Interim report Jul 1 - Sep 30, 2020

Vicore Pharma Holding AB (publ)

vicorepharma.com

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Summary of the Period

Important events during the third quarter

- In July, Vicore completed a directed share issue resulting in proceeds of 185 MSEK before transaction costs.
- In July, Vicore announced that the first patient with COVID-19 had been dosed in the ATTRACT study in India.
- In August, Vicore announced that the study with VP01 in patients with systemic sclerosis had restarted after the pause caused by the COVID-19 pandemic.
- In September, Vicore announced that treatment with VP01 on lung tissue with idiopathic pulmonary fibrosis (IPF) caused a dose-dependent decrease of TGFβ1, a key growth factor in fibrosis development.
- In September, Vicore announced that the last patient had been included in the ATTRACT study in COVID-19.

Important events after the period

- In November, Vicore acquired a series of intellectual property rights (IPR) from HaLaCore Pharma AB ("HaLaCore") as part of the development of novel angiotensin II type 2 receptor (AT2R) agonists.
- In November, Vicore announced changes in the management team.

Financial overview for the period

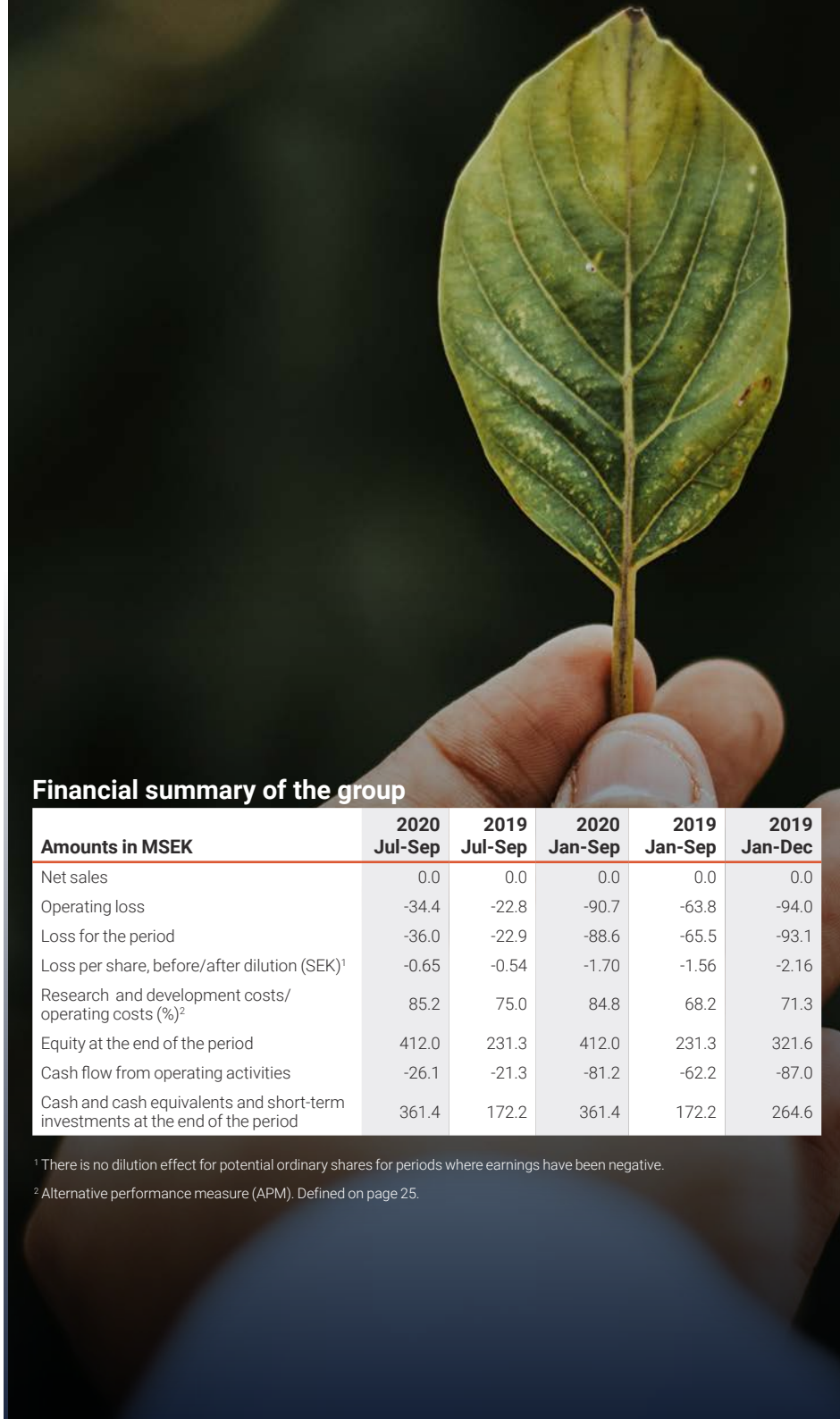
July 1 - September 30, 2020

- Net sales amounted to 0.0 MSEK (0.0)
- The operating loss was -34.4 MSEK (-22.8)
- Loss for the period amounted to -36.0 MSEK (-22.9)
- Loss per share, before and after dilution, was -0.65 SEK (-0.54)
- On September 30, 2020, cash and cash equivalents and short-term investments amounted to 361.4 MSEK (264.6 MSEK as of December 31, 2019)

January 1 - September 30, 2020

- Net sales amounted to 0.0 MSEK (0.0)
- The operating loss was -90.7 MSEK (-63.8)
- Loss for the period amounted to -88.6 MSEK (-65.5)
- Loss per share, before and after dilution, was -1.70 SEK (-1.56)

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



Financial summary of the group

Amounts in MSEK	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Net sales	0.0	0.0	0.0	0.0	0.0
Operating loss	-34.4	-22.8	-90.7	-63.8	-94.0
Loss for the period	-36.0	-22.9	-88.6	-65.5	-93.1
Loss per share, before/after dilution (SEK)[1]	-0.65	-0.54	-1.70	-1.56	-2.16
Research and development costs/ operating costs (%)[2]	85.2	75.0	84.8	68.2	71.3
Equity at the end of the period	412.0	231.3	412.0	231.3	321.6
Cash flow from operating activities	-26.1	-21.3	-81.2	-62.2	-87.0
Cash and cash equivalents and short-term investments at the end of the period	361.4	172.2	361.4	172.2	264.6

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

[2] Alternative performance measure (APM). Defined on page 25.

CEO Comments

The third quarter was characterized by intense activities, especially within clinical development.

The ATTRACT-study fully recruited in two months

After we established that we would not reach the sufficient number of COVID-19 patients in the UK, we did a careful analysis of three other countries with still rising cases; India, Ukraine and Russia. We decided to continue with all three of them and started to include patients in India already by the end of July and then finalized the recruitment with 106 patients by the end of September, which was at the same time as the regulatory processes in Ukraine and Russia were finalized. We can now conclude that we are among a few companies with a new molecule that, so far, have managed to complete a controlled COVID-19 study. We are now following up that all data points are correct before the statisticians can analyze the data. We expect to publish top-line results before year end.

We would like to take the opportunity and thank medical research charity LifeArc for the grant of 18.5 MSEK which was a contributing factor for us to realize the study.

The IPF study is expanding

In parallel with the investigation to move the COVID-19 study, we decided to do the same exercise with the IPF-study and investigated the possibility to expand to India, where we now have regulatory approval, as well as Ukraine and Russia, where regulatory processes are ongoing. We already have approval to start the study in the UK; however, because COVID-19 cases are increasing again in the UK and because IPF patients are particularly sensitive to infection, it will take some time before the study can start there. In India, not all hospitals are treating COVID-19 patients and therefore it will be safer for the patients attending the study. Considering the COVID-19 situation, it is difficult to give a prognosis for when the read-out of the study may occur. It is highly dependable on how the pandemic develops and how soon we can have more clinics up and running. The target is still to finalize the study in 2022.

The systemic sclerosis study is recruiting patients again

The study on blood-flow in patients with systemic sclerosis and Raynaud's phenomenon has resumed after a pause due to the COVID-19 situation in the UK. The recruitment pace is a bit slower than earlier but we hope to finalize the recruitment before year end, unless new restrictions put a stop to it.

Confirming data in human lung tissue from IPF-patient

Lung tissue from IPF patients, who have undergone lung transplantation, can be used as a model to measure effects of drugs in this disease. Vicore has conducted such a study with VP01 and found that the ATR receptor (the target of VP01) was expressed in the tissue. Furthermore, it was found that VP01 in clinically relevant concentrations caused a dose-dependent decrease of TGFβ1, a key growth factor in fibrosis development. It is very encouraging that we have been able to show clear effects in the right tissue, right species (human) and in the right concentrations.

The VP02 program initiates technical transfer for clinical (GMP) production

The inhaled formulation for local administration of an IMiD to treat IPF and IPF-related cough is in preclinical development undergoing formulation optimization and preparations for toxicity studies. The production of the substance for the first clinical study has been delayed due to a technical disturbance with the British producer. The disturbance is expected to be sorted out and corrected within soon, but we estimate around six months delay in the development work due to this.

The VP03 program develops further

The VP03 program, where new patent protected AT2 receptor agonists are developed, continues in good pace and we have recently acquired a series of new patent applications from HaLaCore for further development.

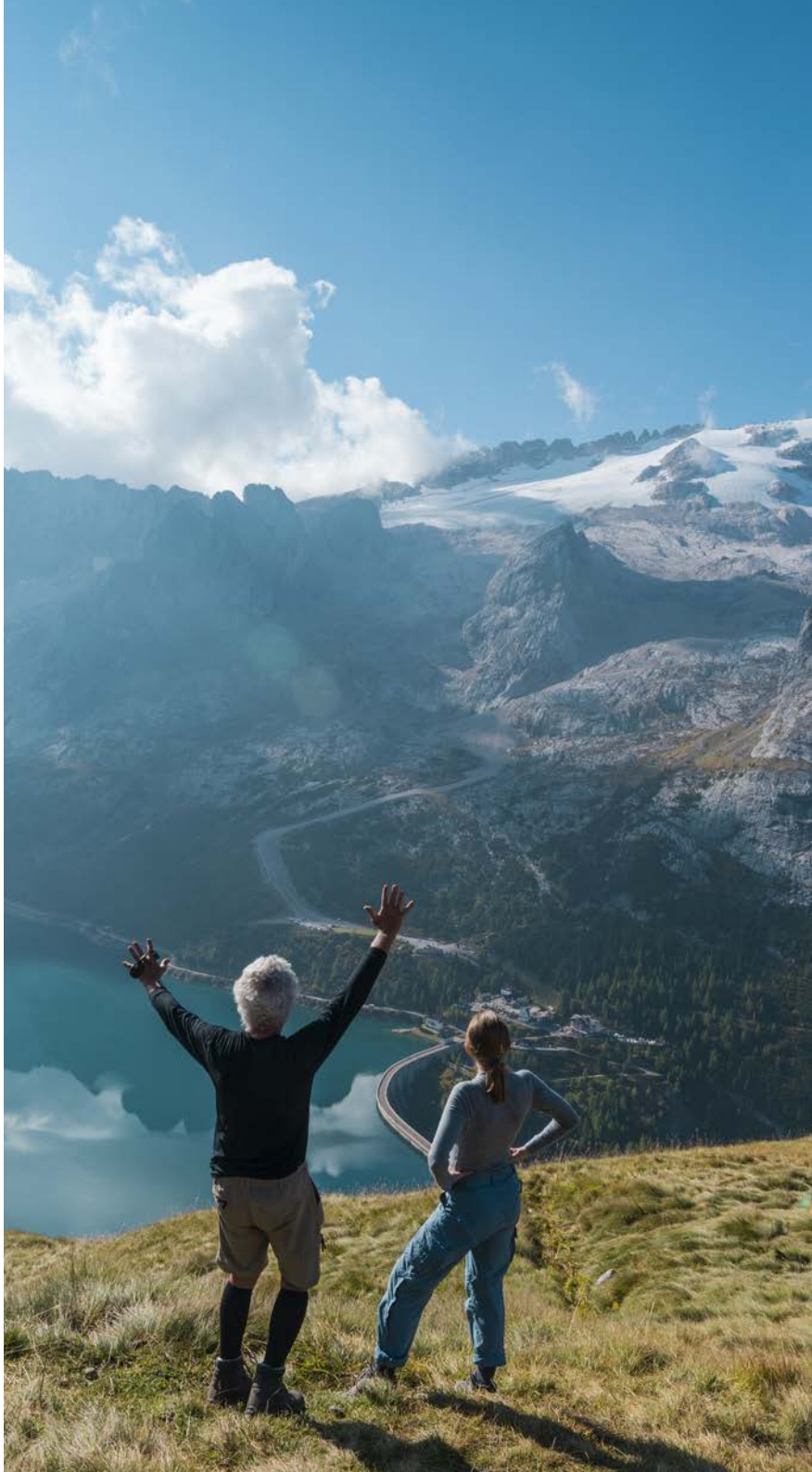
Changes in the management team

The development phase we are in means a larger focus on our projects and project management to effectively achieve our goals and therefore we have decided to increase the management team in Vicore. The management team will consist of the following persons; Carl-Johan Dalsgaard (CEO), Hans Jeppsson (CFO), Rohit Batta (CMO), Johan Raud (CSO), Elin Rosendahl (VP Clinical Development), Ola Camber (Head of Pharmaceutical R&D, Nina Carlén (CAO) och Johanna Gräns (Preclinical Development).

Summary

During the third quarter, we completed a phase II study and resumed one. We are well positioned to develop new therapies for patients with fibrotic lung disease.

Carl-Johan Dalsgaard, CEO



Business and Focus Areas

Vicore is a rare disease pharmaceutical company focused on rare lung disorders and related indications. The company currently has three drug development programs, VP01, VP02 and VP03. VP01 aims to develop the substance C21 for the treatment of idiopathic pulmonary fibrosis ("IPF"), pulmonary fibrosis in systemic sclerosis ("SSc") and COVID-19. VP02 is based on a new formulation and delivery route of an existing immunomodulatory compound (an "IMiD"). VP02 focuses on the underlying disease and the severe cough associated with IPF. VP01 and VP02 are also being actively evaluated for other indications within the field of fibrotic lung diseases which have a significant high unmet need. Within the project VP03, Vicore develops new patentable C21-like molecules with new and in some respects improved properties. The objective is partly to develop competitive pharmaceutical products for also broader indications where it is not possible to obtain orphan drug status.

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

Vicore has a patient-centered focus and works with patient groups in severe lung diseases, non-profit organizations started by patients, caregivers, family members or healthcare professionals, to understand their experiences and needs. In 2020, Vicore made a contribution to Action for Pulmonary Fibrosis as part of increasing the understanding of IPF. Vicore is also a sponsor of the EU-IPFF , the European charity and patient organization for IPF, and participates in their conventions.

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

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

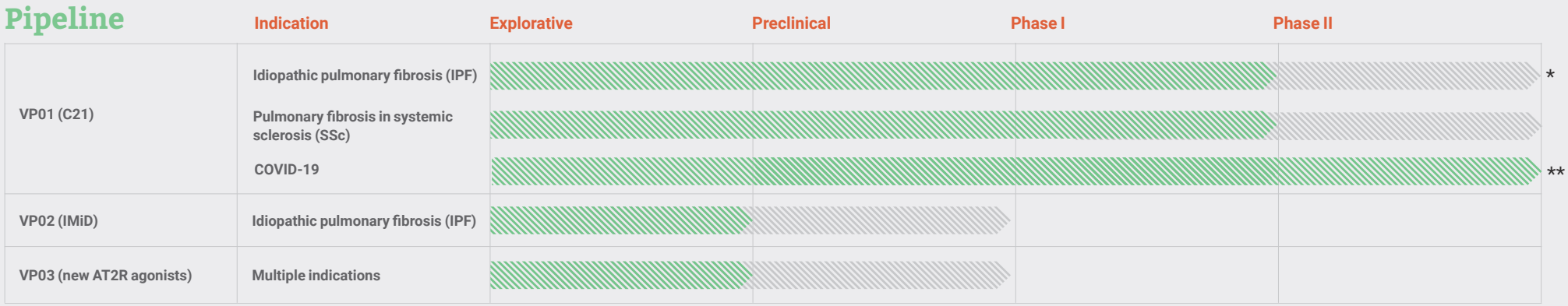
Goal

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

Vision

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

Project Overview



* Clinical trial application (CTA) approved in UK and India. First patient is expected during Q4, 2020

** Fully recruited. Top-line data expected during Q4, 2020

VP01 - AT2 receptor agonist - multi-modal effect

Vicore's drug candidate VP01 (C21) originates from extensive research on the Renin-Angiotensin System (RAS), a central system in the body for regulating blood pressure and salt balance. Within RAS, there is the angiotensin II type 2 receptor (AT2 receptor), which, upon activation, contributes to healing effects after tissue damage or within immune system disorders, and may also counteract the negative effects of angiotensin II type 1 receptor (AT1R) activation. The AT2 receptor is found to be highly up-regulated in diseases such as IPF.

Results from extensive preclinical research conducted with VP01 indicate that it has anti-inflammatory, anti-fibrotic, anti-proliferative, vasodilatory and positive vascular remodelling actions. In June, Vicore announced positive results with VP01 in a gold-standard preclinical model considered predictive of human pulmonary hypertension, the so called Sugen-Hypoxia-induced pulmonary hypertension (PH) model. Pulmonary hypertension is a common and serious complication of interstitial lung disease, including IPF, and is not addressed with currently available therapies.

In September, Vicore announced robust effects of VP01 in idiopathic pulmonary fibrosis lung tissue. Human IPF lung tissue harvested from a patient during lung transplantation showed stable expression of AT2R, the VP01 target, and treatment with clinically relevant concentrations of VP01 caused a dose-dependent decrease of TGFβ1, a key growth factor in fibrosis development.

VP01 selectively binds to and activates the AT2 receptor and thereby generates several biological effects beneficial to counteracting fibrosis, inflammation and vasculopathy, an ideal profile for treatment of complex diseases such as IPF. Vicore has received orphan drug designation for VP01 in IPF which e.g. provides for up to ten years of market exclusivity (from the date of registration of an approved drug) in Europe and seven years in the United States.

Project status VP01

In September 2019, Vicore completed a 54-subject phase I dose-escalation study with VP01. The study established that 200 mg daily has a good safety profile and that it is the maximum tolerated dose. This dose is used in the ongoing phase II study in SSc and will be used in the phase II studies in IPF and COVID-19. Moreover, based on receptor-binding and other data, Vicore concluded that this dose results in a free VP01 plasma concentration that is sufficient to activate the AT2 receptor.

The phase II study in IPF has been designed in collaboration with international clinical experts in IPF and will investigate both safety and lung function. The study aims to support the decision to initiate a confirmatory phase IIb/III study. The clinical trial application (CTA) for the phase II study in patients with IPF was submitted to the UK regulatory agency, MHRA, at the end of March and was approved in May. However, to ensure that the study is not dependent on just one country, feasibility studies have been performed in other countries and a clinical trial application was approved by the Indian authorities as the first country outside the UK. Vicore has also submitted an application to start the study in Ukraine and Russia.

The IPF study was designed to

- provide strong statistical power to detect a treatment effect
- make patient recruitment easier
- reduce the number of patients needed

Instead of a blinded placebo controlled three months study, which the safety package automatically allows for, Vicore will conduct a six months study and compare with well documented patient baseline values. This is feasible since the important endpoint, FVC, a measurement of lung volume, is an objective measure and because disease progression has consistently been documented to correspond to a decrease of lung volume of approximately 120 ml per six months. By doing this change, it is also possible to eliminate the risk of unintentional unblinding, since patients may realize whether or not they are on drug or placebo during the course of the study. In addition, patients will be given the opportunity to continue treatment for another three months. Depending on the COVID-19 situation, Vicore anticipates that patient recruitment can start during Q4, 2020.

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

In the phase II clinical study with VP01 in patients with SSc and Raynaud's phenomenon, Vicore is studying if acute treatment with VP01 can increase blood flow in a cold challenge test. Effects on blood flow may be significant in the lung manifestations in SSc as well as in IPF. The study has recruited patients faster than planned since the start in December. However, the clinical trial work was paused in March due to the situation with the COVID-19 pandemic. The study has now started again and if the COVID-19 situation does not change, the study is expected to be completed by the end of the year.

In addition, Vicore is conducting a phase II study with VP01 in patients with COVID-19. It is called ATTRACT (Angiotensin II Type Two Receptor Agonist COVID-19 Trial). At the end of July, the first patient was dosed in India and on October 1, the company reported that the study was fully recruited. Top-line data is expected to be available before the end of the year.

Vicore has been awarded a 1.5 GBP million grant from the UK-based self-funded medical research charity LifeArc to co-fund the study. Internal preclinical findings with C21 and the fact that RAS plays a key role in the development of COVID-19 suggest that C21 could have a role in the treatment of this disease. It has recently been shown that SARS CoV-2 utilizes the enzyme angiotensin converting enzyme 2 (ACE2), which is part of RAS, for entry into the cell. This inactivates the ACE2 enzyme, creating an imbalance in the local RAS, contributing to acute lung injury. Given that ACE2 generates the natural ligands for AT2R, Vicore believes that, by acting directly on the AT2 receptor, VP01 may suppress inflammatory mediators and bypass the way by which the virus incapacitates the system.

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

VP02 – Targeting IPF and IPF-related cough

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

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

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

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

Project status VP02

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

The production of the substance for the first clinical study has been delayed due to a technical disturbance with the producer. The disturbance is expected to be sorted out within soon, but there will be around six months delay in the development work due to this.

Project VP03 – VP01 follow-on molecules

Within this program, Vicore develops new patentable C21-like molecules with new and in some respects improved properties. The objective is partly to develop competitive pharmaceutical products for also broader indications where it is not possible to obtain orphan drug status.

In October, Vicore acquired a series of intellectual property rights (IPR) as part of the development of novel AT2R agonists from HaLaCore.

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

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

Financial Information

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

Operating income

Net sales during the third quarter amounted to 0.0 MSEK (0.0) and 0.0 MSEK (0.0) during the first nine months of the year.

Operating expenses

Operating expenses during the third quarter amounted to -40.5 MSEK (-22.9) and to -104.1 MSEK (-63.8) for the first nine months. The increase in operating expenses is mainly attributable to increasing research and development expenses.

Administrative expenses

Administrative expenses during the third quarter amounted to -5.8 MSEK (-5.6) and -15.3 MSEK (-20.2) for the first nine months. The costs for share-based incentive programs related to administration amounted to -2.0 MSEK (-0.3) for the third quarter and -3.3 MSEK (-1.7) for the first nine months.

Research and development expenses

Research and development expenses during the third quarter amounted to -34.5 MSEK (-17.1) and -88.3 MSEK (-43.5) during the first nine months. Research and development expenses for the third quarter are mainly related to costs for clinical trials for VP01. The costs for share-based incentive programs related to research and development expenses amounted to -0.4 MSEK (-0.1) for the third quarter and -0.7 MSEK (-0.3) for the first nine months. Research and development expenses relative to operating expenses, which is one of the company's alternative performance measures, during the third quarter was 85.2 percent (74.0 percent) and 84.8 percent (68.2 percent) for the first nine months.

Other operating income and expenses

Other operating income and expenses during the third quarter amounted to 5.9 MSEK (-0.1) and 12.9 MSEK (-0.1) for the first nine months. During the second quarter, Vicore Pharma received a grant of 1.5 GBP million (18.5 MSEK) from the British research charity LifeArc for the ATTRACT study in patients with COVID-19. During the third quarter 4.3 MSEK was paid out, which means that approximately 57 percent of the total grant has been paid. In addition, 1.7 MSEK has been reported as accrued income. Other operating income and expenses otherwise mainly consist of exchange rate differences on supplier invoices.

Costs for share-based incentive programs

The cost for social contributions for share-based incentive programs varies from quarter to quarter due to the change in the underlying share price. Associated provisions are reported as other provisions under non-current and current liabilities. The total costs for the share-based incentive programs during the third quarter amounted to -2.3 MSEK (-0.4) and -4.0 MSEK (-2.0) during the first nine months. Of the -2.3 MSEK (-0.4) for the third quarter, -0.7 MSEK (-0.4) consists of IFRS 2 classified salary costs

Financial calendar

February 26, 2021	Year-end report 2020
April 15, 2021	Annual Report 2020
May 5, 2021	Interim report Q1
May 11, 2021	Annual General Meeting
August 26, 2021	Interim report, Q2
November 4, 2021	Interim report, Q3
February 26, 2022	Year-end report 2021

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

and -1.7 MSEK (0.0) provisions for social security contributions. These costs have had no cash flow impact.

Result

The operating loss for the third quarter amounted to -34.4 MSEK (-22.8) and -90.7 MSEK (-63.8) for the first nine months. The result from financial items amounted to -1.7 MSEK (0.0) for the third quarter and to 1.7 MSEK (-1.7) for the first nine months. This is mainly attributable to changes in the value of the company's long-term investment (I-Tech). The result after financial items for the third quarter amounted to -36.1 MSEK (-22.9) and -88.9 MSEK (-65.5) for the first nine months.

Tax for the third quarter amounted to 0.1 MSEK (0.0) and 0.3 MSEK (0.0) during the first six months. Tax is related to a change in deferred tax liability attributable to acquired intangible assets. The group's accumulated tax loss carryforwards according to the Annual Report for 2019 amounted to 263.3 MSEK. The group's tax loss carryforwards have not been measured and are not recognized as a deferred tax asset. These tax loss carryforwards will be accounted for only when the group has established a level of earnings which management with confidence estimates will lead to taxable profits.

The loss for the third quarter amounted to -36.0 MSEK (-22.9) and to -88.6 MSEK (-65.5) for the first nine months. Earnings per share before and after dilution amounted to -0.65 SEK (-0.54) for the third quarter and -1.70 SEK (-1.56) for the first nine months.

Cash flow, investments and financial position

Cash flow from operating activities for the third quarter amounted to -26.1 MSEK (-21.3) and -81.2 MSEK (-62.2) for the first nine months. Adjustment for items not included in the cash flow for the third quarter amounted to 1.5 MSEK (0.8) and mainly comprised IFRS 2 classified salary costs for share-based incentive programs and amortization of acquired intangible assets.

Cash flow from investing activities amounted to -70 MSEK (0.0) for the third quarter and to -70 MSEK (0.0) for the first nine months. The difference compared with the previous year is attributable to the acquisiton of short-term interest-bearing investments.

Cash flow from financing activities amounted to 174.9 MSEK (0.0) for the third quarter and 177.4 MSEK (9.7) for the first nine months. On July 3, 2020, the company completed a directed share issue of 185.0 MSEK before transaction costs amounting to approximately 10.1 MSEK. The issue was subscribed for by both new and existing Swedish and international institutional investors.

As of September 30, 2020, cash and cash equivalents amounted to 213.8 MSEK (187.6 MSEK as of December 31, 2019) and short-term investments amounted to 147.6 MSEK (77.0 MSEK as of December 31, 2019). Accordingly, cash and cash equivalents and short-term investments amounted in total to 361.4 MSEK (264.6 MSEK as of December 31, 2019).

Equity

Equity as of September 30, 2020, amounted to 412.0 MSEK (231.3), corresponding to 6.82 SEK (5.46) per share. The company's equity ratio at the end of the period, which is one of the company's alternative performance measures, was 93.6 percent (93.1 percent). The company believes that this key ratio provides investors with useful information of the company's capital structure.

Parent company

During the third quarter, net sales for the parent company amounted to 0.9 MSEK (0.8) and to 2.8 MSEK (2.3) for the first nine months. Net sales mainly consisted of management fees from group companies. Administrative expenses during the third quarter amounted to -5.8 MSEK (-5.5) and to -15.0 MSEK (-19.9) for the first nine months. The higher costs during the previous year is mainly attributable to costs for the company's Nasdaq Stockholm main list listing process. The operating loss for the third quarter amounted to -5.3 MSEK (-5.1) and -13.5 MSEK (-18.8) for the first nine months. The loss for the third quarter amounted to -5.1 MSEK (-5.1) and -12.9 MSEK (-18.8) for the first nine months.

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

Financial summary of the group

Amounts in MSEK	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Net sales	0,0	0,0	0,0	0,0	0,0
Operating loss	-34.4	-22.8	-90.7	-63.8	-94.0
Loss for the period	-36.0	-22.9	-88.6	-65.5	-93.1
Loss per share, before/after dilution (SEK)[1]	-0.65	-0.54	-1.70	-1.56	-2.16
Research- and development costs/ operating costs (%)[2]	85.2	75.0	84.8	68.2	71.3
Equity at the end of the period	412.0	231.3	412.0	231.3	321.6
Cash flow from operating activities	-26.1	-21.3	-81.2	-62.2	-87.0
Cash and cash equivalents and short-term investments at the end of the period	361.4	172.2	361.4	172.2	264.6

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

[2] Alternative performance measure (APM). Defined on page 25.

Other Information

Personnel

As of September 30, 2020, the group had 13 employees, of whom eight were women and five men. Eight of the employees are active in R&D of which 63 percent hold a PhD degree. The group also engages consultants for specialist tasks and assignments on a frequent basis.

The share

Vicore's shares are listed on Nasdaq Stockholm with the ticker VICO and ISIN SE0007577895. As of September 30, 2020, the total number of shares amounted to 60,418,239 and the market capitalization was 1,390 MSEK. The company's shares are issued in one class and each share carries one vote.

The AGM in May 2020 resolved to, in accordance with the board of directors' proposal, authorize the board of directors, at one or several occasions, with or without deviation from the shareholders' preferential rights and for the period up until the next annual general meeting, to increase the company's share capital by issuing new shares. The number of shares that may be issued under the authorization may not exceed a dilution effect of more than 20 percent of the number of shares and votes outstanding in the company at the 2020 Annual General Meeting. On July 3, 2020, Vicore completed a directed share issue of 10,000,000 shares at a subscription price of SEK 18.5 per share, raising 185 MSEK before transaction costs. The issue was subscribed for by both new and existing Swedish and international institutional investors.

On November 2, 2020 Vicore acquired a series of new Intellectual property rights (IPR) as part of the development of novel AT2R agonists. As compensation for the acquisition, HaLaCore will receive a one-time payment of 6 MSEK, split between approximately 3 MSEK in cash and 142,054 shares in Vicore corresponding to approximately 3 MSEK. The total number of shares outstanding after the issue in kind amounts to 60,560,293.

The company has thereby utilized most of the authorization from the 2020 Annual General Meeting.

Largest shareholders

Largest shareholders in Vicore as of September 30, 2020:

Shareholder	No. of shares	%
HealthCap VII L.P.	15,663,908	25.9%
Swedbank Robur	6,005,432	9.9%
Fourth Swedish National Pension Fund	4,515,041	7.5%
Göran Wessman[1]	4,366,849	7.2%
HBM Healthcare Investments (Cayman) Ltd.	2,604,099	4.3%
Handelsbanken Funds	1,883,696	3.1%
Unionen	1,663,990	2.8%
Länsförsäkringar Funds	1,581,662	2.6%
Kjell Stenberg	1,531,303	2.5%
Third Swedish National Pension Fund	1,500,000	2.5%
Alfred Berg Funds	1,053,471	1.7%
Second Swedish National Pension Fund	1,050,000	1.7%
Other	16,998,788	28.1%
Total number of shares	**60,418,239**	**100.0%**

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

Share-based incentive programs

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

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

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

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

For further information about these programs, see the Annual Report 2019, the minutes of the Extraordinary General Meeting, held on August 13, 2018, and the minutes of the Annual General Meeting, held on May 20, 2020, which are published on the company's website, www.vicorepharma.com. The increase in the company's share capital, assuming full utilization and maximum goal achievement of both incentive programs, amounts to a maximum of SEK 1,500,000, corresponding to a dilution of 5.0 percent of the total number of shares.

During the third quarter options corresponding to 500,000 shares were granted in the Co-worker LTIP 2018 program. As of September 30, 2020, a total of 475,000 share awards have been granted in the Board LTIP 2018 program, 525,000 share awards have been granted in the Board LTIP 2020 program, and options corresponding to 1,265,800 shares have been granted in the Co-worker LTIP 2018 program.

Other financial asset

Vicore holds 91,829 shares in I-Tech AB (publ), which are classified as a financial asset. As of September 30, 2020, the value of the financial asset was 7.3 MSEK.

Audit review

This interim report has been reviewed by the company's auditor.

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, November 6, 2020

Michael Wolff-Jensen *Chairman*	Sara Malcus *Board member*	Maarten Kraan *Board member*
Hans Schikan *Board member*	Jacob Gunterberg *Board member*	Carl-Johan Dalsgaard *CEO*
Peter Ström *Board member*	Heidi Hunter *Board member*	

Financial reports
Group

Group statement of comprehensive income in summary*

KSEK	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Net sales	0	0	0	0	0
Gross profit	**0**	**0**	**0**	**0**	**0**
Administrative expenses	-5,847	-5,619	-15,319	-20,190	-26,875
Research and development expenses	-34,530	-17,146	-88,315	-43,513	-67,048
Other operating income and expenses	5,935	-69	12,937	-67	-91
Profit/loss from operations	**-34,442**	**-22,834**	**-90,697**	**-63,770**	**-94,014**
Financial income	208	0	1,763	0	712
Financial expenses	-1,875	-93	-2	-1,770	-27
Net financial income/expense	**-1,667**	**-93**	**1,761**	**-1,770**	**685**
Profit/loss before tax	**-36,109**	**-22,927**	**-88,936**	**-65,540**	**-93,329**
Tax	114	33	345	33	245
Loss for the period attributable to the parent company´s shareholders	**-35,995**	**-22,894**	**-88,591**	**-65,507**	**-93,084**
Other comprehensive income					
Other comprehensive income	0	0	0	0	0
Other comprehensive income for the period, net of net of tax	**0**	**0**	**0**	**0**	**0**
Total comprehensive income attributable to the parent company´s shareholders	**-35,995**	**-22,894**	**-88,591**	**-65,507**	**-93,084**
Earnings per share, before and after dilution (SEK)	**-0.65**	**-0.54**	**-1.70**	**-1.56**	**-2.16**

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

Consolidated statement of financial position in summary

KSEK	2020 Sep 30	2019 Sep 30	2019 Dec 31
ASSETS			
Fixed assets			
Patent, licenses and similar rights	65,586	68,914	68,082
Equipment	120	0	143
Contract asset	209	45	189
Long-term investments	7,310	3,802	6,116
Deferred tax asset	119	0	63
Total fixed assets	**73,344**	**72,761**	**74,593**
Current Assets			
Other receivables	1,454	3,197	1,426
Prepaid expenses and accrued income	3,869	310	474
Short-term investments	147,600	0	77,029
Cash and cash equivalents	213,780	172,197	187,586
Total current assets	**366,703**	**175,704**	**266,515**
TOTAL ASSETS	**440,047**	**248,465**	**341,108**
EQUITY AND LIABILITIES			
Equity attributable to parent company shareholders	**411,993**	**231,260**	**321,597**
LIABILITIES			
Non-current liabilities			
Contract liability	0	0	186
Other provisions	987	780	575
Deferred tax liability	1,616	1,945	1,796
Total non-current liabilities	**2,603**	**2,725**	**2,557**
Current liabilities			
Contract liability	210	45	4
Trade payables	6,322	7,358	5,300
Current tax liability	531	464	534
Other liabilities	497	701	2,982
Other provisions	1,764	0	0
Accrued expenses and deferred income	16,127	5,912	8,134
Total current liabilities	**25,451**	**14,480**	**16,954**
TOTAL LIABILITIES	**28,054**	**17,205**	**19,511**
TOTAL EQUITY AND LIABILITIES	**440,047**	**248,465**	**341,108**

Consolidated statement of changes in shareholders' equity in summary

	Shareholders' equity attributable to the parent company				
KSEK	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Equity at the beginning of the period	**272,732**	**253,713**	**321,597**	**285,436**	**285,436**
Profit for the period	-35,995	-22,894	-88,591	-65,507	-93,084
Other comprehensive income for the period	0	0	0	0	0
Total comprehensive income for the period	**-35,995**	**-22,894**	**-88,591**	**-65,507**	**-93,084**
Transactions with owners:					
Issue of new shares	185,000	0	187,550	10,030	134,830
Issue costs	-10,404	0	-10,404	-201	-7,575
Long-term incentive program	660	441	1,841	1,502	1,990
Total transactions with owners	**175,256**	**441**	**178,987**	**11,331**	**129,245**
Equity at the end of the period	**411,993**	**231,260**	**411,993**	**231,260**	**321,597**

Consolidated statement of cash flow

KSEK	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Operating activities					
Operating profit	-34,442	-22,834	-90,697	-63,770	-94,014
Adjustment for items not included in the cash flow	1,543	758	4,501	1,922	3,350
Interest received	0	0	0	0	134
Interest paid	0	-3	-3	-6	-28
Cash flow from operating activities before changes in working capital	**-32,899**	**-22,079**	**-86,199**	**-61,854**	**-90,558**
Cash flow from changes in working capital					
Change in operating receivables	-2,478	-1,738	-3,423	-1,374	234
Change in operating payables	9,285	2,564	8,435	1,030	3,324
Cash flow from operating activities	**-26,092**	**-21,253**	**-81,187**	**-62,198**	**-87,000**
Investing activities					
Acquisition of equipment	0	0	0	0	-147
Acquisition of short-term investments	-70,000	0	-70,000	0	-77,000
Cash flow from investing activities	**-70,000**	**0**	**-70,000**	**0**	**-77,147**
Financing activities					
Amortization contract liability	-44	-41	-110	-122	-210
Issue of new shares	185,000	0	187,550	10,030	134,830
Issue costs	-10,059	0	-10,059	-201	-7,575
Cash flow from financing activities	**174,897**	**-41**	**177,381**	**9,707**	**127,045**
Cash flow for the period	**78,805**	**-21,294**	**26,194**	**-52,491**	**-37,102**
Cash and cash equivalents at the beginning of the period	**134,975**	**193,491**	**187,586**	**224,688**	**224,688**
Cash and cash equivalents at the end of the period	**213,780**	**172,197**	**213,780**	**172,197**	**187,586**

Financial reports
Parent company

Parent company's income statement*

KSEK	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Net sales	918	768	2,754	2,324	3,092
Gross profit	**918**	**768**	**2,754**	**2,324**	**3,092**
Administrative expenses	-5,825	-5,465	-15,020	-19,913	-26,484
Research and development expenses	-414	-385	-1,244	-1,152	-1,536
Other operating income and expenses	1	0	47	-21	-17
Profit/loss from operations	**-5,320**	**-5,082**	**-13,463**	**-18,762**	**-24,945**
Interest income and similar profit items	208	0	572	0	163
Interest expenses and similar loss items	0	-2	-36	-2	-20
Net financial income/expense	**208**	**-2**	**536**	**-2**	**143**
Result after financial items	**-5,112**	**-5,084**	**-12,927**	**-18,764**	**-24,802**
Tax	18	0	57	0	63
The result for the period	**-5,094**	**-5,084**	**-12,870**	**-18,764**	**-24,739**

Parent company's statement of comprehensive income

KSEK	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
The result for the period	-5,094	-5,084	-12,870	-18,764	-24,739
Other comprehensive income	0	0	0	0	0
Total comprehensive income for the period	**-5,094**	**-5,084**	**-12,870**	**-18,764**	**-24,739**

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

Parent company's balance sheet

KSEK	2020 Sep 30	2019 Sep 30	2019 Dec 31
ASSETS			
Fixed assets			
Participations in group companies	276,182	276,139	276,274
Long-term investments	565	565	565
Deferred tax asset	119	0	63
Total fixed assets	**276,866**	**276,704**	**276,902**
Current assets			
Receivables			
Receivables from group companies	40,000	324	244
Other receivables	632	442	594
Prepaid expenses and accrued income	210	273	287
	40,842	**1,039**	**1,125**
Short-term investments	147,600	0	77,029
Cash and cash equivalents	202,823	113,849	148,903
Total current assets	**391,265**	**114,888**	**227,057**
TOTAL ASSETS	**668,131**	**391,592**	**503,959**

Parent company's balance sheet

KSEK	2020 Sep 30	2019 Sep 30	2019 Dec 31
EQUITY AND LIABILITIES			
EQUITY			
Restricted equity			
Share capital	30,209	21,187	25,087
Total restricted equity	**30,209**	**21,187**	**25,087**
Non-restricted equity			
Share premium reserve	688,011	402,463	515,987
Accumulated profit or loss	-43,275	-20,865	-20,375
Profit (loss) for the period	-12,870	-18,764	-24,739
Total non-restricted equity	**631,866**	**362,834**	**470,873**
TOTAL EQUITY	**662,075**	**384,021**	**495,960**
LIABILITIES			
Provisions			
Other provisions	2,368	684	500
Deferred tax liability	109	0	0
Total provisions	**2,477**	**684**	**500**
Non-current liabilities			
Liabilities to group companies	0	400	0
Total non-current liabilities	**0**	**400**	**0**
Current liabilities			
Trade payables	623	1,635	917
Liabilities to group companies	0	0	400
Current tax liability	368	367	341
Other liabilities	366	463	2,738
Accrued expenses and deferred income	2,222	4,022	3,103
Total current liabilities	**3,579**	**6,487**	**7,499**
TOTAL LIABILITIES	**6,056**	**7,571**	**7,999**
TOTAL EQUITY AND LIABILITIES	**668,131**	**391,592**	**503,959**

Notes

Note 1 General information

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

The interim report for the third quarter 2020 was approved for publication on November 6, 2020, in accordance with a board decision on November 5, 2020.

Note 2 Accounting principles

Vicore Pharma's consolidated accounts have been prepared in accordance with the International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as the interpretations from the IFRS Interpretation Committee (IFRS IC) as adopted by the European Union (EU). Furthermore, the group also applies the Annual Accounts Act (1995: 1554) and the Swedish Financial Reporting Board's recommendation RFR 1 "Supplementary Accounting Rules for Groups." Relevant accounting and valuation principles could be found on pages 38-42 of the Annual Report for 2019.

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

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

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

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

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

IAS 20 "Accounting for government grants and disclosures of government aid"

During the second quarter of 2020, Vicore Pharma received a grant of 1.5 GBP million (18.5 MSEK) from the British charity organisation LifeArc* for the ATTRACT study in patients with COVID-19. Government grants are reported in the statement of financial position and the statement of comprehensive income when there is reasonable assurance that the entity will comply with the conditions attached to them and the grants will be received. The grant is recognised as income over the period necessary to match them with the related costs, for which they are intended to compensate, on a systematic basis.

Note 3 Related-party transactions

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

Vicore Pharma AB invoiced INIM Pharma AB approximately 0.7 MSEK during the third quarter and approximately 2.2 MSEK for the first nine months for management fee.

Vicore Pharma Holding AB has invoiced the subsidiary Vicore Pharma AB approximately 0.7 MSEK during the third quarter and approximately 2.1 MSEK for the first nine months for management fee.

Vicore Pharma Holding AB has invoiced the subsidiary INIM Pharma AB approximately 0.2 MSEK during the third quarter and approximately 0.7 MSEK for the first nine months for management fee.

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

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

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

Operational risks

Vicore is engaged in research and development operations through its subsidiary Vicore Pharma. Research and development involve a significant inherent level of risk and is a capital-intensive process. The majority of initiated projects in the drug development industry will never reach market registration due to technological risks, including the risk for insufficient efficacy, intolerable side effects or manufacturing problems. Up until today, Vicore has not yet generated significant revenue. Vicore's expansion and development related to VP01 and VP02 may be delayed and/or incur greater costs and capital need than expected. Delays can occur for a variety of reasons, including difficulties in reaching agreements with clinics about participation under acceptable conditions, problems in identifying patients for studies, patients not

* LifeArc is a UK-based self-funded medical research charity. Their mission is to advance translation of early science into health care treatments or diagnostics that can be taken through to full development and made available to patients. LifeArc has made £ 10 million funding available for clinical COVID-19 research to repurpose existing medicines or those in the late stage of development as this approach offers one of the fastest routes to develop new treatments that could tackle the virus and its impact.

completing a study, or not returning for follow-up.

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

COVID-19-pandemic

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

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

Given the evolving nature of the crisis, the above list is by no means exhaustive, but each of these events, or any combination of them, could amplify the negative impact of the crisis on the group's financial performance and have material adverse effect on the group's business, financial development and shareholder value.

During the third quarter, the company has evaluated the effects from the COVID-19 outbreak on the accounting principles applied as the pandemic is an event and indication that assets may be impaired. The accounting models applied and the assumptions used have been reviewed to ensure that the risks and uncertainties connected to the macroeconomic development are reflected. Some of the main areas considered are the going concern assumption, write-downs of non-financial assets, and expected credit losses. The company's assessment is that there are no indications that assets may have decreased in value.

Note 5 Financial instruments

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

Note 6. Transition to income statement classified by function

2019-07-01 - 2019-09-30
Group statement of comprehensive income

KSEK	Information	Income statement classified by nature of expense	Adjustment other operating income	Adjustment other external costs	Adjustment personnel costs	Adjustment depreciations and amortizations	Income statement classified by function
Net sales		0					0
Other operating income		-10	10				0
		-10	**10**				**0**
Other external costs	1	-17,203		17,203			0
Personnel costs	2	-5,205			5,205		0
Depreciations and amortizations		-317				317	0
Administrative expenses				-3,016	-2,576	-27	-5,619
Research and development expenses				-14,227	-2,629	-290	-17,146
Other operating income and expenses		-99	-10	40			-69
Profit/loss from operations		**-22,834**	**0**	**0**	**0**	**0**	**-22,834**
Financial income		0					0
Financial expenses		-93					-93
Net financial income/expense		**-93**					**-93**
Profit/loss before tax		**-22,927**					**-22,927**
Tax		33					33
Loss for the period attributable to the parent company's shareholders		**-22,894**					**-22,894**
Other comprehensive income							
Other comprehensive income		0					0
Other comprehensive income for the period, net of tax		**0**					**0**
Total comprehensive income attributable to the parent company´s shareholders		**-22,894**					**-22,894**

[1] Other external costs have been allocated to administrative expenses, research and development expenses, and other operating expenses. Research and development conducted by external parties have previously been reported separately as research and development expenses in the income statement, which amounted to 13,230 KSEK during the third quarter 2019. In the transition to income statement classified by function, these research and development expenses have been reversed into other external costs for illustrative purposes. Other external costs that are classified as administration consist, for example, of costs for office, legal costs, audit fees and other overhead costs. Other operating income and expenses consist of exchange rate differences on supplier invoices.

[2] Personnel costs have been allocated according to the function of each employee during the third quarter 2019. Five people on administrative expenses and six people on research and development expenses. Personnel costs also include board fees, which are allocated to administrative expenses.

2019-01-01 - 2019-09-30
Group statement of comprehensive income

KSEK	Information	Income statement classified by nature of expense	Adjustment other operating income	Adjustment other external costs	Adjustment personnel costs	Adjustment depreciations and amortizations	Income statement classified by function
Net sales		0					0
Other operating income		22	-22				0
		22	**-22**				**0**
Other external costs	1	-47,140		47,140			0
Personnel costs	2	-16,133			16,133		0
Depreciations and amortizations		-400				400	0
Administrative expenses				-11,091	-9,015	-84	-20,190
Research and development expenses				-36,079	-7,118	-316	-43,513
Other operating income and expenses		-119	22	30			-67
Profit/loss from operations		**-63,770**	**0**	**0**	**0**	**0**	**-63,770**
Financial income		0					0
Financial expenses		-1,770					-1,770
Net financial income/expense		**-1,770**					**-1,770**
Profit/loss before tax		**-65,540**					**-65,540**
Tax		33					33
Loss for the period attributable to the parent company's shareholders		**-65,507**					**-65,507**
Other comprehensive income							
Other comprehensive income		0					0
Other comprehensive income for the period, net of tax		**0**					**0**
Total comprehensive income attributable to the parent company´s shareholders		**-65,507**					**-65,507**

[1] Other external costs have been allocated to administrative expenses, research and development expenses, and other operating expenses. Research and development conducted by external parties have previously been reported separately as research and development expenses in the income statement, which amounted to 33,398 KSEK during the third quarter 2019. In the transition to income statement classified by function, these research and development expenses have been reversed into other external costs for illustrative purposes. Other external costs that are classified as administration consist, for example, of costs for office, legal costs, audit fees and other overhead costs. Other operating income and expenses consist of exchange rate differences on supplier invoices.

[2] Personnel costs have been allocated according to the function of each employee during the first nine months 2019. Personnel costs also include board fees, which are allocated to administrative expenses.

2019-07-01 - 2019-09-30
Parent company's income statement

KSEK	Information	Income statement classified by nature of expense	Adjustment other operating income	Adjustment other external costs	Adjustment personnel costs	Adjustment depreciations and amortizations	Income statement classified by function
Net sales		768					768
Other operating income		5	-5				0
		773	**-5**				**768**
Other external costs	1	-2,895		2,895			0
Personnel costs	2	-2,960			2,960		0
Depreciation and amortization of tangible and intangible assets		0					0
Administrative expenses				-2,890	-2,575		-5,465
Research and development expenses					-385		-385
Other operating income and expenses			5	-5			0
Profit/loss from operations		**-5,082**	**0**	**0**	**0**	**0**	**-5,082**
Interest income and similar profit items		0					0
Interest expenses and similar loss items		-2					-2
Net financial income/expense		**-2**					**-2**
Result after financial items		**-5,084**					**-5,084**
Tax		0					0
The result for the period		**-5,084**					**-5,084**

The parent company's statement of comprehensive income

The result for the period		-5,084					-5,084
Other comprehensive income		0					0
Total comprehensive income for the period		**-5,084**					**-5,084**

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

[2] Personnel costs have been allocated according to the function of each employee during the third quarter 2019, which in the parent company is mainly within administration. Personnel costs also include board fees, which are allocated to administrative expenses.

2019-01-01 - 2019-09-30
Parent company's income statement

KSEK	Information	Income statement classified by nature of expense	Adjustment other operating income	Adjustment other external costs	Adjustment personnel costs	Adjustment depreciations and amortizations	Income statement classified by function
Net sales		2,324					2,324
Other operating income		569	-569				0
		2,893	**-569**				**2,324**
Other external costs	1	-11,465		11,465			0
Personnel costs	2	-10,168			10,168		0
Depreciation and amortization of tangible and intangible assets		-2				2	0
Administrative expenses				-10,895	-9,016	-2	-19,913
Research and development expenses					-1 152		-1,152
Other operating income and expenses		-20	569	-570			-21
Profit/loss from operations		**-18,762**	**0**	**0**	**0**	**0**	**-18,762**
Interest income and similar profit items		0					0
Interest expenses and similar loss items		-2					-2
Net financial income/expense		**-2**					**-2**
Result after financial items		**-18,764**					**-18,764**
Tax		0					0
The result for the period		**-18,764**					**-18,764**

The parent company's statement of comprehensive income

The result for the period		-18,764					-18,764
Other comprehensive income		0					0
Total comprehensive income for the period		**-18,764**					**-18,764**

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

[2] Personnel costs have been allocated according to the function of each employee during the first nine months 2019, which in the parent company is mainly within administration. Personnel costs also include board fees, which are allocated to administrative expenses.

Note 7. Depreciation and amortization

Allocation by function

KSEK	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Administrative expenses	0	-27	0	-84	-111
Research and development expenses	-883	-290	-2,628	-316	-1,227
Total	**-883**	**-317**	**-2,628**	**-400**	**-1,338**

Amortization attributable to research and development expenses mainly relates to the amortization of acquired intangible assets. This consists of a patent portfolio related to C21, whose main patent expires in the US in September 2024. Amortization began in September 2019 and is amortized over its estimated useful life, which is the remaining patent period. Amortization has not yet begun for the group's other intangible assets.

Key Performance Measures

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

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

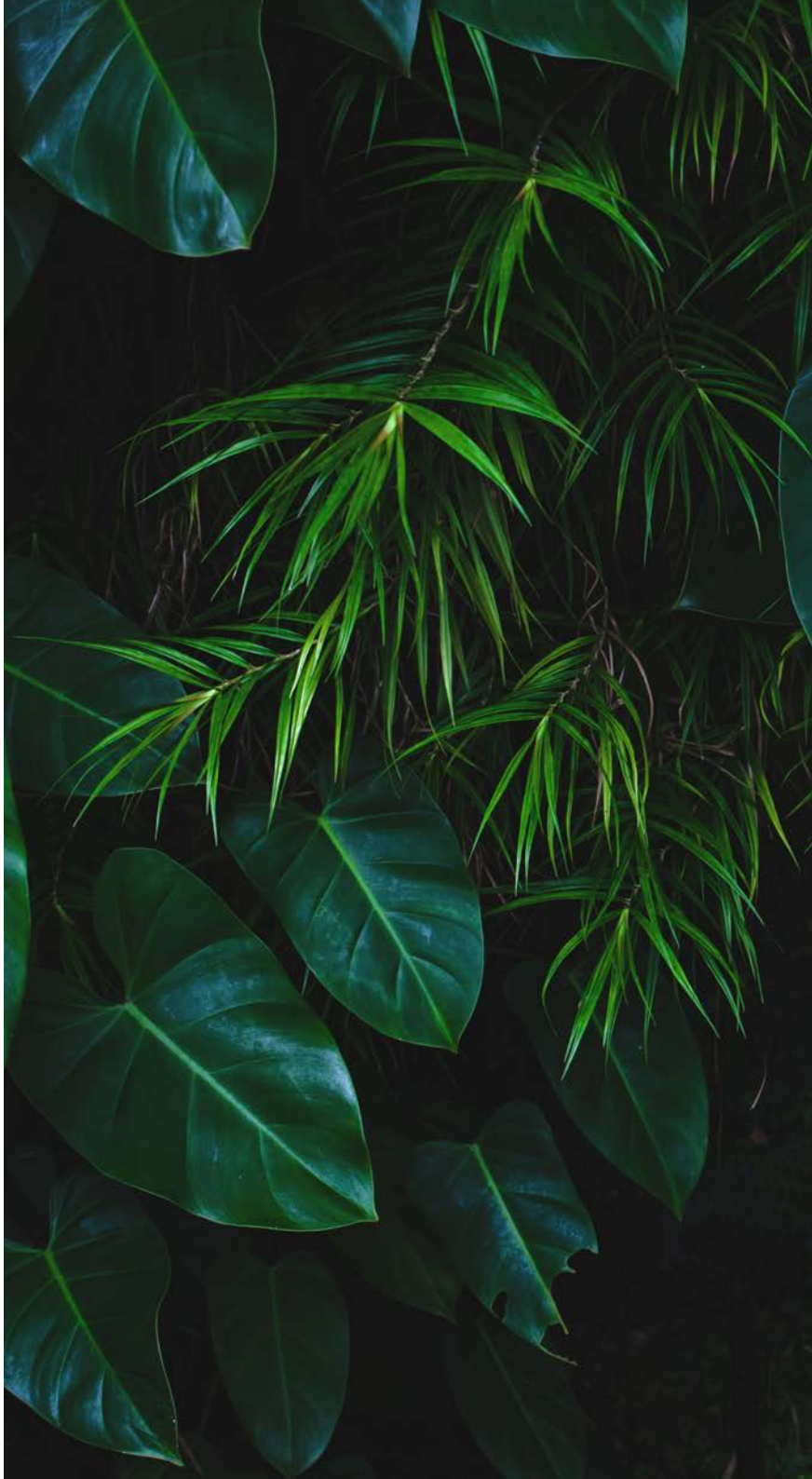
Key performance measures

	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Share capital at the end of period (KSEK)	30,209	21,187	30,209	21,187	25,087
Total registered shares at the beginning of period	50,418,239	42,374,714	50,174,714	32,960,008	32,960,008
Total registered shares at the end of period	60,418,239	42,374,714	60,418,239	42,374,714	50,174,714
Average number of ordinary shares	55,692,964	42,374,714	52,170,237	42,063,198	43,041,933
Total number of shares allocated options and share awards may entitle to	2,265,800	1,240,800	2,265,800	1,240,800	1,240,800
Profit for the period attributable to shareholders of the parent company (KSEK)	-35,995	-22,894	-88,591	-65,507	-93,084
Earnings per share before and after dilution (SEK)[1]	-0.65	-0.54	-1.70	-1.56	-2.16
Equity ratio at the end of the period (%)[2]	93.6	93.1	93.6	93.1	94.3
Research and development expenses/operating expenses (%)[3]	85.2	75.0	84.8	68.2	71.3

[1] 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.

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

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



Definitions and reconciliation of alternative performance measures

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

Derivation

	2020 Jul-Sep	2019 Jul-Sep	2020 Jan-Sep	2019 Jan-Sep	2019 Jan-Dec
Equity ratio at the end of the period (%)					
Total shareholders' equity at the end of the period (KSEK)	411,993	231,260	411,993	231,260	321,597
Total assets at the end of the period (KSEK)	440,047	248,465	440,047	248,465	341,108
Equity ratio at the end of the period (%)	93.6	93.1	93.6	93.1	94.3
Research and development expenses/operating expenses (%)					
Research and development expenses (KSEK)	-34,530	-17,146	-88,315	-43,513	-67,048
Administrative expenses (KSEK)	-5,847	-5,619	-15,319	-20,190	-26,875
Other operating expenses (KSEK)	-141	-99	-488	-119	-157
Operating expenses (KSEK)	-40,518	-22,864	-104,122	-63,822	-94,080
Research and development expenses/operating expenses (%)	85.2	75.0	84.8	68.2	71.3

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This information was submitted for publication on November 6, 2020 at 08:00 CET.

Auditors' review report

THIS IS A TRANSLATION FROM THE SWEDISH ORIGINAL

Vicore Pharma Holding AB, org.nr 556680-3804

Introduction

We have reviewed the condensed interim report for Vicore Pharma Holding AB as at September 30, 2020 and for the nine months period then ended. The Board of Directors and the Managing Director are responsible for the preparation and presentation of this interim report in accordance with IAS 34 and the Swedish Annual Accounts Act. Our responsibility is to express a conclusion on this interim report based on our review.

Scope of review

We conducted our review in accordance with the International Standard on Review Engagements, ISRE 2410 Review of Interim Financial Statements Performed by the Independent Auditor of the Entity. A review consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and other generally accepted auditing standards in Sweden. The procedures performed in a review do not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim report is not prepared, in all material respects, in accordance with IAS 34 and the Swedish Annual Accounts Act regarding the Group, and in accordance with the Swedish Annual Accounts Act regarding the Parent Company.

Göteborg, November 6, 2020

Ernst & Young AB

Andreas Mast

Authorized Public Accountant

vicore pharma

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