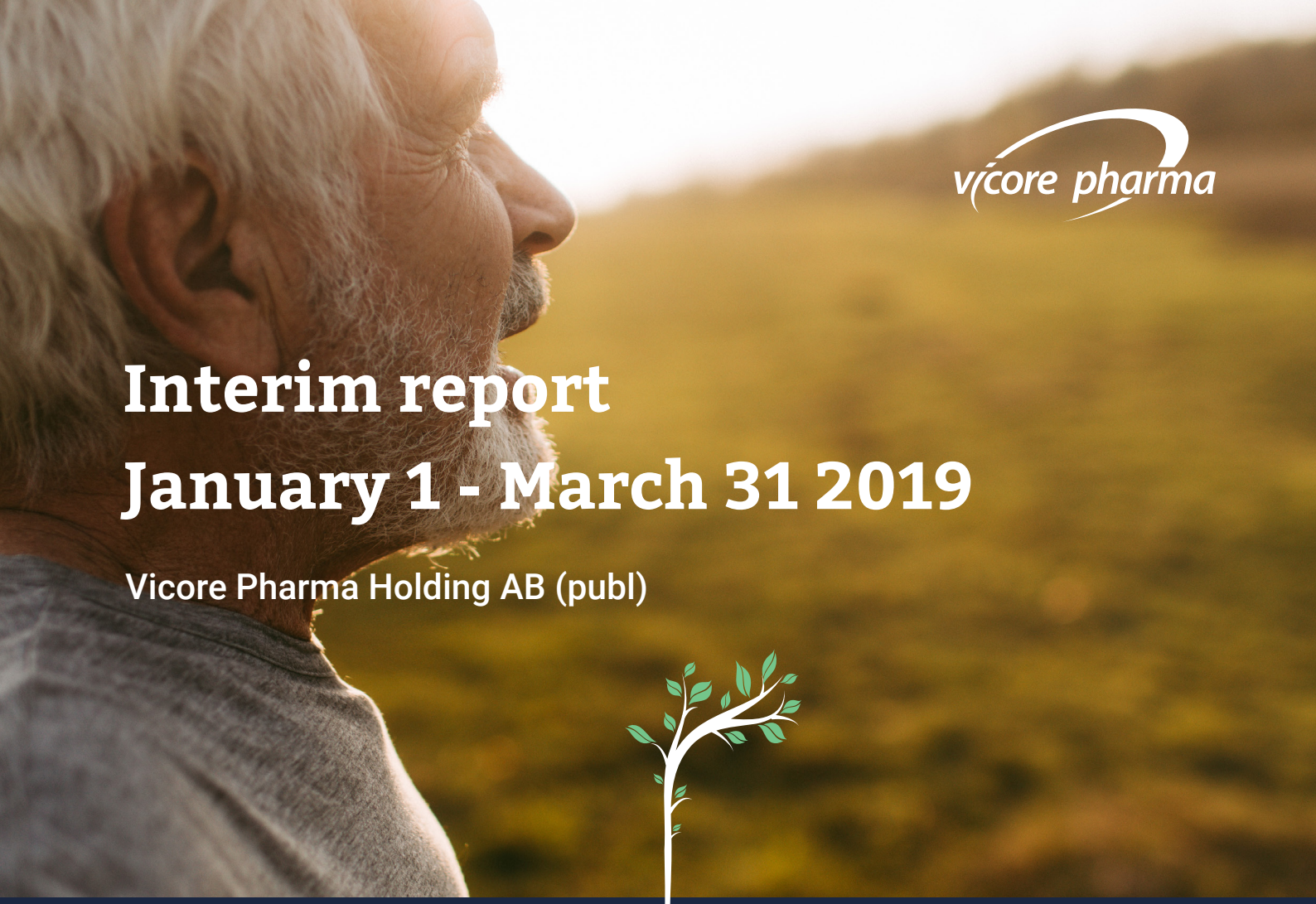
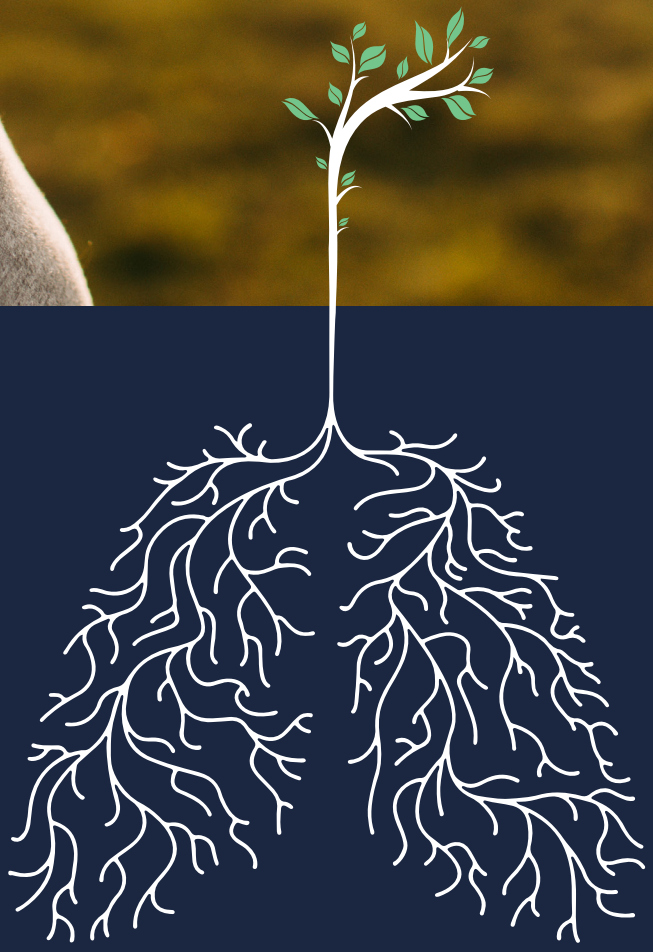


# Interim report
# January 1 - March 31 2019

Vicore Pharma Holding AB (publ)



*Focus on patients with fibrotic lung disease*

vicorepharma.com

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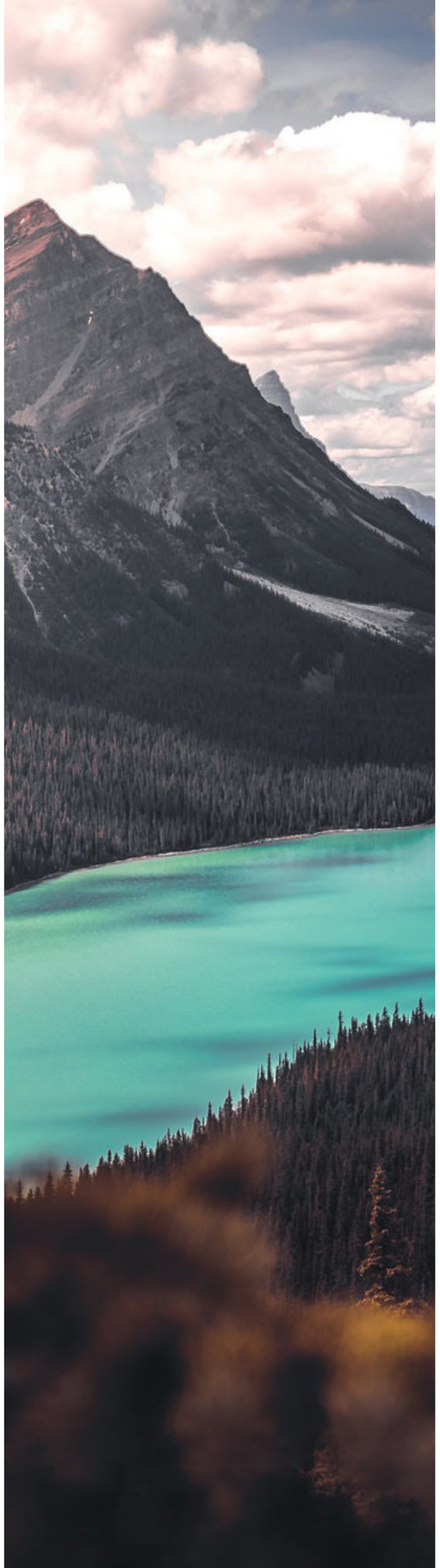


# Summary of the Period

## Important events during the first quarter

- In January, the directed share issue of approximately 160 MSEK was approved by an Extraordinary General Meeting. The total number of shares after the share issue amounts to 42,374,714

## Important events after the period

- Vicore Pharma announced on April 23 that it has selected the disease diffuse systemic sclerosis (dSSc) as the second indication for its lead program VP01 (C21). It complements the primary indication, idiopathic pulmonary fibrosis (IPF)

## Financial overview for the period

***January 1 - March 31, 2019***

- Operating income amounted to 0.0 MSEK (0.2)
- Operating loss was -16.1 MSEK (-7.2)
- Loss for the period was -16.0 MSEK (-0.2)
- Loss per share, before and after dilution, was -0.40 SEK (-0.01)
- On March 31, 2019, cash and cash equivalents amounted to 216.0 MSEK (13.7)

## Financial summary of the group

| Amounts in MSEK | 2019 Jan-Mar | 2018 Jan-Mar | 2018 Jan-Dec |
|---|---|---|---|
| Operating income | 0.0 | 0.2 | 0.6 |
| Operating loss | -16.1 | -7.2 | -41.6 |
| Loss for the period | -16.0 | -0.2 | -21.7 |
| Loss per share, before/after dilution (SEK)[1] | -0.40 | -0.01 | -0.95 |
| Equity at the end of the period | 279.7 | 57.4 | 285.4 |
| Cash flow from operating activities | -18.5 | -7.0 | -33.0 |
| Cash and cash equivalents at the end of the period | 216.0 | 13.7 | 224.7 |

[1]. There is no dilutive effect for potential ordinary shares based on exercise of options and share rights, since the net results for the periods presented above have been negative.

***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.***

# CEO Comments

Vicore has a strong focus on developing an attractive portfolio of medicines for the treatment of rare lung diseases such as idiopathic pulmonary fibrosis (IPF) and other indications matching the specific properties of our most advanced drug candidate VP01 (C21). When you also include the second candidate VP02 (IMiD) for IPF and the associated IPF cough, we have two unique and differentiated drug development programs in our portfolio. In 2019, we will continue the focused development of our pipeline with the patient in the forefront of our minds.

In April, we were pleased to announce diffuse systemic sclerosis (dSSc) as the second indication for VP01 besides IPF. The strong upregulation of the angiotensin II type 2 receptor in dSSc provides us with the belief that VP01 could be a distinctive target for this indication and thus another exciting opportunity. There is a clear logic in examining the effect on the vascular mechanisms of dSSc as a complement to the antifibrotic effects tested in IPF.

Currently, we have intensified our effort into two phase IIa studies with VP01 that will begin in the second half of 2019, a proof-of concept study in IPF patients, and a mechanistic study in patients with dSSc. The design of the studies will enable us to identify potential value-creating therapeutic effects of our drug. The VP01 program is currently in an extended phase I study for dose optimization.

The formulation work of VP02 is ongoing and the goal for this year is to identify a formulation with the desired properties. The next step is to carry out toxicological work and then a phase I study in 2020.

To implement our plans, we are building a strong medical team. Rohit Batta, with extensive experience from orphan drug programs with GlaxoSmith-Kline, and Göran Tornling as our resident pulmonology medical expert, ensure that our study designs will be of good standard. In addition, the in-house clinical operations team, under the leadership of Mimi Flensburg, is critical in securing the oversight of the conduction of our trials. A top notch internal clinical organization is crucial to deliver quality. This personalised approach is critical in rare diseases and provides us the ability to readily communicate directly with investigators and sites plus a supervised control over our data to maximise quality. This makes us nimbler relative to just simply handing this to a contract research organization but instead working with them in tandem so that the study can be executed with maximal efficiency.

In parallel to the strong focus on developing our pipeline, preparations for the listing of our shares on Nasdaq Stockholm's main list have high attention. The listing is an important step to further increase the attractiveness of our share.

In summary, 2019 will become an exciting and eventful year for Vicore. We will continue to build the company, at a high pace and with a strong focus.

Carl-Johan Dalsgaard, CEO

## Goal

Vicore's goal is to establish the company as a leading player 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.

# Business and Focus Areas

Vicore is a Swedish rare disease company focused on fibrotic lung disease 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") as well as diffuse systemic sclerosis (dSSc). As a result of the acquisition of INIM Pharma in July 2018, the company's pipeline was expanded with a second drug development program, VP02. VP02 is based on a new formulation and delivery route of an existing immunomodulatory compound (an "IMiD"). VP02 focuses on IPF with regards to both the underlying disease and the severe cough associated with IPF. VP01 and VP02 are also evaluated for other indications within the area of fibrotic lung disease. The acquisition of INIM Pharma meant an expansion of Vicore's operations and that the company's strategy became focused on developing drugs for the treatment of fibrotic lung disease.

Vicore is currently doing an extended phase I study for dose optimization in VP01 and will thereafter carry out two phase IIa studies, in patients with IPF and dSSc respectively, expected to commence in the second half of 2019. VP02 is entering a phase of formulation optimization before local tolerability studies will commence. The first clinical studies with VP02 are expected to start in 2020.

In December 2015, Vicore was listed on Nasdaq First North and the company is now working to apply for its shares to be listed on the Stockholm Nasdaq main list during the second half of 2019.

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



# Project Overview

### Idiopathic pulmonary fibrosis

Idiopathic pulmonary fibrosis (IPF) is the most common type of pulmonary fibrosis and is a severe and devastating disease with no known cause. It is characterized by a shrinking of the lungs due to the irreversible formation of fibrosis (i.e. scar tissue) causing stiffness, an irreversible loss of lung function and difficulty in breathing. Debilitating symptoms of dyspnea and severe persistent dry cough typically appear between the ages of 50 and 70 years and while the disease is more common in men, the number of cases in women is increasing. It has been estimated that between 80,000 and 111,000 people in the EU are currently living with IPF, with 30,000-35,000 new cases being diagnosed each year. In the USA, approximately 100,000 people are currently living with IPF, with 30,000-40,000 new diagnoses per year. The overall prevalence worldwide is estimated to be 13-20/100,000 people. For an orphan indication, the number of patients is relatively large.

The mortality associated with the disease is similar to lung cancer, with a median survival of three to five years after diagnosis. Currently, there is no cure for IPF and treatment options are limited. Two medicines have been approved for use in IPF: Ofev® (nintedanib, Boehringer Ingelheim) and Esbriet® (pirfenidone, Roche). Both have been shown to slow the development of the disease. However, the associated side-effects have limited their use. According to the American Thoracic Society, an average of 60% to 70% of mild to moderate IPF patients are not receiving treatment. The reason is either that they have failed to tolerate the treatment or are reluctant to risk the exposure to the known strong side effects associated with the drugs. Nevertheless, Esbriet and Ofev have been successful commercially, reaching combined sales of more than 1.9 BUSD in 2017. The research company Allied Market Research forecasts that the annual sales of pharmaceuticals for IPF will be 3.6 BUSD by 2023, corresponding to an increase by almost 90 percent versus 2017 In summary, the need for novel therapeutic options with improved efficacy and safety remains high.

### 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 AT2 receptor which, upon stimulation, may contribute to healing effects in tissue damage or

## Pipeline

| | Indication | Exploratory | Preclinical | Phase I | Phase II |
|---|---|---|---|---|---|
| VP01 (C21) | Idiopathic Pulmonary Fibrosis (IPF)<br>Diffuse Systemic Sclerosis (dSSc) | | | | |
| VP02 (IMiD) | Idiopathic Pulmonary Fibrosis (IPF) | | | | |
| New follow-on molecules | New chemistry | | | | |

within immune system disorders and may also counteract the negative effects of the AT1 receptor. The AT2 receptor is found to be highly up-regulated in diseases such as IPF to the magnitude of 200x-600x. Results from extensive preclinical research conducted with VP01 indicated that it has anti-inflammatory, anti-fibrotic, anti-proliferative, vasodilatory and vascular remodeling actions – this distinguishing multi-modal effect is ideal for complex diseases such as IPF. The drug selectively binds to the AT2 receptor and thereby generates several biological effects beneficial to counteracting fibrosis and inflammation. Vicore has received orphan drug designation for VP01 in IPF which e.g. provides for an up to ten years market exclusivity period (from the date of registration of an approved drug) in Europe and Japan and seven years in the United States.

### Diffuse systemic sclerosis

Vicore Pharma has recently chosen diffuse systemic sclerosis (dSSc) as the second indication for VP01 (C21), in addition to IPF. Diffuse systemic sclerosis is a disease with a strong involvement of angiotensin II and an upregulation of the angiotensin II type 2 receptor (AT2R - the C21 target), which is known to mediate anti-fibrotic as well as vascular effects within a number of disease models.

Diffuse systemic sclerosis is a rare and severe chronic autoimmune disease affecting skin as well as inner organs such as the lung. There is no cure for the disease and severe cases are treated with potent immunomodulatory drugs or autologous stem cell transplantation, with remaining challenges and high unmet need. It has been estimated that between 150-400 individuals per million have systemic sclerosis and its prevalence varies depending on factors such as geography. It is estimated that 20% of the systemic sclerosis patient population has the severe diffuse form. Systemic sclerosis is 3-4 times more common in women than men.

### Project status VP01

In April this year, Vicore chose dSSc as the second indication for VP01. Extensive research on various disease models has shown the possibility of targeting the development on diseases with both fibrotic and vascular components that affect several organs, including the lungs, and which cause complications such as interstitial lung disease. All of these pathological changes occur in patients with dSSc.

In 2016, Vicore conducted a first phase I study with VP01 in healthy volunteers[1]. The study evolved in line with expectations and confirmed that VP01 has a good safety profile. The results have opened up the possibility of conducting a further dose-scaling phase I study. The aim of the study is to identify the highest safe dose that can be used in the Phase II studies that will begin in the second half of 2019, a Phase IIa study in IPF patients and a Phase IIa study in patients with dSSc respectively. The Phase IIa 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 for the dSSc indication has also been designed in collaboration with world-leading expertise.

In parallel, efforts are continuing to identify new selective AT2-receptor molecules 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 in the lung by loading the drug molecules into amorphous micro particles. It is thought that the actions of VP02 suppress pathways involved in the cough reflex together with disease modifying effects.

Many IPF patients suffer from a chronic intractable cough which considerably affects the patient's quality of life due to sleep disturbances, difficulties at work and stress incontinence[2]. Currently, there is no therapy for IPF cough and standard cough suppressants have little or no effect. The mechanism is unknown but thought to be due to architectural distortion of the lungs, increased sensitivity of the cough reflex, airway inflammation or changes in mucus production and clearance[3].

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 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 paradoxically never seen in interventional clinical trials[4]. However, the high risk of severe side effects such as constipation, sedation and peripheral neuropathy due to systemic exposure have limited their use. Vicore's VP02 program aims to address the negative aspects of systemic exposure by developing VP02 for local administration in the lungs.

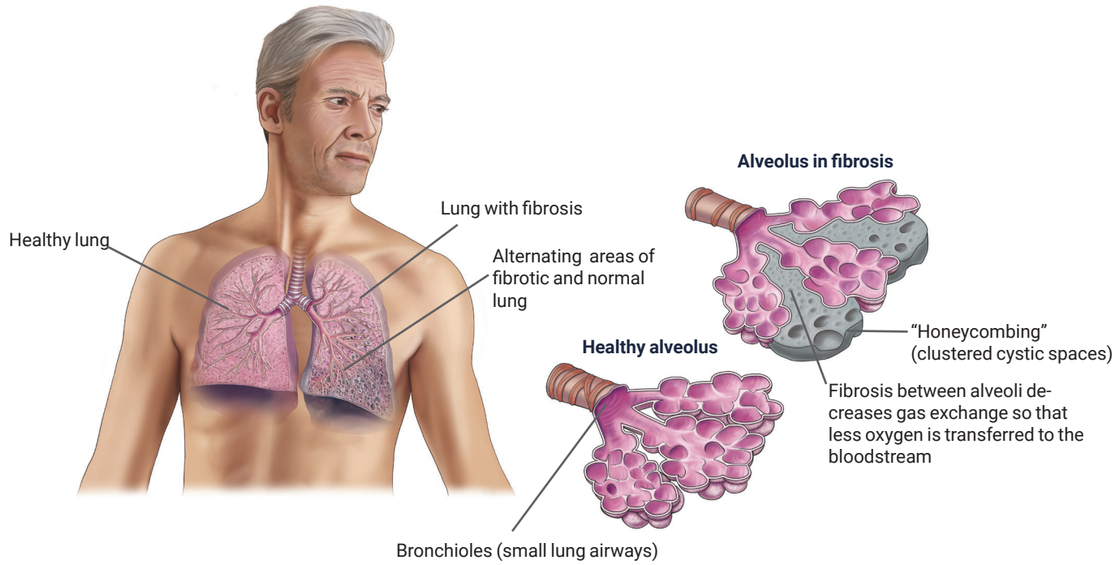
The anti-inflammatory and antifibrotic properties of IMiDs could mean that another interstitial lung disease, pulmonary sarcoidosis, may have the potential to become an additional indication for VP02. Similar to IPF, severe steroid resistant pulmonary sarcoidosis is a rare disease with fatal outcome where prerequisites to obtain orphan drug designation exist. Clinical case studies demonstrate the positive effects IMiDs can have on sarcoidosis despite the side effects of systemic exposure. Targeting local delivery, VP02 could have a beneficial effect on the disease progression of pulmonary sarcoidosis.

### Project status VP02

Vicore works with Nanologica to develop formulations for targeted dosing to the lung and thus a lower risk of systemic side effects. The formulation work for VP02 is ongoing and the goal during 2019 is to identify a formulation with properties that are suitable for continued development. The next step is to conduct toxicology studies and to subsequently initiate a Phase I trial in 2020.

***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.*




[1]SAD (Single Ascending Dose), MAD (Multiple Ascending Dose) [2]Saini et al 2011 [3]Vigeland et al 2017 [4] Horton et al 2012

# Other Information

## Personnel

As of March 31, 2019, the group had eight employees, of whom four were women and four men. The company also engages consultants for specialist tasks and assignments on a frequent basis. The staff has a high level of education; 71% of the personnel have a doctoral degree.

## Events after the end of the report period

Vicore Pharma announced on April 23 that it has selected the disease diffuse systemic sclerosis (dSSc) as the second indication for its lead program VP01 (C21). It complements the primary indication, idiopathic pulmonary fibrosis (IPF).

## The share

Vicore's shares were listed on Nasdaq First North on December 10, 2015, with the ticker VICO and ISIN SE0007577895. As of March 31, 2019, the total number of shares amounted to 42,374,714 and the market capitalization was approximately 691 MSEK. The company's shares are issued in one class and each share carries one vote.

## Largest shareholders

Largest shareholders in Vicore as of March 31, 2019:

| Shareholder | No.of shares | % |
|---|---|---|
| HealthCap VII L.P. | 11,796,408 | 27.8% |
| Göran Wessman[1] | 3,526,849 | 8.3% |
| Swedbank Robur | 2,683,332 | 6.3% |
| Fourth Swedish National Pension Fund | 2,060,000 | 4.9% |
| HBM Healthcare Investments (Cayman) Ltd | 1,952,666 | 4.6% |
| Kjell Stenberg | 1,531,303 | 3.6% |
| Unionen | 1,438,990 | 3.4% |
| Pomona-gruppen AB | 1,074,440 | 2.5% |
| Alfred Berg | 941,666 | 2.2% |
| Handelsbanken Funds | 900,000 | 2.1% |
| Other | 14,468,706 | 34.1% |
| **Total number of shares** | **42,374,714** | **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 three active programs that include the management team, certain board members, key employees and key consultants.

On January 8, 2016, Vicore issued 570,000 options to key employees and key consultants. The increase in the company's share capital, assuming full exercise of the options, will amount to SEK 285,000, which corresponds to a dilution of 1.3% of the total number of shares and of the total number of votes in the company.

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 2018. The increase in the company's share capital, assuming full utilization and maximum goal achievement of both incentive programs, amounts to a maximum of approximately SEK 1,237,500, corresponding to a dilution of 5.5% of the total number of shares.

As of March 31, 2019, 475,000 share awards have been granted within the framework of Board LTIP 2018 and options corresponding to 300,000 shares have been granted within the framework of Co-worker LTIP 2018.

## I-Tech, financial asset

Vicore holds 91,829 shares in I-Tech AB (publ), which are classified as a financial asset.

## Certified Adviser

Vicore's certified adviser is Erik Penser Bank, telephone: +46 8 463 83 00, e-mail: certifiedadviser@penser.se.

## Audit review

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

# Financial Information

## Operating income

During the first quarter, operating income amounted to 0.0 MSEK (0.2).

## Research and development expenses

During the first quarter, research and development expenses amounted to 5.6 MSEK (4.1) and mainly consisted of consultancy fees for clinical work and CMC expenses.

## Other external expenses

Other external expenses for the first quarter amounted to 5.3 MSEK (1.4) and mainly consisted of other consultancy fees. A large part of these other external expenses relates to activities that are associated with research and development.

## Personnel expenses

During the first quarter, personnel expenses including costs for share-based incentive programs amounted to 5.2 MSEK (1.9). The increase is mainly due to the company´s growing organization.

## Costs for share-based incentive programs

The costs for social security contributions related to share-based incentive programs vary from quarter to quarter due to the change in the underlying share price. Related provisions are reported as long-term liabilities. The total costs for the share-based incentive programs in the first quarter amounted to 0.7 MSEK (0) out of which 0.1 MSEK (0) was provisions for social security contributions and 0.5 MSEK (0) was IFRS 2 classified salary costs. These costs have had no cash flow impact.

## Loss for the period

The operating loss for the first quarter amounted to -16.1 MSEK (-7.2). The loss for the first quarter was -16.0 MSEK (-0.2). This corresponds to a loss per share, before and after dilution, of SEK -0.40 (-0.01) for the first quarter.



## Financial summary of the group

| Amounts in MSEK | 2019 Jan-Mar | 2018 Jan-Mar | 2018 Jan-Dec |
|---|---|---|---|
| Operating income | 0.0 | 0.2 | 0.6 |
| Operating loss | -16.1 | -7.2 | -41.6 |
| Loss for the period | -16.0 | -0.2 | -21.7 |
| Loss per share, before/after dilution (SEK)[1] | -0.40 | -0.01 | -0.95 |
| Equity at the end of the period | 279.7 | 57.4 | 285.4 |
| Cash flow from operating activities | -18.5 | -7.0 | -33.0 |
| Cash and cash equivalents at the end of the period | 216.0 | 13.7 | 224.7 |

[1]. There is no dilutive effect for potential ordinary shares based on exercise of options and share rights, since the net results for the periods presented above have been negative.

## Cash flow, investments and financial position

Cash flow from operating activities for the first quarter amounted to -18.5 MSEK (-7.0). Cash flow from investing activities was 0.0 MSEK (-3.2) for the first quarter. Cash flow from financing activities amounted to 9.8 MSEK (0) for the first quarter and is related to the directed share issue of approximately 160 MSEK, which was completed in January. On March 31, 2019, cash and cash equivalents amounted to 216.0 MSEK (13.7).

## Equity

Total shareholders' equity on March 31, 2019, amounted to 279.7 MSEK (57.4) equivalent to SEK 6.60 (3.62) per share.

## Parent company

During the first quarter, operating income for the parent company amounted to 1.1 MSEK (0.7) and refers to invoiced management fees to group companies as well as costs forwarded to group companies. The loss from operations for the first quarter was -7.7 MSEK (-1.4). The costs consisted mainly of consultancy fees, salaries, travel and marketing. The loss for the first quarter amounted to -7.7 MSEK (-1.2).

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.

## Upcoming financial reports

August 23, 2019..... Interim report, quarter 2
November 8, 2019 ..... Interim report, quarter 3
February 28, 2020..... Year-end report 2019

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

# Financial reports
# Group

## Group statement of comprehensive income

| KSEK | 2019 Jan-Mar | 2018 Jan-Mar | 2018 Jan-Dec |
|---|---|---|---|
| ***Operating income*** | | | |
| Operating income | 30 | 211 | 633 |
| | **30** | **211** | **633** |
| ***Operating expenses*** | | | |
| Research and development expenses | -5,591 | -4,141 | -20,463 |
| Other external expenses | -5,330 | -1,355 | -8,624 |
| Personnel expenses | -5,163 | -1,893 | -13,125 |
| Depreciations and amortizations | -43 | -2 | -7 |
| **Profit/loss from operations** | **-16,097** | **-7,180** | **-41,586** |
| ***Results from financial items*** | | | |
| Share in profits in associated companies | 0 | 7,017 | 16,573 |
| Financial income | 54 | 0 | 3,684 |
| Financial expenses | -1 | 0 | -352 |
| **Net financial income/expense** | **53** | **7,017** | **19,905** |
| **Profit/loss before tax** | **-16,044** | **-163** | **-21,681** |
| Tax | 0 | 0 | 0 |
| **Loss for the period attributable to the parent company´s shareholders** | **-16,044** | **-163** | **-21,681** |
| ***Other comprehensive income*** | | | |
| Other comprehensive income | 0 | 0 | 0 |
| **Other comprehensive income for the period, net of tax** | **0** | **0** | **0** |
| **Total comprehensive income attributable to the parent company´s shareholders** | **-16,044** | **-163** | **-21,681** |
| **Earnings per share, before and after dilution** | **-0.40** | **-0.01** | **-0.95** |

## Consolidated statement of financial position in summary

| KSEK | 2019 Mar 31 | 2018 Mar 31 | 2018 Dec 31 |
|---|---|---|---|
| **ASSETS** | | | |
| ***Fixed assets*** | | | |
| Patent, licenses and similar rights | 69,192 | 16,637 | 69,192 |
| Equipment | 20 | 27 | 21 |
| Contract asset | 135 | 0 | 0 |
| Long-term investments | 5,621 | 32,991 | 5,567 |
| **Total fixed assets** | **74,968** | **49,655** | **74,780** |
| ***Current assets*** | | | |
| Trade receivables | 0 | 164 | 4 |
| Other receivables | 1,653 | 338 | 1,613 |
| Prepaid expences and accrued income | 548 | 424 | 515 |
| Cash and cash equivalents | 215,971 | 13,744 | 224,688 |
| **Total current assets** | **218,172** | **14,670** | **226,820** |
| **TOTAL ASSETS** | **293,140** | **64,325** | **301,600** |
| **EQUITY AND LIABILITIES** | | | |
| **Equity attributable to parent company shareholders** | **279,748** | **57,413** | **285,436** |
| ***Non-current liabilities*** | | | |
| Provision for social security contributions, share based incentive program | 411 | 0 | 278 |
| Deferred tax liability | 1,978 | 1,978 | 1,978 |
| **Total non-current liabilities** | **2,389** | **1,978** | **2,256** |
| ***Current liabilities*** | | | |
| Contract liability | 136 | 0 | 0 |
| Trade payables | 3,083 | 3,056 | 2,384 |
| Current tax liability | 286 | 153 | 285 |
| Other liabilities | 526 | 238 | 445 |
| Accrued expenses and deferred income | 6,972 | 1,487 | 10,794 |
| **Total current liabilities** | **11,003** | **4,934** | **13,908** |
| **TOTAL LIABILITIES** | **13,392** | **6,912** | **16,164** |
| **TOTAL EQUITY AND LIABILITIES** | **293,140** | **64,325** | **301,600** |

## Consolidated statement of changes in shareholder's equity in summary

| KSEK | Shareholders' equity attributable to the parent company<br>2019 Jan-Mar | 2018 Jan-Mar | 2018 Jan-Dec |
|---|---|---|---|
| **Equity at the beginning of the period** | **285,436** | **57,576** | **57,576** |
| Profit for the period | -16,044 | -163 | -21,681 |
| Other comprehensive income for the period | 0 | 0 | 0 |
| **Total comprehensive income for the period** | **269,392** | **57,413** | **35,895** |
| ***Transactions with owners:*** | | | |
| Issue of new shares | 10,030 | 0 | 303,232 |
| Issue costs | -201 | 0 | -13,745 |
| Long term incentive program | 527 | 0 | 717 |
| Dividends of shares in associated companies | 0 | 0 | -40,663 |
| **Total transactions with owners** | **10,356** | **0** | **249,541** |
| **Equity at the end of the period** | **279,748** | **57,413** | **285,436** |

## Consolidated statement of cash flow

| KSEK | 2019 Jan-Mar | 2018 Jan-Mar | 2018 Jan-Dec |
|---|---|---|---|
| ***Operating activities*** | | | |
| Operating profit | -16,097 | -7,180 | -41,586 |
| Adjustment for items not included in the cash flow | 703 | 2 | 722 |
| Interest paid | -1 | 0 | -351 |
| Income tax paid | 0 | 10 | 142 |
| **Cash flow from operating activities before changes in working capital** | **-15,395** | **-7,168** | **-41,073** |
| ***Cash flow from changes in working capital*** | | | |
| Change in operating receivables | -69 | -221 | -1,275 |
| Change in operating payables | -3,041 | 342 | 9,312 |
| **Cash flow from operating activities** | **-18,505** | **-7,047** | **-33,036** |
| ***Investing activities*** | | | |
| Acquisition of intangible assets | 0 | 0 | -2,000 |
| Acquisition of long-term investments | 0 | -3,228 | -3,228 |
| Acquisition of subsidiaries, net liquidity impact | 0 | 0 | 20,258 |
| **Cash flow from investing activities** | **0** | **-3,228** | **15,030** |
| ***Financing activities*** | | | |
| Amortization contract liability | -41 | 0 | 0 |
| Issue of new shares | 10,030 | 0 | 232,420 |
| Issue costs | -201 | 0 | -13,745 |
| **Cash flow from financing activities** | **9,788** | **0** | **218,675** |
| **Cash flow for the period** | **-8,717** | **-10,275** | **200,669** |
| **Cash and cash equivalents at the beginning of the period** | **224,688** | **24,019** | **24,019** |
| **Cash and cash equivalents at the end of the period** | **215,971** | **13,744** | **224,688** |

# Financial reports
# Parent company

## The parent company's income statement

| KSEK | 2019 Jan-Mar | 2018 Jan-Mar | 2018 Jan-Dec |
|---|---|---|---|
| ***Operating income*** | | | |
| Net sales | 540 | 737 | 2,653 |
| Other operating income | 562 | 0 | 2,524 |
| | **1,102** | **737** | **5,177** |
| ***Operating expenses*** | | | |
| Other external expenses | -5,167 | -1,081 | -8,065 |
| Personnel expenses | -3,620 | -1,089 | -9,285 |
| Depreciation and amortization of tangible and intangible assets | -2 | -2 | -7 |
| **Profit/loss from operations** | **-7,687** | **-1,435** | **-12,180** |
| ***Result from financial items*** | | | |
| Interest income from participations in group companies | 0 | 243 | 1,428 |
| Other interest income and similar profit (loss) items | 0 | 0 | 0 |
| Other interest expenses and similar loss (profit) items | 0 | 0 | -348 |
| **Net financial income/expense** | **0** | **243** | **1,080** |
| **Result after financial items** | **-7,687** | **-1,192** | **-11,100** |
| Tax | 0 | 0 | 0 |
| **The result for the period** | **-7,687** | **-1,192** | **-11,100** |

## The parent company's statement of comprehensive income

| KSEK | 2019 Jan-Mar | 2018 Jan-Mar | 2018 Jan-Dec |
|---|---|---|---|
| The result for the period | -7,687 | -1,192 | -11,100 |
| Other comprehensive income | 0 | 0 | 0 |
| **Total comprehensive income for the period** | **-7,687** | **-1,192** | **-11,100** |



## The parent company's balance sheet

| KSEK | 2019 Mar 31 | 2018 Mar 31 | 2018 Dec 31 |
|---|---|---|---|
| **ASSETS** | | | |
| ***Fixed assets*** | | | |
| Equipment | 20 | 27 | 22 |
| Participations in group companies | 275,979 | 73,643 | 275,898 |
| Receivables from group companies | 0 | 27,930 | 0 |
| Participations in associated companies | 0 | 12,754 | 0 |
| Long-term investments | 565 | 0 | 565 |
| Total fixed assets | **276,564** | **114,354** | **276,485** |
| ***Current assets*** | | | |
| *Receivables* | | | |
| Trade receivables | 0 | 164 | 4 |
| Receivables from group companies | 5,387 | 918 | 4,019 |
| Other receivables | 466 | 39 | 10,373 |
| Prepaid expenses and accrued income | 367 | 249 | 61 |
| | **6,220** | **1,370** | **14,457** |
| Cash and cash equivalents | 119,846 | 9,674 | 198,023 |
| **Total current assets** | **126,066** | **11,044** | **212,480** |
| **TOTAL ASSETS** | **402,630** | **125,398** | **488,965** |

## The parent company's balance sheet

| KSEK | 2019 Mar 31 | 2018 Mar 31 | 2018 Dec 31 |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| ***Equity*** | | | |
| *Restricted equity* | | | |
| Share capital | 21,187 | 7,934 | 16,480 |
| Ongoing new share issue | 0 | 0 | 4,707 |
| | 21,187 | 7,934 | 21,187 |
| *Non-restricted equity* | | | |
| Share premium reserve | 402,463 | 116,400 | 402,663 |
| Other non-restricted equity | 1,238 | 319 | 710 |
| Accumulated profit or loss | -23,077 | -107 | -11,977 |
| Profit (loss) for the period | -7,687 | -1,192 | -11,100 |
| | 372,937 | 115,420 | 380,296 |
| **Total equity** | **394,124** | **123,354** | **401,483** |
| ***Non-current liabilities*** | | | |
| Provisions | 385 | 0 | 278 |
| Non-current liabilities to group companies | 400 | 400 | 400 |
| | **785** | **400** | **678** |
| ***Current liabilities*** | | | |
| Trade payables | 858 | 248 | 1,510 |
| Liabilities to group companies | 0 | 0 | 75,000 |
| Current tax liability | 210 | 85 | 157 |
| Other liabilities | 407 | 140 | 358 |
| Accrued expenses and deferred income | 6,246 | 1,171 | 9,779 |
| | **7,721** | **1,644** | **86,804** |
| **Total liabilities** | **8,506** | **2,044** | **87,482** |
| **TOTAL EQUITY AND LIABILITIES** | **402,630** | **125,398** | **488,965** |



# 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.

Vicore uses the alternative performance measure equity/asset ratio. The company believes that this key ratio provides investors with useful information of the company's capital structure. This financial performance measure 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 measure as the company has defined it should not be compared with other performance measures with similar names used by other companies. This is because the above-mentioned performance measure is not always defined in the same manner, and other companies may calculate them differently to Vicore.

## Alternative performance measures

| | 2019 Jan-Mar | 2018 Jan-Mar | 2018 Jan-Dec |
|---|---|---|---|
| Total registered shares at the beginning of period | 32,960,008 | 15,868,504 | 15,868,504 |
| Total registered shares at the end of period | 42,374,714 | 15,868,504 | 32,960,008 |
| Share capital at the end of period (KSEK) | 21,187 | 7,934 | 16,480 |
| Total shareholders' equity at the end of period (KSEK) | 279,748 | 57,413 | 285,436 |
| Total shareholders' equity and liabilities at the end of the period (KSEK) | 293,140 | 64,325 | 301,600 |
| Equity/assets ratio at the end of the period (%)[1] | 95.4% | 89.3% | 94.6% |
| Earnings per share before and after dilution (SEK)[2] | -0,40 | -0,01 | -0,95 |
| Operating expenses (KSEK) | -16,127 | -7,391 | -42,219 |

1 Defined by dividing total shareholders' equity at the end of the period with the sum of shareholders' equity and liabilities at the end of the period. The key ratio provides investors with useful information of the company's capital structure.

2 Earnings per share before dilution are calculated by dividing earnings attributable to shareholders of the parent company by a weighted average number of outstanding shares 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 as earnings for the periods have been negative.

# 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 Pepparedsleden 1, 431 83 Mölndal. The main operation of the group is research and development of pharmaceutical products.

The interim report for the first quarter 2019 was approved by for publication on May 15, 2019, in accordance with the board decision on May 14, 2019.

## Note 2 Accounting principles

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." Relevant accounting and valuation principles can be found on pages 34-39 in the Annual Report 2018 unless otherwise stated below.

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.

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

### IFRS 16 Leases

As of January 1, 2019, IFRS 16 Leases replaced the former lease standard IAS 17 and related interpretations IFRIC 4, SIC 15 and SIC 27. As a result of the introduction of IFRS 16, Vicore's balance sheet total increases due to the recognition of right-of-use assets and lease liabilities. Lease payments that previously under IAS 17 have been recognized as operating expenses are replaced by depreciation of the right-of-use assets recognized as an operating expense and interest expense on the lease liability, which is reported as a financial expense. In the cash flow statement, the lease payment is split between amortization on the lease liability and payment of interest.

The standard allows the application of practical exemptions regarding short-term leases (lease term of less than 12 months) and leases where the underlying asset is of low value for which the lease payments are recognized as an expense on a straight-line basis. Vicore applies both practical exemptions. Leases with a remaining lease term of less than 12 months at the time of transition to IFRS 16 are also classified as short-term leases in accordance with the practical expedient in the transition guidelines and are thus not included in the opening balance for the lease liability and right-of-use asset.

Vicore has chosen to apply the "modified retrospective approach" at the transition to IFRS 16, which means that comparative information in previous periods are not restated. The group's lease portfolio consists of a few operating leases for premises and vehicles, which constitute the two classes of leased assets that the group present. In assessing the lease term for the lease agreements, the group has considered any extension and termination options in accordance with the requirements of IFRS 16.

At the transition to IFRS 16, all remaining lease payments (with the exception of low value leases and short-term leases) have been calculated using the incremental borrowing rate (2%).

The value as of January 1, 2019 for the right-of-use assets amount to 176 KSEK and that the corresponding value for the lease liabilities amount to 176 KSEK.

The table below shows a reconciliation between the discounted operating leases according to IAS 17 to the lease liability according to IFRS 16, which is reported as of January 1, 2019.

In the parent company, the exception in RFR 2 regarding leases is applied, which means that the parent company's principles for accounting of leases are unchanged. For more information about IFRS 16 Leases, see the Annual Report 2018 which can be downloaded from the company's website, www.vicorepharma.com.

| **Reconciliation between the operating leases according to IAS 17 to the lease liability according to IFRS 16** | **KSEK** |
|---|---|
| **Obligations for operating leases at Dec 31, 2018** | **234** |
| Deduction for leases where the following relief rules apply | |
| Short-term leases | -58 |
| Low-value leases | 0 |
| Deduction, low value leases | 0 |
| Obligation after discounting with the group's incremental borrowing rate of 2.0% | 176 |
| Added/(deducted) leases where an option to an purchase is certain | 0 |
| Added, leases with variable lease payments that depend on an index or rate | 0 |
| Other amendments | 0 |
| Lease liability according to IFRS 16 at Jan 1, 2019 | 176 |

## Note 3 Related-party transactions

Related-party transactions are of the same scope and nature as in the most recent annual report.

## 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 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. 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 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 financial risks and material risk factors, see the Annual Report 2018, which can be downloaded from the company's website, www.vicorepharma.com.

## Note 5 Financial instruments

Vicore's financial assets and liabilities comprise of cash and cash equivalents, trade receivables, other current receivables, long-term investments (I-Tech AB), trade payables 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 group's consolidated statement of financial position are comprised of the group's holding of shares in I-Tech AB, which are listed on Nasdaq First North.

# Contact Information

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*This information was submitted for publication on 15 May 2019 at 8:00 CEST.*



**The CEO certifies that the interim report gives a true and fair view of the company's operations.**

**Mölndal, May 15, 2019**

**Carl-Johan Dalsgaard, CEO**