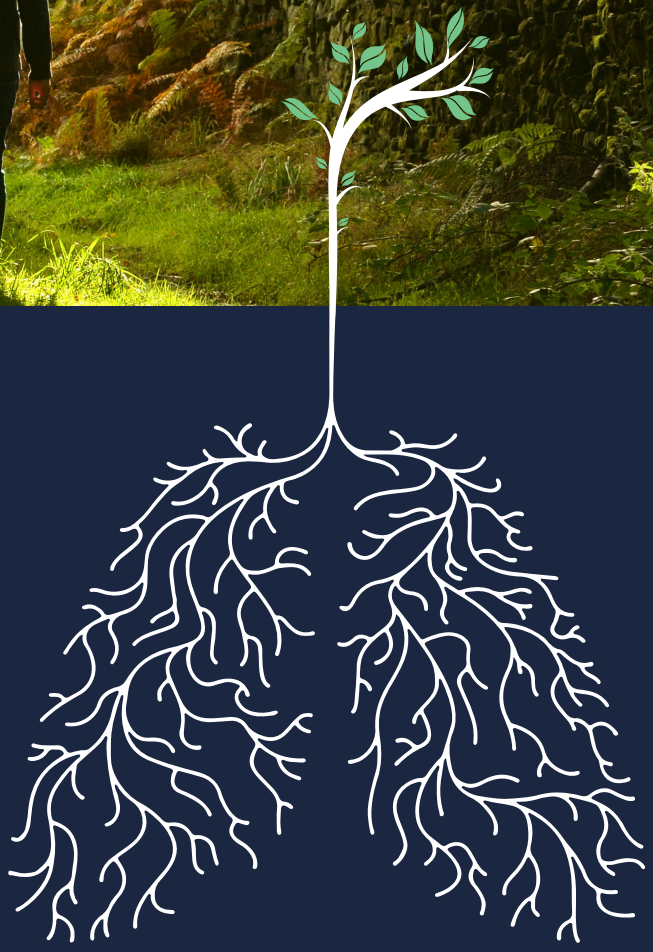
Interim report
April 1 - June 30 2019

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 second quarter

- In April, Vicore Pharma announced 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)

Important events after the period

- No significant events have taken place after the period

Financial overview for the period

April 1 - June 30, 2019

- Operating income amounted to 0.0 MSEK (0.2)
- Operating loss was -24.8 MSEK (-9.6)
- Profit/Loss for the period amounted to -26.6 MSEK (7.1)
- Profit/Loss per share, before and after dilution, was -0.63 SEK (0.40)
- On June 30, 2019, cash and cash equivalents amounted to 193.5 MSEK (224.7 MSEK as of December 31, 2018)

Financial overview for the period

January 1 - June 30, 2019

- Operating income amounted to 0.0 MSEK (0.4)
- Operating loss was -40.9 MSEK (-16.8)
- Profit/Loss for the period amounted to -42.6 MSEK (7.0)
- Profit/Loss per share, before and after dilution, was -1.02 SEK (0.39)

Financial summary of the group

Amounts in MSEK	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Operating income	0.0	0.2	0.0	0.4	0.6
Operating loss	-24.8	-9.6	-40.9	-16.8	-41.6
Profit/Loss for the period	-26.6	7.1	-42.6	7.0	-21.7
Profit/Loss per share, before/after dilution (SEK)	-0.63	0.40	-1.02	0.39	-0.95
Equity at the end of the period	253.7	64.5	253.7	64.5	285.4
Cash flow from operating activities	-22.4	4.4	-40.9	-2.7	-33.0
Cash and cash equivalents at the end of the period	193.5	18.1	193.5	18.1	224.7

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.

CEO Comments

During the second quarter we continued the intensive work to develop Vicore. We have 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 conditions 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 debilitating IPF cough, we have two distinctive and differentiated development programs within our portfolio. During the year, we will continue the focused development of our projects 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 disease has the highest mortality amongst all the rheumatological conditions and no approved disease modifying treatments exist. The strong upregulation of the angiotensin II type 2 receptor in dSSc provides us with the belief that VP01 could be highly interesting 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.

Two phase IIa studies, in patients with IPF and a mechanistic study in dSSc respectively, are on track to commence in the second half of 2019.

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

To implement our plans, we have built a strong medical and regulatory team. Rohit Batta, with extensive experience from orphan drug programs with GlaxoSmithKline, and Göran Tornling as our resident pulmonology medical expert, ensure that our patient centric study designs have an efficient, systematic and innovative approach . In addition, the in-house clinical operations team, under the leadership of Mimi Flensburg, is critical in securing the oversight of our trials. We have also appointed a senior regulatory partner with extensive rare disease experience, Rick Lilly, based in the UK to support us in our engagements with regulators. A top notch internal 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.

Developing and maintaining trusted relationships with the patient community is critical in rare diseases, and in Q2 we were delighted to become a bronze corporate sponsor for the EU-IPFF (European Idiopathic Pulmonary Fibrosis and related disorders Federation patient advocacy group). It is also a privilege to be invited to speak at their AGM.

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 is 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 regard 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.

Two phase IIa studies, in patients with IPF and dSSc respectively, are 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 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.

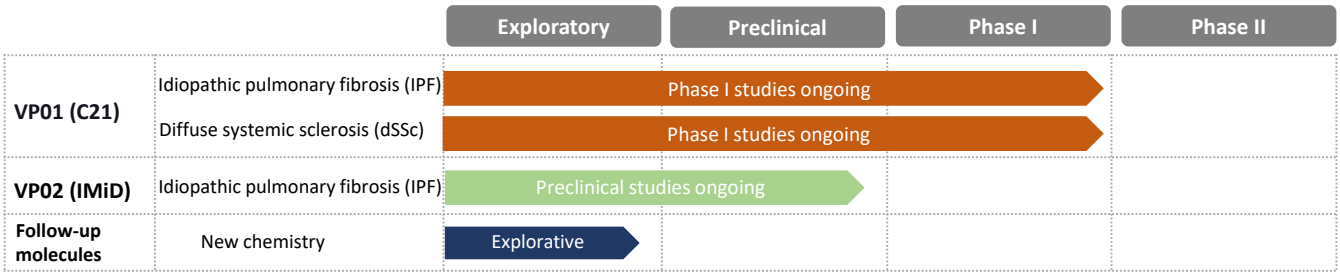
The mortality associated with the disease is similar to lung cancer, with a median survival of three to five years after diagnosis. Currently, there is no cure for IPF and treatment options are limited.

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 approximately 2.3 BUSD in 2018. 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 60 percent. 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 regu-

Pipeline



lating blood pressure and salt balance. Within RAS, there is the AT2 receptor which, upon stimulation, may contribute to healing effects in tissue damage or 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 remodelling 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 seven years in the United States.

Diffuse systemic sclerosis

Vicore Pharma has recently selected 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 in some cases autologous stem cell transplantation, with remaining challenges and high unmet need. The prevalence of systemic sclerosis is estimated at 7-34 and 14-44 per 100,000 individuals in Europe and North America, respectively. The incidence is estimated to be 1-2 and 1-6 per 100,000 individuals in Europe and North America, respectively. Systemic sclerosis is 3-4 times as common in women as in men. It is estimated that 20% of the systemic sclerosis patient population has the severe diffuse form. Between 30 and 50 percent of patients also suffer from interstitial lung disease.

Project status VP01

In April this year, Vicore selected 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.

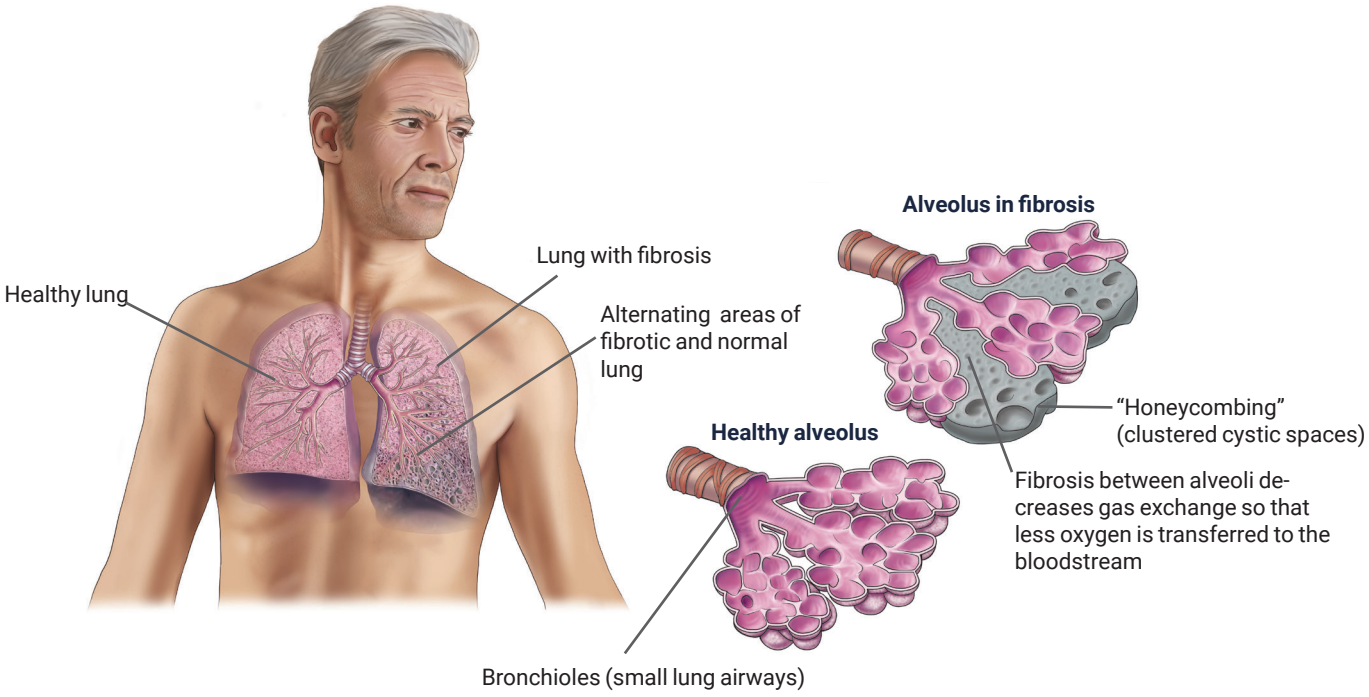
In 2016, Vicore conducted a first phase I study with VP01 in healthy volunteers. The study evolved in line with expectations and confirmed that VP01 has a good safety profile. A dose-escalating phase I study is currently being conducted where the aim is to identify the highest safe dose that can be used in the coming phase II studies. These studies (a phase IIa study in IPF patients and a phase IIa study in patients with dSSc) are planned to start during the second half of 2019.

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.

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.



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[1]. 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[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 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[3]. 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.

[1] Saini et al 2011 [2] Vigeland et al 2017 [3] Horton et al 2012

Other Information

Personnel

As of June 30, 2019, the group had eleven employees, of whom six were women and five men. Six of the employees are active in R&D and about 84% hold a PhD. The company also engages consultants for specialist tasks and assignments on a frequent basis.

The share

Vicore's shares were listed on Nasdaq First North on December 10, 2015, with the ticker VICO and ISIN SE0007577895. As of June 30, 2019, the total number of shares amounted to 42,374,714 and the market capitalization was approximately 792 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. As of June 30, 2019, the authorization has not been exercised.

Largest shareholders

Largest shareholders in Vicore as of June 30, 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	1,950,654	4.6%
Kjell Stenberg	1,531,303	3.6%
Unionen	1,438,990	3.4%
Pomona-gruppen AB	1,074,440	2.5%
Shaps Capital	985,709	2.3%
Alfred Berg	941,666	2.2%
Handelsbanken Funds	900,000	2.1%
Other	13,485,363	31,8%
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 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 June 30, 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.

Other financial asset

Vicore holds 91,829 shares in I-Tech AB (publ), which are classified as a financial asset. As of June 30, 2019, the value of the financial asset was approximately 3.9 MSEK.

Certified Adviser

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

Audit review

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

Financial Information

Operating income

Operating income during the second quarter amounted to 0.0 MSEK (0.2) and 0.0 MSEK (0.4) during the first half of the year.

Operating expenses

Operating expenses for the second quarter amounted to 24.8 MSEK (9.8) and to 41.0 MSEK (17.2) for the first six months. The increase is mainly attributable to higher research and development costs, personnel costs and other operating expenses as a result of the recruitment of key personnel and increased consultancy costs.

Research and development costs

Research and development costs during the second quarter amounted to 14.6 MSEK (4.9) and to 20.2 MSEK (9.1) for the first six months. Research and development costs relate to costs and reimbursements to Vicore's external partners in preclinical development, production, clinical and regulatory affairs. This corresponds to external costs that Vicore have for the development of VP01, VP02 and new molecules. Research and development costs for the second quarter mainly consisted of costs for the Phase I study for VP01 and formulation work.

Other external costs

Other external costs during the second quarter amounted to 4.4 MSEK (3.0) and to 9.8 MSEK (4.3) for the first half of the year. Other external costs relate to costs that Vicore has to run the company. Items included in other external costs are mainly related to expenses for auditing, legal services and accounting costs, office rent, marketing, travel and other external resources. Other external costs also include patent costs. The increase in costs compared to the previous year is mainly attributable to costs for the company's listing process to the main list, which includes both consulting costs and fees to Nasdaq. Other items in other external expenses are mainly attributable to legal and accounting services, marketing, investor activities and office rent.Other external costs attributed to research and development amounted to 0.4 MSEK (0.4) for the second quarter and to 0.7 MSEK (0.6) for the first half of the year, and consisted of patent costs.

Personnel costs

Personnel costs during the second quarter amounted to 5.8 MSEK (1.9) and to 10.9 MSEK (3.8) for the first half of the year. Personnel costs refer to all direct

Upcoming financial reports

November 8, 2019 ..... Interim report, quarter 3
February 28, 2020..... Year-end report 2019
April 15, 2020..... Annual report 2019
May 5, 2020 ..... Interim report, quarter 1

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

costs that Vicore has for employees, such as salaries, social security contributions and pensions, and costs for share-related incentive programs. Personnel includes employees in research and development. The increase compared to the previous year is mainly due to the company's growing organization, costs for share-related incentive programs (see section on *costs for share-related incentive programs*) and pension premium (one-time cost of 283 KSEK, which is related to 2018). Personnel costs for employees in research and development during the second quarter amounted to 2.6 MSEK (0.9) and to 4.5 MSEK (1.7) for the first half of the year.

Additional information about research and development costs

A summary of the company's research and development costs, including costs attributable to research and development included in the items other external costs and personnel costs are given in the table below.

Costs for share-related 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 non-current liabilities. The total costs for the share-based incentive programs during the second quarter amounted to 0.9 MSEK (0), of which 0.4 MSEK (0) consisted of provisions for social security contributions and 0.5 MSEK (0) was IFRS 2 classified salary costs. During the first half of the year, the total costs for the share-based incentive programs amounted to 1.6 MSEK (0), of which 0.5 MSEK (0) consisted of provisions for social security contributions and 1.1 MSEK (0) were IFRS 2 classified salary costs. These costs have had no cash flow impact.

Amounts in KSEK	**2019 Apr-Jun**	**2018 Apr-Jun**	**2019 Jan-Jun**	**2018 Jan-Jun**	**2018 Jan-Dec**
Research and development costs	-14,577	-4,918	-20,168	-9,060	-20,463
Other external costs	-4,439	-2,984	-9,769	-4,339	-8,624
of which is attributed to research and development	*-423*	*-376*	*-739*	*-550*	*-1,146*
Personnel costs	-5,765	-1,859	-10,928	-3,752	-13,125
of which is attributed to research and development	*-2,560*	*-908*	*-4,489*	*-1,713*	*-3,382*
Research and development costs incl. other costs which is attributed to research and development	**-17,560**	**-6,203**	**-25,396**	**-11,323**	**-24,991**

Financial summary of the group

Amounts in MSEK	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Operating income	0.0	0.2	0.0	0.4	0.6
Operating loss	-24.8	-9.6	-40.9	-16.8	-41.6
Profit/Loss for the period	-26.6	7.1	-42.6	7.0	-21.7
Profit/Loss per share, before/after dilution (SEK)	-0.63	0.40	-1.02	0.39	-0.95
Equity at the end of the period	253.7	64.5	253.7	64.5	285.4
Cash flow from operating activities	-22.4	4.4	-40.9	-2.7	-33.0
Cash and cash equivalents at the end of the period	193.5	18.1	193.5	18.1	224.7

Result

Operating profit for the second quarter amounted to -24.8 MSEK (-9.6) and to -40.9 MSEK (-16.8) for the first six months. The result from financial items amounted to -1.7 MSEK (16.7) for the second quarter and to -1.7 MSEK (23.7) for the first six months. The difference compared with the previous year is mainly attributable to the effect of the company's shares in I-Tech, which during the second quarter of 2018 were reclassified from associated companies to financial assets. The financial asset was revalued to market value at the stock market listing for I-Tech. In conjunction with the Extraordinary General Meeting in August 2018, it was also resolved to distribute the majority of the investment in I-Tech to Vicore´s shareholders. After the distribution Vicore holds 91,829 shares in I-Tech, which are classified as a financial asset. Financial expenses during the second quarter amounted to -1.7 MSEK (-0.1) and to -1.7 MSEK (-0.1) for the first half of the year. The increase compared to the previous year is mainly due to a negative change in value in the company's financial assets during the period. The result for the second quarter amounted to -26.6 MSEK (7.1) and to -42.6 MSEK (7.0) for the first half of the year. No tax expense was reported for the quarter (-). Earnings per share before and after dilution amounted to SEK -0.63 (0.40) for the second quarter and to SEK -1.02 (0.39) for the first six months.

Cash flow, investments and financial position

Cash flow from operating activities for the second quarter amounted to -22.4 MSEK (4.4) and to -40.9 MSEK (-2.7) for the first six months. Cash flow from investing activities amounted to 0 MSEK (0) for the second quarter and 0 MSEK (-3.2) for the first six months. Cash flow from financing activities amounted to 0 MSEK (0) for the second quarter and 9.8 MSEK (0) for the first half of the year. Cash flow from financing activities amounting to 9.8 MSEK for the first half of the year is related to the directed share issue of approximately 160 MSEK, which was completed in January. As of June 30, 2019, cash and cash equivalents amounted to MSEK 193.5 (18.1). The increase is due to the new share issues that were carried out during the second half of 2018.

During the second quarter, the leasing agreement for premises was extended, which constitutes the majority of the company's right-of-use asset (contract asset) and leasing liabilities (contract liability) in the balance sheet. The contract asset and the contract liability attributable to the rental agreement for premises was 384 KSEK and 385 KSEK, respectively, at the end of the period. After the period, the leasing agreement was terminated.

Equity

Equity as of June 30, 2019, amounted to 253.7 MSEK (64.5), corresponding to 5.99 SEK (4.07) per share. The company's equity / assets ratio at the end of the period was 94.4% (75.2%). The equity / assets ratio, which is the company's alternative performance measure (APM), is defined on page 22. The company believes that this key ratio provides investors with useful information of the company's capital structure.

Parent company

During the second quarter, operating income for the parent company amounted to 1.0 MSEK (0.7) and 2.1 MSEK (1.4) for the first six months.

Net sales during the second quarter amounted to 1.0 MSEK (0.7) and mainly consisted of management fees to group companies. Management fees to group companies were reported in the annual report together with management fees to I-Tech (the agreement was terminated in 2018) under other operating income. Management fees to group companies have been reclassified from other operating income to net sales. Historical figures have been adjusted to reflect this reclassification. Other operating income mainly relates to costs forwarded to group companies and amounted to 0 MSEK (0) for the second quarter and to 0.6 MSEK (0) for the first six months. Operating profit for the second quarter amounted to -6.0 MSEK (-2.0) and to -13.7 MSEK (-3.5) for the first six months. The costs consisted mainly of consulting costs, salaries, travel and marketing. The increase compared to the previous year is mainly attributable to costs for the company's listing process to the main list as well as a larger organization. For the second quarter, the loss amounted to -6.0 MSEK (-1.8) and to -13.7 MSEK (-3.0) for the first six months.

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Financial reports
Group

Group statement of comprehensive income

KSEK	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Operating income					
Net sales	0	151	0	348	508
Operating income	2	16	32	30	125
	2	**167**	**32**	**378**	**633**
Operating expenses					
Research and development costs	-14,577	-4,918	-20,168	-9,060	-20,463
Other external costs	-4,439	-2,984	-9,769	-4,339	-8,624
Personnel costs	-5,765	-1,859	-10,928	-3,752	-13,125
Depreciations and amortizations	-40	-1	-83	-3	-7
Other operating expenses	-20	0	-20	0	0
Profit/loss from operations	**-24,839**	**-9,595**	**-40,936**	**-16,776**	**-41,586**
Result from financial items					
Share in profits in associated companies	0	9,556	0	16,573	16,573
Financial income	-54	7,222	0	7,222	3,684
Financial expenses	-1,676	-55	-1,677	-55	-352
Net financial income/expense	**-1,730**	**16,723**	**-1,677**	**23,740**	**19,905**
Profit/loss before tax	**-26,569**	**7,128**	**-42,613**	**6,964**	**-21,681**
Tax	0	0	0	0	0
Loss for the period attributable to the parent company´s shareholders	**-26,569**	**7,128**	**-42,613**	**6,964**	**-21,681**
Other comprehensive income					
Other comprehensive income	0	0	0	0	0
Other comprehensive income for the period, net of tax	**0**	**0**	**0**	**0**	**0**
Total comprehensive income attributable to the parent company´s shareholders	**-26,569**	**7,128**	**-42,613**	**6,964**	**-21,681**
Earnings per share, before and after dilution (SEK)	**-0,63**	**0,40**	**-1,02**	**0,39**	**-0,95**

Consolidated statement of financial position in summary

KSEK	2019 June 30	2018 June 30	2018 Dec 31
ASSETS			
Fixed assets			
Patent, licenses and similar rights	69,192	16,637	69,192
Equipment	0	25	21
Contract asset	414	0	0
Long-term investments	3,894	49,768	5,567
Total fixed assets	**73,500**	**66,430**	**74,780**
Current Assets			
Trade receivables	0	193	4
Other receivables	1,256	807	1,613
Prepaid expenes and accrued income	512	322	515
Cash and cash equivalents	193,491	18,102	224,688
Total current assets	**195,259**	**19,424**	**226,820**
TOTAL ASSETS	**268,759**	**85,854**	**301,600**
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders	253,713	64,540	285,436
Non-current liabilities			
Contract liability	385	0	0
Provision for social security contributions, share based incentive program	803	0	278
Deferred tax liability	1,978	1,978	1,978
Total non-current liabilities	3,166	1,978	2,256
Current liabilities			
Contract liability	31	0	0
Trade payables	6,176	2,185	2,384
Current tax liability	427	206	285
Other liabilities	19	15,245	445
Accrued expenses and deferred income	5,227	1,700	10,794
Total current liabilities	11,880	19,336	13,908
TOTAL LIABILITIES	15,046	21,314	16,164
TOTAL EQUITY AND LIABILITIES	268,759	85,854	301,600

Consolidated statement of changes in shareholder's equity in summary

KSEK	Shareholders' equity attributable to the parent company				
	2019 Apr-jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan- Jun	2018 Jan-Dec
Equity at the beginning of the period	279,748	57,412	285,436	57,576	57,576
Profit for the period	-26,569	7,128	-42,613	6,964	-21,681
Other comprehensive income for the period	0	0	0	0	0
Total comprehensive income for the period	-26,569	7,128	-42,613	6,964	-21,681
Transactions with owners:					
Issue of new shares	0	0	10,030	0	303,232
Issue costs	0	0	-201	0	-13,745
Long term incentive program	534	0	1,061	0	717
Dividends of shares in associated companies	0	0	0	0	-40,663
Total transactions with owners	534	0	10,890	0	249,541
Equity at the end of the period	253,713	64,540	253,713	64,540	285,436

Consolidated statement of cash flow

KSEK	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan- Jun	2018 Jan-Dec
Operating activities					
Operating profit	-24,839	-9,595	-40,936	-16,776	-41,586
Adjustment for items not included in the cash flow	594	1	1,164	3	722
Interest paid	-3	-55	-5	-55	-351
Income tax paid	0	53	0	63	142
Cash flow from operating activities before changes in working capital	-24,248	-9,596	-39,777	-16,765	-41,073
Cash flow from changes in working capital					
Change in operating receivables	433	-395	364	-615	-1,275
Change in operating payables	1,375	14,349	-1,532	14,691	9,312
Cash flow from operating activities	-22,440	4,358	-40,945	-2,689	-33,036
Investing activities					
Acquisition of intangible assets	0	0	0	0	-2,000
Acquisition of long-term investments	0	0	0	-3,228	-3,228
Acquisition of subsidiaries, net liquidity impact	0	0	0	0	20,258
Cash flow from investing activities	0	0	0	-3,228	15,030
Financing activities					
Amortization	-40	0	-81	0	0
Issue of new shares	0	0	10,030	0	232,420
Issue costs	0	0	-201	0	-13,745
Cash flow from financing activities	-40	0	9,748	0	218,675
Cash flow for the period	-22,480	4,358	-31,197	-5,917	200,669
Cash and cash equivalents at the beginning of the period	215,971	13,744	224,688	24,019	24,019
Cash and cash equivalents at the end of the period	193,491	18,102	193,491	18,102	224,688

Financial reports
Parent company

The parent company's income statement

KSEK	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan- Jun	2018 Jan-Dec
Operating income					
Net sales	1,016	691	1,556	1,428	2,653
Other operating income	2	16	563	16	2,524
	1,018	707	2,119	1,444	5,177
Operating costs					
Other external costs	-3,403	-1,795	-8,518	-2,876	-8,065
Personnel costs	-3,588	-951	-7,214	-2,039	-9,285
Depreciation and amortization of tangible and intangible assets	0	-2	-2	-4	-7
Other operating expenses	-20	0	-20	0	0
Profit/loss from operations	-5,993	-2,041	-13,635	-3,475	-12,180
Result from financial items					
Interest income from participations in group companies	0	316	0	559	1,428
Other interest expenses and similar loss (profit) items	0	-52	0	-52	-348
Net financial income/expense	0	264	0	507	1,080
Result after financial items	-5,993	-1,777	-13,635	-2,968	-11,100
Tax	0	0	0	0	0
The result for the period	-5,993	-1,777	-13,635	-2,968	-11,100

The parent company's statement of comprehensive income

KSEK	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan- Jun	2018 Jan-Dec
The result for the period	-5,993	-1,777	-13,635	-2,968	-11,100
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	-5,993	-1,777	-13,635	-2,968	-11,100

The parent company's balance sheet

KSEK	2019 June 30	2018 June 30	2018 Dec 31
ASSETS			
Fixed assets			
Equipment	0	25	22
Participations in group companies	276,060	73,643	275,898
Receivables from group companies	0	36,298	0
Participations in associated companies	0	0	0
Long-term investments	565	12,754	565
Total fixed assets	276,625	122,720	276,485
Current assets			
Receivables			
Trade receivables	0	193	4
Receivables from group companies	2,878	541	4,019
Other receivables	1,071	96	10,373
Prepaid expenses and accrued income	315	249	61
Total current assets	4,264	1,079	14,457
Cash and cash equivalents	115,295	15,092	198,023
Total current assets	119,559	16,171	212,480
TOTAL ASSETS	396,184	138,891	488,965

The parent company's balance sheet

KSEK	2019 June 30	2018 June 30	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
Total restricted equity	21,187	7,934	16,480
Non-restricted equity			
Share premium reserve	402,463	116,400	402,663
Accumulated profit or loss	-21,306	212	-11,267
Profit (loss) for the period	-13,680	-2,970	-11,100
Total non-restricted equity	367,477	113,642	380,296
TOTAL EQUITY	388,664	121,576	401,483
Non-current liabilities			
Provisions	736	0	278
Non-current liabilities to group companies	400	400	400
Total non-current liabilities	1,136	400	678
Current liabilities			
Trade payables	1,510	299	1,510
Liabilities to group companies	0	0	75,000
Current tax liability	283	100	157
Other liabilities	463	15,131	358
Accrued expenses and deferred income	4,128	1,385	9,779
Total current liabilities	6,384	16,915	86,804
TOTAL LIABILITIES	7,520	17,315	87,482
TOTAL EQUITY AND LIABILITIES	396,184	138,891	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.

Equity/Assets ratio

Vicore presents in this report certain key performance measures, including one measure that is not defined under IFRS, namely 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.

Definition of alternative performance measure (APM)

Equity/Assets ratio - Equity as percentage of the sum of shareholders' equity and liabilities.

Key performance measures

	2019 Apr-Jun	2018 Apr-Jun	2019 Jan-Jun	2018 Jan-Jun	2018 Jan-Dec
Total shareholders' equity at the end of period (KSEK)	253,713	64,540	253,713	64,540	285,436
Total shareholders' equity and liabilities at the end of the period (KSEK)	268,759	85,854	268,759	85,854	301,600
Equity/assets ratio at the end of the period (%)[1]	94.40%	75.20%	94.40%	75.20%	94.60%
Total registered shares at the beginning of period	42,374,714	15,868,504	32,960,008	15,868,504	15,868,504
Total registered shares at the end of period	42,374,714	15,868,504	42,374,714	15,868,504	32,960,008
Share capital at the end of period (KSEK)	21,187	7,934	21,187	7,934	16,480
Earnings per share before and after dilution (SEK)[2]	-0.63	0.40	-1.02	0.39	-0.95
Operating expenses (KSEK)	-24,841	-9,762	-40,968	-17,154	-42,219

[1] Equity/Assets ratio is the company's alternative performance measure (APM) and is defined above. The key ratio provides investors with useful information of the company's capital structure.

[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. Dilution from the 2016 incentive program has had no impact on earnings per share for the second half of 2018 and the first half of 2018.

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 1, 411 05 Gothenburg, Sweden. The main operation of the group is research and development of pharmaceutical products.

The interim report for the second quarter 2019 was approved by for publication on August 23, 2019, in accordance with the board decision on August 22, 2019.

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 34-39 of the Annual Report for 2018.

The interim report for the second 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 Jan - 31 December 2018 with the exception of those described below.

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

IFRS 16 Leasing Agreement

As of January 1, 2019, IFRS 16 Leases replaced the previous leasing standard IAS 17 Leases and associated interpretations IFRIC 4, SIC 15 and SIC 27. As a result of the introduction of IFRS 16, Vicore's balance sheet total is increased through accounting for right-of-use asset (contract asset) and leasing liabilities (contract liability). Leasing fees that have been recognized as an expense in operating profit under IAS 17 are replaced by depreciation of the right-of-use assets which are recognized as an expense in operating income and interest on the leasing liability which is reported as a financial expense. In the cash flow analysis, the leasing payment is divided between amortization of the lease debt and payment of interest.

The standard allows exceptions for leases with a lease period of less than 12 months (short-term leasing agreements) and leasing agreements for assets that have a low value for which the leasing fees can be expensed on an ongoing basis in the income statement. Vicore uses both of these relief rules. Leases with a residual maturity of less than 12 months at the time of transition to IFRS 16 are classified as short-term leases in accordance with the relief rule in the transitional rules and are not included in the opening balance for leasing debt and rights of use.

Vicore has chosen to apply the simplified transition method in the transition to IFRS 16, which means that comparative information in previous periods is not recalculated. The group's leasing portfolio consists of a few operating leases for premises and vehicles, which are the two classes of leased assets presented by the group. In assessing the leasing period for the lease agreements, the group has taken into account any extension and termination options in accordance with the provisions of IFRS 16.

At the transition to IFRS 16, all remaining leasing fees (except for low value leasing and short-term leasing agreements) have been calculated at present value with the marginal loan interest rate (2%).

The value as of January 1, 2019 for rights of use amounts to 176 KSEK and the corresponding value for leasing liabilities amounts to 176 KSEK.

In the parent company, the exception in RFR 2 regarding leasing agreements has chosen to apply, which means that the parent company's principles for accounting for leasing agreements are unchanged.

For more information on IFRS 16 leasing agreements, see the

annual report for 2018 and the interim report for the first quarter available on the company's website, www.vicorepharma.com.

During the second quarter, the leasing agreement for premises was extended, which constitutes the majority of the company's contract assets and contract liabilities in the balance sheet. The contract asset and the contract liability attributable to the rental agreement for premises amounted to 384 KSEK and 385 KSEK, respectively, at the end of the period. After the reporting period, the leasing agreement for premises was terminated.

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 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. 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. 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

Vicores 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 balance sheet are comprised of the group's holding of shares in I-Tech AB, which are listed on Nasdaq First North.

The Board of Directors and the CEO provide their assurance that the interim 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, August, 23 2019

Leif Darner
Chairman

Jacob Gunterberg
Board member

Hans Schikan
Board member

Maarten Kraan
Board member

Peter Ström
Board member

Carl-Johan Dalsgaard
CEO

Sara Malcus
Board member

Contact Information

Address

Vicore Pharma Holding AB, Headquarter
Kronhusgatan 11
SE-411 05 Gothenburg, Sweden
Tel: +46 (0)31-788 05 60
Org.no.: 556680-3804
www.vicorepharma.com

Vicore Pharma Holding AB, Stockholm
Kornhamnstorg 53
111 27 Stockholm, Sweden

Contact

Carl-Johan Dalsgaard, CEO
T: + 46 (0)70 975 98 63
E: carl-johan.dalsgaard@vicorepharma.com
Hans Jeppsson, CFO
T: +46 (0)70 553 14 65
E: hans.jeppsson@vicorepharma.com
Christian Hall, IR Manager
T: +46 (0)76 311 12 42
E: christian.hall@vicorepharma.com

This information was submitted for publication on August 23 at 08:00 CEST.

Vicore Pharma Holding AB | Kronhusgatan 11, SE-411 05 Gothenburg, Sweden | +46 (0)31-788 05 60 | vicorepharma.com