Interim report Jan 1 - Mar 31, 2020

Vicore Pharma Holding AB (publ)

vicorepharma.com

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Summary of the Period

Important events during the first quarter

- In January, Vicore issued 243,525 shares to the warrant holders in the incentive programme LTIP 2016.
- In the beginning of 2020, the phase II study with VP01 (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 VP01 in patients with IPF. The study has been re-designed and extended to six months, compared to the earlier planned three months, in order to increase the probability of documenting a treatment effect. This will be enabled by comparing the development of the patients' lung function with the well documented disease progression in untreated patients. In addition, patients will be given the opportunity to continue treatment for another three months. The study will not include a placebo group.
- 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 VP01 in patients with COVID-19.

Important events after the period

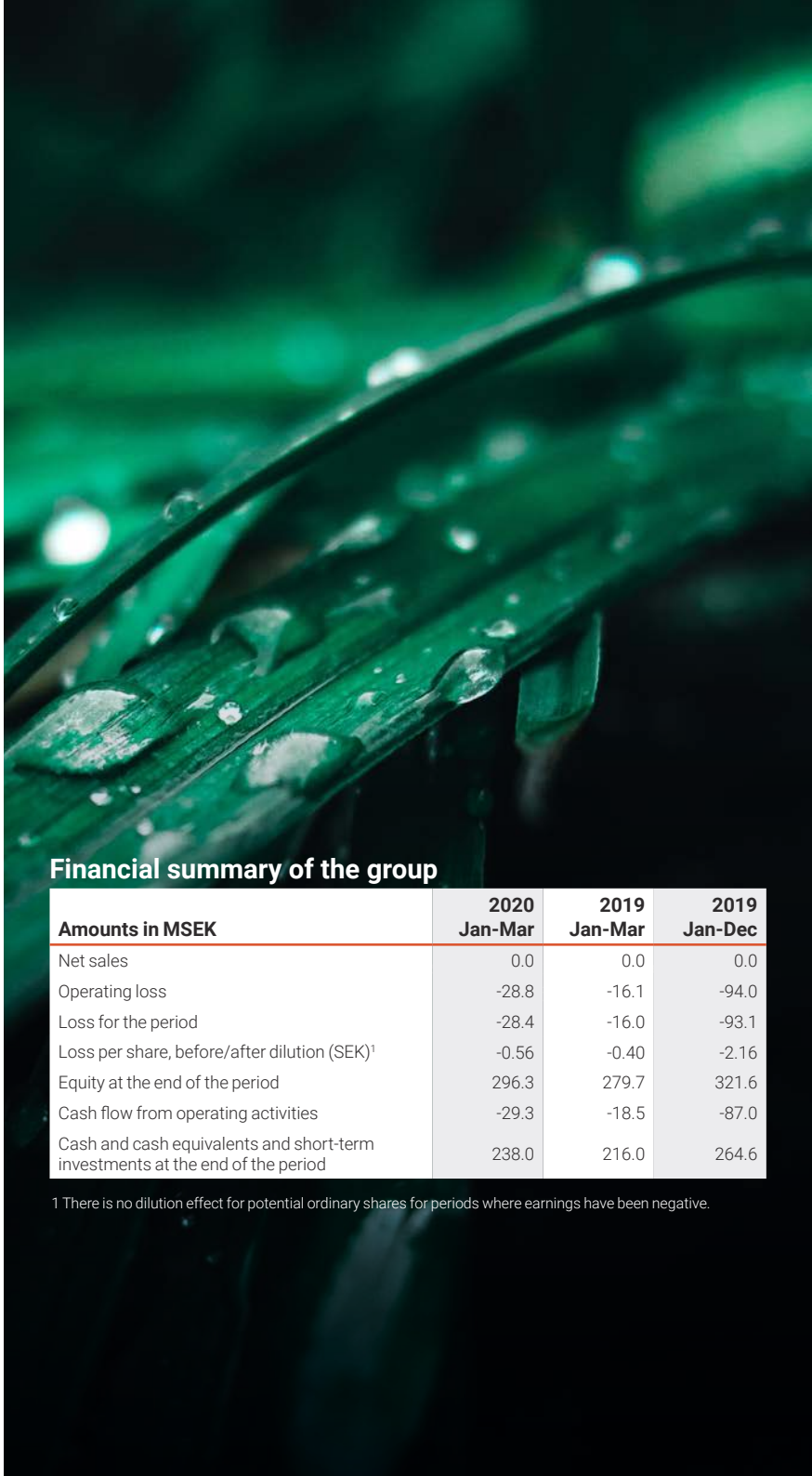
- In April, Vicore gained approval from the UK regulatory agency MHRA, to start the phase II study on patients with COVID-19. The study will be a randomized, double blind, placebo controlled study in approximately 100 COVID-19 patients with a moderately severe disease, treated with basic respiratory care, but not on mechanical ventilation. The study will investigate the efficacy on respiratory failure and functional outcomes.
- In May, Vicore received approval from the UK regulatory agency MHRA, to start the phase II study with VP01 in patients with IPF.

Financial overview for the period

January 1 - March 31, 2020

- Net sales amounted to 0.0 MSEK (0.0)
- The operating loss was -28.8 MSEK (-16.1)
- Loss for the period amounted to -28.4 MSEK (-16.0)
- Loss per share, before and after dilution, was -0.56 SEK

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



Financial summary of the group

Amounts in MSEK	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Net sales	0.0	0.0	0.0
Operating loss	-28.8	-16.1	-94.0
Loss for the period	-28.4	-16.0	-93.1
Loss per share, before/after dilution (SEK)[1]	-0.56	-0.40	-2.16
Equity at the end of the period	296.3	279.7	321.6
Cash flow from operating activities	-29.3	-18.5	-87.0
Cash and cash equivalents and short-term investments at the end of the period	238.0	216.0	264.6

1 There is no dilution effect for potential ordinary shares for periods where earnings have been negative.

CEO Comments

During the first four months of 2020, we worked intensively with our three phase II studies within the VP01 project. In tandem, the VP02 project is running according to plan.

The clinical trial application (CTA) for the phase II study in patients with IPF was submitted to the UK regulatory agency, MHRA, at the end of March and the approval was received in May. The study has been designed to give us a strong statistical power. And as it is open label we will have good prerequisites for recruitment since patients are certain to be treated with the active substance. The study will include approximately 60 patients and the observed treatment effect of VP01 for six months will be compared with the well-documented linear decline of lung function in untreated patients. Depending on the COVID-19 situation, we anticipate that patient recruitment can start during the third quarter 2020.

On April 28, we announced approval of the clinical trial application (CTA) from the UK regulatory agency MHRA for a phase II study with VP01 in patients with COVID-19. Thanks to a dedicated in-house team and the efforts of our clinical research organization, Orphan Reach, we managed get the trial through to approval in record time, only four weeks.

The study, named ATTRACT (Angiotensin II Type Two Receptor Agonist Covid-19 Trial) is targeting hospitalized patients treated with basic respiratory care, but not on mechanical ventilation. These patients have a marked inflammatory drive which can lead to acute respiratory failure if it progresses.

Internal preclinical findings with VP01 suggest that it may have a role in the treatment of COVID-19. The RAS is understood to play a role in the development of COVID-19 as angiotensin II (ANG II) is upregulated and contributes to the inflammatory cascade. Furthermore, the protective arm of the RAS is disarmed by SARS-CoV-2, which binds to the enzyme ACE2 and thereby inhibits the conversion of ANG II to protective molecules stimulating the AT2R. Because VP01 directly stimulates the AT2R, the belief is that it could bypass the way by which a virus like SARS-CoV-2 is capable of incapacitating the RAS.

In the ongoing phase II study in patients with SSc and Raynaud's phenomenon, we are studying if VP01 can increase blood flow in a cold challenge test. Effects on blood flow can be significant even in the lung manifestations in SSc as well as in IPF. The study has recruited patients faster than planned. However, the clinical trial work has been paused due to the situation with COVID-19. We plan to start again this fall, and with a similar recruitment pace the study can be finished before the end of the year, depending on how the pandemic develops.

The VP02 program, which concerns the local delivery of an IMiD to the lung for the treatment of IPF and IPF-related cough, is proceeding according to plan. A product candidate that shows promising separation between local and systemic exposure is now being further explored in toxicological studies. The regulatory application in connection with the first clinical study within the VP02 program is planned for late 2020.

In summary, we have entered 2020 at a very high pace in our drug development projects and although the COVID situation may slow us down a bit, it also generates new opportunities. Our focus is to create the best possible odds for our drug candidates to reach the market and thereby help severely suffering lung patients.

Carl-Johan Dalsgaard, CEO

Business and Focus Areas

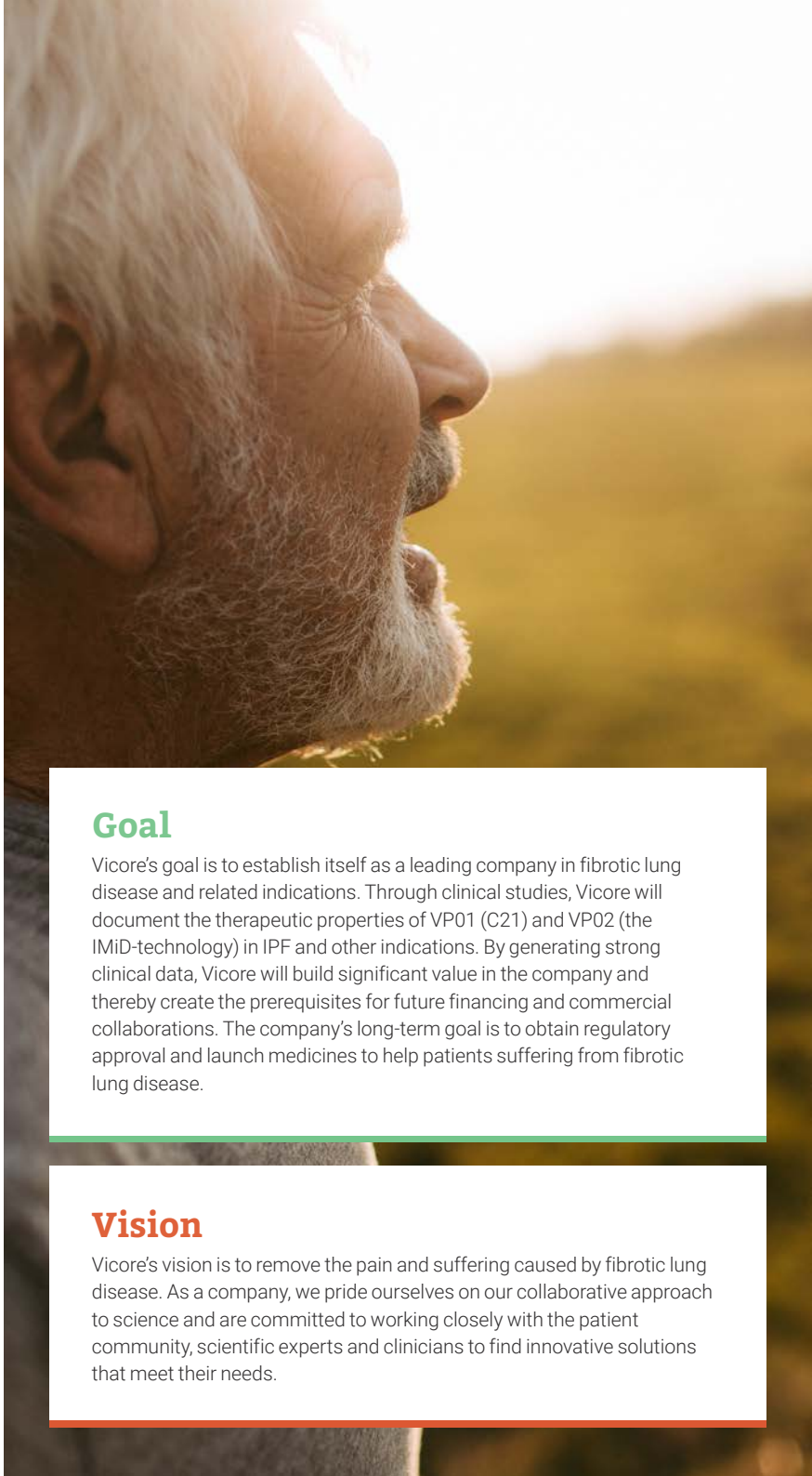
Vicore is a rare disease pharmaceutical company focused on fibrotic lung diseases and related indications. The company currently has two drug development programs, VP01 and VP02. VP01 aims to develop the substance C21 for the treatment of idiopathic pulmonary fibrosis ("IPF"), pulmonary fibrosis in systemic sclerosis ("SSc") and COVID-19. VP02 is based on a new formulation and delivery route of an existing immunomodulatory compound (an "IMiD"). VP02 focuses on the underlying disease and the severe cough associated with IPF. VP01 and VP02 are also being actively evaluated for other indications within the field of fibrotic lung diseases which have a significant high unmet need. In addition to the two main projects, work is ongoing to identify new selective AT2 receptor stimulators for further development. This work is done in collaboration with external researchers.

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.

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. In 2019, Vicore made a contribution to Action for Pulmonary Fibrosis as part of increasing the understanding of IPF. Vicore is also a sponsor of the EU-IPFF charity and participates in their conventions.

Vicore Pharma's shares are listed on Stockholm Nasdaq's main market.

"Vicore is a rare disease company focused on fibrotic lung disease and related indications."



Goal

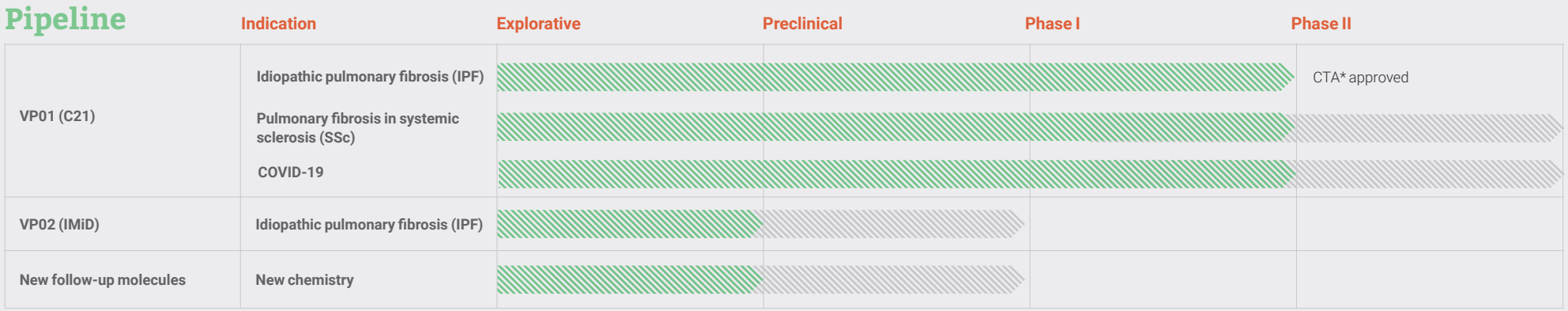
Vicore's goal is to establish itself as a leading company in fibrotic lung disease and related indications. Through clinical studies, Vicore will document the therapeutic properties of VP01 (C21) and VP02 (the IMiD-technology) in IPF and other indications. By generating strong clinical data, Vicore will 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.

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.

Project Overview

Pipeline



VP01 - AT2 receptor agonist - multi-modal effect

Vicore's drug candidate VP01 (C21) originates from extensive research on the Renin-Angiotensin System (RAS), a central system in the body for regulating blood pressure and salt balance. Within RAS, there is the angiotensin II type 2 receptor (AT2 receptor), which, upon stimulation, contributes to healing effects after tissue damage or within immune system disorders, and may also counteract the negative effects of AT1 receptor activation. The AT2 receptor is found to be highly up-regulated (>200 times) in diseases such as idiopathic pulmonary fibrosis ("IPF").

Results from extensive preclinical research conducted with VP01 indicate that it has anti-inflammatory, anti-fibrotic, anti-proliferative, vasodilatory and positive vascular remodelling actions.

VP01 selectively binds to the AT2 receptor and thereby generates several biological effects beneficial to counteracting fibrosis and inflammation, an ideal profile for treatment for complex diseases such as IPF. Vicore has received orphan drug designation for VP01 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.

Project status VP01

During 2019, Vicore selected pulmonary fibrosis in connection with systemic sclerosis ("SSc") as the potential second indication for VP01. Extensive research with VP01 in various disease models has shown the possibility of targeting diseases with both fibrotic and vascular pathological changes which occur in both SSc and other different interstitial lung diseases.

In September, Vicore completed a 54-subject phase I dose-escalation study with VP01. The study established that 200 mg daily has a good safety profile and that it is the maximum tolerated dose. This dose is used in the ongoing phase II study in SSc and will be used in the planned phase II studies in IPF and COVID-19. Moreover, based on receptor-binding data, Vicore concluded that this dose results in a free VP01 plasma concentration that is sufficient to activate the AT2 receptor. In addition to being a high affinity AT2 receptor agonist, VP01 is also a low affinity thromboxane (TP) receptor antagonist, which is relevant for conditions such as SSc and pulmonary fibrosis where TP receptor activation contributes to disease manifestations. The effect on the TP receptor occurs at higher concentrations of VP01 than on the AT2 receptor.

In the phase II clinical study with VP01 in patients with SSc and Raynaud's phenomenon Vicore is studying if VP01 can increase blood flow in a cold challenge test. Effects on blood flow can be significant even in the lung manifestations in SSc as well as in IPF. The study has recruited patients faster than planned since the start, in December. However, the clinical trial work was paused in March due to the situation with COVID-19. It is planned to start again this fall and with a similar recruitment pace the study can be finished before the end of the year, depending on how the pandemic develops.

The phase II study in IPF is 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 IPF study design has been modified in order to

- give a stronger statistical power to detect a treatment effect
- give better prerequisites for patient recruitment and
- reduce the number of patients needed

Instead of a blinded placebo-controlled three months study, which the safety package automatically allows for, Vicore will conduct a six months study and compare to well documented patient baseline values. This is feasible since the important endpoint, FVC, 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, we also benefit from eliminating the risk of unintentional unblinding, since patients may realize whether 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 clinical trial application (CTA) for the study was submitted to the UK regulatory agency, MHRA, at the end of March. Depending on the COVID-19 situation, Vicore anticipates that patient recruitment can start during the third quarter 2020.

In addition, Vicore will performa a phase II study with VP01 in patients with COVID-19. The combination of internal preclinical findings with VP01 and the fact that the RAS plays a key role in the development of COVID-19 suggested that VP01 could have a role in the treatment of the disease.

There is a good scientific rationale for studying VP01 as a potential treatment of COVID-19. It has recently been shown that SARS CoV-2 utilizes the enzyme ACE2, which is part of RAS, for entry into the cell. This inactivates the ACE2 enzyme, creating an imbalance in the local RAS, leading to acute lung injury. Given that ACE2 generates the natural ligands for AT2R, Vicore believes that, by acting directly on the AT2 receptor, VP01 may suppress inflammatory mediators and bypass the way by which the virus incapacitates the system.

The study will be a randomized, double blind, placebo-controlled study in approximately 100 COVID-19 patients with a moderately severe disease, requiring basic respiratory support, but not mechanical ventilation. The study will investigate the efficacy on respiratory failure and functional outcomes.

In parallel, efforts are continuing to identify new selective AT2 receptor agonists for further development. This work is taking place in collaboration with external research partners.

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 amorphous micro particles. It is thought that the actions of IMiD (VP02) suppress pathways involved in the cough reflex together with disease modifying antifibrotic effects. 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 therapy for IPF related cough and standard cough medications have little or no effect. The cough mechanism in IPF is unknown but 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 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.

Project status VP02

Vicore works with Nanologica AB to develop formulations for targeted dosing to the lung and thus a lower risk of systemic side effects. The program, which relates to local lung delivery of an IMiD to patients with IPF and IPF cough, is progressing according to plan and a product candidate showing promising separation between local and systemic exposure is being progressed into toxicology studies. The regulatory application in connection with the first clinical study within the VP02 program is planned for late 2020.

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

Financial Information

As of the fourth quarter 2019, Vicore classifies operating expenses by function instead of by nature of expense. The transition has been made to give a more accurate picture of the company. This is because the company has high costs for clinical studies and staff in research and development, which is now being more clearly presented. A change in the presentation of the income statement entails a change of principle, which is carried out with retroactive effect. Consequently, the income statements for the comparative periods have also been prepared in accordance with a classification by function. Note 6 describes the transition from the nature of expense method to the function of expense method.

Operating income

Net sales during the first quarter amounted to 0.0 MSEK (0.0).

Operating expenses

Operating expenses during the first quarter amounted to -28.8 MSEK (-16.1). Research and development expenses comprise a large fraction of the operating expenses.

Administrative expenses

Administrative expenses during the first quarter amounted to -4.6 MSEK (-7.9). The higher costs during the previous year is mainly attributable to costs for the company's listing process to the Nasdaq Stockholm main list as well as costs for share-based incentive programs. The costs for share-based incentive programs related to administration amounted to 0.0 MSEK (-0.6) for the first quarter.

Research and development expenses

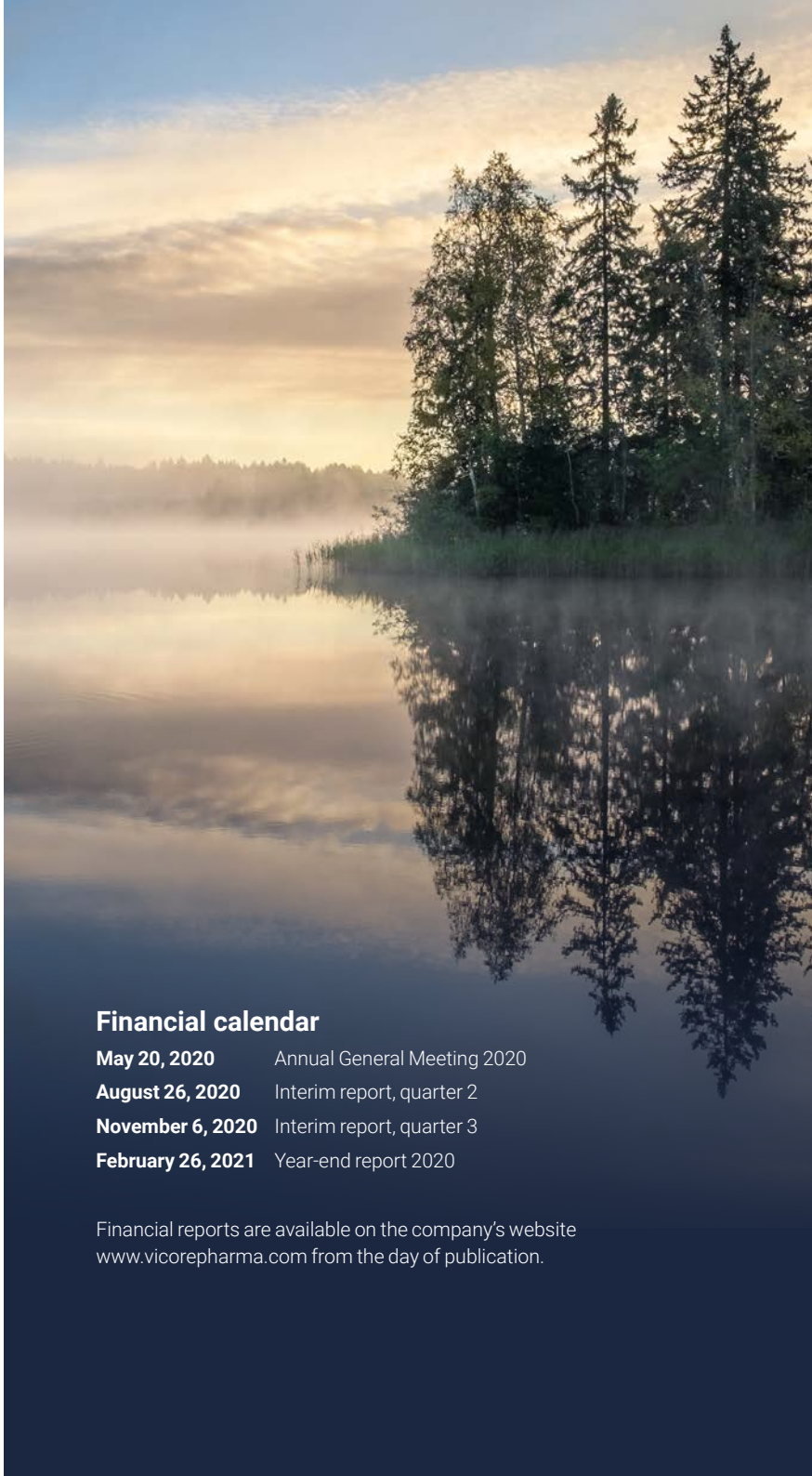
Research and development expenses during the first quarter amounted to -24.1 MSEK (-8.2). Research and development expenses for the first quarter are mainly related to clinical trial and formulation costs for VP01 and preclinical costs for VP02. The costs for share-based incentive programs related to research and development expenses amounted to -0.1 MSEK (-0.1) for the first quarter. Research and development expenses divided by operating expenses, which is one of the company's alternative performance measures, during the period was 83.6% (50.9%).

Other operating income and expenses

Other operating income and expenses during the first quarter amounted to -0.1 MSEK (0.0). Other operating income and expenses mainly consist of exchange rate differences on supplier invoices.

Costs for share-based incentive programs

The cost of social contributions for share-based incentive programs varies from quarter to quarter due to the change in the underlying share price. Associated provisions are reported as other provisions under non-current liabilities. The total costs for the share-based incentive programs during the first quarter amounted to -0.1 MSEK (-0.7), of which -0.5 MSEK (-0.5) consisted of provisions for social security contributions and +0.4 MSEK (-0.1) were IFRS 2 classified salary costs. The positive effect of social security contributions during the first quarter is attributable to a decrease in non-current liabilities during the period. These costs have had no cash flow impact.



Financial calendar

May 20, 2020	Annual General Meeting 2020
August 26, 2020	Interim report, quarter 2
November 6, 2020	Interim report, quarter 3
February 26, 2021	Year-end report 2020

Financial reports are available on the company's website www.vicorepharma.com from the day of publication.

Result

The operating loss for the first quarter amounted to -28.8 MSEK (-16.1). The result from financial items amounted to 0.3 MSEK (0.1) for the first quarter. The result after financial items for the first quarter amounted to -28.5 MSEK (-16.0).

Tax for the first quarter amounted to 0.1 MSEK (0). Tax is related to a change in deferred tax liability attributable to acquired intangible assets. The group's accumulated tax loss carryforwards according to the Annual Report for 2019 amounted to 263.3 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 first quarter amounted to -28.4 MSEK (-16.0). Earnings per share before and after dilution amounted to SEK -0.56 (-0.40) for the first quarter.

Cash flow, investments and financial position

Cash flow from operating activities for the first quarter amounted to -29.3 MSEK (-18.5). Adjustment for items not included in the cash flow for the first quarter amounted to 1.4 MSEK (0.7) and mainly comprised of IFRS 2 classified salary costs for share-based incentive programs and amortization of acquired intangible assets.

Cash flow from investing activities amounted to 0 MSEK (0) for the first quarter.

Cash flow from financing activities amounted to 2.5 MSEK (9.8) for the first quarter. In January, Vicore issued 243,525 shares to the warrant holders in the incentive programme LTIP 2016, which had a positive impact on the cash flow of 2.6 MSEK.

As of March 31, 2020, cash and cash equivalents amounted to 160.8 MSEK (187.6 MSEK as of December 31, 2019) and short-term investments amounted to 77.2 MSEK (77.0 MSEK as of December 31, 2019). As of March 31, 2020, cash and cash equivalents and short-term investments amounted in total to 238.0 MSEK (264.6 MSEK as of December 31, 2019).

Equity

Equity as of March 31, 2020, amounted to 296.3 MSEK (279.7), corresponding to 5.88 SEK (6.60) per share. The company's equity ratio at the end of the period, which is one of the company's alternative performance measures, was 94.4% (95.4%). The company believes that this key ratio provides investors with useful information of the company's capital structure.

Parent company

During the first quarter, net sales for the parent company amounted to 0.9 MSEK (0.5). Net sales mainly consisted of management fees from group companies. Management fees from group companies were reclassified from other operating income to net sales during the second quarter of 2019. Historical figures have been adjusted to reflect this reclassification. Administrative expenses during the first quarter amounted to -4.4 MSEK (-7.9). The higher costs during the previous year is mainly attributable to costs for the company's listing process to the Nasdaq Stockholm main list as well as costs for share-based incentive programs. The operating loss for the first quarter amounted to -3.9 MSEK (-7.7). The loss for the first quarter amounted to -3.7 MSEK (-7.7).

The group consists of the parent company, Vicore Pharma Holding AB (publ) ("Vicore"), the subsidiary, Vicore Pharma AB ("Vicore Pharma"), INIM Pharma AB ("INIM Pharma") as well as the dormant company, ITIN Holding AB.

Financial summary of the group

Amounts in MSEK	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Net sales	0.0	0.0	0.0
Operating loss	-28.8	-16.1	-94.0
Loss for the period	-28.4	-16.0	-93.1
Loss per share, before/after dilution (SEK)	-0.56	-0.40	-2.16
Equity at the end of the period	296.3	279.7	321.6
Cash flow from operating activities	-29.3	-18.5	-87.0
Cash and cash equivalents and short-term investments at the end of the period	238.0	216.0	264.6

1 There is no dilution effect for potential ordinary shares for periods were earnings have been negative.

Other Information

Personnel

As of March 31, 2020, the group had 13 employees, of whom eight were women and five men. Eight of the employees are active in R&D of which 63% hold a PhD degree. The company also engages consultants for specialist tasks and assignments on a frequent basis.

The share

Vicore's share is listed on Nasdaq Stockholm since September 27, 2019, with the ticker VICO and ISIN SE0007577895. Before that, the company's share was listed on Nasdaq First North Growth Market since December 2015. In January, Vicore issued 243,525 shares to the warrant holders in the incentive programme LTIP 2016. As of March 31, 2020, the total number of shares amounted to 50,418,239 and the market capitalization was 529 MSEK. The company's shares are issued in one class and each share carries one vote.

The AGM 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 entail a dilution effect of more than 20 per cent of the number of shares and votes in the company at the 2019 Annual General Meeting. On November 13, 2019, the company completed a directed share issue of approximately 125 MSEK, which means that most of the authorization has been utilized.

Largest shareholders

Largest shareholders in Vicore as of March 31, 2020:

Shareholder	No. of shares	%
HealthCap VII L.P.	13,763,908	27.3%
Göran Wessman[1]	3,826,849	7.6%
Swedbank Robur	3,301,455	6.5%
Fourth Swedish National Pension Fund	3,210,000	6.4%
HBM Healthcare Investments (Cayman) Ltd	2,418,272	4.8%
Shaps Capital	2,154,100	4.3%
Unionen	1,663,990	3.3%
Kjell Stenberg	1,531,303	3.0%
Pomona-gruppen AB	1,239,440	2.5%
Länsförsäkringar	1,190,000	2.4%
Handelsbanken funds	1,100,000	2.2%
Other	15,019,022	29.8%
Total number of shares	**50,418,239**	**100.0%**

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

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. Vicore currently has two active programs that include the management team, certain board members, key employees and key consultants.

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"). Both 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 minutes of the Extraordinary General Meeting, held on August 13, 2018, published on the company's website, www.vicorepharma.com and the Annual Report 2019. 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 1,237,500, corresponding to a dilution of 4.7% of the total number of shares.

As of March 31, 2020, a total of 475,000 share awards have been granted in the Board LTIP 2018 and options corresponding to 765,800 shares have been granted in the Co-worker LTIP 2018.

On January 8, 2016, Vicore issued 570,000 warrants to key employees and key consultants. 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.

In January, 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% 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.

Other financial asset

Vicore holds 91,829 shares in I-Tech AB (publ), which are classified as an other financial asset. As of March 31, 2020, the value of the financial asset was 6.2 MSEK.

Audit review

This interim report has not been reviewed by the company's auditor.

The Board of Directors and the CEO provide their assurance that the year-end report provides a fair and true overview of the parent company's and the group's operations, financial position and results, and describes material risks and uncertainties faced by the parent company and the companies in the group.

Gothenburg, May 5, 2020

Leif Darner
Chairman

Sara Malcus
Board member

Maarten Kraan
Board member

Hans Schikan
Board member

Jacob Gunterberg
Board member

Carl-Johan Dalsgaard
CEO

Peter Ström
Board member

Financial reports
Group

Group statement of comprehensive income in summary*

KSEK	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Net sales	0	0	0
Gross profit	**0**	**0**	**0**
Administrative expenses	-4,569	-7,901	-26,875
Research and development expenses	-24,084	-8,205	-67,048
Other operating income and expenses	-129	9	-91
Profit/loss from operations	**-28,782**	**-16,097**	**-94,014**
Financial income	292	54	712
Financial expenses	-1	-1	-27
Net financial income/expense	**291**	**53**	**685**
Profit/loss before tax	**-28,491**	**-16,044**	**-93,329**
Tax	117	0	245
Loss for the period attributable to the parent company´s shareholders	**-28,374**	**-16,044**	**-93,084**
Other comprehensive income			
Other comprehensive income	0	0	0
Other comprehensive income for the period, net of net of tax	**0**	**0**	**0**
Total comprehensive income attributable to the parent company´s shareholders	**-28,374**	**-16,044**	**-93,084**
Earnings per share, before and after dilution (SEK)	**-0.56**	**-0.40**	**-2.16**

* As of the fourth quarter 2019, Vicore classifies operating expenses by function instead of by nature of expense. A change in the presentation of the income statement entails a change of principle, which is carried out with retroactive effect. Consequently, the income statements for the comparative periods have also been prepared in accordance with a classification by function. Note 6 describes the transition from the nature of expense method to the function of expense method.

Consolidated statement of financial position in summary

KSEK	2020 Mar 31	2019 Mar 31	2019 Dec 31
ASSETS			
Fixed assets			
Patent, licenses and similar rights	67,250	69,192	68,082
Equipment	135	20	143
Contract asset	154	135	189
Long-term investments	6,226	5,621	6,116
Deferred tax asset	84	0	63
Total fixed assets	**73,849**	**74,968**	**74,593**
Current Assets			
Other receivables	1,586	1,653	1,426
Prepaid expenses and accrued income	407	548	474
Short-term investments	77,211	0	77,029
Cash and cash equivalents	160,813	215,971	187,586
Total current assets	**240,017**	**218,172**	**266,515**
TOTAL ASSETS	**313,866**	**293,140**	**341,108**
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders	**296,262**	**279,748**	**321,597**
LIABILITIES			
Non-current liabilities			
Contract liability	155	0	186
Other provisions	186	411	575
Deferred tax liability	1,776	1,978	1,796
Total non-current liabilities	**2,117**	**2,389**	**2,557**
Current liabilities			
Contract liability	0	136	4
Trade payables	9,684	3,083	5,300
Current tax liability	400	286	534
Other liabilities	971	526	2,982
Accrued expenses and deferred income	4,432	6,972	8,134
Total current liabilities	**15,487**	**11,003**	**16,954**
TOTAL LIABILITIES	**17,604**	**13,392**	**19,511**
TOTAL EQUITY AND LIABILITIES	**313,866**	**293,140**	**341,108**

Consolidated statement of changes in shareholders' equity in summary

KSEK	Shareholders' equity attributable to the parent company 2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Equity at the beginning of the period	**321,597**	**285,436**	**285,436**
Profit for the period	-28,374	-16,044	-93,084
Other comprehensive income for the period	0	0	0
Total comprehensive income for the period	**-28,374**	**-16,044**	**-93,084**
Transactions with owners:			
Issue of new shares	2,550	10,030	134,830
Issue costs	0	-201	-7,575
Long-term incentive program	489	527	1,990
Total transactions with owners	**3,039**	**10,356**	**129,245**
Equity at the end of the period	**296,262**	**279,748**	**321,597**

Consolidated statement of cash flow

KSEK	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Operating activities			
Operating profit	-28,782	-16,097	-94,014
Adjustment for items not included in the cash flow	1,395	703	3,350
Interest received	0	0	134
Interest paid	-1	-1	-28
Cash flow from operating activities before changes in working capital	**-27,388**	**-15,395**	**-90,558**
Cash flow from changes in working capital			
Change in operating receivables	-92	-69	234
Change in operating payables	-1,808	-3,041	3,324
Cash flow from operating activities	**-29,288**	**-18,505**	**-87,000**
Investing activities			
Acquisition of equipment	0	0	-147
Acquisition of short-term investments	0	0	-77,000
Cash flow from investing activities	**0**	**0**	**-77,147**
Financing activities			
Amortization contract liability	-35	-122	-210
Issue of new shares	2,550	10,030	134,830
Issue costs	0	-201	-7,575
Cash flow from financing activities	**2,515**	**9,788**	**127,045**
Cash flow for the period	**-26,773**	**-8,717**	**-37,102**
Cash and cash equivalents at the beginning of the period	**187,586**	**224,688**	**224,688**
Cash and cash equivalents at the end of the period	**160,813**	**215,971**	**187,586**

Financial reports
Parent company

The parent company's income statement*

KSEK	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Net sales	918	540	3,092
Gross profit	**918**	**540**	**3,092**
Administrative expenses	-4,397	-7,851	-26,484
Research and development expenses	-415	-384	-1,536
Other operating income and expenses	0	8	-17
Profit/loss from operations	**-3,894**	**-7,687**	**-24,945**
Interest income and similar profit items	182	0	163
Interest expenses and similar loss items	0	0	-20
Net financial income/expense	**182**	**0**	**143**
Result after financial items	**-3,712**	**-7,687**	**-24,802**
Tax	21	0	63
The result for the period	**-3,691**	**-7,687**	**-24,739**

The parent company's statement of comprehensive income

KSEK	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
The result for the period	-3,691	-7,687	-24,739
Other comprehensive income	0	0	0
Total comprehensive income for the period	**-3,691**	**-7,687**	**-24,739**

* As of the fourth quarter 2019, Vicore classifies operating expenses by function instead of by nature of expense. A change in the presentation of the income statement entails a change of principle, which is carried out with retroactive effect. Consequently, the income statements for the comparative periods have also been prepared in accordance with a classification by function. Note 6 describes the transition from the nature of expense method to the function of expense method.

Parent company's balance sheet

KSEK	2020 Mar 31	2019 Mar 31	2019 Dec 31
ASSETS			
Fixed assets			
Equipment	0	20	0
Participations in group companies	276,410	275,979	276,274
Long-term investments	565	565	565
Deferred tax asset	84	0	63
Total fixed assets	**277,059**	**276,564**	**276,902**
Current assets			
Receivables			
Receivables from group companies	0	5,387	244
Other receivables	196	466	594
Prepaid expenses and accrued income	240	367	287
	436	**6,220**	**1,125**
Short-term investments	77,211	0	77,029
Cash and cash equivalents	145,900	119,846	148,903
Total current assets	**223,547**	**126,066**	**227,057**
TOTAL ASSETS	**500,606**	**402,630**	**503,959**

Parent company's balance sheet

KSEK	2020 Mar 31	2019 Mar 31	2019 Dec 31
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital	25,209	21,187	25,087
Total restricted equity	**25,209**	**21,187**	**25,087**
Non-restricted equity			
Share premium reserve	518,416	402,463	515,987
Accumulated profit or loss	-44,628	-21,839	-20,375
Profit (loss) for the period	-3,691	-7,687	-24,739
Total non-restricted equity	**470,097**	**372,937**	**470,873**
TOTAL EQUITY	**495,306**	**394,124**	**495,960**
LIABILITIES			
Provisions			
Other provisions	153	385	500
Deferred tax liability	77	0	
Total provisions	**230**	**385**	**500**
Non-current liabilities			
Liabilities to group companies	0	400	0
Total non-current liabilities	**0**	**400**	**0**
Current liabilities			
Trade payables	966	858	917
Liabilities to group companies	400	0	400
Current tax liability	283	210	341
Other liabilities	806	407	2,738
Accrued expenses and deferred income	2,615	6,246	3,103
Total current liabilities	**5,070**	**7,721**	**7,499**
TOTAL LIABILITIES	**5,300**	**8,506**	**7,999**
TOTAL EQUITY AND LIABILITIES	**500,606**	**402,630**	**503,959**

Notes

Note 1 General information

This report covers 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 Mölndal, Sweden. The address of the main office is Kronhusgatan 11, 411 05 Gothenburg, Sweden. The main operation of the group is research and development of pharmaceutical products.

The interim report for the first quarter 2020 was approved for publication on May 5, 2020, in accordance with a board decision on May 4, 2020.

Note 2 Accounting principles

Vicore Pharma'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." Relevant accounting and valuation principles could be found on pages 38-42 of the Annual Report for 2019.

The interim report for the first quarter has been prepared in accordance with IAS 34 Interim Financial Reporting. The parent company applies the Annual Accounts Act and RFR 2 Accounting for Legal Entities.

Disclosures in accordance with IAS 34.16A are provided both in Notes as well as elsewhere in the interim report.

Vicore applies ESMA:s (European Securities and Markets Authority) guidelines on alternative performance measures.

The accounting principles and calculation methods remain unchanged from those applied in the Annual Report for financial year 1 January - 31 December 2019 with the exception of those described below.

As of the fourth quarter 2019, Vicore classifies operating expenses by function instead of by nature of expense. The transition has been made to give a more accurate picture of the company. This is because the company has high costs for clinical studies and staff in research and development, which is now being more clearly presented. A change in the presentation of the income statement entails a change of principle, which is carried out with retroactive effect. Consequently, the income statements for the comparative periods have also been prepared in accordance with a classification by function. Note 6 describes the transition from the nature of expense method to the function of expense method.

Management fees from group companies were reported in the annual report for the parent company together with management fees from I-Tech (the agreement was terminated in 2018) under other operating income. Management fees from group companies were reclassified in the interim report for the second quarter from other operating income to net sales. Historical figures have been adjusted to reflect this reclassification.

Note 3 Related-party transactions

During the period, remuneration to the group's senior executives has been paid in accordance with current policies. The following intra-group transactions took place during the first quarter:

Vicore Pharma AB invoiced INIM Pharma AB approximately 0.7 MSEK during the first quarter for management fee.

Vicore Pharma Holding AB has invoiced the subsidiary Vicore Pharma AB approximately 0.7 MSEK during the first quarter for management fee.

Vicore Pharma Holding AB has invoiced the subsidiary INIM Pharma AB approximately 0.2 MSEK during the first quarter for management fee.

No other related party transactions have taken place during the period than previously stated.

Note 4 Risks and uncertainties in the group and the parent company

Operational risks

Vicore is engaged in research and development operations through its subsidiary Vicore Pharma. Research and development involve a significant inherent level of risk and is a capital-intensive process. The majority of initiated projects in the drug development industry will never reach market registration due to technological risks, including the risk for insufficient efficacy, intolerable side effects or manufacturing problems. Up until today, Vicore has not yet generated significant revenue. Vicore's expansion and development related to VP01 and VP02 may be delayed and/or incur greater costs and capital need than expected. 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, such as COVID-19, could negatively affect the availability and recruitment of potential trial participants in clinical studies as well as their possibility of carrying out non-essential hospital visits. This could lead to delays of the studies, incurring greater costs and capital need than expected.

Patents that the company has applied for may not be granted and granted patents may be challenged leading to loss of patent protection. If competing pharmaceuticals capture market share or reach the market faster, or if competing research projects achieve better product profiles, the future value of the product portfolio may be lower than expected. The operations may also be impacted negatively by decisions from public authorities, including decisions related to approvals, reimbursement and price changes.

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 main refinancing risk relates to the risk of not receiving additional contributions and investments from owners and other investors. A pandemic, such as COVID-19, could negatively impact the company's refinancing abilities.

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.

For more information about operational and financial risks as well as other risk factors, see the Annual Report 2019, which can be downloaded from the company's website, www.vicorepharma.com.

Note 5 Financial instruments

Vicores financial assets and liabilities comprise cash and cash equivalents, long-term investments (I-Tech AB), short-term investments, trade payables, contract liabilities and accrued expenses. The fair value of all financial instruments is materially equal to their carrying amounts. The financial instruments reported at fair value in the balance sheet are comprised of the group's holding of shares in I-Tech AB, which are listed on Nasdaq First North Growth Market. The shares are valued at level 1 in the fair value hierarchy.

Note 6. Transition to income statement classified by function

2019-01-01 - 2019-03-31
Group statement of comprehensive income

KSEK	Information	Income statement classified by nature of expense	Adjustment other operating income	Adjustment other external costs	Adjustment personnel costs	Adjustment depreciations and amortizations	Income statement classified by function
Net sales		0					0
Other operating income		30	-30				0
		30	**-30**				**0**
Other external costs	1	-10,921		10,921			0
Personnel costs	2	-5,163			5,163		0
Depreciations and amortizations		-43				43	0
Administrative expenses				-4,636	-3,235	-30	-7,901
Research and development expenses				-6,264	-1,928	-13	-8,205
Other operating income and expenses			30	-21			9
Profit/loss from operations		**-16,097**	**0**	**0**	**0**	**0**	**-16,097**
Financial income		54					54
Financial expenses		-1					-1
Net financial income/expense		**53**					**53**
Profit/loss before tax		**-16,044**					**-16,044**
Tax		0					0
Loss for the period attributable to the parent company's shareholders		**-16,044**					**-16,044**
Other comprehensive income							
Other comprehensive income		0					0
Other comprehensive income for the period, net of tax		**0**					**0**
Total comprehensive income attributable to the parent company´s shareholders		**-16,044**					**-16,044**

1. Other external costs have been allocated to administrative expenses, research and development expenses, and other operating expenses. Research and development conducted by external parties have previously been reported separately as research and development expenses in the income statement, which amounted to 5,591 KSEK in the first quarter of 2019. In the transition to income statement classified by function, these research and development expenses have been reversed into other external costs for illustrative purposes. Other external costs that are classified as administration consist, for example, of costs for office, legal costs, audit fees and other overhead costs. Other operating income and expenses consist of exchange rate differences on supplier invoices.
2. Personnel costs have been allocated according to the function of each employee. Three people on administrative expenses and three people on research and development expenses. Personnel costs also include board fees, which are allocated to administrative expenses.

2019-01-01 - 2019-03-31
The parent company's income statement

KSEK	Information	Income statement classified by nature of expense	Adjustment other operating income	Adjustment other external costs	Adjustment personnel costs	Adjustment depreciations and amortizations	Income statement classified by function
Net sales		540					540
Other operating income		562	-562				0
		1,102	**-562**				**540**
Other external costs	1	-5,167		5,167			0
Personnel costs	2	-3,620			3,620		0
Depreciation and amortization of tangible and intangible assets		-2				2	0
Administrative expenses				-4,613	-3,236	-2	-7,851
Research and development expenses					-384		-384
Other operating income and expenses			562	-554			8
Profit/loss from operations		**-7,687**	**0**	**0**	**0**	**0**	**-7,687**
Interest income and similar profit items		0					0
Interest expenses and similar loss items		0					0
Net financial income/expense		**0**					**0**
Result after financial items		**-7,687**					**-7,687**
Tax		0					0
The result for the period		**-7,687**					**-7,687**

The parent company's statement of comprehensive income

The result for the period		-7,687					-7,687
Other comprehensive income		0					0
Total comprehensive income for the period		**-7,687**					**-7,687**

1. Other external costs have been allocated to administrative expenses, research and development expenses, and other operating expenses. Other external costs that are classified as administration consist, for example, of costs for office, legal costs, audit fees and other overhead costs. Other operating income and expenses consist of reinvoiced consulting fees and exchange rate differences on supplier invoices.

2. Personnel costs have been allocated according to the function of each employee, which in the parent company is mainly within administration. Personnel costs also include board fees, which are allocated to administrative expenses.

Note 7. Depreciation and amortization

Allocation by function

KSEK	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Administrative expenses	0	-30	-111
Research and development expenses	-874	-13	-1,227
Total	**-874**	**-43**	**-1,338**

Amortization attributable to research and development expenses mainly relates to the amortization of acquired intangible assets (16.6 MSEK). This consists of a patent portfolio related to C21, whose main patent expires in the US 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.

Key Performance Measures

Vicore applies the guidelines issued by ESMA (European Securities and Markets Authority) for alternative performance measures. Alternative performance measures are financial measurements of historical or future earnings, financial position, financial results or cash flows that are not defined or specified in the applicable financial reporting rules and which are central to the understanding and evaluation of Vicore's operations.

In this report, Vicore presents certain key performance measures, including two alternative performance measures that are not defined under IFRS, namely equity ratio and research and development expenses/operating expenses. The company believes that these key performance measures are useful for readers of the financial reports as a complement to other key performance measures, as it enables a better evaluation of the company's financial trends. These alternative performance measures should not be viewed in isolation or be considered to replace the performance indicators that have been prepared in accordance with IFRS. In addition, such performance measures, as the company has defined them, should not be compared with other performance measures with similar names used by other companies. This is because the above-mentioned performance measures are not always defined in the same manner, and other companies may calculate them differently.

Key performance measures

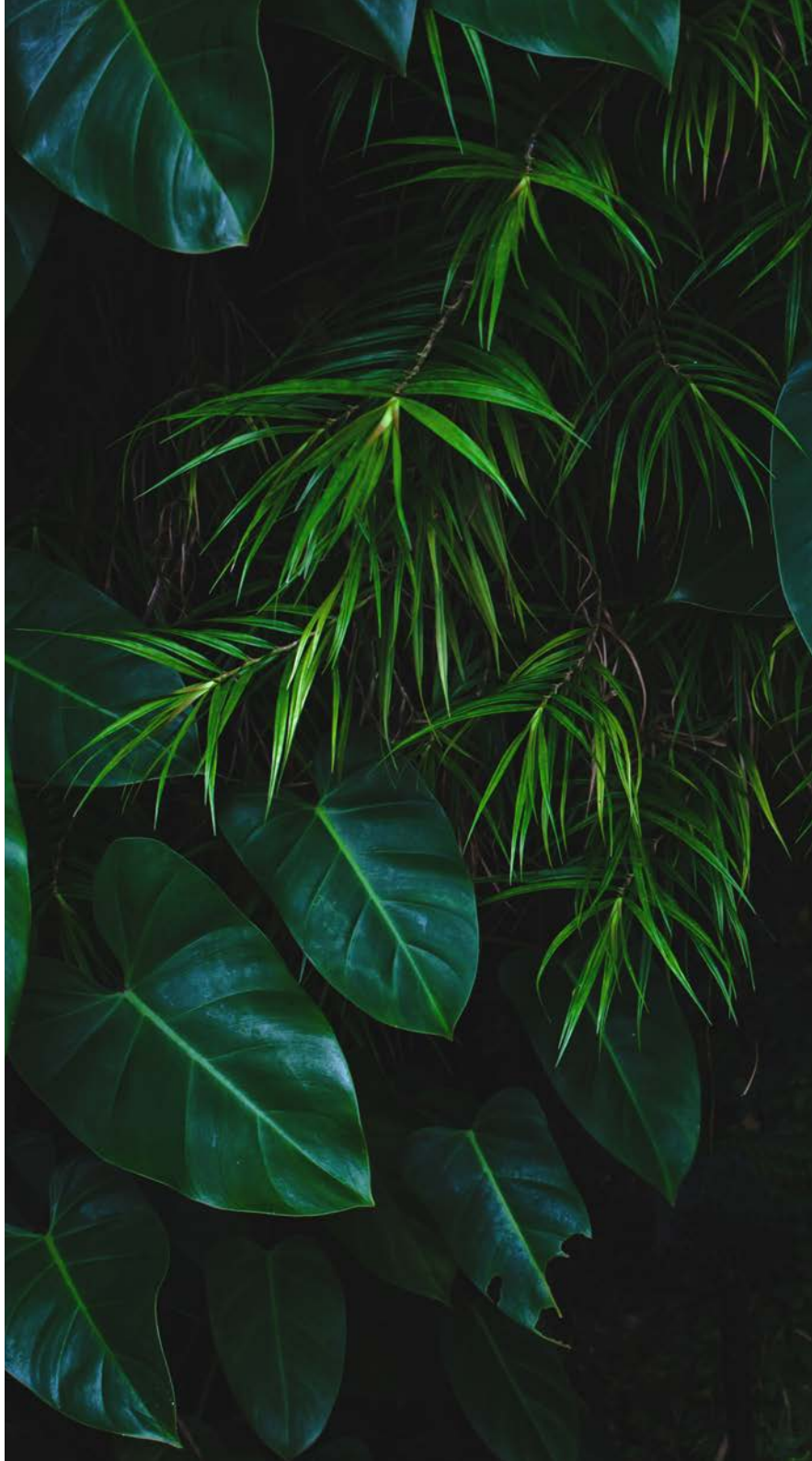
	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Share capital at the end of period (KSEK)	25,209	21,187	25,087
Total registered shares at the beginning of period	50,174,714	32,960,008	32,960,008
Total registered shares at the end of period	50,418,239	42,374,714	50,174,714
Total number of shares allocated employee stock options may entitle to[1]	1,240,800	775,000	1,240,800
Average number of ordinary shares	50,399,298	40,512,277	43,041,933
Profit for the period attributable to shareholders of the parent company (KSEK)	-28,374	-16,044	-93,084
Earnings per share before and after dilution (SEK)[2]	-0.56	-0.40	-2.16
Equity ratio at the end of the period (%)[3]	94.4	95.4	94.3
Research and developments expenses/operating expenses (%)[4]	83.6	50.9	71.3

1 The table excludes the warrants within the LTIP 2016 incentive program with a due date on January 3, 2020. For more information, see page 11.

2 Earnings per share before (after) dilution are calculated by dividing earnings attributable to shareholders of the parent company by a weighted average number of outstanding shares before (after) dilution during the period. The average number of outstanding shares has been adjusted for bonus shares in new stock issued targeted towards existing shareholders. There is no dilution effect for potential ordinary shares for periods were earnings have been negative.

3 Equity ratio is the company's alternative performance measure (APM) and is defined on the next page.

4 Research and development expenses/operating expenses (%) is the company's alternative performance measure (APM) and is defined on the next page.



Definitions and reconciliation of alternative performance measures

Alternative performance measures	Definition	Justification
Equity ratio	Total shareholders' equity divided by total assets	The company believes that this key ratio provides investors with useful information of the company's capital structure
Research and development expenses/operating expenses (%)	Research and development expenses divided by operating expenses. Operating expenses consist of the items administrative expenses, research and development expenses and other operating expenses	The company believes that the research and development expenses/operating expenses ratio is an important complement because it allows for a better evaluation of the company's economic trends and the proportion of its expenses that are attributable to the company's core business

Derivation

	2020 Jan-Mar	2019 Jan-Mar	2019 Jan-Dec
Equity ratio at the end of the period (%)			
Total shareholders' equity at the end of the period (KSEK)	296,262	279,748	321,597
Total assets at the end of the period (KSEK)	313,866	293,140	341,108
Equity ratio at the end of the period (%)	94.4	95.4	94.3
Research and development expenses/operating expenses (%)			
Research and development expenses (KSEK)	-24,084	-8,205	-67,048
Administrative expenses (KSEK)	-4,569	-7,901	-26,875
Other operating expenses (KSEK)	-169	-21	-157
Operating expenses (KSEK)	-28,822	-16,127	-94,080
Research and development expenses/operating expenses (%)	83.6	50.9	71.3

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This information was submitted for publication on May 5, 2020 at 08:00 CET.

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