UK and Russia. The phase II study is a six month open study with an option to continue treatment for an additional three months. The study will include approximately 60 patients and will compare the observed treatment effect of C21 with the well-documented linear decline of lung function in untreated patients.

During 2020, Vicore has performed a phase II study in patients with COVID-19. The study was a randomized, double-blind, placebo-controlled study in 106 patients with mild to moderate COVID-19 requiring oxygen support but not mechanical ventilation. The aim of the study was to evaluate if C21, through stimulation of the angiotensin II type 2 receptor (AT2R), could suppress inflammatory mediators and bypass the way by which the virus incapacitates the system.

The study outcome was positive and Vicore is now preparing to start a phase III study in a larger population and in several countries. The target is to start the phase III study during summer 2021. The VP02 program, which relates to local lung delivery of an IMiD to patients with IPF and IPF cough. The production have been affected by technical disturbances in the production of material for toxicology studies but the disturbances has been cleared and the production has resumed.

In November, Vicore strengthened its portfolio with new molecules through the acquistion of IP rights from HaLaCore Pharma as part of the development of new AT2R agonists.

As compensation for the acquisition, HaLaCore Pharma received a one-time payment of 6 MSEK, split between approximately 3 MSEK in cash and 142,054 shares in Vicore corresponding to approximately 3 MSEK.

In July, Vicore succesfully performed a directed share issue of 10 million shares to a subscription price of 18.5 SEK per share, corresponding to a total amount of approximately 185 MSEK before transaction costs. The issue was subscribed by Swedish and international institutional investors including Andra AP-fonden, Tredje AP-fonden, Fjärde AP-fonden, Handelsbanken Fonder, HealthCap VII L.P., HBM Healthcare Investments and Swedbank Robur. Vicore intends to use the proceeds in the ongoing drug development programs.

After year-end Vicore performed a directed share issue corresponding to 336 MSEK before transaction costs. The proceeds from the issue will among other things finance a phase III study in patients with COVID-19. In total, Vicore has strenghtened its financial position with 521 MSEK during 2020 and beginning of 2021.

Vicore's shares are listed on Stockholm Nasdaq's main market since September 2019.

Important events during 2020

- In January, Vicore issued 243,525 shares to the warrant holders in the incentive programme LTIP 2016.
- In February, the mechanistic phase II study with C21 in patients with systemic sclerosis and Raynaud's phenomenon (SSc) dosed its first patients.
- In March, Vicore submitted a Clinical Trial Application (CTA) to the UK regulatory agency MHRA, for a phase II study with C21 in patients with Idiopathic Pulmonary Fibrosis (IPF).
- In March, Vicore submitted a Letter of Intent (LoI) to file a clinical trial application (CTA) to the UK regulatory agency MHRA, for a phase II study with C21 in patients with COVID-19.
- In April, Vicore gained approval from the UK regulatory agency MHRA, to start the phase II study on patients with COVID-19 (ATTRACT study).
- In May, Vicore received approval from the UK regulatory agency MHRA, to start the phase II study with C21 in patients with IPF (AIR study).
- In May, Vicore was awarded a grant of 1.5 GBP million from the UK charity LifeArc for the ATTRACT study in patients with COVID-19.

- In June, Vicore announced positive results with C21 in a preclinical model considered predictive of human pulmonary hypertension.
- In June, Vicore announced that the ATTRACT study with C21 on COVID-19 expanded to India in order to accelerate patient enrolment.
- In July, Vicore completed a directed share issue resulting in proceeds of 185 MSEK before transaction costs.
- In July, Vicore announced that the first patient with COVID-19 had been dosed in the ATTRACT study in India.
- In August, Vicore announced that the study with C21 in patients with systemic sclerosis had restarted after the pause caused by the COVID-19 pandemic.
- In September, Vicore announced that treatment with C21 on lung tissue with IPF caused a dose-dependent decrease of TGFβ1, a key growth factor in fibrosis development.
- In October, Vicore announced that the ATTRACT study with C21 in patients with COVID-19 was fully recruited.
- In November, Vicore acquired a series of intellectual property rights (IPR) from HaLaCore Pharma AB ("HaLaCore") as part of the development of novel angiotensin II type 2 receptor (AT2R) agonists.
- In November, Vicore announced changes in the management team.
- In November, Vicore recruits the first patient in the phase II Proof-of-Concept study in IPF.
- In December, Vicore announced positive top line data from the phase II study on patients with COVID-19.
- In December, Vicore announced the last patient last visit in the mechanistic phase II study with C21 in SSc.

Important events after the year-end

- In February, Vicore completed a directed share issue raising 336 MSEK, which subsequently was approved at an Extraordinary General Meeting. Pro forma, including the directed share issue, cash, cash equivalents and short-term investments as of December 31, 2020, amounted to 654.7 MSEK..
- In March, Vicore reported top-line data from the mechanistic phase II study in SSc showing that C21 increased bloodflow in fibrotic tissue.

Revenue

Net sales amounted to 0.0 MSEK (0.0) for the full year 2020.

Operating expenses

Operating expenses amounted to -167.7 MSEK (-94.1) for the full year 2020. Research and development expenses comprise a large fraction of the operating expenses. Administrative expenses were -25.0 MSEK (-26.9) for the full year 2020. The costs for share-based incentive programs related to administrative staff amounted to -6.9 MSEK (-1.9) for the full year 2020.

Research and development expenses amounted to -142.0 MSEK (-67.0) for the full year 2020. Research and development expenses are mainly related to clinical trial costs for VP01 and formulation work. The costs for share-based incentive programs related to research and development staff amounted to -1.3 MSEK (-0.4) for the full year 2020.

Other operating income and expenses amounted to 17.5 MSEK (-0.1) for the full year 2020. During the second quarter of 2020, Vicore received a grant of 1.5 GBP million from the British research charity LifeArc for the ATTRACT study in patients with COVID-19.

The total costs for the share-based incentive programs for the full year 2020 amounted to -8.2 MSEK (-2.3), of which -5.6 MSEK (-0.3) consisted of provisions for social security contributions and -2.6 MSEK (-2.0) were IFRS 2 classified salary costs. These costs have had no cash flow impact.

Result

The operating loss amounted to -149.5 MSEK (-94.0) for the full year 2020. The result after tax for the full year 2020 was -147.3 MSEK (-93.3). Tax amounted to 0.5 MSEK (0.2) for the full year 2020. Tax is related to a change in deferred tax liability attributable to acquired intangible assets. The group's accumulated tax loss carryforwards as of December 31, 2020, amounted to 413.2 MSEK. The group's tax loss carryforwards have not been measured and are not recognized as a deferred tax asset. These tax loss carryforwards will be accounted for only when the group has established a level of earnings which management with confidence estimates will lead to taxable profits. The loss for the full year 2020 amounted to -146.9 MSEK (-93.1). The loss per share before and after dilution amounted to SEK -2.71 (-2.16) for the full year 2020.

Cash flow, investments and financial position

Cash flow from operating activities amounted to -119.9 MSEK (-87.0) for the full year 2020.

Cash flow from investing activities for the full year 2020 was 4.0 MSEK (-77.1). The difference compared with the previous year is mainly attributable to the acquisition and sale of financial assets.

Cash flow from financing activities amounted to 177.0 MSEK (127.0) for the full year 2020. In July, 2020, Vicore completed a directed share issue resulting in proceeds of 185 MSEK before transaction costs amounting to 10.4 MSEK. The directed share issue was subscribed for by Swedish and international institutional investors. The subscription price of 18.5 SEK per share was determined through an accelerated bookbuilding process and corresponds to approximately 5.0 percent premium to the 5-day volume weighted average share price. The issue proceeds are mainly intended to finance the company's development programs.

As of December 31, 2020, cash and cash equivalents amounted to 248.6 MSEK (187.6) and short-term investments were 70.1 MSEK (77.0). Accordingly, cash, cash equivalents and short-term investments amounted in total to 318.7 MSEK (264.6). The equity ratio at the end of the period was 87.2 percent (94.3 percent) and equity amounted to 354.5 MSEK (321.6). Total equity and liabilities amounted to 354.5 MSEK (341.1).

Parent company

Net sales for the parent company amounted to 3.7 MSEK (3.1) for the full year 2020. Net sales mainly consisted of management fees to group companies. Administrative expenses amounted to -24.7 MSEK (-26.5) for the full year 2020. The operating loss for the full year 2020 amounted to -22.6 MSEK (-24.9). The loss amounted to -21.8 MSEK (-24.7) for the full year 2020.

The group consists of the parent company, Vicore Pharma Holding AB (publ) ("Vicore") and the subsidiaries Vicore Pharma AB ("Vicore Pharma") and INIM Pharma AB ("INIM Pharma").

The parent company's principle activity is mainly related to administrative operations.

Personnel

As of December 31, 2020, the group had 13 employees, of whom eight were women and five men. Eight of the employees are active within R&D, whereof 63 percent have a doctoral degree. The company also engages consultants for specialist tasks and assignments on a frequent basis.

Shareholders and the share

At the end of 2020, Vicore had 6,767 shareholders and the number of shares was 60,418,239 with a quotient value of SEK 0.5 each. After the year-end, an additional 142,054 shares have been issued via a issue in kind and an additional 11,200,000 shares have been issued via a directed share issue.The total number of shares in Vicore amounts to 71,618,239 after the directed share issue. There is only one class of shares. The company's shares are issued in one class and each share carries one vote at the AGM.

On December 31, 2020, HealthCap VII L.P. was the single largest shareholder in Vicore, with a total of 15,663,908 shares, corresponding to 25.9 percent of the votes and capital. No shareholder other than HealthCap VII L.P. has a direct or indirect shareholding that represents one tenth, or more, of the voting rights for all shares in the company. Further information on shareholders and Vicore's share is presented on pages 27-28 in the 2020 annual report.

Share-based incentive programs

The purpose of share-based incentive programs is to promote the company's long-term interests by motivating and rewarding the company's senior management and other co-workers in line with the interests of the shareholders. As of December 31, 2020, Vicore has three active programs that include the management team, employees and certain board members.

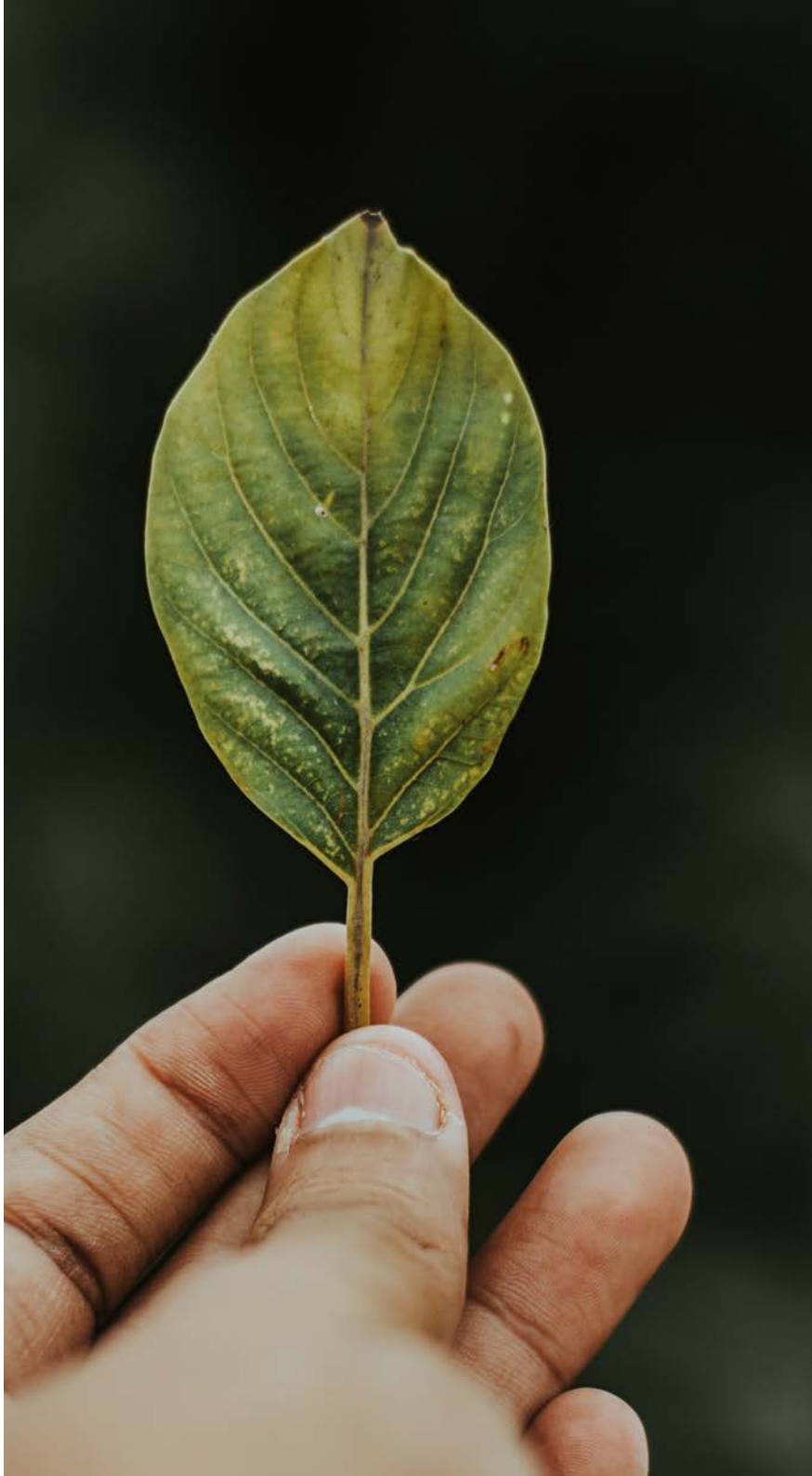
At the Extraordinary General Meeting on August 13, 2018, it was resolved to implement two new incentive programs: a maximum of 2,000,000 options to senior leaders and key persons ("Co-worker LTIP 2018"); and a maximum of 475,000 share awards to board members ("Board LTIP 2018").

At the Annual General Meeting on May 20, 2020, it was resolved to implement a new incentive program for the new board members ("Board LTIP 2020") amounting to a maximum of 525,000 share awards.

All these programs are performance-based programs entitling the holder to a maximum of one common share in Vicore per option or share award after three years.

For further information about these programs, see the Annual Report 2019, the minutes of the Extraordinary General Meeting, held on August 13, 2018, and the minutes of the Annual General Meeting, held on May 20, 2020, which are published on the company's website, www.vicorepharma.com. The increase in the company's share capital, assuming full utilization and maximum goal achievement of both incentive programs, amounts to a maximum of SEK 1,500,000, corresponding to a dilution of 4.7 percent of the total number of shares.

As of December 31, 2020, a total of 475,000 share awards have been granted in the Board LTIP 2018 program, 525,000 share awards have been granted in the Board LTIP 2020 program, and options corresponding to 1,325,800 shares have been granted in the Co-worker LTIP 2018 program.



Guidelines for executive remuneration 2020:

The board of directors, the CEO and other members of the executive management fall within the provisions of these guidelines. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed, and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2020. These guidelines do not apply to any remuneration already decided or approved by the general meeting.

The guidelines' promotion of the company's business strategy, long-term interests and sustainability

In short, the company's business strategy is the following.

Vicore Pharma is an orphan drug company with a focus on fibrotic lung diseases and related indications. The company currently has two drug development programs, VP01 and VP02. VP01 aims to develop the drug substance C21 for the treatment of idiopathic pulmonary fibrosis ("IPF"). VP02 is based on a new formulation and delivery route for an existing immunomodulatory substance (a so-called "IMiD"). VP02 focuses on IPF with respect to both the underlying disease and the severe cough associated with IPF. VP01 and VP02 are also evaluated for other indications in the field of fibrotic lung disease. Vicore's long-term goal is to obtain regulatory approvals and establish the company as a pharmaceutical company specializing in fibrotic lung disease.

For more information regarding the company's business strategy, please see Vicore Pharma's company presentation at https://vicorepharma.com/investors/events-presentations/.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company is able to recruit and retain qualified personnel. To this end, it is necessary that the company offers competitive remuneration.

These guidelines enable the company to offer the executive management a competitive total remuneration.

Variable cash remuneration covered by these guidelines shall aim at promoting the company's business strategy and long-term interests, including its sustainability.

The company also has long-term share-related incentive plans in place. The plans have been resolved by the general meeting and aim to align the interests of the board members and key employees with those of the shareholders.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Furthermore, additional variable cash remuneration may be awarded in extraordinary circumstances. Additionally, the general meeting may – irrespectively of these guidelines – resolve on, among other things, share-related or share price-related incentive programs.

The satisfaction of criteria for awarding variable cash remuneration shall be measured over a period of one to several years. The variable remuneration payable in cash may amount to a maximum of 40 percent of the annual fixed cash salary for the CEO and a maximum of 30 percent of the annual fixed cash salary to other senior executives under the measurement period for such criteria. Further variable cash remuneration may be awarded in extraordinary circumstances, provided that such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 50 percent of the fixed annual cash salary and may not be paid more than once per year for each individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the remuneration committee.

For the CEO, pension benefits, including health insurance (Sw: sjukförsäkring), shall be premium defined. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for premium defined pension shall amount to not more than 30 percent of the fixed annual cash salary. For other executives, pension benefits, including health insurance, shall be premium defined unless otherwise required by for example collective agreements. The pension premiums for premium defined pension shall amount to not more than 30 percent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance (Sw: sjukvårdsförsäkring) and company cars. Such benefits may not amount to more than 10 percent of the fixed annual cash salary.

For employments governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, taking into account, to the extent possible, the overall purpose of these guidelines.

Termination of employment

For all executives the notice period may be up to six months if notice of termination of employment is made by the company. For the CEO, fixed cash salary during the notice period and severance pay may, in total, not exceed twelve months' fixed salary, and for other executives, such remuneration may not correspond to an amount which exceeds six months fixed salary. The period of notice may be up to six months without any right to severance pay when termination is made by the executive.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid in so far as the previously employed executive is not entitled to severance pay. The remuneration shall amount to not more than 60 percent of the monthly income at the time of termination of employment and be paid during the time the non-compete undertaking applies, however not for more than 12 months following termination of employment.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria. These criteria can be measurable advancements in the company's preclinical and clinical trials and other associated activities. The criteria can be financial or non-financial. They may also be individualized, quantitative or qualitative objectives. The criteria shall be designed so as to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or the executive's long-term development. The Board of Directors shall have the possibility, under applicable law or contractual provisions, subject to the restrictions that may apply under law or contract, to in whole or in part reclaim variable remuneration paid on incorrect grounds (claw-back).

To which extent the criteria for awarding variable cash remuneration have been satisfied shall be evaluated/determined when the measurement period has ended. The remuneration committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation, subject to approval by the Board of Directors for those executives who report directly to the CEO. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Salary and employment conditions for employees

IIn the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment conditions for employees of the company have been taken into account by including information on the employees' total income, the components of the remuneration and increase and growth rate over time, in the remuneration committee's and the

Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a remuneration committee. The committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the general meeting. The guidelines shall be in force until new guidelines are adopted by the general meeting. The remuneration committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The members of the remuneration committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Derogation from the guidelines

The Board of Directors may temporarily resolve to derogate from the guidelines, in whole or in part, if in a specific case there is special cause for the derogation and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the remuneration committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters. This includes any resolutions to derogate from the guidelines.

Description of significant changes to the proposed guidelines for 2021and how the shareholders' views have been taken into account

No significant changes have been made to the proposed guidelines for 2021. No shareholders have provided any comments.

Nomination committee for the 2021 Annual General Meeting

Vicore's nomination committee for the 2021 Annual General Meeting consists of Staffan Lindstrand, appointed by HealthCap VII L.P., Evert Carlsson, appointed by Swedbank Robur, Johannes Eckerstein, appointed by Protem Wessman AB and Michael Wolff Jensen, Chairman of the Board of Directors of Vicore.

Risk factors

Vicore's business is influenced by a number of factors, the effects of which on the company's earnings and financial position, in certain respects, cannot be controlled by the company at all or in part. In an assessment of the company's future development, it is important, alongside the possibilities for growth, to also consider these risks.

Set forth below is a description, without any internal order of priority, of the risks which are considered to have greatest significance for the company's future development. Risk factors related to Vicore's operations, industry and markets, and further include operational risks, regulatory risks and financial risks.

COVID-19-pandemic

The outbreak of the COVID-19 pandemic throughout the world has led to major disruptions in the economies of many countries, including the group's ability to carry out clinical studies. The duration and expected development of the COVID-19 pandemic is unknown, and no predictions can be made in relation to the length of present and further measures that different countries and others may take in response to the crisis. However, any prolongation or worsening of the virus outbreak may lead to e.g. the following:

- the availability and recruitment of potential trial participants in clinical studies as well as their possibility of carrying out non-essential hospital visits is negatively affected. This could lead to delays of the studies, incurring greater costs and capital need than expected,
- important suppliers or contract research organisations are experiencing financial distress,
- impairments of intangible assets, and/or
- further disruption of financial markets, which can impact the company's refinancing abilities.

Given the evolving nature of the crisis, the above list is by no means exhaus-

tive, but each of these events, or any combination of them, could amplify the negative impact of the crisis on the group's financial performance and have material adverse effect on the group's business, financial development and shareholder value.

Research and development and the dependency of three drug development programs

Vicore's business consists mainly of three drug development programs (VP01, VP02 and VP03). The company's main value consists of the potential of the company's respective drug development programs. The drug development programs are in preclinical or clinical phase. There is a risk that Vicore's various programs will not develop as planned, which could have a material adverse effect on the company's value and future potential. This is especially true if any of the above would occur in the more advanced program VP01, which is of the greatest value to the company. For example, there is a risk that Vicore, any collaborating partners, institutional review bodies and / or regulatory authorities will discontinue clinical studies if the results of such studies do not demonstrate the intended treatment effect, fail to achieve an acceptable safety profile, or result from unwanted side effects. If a program or study is interrupted, in addition to a significant decline in the company's share price as a result of a reduced value of the company's program portfolio and a significantly impaired revenue potential for the specific program, it may cause an impairment of fixed assets.

Clinical trials and regulatory approvals

Before conducting certain clinical trials, approval must be obtained from the relevant regulatory authority and an ethics committee. The main markets for the company's future products are the United States and the EU, and the relevant regulators are the US Food and Drug Administration ("FDA") and / or the European Medicines Agency ("EMA"). There is a risk that the regulatory authority and / or the ethics committee will not grant the necessary approvals for the company's more significant programs, VP01, VP02 or VP03, or other ongoing or future programs. There is also a risk that program approvals or opinions will be delayed or withdrawn. If the necessary approvals are not obtained, delayed or withdrawn, this could delay the relevant drug development program or mean that it needs to be cancelled. The aforementioned risks could have a material adverse effect on the company's operations, financial position and earnings.

Delays in clinical studies

There is a risk that the company's clinical studies within the framework of, for example, VP01, VP02 or VP03 will be delayed. Delays can occur for a variety of reasons, including difficulties in reaching agreements with clinics about participation under acceptable conditions, problems in identifying patients for studies, patients not completing a study, or not returning for follow-up. A pandemic could negatively affect the availability and recruitment of potential trial participants as well as their possibility of carrying out non-essential hospital visits. Difficulties in adding new clinics or if a clinic withdraws from a study also entail a risk of delays. Furthermore, there may be delays as a result of problems in the supplier route, where a delay in the delivery of an ordered substance may cause a delay in the studies. A delay in a program usually means that the program will be more expensive, since the research and development costs will run for a longer time than planned. This may result in the company having to raise additional capital to complete the program.

Development of further candidate drugs

In addition to the drug development programs, VP01 and VP02, work is being performed to identify and develop new selective AT2 receptor molecules for treatment of diseases within or outside the orphan disease area in the VP03 program. This development work is performed in collaboration with external researchers.

There is a risk that Vicore's available financial resources will prove insufficient to conduct such development and that the company, as a result thereof, may be forced to discontinue development or find other sources of financing. Continuing the further development of new molecules could create a need to expand the company's organisational resources, which could incur further costs for the company. There is thus a risk that the company's work on further drug candidates will have a negative impact on its operations, financial position and results.

Intellectual property issues

The value of Vicore is largely dependent on its ability to obtain and defend patents and its ability to protect specific knowhow. Patent protection for pharmaceutical companies may be uncertain and involve complicated legal and technical questions. There is a risk that a patent sought will not be granted for an invention, that the patent granted will not provide sufficient protection, or that the patent granted will be circumvented or revoked.

Vicore holds two granted patents within the VP01 program. There is a risk that these patents do not constitute adequate protection. If intellectual property protection is not satisfactory, other parties can exploit this by circumventing the company's protection and conduct competing drug development. Such drug development could show higher efficacy. This may force Vicore to terminate a particular drug program for commercial reasons, or that the company's future product will not generate any revenue.

Vicore has a several pending patent applications within the VP02 program. There is a risk that these patent applications or future patent applications by the company are not granted. If a patent application is not granted, it can lead to insufficient commercial protection which may result in termination of relevant programs due to lack of market prospects. Both insufficient commercial protection and a decision to terminate programs would have a material adverse effect on the company's program portfolio and outlook.

Orphan drug status

In addition to the company's patents, Vicore has received so-called orphan drug status for C21 for the treatment of IPF in the USA and EU, which becomes particularly relevant if Vicore succeeds in developing and launching a drug. This means that Vicore will depend on other protection than patents, that is, alternative commercial protections in the form of orphan drug status or data exclusivity.

There is a risk that these protections are not adequate for Vicore's purposes, or that the market exclusivity or the orphan drug status is revoked. If Vicore's commercial and / or intellectual property protection is not adequate, other actors can take advantage of this, bypassing the company's protection, and conduct competing drug development, or launching competing products on the market. If other players develop and / or launch competing products that show higher efficiency or are sold at a lower price than Vicores, the company could lose significant revenue.

Market and competition

The development and commercialization of new pharmaceutical products constitute a competitive market. Vicore's competitors are mainly large pharmaceutical companies, biotech companies and academic institutions. It is possible that competitors, such as large pharmaceutical companies, have greater opportunities in terms of, for example, research and development, contacts with regulatory authorities, patient recruitment and marketing than Vicore. Therefore, there is a risk that competitors, who in many cases have greater resources than Vicore, may develop competing products more quickly and / or more efficiently, achieve broader market acceptance or succeed in obtaining market exclusivity earlier or in parallel with Vicore. This may lead to a significant weakening of the company's ability to generate revenues and the company may be forced to terminate

parts of the business for commercial reasons. Furthermore, this could mean that the value of the company's program portfolio is significantly reduced.

Production

Since Vicore has no proprietary production facilities, the company is dependent on sub-suppliers for the production of pharmaceuticals. The manufacturing process for Vicore's drugs are made in collaboration with contract manufacturers in Europe. Vicore is dependent on the quality of the manufacturing processes as well as the availability and maintenance of the production facilities. Regulatory authorities require that all manufacturing processes and methods, as well as all equipment comply with current requirements of Good Manufacturing Practice, GMP requirements and consequences for the company in the event of deficiencies in GMP requirements may lead to delays in clinical trials or to market products.

None of the company's current manufacturers are significant in the sense that they are not replaceable, but the company is dependent on them, since changing manufacturers can be both costly and time-consuming. There is a risk that the company will not find suitable manufacturers that offer the same quality and quantity on terms acceptable to the company.

Reliance on key individuals and employees

Vicore is highly dependent on retaining and recruiting both qualified employees and consultants as well as board members. The company's future performance is affected by its ability to attract and retain qualified key personnel. In the event that one or more key persons leave and the company fails to replace him or her, this could have a negative effect on the company's operations, financial position and earnings.

In order for the company to have sufficient capacity to further develop its drug candidates and conduct phase III studies, several persons must be recruited. If the recruitment is not successful, or if Vicore fails to retain key personnel, there is a risk that the company's drug development programs cannot be developed according to plan, which would have significant negative consequences for the company's operations and program portfolio. Such a lack of competence or resources may, in the long run, lead to delays in the company's programs, which would be associated with significant research and development costs.

Financing and capital requirements

The company currently has no approved drugs and does not generate any revenue from drug sales. It may take a long time before the company's drug candidates will be sold commercially and generate recurring cash flows. The company's ongoing and planned clinical trials entail significant costs. The company is therefore still dependent on raising capital or borrowing money to finance clinical studies. Both the extent and timing of Vicore's future capital needs will depend on a number of factors, including results from and costs for future studies. The access to, and the conditions for, additional financing, for example through new share issues, licenses or partnership agreements or loans are affected by a number of factors such as Vicore's clinical study results, market conditions, general access to capital and Vicore's credit rating and credit capacity. Disruptions and uncertainty in the credit and capital markets can also limit access to additional capital. If Vicore fails to raise sufficient capital on favorable terms, or at all, it would mean that the company may have to accept a more expensive financing solution, share issues with significant discount and large dilution, or cause the company to limit its development or cease operations. For further description of the company's financial risks, see Note 19.

Currency risk

Assets, liabilities, income and expenses in foreign currency give rise to currency exposures. A weakening of the Swedish krona (SEK) against other currencies increases the reported amounts of Vicore's assets, liabilities, income and earnings while a strengthening of the SEK against other currencies decreases these items. The company is exposed to such changes, as parts of the company's costs are paid in EUR and other international currencies and because a part of the company's future sales revenue may be received in international currencies. A material change in such exchange rates could have a negative impact on the company's financial statements, which in turn could have negative effects on Vicore's financial position and results. See also Note 19.

Tax loss carryforwards

As a result of the business having generated significant loss, Vicore has large accumulated tax loss carryforwards. As of December 31, 2020, Vicore's tax loss carryforwards amounted to 413.2 MSEK. Changes in ownership resulting in a change of controlling influence over Vicore, or certain internal transfers described above, may impose restrictions, in whole or in part, on the possibility of utilizing such losses in the future. There is also a risk that Vicore will not be able to generate enough profits to exploit such tax losses. The possibility of utilizing the losses in the future may also be adversely affected by future changes in the applicable legislation.

Proposed appropriation of the company's profits or loss for the 2020 financial year

The following profit/loss stated in SEK is at the disposal of the Annual General Meeting:

Share premium reserve	688,010,659
Loss brought forward	-42,483,162
Loss of the year	-21,757,377
	623,770,120

The Board of Directors proposes that SEK 623,770,120 are to be carried forward.

Financial targets and dividend policy

The target is to distribute approximately 50 percent of the company's annual net profit as dividends when Vicore has achieved the desired financial stability, taking into account present and future profit levels, investment needs, liquidity and development opportunities as well as general economic and business conditions.

In accordance with the Board of Directors' dividend policy, no dividend is to be paid before the company generates significant revenue.

Multi-year Overview

Multi-year overview, group

	2020	2019	2018	2017
Net sales (KSEK)	0	0	508	932
Loss after financial items (KSEK)	-147,315	-93,329	-21,681	-24,231
Total assets (KSEK)	406,515	341,108	301,600	64,135
Equity ratio (%)	87.2	94.3	94.6	89.8
Number of employees	13	8	6	5

Multi-year overview, parent company

	2020	2019	2018	2017
Net sales (KSEK)	3,672	3,092	2,653	2,947
Loss after financial items (KSEK)	-21,826	-24,803	-11,100	-3,876
Total assets (KSEK)	669,514	503,959	488,965	126,309
Equity ratio (%)	97.7	98.4	82.1	98.6
Number of employees	4	3	3	2

Financial reports
Group

Consolidated statement of comprehensive income

KSEK	Note	2020 Jan-Dec	2019 Jan-Dec
Net sales		0	0
Gross profit		**0**	**0**
Administrative expenses	4, 5	-24,986	-26,875
Research and development expenses	4	-142,021	-67,048
Other operating income and expenses	4, 9, 10	17,469	-91
Profit/loss from operations		**-149,538**	**-94,014**
Financial income	11	2,229	712
Financial expenses	12	-6	-27
Net financial income/expense		**2,223**	**685**
Loss after financial items		**-147,315**	**-93,329**
Tax	13	453	245
Loss for the year attributable to the parent company´s shareholders		**-146,862**	**-93,084**
Other comprehensive income			
Other comprehensive income		0	0
Other comprehensive income for the year, net of tax		**0**	**0**
Total comprehensive income attributable to the parent company´s shareholders		**-146,862**	**-93,084**
Earnings per share, before and after dilution	14	**-2.71**	**-2.16**

Consolidated statement of financial position

KSEK	Note	2020 Dec 31	2019 Dec 31
ASSETS			
Fixed assets			
Patents, licenses and similar rights	15	70,755	68,082
Equipment	16	113	143
Contract asset	6	139	189
Long-term investments	17, 18	7,530	6,116
Deferred tax asset	13	131	63
Total fixed assets		**78,668**	**74,593**
Current Assets			
Other receivables	18	5,354	1,426
Prepaid expenses and accrued income	20	3,757	474
Short-term investments	21	70,118	77,029
Cash and cash equivalents	22	248,618	187,586
Total current assets		**327,847**	**266,515**
TOTAL ASSETS		**406,515**	**341,108**
EQUITY AND LIABILITIES			
EQUITY	24		
Share capital		30,209	25,087
Other contributed capital		702,053	527,397
Retained earnings (including profit (loss) for the period)		-377,749	-230,887
Total equity attributable to the parent company's shareholders		**354,513**	**321,597**
LIABILITIES			
Non-current liabilities			
Contract liability	6	0	186
Other provisions	25	2,385	575
Deferred tax liability	13	1,531	1,796
Total non-current liabilities		**3,916**	**2,557**
Current liabilities			
Contract liability	6	140	4
Trade payables	18, 19	10,943	5,300
Current tax liability		553	534
Other liabilities		3,132	2,982
Other provisions	25	3,792	0
Accrued expenses and deferred income	26	29,526	8,134
Total current liabilities		**48,086**	**16,954**
TOTAL LIABILITIES		**52,002**	**19,511**
TOTAL EQUITY AND LIABILITIES		**406,515**	**341,108**

Consolidated statement of changes in shareholders´ equity

	Shareholders' equity attributable to the parent company				
KSEK	Share capital	Ongoing new share issue	Other contributed capital	Retained earnings including profit (loss) for the period	Total
Equity Jan 1, 2019	**16,480**	**4,412**	**402,347**	**-137,803**	**285,436**
Profit for the year	0	0	0	-93,084	-93,084
Other comprehensive income for the year	0	0	0	0	0
Total comprehensive income for the year	**0**	**0**	**0**	**-93,084**	**-93,084**
Transactions with owners:					
Issue of new shares and issue in kind	4,195	0	130,634	0	134,829
Issue of new shares, paid but not registered	4,412	-4,412	0	0	0
Issue costs	0	0	-7,575	0	-7,575
Long-term incentive program	0	0	1,991	0	1,991
Total transactions with owners	**8,607**	**-4,412**	**125,050**	**0**	**129,245**
Equity Dec 31, 2019	**25,087**	**0**	**527,397**	**-230,887**	**321,597**
Equity Jan 1, 2020	**25,087**	**0**	**527,397**	**-230,887**	**321,597**
Profit for the year	0	0	0	-146,862	-146,862
Other comprehensive income for the year	0	0	0	0	0
Total comprehensive income for the year	**0**	**0**	**0**	**-146,862**	**-146,862**
Transactions with owners:					
Issue of new shares and issue in kind	5,122	0	182,428	0	187,550
Issue of new shares, paid but not registered	0	0	-10,404	0	-10,404
Long-term incentive program	0	0	2,632	0	2,632
Total transactions with owners	**5,122**	**0**	**174,656**	**0**	**179,778**
Equity Dec 31, 2020	**30,209**	**0**	**702,053**	**-377,749**	**354,513**

Consolidated statement of cash flow

KSEK	Note	2020 Jan-Dec	2019 Jan-Dec
Operating activities			
Operating profit		-149,538	-94,014
Adjustment for items not included in the cash flow	27	6,202	3,351
Interest received		726	134
Interest paid		-6	-28
Cash flow from operating activities before changes in working capital		**-142,616**	**-90,557**
Cash flow from changes in working capital			
Change in operating receivables		-3,867	234
Change in operating payables		26,548	3,324
Cash flow from operating activities		**-119,935**	**-86,999**
Investing activities			
Acquisition of intangible assets	29	-3,000	0
Acquisition of equipment		0	-147
Acquisition of financial assets	21	-70,000	-77,000
Sale of financial assets	21	77,000	0
Cash flow from investing activities		**4,000**	**-77,147**
Financing activities			
Amortization contract liability		-179	-210
Issue of new shares		187,550	134,829
Issue costs		-10,404	-7,575
Cash flow from financing activities		**176,967**	**127,044**
Cash flow for the year		**61,032**	**-37,102**
Cash and cash equivalents at the beginning of the year		**187,586**	**224,688**
Cash and cash equivalents at year-end	22	**248,618**	**187,586**

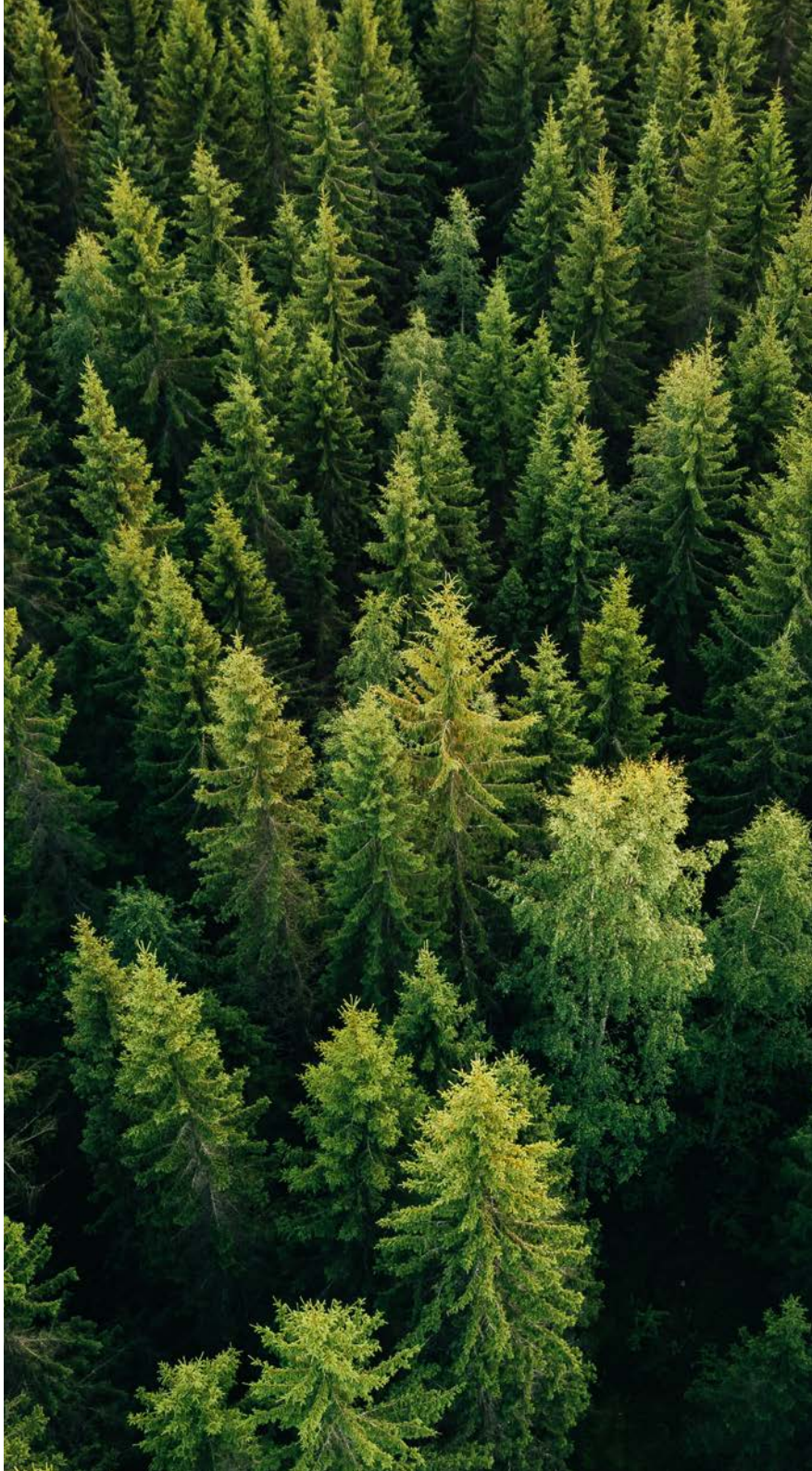
Financial reports
Parent company

Parent company's income statement

KSEK	Note	2020 Jan-Dec	2019 Jan-Dec
Net sales	2	3,672	3,092
Gross profit		**3,672**	**3,092**
Administrative expenses	3, 4, 5, 6	-24,663	-26,485
Research and development expenses	3	-1,658	-1,536
Other operating income and expenses	3	44	-17
Profit/loss from operations		**-22,605**	**-24,946**
Interest income and similar profit items	7	815	163
Interest expenses and similar loss items	8	-36	-20
Net financial income/expense		**779**	**143**
Loss after financial items		**-21,826**	**-24,803**
Tax	9	68	63
Loss for the year		**-21,758**	**-24,740**

Parent company's statement of comprehensive income

KSEK	Note	2020 Jan-Dec	2019 Jan-Dec
Loss for the year		**-21,758**	**-24,740**
Other comprehensive income			
Other comprehensive income		0	0
Other comprehensive income for the year		**0**	**0**
Comprehensive income for the year		**-21,758**	**-24,740**



Parent company's balance sheet

KSEK	Note	2020 Dec 31	2019 Dec 31
ASSETS			
Fixed assets			
Intangible fixed assets			
Patents, licenses and similar rights		6,000	0
Tangible assets			
Equipment	10	0	0
Total tangible assets		**6,000**	**0**
Financial assets			
Participations in group companies	11	396,303	276,274
Long-term investments	12	565	565
Deferred tax asset	9	131	63
Total financial assets		**396,999**	**276,902**
Total fixed assets		**402,999**	**276,902**
Current assets	13		
Receivables			
Receivables from group companies		0	244
Other receivables		305	594
Prepaid expenses and accrued income	14	270	287
		575	**1,125**
Short-term investments	15	70,118	77,029
Cash and cash equivalents	16	195,822	148,903
Total current assets		**266,515**	**227,057**
TOTAL ASSETS		**669,514**	**503,959**

Parent company's balance sheet

KSEK	Note	2020 Dec 31	2019 Dec 31
EQUITY AND LIABILITIES			
EQUITY	17		
Restricted equity			
Share capital		30,209	25,087
Total restricted equity		**30,209**	**25,087**
Non-restricted equity			
Share premium reserve		688,011	515,988
Accumulated profit or loss		-42,483	-20,376
Profit (loss) for the year		-21,758	-24,740
Total non-restricted equity		**623,770**	**470,872**
TOTAL EQUITY		**653,979**	**495,959**
LIABILITIES			
Provisions			
Other provisions	18	5,312	500
Deferred tax liability		120	0
Total provisions		**5,432**	**500**
Non-current liabilities			
Liabilities to group companies	19	0	0
Total non-current liabilities		**0**	**0**
Current liabilities			
Trade payables		765	917
Liabilities to group companies	19	0	400
Current tax liability		385	341
Other liabilities		1,725	2,738
Accrued expenses and deferred income	20	7,228	3,104
Total current liabilities		**10,103**	**7,500**
TOTAL LIABILITIES		**15,535**	**8,000**
TOTAL EQUITY AND LIABILITIES		**669,514**	**503,959**

The parent company's report of changes in equity

KSEK	Share capital	Ongoing new share issue	Share premium reserve	Loss brought forward	Loss for the year	Total
Equity Jan 1, 2019	**16,480**	**4,707**	**402,663**	**-11,267**	**-11,100**	**401,483**
Transfer of previous year's loss	0	0	0	-11,100	11,100	0
Loss for the year	0	0	0	0	-24,740	-24,740
Other comprehensive income for the year	0	0	0	0	0	0
Total comprehensive income for the year	**0**	**0**	**0**	**-11,100**	**-13,640**	**-24,740**
Transactions with owners:						
Issue of new shares	3,900	0	120,900	0	0	124,800
Issue of new shares, not registered	4,707	-4,707	0	0	0	0
Issue costs	0	0	-7,575	0	0	-7,575
Incentive programs	0	0	0	1,991	0	1,991
Total transaction with owners	**8,607**	**-4,707**	**113,325**	**1,991**	**0**	**119,216**
Equity Dec 31, 2019	**25,087**	**0**	**515,988**	**-20,376**	**-24,740**	**495,959**
Equity Jan 1, 2020	**25,087**	**0**	**515,988**	**-20,376**	**-24,740**	**495,959**
Transfer of previous year's loss	0	0	0	-24,740	24,740	0
Loss for the year	0	0	0	0	-21,758	-21,758
Other comprehensive income for the year	0	0	0	0	0	0
Total comprehensive income for the year	**0**	**0**	**0**	**-24,740**	**2,982**	**-21,758**
Transactions with owners:						
Issue of new shares	5,122	0	182,428	0	0	187,550
Issue costs	0	0	-10,405	0	0	-10,405
Incentive programs	0	0	0	2,633	0	2,633
Total transaction with owners	**5,122**	**0**	**172,023**	**2,633**	**0**	**179,778**
Equity Dec 31, 2020	**30,209**	**0**	**688,011**	**-42,483**	**-21,758**	**653,979**

The parent company's cash flow statement

KSEK	Note	2020 Jan-Dec	2019 Jan-Dec
Operating activities			
Operating profit		-22,605	-24,946
Adjustments for items not included in the cash flow	21	2,104	1,638
Interest received		726	134
Interest paid		-2	-20
Cash flow from operating activities before changes in working capital		**-19,777**	**-23,194**
Cash flow from changes in working capital			
Change in operating receivables		550	3,303
Change in operating payables		1,925	-4,483
Cash flow from operating activities		**-17,302**	**-24,374**
Investing activities			
Loans granted to group companies		0	-75,000
Sale/liquidation of group company		75	0
Shareholder contributions to group companies		-120,000	0
Acquisition of financial assets	15	-70,000	-77,000
Sale of financial assets	15	77,000	0
Cash flow from investing activities		**-112,925**	**-152,000**
Financing activities			
Issue of new shares		187,550	134,829
Issue costs		-10,404	-7,575
Cash flow from financing activities		**177,146**	**127,254**
The cash flow for the year		**46,919**	**-49,120**
Cash and cash equivalents at the beginning of the year		**148,903**	**198,023**
Cash and cash equivalents at the end of the year	16	**195,822**	**148,903**

Notes
Group

Note 1 Accounting principles

This Annual Report and the consolidated financial statements comprise the Swedish parent company Vicore Pharma Holding AB (publ), corporate registration number 556680-3804, and its subsidiaries. The parent company is a limited liability company with its registered office in Gothenburg, Sweden. The address of the main office is Kronhusgatan 11, 411 05 Gothenburg. The main operation of the group is research and development of pharmaceutical products.

On April 14, 2021, the Board of Directors approved this Annual Report and the consolidated financial statements, which will be presented for approval at the Annual General Meeting on May 11, 2021.

Applied regulations

Vicore's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as the interpretations from the IFRS Interpretation Committee (IFRS IC) as adopted by the European Union (EU). Furthermore, the group also applies the Annual Accounts Act (1995: 1554) and the Swedish Financial Reporting Board's recommendation RFR 1 "Supplementary Accounting Rules for Groups".

Basis for the consolidated accounts

Preparing financial statements in accordance with IFRS requires the company management to make estimates for accounting purposes. These assessments and estimates are based on historical experiences, as well as other factors that are considered to be reasonable during the current circumstances. The actual result can deviate from these estimates and assessments.

New and amended standards and interpretations not yet adopted by the group

Updated standards and interpretations from IASB and IFRIC interpretations that came into force during the 2020 calendar year have had no material impact on the group.

Valuation principles

Assets and liabilities have been recognised at their historical cost, except for certain financial assets that are stated at fair value. Financial assets valued at fair value consist of holdings in listed and non-listed shares.

Consolidation

Subsidiaries

Subsidiaries are all the companies over which Vicore has a controlling influence. The group controls a company when it is exposed to, or has rights to, variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Subsidiaries are included in the consolidated accounts as of the date on which the controlling influence is transferred to the group. They are excluded from the consolidated accounts as of the date on which the controlling influence ceases.

Subsidiaries are reported according to the acquisition method. The method implies that acquiring a subsidiary is considered a transaction, whereby the group indirectly acquires the subsidiary's assets and liabilities. In the acquisition analysis, the fair value of acquired identifiable assets and assumed liabilities, as well as any holdings without controlling influence, is determined on the acquisition date. Transaction costs, excluding transaction costs attributable to the issue of equity instruments or debt instruments, which arise are reported directly in the profit/loss for the year. For business combinations where the transferred remuneration exceeds the fair value of acquired assets and assumed liabilities that are reported separately, the difference is reported as goodwill. When the difference is negative, a so-called bargain purchase, this is reported directly in the profit/loss for the year.

When acquiring an asset, the acquisition value is allocated to the individual identifiable assets and the debts, based on their relative fair values. Such a transaction does not give rise to goodwill.

Eliminated transactions during consolidation

Intra-group receivables and liabilities, income or expenses and unrealised gains or losses which arise from intra-group transactions between group companies are eliminated in the preparation of the consolidated accounts. Unrealised gains arising from transactions with associated companies are eliminated to the extent which corresponds to the group's ownership in the company. Unrealised losses are eliminated in the same way, but only to the extent that there is no impairment of the asset.

Currency

Functional currency and reporting currency

Functional currency is the currency in the primary economic environments in which the companies operate. The parent company's functional currency is the Swedish kronor, which is also the reporting currency for the parent company and the group. Unless otherwise stated, all amounts are rounded to the nearest thousand (KSEK).

Foreign currency transactions

Transactions in foreign currency are translated to the functional currency at the exchange rate as on the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated to the functional currency at the exchange rate on the balance sheet date. Exchange rate differences that arise are recognized in the profit/loss for the year. Exchange gains and exchange losses on operating receivables and operating liabilities are reported in operating results, while exchange gains and exchange losses on financial receivables and liabilities are reported as financial items.

Operating segments

Operating segments are reported in a way that corresponds with internal reporting structures. The profit/loss generated by a business segment is then followed up by the company's chief operating decision maker, who is responsible for assessing

the profit/loss figures and allocating resources to the business segment. In the group, this function is identified as the company's CEO.

An operating segment is a component of the group that engages in business activities from which it may earn revenues and incur expenses, and for which discrete financial information is available. Vicore does not divide its business into different segments, instead it sees the entire business of the group as one segment. This follows the company's internal organization and reporting structures.

Classification

Non-current assets and non-current liabilities consist in all essentials solely of amounts that are expected to be recovered or settled more than twelve months after the reporting period. Current assets and current liabilities consist in all essential solely of amounts that are expected to be recovered or settled within twelve months of the reporting period.

Revenue from contracts with customers

The group reports revenue when the group fulfils a performance obligation, i.e. when a promised product is delivered to the customer and the customer takes control of the product. Control of a performance obligation can be transferred over time or at a point in time. Revenue consists of the amount the company expects to receive as compensation for the transferred products or services.

The group's net sales are currently not a significant part of the business. The company only conducts development activities and is not expected to receive any significant income during the next few years.

Government grants

Government grants are reported in the statement of financial position and the statement of comprehensive income when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Leasing agreement

The group's leasing portfolio consists of a few operating leases for premises, which are the two classes of leased assets presented by the group.

The leasing agreements are reported as contract assets with a corresponding lease liability on the day that the leased asset is available for use by the group. Short-term leases and low value leases are excluded.

Each leasing payment is divided between amortization of the lease debt and financial cost. The financial cost shall be distributed over the lease period so that each accounting period is charged with an amount corresponding to a fixed interest rate for the liability reported during each period.

The leasing period is determined as the non-cancellable period together with both periods covered by an option to extend the lease if the lessee is reasonably sure to take advantage of that option, and periods covered by an opportunity to terminate the lease if the lessee is reasonably sure not to exercise that option.

The group's leasing liabilities are recognized at the present value of the group's future leasing fees. Leasing payments have been discounted with the group's marginal loan interest rate.

The group's contract assets are recognized at cost and initially include the present value of the leasing liabilities, adjusted for leasing fees paid on or before the commencement date and initial direct expenses. Recovery costs are included in the asset if a corresponding provision regarding recovery costs has been identified. The contract asset is amortized on a straight-line basis over the shorter of the asset's useful life and the duration of the lease.

Employee benefits

Short-term remuneration

Short-term remuneration to employees, such as salary, social security contributions, holiday pay and bonus, is expensed when the employees perform the services.

Pension obligations

The group only has defined contribution pension plans. In defined contribution plans, the group pays fixed contributions to a separate entity and has no legal or constructive obligation to pay further contributions if this entity does not have sufficient assets to pay all the remuneration to employees connected with the employees' service during the current or prior periods. Therefore, the group has no additional risk. For the group's obligations regarding contributions for defined contribution plans, these are reported as an expense in the consolidated profit/loss as the benefits are earned.

Incentive programs

There are three types of share-based incentive programs in the group: one option program for employees, and two share awards program for certain board members. The option and share awards have been granted free of charge and are settled with equity instruments.

The fair value of share-based payments is accounted for as personnel costs. The fair value of the employee stock options is determined at grant date with the Black-Scholes model for pricing of options. For the share awards, the fair value is determined at the time of allocation using a Monte Carlo simulation of future stock price development. The cost is reported, along with a corresponding increase in equity, during the period in which the vesting conditions are fulfilled, up to and including the date when the persons concerned are fully entitled to the compensation.

The accumulated cost included in each reporting period shows to what extent the vesting period has been recognised with an estimate of the number of share-related instruments that eventually will be vested.

Social security contributions attributable to share-related instruments to employees as compensation for purchased services must be expensed over the periods during which the services are performed. This cost must then be calculated using the same valuation model that was used when the options were issued. The provision made shall be reassessed at each reporting date based on a calculation of the amount social charges that may be payable when the instruments are settled.

Financial income and expenses

Financial income

Financial income consists of capital gains on and dividend incomes from financial fixed assets. Dividend income is recognized when the right to receive a dividend has been established.

Exchange rate gains and losses are reported net.

Financial costs

Financial costs consist mainly of interest expenses on loans. Exchange rate gains and losses are reported net.

Income taxes

Income taxes consist of current tax and deferred tax. Income taxes are recognized in profit or loss for the year, except when the underlying transaction is recognized in other comprehensive income or equity, in which case the tax effect is recognized in other comprehensive income or equity.

Current tax

Current tax is the tax that must be paid or received for the current year, with the application of the tax rates that have been decided, or in practice decided, on the balance sheet date. Current tax also includes adjustments to the current tax attributable to previous periods.

Deferred tax asset/tax liability

Deferred tax is reported in its entirety, according to the balance sheet method and is based on the temporary differences between the tax base value of assets and liabilities and their carrying amount. Temporary differences are not taken into account in consolidated goodwill or differences attributable to participations in subsidiaries, which are not expected to be taxed in the foreseeable future. The valuation of deferred tax is based on how underlying assets or liabilities are expected to be realized or regulated. Deferred tax amounts are calculated by applying the tax rates and tax rules that have been decided or announced as of the balance sheet date and which are expected to apply when the deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets related to deductible temporary differences and loss carry forwards are only recognized to the extent it is probable that these will be utilized.

The value of deferred tax assets is reduced when it is no longer deemed likely that they can be utilized. Deferred tax assets and deferred tax liabilities are offset if there is a legal right to offset short-term tax assets against short-term tax liabilities and the deferred tax is attributable to the same entity in the group and the same tax authority.

Earnings per share

Earnings per share before dilution are calculated as profit or loss attributable to the parent company shareholders divided by the weighted average number of ordinary shares outstanding during the period.

Earnings per share after dilution are calculated as profit or loss attributable to the parent company shareholders divided, in some cases adjusted, by the sum of the weighted average number of ordinary shares and potential ordinary shares that may give rise to dilution effects. A dilution effect of potential ordinary shares is recognized only if a translation into ordinary shares would lead to a reduction of earnings per share after dilution.

Intangible assets

Acquired intangible assets

Intangible assets in the group consist of patents, licenses and similar rights. They are valued at cost that is decreased by accumulated depreciation and any accumulated impairment losses.

An intangible asset is recognized if it is probable that the asset will generate future economic benefits for the group, the criteria for capitalization are met and the costs can be measured reliably. An intangible asset is valued at cost when it is included for the first time in the financial report. Intangible assets with finite useful lives are reported at cost less depreciation and any impairment losses. Intangible fixed assets with finite useful lives are depreciated linearly over the asset's estimated useful life. Intangible assets with indefinite useful lives are instead tested annually for impairment.

Intangible assets with finite and indefinite useful lives are reviewed for impairment requirements in cases where there are indications that a write-down may be needed. The useful life of intangible assets is reviewed at each balance sheet date and adjusted if necessary.

Capitalization of development expenditure

The expenses that arise during the development phase are capitalized as intangible assets when, according to management's assessment, they are likely to result in future economic benefits for the group, the criteria for capitalization are met and the costs can be measured in a reliable way. Otherwise, development expenses are expensed as normal operating expenses.

The group only has acquired intangible assets.

Depreciation principles

Depreciation begins when the asset can be used, i.e. when it is in the place and in the condition required to be able to use it in the way management intends.

The estimated useful life for intangible fixed assets with a finite useful life is 5 years. Depreciation is made on a straight-line basis over the estimated useful life of the asset, which coincides with the remaining patent period for the product.

Tangible fixed assets

Tangible fixed assets are reported in the group at cost after deductions for accumulated depreciation and any accumulated impairment losses. The cost includes the purchase price and any costs directly attributable to the asset to bring it in place and in condition to be utilized in accordance with the purpose of the acquisition.

The carrying amount of an asset is derecognized from the balance sheet when disposing or divesting, or when no future economic benefits are expected from use or disposing/divesting of the asset. Gains or losses arising from the sale or disposal of an asset consist of the difference between the selling price and the asset's carrying amount with the deduction of direct sales costs. Gains and losses are reported as other operating income/expenses.

Additional expenses

Additional expenses are added to the asset's carrying amount only if it is probable that the future economic benefits associated with the asset will be leveraged by the group and that the cost of the asset can be measured reliably. All other additional expenses are reported as an expense during the period they arise. Repairs are expensed on an ongoing basis.

Depreciation principles

The depreciable amount shall be allocated on a systematic basis over the asset's estimated useful life. Used depreciation methods, residual values and useful lives are reviewed at the end of each year.

The estimated useful lives are:

Equipment .....5 years

Impairment of non-financial assets

The group's reported assets are assessed in cases where there are indications of a decline in value of tangible or intangible assets, i.e. whenever events or changes in circumstances indicate that the fair value is not recoverable. Furthermore, the group's development projects are reviewed annually for impairment requirements until they are available for use. This is done regardless of whether there are indications of a decline in value or not.

An impairment is recognized when an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less the cost of sale on the one hand and the value in use on the other. When assessing impairment, assets are grouped at the lowest level where there are separate identifiable cash flows (cash-generating units). When the need for impairment has been identified for a cash-generating unit (group of units), the impairment amount is distributed proportionally among the assets included in the cash-generating unit (group of units).

A previously recognized impairment is reversed if the recovery amount is deemed to exceed the fair value. Reversal does not occur with an amount that is greater than what the fair value would have been recorded to if the impairment had not been recognized in previous periods. Any reversals are reported in the income statement.

Financial assets and liabilities

A financial asset or financial liability is recognized in the balance sheet when the group becomes a party according to the instrument's contractual terms. A financial asset is removed from the balance sheet when the rights in the agreement are realized, expire or when the group loses control over them. The same applies to a part of a financial asset. A financial liability is removed from the balance sheet when the obligation in the agreement is fulfilled or otherwise extinguished. The same applies to a part of a financial debt.

Acquisitions and divestments of financial assets are reported on the trade date. The trade date constitutes the day when the company undertakes to acquire or divest the asset.

Financial instruments are classified on initial recognition, including on the basis of what purpose the instrument was acquired and managed. This classification determines the valuation of the instruments.

Classification and valuation of financial assets

The classification of financial assets that are debt instruments, is based on the group's business model for managing the asset and the nature of the asset's contractual cash flows.

Assets are classified according to:

- Amortized cost
- Fair value through profit or loss, or
- Fair value through other comprehensive income

The group's financial assets that are classified at amortized cost include accounts receivable, certain other receivables, short-term investments, and cash and cash equivalents. Financial assets classified at amortised cost are initially measured at fair value with the addition of transaction costs. After initial recognition, the assets are valued at amortized cost after a deduction of a loss reserve for expected credit losses. Assets classified at amortized cost are held according to the business model to collect contractual cash flows, which are solely payments of principal and interest on the outstanding principal amount.

The group's financial assets that are classified at fair value through profit or loss relate to holdings in listed and non-listed shares.

Impairment of financial assets

The group's impairment model is based on expected credit losses, and takes into account prospective information. A loss reserve is made when there is an exposure to credit risk, usually at initial recognition for an asset or receivable.

Classification and valuation of financial liabilities

The group's financial liabilities consist of accounts payable and other current liabilities, which are all classified at amortized cost. Financial liabilities recognized at amortized cost are initially measured at fair value including transaction costs. After the initial recognition, they are valued according to the effective interest method.

Cash and cash equivalents

Cash and cash equivalents consist of cash and balances as well as immediately available credit balances with banks and corresponding financial institutions.

Equity

All shares in the company are ordinary shares, which are reported as equity. The share capital is reported up to its quota value and any excess part is reported as Other contributed capital. Transaction costs, directly attributable to the issue of new ordinary shares or options, are reported, net after tax, in equity as a deduction from the issue proceeds.

Contingent liabilities

A contingent liability is recognised when there is a possible commitment that arises from past events and whose existence is confirmed only by one or more uncertain future events, or when there is a commitment that is not reported as a liability or provision due to it being unlikely that an outflow of resources will be required.

Cash flow

Cash and cash equivalents consist of available cash, bank credit balances and other liquid investments with an original maturity of less than three months, which are exposed to insignificant value fluctuation. Incoming and outgoing payments are reported in the cash flow statement. The cash flow statement has been prepared in accordance with the indirect method.

Note 2 Judgements and accounting estimates

The preparation of the financial statements in accordance with IFRS requires company management to make judgements and accounting estimates that affect the application of the accounting policies and the carrying amounts of assets, liabilities, revenue and expenses. The actual outcome could deviate from these estimates.

The accounting estimates and assumptions are evaluated continuously. Changes to the accounting estimates are recognized in the period in which the change is made if the change only has affected the period, or in the period in which the change is made and future periods if the change affects both the current period and future periods.

Sources of uncertainty in the accounting estimates

The sources of uncertainty in the accounting estimates, entailing a significant risk that the value of assets or liabilities might need to be adjusted to a material extent during the forthcoming fiscal year, include impairment testing of intangible assets with indefinite useful lives.

Impairment testing of intangible assets

When impairment testing intangible assets, a number of significant assumptions and judgements must be taken into account in order to calculate a recoverable amount. These assumptions and judgements relate to, among others, future expected selling price for the company's products VP01, VP02 and VP03, expected market penetration, expected development-, sales and marketing costs and expected likelihood that the products will pass the remaining stages of development. The assumptions are based on industry- and market-specific data and are produced by the management and reviewed by the Board of Directors. For more information about impairment testing, see Note 15 "Patent, licenses and similar rights".

Other judgments and accounting estimates

Capitalization of intangible assets

Development expenditures are capitalized when they fulfill the criteria set out in IAS 38 and are expected to represent material amounts for the development initiative as a whole. Development expenditures are otherwise expensed as normal operating costs. The most important criteria for capitalization are that the end product of the development work has a demonstrable future earning capacity or cost savings and cash flow, and that there are technical and financial preconditions to finish the development work when it begins. The group only has acquired intangible assets. Since regulatory approval has not yet been obtained, no costs have been capitalized.

Research and development expenses

The company conducts research and development with external collaboration partners, such as clinical research organizations (CROs). The company estimate the timing of the costs when the project commences. This cost is then used as a basis for settlement with the external collaboration partner. An evaluation and update of the calculation is performed monthly and forms the basis for booking accrued costs attributable to research and development.

Incentive programs

The group has three active share-based long-term incentive programs. The applicable accounting policies are described in Note 1. The cost for the remuneration that is recognized in a period is dependent on the original valuation that was made on the contract date of with the holder of the option/share award, the number of months of service required by the participant for becoming entitled to options (accruals are made over this period), the number of options that are expected to be vested by the participant under the terms of the programs and a continuous reassessment of the value of the tax benefits for the participants in the incentive programs (for determining provisions for social security contributions). Those estimates which affect the cost in a period and the corresponding increase in equity mainly refer to inputs for the valuation of the options. The models used for this purpose are the Black & Scholes model and a Monte Carlo simulation. Significant assumptions in these valuations are described in Note 8 "Share-based payments".

Tax loss carryforwards

The group's tax loss carryforwards have not been measured and are not recognized as a deferred tax asset. These tax loss carryforwards will be measured valued only when the group has established a level of earnings which management with confidence estimate will lead to taxable profits.

Not 3 Operating segments

Vicore does not divide its business into different operating segments. Instead the group's entire business is treated as one operating segment. This reflects the company's internal organisation and reporting system. Vicore's chief operating decision maker is the CEO. Currently, Vicore is operating mainly in Sweden, where the group's tangible and intangible fixed assets are attributed.

Note 4 Operating expenses by nature of expense

The total expenses classified by function are distributed in the following cost categories:

	2020	2019
Other external expenses	129,249	69,124
Personnel expenses	34,221	23,449
Depreciation and amortization	3,537	1,338
Other operating expenses	721	157
Total	**167,728**	**94,068**

Note 5 Audit fees

Ernst & Young AB	2020	2019
Audit fees*	538	827
Other audit related services	47	121
Tax consultancy services	0	366
Other services**	88	3,147
Total	**673**	**4,461**

* Audit engagement refers to fees for the statutory audit, i.e. work that has been necessary to produce the auditor's report as well as audit advisory services provided in connection with the audit engagement. The audit fee for 2019 (2018) was 88 KSEK (227 KSEK) higher than the reserved value and is therefore included in the audit fee for 2020 (2019).

** Other services refer to advisory and consulting services in connection with Vicore's transfer from First North Growth Market to the main list of Nasdaq Stockholm (Small Cap).

Note 6 Leases

	2020 Dec 31	2019 Dec 31
Contract assets		
Premises	139	185
Equipment	0	4
Total	**139**	**189**
Contract liabilities		
Long-term	0	186
Short-term	140	4
Total	**140**	**190**

The following amounts related to leasing contracts are reported in the consolidated statement of comprehensive income:	**2020**	**2019**
Leasing fees, short-term	817	503
Depreciation		
Premises	175	171
Equipment	4	52
Interest	3	5
Total	**999**	**731**

The total cash flow related to leasing agreements was 182 KSEK (227 KSEK) for 2020.
For information on the maturity of leases, see Note 19 "Financial risks".

Note 7 Employees and personnel costs

Average number of employees	**2020**		**2019**	
	No. of employees	**of which men/ women**	**No. of employees**	**of which men/ women**
Parent company	4	50%/50%	3	67%/33%
Subsidiaries	9	67%/33%	5	40%/60%
Group total	**13**	**62%/38%**	**8**	**50%/50%**

Personnel costs for the Board of Directors, senior executives and other employees	**2020**	**2019**
Group		
The Board and other senior executives		
Salaries and other remuneration	12,273	10,104
Social security contributions	7,364	3,290
Pension costs	1,690	1,989
	21,327	**15,383**
Group		
Other employees		
Salaries and other remuneration	9,496	5,962
Social security contributions	1,879	1,326
Pension costs	1,154	555
	12,529	**7,843**
Group		
Other personnel costs	365	223
	365	**223**
Total personnel costs	**34,221**	**23,449**
Parent company		
The Board and other senior executives		
Salaries and other remuneration	10,245	8,866
Social security contributions	6,730	2,884
Pension costs	1,407	1,764
	18,382	**13,514**
Parent company		
Other employees		
Salaries and other remuneration	592	237
Social security contributions	203	88
Pension costs	90	59
	885	**384**
Parent company		
Other personnel costs	90	188
	90	**188**
Total personnel costs	**19,357**	**14,086**

Senior executives include members of the Board of Directors, the CEO and other senior executives.

Salaries and other remuneration

Costs related to the long-term incentive programs amounts to 2,632 KSEK (1,991 KSEK) of the payroll expenses and 5,602 KSEK (297 KSEK) of the social security contributions.

Pensions

All pension plans in the group are defined contribution plans. The group's total cost for defined contribution plans amounted to 2,844 KSEK (2,544 KSEK).

Gender breakdown among senior executives

	2020 Dec 31	2019 Dec 31
Group		
Proportion of women on the Board	29%	17%
Proportion of men on the Board	71%	83%
Proportion of women among other senior executives	43%	40%
Proportion of men among other senior executives	57%	60%
Parent company		
Proportion of women among other senior executives	33%	25%
Proportion of men among other senior executives	67%	75%

Information regarding remuneration to the Board and other senior executives

2020	Basic salary, board fee*	Pension costs	Variable remuneration	Share-based payments	Other remuneration	Total
Chairman of the Board						
Michael Wolff Jensen	300	0	0	692	25	1,017
Members of the Board						
Jacob Gunterberg	100	0	0	0	100	200
Hans Schikan	100	0	0	126	75	301
Maarten Kraan	100	0	0	126	75	301
Peter Ström	100	0	0	51	0	151
Sara Malcus	100	0	0	51	50	201
Heidi Hunter	100	0	0	346	50	496

2020	Basic salary, board fee*	Pension costs	Variable remuneration	Share-based payments	Other remuneration	Total
Senior executives						
CEO	2,540	697	787	343	0	4,367
Other senior executives**	4,582	993	938	536	0	7,049
Total	**8,022**	**1,690**	**1,725**	**2,272**	**375**	**14,084**

* Board fees as resolved at the AGM, excluding social security contributions and remuneration of board committee work for the May 2020 to May 2021 financial year. Other remuneration include remuneration for board committee work.
** Other senior executives during the period Jan 1, 2020 - Nov 2, 2020, consisted of four employees, and during the period Nov 3, 2020 - Dec 31, 2020, of six employees. For more information, see "Remuneration for senior executives" below.

2019	Basic salary, board fee*	Pension costs	Variable remuneration	Share-based payments	Other remuneration	Total
Chairman of the Board						
Leif Darner	300	0	0	286	25	611
Members of the Board						
Jacob Gunterberg	100	0	0	0	100	200
Hans Schikan	100	0	0	286	75	461
Maarten Kraan	100	0	0	286	75	461
Peter Ström	100	0	0	114	50	264
Sara Malcus	100	0	0	114	50	264
Senior executives						
CEO	2,578	873	328	274	0	4,053
Other senior executives (4 individuals)	3,992	1,116	282	389	0	5,779
Total	**7,370**	**1,989**	**610**	**1,749**	**375**	**12,093**

* Board fees as resolved at the AGM, excluding social security contributions and remuneration of board committee work for the May 2019 to May 2020 financial year. Other remuneration include remuneration for board committee work.

Share-based payments

Share-based payments refer to share awards and options granted to independent directors, the CEO, other senior executives, and other employees. Each vested share award entitles the holder to receive one share in the company, provided that the holder is still a member of the Board of Directors of the company at the relevant time of vesting. The earliest point in time at which vested share awards may be exercised shall be the day of publication of the interim report for the second quarter of 2021. Each option entitles the holder to acquire one share in the company for a predetermined exercise price. The options are subject to vesting

over a three year period whereby all options shall be vested on the third anniversary of the granting date, provided that the holder, with some customary exceptions is still employed by the company. The participants in the programs have received the share awards / options free of charge. For further information about the incentive programs, see Note 8 "Share-based payments".

Other remuneration

Other remuneration include remuneration for board committee work.

Remuneration for senior executives

Remuneration of the CEO and other senior executives consists of, in accordance with the guidelines for remuneration decided by the shareholder's meeting in 2020, basic salary, pension benefits, bonus and share-based incentives adopted by the shareholders' meeting (e.g. employee stock options). Other senior executives refer to the individuals who, together with the CEO, constitute the group management. As of November 3, 2020, other senior executives refer to the Chief Financial Officer, Chief Medical Officer, Chief Scientific Officer, VP Clinical Development, Head of Preclinical Development, and Chief Administrative Officer. For the year 2019 and up until November 2, 2020, other senior executives refer to the Chief Financial Officer, Head of Project Management, Investor Relations Manager, and Chief Administrative Officer.

The CEO has a period of notice of six months in the event the termination is made by the group or if the CEO resigns. Other senior executives have a period of notice of three to six months, in the event the termination is made by the group or if the senior executive resigns.

In addition to salary during the termination period, the CEO is entitled to a termination benefit corresponding of six months' salary in the event of termination by the company on a basis other than a breach of contract.

Note 8 Share-based payments

The purpose of share-based incentive programs is to promote the company's long-term interests by motivating and rewarding the company's senior management and other co-workers in line with the interests of the shareholders. In January, 2020, the incentive program LTIP 2016 expired. As of December 31, 2020, Vicore has three active incentive programs that include the management team, other employees and certain board members. For more information, see below.

Long-term incentive program 2016

On January 8, 2016, Vicore issued 570,000 warrants to key employees and researchers. Each warrant entitles the holder to subscribe for one new share in Vicore at an exercise price of SEK 12. The exercise date is January 3, 2020. The warrants were sold key employees and researchers on market terms at a price established on the basis of an estimated market value of the warrants using the Black & Scholes model. The value has been set at SEK 0.56 per option based on a share price of SEK 7.025 with a future annual increase of approximately 14 percent. The increase in the company's share capital in full exercise of the warrants will amount to SEK 326,610, which corresponds to a dilution of 1.3 percent of the total number of shares and of the total number of votes in the company.

As a result of the rights issue decided by the Annual General Meeting on August 13, 2018, the subscription price and number of shares per option shall be recalculated in accordance with the terms of the issued warrants. Recalculation in accordance with the terms of the warrants results in a new subscription price of SEK 10.47 and recalculated number of shares per option of 1.146. After the year end, 243,525 shares of a total of 653,220 shares were issued within the framework of the LTIP 2016 incentive program. The increase in the company's share capital for the options amounts to SEK 121,762.50, which corresponds to a dilution of 0.48 percent of the total number of shares and the total number of votes in the company. The incentive program LTIP 2016 expired on January 3, 2020 and is now closed.

Long-term incentive programs 2018

The Extra General Meeting in Vicore held on August 13, 2018, resolved, in accordance with the Board of Directors' proposal, to adopt a long-term incentive program for certain of the company's senior management and key persons ("Co-worker LTIP 2018") and for certain members of the Board of Directors ("Board LTIP 2018") in Vicore. A maximum of 2,000,000 options (Co-worker LTIP 2018) or 475,000 share awards (Board LTIP 2018) may be allotted to participants under the program. Of these, a total of 1,325,800 options and 475,000 share awards have been allocated. The increase in the company's share capital in full utilization of both incentive programs amounts to a maximum of approximately SEK 1,237,500, corresponding to a dilution of approximately 3,9 percent of the total number of shares. The options and share awards have been granted to the participants of the incentive programs free of charge and the settlement is made with equity instruments.

Board LTIP 2018

Board LTIP 2018 is a program under which the participants will be granted, free of charge, share awards subject to performance vesting ("share awards") that entitle to shares in the company to be calculated in accordance with the principles stipulated below, however a maximum of 475,000 shares.

Board LTIP 2018 is intended for members of the Board of Directors of the company independent from the main owners. The main owners believe that an equity-based incentive program is a central part of an attractive and competitive remuneration package in order to attract, retain and motivate internationally competent members of the Board of Directors of the company, and to focus the participants on delivering exceptional performance which contributes to value creation for all shareholders.

The share awards are subject to gradual vesting gradually over approximately three years, corresponding to three terms until the day of publication of the interim report for the second quarter of 2021. The share awards shall be vested by 1/3 at the end of each term, provided that the participant is still a member of the Board of Directors of the company on said date. In addition to the vesting conditions just stated, the share awards are subject to performance vesting based on the development of the company's share price, in accordance with the vesting conditions below.

The share awards are subject to performance vesting based on the development of the company's share price over the period from the date of 13 August, 2018, up to and including the date of the annual general meeting 2021. The development of the share price will be measured based on the volume weighted average price of the share price will be measured based on the volume weighted average price of the company's share price for the 30 trading days immediately following after 17 August, 2018, and the 30 trading days immediately preceding the date of the publication of the interim report for the second quarter 2021. In the event the price of the company's share has thereby increased by more than 150 percent, 100 percent of the share awards shall vest, and should the share price have increased by 50 percent, 25 percent of such share awards shall vest. In the event of an increase of the share price between 50 and 150 percent, vesting of the share awards will occur linearly. Should the increase of the share price be less than 50 percent, no vesting will occur. The earliest date at which accrued share awards may be exercised is the date of publication of the interim report for the second quarter of 2021.

The valuation of the share awards is based on a Monte Carlo simulation in accordance with accepted valuation theory. Volatility has been based on the expected volatility of the Vicore share and other listed companies with similar operations. The risk-free interest rate has been derived through an interpolation between a 2-year and 5-year government bond, respectively. The fair value of the share awards at the time of allocation amounts to

SEK 4.70 per share award. In order to calculate the value of the share awards in relation to the current performance conditions, a starting value is used that corresponds to the volume-weighted average price paid for the Vicore share over a fixed period, which in this case corresponds to the value of the underlying share at the time of valuation.

Co-worker LTIP 2018

Co-worker LTIP 2018 is an incentive program intended for members of senior management and key persons in the company. According to the program participants will be granted, free of charge, options subject to three year vesting that entitle to acquire a maximum of 2,000,000 shares in the company in total, in accordance with the terms stipulated below.

The Board of Directors of the company believes that an equity-based incentive program is a central part of an attractive and competitive remuneration package in order to attract, retain and motivate competent members of senior management and key persons in the company, and to focus the participants on delivering exceptional performance which contributes to value creation for all shareholders.

Co-worker LTIP 2018 is an incentive program under which the participants will be granted options free of charge. The Board of Directors shall resolve upon the allocation of options annually or at such time as the Board of Directors can be considered as relevant to such decision (with each respective date of granting being a "granting date"). Each option entitles the holder to acquire one share in the company for a predetermined exercise price. The exercise price per share shall correspond to 150 percent of the volume weighted average price of the company's share for the five trading days preceding the granting date. The options are subject to vesting over a three year period whereby all options shall be vested on the third anniversary of the granting date, provided that the holder, with some customary exceptions is still employed by the company. The latest point in time at which vested options may be exercised shall be the fourth anniversary of the granting date.

The options are valued according to the so-called Black & Scholes model, which means that the value of the options depends, among other things, on the value of the underlying share, the options's issue price and life, risk-free interest rate and volatility. The volatility has been based on the expected volatility of the Vicore share and other listed companies with similar operations. The risk-free interest rate was equated with the interest rate for Swedish government bonds. The fair value of the options at the time of allocation during 2020 and 2019, respectively, amounts to SEK 3.98 and SEK 3.46 per option. The following inputs have been used in the model:

	2020		2019	
Underlying share price	18.85	SEK	16.75	SEK
Excercise price	29.25	SEK	26.17	SEK
Expected volatility	45.00	%	45.00	%
Option life	4	years	4	years
Expected dividends	0	SEK	0	SEK
Risk-free interest rate	-0.35	%	-0.59	%

Long-term incentive program 2020

The Annual General Meeting in Vicore Pharma Holding AB held on May 20, 2020, resolved, in accordance with the proposal from the Nomination Committee, to adopt a long-term incentive program for the new members of the Board of Directors ("Board LTIP 2020") in Vicore Pharma Holding AB. A maximum of 525,000 share awards may be allotted to participants in the program Board LTIP 2020. The increase in the company's share capital, assuming full utilization, amounts to a maximum of approximately SEK 262,500, corresponding to a dilution of 0.9% of the total number of shares. Taking into account also the shares which may be issued pursuant to previously implemented incentive programs in the company, the maximum dilution amounts to 4.7% on a fully diluted basis.

Board LTIP 2020

Board LTIP 2020 is a program under which the participants will be granted, free of charge, share awards subject to performance vesting ("share awards") that entitle to shares in the company to be calculated in accordance with the principles stipulated below, however a maximum of 525,000 shares.

Board LTIP 2020 is intended for the newly elected, main owner independent, members of the Board of Directors in the company. The Nomination Committee believes that an equity-based incentive program is a central part of a competitive remuneration package in order to attract, retain and motivate internationally competent members of the Board of Directors, and to focus the participants on delivering exceptional performance which contributes to value creation for all shareholders.

The share awards shall vest gradually over approximately three years, corresponding to three terms up to the date of, whichever is earliest, (i) the Annual General Meeting 2023 or (ii) June 1, 2023 ("vesting date"), where each term equals the period from one Annual General Meeting up until the day falling immediately prior to the next Annual General Meeting or the vesting date, as applicable (each such period a "term"). The share awards shall vest by 1/3 at the end of each term, provided that the participant is still a member of the Board of Directors of the company on said date. In addition to the vesting conditions just stated, the share awards are subject to performance vesting based on the development of the company's share price, in accordance with the vesting conditions below.

The share awards are subject to performance vesting based on the development of the company's share price over the period from the date the share awards are allocated ("grant date") up to and including the vesting date. The development of the share price will be measured based on the volume weighted average price of the company's share on Nasdaq Stockholm for the 30 trading days immediately following the grant date and the 30 trading days immediately preceding the vesting date, respectively. In the event the price of the company's share has thereby increased by more than 150 percent, 100 percent of the share awards shall vest, and should the share price have increased by 50 percent, 25 percent of the share awards shall vest. In the event of an increase of the share price between 50 and 150 percent, vesting of the share awards will occur linearly. Should the increase of the share price be less than 50 percent, no vesting will occur. The earliest point in time at which vested share awards may be exercised shall be the day falling immediately after the vesting date.

The valuation of the share awards is based on a Monte Carlo simulation in accordance with accepted valuation theory. Volatility has been based on the expected volatility of the Vicore share and other listed companies with similar operations. The risk-free interest rate has been derived through an interpolation between a 2-year and 5-year government bond, respectively. The fair value of the share awards at the time of allocation amounts to SEK 5.18 per share award. In order to calculate the value of the share awards in relation to the current performance conditions, a starting value is used that corresponds to the volume-weighted average price paid for the Vicore share over a fixed period, which in this case corresponds to the value of the underlying share at the time of valuation.

Summary of issued share awards and options

Issued share awards (Board LTIP 2018)	2020 Average exercise price per share award	2020 Number of share awards	2019 Average exercise price per share award	2019 Number of share awards
At January 1	0	475,000	0	475,000
Forfeited during the year	0	-41,667	0	0
At December 31	0	433,333	0	475,000

No share awards have been exercised or expired during the years presented.

Issued share awards (Board LTIP 2020)	2020 Average exercise price per share award	2020 Number of share awards
At January 1	0	0
Granted during the year	0	525,000
At December 31	0	525,000

No share awards have been exercised, forfeited or expired during the year.

Issued options (Co-worker LTIP 2018)	2020 Average exercise price per option	2020 Number of options	2019 Average exercise price per option	2019 Number of options
At January 1	25.81	765,800	25.26	300,000
Granted during the year	29.25	560,000	26.17	465,800
Forfeited during the year	25.99	86,200	0	0
At December 31	27.48	1,239,600	25.81	765,800

No options have been exercised or expired during the years presented.

Outstanding share awards and options at year-end

Program per year	Date of expiration	Exercise price	Dec 31, 2020 Share awards/ options	Dec 31, 2020 Vested (%)	Dec 31, 2019 Share awards/ options	Dec 31, 2019 Vested (%)
Program share awards (Board LTIP 2018)	September, 2021	0	433,333	92%	475,000	72%
Program share awards (Board LTIP 2020)	Annual General Meeting 2023	0	525,000	38%	-	-
Program 2018 options (Co-worker LTIP 2018)	September 27, 2022	25.26	283,333	93%	300,000	68%
Program 2019 options (Co-worker LTIP 2018)	September 27, 2023	26.17	396,267	71%	465,800	15%
Program 2020 options (Co-worker LTIP 2018)	September 24, 2024	29.25	560,000	15%	-	-

The costs for social security contributions related to share-based incentive programs varies from quarter to quarter due to the change in the underlying share price. Related provisions are reported as non-current liabilities. Total IFRS 2-classified payroll expenses for the incentive programs for the entire duration of the programs amount to 9,435 KSEK. The total costs for the share-based incentive programs for each year is presented below. These costs have had no cash impact.

Summary of the total cost of the incentive programs

	2020	2019
IFRS 2-classified payroll expenses	2,632	1,991
Provisions for social security contributions	5,602	297
Total	**8,234**	**2,288**

Summary of allotted options and share awards

Program 2018 share awards (Board LTIP 2018)	2020 Number outstanding at Jan 1, 2020	2020 Granted/ forfeited	2020 Number outstanding at Dec 31, 2020	2019 Number outstanding at Jan 1, 2019	2019 Granted/ forfeited	2019 Number outstanding at Dec 31, 2019
Chairman of the Board Leif Darner	125,000	-41,667	83,333	125,000	0	125,000
Member of the Board Hans Schikan	125,000	0	125,000	125,000	0	125,000
Member of the Board Maarten Kraan	125,000	0	125,000	125,000	0	125,000
Member of the Board Peter Ström	50,000	0	50,000	50,000	0	50,000
Member of the Board Sara Malcus	50,000	0	50,000	50,000	0	50,000
Total	**475,000**	**-41,667**	**433,333**	**475,000**	**475,000**	**475,000**

Program 2020 share awards (Board LTIP 2020)	2020 Number outstanding at Jan 1, 2020	2020 Granted/ forfeited	2020 Number outstanding at Dec 31, 2020	2019 Number outstanding at Jan 1, 2019	2019 Granted/ forfeited	2019 Number outstanding at Dec 31, 2019
Chairman of the Board Michael Wolff Jensen	0	350,000	350,000	0	0	0
Member of the Board Heidi Hunter	0	175,000	175,000	0	0	0
Total	**0**	**525,000**	**525,000**	**0**	**0**	**0**

Program 2018, 2019 and 2020 options (Co-worker LTIP 2018)	2020 Number outstanding at Jan 1, 2020	2020 Granted/ forfeited	2020 Number outstanding at Dec 31, 2020	2019 Number outstanding at Jan 1, 2019	2019 Granted/ forfeited	2019 Number outstanding at Dec 31, 2019
CEO Carl-Johan Dalsgaard	200,000	100,000	300,000	100,000	100,000	200,000
Other senior executives	337,500	366,250	703,750	150,000	212,500	337,500
Other employees	228,300	7,550	235,850	50,000	153,300	228,300
Total	**765,800**	**473,800**	**1,239,600**	**300,000**	**465,800**	**765,800**

As of November 3, 2020, other senior executives refer to the Chief Financial Officer, Chief Medical Officer, Chief Scientific Officer, VP Clinical Development, Head of Preclinical Development, and Chief Administrative Officer. For the year 2019 and up until November 2, 2020, other senior executives refer to the Chief Financial Officer, Head of Project Management, Investor Relations Manager, and Chief Administrative Officer.

Note 9 Other operating income

	2020	2019
Exchange rate gains	654	66
Grants received	17,536	0
Total other operating income	**18,190**	**66**

During the second quarter of 2020, Vicore received a grant of 1.5 GBP million from the British research charity LifeArc for the ATTRACT study in patients with COVID-19. During the full year of 2020, a total of 14,384 KSEK has been paid out, which corresponds to 81 percent of the total grant. A total of 3,151 KSEK has been reported as accrued income (1 GBP = 11.09 SEK).

Note 10 Other operating expenses

	2020	2019
Exchange rate losses	721	157
Total other operating expenses	**721**	**157**

Note 11 Financial income

	2020	2019
Financial assets measured at fair value through profit and loss		
Change in value for long-term investments	1,414	549
Total	**1,414**	**549**
Financial assets measured at amortized cost		
Interest income short-term investments	815	163
Total interest income calculated using the effective interest method	**815**	**163**
Total disclosed in net financial income/expenses	**2,229**	**712**

Note 12 Financial expenses

	2020	2019
Financial liabilities measured at amortized cost		
Interest expenses other financial liabilities	-6	-27
Total interest expenses calculated using the effective interest method	**-6**	**-27**
Total disclosed in net financial income/expenses	**-6**	**-27**

Not 13 Tax

	2020	2019
Current tax	0	0
Change in deferred tax regarding temporary differences	453	245
Recognized tax	**453**	**245**

Reconciliation of effective tax rates	2020	2019
Loss before tax	-147,315	-93,329
Tax according to applicable tax rate for parent company 21.4% (22%)	31,525	19,972
Non-deductable expenses	-1,309	-184
Tax effect unrecognized tax assets	-30,216	-19,788
Change in deferred tax	453	245
Recognized tax	**453**	**245**
Effective tax rate	**0%**	**0%**

The group has no tax items that are recognized in other comprehensive income, but there are issue costs booked directly against shareholder's equity.

Information about deferred tax assets and tax liabilities

In the table below, the tax effect of the temporary differences is specified:

Deferred tax liability	2020 Dec 31	2019 Dec 31
Intangible assets	1,411	1,796
Tax provision for pension premium	120	0
Carrying amount	**1,531**	**1,796**
Deferred tax asset		
Provision for pension premium	131	63
Carrying amount	**131**	**63**

Tax loss carryforwards

Tax loss carryforwards for which deferred tax assets have not been recognized in the balance sheet amounted to 413,206 KSEK (263,250 KSEK). These carryforwards have no time limit. Deferred tax assets have not been recognized for these items, as it is unlikely that the group in a foreseeable future will utilize them to offset future taxable profits. For further information about tax loss carryforwards, see Note 2 "Judgements and accounting estimates".

Note 14 Earnings per share

Earnings per share before and after dilution	2020	2019
Profit for the year attributable to shareholders of the parent company	-146,861,265	-93,083,456
Average number of ordinary shares	54,249,185	43,041,933
Earnings per share before and after dilution	**-2.71**	**-2.16**

The average number of outstanding shares has been adjusted for bonus shares in new stock issued targeted towards existing shareholders. Diluted earnings per share is calculated by adjusting the weighted average number of ordinary shares outstanding for the dilution effect from all potential ordinary shares. These potential ordinary shares are attributable to the options and share awards allocated to senior executives, other employees and certain board members during 2018, 2019 and 2020. For further information, see Note 8 "Share-based payments". If there is a loss for the year, the options are not treated as dilutive. Neither are the options considered dilutive if the exercise rate, including the addition of the value of remaining future services to be recognized during the vesting period, exceeds the average trading price for the period. There is no dilution effect for potential ordinary shares as there was a loss for the year, as demonstrated above.

For more information about the changes of the number of outstanding shares, see Note 24 "Shareholders' equity".

Note 15 Patents, licenses and similar rights

	2020 Dec 31	2019 Dec 31
Opening cost	69,192	69,192
Additions for the year	6,000	0
Closing accumulated cost	**75,192**	**69,192**
Opening amortizations	-1,110	0
Amortizations for the year	-3,327	-1,110
Closing accumulated amortizations	**-4,437**	**-1,110**
Closing carrying amount	**70,755**	**68,082**

Amortizations

Amortization refers to previously acquired intangible assets. This consists of a patent portfolio related to C21, whose main patent expires in the United States in September 2024. Amortization began in September 2019 and is amortized over its estimated useful life, which is the remaining patent period. Amortization has not yet begun for the group's other intangible assets.

Impairment testing

To test the value of acquired intangible assets, Vicore uses a probability-adjusted discounted cash flow model based on fair value. The value in use for VP01, VP02 and VP02 is determined by calculating the present value of the estimated future cash flows and adjusting these in order to take the development risk into account. The valuation considers the cash flows over the projects' estimated remaining useful life, but does not involve calculation of any residual value thereafter. The methodology used is an accepted one for impairment testing within the biopharmaceutical industry. The measurement is attributed to Level 3 in the fair value hierarchy and comprises the material assumptions specified below:

- Revenue- and cost forecasts for VP01 stretches over 7 years for the US and 10 years for the EU and Japan, that is, during the period in which the company has orphan drug protection in each market. Revenue- and cost forecasts for VP02 and VP03 stretches over 20 years.
- Revenue is calculated using estimations based on available data of different types considered indicators, e.g. forecasts of total market size, growth, anticipated market share of the product, competition from rival products and assessed price level. Market, growth, anticipated market share of the product and assessed price level is derived from secondary sources, accepted industry assumptions and assumptions made by Vicore.
- Costs comprise development expenditures as well as direct and indirect project costs based on Vicore's business plan. Operating margins are derived from secondary sources, accepted industry assumptions and assumptions made by Vicore.
- The present value of the cash flows is calculated and adjusted to reflect the probability of success for the project. This probability is based on accepted assumptions regarding the possibility for a corre-

sponding product to go to market from the current development stage. The probability of success for VP01 is estimated at 25.6%, VP02 at 8.9%, and VP03 at 10.0%.

- The weighted average pre-tax cost of capital has been estimated at 15% (15%).

The most critical assumptions mainly consist of assumptions made about market size, market share and price level. As with many pharmaceutical development projects, the results of the development work may be binary in the sense that the project can either be developed according to plan or must be cancelled altogether. Where appropriate, the valuation has been calibrated against completed share issues with external investors.

The impairment assessment for December 31, 2020, has not demonstrated a need for any impairments. No reasonable changes in the assumptions and estimates made would lead to an impairment.

Note 16 Equipment

	2020 Dec 31	2019 Dec 31
Opening cost	147	93
Additions for the year	0	147
Sales/disposals	0	-93
Closing accumulated cost	**147**	**147**
Opening depreciations	-4	-72
Depreciations for the year	-30	-5
Sales/disposals	0	73
Closing accumulated depreciations	**-34**	**-4**
Closing carrying amount	**113**	**143**

Note 17 Long-term investments

	2020 Dec 31	2019 Dec 31
Opening carrying amount	6,116	5,567
Change in value in profit	1,414	549
Closing carrying amount	**7,530**	**6,116**

Vicore holds 91,829 shares in I-Tech AB (publ), which are classified as long-term investments.

Note 18 Financial assets and liabilities

Financial assets and liabilities at December 31, 2020

	Financial assets/ liabilities measured at fair value through profit and loss	Financial assets/ liabilities measured at amortized cost	Total carrying amount
Financial assets			
Long-term investments	7,530	0	7,530
Other current receivables	0	3,783	3,783
Accrued income	0	3,151	3,151
Short-term investments	0	70,118	70,118
Cash and cash equivalents	0	248,618	248,618
Total	**7,530**	**325,670**	**333,200**
Financial liablilities			
Contract liability	0	140	140
Trade payables	0	10,943	10,943
Accrued expenses	0	21,843	21,843
Total	**0**	**32,926**	**32,926**

The maximum credit risk of the financial assets consists of the net amounts of the reported values in the table above The group has not received any pledged assets for the financial net assets.

Financial assets and liabilities at December 31, 2019

	Financial assets/ liabilities measured at fair value through profit and loss	Financial assets/ liabilities measured at amortized cost	Total carrying amount
Financial assets			
Long-term investments	6,116	0	6,116
Other current receivables	0	48	48
Short-term investments	0	77,029	77,029
Cash and cash equivalents	0	187,586	187,586
Total	**6,116**	**264,663**	**270,779**
Financial liablilities			
Contract liability	0	190	190
Trade payables	0	5,300	5,300
Other current liabilities	0	1,800	1,800
Accrued expenses	0	4,818	4,818
Total	**0**	**12,108**	**12,108**

The maximum credit risk of the financial assets consists of the net amounts of the reported values in the table above The group has not received any pledged assets for the financial net assets.

Fair value measurement

IFRS 13, Fair Value Measurement contains a valuation hierarchy regarding inputs to the measurements. This measurement hierarchy is divided into three levels, which comprise:

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 - Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as price quotations) or indirectly (that is, derived from price quotations)

Level 3 - Inputs for the asset or liability that are not based on observable market data (that is, non-observable inputs)

Long-term investments

Investments in financial fixed assets are measured at fair value with changes in value in profit and loss. Investments in listed shares are measured at fair value according to Level 1 in the valuation hierarchy. Listed investments are measured on the basis of their share price on the closing day.

Other financial assets and liabilities

For other current receivables and liabilities, short-term investments, cash and cash equivalents, trade payables, and accrued expenses and income with a short maturity, the carrying amount is considered a reasonable estimate of the fair value.

Note 19 Financial risks

Through its operations, Vicore is exposed to various types of financial risk; credit risks, market risks (foreign exchange risk, interest rate risk and other price risks) and liquidity risks (including refinancing risk). The group's overall risk management objective focuses on the unpredictability of financial markets and strives to minimize potentially unfavorable consequences for the group's financial position and performance.

The Board of Directors has overall responsibility for managing financial risks and internal controls related to financial transactions. Financial risks and transactions are managed centrally by the parent company through the group's CFO and CEO. The overall objective in terms of financial risks is: to provide cost-effective financing and cash management, to ensure that all payment commitments are processed at the right time, to ensure that all financial transactions are organized in a way that supports the group in achieving the financial key ratios and ensure that risk exposures relating to credit risk, market risks and liquidity risk are reduced to an acceptable level.

The Board of Directors establishes written principles both for the overall risk management and for specific areas such as credit risks, foreign exchange risks, interest rate risks, refinancing risks, liquidity risks and the use of derivative instruments and the handling of excess liquidity. The group does not currently use derivatives, but allows hedging of currency in certain situations.

Credit risk

Credit risk is the risk that the group's counterparty of a financial instrument cannot fulfill its obligation and thereby causes a financial loss for the group. Given the nature of the group's business, with no foreseen revenues, credit risk is not a material issue at this stage of the company's development. However, some credit risk exists in the group's cash management, which is managed through Vicore's treasury policy.

Financial credit risk

The financial assets that are covered by provisions for expected credit losses according to the general method consist of cash and cash equivalents. Vicore applies a rating-based method in combination with other known information and forward-looking factors for assessing expected credit losses. The group has defined default as when payment of the claim is 90 days overdue or more, or if other factors indicate a suspension of payments. Significant increase in credit risk has not been considered to exist for any receivable or asset on the reporting date. Such assessment is based on whether payment is 30 days overdue or more, or if significant deterioration of the rating occurs, entailing a rating below investment grade. In cases where the amounts are not deemed to be insignificant, a provision for expected credit losses is also recognized for these financial instruments.

The assessment has been made that there has been no significant increase in credit risk for any of the group's financial assets. There counterparties do not have credit ratings, except for cash and cash equivalents where the counterparties have credit risk ratings of AA-, A+ and A.

Market risks

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks are according to IFRS divided into three types: foreign exchange risk, interest rate risk and other price risks. Foreign exchange risk is the market risk with the greatest impact on the group as the financing received shall cover for research and development costs mainly in foreign currencies.

The group does not currently have any loans that expose it to interest rate risks. Interest risk may occur in short term cash management, and is regulated by maximum maturities.

The group is partly exposed to other price risks from investments in listed shares. However, the risks associated with the investments have not been considered to be significant.

Foreign exchange risk

Foreign exchange risk is the risk that the fair value of or future cash flow from a financial instrument may vary due to changes in foreign exchange rates. Foreign exchange risk relates to the risk that fluctuations in exchange rates will have a negative impact on the group's P&L, balance sheet or cash flow.

Transaction currency risk

The main exposure derives from the group's expenses in foreign currencies. This exposure is referred to as transaction exposure. Foreign exchange hedging is decided by the Board of Directors based on cash flow forecasts. Currently, no currency hedging is applied. See the table below for the level of exposure in each currency.

	Operating income	Operating expenses
Foreign exchange exposure 2020 (%)		
GBP	100%	21%
EUR	-	27%
DKK	-	6%
USD	-	1%
SEK	-	45%
Foreign exchange exposure 2019 (%)		
GBP	-	4%
EUR	-	18%
DKK	-	2%
SEK	-	77%

Operating expenses in the table above are excluded from payroll costs

As indicated in the table above, the group's main transaction exposure consists of EUR and GBP (EUR in 2019). A 10% stronger EUR and GBP against SEK would have a negative impact on the profit after tax and shareholders' equity by approximately 4,112 KSEK (1,703 KSEK).

Refinancing risk

Refinancing risk refers to the risk that cash and cash equivalents are unavailable and that financing can only be obtained partially, not at all or at an elevated cost. Currently, the group is financed by shareholders' equity and is therefore not exposed to risks related to external loan financing. The main risks therefore entail the inability to obtain further equity investments from Vicore's shareholders.

Liquidity risk

Liquidity risk is the risk that the group will encoun-

ter difficulties in fulfilling its obligations related to financial liabilities. The Board of Directors manage liquidity risk by continuously following up the cash flow to reduce liquidity risk and ensure the solvency of the group.

Vicore uses rolling forecasts to ensure that the company has sufficient cash assets to meet its operational requirements. This monitoring takes the form of reporting to the Board, whereby outcomes and forecasts are compared with the budget that is produced and approved by the Board each year.

Surplus liquidity in Vicore, in excess of what is required to manage working capital requirements, is invested in interest-bearing current accounts. At the balance sheet date, Vicore had short-term investments in twelve-month fixed-rate accounts of 70,000 KSEK (77,000 KSEK). In addition to this, Vicore had bank deposits of 248,618 KSEK (187,586 KSEK) at the balance sheet date.

The group's contractual and undiscounted interest payments and financial liability repayments are shown in the table below. Amounts in foreign currencies have been translated into SEK at the closing rate on the reporting date. Financial instruments with a variable interest rate have been calculated using the interest rate at the reporting date. Liabilities have been included in the earliest period during which repayment may be required.

	Dec 31, 2020		
	<1 month	**1-3 months**	**>3 months**
Maturity analysis			
Contract liability	24	72	44
Trade payables	10,919	24	0
Other current liabilities	0	0	0
Accrued expenses	28	21,815	0
Total	**10,971**	**21,911**	**44**

	Dec 31, 2019		
	<1 month	**1-3 months**	**>3 months**
Maturity analysis			
Contract liability	14	21	155
Trade payables	5,244	56	0
Other current liabilities	1,800	0	0
Accrued expenses	49	4,769	0
Total	**7,107**	**4,846**	**155**

Capital management

The group's goals regarding the capital structure are to ensure financing of the company's development and business plan. Equity or financing related to equity is expected to be the most realistic and possible alternative in the near future.

No change occurred in the group's capital management during the year. None of the group companies are subject to external capital requirements.

Note 20 Prepaid expenses and accrued income

	2020 Dec 31	**2019 Dec 31**
Prepaid rental charges	135	190
Accrued income	3,151	0
Other prepaid expenses	471	284
Total	**3,757**	**474**

For more information regarding accrued income, see Note 9 "Other operating income".

Note 21 Short-term investments

	2020 Dec 31	**2019 Dec 31**
Fixed-rate account, SBAB	70,000	77,000
Accrued interest income	118	29
Total	**70,118**	**77,029**

Vicore has in total ten fixed-rate accounts (investment accounts) at SBAB. Each account amounts to 7 MSEK and were opened during September 2020 (fixed for 12 months). The annual interest rate per account is between 0.52% and 0.55%.

Note 22 Cash and cash equivalents

	2020 Dec 31	**2019 Dec 31**
Available balances	248,618	187,586
Total	**248,618**	**187,586**

Note 23 Group companies

		Share of equity and voting rights	
Company	**Principal activity**	**2020 Dec 31**	**2019 Dec 31**
Vicore Pharma Holding AB	Own and manage shares in subsidiaries	Parent company	
Vicore Pharma AB	Research and development of pharmaceutical products	100%	100%
INIM Pharma AB	Research and development of pharmaceutical products	100%	100%
ITIN Holding AB	Former dormant company. Liquidated during 2020	-	100%

Note 24 Shareholders' equity

Share capital and other contributed capital

SEK	Number of ordinary shares	Share capital	Other contributed capital
At January 1, 2019	**32,960,008**	**16,480,004**	**265,080,780**
New share issue decided on November 30, 2018, and registered on January 10, 2019	9,414,706	4,707,353	147,000,764
New share issue decided on November 13, 2019	7,800,000	3,900,000	113,324,876
Share-based payments	0	0	1,990,787
At December 31, 2019	**50,174,714**	**25,087,357**	**527,397,207**
New share issue of warrants, January 8, 2020	243,525	121,762	2,427,944
New share issue, August 13, 2020	10,000,000	5,000,000	169,595,120
Share-based payments	0	0	2,632,679
At December 31, 2020	**60,418,239**	**30,209,119**	**702,052,950**

Share capital

At December 31, 2020, the registered share capital encompassed 60,418,239 ordinary shares. All shares have been fully paid and no shares are reserved for transfer. Each share carries one vote. The quotient value is SEK 0.50 (0.50). No shares are held by the company itself or its subsidiaries.

Other contributed capital

Other contributed capital comprises capital contributed by the owners of the company, for example share premiums when subscribing for shares.

Share-based payments

As of December 31, 2020, Vicore has three active incentive programs that include the management team, other employees and certain board members. For more information, see Note 8 "Share-based payments".

Note 25 Other provisions

Social security contributions related to share-based incentive programs	2020 Dec 31	2019 Dec 31
Opening amount	575	278
Provisions for the year	5,602	297
Total	**6,177**	**575**

For more information about incentive programs, see Note 8 "Share-based payments".

Note 26 Accrued expenses and deferred income

	2020 Dec 31	2019 Dec 31
Accrued personnel-related expenses	1,655	3,306
Accrued consulting fees	21,843	4,717
Other	6,028	111
Total	**29,526**	**8,134**

Note 27 Supplementary information to the cash flow statement

Adjustment for items not included in the cash flow	2020 Dec 31	2019 Dec 31
Depreciations	3,537	1,338
Loss on disposal of equipment	0	20
Incentive programs	2,632	1,991
Other	33	2
Total	**6,202**	**3,351**

Note 28 Related-party transactions

Related parties are defined as individuals with holdings of more than ten percent, members of the group's senior management, meaning the Board of Directors and senior executives, as well as their immediate family members.

In the beginning of July 2020, Vicore Pharma Holding AB entered into a stock lending agreement with HealthCap VII L.P. in connection with the directed share issue for the purpose of providing shares in Vicore Pharma Holding AB for settlement of offer shares. The company returned the loan, in the form of newly issued shares, in mid-August 2020. The compensation to the lender under the stock lending agreement, which was entered into on market-based terms, amounted to 188 KSEK and was paid to HealthCap VII L.P. during the third quarter. This cost has not affected the result and has been booked directly against equity.

For information about remuneration to senior executives and the Board of Directors, see Note 7 "Employees and personnel costs".

Note 29 Contingent liabilities

Below a summary of material agreements which the company has entered into during the most recent years:

Agreement with Emeriti Bio AB

Vicore Pharma AB ("Vicore Pharma") entered into a cooperation and development agreement with Emeriti Bio AB on August 24, 2016, which was expanded on November 1, 2017. The main purpose of the agreement is to develop new follow-on molecules based on C21 and other drug substances targeting the AT2 receptor (AT2R). On November 2, 2020, the parties expanded their cooperation and development agreement in connection with the acquisition of a number of new intellectual property rights as part of the

development of new AT2R agonists from HaLaCore Pharma AB, where HaLaCore Pharma AB became a new party to the agreement. The agreement is valid until there is no longer any obligation to pay Emeriti Bio AB and HaLaCore Pharma AB. For Emeriti Bio AB's and HaLaCore Pharma AB's development work, Vicore Pharma pays consultancy fees, possible milestone compensation subject to achievement of predefined development goals. Vicore Pharma owns all results. The total maximum payments in the form of milestone compensation under the agreement is limited to 49.5 MSEK. In 2020, a milestone payment of 1,000 KSEK (250 KSEK) was paid to Emeriti Bio AB in connection with the filing of a patent application by Vicore Pharma. As compensation for the acquisition of intellectual propoarty rights, HaLaCore received a one-time payment of 6 MSEK in 2020, divided between 3 MSEK in cash and 142,054 newly issued shares in Vicore, corresponding to approximately 3 MSEK.

Agreement with Nanologica AB

On May 9, 2018, INIM Pharma AB ("INIM Pharma") entered into a license agreement with Nanologica AB (publ) regarding the use of Nanologica AB's drug delivery technology, NLAB Silica® for a unique product that INIM Pharma is developing. The agreement is valid until further notice, where INIM Pharma has a unilateral right to terminate the agreement at any time without any period of notice. All results are owned by INIM Pharma. In order to fully obtain the license, INIM Pharma is required to pay a one-time payment equivalent to 2 MSEK. This payment was completed in the fourth quarter of 2018. Furthermore, INIM Pharma is obliged to pay milestone compensations equivalent to 1 MSEK per product at a defined stage of development. INIM Pharma has an obligation to develop products within a certain period of time in order not to loose the license. However, INIM Pharma is entitled to maintain its license by issuing a new one-time payment equivalent to 2 MSEK. INIM Pharma is responsible for all development.

Note 30 Events after the balance sheet date

- In February, Vicore completed a directed share issue raising 336 MSEK before issue costs, which subsequently was approved at an Extraordinary General Meeting in March. Pro forma, including the directed share issue, cash and cash equivalents and short-term investments as of December 31, 2020, amounted to 654.7 MSEK.
- In March, Vicore reported top-line data from the mechanistic phase II study in SSc showing that C21 increased bloodflow in fibrotic tisse.

Notes
Parent company

Note 1 Accounting principles

The parent company's accounting principles

The parent company has prepared its financial reports in accordance with the Annual Accounts Act and the Swedish Financial Reporting Board recommendation RFR 2 "Accounting for Legal Entities". The differences between the group's and the parent company's accounting principles are described below. The accounting policies set out below for the parent company have been consistently applied for all periods as presented in the parent company's financial statements, unless otherwise stated.

Classification and format

The parent company's income statement and balance sheets are prepared in accordance with the Annual Accounts Act's scheme, while the statement of comprehensive income, statement of changes in equity and the statement of cash flow are based on IAS 1 Presentation of Financial Statements and IAS 7, Statement of Cash Flow. The differences concerning the group's statements, which are relevant to the parent company's income statement and balance sheet consist mostly of the presentation of equity.

Subsidiary and associated companies

Participations in subsidiaries and associated companies are recognized in the parent company according to the cost method less any write-downs. This means that transaction costs are included in the carrying amount of the subsidiaries.

Financial assets and liabilities

Due to the relation between accounting and tax, the rules pertaining to the financial instruments in IFRS 9 are not applied in the parent company as a legal entity. Instead the parent company applies accounting at cost in accordance with the Annual Accounting Act. In the parent company, therefore, financial non-current assets are valued at cost and financial current assets according to the lowest value principle, with the application of impairments for expected credit losses according to IFRS 9 for assets that are debt instruments. For other financial assets, impairments are based on market values.

Leasing

The parent company does not apply IFRS 16 Leases. The parent company as lessee recognizes leasing fees as a linear cost over the lease period, unless another systematic way better reflects the user's economic benefit over time. The parent company only recognizes leasing fees from leasing contracts as a linear cost over the leasing period under administrative expenses. Thus, the contract asset and the contract liability are not recognized in the balance sheet.

Group contributions and shareholder contributions

Both received and paid group contributions are recognized as appropriations in accordance with the alternative method. Shareholder contributions are recognized directly in the receiver's equity and capitalised in shares and participations of the parent company, to the extent that impairment is not required.

Note 2 Net sales

Net sales mainly consists of management fees to group companies.

Note 3 Operating expenses by nature of expense

The total expenses classified by function are distributed in the following cost categories:

	2020	2019
Other external expenses	6,970	13,933
Personnel expenses	19,357	14,086
Depreciation and amortization	0	2
Other operating expenses	10	17
Total	**26,337**	**28,038**

Note 4 Audit fees

Ernst & Young AB	2020	2019
Audit fees	388	650
Other audit related services	47	121
Tax consultancy services	0	366
Other services	88	3,147
Total	**523**	**4,284**

For further information on audit fees, see Note 5 "Audit fees" for the group.

Note 5 Leases

Operating leasing costs for the year concerning operating leases mainly comprise rent for premises and office equipment and amounts to 817 KSEK (638 KSEK).

Future payment commitments as of December 31 for operating leases are divided up as follows:

Future minimum lease payments	2020	2019
No later than 1 year	130	89
Between 1 and 5 years	0	0
Later than 5 years	0	0
Total	**130**	**89**

Note 6 Employees and personnel costs

For salaries and remuneration to employees and senior executives as well as information on the number of employees, see Note 7 "Employees and personnel costs" for the group. For information on employee stock options, see Note 8 "Share-based payments" for the group.

Note 7 Interest income and similar profit items

	2020	2019
Financial assets measured at amortized cost		
Interest income from other financial assets	815	163
Total interest income according to the effective interest method	**815**	**163**
Total	**815**	**163**
Total in profit or loss from financial items	**815**	**163**

Note 8 Interest expenses and similar loss items

	2020	2019
Financial assets measured at amortized cost		
Interest expenses other financial liabilities	-36	-20
Total interest expenses calculated using the effective interest method	**-36**	**-20**
Total	**-36**	**-20**
Total in profit or loss from financial items	**-36**	**-20**

Note 9 Tax on profit for the year

	2020	2019
Current tax	0	0
Change in deferred tax assets	68	63
Recognized tax	**68**	**63**

Reconciliation of effective tax rates	2020	2019
Loss before tax	-21,757	-24,803
Tax according to applicable tax rate for parent company 21,4% (22%)	4,656	5,308
Non-deductible expenses	-1,133	-135
Tax effect unrecognized deferred tax assets	-3,455	-5,110
Recognized tax	**68**	**63**
Effective tax rate	**0%**	**0%**

The parent company has no tax items that are recognized in other comprehensive income or directly in equity.

Information about deferred tax assets and tax liabilities

The following table specifies the tax effect of the temporary differences:

Deferred tax asset:	2020 Dec 31	2019 Dec 31
Provision for pension premium	131	63
Carrying amount	**131**	**63**

Specification of change in deferred tax assets:

	2020 Dec 31	2019 Dec 31
Opening carrying amount	63	0
Change of temporary differences	68	63
Carrying amount deferred tax asset	**131**	**63**

Tax loss carryforwards for which deferred tax assets have not been recognized in the balance sheet amounted to 105,521 KSEK (78,729 KSEK). These carryforwards have no time limit. Deferred tax assets have not been recognized for these items, as it is unlikely that the group in a foreseeable future will utilize them to offset future taxable profits.

Note 10 Equipment

	2020 Dec 31	2019 Dec 31
Opening cost	0	93
Sales/disposals	0	-93
Closing accumulated cost	**0**	**0**

	2020 Dec 31	2019 Dec 31
Opening depreciations	0	-72
Depreciations for the year	0	-2
Sales/disposals	0	74
Closing accumulated depreciation	**0**	**0**
Closing carrying amount	**0**	**0**

Note 11 Participations in group companies

Company	No. of shares	Proportion of equity	Share of voting power	Carrying amount 2020 Dec 31	Carrying amount 2019 Dec 31
Vicore Pharma AB	10,000	100%	100%	295,491	204,962
INIM Pharma AB	50,000	100%	100%	100,812	70,812
ITIN Holding AB, liquidated in 2020	500,000	100%	100%	0	500
				396,303	**276,274**

	Corp. Reg. No.	Domicile of the entity	Equity	Loss for the year
Vicore Pharma AB	556607-0743	Göteborg	17,141	-99,726
INIM Pharma AB	559156-8471	Stockholm	16,995	-25,413
ITIN Holding AB, liquidated in 2020	556989-2143	Mölndal	-	-

	2020 Dec 31	2019 Dec 31
Opening cost	276,274	275,898
Acquisitions for the year	120,529	376
This year's sales / liquidations	-500	0
Closing accumulated cost	**396,303**	**276,274**
Closing carrying amount	**396,303**	**276,274**

Note 12 Long-term investments

	2020 Dec 31	2019 Dec 31
Opening cost	565	565
Closing carrying amount	**565**	**565**

Note 13 Financial assets and liabilities

Financial assets and liabilities at December 31, 2020

	Financial assets/liabilities measured at fair value through profit and loss	Financial assets/ liabilities measured at amortized cost	Total carrying amount
Financial assets			
Other current receivables	0	15	15
Short-term investments	0	70,118	70,118
Cash and cash equivalents	0	195,822	195,822
Total	**0**	**265,955**	**265,955**
Financial liablilities			
Trade payables	0	765	765
Accrued expenses	0	241	241
Total	**0**	**1,006**	**1,006**

The maximum credit risk of the financial assets consists of the net amounts of the reported values in the table above. The parent company has not received any pledged assets for the financial net assets.

Financial assets and liabilities at December 31, 2019

	Financial assets/liabilities measured at fair value through profit and loss	Financial assets/ liabilities measured at amortized cost	Total carrying amount
Financial assets			
Receivables from group companies	0	244	244
Other current receivables	0	16	16
Short-term investments	0	77,029	77,029
Cash and cash equivalents	0	148,903	148,903
Total	**0**	**226,192**	**226,192**
Financial liablilities			
Liabilities to group companies	0	400	400
Trade payables	0	917	917
Other current liabilities	0	1,800	1,800
Accrued expenses	0	1,105	1,105
Total	**0**	**4,222**	**4,222**

The maximum credit risk of the financial assets consists of the net amounts of the reported values in the table above. The parent company has not received any pledged assets for the financial net assets.

For fair value measurement of long-term investments see Note 18 "Financial assets and liabilities" for the group.

For other current receivables and liabilities, short-term investments, cash and cash equivalents, trade payables, and accrued expenses and income with a short maturity, the carrying amount is considered a reasonable estimate of the fair value.

Based on the parent company's assessment, taking into account other known information and forward-looking factors, expected credit losses for any of the parent company's financial assets are deemed to be non-significant and no provision has therefore been recognized. The counterparties do not have credit ratings, except for cash and cash equivalents where counterparties have credit risk ratings of AA-, A+ and A. For a description of the expected credit loss for the cash and cash equivalents according to the general method, see Note 19 "Financial risks" for the group.

Note 14 Prepaid expenses and accrued income

	2020 Dec 31	2019 Dec 31
Prepaid rental charges	126	156
Other prepaid expenses	144	131
Total	**270**	**287**

Note 15 Short-term investments

	2020 Dec 31	2019 Dec 31
Fixed-rate account, SBAB	70,000	77,000
Accrued interest income	118	29
Total	**70,118**	**77,029**

Vicore has in total ten fixed-rate accounts (investment accounts) at SBAB. Each account amounts to 7 MSEK and were opened during September 2020 (fixed for 12 months). The annual interest rate per account is between 0.52% and 0.55%.

Not 16 Cash and cash equivalents

	2020 Dec 31	2019 Dec 31
Available balances	195,822	148,903
Total	**195,822**	**148,903**

Note 17 Shareholders' equity

At December 31, 2020, the registered share capital comprised 60,418,239 ordinary shares. All shares are fully paid and no shares are reserved for transfer. Each share carries one vote. The quota value amounts to 0.5 SEK (0.5 SEK). No shares are held by the company itself or its subsidiaries.

The share premium reserve refers to capital from new share issues that have been issued at a price that exceeds the quotient value and includes deductions of expenditures for new share issues.

Note 18 Other provisions

Social security contributions related to share-based incentive programs	2020 Dec 31	2019 Dec 31
Opening amount	500	278
Provisions for the year	4,812	222
Total	**5,312**	**500**

For more information about incentive programs, see Note 8 "Share-based payments" for the group.

Note 19 Non-current liabilities to group companies

Non-current liabilities	2020 Dec 31	2019 Dec 31
Opening cost	0	400
Reclassifications	0	-400
Closing carrying amount	**0**	**0**

Current liabilities	2020 Dec 31	2019 Dec 31
Opening cost	400	75,000
Deduction	-400	-75,000
Reclassifications	0	400
Closing carrying amount	**0**	**400**

Note 20 Accrued expenses and deferred income

	2020 Dec 31	2019 Dec 31
Accrued personnel-related expenses	962	2,834
Accrued consulting fees	241	270
Accrued expense for patents	6,000	0
Other	25	0
Total	**7,228**	**3,104**

Note 21 Supplementary information to the cash flow statement

Adjustment for items not included in the cash flow	2020 Dec 31	2019 Dec 31
Depreciations	0	2
Loss on disposal of equipment	0	20
Incentive programs	2,104	1,614
Other	0	2
Total	**2,104**	**1,638**

Note 22 Pledged assets and contingent liabilities

For information about pledged assets and contingent liabilities in the parent company, see to the group's Note 29 "Pledged assets and contingent liabilities".

Note 23 Related-party transactions

	Sales of goods or services	Purchase of goods or services	Other	Receivables on closing day	Payables on closing day
Transactions with subsidiaries					
2020	3,672	0	56	0	0
2019	3,092	0	558	244	400

Sales of goods or services relate to management fee. Other in the table above relates to reinvoiced costs.

For information about salaries and remuneration to employees and senior executives, see Note 7 "Employees and personnel costs" for the group.

For further information on related-party transactions, see Note 28 "Related-party transactions" for the group.

Board of Directors and Organisation

Board of Directors

Michael Wolff Jensen
Chairman of the Board since 2020

Michael Wolff Jensen has 20 years of experience from strategic leadership from Pharma/Biotech – as CFO, Chairman of the Board, responsible partner and as Chief Legal Officer. Michael has been responsible for four IPOs and has been responsible for several funding rounds. Michael has more than 15 years of experience as board member and as chairman, both in private and publicly traded companies.

Born:1971

Education: Law degree from the University of Copenhagen.

Other assignments: SVP / Chief Legal Officer of Ascendis Pharma AB (publ). Chairman of XSPRAY PHARMA AB (PUBL), Ascendis Pharma AB (publ), Visen Pharmaceuticals and MIWO Invest ApS.

Previous assignments for the past five years: Chairman of VANX ApS and Eurocine Vaccines AB (PUBL).

Holdings in the company: 350,000 shares in the framework of the company's incentive program.

Michael is chairman of Vicore's remuneration committee.

Independent of the company and its senior management and independent of major shareholders of the company.

Hans Schikan
Board member since 2018

Hans Schikan is the former CEO of Prosensa (acquired by BioMarin). His previous assignments include leading roles at Genzyme (acquired by Sanofi) and Organon (acquired by Schering Plough). He has served on the Board of Directors of Hansa Biopharma, Asceneuron, Wilson Therapeutics (acquired by Alexion) and Therachon (acquired by Pfizer).

Born: 1958

Education: PharmD from the University of Utrecht.

Other assignments: Chairman of InteRNA Technologies BV, Microbiotica Ltd and Complix NV. Board member of VectivBio AG, Pharvaris NV and the Dutch Top Sector Life Sciences & Health. Advisor to various organisations in Life Sciences & Health.

Previous assignments for the past five years: Board member of Prosensa Holding NV, Hansa Medical AB (publ), Wilson Therapeutics AB (publ), Therachon AG, INIM Pharma AB and the CEO of Prosensa.

Holdings in the company: 125,000 shares in the framework of the company's incentive program.

Hans is member of Vicore's remuneration committee and scientific committee.

Independent of the company and its senior management and independent of major shareholders of the company.

Jacob Gunterberg
Board member since 2018

Jacob Gunterberg is a partner at HealthCap since 2007 and has extensive experience in venture capital investment operations and corporate finance in life science. Jacob Gunterberg is, among others, a board member of HealthCap Orx Holdings GP AB, Carisma Therapeutics Inc., SynOx Therapeutics Ltd., Tribune Therapeutics AB and former chairman of INIM Pharma AB.

Born: 1967

Education: M.Sc. in Business Administration and Economics from Lund University.

Other assignments: Partner at HealthCap. Board member in EllAug AB, Tova Skrenen Stockholm AB, Ancilla AB and Skipjack AB.

Previous assignments for the past five years: Board member in MIPS Helmet AB, MIPS AB, Trimb Holding AB, Trimb Healthcare AB, HealthCap Holdings GP AB, HealthCap Annex Fund I-II Bis GP AB and HealthCap Aero Holdings GP AB (which were merged in 2016) and Cenova AB. Deputy board member in BONESUPPORT AB, BONESUPPORT HOLDING AB and Wilson Therapeutics AB.

Holdings in the company: None.

Jacob is chairman of Vicore's audit committee and a member of the scientific committee.

Independent of the company and its senior management but dependent of major shareholders of the company.

Heidi Hunter
Board member since 2020

Heidi Hunter (born 1958) has more than 25 years of experience from leading positions in different roles within pharmaceutical development and commercialization. She has worked strategically and operationally from clinical and commercial development to launch execution. Her leadership experience spans alliance management, investment risk mitigation, global clinical and commercial management, new business strategy development, product launch, and business sustainability.

Born: 1958

Education: M.B.A., Marketing and International Business, The University of Chicago. B.A., Economics and German, Magna cum laude, The University of Michigan

Other assignments: President, Cardinal Health Specialty Solutions.

Previous assignments for the past five years: SVP, Global immunology business unit i UCB, Belgien

Holdings in the company: 175,000 shares in the framework of the company's incentive program.

Heidi is a member of Vicore's audit committee.

Independent of the company and its senior management and independent of major shareholders of the company.

Peter Ström
Board member since 2015

During 1979-2005, Peter Ström has held senior positions in Kabi Vitrum AB, Kabi Pharmacia AB, Pharmacia & Upjohn and IMS Health. Peter Ström has since 2003 been a board member of a number of listed companies, such as Active Biotech AB, Oasmia Pharmaceutical AB and LIDDS AB. Peter Ström is also a board member of Dentosystem Scandinavia AB and Stockholm Corporate Finance AB and deputy director of Comtax Support AB and Comtax Holding AB.

Born: 1952

Education: M.Sc. in Business Administration from Stockholm School of Economics.

Other assignments: Board member of Stockholm Corporate Finance and Dentosystem AB.

Previous assignments for the past five years: Chairman of Wntresearch AB, board member of Wntresearch Incentive AB and Psoriasis+Creams Sweden AB.

Holdings in the company: 84,084 shares and 50,000 shares in the framework of the company's incentive program.

Independent of the company and its senior management and independent of major shareholders of the company.

Sara Malcus
Board member since 2018

Sara Malcus has more than ten years of experience from operational management and board work through her work with developing early drug projects at GU Ventures, Astra Zeneca AB and in smaller start-up companies.

Born: 1975

Education: Doctor's degree in immunology and inflammatory medicine at the University of Gothenburg.

Other assignments: Sara Malcus is the Managing Director of MetaboGen AB.

Previous assignments for the past five years: Board member of Oncorena AB, Oncorena Holding AB, Cereno Scientific AB and MetaboGen AB.

Holdings in the company: 50,000 shares in the framework of the company's incentive program.

Sara is a member of Vicore's audit committee.

Independent of the company and its senior management and independent of major shareholders of the company.

Maarten Kraan
Board member since 2018

Maarten Kraan has extensive experience in biomedicine and has, among others, held a senior position at AstraZeneca AB where he was responsible for the research and development of medicines for respiratory, inflammatory and autoimmune symptoms.

Born: 1961

Education: Doctor's degree in rheumatology at the University of Leiden.

Other assignments: CMO at AM-Pharma. Maarten Kraan is a board member of Toleranzia AB and CDS Gmbh.

Previous assignments for the past five years: None.

Holdings in the company: 125,000 shares in the framework of the company's incentive program.

Maarten is chairman of Vicore's scientific committee and a member of the remuneration committee

Independent of the company and its senior management and independent of major shareholders of the company. .

Management

Carl-Johan Dalsgaard
Chief Executive Officer since 2018

Carl-Johan Dalsgaard has been a Venture Partner at HealthCap since 2000, thereby he has served as CEO of several companies in which HealthCap has invested. Prior to that, he has ten years of experience from senior positions within the AstraZeneca Group, such as pre-clinical research director, therapeutic area manager of pain and anesthesia, CEO of Astra Pain Control AB and part of the Group's research management team.

Born: 1956

Education: MD from the Karolinska Institute. Ph.D. in neurobiology and post-doc experience from Harvard Medical School. Carl-Johan Dalsgaard has also completed a specialist training in plastic surgery.

Other assignments: Board member and CEO of INIM Pharma AB and Vicore Pharma AB.

Holdings in the company: 477,981 shares and 300,000 options within the framework of the company's incentive program.

Hans Jeppsson
Chief Financial Officer since 2017

Hans Jeppsson has a cross-disciplinary background in finance and medicine. He has previously worked as a biotechnology analyst at Danske Bank as well as within preclinical research at AstraZeneca R&D.

Education: Ph.D. in Strategic Financial Management from the University of Gothenburg. After he obtained his Ph.D.-degree he conducted postdoctoral studies at the Haas School of Business at the UC Berkeley in the US. He also has a background in chemical engineering with a focus on biotechnology from Chalmers University of Technology.

Other assignments: Deputy board member of Vicore Pharma AB and INIM Pharma AB.

Holdings in the company: 5,000 shares and 200,000 options within the framework of the company's incentive program.

Elin Rosendahl
VP Clinical Development since 2020

Elin Rosendahl has more than 20 years' experience of managing global biopharmaceutical development programs and leading cross-functional teams. Solid experience of all phases of clinical drug development with focus on design of innovative and patient-focused paths to market, effective management of global, cross-functional teams and optimized collaborations with contract research organizations (CROs)

Education: M.Sc., Pharmacy from Uppsala University.

Other assignments: None.

Holdings in the company: 50,000 options within the framework of the company's incentive program.

Johanna Gräns
Head of Preclinical Development since 2015

Johanna has a Ph.D and expertise in pharmaceutical metabolism. She has extensive experience in preclinical interpretation and is responsible for drug development projects.

Education: Ph.D. in biology with a focus on toxicology from the University of Gothenburg.

Other assignments: None.

Holdings in the company: 7,004 shares and 93,750 options within the framework of the company's incentive program.

* Part of the management team

Rohit Batta
Chief Medical Officer since 2018

Rohit Batta has over 20 years of experience as a medical doctor with an extensive background leading medical and clinical development teams whilst developing drugs for rare diseases. His previous roles include senior level positions within Cell and Gene Therapy at GlaxoSmithKline leading the clinical development and defining the clinical strategy for haemoglobinopathy gene therapy medicines. He also led the global medical and late stage clinical development teams to launch the world's first gene therapy for patients with a paediatric rare disease.

Education: MBBS from Kings College London, a fellow of the Faculty of Pharmaceutical Medicine and a member of the Royal College of General Practitioners.

Other assignments: Visiting Senior Lecturer at Kings College London

Holdings in the company: 150,000 options within the framework of the company's incentive program.

Johan Raud
Chief Scientific Officer since 2018

Johan Raud has many years of experience from drug research and managing industrial drug discovery projects.

Education: MD Ph.D. from the Karolinska Institute and Vanderbilt university, USA.

Other assignments: None.

Holdings in the company: 238,991 shares and 85,000 options within the framework of the company's incentive program.

Nina Carlén
Chief Administrative Officer since 2009

Nina has more than 20 years of experience working with marketing and communication in the pharmaceutical industry.

Education: Completed training in project management, PR, communication and graphic design at, among others, Bergh's School of Communication.

Other assignments: Deputy board member of North River AB and North River Maintenance AB.

Holdings in the company: 24,480 shares and 125,000 options within the framework of the company's incentive program.

Signatures

The undersigned give their assurance that the annual accounts have been prepared in accordance with generally accepted accounting standards in Sweden and that the consolidated financial statements have been prepared in accordance with international accounting standards, IFRS, as adopted by the EU. The annual accounts and the consolidated financial statements each provide a fair and accurate impression of the parent company's and the group's position and earnings. The Administration Report for the parent company and the group provides a fair and accurate overview of the parent company's and the group's operations, position and earnings, and describes material risks and uncertainties faced by the parent company and the companies included in the group.

Gothenburg April 14, 2021

Michael Wolff Jensen
Chairman

Hans Schikan
Board member

Maarten Kraan
Board member

Sara Malcus
Board member

Jacob Gunterberg
Board member

Peter Ström
Board member

Heidi Hunter
Board member

Carl-Johan Dalsgaard
CEO

Our audit report was submitted on April 14, 2021

Ernst & Young AB

Andreas Mast
Authorized Public Accountant

Auditors-Report

To the general meeting of the shareholders of Vicore Pharma Holding AB (publ), corporate identity number 556680-3804.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Vicore Pharma Holding AB (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 29-68 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled the responsibilities described in the Auditor's responsibilities for the audit of the financial statements section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Key Audit Matter 1

Reporting of development costs	*How our audit addressed this key audit matter*
The costs of the Group's development activities amounted to a total of SEK 142.0 million during the financial year 2020, corresponding to 85% of Vicore Pharma's total operating expenses. Most of these costs relate to the development of the product candidates VP01, VP02 and VP03 and mainly consists of costs for the clinical studies conducted. For further information, please refer to the Group's accounting policies in Note 1 and operating expenses per cost type in Note 4. In our audit, we have focused on this area as the expenses amount to a significant amount, and there are significant elements of assessments involved to be able to decide whether the expense should be expensed or reported as an asset, and a difficulty of distinguishing development expenses from other expenses in the income statement	Our review of the development costs has included, but is not limited to the following measures: • Evaluation of the company's procedures and internal control related to financial reporting. • Testing of internal controls for approval and payment of invoices. • Reconciled and performed detailed testing to invoice documents, contracts and other financial statements documentation. • Analysis of costs based on our knowledge of the business and follow-up to internal project reports. • We have also assessed the company's information in the annual report.

Key Audit Matter 2

Valuation of intangible assets	*How our audit addressed this key audit matter*
As of 31st December 2020, a substantial portion (17% or SEK 71 m) of the Group's total assets consists of patents and goodwill (hereinafter referred to as the assets). The company examines the assets for impairment annually and when events or changes in circumstances indicate that the carrying amount of the assets may be less than the recoverable amount. Impairment assessment involves a number of material estimates and assessments, including estimating the value in use by assessing the likelihood of future. product launch, estimating expected future discounted cash flows, and calculating weighted average cost of capital ("WACC"). For further information, please refer to the Group's accounting policies in Note 1, assessments and estimates in Note 2, as well as information on patents, licenses and similar rights in Note 15. We focused on this area as the carrying value of the assets is material and impairment testing is sensitive to changes in assumptions and is therefore a particularly important area in our audit.	• Examination of the assumptions made by the company when assessing impairment requirements with a focus on the assumptions for which the result of the impairment test is most sensitive. • We have also assessed the company's information in the annual report

Other information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-28. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

The Audit Committee shall, without prejudice to the Board of Director's responsibilities and tasks in general, among other things oversee the company's financial reporting process.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Vicore Pharma Holding AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined whether the proposal is in accordance with the Companies Act.

Ernst & Young AB with Andreas Mast as auditor in charge, Box 7850, 103 99 Stockholm, was appointed auditor of Vicore Pharma Holding AB (publ) by the general meeting of the shareholders on May 20th, 2020 and has been the company's auditor since October 10th, 2018.

Göteborg 14 April 2021

Ernst & Young AB

Andreas Mast

Authorized Public Accountant

Corporate Governance Report

Introduction

The Board of Directors of Vicore Pharma Holding AB (publ), company reg. no. 556680-3804 ("Vicore" or the "company") hereby submits the 2020 corporate governance report in accordance with the requirements of the Swedish Annual Accounts Act) (Sw. årsredovisningslagen) and the Swedish Code of Corporate Governance (the "Code"; see the Swedish Corporate Governance Board website at www.bolagsstyrning.se). The company's shares have been listed on Nasdaq Stockholm since September 27, 2019. The company's shares were previously, since December 2015, listed on the Nasdaq First North Growth Market. The company's corporate governance is mainly regulated by the provisions of the company's articles of association, the Swedish Companies Act (2005:551) (Sw. aktiebolagslagen) and other Swedish legislation, the Nasdaq Stockholm Rulebook for issuers and the Code.

The corporate governance report has been reviewed by the company's auditors in accordance with the Swedish Annual Accounts Act. It does not constitute a part of the formal annual report documents.

The group comprises the parent company Vicore Pharma Holding AB and the subsidiaries Vicore Pharma AB ("Vicore Pharma") and INIM Pharma AB ("INIM Pharma"). The company's research and development operations are conducted in Vicore Pharma and INIM Pharma.

There are no deviations from the Swedish Corporate Governance Code (the "Code") to report for the financial year of 2020. No infringements of Nasdaq Stockholm's rules and no breach of good practice on the securities market was reported by the stock exchange's disciplinary committee or the Swedish Securities Council during the financial year.

Corporate governance within Vicore

The purpose of Vicore's corporate governance is to create a clear allocation of roles and responsibilities among the shareholders, the Board of Directors and management. Corporate governance,

management and control of Vicore are allotted among the general meeting, the Board of Directors, its elected committees and the CEO.

Important external and internal regulations and policies that affect corporate governance:

Signficant external regulations:

- Swedish Companies Act
- Swedish Accounting Act
- Swedish Annual Accounts Act
- International standards for audits and financial reporting (IFRS)
- Nasdaq Stockholm Rulebook for issuers
- Swedish Code of Corporate Governance
- Other applicable rules and recommendations

Significant internal regulations and policies:

- Articles of association
- Rules of procedure for the Board of Directors
- Instruction for the CEO, including the financial reporting instruction
- Finance policy
- Financial handbook
- Internal control policy
- Risk management policy
- Information policy
- Insider policy
- IT policy

Shareholders and the share

At the end of 2020, Vicore had 6,767 shareholders and the number of shares was 60,418,239 with a quotient value of SEK 0.5 each. After the year-end, an additional 142,054 shares have been issued via a issue in kind and an additional 11,200,000 shares have been issued via a directed share issue.The total number of shares in Vicore amounts to 71,618,239 after the directed share issue. There is only one class of shares. The company's shares are issued in one class and each share carries one vote at the AGM.

On December 31, 2020, HealthCap VII L.P. was the single largest shareholder in Vicore, with a total of 15,663,908 shares, corresponding to 25.9 percent of the votes and capital. No shareholder other than HealthCap VII L.P. has a direct or indirect shareholding that represents one tenth, or more, of the voting rights for all shares in the company. Further information on shareholders and Vicore's share is presented on pages 27-28 in the 2020 annual report.

General meetings of shareholders

According to the Companies Act (2005: 551), the General Meetings of shareholders is the company's highest decision-making body. At the General Meetings, the shareholders exercise their voting rights in the company. The Annual General Meeting shall be held within six (6) months from the end of the financial year. At the Annual General Meeting, the shareholders decide, among other things, on the Board of Directors and, where applicable, auditors, how the Nomination Committee is to be appointed and on discharge from liability for the Board of Directors and the CEO for the past year. Decisions are also made on the adoption of Annual Report, the appropriation of profit or loss, fees for the Board of Directors and auditors, guidelines for remuneration to the CEO and other senior executives as well as the remuneration report.

The Articles of Association stipulate that the Annual General Meeting shall be held in Stockholm or Gothenburg. Shareholders who wish to attend General Meetings, in person or through a representative, must be included in the share book kept by Euroclear Sweden AB six (6) bank days before the General Meeting and make a notification to the company in accordance with the notice. Notice of General Meetings is made through advertising and via the company's website (www.vicorepharma.com).

2020 AGM

The Annual General Meeting 2020 was held on May 20, 2020 in Gothenburg. At the AGM, approximately 55.5 percent of the total votes were represented. Wibeke Sorling was elected chairman of the meeting.

At the AGM the following principal resolutions were passed:

- Jacob Gunterberg, Maarten Kraan, Sara Malcus, Hans Schikan and Peter Ström were re-elected as board members. Michael Wolff Jensen and Heidi Hunter were elected as new board members. Michael Wolff Jensen was elected Chairman of the Board.
- EY AB with principal auditor Andreas Mast was re-elected as auditor.
- Remuneration to the Chairman of the Board and the Board's members elected by the Annual General Meeting and the auditor were established.
- Resolution on adoption of a long-term performance-based incentive program (Board LTIP 2020) of a maximum 525,000 options to the two new board members.
- Proposed guidelines for remuneration to senior executives were approved.
- Authorization for the Board of Directors to resolve, on one or more occasions, with or without deviation from the shareholders' preferential rights, and no later than the time for the next Annual General Meeting, to resolve to increase the company's share capital through a new share issue. The number of shares that may be issued pursuant to the authorization may not have a dilution effect exceeding 20 percent of the number of shares and votes in the company at the 2020 AGM.
- Resolution on adoption of balance sheet and income statement.
- No dividend will be paid for 2019 and the company's earnings shall be carried forward.
- Discharge from liability of the Board of Directors and CEO for the financial year 2019.

Full minutes and information from the AGM are available on Vicore's website (www.vicorepharma.com).

AGM 2021

The 2021 Annual General Meeting will be held on Wednesday, May 11, 2020. The continued spread of COVID-19 is still difficult to assess with any certainty. In light of the current extraordinary situation, Vicore's Annual General Meeting 2021 will be held in a different way than usual. No meeting with the opportunity to attend in person or by proxy will take place; it thus becomes a meeting without physical participation. Information on the decisions made at the Annual General Meeting will be published on 11 May 2021 as soon as the outcome of the voting is finally compiled. For the right to participate and more information, see Vicore's website (www.vicorepharma.com). The minutes of the Annual General Meeting will be available on Vicore's website (www.vicorepharma.com).

Nomination Committee

The Nomination Committee for the AGM 2021 consists of Staffan Lindstrand (Chairman) appointed by HealthCap VII L.P., Johannes Eckerstein appointed by Protem Wessman AB, Evert Carlsson appointed by Swedbank Robur. Staffan Lindstrand is chairman of the Nomination Committee. The Committee also includes the Chairman of the Board, Michael Wolff Jensen, as convener.

The task of the Nomination Committee is to prepare and present proposals for the number of board members to be elected by the AGM, the election of a Chairman and other members of the Board of Directors, board fees and, if any, remuneration for committee work, election of a Chairman to the Annual General Meeting, election of auditors (if applicable) and auditors fees (if applicable) and proposals for rules for the appointment of a Nomination Committee for the next annual general meeting. The proposals will be published at the latest in conjunction with the notice of the AGM 2021.

External auditors

The external audit of the accounts of the parent company and the group, as well as of the management by the Board of Directors and the CEO, is carried out in accordance with generally accepted accounting standards in Sweden. The auditor participates in at least one board meeting per year, going through the accounts for the year and leading a discussion with the Board of Directors without the CEO or any other senior executive present.

Pursuant to the articles of association, Vicore must have an authorized public accountant or a registered accounting firm as its external auditor. Since the AGM 2010, the accounting firm EY AB has been auditor of the company. As of the 2019 AGM, certified public accountant Andreas Mast is the auditor in charge. Andreas Mast is member of the Swedish Institute of Authorized Public Accountants. For information regarding fees paid to the auditors, please refer to Note 5 of the 2020 Annual Report.

The Board of Directors

The Board of Directors is the company's highest decision-making body after the Annual General Meeting. According to the Companies Act, the Board of Directors is responsible for the company's management and organization, which means that the Board of Directors is responsible for, among other things, setting goals and strategies, ensuring routines and systems for evaluating established goals, continuously evaluating the company's results and financial position and evaluating the operational management. The Board of Directors is also responsible for ensuring that the annual accounts and interim reports are prepared in a timely manner. In addition, the Board of Directors appoints the company's CEO. Board members are normally elected by the AGM for the period until the end of the next AGM.

According to the Code, the Chairman of the Board must be elected by the Annual General Meeting and have a special responsibility for the management of the Board of Directors' work and for the Board of Directors' work being well organized and implemented in an efficient manner. The Board of Directors adheres to written rules of procedure that is reviewed annually and is determined at the statutory board meeting each year. The rules of procedure govern, among other things, the practices and tasks of the Board of Directors, decision-making within the company, the Board of Directors' meeting agenda, the Chairman's duties and the allocation of responsibilities between the Board of Directors and the CEO. Instructions for financial reporting and instructions for the CEO are also determined in connection with the statutory board meeting.

The Board of Directors meets in accordance with a yearly schedule and essentially follows an annual cycle determined by the Board of Directors, which is decided at the statutory board meeting in conjunction with the Annual General Meeting. If necessary, special decisions are made such as acquisitions or divestments, other investment decisions, financing decisions and decisions on structural or organizational issues. In 2020, the Board of Directors held 13 board meetings, of which 8 were ordinary meetings. At the board meetings, the company's CEO and CFO were also present when needed.

Board of Directors

According to the Articles of Association, Vicore's Board of Directors shall consist of a minimum of three and a maximum of nine members. The Company's Board of directors currently consists of seven people without deputies. The assignment for all members runs until the end of the upcoming AGM.

On page 64-65 in the Annual Report is a presentation of the Board of Directors with information on year of birth, year of inclusion in the Board, education, work experience, assignments in the company, other significant assignments and their respective direct and indirect holdings in the company as of March 31, 2021. Ownership in the company includes personal and / or related parties' holding.

Board of Directors' work 2020

During 2020, the Board of Directors held 13 board meetings, including the inaugural meeting, of which 11 through digital channels. In addition, the Board of Directors has made decisions per capsulam on 6 occasions during 2020. The issues that the Board of Directors dealt with in 2020 are mainly: decision to carry out a new share issue, preclinical, clinical studies and organizational issues.

At the board meetings held during the financial year 2020, the members have been present as shown below.

Evaluation of the Board of Directors' work

Pursuant to the Code, the Board of Directors is to evaluate its work annually, using a systematic and structured process, with the aim of developing the Board of Directors working methods and efficiency. The work of the Board of Directors has been evaluated by having the board members anonymously answer a number of questions about the Board of Directors' activities. The results of the evaluation have been compiled and reported orally to the members of the Board of Directors and the Nomination Committee.

Reporting period January 1 – December 31, 2020

			Independent in relation to		Remuneration, KSEK[1]					Attendance[2]			
Board member	Function	Elected	The company and its management	Major shareholders	Board fees	Remuneration Committee	Audit Committee	Scientific committee	Total	Board of Directors[3]	Remuneration Committee	Audit Committee	Scientific committee
Michael Wolff Jensen	Chairman	2020	Yes	Yes	300	50	-	-	350	7/7[4]	2/2[5]	-	-
Heidi Hunter	Board member	2020	Yes	Yes	100		50		150	7/7[4]	-	3/3[6]	-
Hans Schikan	Board member	2018	Yes	Yes	100	25	-	25	150	12/13	4/4	-	4/4
Jacob Gunterberg	Board member	2018	Yes	No	100	-	75	25	200	12[7]/13	-	6/6	4/4
Maarten Kraan	Board member	2018	Yes	Yes	100	25	-	50	175	12/13	4/4	-	4/4
Peter Ström	Board member	2015	Yes	Yes	100	-	-	-	100	13/13	-	3/3[6]	-
Sara Malcus	Board member	2018	Yes	Yes	100	-	50	-	150	13/13	-	6/6	-
Leif Darner[8]	Chairman	2016-2020	Yes	Yes	0	-	-	-	0	6/13	2/4	-	-

1) Fee set by the AGM, excluding social security contributions, for the May 2020 to May 2021 financial year

2) Figures in table show the total number of meetings attended/total number of meetings

3) Excluding per capsulam meetings

4) Elected to the board at the AGM 2020. Thereafter seven board meetings have been held

5) Elected to the remuneration committee at the inaugural meeting 2020. Thereafter two meetings have been held.

6) Peter Ström was a member of the audit committee until the AGM 2020. Heidi Hunter was elected as a member to the audit committee at the AGM 2020.

7) Absence due to conflict of interest on one occasion

6) Leif Darner announced at the AGM on May 20, 2020 that he had declined re-election as a member of the Board of Directors.

Board committees

Remuneration Committee

The Remuneration Committee is appointed by the company's Board of Directors and consists of three members: Michael Wolff Jensen (Chairman), Hans Schikan and Maarten Kraan. The Remuneration Committee shall fulfill the tasks specified in the Code. The Remuneration Committee shall keep minutes at its meetings and make the minutes available to the Board of Directors.

The Remuneration Committee's main tasks are as follows:

- Prepare decisions for the Board of Directors regarding remuneration principles, remuneration and other employment terms and conditions for senior management.
- Monitor and evaluate any programs pending or adopted during the year for variable compensation for senior management.
- monitor and evaluate the application of the guidelines for remuneration adopted by the annual general meeting, as well as applicable remuneration structures and levels for the company.

In 2020, the Remuneration Committee held four meetings.

Audit Committee

The Audit Committee is appointed by the Board of Directors and consists of Jacob Gunterberg (Chairman), Heidi Hunter and Sara Malcus.

Primary duties of the Audit Committee:

- The Audit Committee shall, without impact on the responsibilities and duties of the Board of Directors in other respects, among other things, monitor the company's financial reporting, monitor the effectiveness of the company's internal control, internal audit and risk management, keep informed of the audit of the annual accounts and the consolidated accounts, review and monitor the auditor's impartiality and independence and in this case pay special attention to whether the auditor provides the company with services other than audit services, and assist in the preparation of proposals for the general meeting's election of auditor.

In 2020, the Audit Committee held six meetings.

Scientific Committee

The Scientific Committee shall consist of at least three non-employed board members with a broad scientific and medical understanding and experience in the field concerned. The Board of Directors shall appoint the members of the Scientific Committee, including the Chairman. Vicore's Scientific Committee consists of Maarten Kraan (chairman), Jacob Gunterberg and Hans Schikan.

The main tasks and responsibilities of the Committee are:

- Reviewing and discussing the company's preclinical and clinical product portfolio, including its commercial attractiveness and ranking.
- Reviewing and discussing the company's R&D strategy and reviewing scientific and technological trends that the company considers are of great importance.
- Providing strategic advice and recommendations for the company's ongoing R&D program.
- To review the (quality of) R&D capacity of the company and its organization, including the product development process.
- To review and discuss the company's intellectual property strategies.

In 2020, the Scientific Committee held four meetings.

Remuneration

Remuneration to the Board of Directors

At the Annual General Meeting on May 20, 2020, it was resolved that the remuneration to the members of the Board of Directors for the period up to the end of the 2020 Annual General Meeting shall be paid with SEK 300,000 to the Chairman of the Board and SEK 100,000 to each of the other board members. As remuneration for committee work, it was decided that the Chairman of the Audit Committee should receive SEK 75,000 and the other members of the Audit Committee SEK 50,000 each. Furthermore, it was decided that the Chairman of the Remuneration Committee should receive SEK 50,000 and the other members of the Remuneration Committee SEK 25,000 each. The Chairman of the Scientific Committee shall receive SEK 50,000 and the other members of the Scientific Committee SEK 25,000 each. The table on page 74, shows the fees paid to members elected by the AGM in 2020.

Remuneration to management

Remuneration issues for senior executives are dealt with by the Board of Directors Remuneration Committee. The Board of Directors decides on the CEO's remuneration on a proposal from the Remuneration Committee. Remuneration and terms for senior executives must be based on market conditions and consist of a balanced mix of fixed salary, variable remuneration, pension benefits and terms of notice. Salaries and other remuneration for the 2020 financial year were paid to the CEO and other senior executives in accordance with what is stated in Note 7 "Employees and Personnel costs" in the Annual Report 2020 and will be presented in the remuneration report 2020.

Guidelines on remuneration to senior executives and Board of Directors 2020

This is a summary of the guidelines for executive remuneration. The complete guidelines are available in the annual report and on the companys website.

At the 2020 AGM, guidelines were adopted that are valid up to the 2021 AGM as follows. Vicore shall offer remuneration in accordance with market practice which enables the recruitment and retention of internationally qualified senior executives. Remunerations within Vicore shall be based on principles of performance, competitiveness and fairness.

Senior executives refer to the CEO and the other members of the executive management. The guidelines shall apply to employment agreements concluded after the annual general meeting's resolution to adopt these guidelines, as well as when changes are made to existing agreements thereafter. The remuneration to senior executives consists of fixed remuneration, variable remuneration, share and share-price related incentive programs, pension and other benefits.

The Board of Directors is entitled to deviate from the guidelines if the Board of Directors, in a certain case, deems that there are good reasons for the deviation.

Fixed salary

The fixed remuneration shall take into account the individual's responsibilities and experience. The fixed salary should be reviewed annually.

Variable salary

Variable remuneration paid in cash may amount to a maximum of 40 per cent of the annual fixed remuneration of the CEO and a maximum of 30 per cent of the annual fixed remuneration to other senior executives. Variable remuneration must be linked to predetermined and measurable criteria, designed to promote the company's long-term value creation.

Share- and share price-based remuneration

Share- and share price-based incentive programs shall, if applicable, be decided by the AGM. Already decided incentive programs are described on page 76-77.

Pension

Pension should, where possible, be premium-based. For the CEO and other senior executives, the premium, in cases where a premium-based pension is applicable, can amount to up to 30 percent of the fixed salary. The Board of Directors has the right, without prejudice to the above, to offer other solutions that are equivalent in cost to the above.

Severance pay etc.

A notice period of up to six months between the company and the CEO shall apply if notice is given by the company. If notice is given by the company, the Board of Directors may decide that the CEO shall be entitled to severance pay of up to twelve months' salary. In the event of termination by the CEO, a notice period of up to six months shall apply. Other senior executives shall have a notice period of three to six months. During the notice period, normal salary shall be paid.

Other benefits

Senior executives may be awarded customary other benefits such as occupational health care, etc. Such other benefits shall not constitute a significant part of the total remuneration.

Vetting and decision processes

The CEO's remuneration shall be vetted by the Remuneration Committee and decided by the Board of Directors. The remuneration of other senior executives shall be vetted by the CEO and the Remuneration Committee, which shall submit a proposal for approval to the Board of Directors. The Board of Directors has the right to deviate from the above guidelines if there are special reasons that justify it in an individual case.

Incentive programs

At the end of 2020, Vicore has three active programs that include the company's management and staff, and certain board members. In 2018, two long-term incentive programs were set up "Co-worker LTIP 2018" and "Board LTIP 2018". In 2020, a long-term incentive program "Board LTIP 2020" for the two new board members. Below is an account of the various programs. For other information about the incentive programs, see Note 8 in the Annual Report 2020.

Long-term incentive program 2018

The Extraordinary General Meeting of Vicore Pharma Holding AB on August 13, 2018 resolved, in accordance with the Board of Directors proposal to adopt a long-term incentive program for senior executives and key employees ("Co-worker LTIP 2018") and to introduce a performance-based long-term incentive plan for certain directors ("Board LTIP 2018") in Vicore Pharma Holding AB. A maximum of 2,000,000 options (Co-worker LTIP 2018) and 475,000 share rights (Board LTIP 2018) may be granted to participants in the programs. The increase in the company's share capital upon full utilization of both incentive programs amounts to a maximum of around SEK 1,237,500, which corresponds to a dilution of approximately 3.9 per cent with respect to the total number of shares. The participants in the programs have received the share rights / options free of charge and settlements is made with equity instruments.

Board LTIP 2018

Board LTIP 2018 is a program under which the participants will be granted, free of charge, share awards subject to performance vesting ("share awards") that entitle to shares in the company to be calculated in accordance with the principles stipulated below, however a maximum of 475,000 shares.

Board LTIP 2018 is intended for members of the Board of Directors of the company independent from the main owners. The main owners believe that an equity-based incentive program is a central part of an attractive and competitive remuneration package in order to attract, retain and motivate internationally competent members of the Board of Directors of the company, and to focus the participants on delivering exceptional performance which contributes to value creation for all shareholders The share awards are subject to gradual vesting over approximately three years, corresponding to three terms until the day of publication of the Q2 report 2021. The share awards shall be vested by 1/3 at the end of each term, provided that the participant is still a member of the Board of Directors of the company on said date. In addition to the vesting conditions just stated, the share awards are subject to performance vesting based on the development of the company's share price, in accordance with the vesting conditions below.

The share awards are subject to performance vesting based on the development of the company's share price over the period from the date of 13 August, 2018, up to and including the date of the annual general meeting 2021. The development of the share price will be measured based on the volume weighted average price of the company's share price for the 30 trading days immediately following after 17 August, 2018, and the 30 trading days immediately preceding the date of the publication of the Q2 report 2021. In the event the price of the company's share has thereby increased by more than 150 percent, 100 percent of the share awards shall vest, and should the share price have increased by 50 percent, 25 percent of such share awards shall vest. In the event of an increase of the share price between 50 and 150 percent, vesting of the share awards will occur linearly. Should the increase of the share price be less than 50 percent, no vesting will occur. The earliest date at which accrued share rights may be exercised is the date of publication of the Q2 report 2021.

At the Extraordinary General Meeting of Vicore Pharma Holding AB on August 13, 2018, it was decided to grant a maximum of 475,000 share rights and to issue 475,000 options. As of December 31, 2020, a total of 475,000 shares have been granted in Board LTIP 2018.

Co-worker LTIP 2018

Co-worker LTIP 2018 is an incentive program intended for members of senior management and key persons in the company. According to the program participants will be granted, free of charge, options ("Options") subject to a three-year vesting that entitle to acquire a maximum of 2,000,000 shares in the company in total, in accordance with the terms stipulated below.

The Board of Directors of the company believes that an equity-based incentive program is a central part of an attractive and competitive remuneration package in order to attract, retain and motivate competent members of senior management and key persons in the company, and to focus the participants on delivering exceptional performance which contributes to value creation for all shareholders.

Co-worker LTIP 2018 is an incentive program under which the participants will be granted options free of charge. The Board of Directors shall resolve upon the allocation of options annually or at such time as the Board of Directors can be considered as relevant to such decision (with each respective date of granting being a "granting date"). Each option entitles the holder to acquire one share in the company for a predetermined exercise price. The exercise price per share shall correspond to 150 percent of the volume weighted average price of the company's share for the five trading days preceding the granting date. The options are subject to vesting over a three-year period whereby all options shall be vested on the third anniversary of the granting date, provided that the holder, with some customary exceptions is still employed by the company. The latest point in time at which vested options may be exercised shall be the fourth anniversary of the granting date.

As of December 31, 2020, options corresponding to 1,325,800 shares have been granted in Co-worker LTIP 2018.

Long-term incentive program 2020

The Annual General Meeting in Vicore Pharma Holding AB held on May 20, 2020, resolved, in accordance with the

proposal from the Nomination Committee, to adopt a long-term incentive program for the new members of the Board of Directors ("Board LTIP 2020") in Vicore Pharma Holding AB. A maximum of 525,000 share awards may be allotted to participants in the program Board LTIP 2020. The increase in the company's share capital, assuming full utilization, amounts to a maximum of approximately SEK 262,500, corresponding to a dilution of 0.9% of the total number of shares. Taking into account also the shares which may be issued pursuant to previously implemented incentive programs in the company, the maximum dilution amounts to 4.7% on a fully diluted basis.

Board LTIP 2020

Board LTIP 2020 is a program under which the participants will be granted, free of charge, share awards subject to performance vesting ("share awards") that entitle to shares in the company to be calculated in accordance with the principles stipulated below, however a maximum of 525,000 shares. The share awards shall vest gradually over approximately three years and are subject to performance vesting based on the development of the company's share price over the period from the date the share awards are allocated up to and including the vesting date.

Board LTIP 2020 is intended for the newly elected, main owner independent, members of the Board of Directors in the company. The Nomination Committee believes that an equity-based incentive program is a central part of a competitive remuneration package in order to attract, retain and motivate internationally competent members of the Board of Directors, and to focus the participants on delivering exceptional performance which contributes to value creation for all shareholders.

Board LTIP 2020 is accounted for in accordance with "IFRS 2 – Share-based payments". IFRS 2 stipulates that the share awards shall be expensed as personnel costs over the vesting period and is accounted for directly against equity. Personnel costs in accordance with IFRS 2 do not affect the company's cash flow. Social security costs are expensed in the income statement according to UFR 7 during the vesting period.

As of December 31, 2020, a total of 525,000 share awards have been granted in Board LTIP 2020.

Internal control and risk management regarding the financial reporting

Introduction

According to the Companies Act and the Annual Accounts Act, the Board of Directors are responsible for internal control. The purpose of internal control is to achieve efficient and effective operations, to ensure reliable financial reporting and information about the business, and to comply with applicable laws, regulations, policies and guidelines.

Vicore's internal control is based on principles developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) which consists of five consecutive components:

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Monitoring including monitoring and evaluation

Internal control of financial reporting

Internal control over financial reporting aims to provide reasonable reliability and security in financial reporting and to ensure that financial external reporting is conducted in accordance with applicable laws and accounting standards. The Board of Directors are ultimately responsible for internal control and continuously evaluates, via the Audit Committee, Vicore's risk management and internal control.

Vicore ensures internal control of financial reporting through a qualitative and quantitative analysis of the balance sheet and income statement for the Group. The purpose of the quantitative analysis is to identify risks linked to significant and transaction-intensive items. The qualitative analysis aims to identify risks linked to complexity and irregularities. Based on the results of the analysis, significant financial processes and risks have been identified.

Vicore has designed procedures and activities to follow up on financial reporting and to ensure that any errors are detected and corrected. Key controls have been designed and followed up as part of the effort to maintain good internal control.

In addition to the abovementioned controls, the company has standardized procedures that govern the control and quality of drug development.

Vicore's group management shall annually conduct a risk assessment of strategic, operational, legal and financial risks with the aim of identifying potential problem areas and assessing the risk exposure in the company. The risk assessment includes identifying risks that may arise that may prevent the company from achieving its vision and goals, for example if the basic requirements for financial reporting in the company are not met. Within the scope of each risk area, the responsible person identifies risks and their potential consequences and probabilities, and proposes measures. The Audit Committee is responsible for continuously evaluating the company's risk situation and shall assist the Board of Directors with proposals regarding the management of the company's financial risk exposure and risk management.

Control activities

To identify and manage the risks associated with the company's operations, the Board of Directors has adopted a risk management policy. Risk management is a high priority within Vicore. Ultimately, it is the Board of Directors that is responsible for risk management. The company's risk situation must be evaluated annually, after which an action plan will be drawn up. Vicore base its control environment on the risks identified during the risk assessment process. The company has also appointed process owners who are responsible for individual processes. The CEO and other senior executives are all involved in the ongoing work to manage the risks associated with the business.

Vicore has designed procedures and activities to follow up on financial reporting and to ensure that any errors are detected and corrected. These activities include, among other things, follow-up and comparison of earnings performance or items, account reconciliations and balance sheet specifications, as well as approval of bank transactions and cooperation agreements, proxy and attestation instructions, and accounting and valuation principles. The company's CFO has a key role in analyzing and following up the company's financial reporting and results. Authorizations to IT systems are limited according to powers, responsibilities and roles.

Information and communication

The company also has internal control functions for information and communication that aim to ensure that correct financial and other company information is communicated to employees and other stakeholders.

The company's internal instructions and policies are available to all employees and provide detailed information on current routines in all parts of the company and describe the control functions and how they are implemented.

Monitoring including follow-up and evaluation

Compliance and effectiveness regarding internal controls are regularly monitored. The CEO ensures that the Board of Directors receives regular reports on the development of the company's operations, including the development of the company's earnings and financial

position and information on important events, such as research results and important agreements and contracts. The CEO reports on these issues at each board meeting. The company's compliance with applicable policies and governance documents and the effectiveness of internal control are subject to annual evaluation. The results of these evaluations are compiled by the company's CEO and reported to the Board of Directors annually. The Board of Directors handles all interim reports and annual reports before they are published and follows up the audit of the internal control via the Audit Committee. The Audit Committee supports the Board of Directors by preparing questions and provides the Board of Directors with support in its work to fulfill its responsibilities in the areas of internal control and accounting and to assure the quality of Vicore's financial reporting.

Management

The Board of Directors appoints the CEO to lead the company. The management team consists of seven people:

- CEO
- Chief Financial Officer
- Chief Medical Offier
- Chief Scientific Officer
- VP Clinical Development
- Head of Preclinical Development
- Chief Administrative Officer

The management team holds monthly meetings to discuss the group's results and financial position, follow-up of budgets and forecasts, status in research and development projects, administration, HR and organization, IR and strategy.

The CEO's responsibility

The CEO is subordinate to the Board of Directors and is responsible for the company's day-to-day management and operations of the company. The division of duties between the Board of Directors and CEO is specified in the rules of procedure for the Board of Directors and the CEO's instructions. The CEO shall ensure that the company's accounting is in order and that the business is conducted in accordance with relevant regulations, including Nasdaq Stockholm's Rule Book for Issuers.

The CEO shall keep the Board of Directors continuously informed of the development of the company's operations, the company's earnings and financial position, liquidity and credit situation, important business events and any other event, circumstances or conditions that may be of material importance to the company's shareholders.

The CEO is also responsible for producing reports and necessary documentation to facilitate decisions for board meetings and is the main presenter of the material at board meetings.

Management team

Vicore's management team currently consist of seven individuals; CEO Carl-Johan Dalsgaard; Chief Financial Officer Hans Jeppsson; CMO Rohit Batta, CSO Johan Raud, VP Clinical Development Elin Rosendahl, Head of Preclinical Development Johanna Gräns and Chief Administrative Officer Nina Carlén.

For further information about Vicore's management team, including name, position, year of employment, education, work experience, significant assignments outside the company and holdings (own and / or related parties) in Vicore on March 31, 2021, see page 66-67 or www.vicorepharma.com.

Glossary

Agonist

A drug that has affinity for, and stimulates physiological activity, via cellular receptors that are normally stimulated by naturally occurring substances.

Antagonist

A substance that tends to nullify the action of another; in pharmaceutical terms, a drug that binds to a receptor without eliciting a biological response.

Angiotensin

Peptides and hormonal substances within the renin-angiotensin system. The most potent form known as Angiotensin II, which may bind to two different receptors; the AT1 receptor and the AT2 receptor. Stimulation of the AT1 receptor via Angiotensin II provides inter alia a contraction of the blood vessels and increases the blood pressure.

AT1 receptor

Stimulation of the AT1 receptor (AT1R) via Angiotensin II provides, among other things, a contraction of the blood vessels and raised blood pressure

AT2 receptor (AT2R)

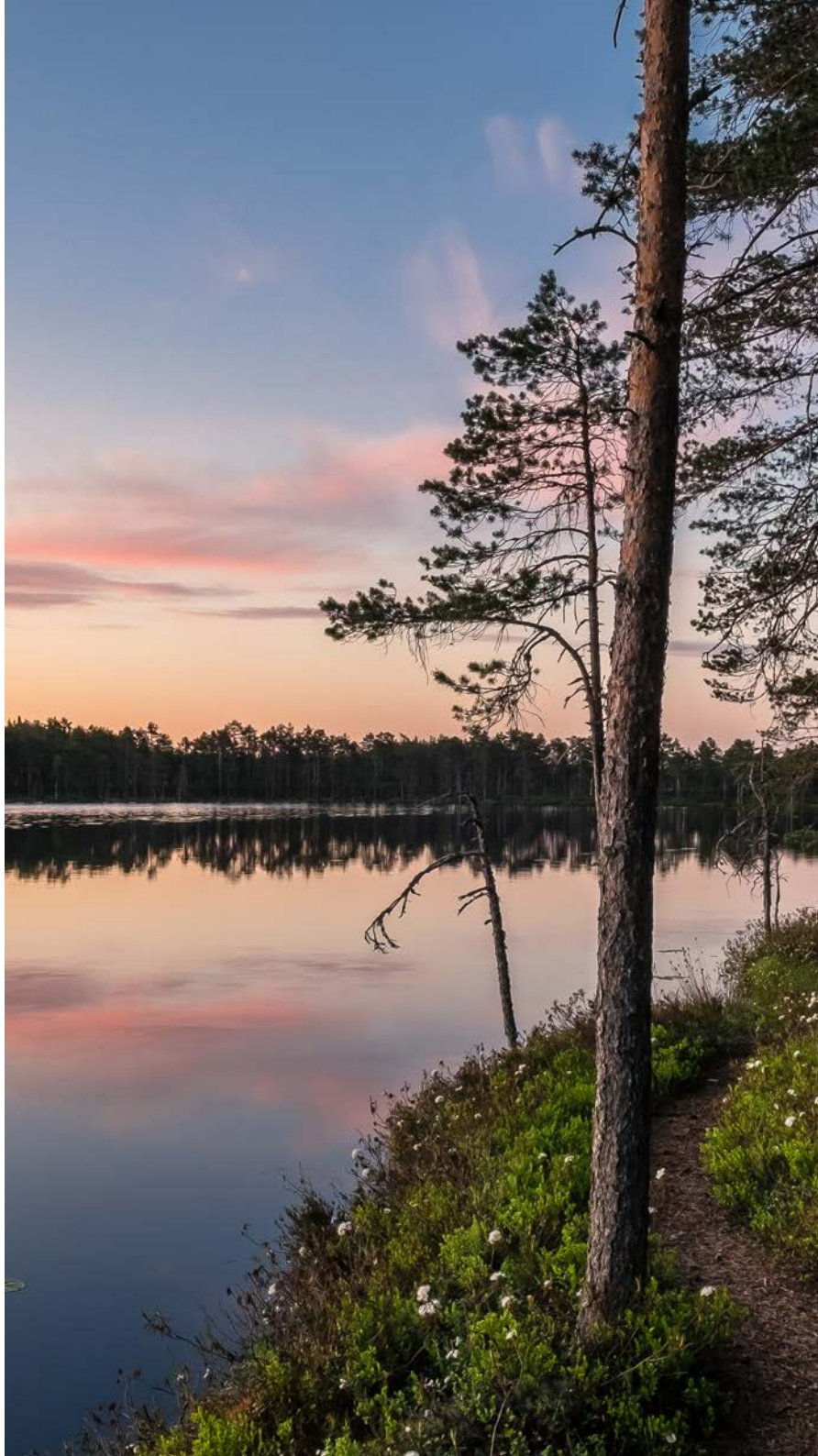
The Angiotensin II type 2 receptor or AT2 receptor is regarded as the "protective" receptor of the Renin-Angiotensin system. Many effects seen after stimulation of the AT2 receptor counteracts effects mediated via the AT1 receptor thus counteracting cytokines and growth factors. The AT2 receptor belongs to a family of G protein-coupled receptors. In contrast to the ubiquitous AT1 receptor, the AT2 receptor is predominantly expressed during embryonic development. In adults, however, it is mainly expressed after injury and in different disease states.

Clinical studies

Phase I is the first time that the drug is tested on humans. This is usually done on a small group (10-30) of healthy volunteers with normal weight who are men. This is because women's reproductive capacity is more sensitive if it should prove that the substance is toxic. In the phase I study the safety of the drug is investigated, how it is broken down in the body and its effects. In the phase I study the subject is only given a small fraction of the amount that is given to experimental animals, because the effect on people is completely unknown.

Phase II is carried out on a larger group of patients suffering from a disease (20-3,000) to study how effective the drug is to treat the disease. During phase II, dose studies are also usually conducted to arrive at the right dose to be given to patients in the future. This dose is used later in the phase III studies. Phase II studies can be divided into early phase (IIa) and late phase (IIb).

Phase III is carried out in a large population (300-30,000) to conclusively define how suitable the drug is to treat the disease. This patient group should as far as possible mimic the population of which the finished product is to be used on, e.g. weight, age, gender, etc. Comparisons are made to the current standard treatment or placebo (sugar pill) if there is no standard treatment for the disease. Phase III may also be divided into two subgroups phase IIIa and phase IIIb. In phase IIIa, the drug has not come out in the market yet and during phase IIIb the drug is on the market, but new areas of use for it are tested.



Phase IV comes after the drug has started to be sold in the market, when new unusual side effects can be discovered. Phase IV can be seen as a monitoring of what is happening. Interstitiell lungsjukdom.

Interstitial lung disease (ILD)

Term used for a group of lung diseases.

Idiopathic pulmonary fibrosis (IPF)

IPF is a chronic and ultimately fatal disease characterized by a progressive decline in lung function. The term pulmonary fibrosis means scarring of lung tissue and is the cause of worsening dyspnoea (shortness of breath). Fibrosis is usually associated with a poor prognosis. IPF usually occurs in adult individuals of between 50 and 70 years of age, and affects more men than women.

IMiD (Immunomodulatory drugs)

Is a class of drugs that affect the immune response and contains an imide group. The IMiD class includes thalidomide.

Preclinical research

Preclinical research is a stage of research that begins before clinical trials (testing in humans) can begin, and during which important feasibility, iterative testing and drug safety data are collected. The main goals of pre-clinical studies are to determine the safe dose for first-in-man study and assess a product's safety profile.

RAS or Renin-Angiotensin System

The Renin-Angiotensin System (RAS) or the Renin-Angiotensin-Aldosterone System (RAAS) is a hormone system that regulates blood pressure and water (fluid) balance. Drugs that block the ras, e.g. ACE inhibitors and Angiotensin receptor blockers, have been widely used clinically to treat high blood pressure, and for reducing mortality of patients with myocardial infarction and heart failure patients. With these drugs, the negative effects of Angiotensin II are blocked, which occurs when AT1r stimulated.

Receptor

A specific molecule on the surface or within the cytoplasm of a cell that recognizes and binds with other specific molecules, such as the cell molecules that bind with hormone or neurotransmitter molecules and react with other molecules that respond in a specific way.

Regulatory

Summary term for the work done to meet the authorities' formal requirements regarding, for example, pharmaceutical registration.

Raynaud's phenomenom

Expresses itself in that fingers or toes whitens. This is due to decreased blood flow due to temporary cramps in the blood vessels of the fingers.

You distinguish between primary form, which arises without known cause, and secondary form. The secondary form is often caused by damage from working with vibrating tools, but also occurs in connection with arteriosclerosis, SLE, previous cold injuries etc. White fingers often arise in connection with cold. It is a side effect that occurs with treatment with beta blockers. The cause of the primary form is not known, but it is known that there are some hereditary relationships.

Systemic sclerosis (SSc)

Systemic sclerosis (SSc) is a rheumatic disease and connective tissue disease where the skin first becomes thick and hardens through increased collagen formation, later the skin becomes thin and tight. The cause is unknown. The first symptom is usually attacks of frostiness and paleness in the fingers and toes (Raynaud's phenomenon). Often, muscles, joints and various internal organs (systemic sclerosis) are also affected.

Systemic sclerosis is a so-called chronic autoimmune disease, which means that the body responds to its own tissues in a similar way that the immune system attacks other viruses. The disease usually debuts in the ages between 30 and 50 years. There are two types of the disease. One is called diffuse cutaneous systemic sclerosis (dcSSc) and the other type is limited cutaneous systemic sclerosis (lcSSc).

Orphan drugs

The regulatory authorities can grant a drug candidate Orphan Drug Designation (ODD). Orphan drug status is a way of encouraging research and development of drugs for the treatment of rare diseases. The market for orphan drugs is growing faster than other pharmaceuticals market.

In the US and Europe, about 60 million people are estimated to suffer from one of the 7,000 identified rare diseases. In total, some 350 million people around the world are estimated to suffer from one of the rare diseases identified.

The definition of rare disease for different markets:

USA: <200,000 patients per indication

Japan: <50,000 patients per indication

Europe: <5 per 10,000 inhabitants (approximately 250,000 patients per indication)

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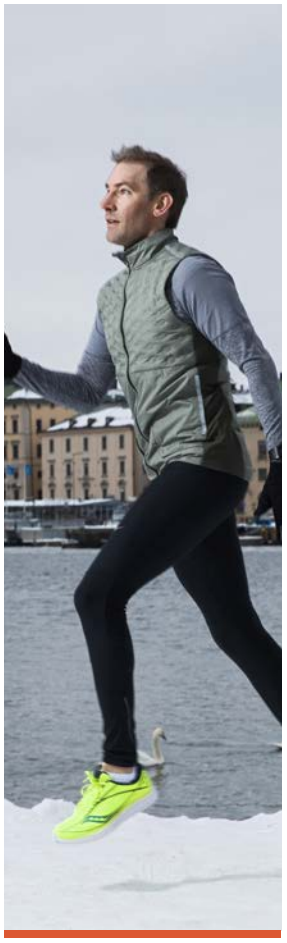

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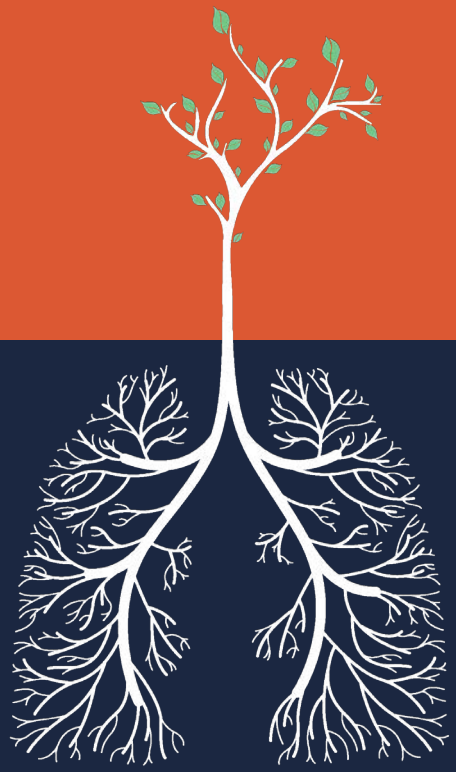

vicore pharma

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