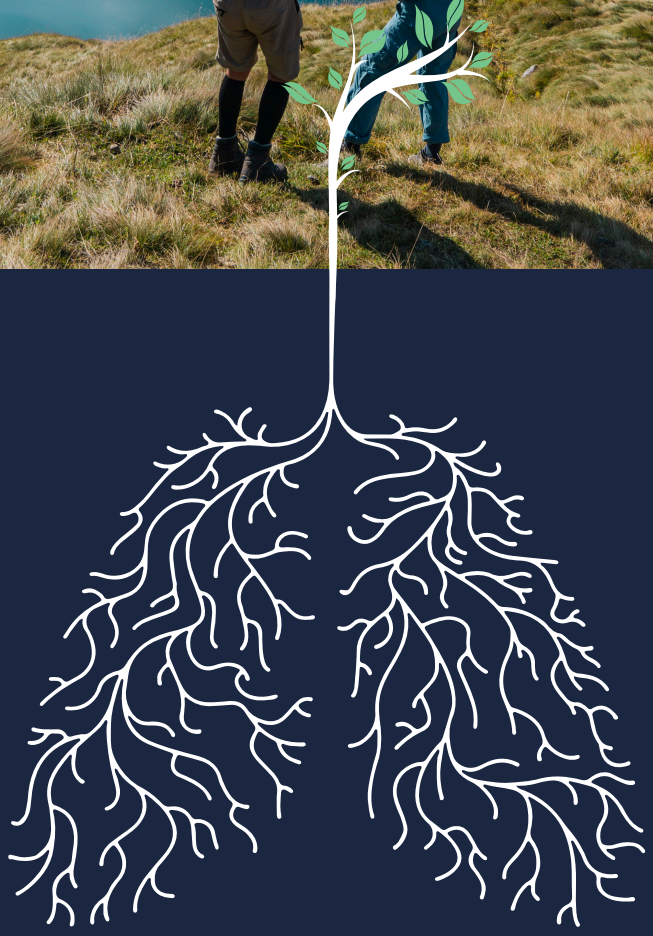
Year-end report 2019

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 fourth quarter

- In October, Vicore Pharma submitted an application to start a phase II study with C21 on cold induced vasoconstriction in subjects with systemic sclerosis (SSc). The application was approved and the first patient was recruited in December. The study is expected to be completed within one year.
- In November, Vicore completed a directed share issue resulting in the proceeds of 125 MSEK before transaction costs.

Important events after the period

- In January, Vicore issued 243,525 shares to the warrant holders within the framework of the incentive programme LTIP 2016.
- In the VP01 program, the phase II study with C21 in patients with SSc has dosed its first patients.
- In the VP01 program, the first phase II study with C21 in patients with idiopathic pulmonary fibrosis (IPF) has been re-designed and extended to six months, compared to the earlier planned three months, in order to increase the probability of documenting a treatment effect. This will be enabled by comparing the development of the patients' lung function with the well documented spontaneous disease progression. The study will not include a placebo group.

Financial overview for the period

October 1 - December 31, 2019

- Net sales amounted to 0.0 MSEK (0.1)
- The operating loss was -30.2 MSEK (-13.6)
- Loss for the period amounted to -27.6 MSEK (-13.7)
- Loss per share, before and after dilution, was -0.60 SEK (-0.42)

Financial overview for the period

January 1 - December 31, 2019

- Net sales amounted to 0.0 MSEK (0.5)
- The operating loss was -94.0 MSEK (-41.6)
- Loss for the period amounted to -93.1 MSEK (-21.7)
- Loss per share, before and after dilution, was -2.16 SEK (-0.95)
- On December 31, 2019, cash and cash equivalents amounted to 187.6 MSEK (224.7)
- On December 31, 2019, short-term investments amounted to 77.0 MSEK (0)
- The Board of Directors proposes to the Annual General Meeting that no dividend should be paid for the financial year 2019

Financial summary of the group

Amounts in MSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales	0.0	0.1	0.0	0.5
Operating loss	-30.2	-13.6	-94.0	-41.6
Loss for the period	-27.6	-13.7	-93.1	-21.7
Loss per share, before/after dilution (SEK)	-0.60	-0.42	-2.16	-0.95
Equity at the end of the period	321.6	285.4	321.6	285.4
Cash flow from operating activities	-24.8	-25.6	-87.0	-33.0
Cash and cash equivalents at the end of the period	187.6	224.7	187.6	224.7
Short-term investments at the end of the period	77.0	0.0	77.0	0.0

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

CEO Comments

2019 was a busy year in which we took a number of significant steps towards the overall goal of developing Vicore into a company with an attractive portfolio of drugs for the treatment of unusual lung diseases such as idiopathic pulmonary fibrosis (IPF) and other diseases that match the specific characteristics of our drug candidates.

During the fourth quarter and the beginning of 2020, we had an intense focus on our phase II studies within the VP01 project. The study of blood flow in the hands of SSc patients with Raynaud's phenomenon has started to recruit according to plan and the first patient has been dosed with C21. We expect that we will have topline data by the end of the year. The objective is to investigate the effect of C21 on cold-induced vessel contraction in people with SSc. This means that we can document a potential direct vasodilatory effect of C21 in humans, which can be of great importance for the vascular mechanism of C21 in SSc and IPF.

The IPF study design has been modified in order to 1) give us a stronger statistical power to detect a treatment effect; 2) give us better prerequisites for patient recruitment and 3) reduce the number of patients needed, hence potentially shortening the time to read-out. Instead of a blinded placebo-controlled three months study, which our safety package automatically allows for, we will conduct a six months study and compare to each patient's well documented baseline values. This is feasible since the important endpoint, FVC, a measurement of lung volume, is an objective measure and because disease progression has consistently been documented to correspond to a decrease of lung volume of approximately 120 ml per six months. By doing this change, we also benefit from eliminating the risk of unintentional unblinding, since patients may realize whether they are on drug or placebo during the course of the study. We are currently in the process of finalizing the clinical trial application.

In November, we successfully completed a share issue of approximately SEK 125 million directed to Swedish and foreign institutions. The discount to the stock price was only 1.5 per cent, which reflected the great interest in participating among both existing and new institutional owners. Through the proceeds we strengthened our balance sheet significantly, which allows us to accelerate the pace of our development programs and thus potentially minimizing the time it takes to reach the market.

Another significant milestone in 2019 was the listing on Nasdaq Stockholm's main market at the end of September. It represents a cornerstone to further increase the interest in Vicore and our share in the longer term.

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

As of the fourth quarter of 2019, we changed our reporting to a functional break down in the income statement instead of a cost-specific structure. This provides a more accurate picture of our operations since the significant costs for clinical studies and R&D personnel are made more visible.

In summary, we enter 2020 at an excellent starting point: a world-class team, a strong balance sheet and a high pace in our drug development projects. Our focus is to create the best possible odds for our drug candidates to reach the market and thereby help severely suffering lung patients.

Carl-Johan Dalsgaard, CEO

Goal

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

Vision

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

Business and Focus Areas

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

The phase II clinical study with C21 in patients with systemic sclerosis (SSc) started to recruit patients in December according to plan, and Vicore expects the study to be completed within a year from the start. The study is designed to study the effect of C21 on cold induced vasoconstriction in patients with SSc. The second phase II trial addresses the effects of C21 on lung function in patients with IPF. Vicore is currently in the process of finalizing the clinical trial application.

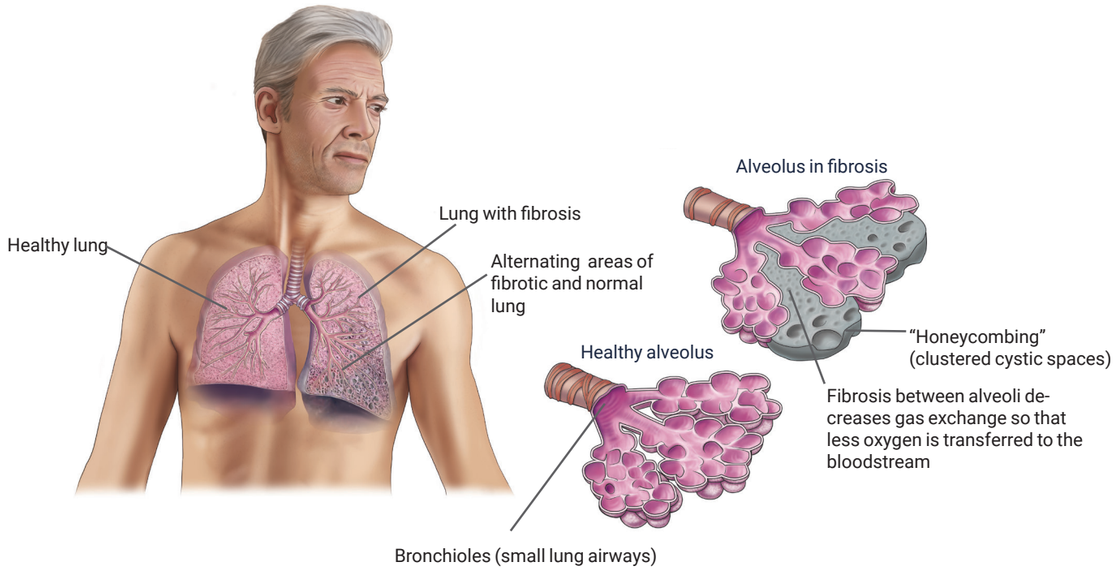
The VP02 program, which relates to local lung delivery of an IMiD to patients with IPF and IPF related cough, is progressing according to plan and a product candidate showing promising separation between local and systemic exposure is being progressed into toxicology studies. The regulatory application in connection with the first clinical study within the VP02 program is planned for late 2020.

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

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

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.



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 an 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.[1] For an orphan indication, the number of patients is relatively large.

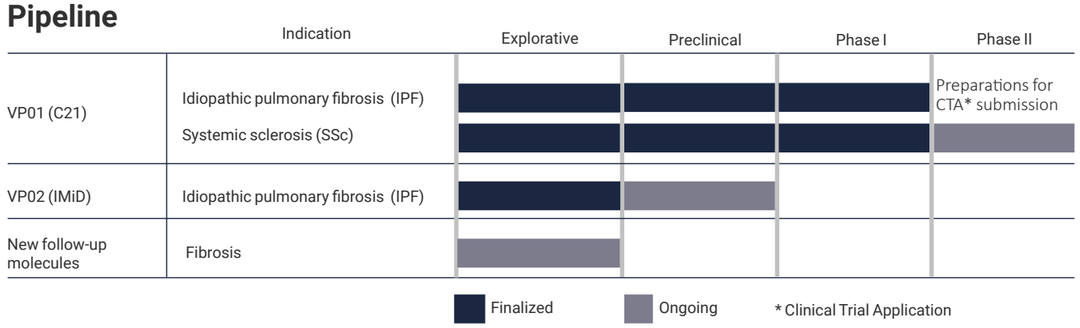
The mortality associated with the disease is similar to lung cancer, with a median survival of three to five years after diagnosis. Currently, there is no cure for IPF and treatment options are limited. Two medicines have been approved for use in IPF: Ofev® (nintedanib, Boehringer Ingelheim) and Esbriet® (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%. In summary, the need for novel therapeutic options with improved efficacy and safety remains high.

VP01 - AT2 receptor agonist - multi-modal effect

Vicore’s drug candidate VP01 (C21) originates from extensive research on the Renin-Angiotensin System (RAS), a central system in the body for regulating

[1] NIH National Library of Medicine. Genetics Home Reference

Pipeline



blood pressure and salt balance. Within RAS, there is the AT2 receptor which, upon stimulation, contributes to healing effects after tissue damage or within the immune system disorders, and may also counteract the negative effects of AT1 receptor activation. The AT2 receptor is found to be highly up-regulated (>200 times) in diseases such as IPF.

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

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

Systemic sclerosis

Systemic sclerosis (SSc) is the second indication for VP01 (C21). 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 in a number of disease models.

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 needs. 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 percent of the systemic sclerosis patient population has the severe diffuse form. Between 30 and 50 percent of patients also suffer from interstitial lung disease.[2]

Project status VP01

During 2019 Vicore selected 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 different interstitial lung diseases.

In September, Vicore completed a 54-subject phase I dose-escalation study with C21. The study established that 200 mg daily has a good safety profile and that it is the maximum tolerated dose. This dose is used in the ongoing phase II study in SSc and will be used in the planned phase II study in IPF. Moreover, based on receptor-binding data, Vicore concluded that this dose results in a free C21 plasma concentration that is sufficient to activate the angiotensin II type 2 receptor (AT2R). In addition to being a high affinity AT2R agonist, C21 is also a low affinity thromboxane (TP) receptor antagonist, which is relevant for conditions such as systemic sclerosis and pulmonary fibrosis where TP receptor activation contributes to disease manifestations. The effect on the TP receptor occurs at higher concentrations of C21 than on the AT2 receptor.

The phase II clinical study with C21 in patients with SSc started to recruit patients in December according to plan, and Vicore expects the study to be completed within a year from the start. The study is designed to study the effect of C21 on cold-induced vasoconstriction in patients with SSc. It will shed light on the AT2 receptor's role in improving blood flow in diseased tissues, an effect that may benefit patients with SSc as well as patients with IPF.

During the second half of 2019, the pharmaceutical formulation development in the VP01 program progressed ahead of schedule allowing Vicore to switch from an oral solution to capsules in the upcoming phase II proof of concept study in IPF. This is important since a capsule formulation is much more nimble for the patient, superior from a logistical point of view and can be used commercially if the product reaches the market.

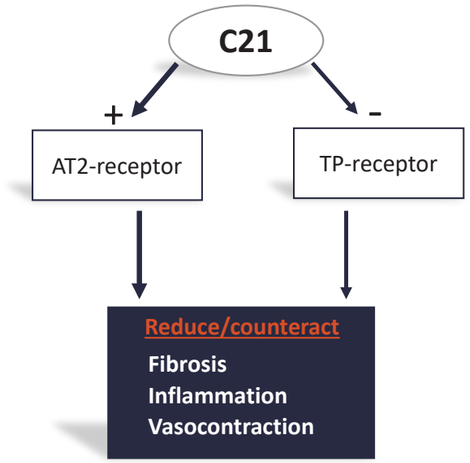
The phase IIa study in IPF is designed in collaboration with international clinical experts in IPF and will investigate both safety and lung function. The study aims to support the decision to initiate a confirmatory phase IIb/III study. Vicore is currently in the process of finalizing the clinical trial application. The IPF study design has been modified in order to
1) give a stronger statistical power to detect a treatment effect;
2) give better prerequisites for patient recruitment and
3) reduce the number of patients needed, hence potentially shortening the time to read-out.

Instead of a blinded placebo-controlled three months study, which the safety package automatically allows for, we will conduct a six months study and compare to well documented patient baseline values. This is feasible since the important endpoint, FVC, a measurement of lung volume, is an objective measure and because disease progression has consistently been documented to correspond to a decrease of lung volume of approximately 120 ml per six months. By doing this change, we also benefit from eliminating the risk of unintentional unblinding, since patients may realize whether they are on drug or placebo during the course of the study.

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

[2] Bergamasco A, et al. Epidemiology of systemic sclerosis and systemic sclerosis-associated interstitial lung disease. Clinical Epidemiology 2019:11 257–273

C21 dual mode of action



- C21 is the first drug candidate to stimulate the angiotensin-receptor AT2R. At the same time, C21 has a blocking effect on the thromboxane (TP) receptor.
- These properties of C21 counteract fibrosis, inflammation and vascular contraction, all of which contribute to the onset of IPF.

VP02 – Targeting IPF and IPF related cough

VP02 is a novel formulation utilizing an existing immunomodulatory drug (IMiD) that can be administered locally to the lung by loading the drug molecules into amorphous micro particles. It is thought that the actions of VP02 suppress pathways involved in the cough reflex together with disease modifying antifibrotic effects. Many IPF patients suffer from a chronic intractable cough which considerably affects the patients' quality of life due to sleep disturbances, difficulties at work and stress incontinence.[3] Currently, there is no therapy for IPF related cough and standard cough medications have little or no effect. The cough mechanism in IPF is unknown but is thought to be due to structural changes in the lungs, increased sensitivity of the cough reflex, airway inflammation and/or changes in mucus production and clearance.[4]

Using IMiDs to treat IPF related cough is a breakthrough finding which has been shown to have clinical validity. IMiDs have documented antifibrotic and anti-inflammatory attributes and may therefore be well suited for treatment of a number of interstitial lung diseases. In a clinical study, an IMiD demonstrated a significant positive effect on patients with IPF, reducing the cough and dramatically improving quality of life which is not seen in interventional clinical trials.[5] However, the high risk of severe side effects such as constipation, sedation and peripheral neuropathy due to systemic IMiD exposure have limited their use. Vicore's VP02 program aims to address the negative aspects of systemic exposure by developing VP02 for local administration to the lungs.

Project status VP02

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

[3] Saini et al 2011 [4] Vigeland et al 2017 [5] Horton et al 2012

Financial Information

As of the fourth quarter 2019, Vicore classifies operating expenses by function instead of by nature of expense. The transition has been made to give a more accurate picture of the company. This is because the company has high costs for clinical studies and staff in research and development, which is now being more clearly presented. A change in the presentation of the income statement entails a change of principle, which is carried out with retroactive effect. Consequently, the income statements for the comparative periods 2018 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 fourth quarter amounted to 0.0 MSEK (0.1) and to 0.0 MSEK (0.5) for the full year 2019.

Operating expenses

Operating expenses during the fourth quarter amounted to -30.3 MSEK (-13.8) and to -94.1 MSEK (-42.2) for the full year 2019. Research and development expenses comprise a large fraction of the operating expenses.

Administrative expenses

Administrative expenses during the fourth quarter amounted to -6.7 MSEK (-4.8) and to -26.9 MSEK (-14.8) for the full year 2019. The increase in costs compared to the previous year is mainly attributable to costs for the company's listing process to the Nasdaq Stockholm main list as well as the company's growing organization.

The costs for share-based incentive programs related to administration amounted to -0.2 MSEK (-0.6) for the fourth quarter and to -1.9 MSEK (-0.9) for the full year 2019.

Research and development expenses

Research and development expenses during the fourth quarter amounted to -23.5 MSEK (-8.8) and to -67.0 MSEK (-26.9) for the full year 2019. Research and development expenses for the fourth quarter are mainly related to clinical trial costs for VP01 and formulation work. The costs for share-based incentive programs related to research and development expenses amounted to -0.1 MSEK (-0.1) for the fourth quarter and to -0.4 MSEK (-0.1) for the full year 2019.

Financial calendar

April 15, 2020	Annual report 2019
May 5, 2020	Interim report, quarter 1
May 20, 2020	Annual General Meeting 2020
August 26, 2020	Interim report, quarter 2
November 6, 2020	Interim report
February 26, 2021	Year-end report 2020

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

Financial summary of the group

Amounts in MSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales	0.0	0.1	0.0	0.5
Operating loss	-30.2	-13.6	-94.0	-41.6
Loss for the period	-27.6	-13.7	-93.1	-21.7
Loss per share, before/after dilution (SEK)	-0.60	-0.42	-2.16	-0.95
Equity at the end of the period	321.6	285.4	321.6	285.4
Cash flow from operating activities	-24.8	-25.6	-87.0	-33.0
Cash and cash equivalents at the end of the period	187.6	224.7	187.6	224.7
Short-term investments at the end of the period	77.0	0.0	77.0	0.0

Other operating income and expenses

Other operating income and expenses during the fourth quarter amounted to -0.0 MSEK (-0.1) and to -0.1 MSEK (-0.4) for the full year 2019. Other operating income and expenses mainly consist of exchange rate differences on supplier invoices.

Costs for share-based incentive programs

The cost of social contributions for share- based incentive programs varies from quarter to quarter due to the change in the underlying share price. Associated provisions are reported as other provisions under non-current liabilities. The total costs for the share-based incentive programs during the fourth quarter amounted to -0.3 MSEK (-0.7), of which -0.5 MSEK (-0.5) consisted of provisions for social security contributions and +0.2 MSEK (-0.2) were IFRS 2 classified salary costs. The positive effect of social security contributions during the fourth quarter is attributable to a decrease in non-current liabilities during the period.

The total costs for the share-based incentive programs for the full year 2019 amounted to -2.3 MSEK (-1.0), of which -0.3 MSEK (-0.3) consisted of provisions for social security contributions and -2.0 MSEK (-0.7) were IFRS 2 classified salary costs. These costs have had no cash flow impact.

Result

The operating loss for the fourth quarter amounted to -30.2 MSEK (-13.6) and to -94.0 MSEK (-41.6) for the full year 2019. The result from financial items amounted to 2.5 MSEK (0.0) for the fourth quarter and to 0.7 MSEK (19.9) for the full year 2019. The difference compared with the fourth quarter last year is mainly attributable to the increase in value in the company's long-term investments (I-Tech). The difference during 2019 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 other financial assets. The 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 holding 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. The result after tax for the fourth quarter amounted to -27.8 MSEK (-13.7) and to -93.3 MSEK (-21.7) for the full year 2019.

Tax for the fourth quarter amounted to 0.2 MSEK (0) and to 0.2 MSEK (0) for the full year 2019. 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 2018 amounted to 163.9 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 fourth quarter amounted to -27.6 MSEK (-13.7) and to -93.1 MSEK (-21.7) for the full year 2019. Earnings per share before and after dilution amounted to SEK -0.60 (-0.42) for the fourth quarter and to SEK -2.16 (-0.95) for the full year 2019.

Cash flow, investments and financial position

Cash flow from operating activities for the fourth quarter amounted to -24.8 MSEK (-25.6) and to -87.0 MSEK (-33.0) for the full year 2019. Adjustment for items not included in the cash flow mainly comprised of IFRS 2 classified salary costs for share- based incentive programs and amortization of acquired intangible assets.

Cash flow from investing activities amounted to -77.1 MSEK (-2.0) for the fourth quarter and to -77.1 MSEK (15.0) for the full year 2019. The difference compared with the previous year is mainly attributable to the increase in short-term investments.

Cash flow from financing activities amounted to 117.3 MSEK (220.1) for the fourth quarter and to 127.0 MSEK (218.7) for the full year 2019. On November 13, 2019, the company raised 124.8 MSEK before issue costs amounting to approximately 7.4 MSEK in a private placement.

As of December 31, 2019, cash and cash equivalents amounted to 187.6 MSEK (224.7). As of December 31, 2019, short-term investments amounted to 77.0 MSEK (0).

Equity

Equity as of December 31, 2019, amounted to 321.6 MSEK (285.4), corresponding to 6.41 SEK (8.66) per share. The company's equity ratio at the end of the period was 94.3% (94.6%). The equity ratio, which is one of the company's alternative performance measures (APM), is defined on page 30. The company believes that this key ratio provides investors with useful information of the company's capital structure.

Parent company

During the fourth quarter, net sales for the parent company amounted to 0.8 MSEK (0.6) and to 3.1 MSEK (2.7) for the full year 2019. Net sales mainly consisted of management fees to group companies. Management fees to group companies were reported in the annual report 2018 together with management fees to I-Tech (the agreement was terminated in 2018) under other operating income. Management fees to group companies were reclassified from other operating income to net sales during the second quarter of 2019. Historical figures have been adjusted to reflect this reclassification. Administrative expenses during the fourth quarter amounted to -6.6 MSEK (-4.8) and to -26.5 MSEK (-14.5) for the full year 2019. 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. The operating loss for the fourth quarter amounted to -6.2 MSEK (-4.6) and to -24.9 MSEK (-12.2) for the full year 2019. For the fourth quarter, the loss amounted to -6.0 MSEK (-4.1) and to -24.7 MSEK (-11.1) for the full year 2019.

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.

Other Information

Personnel

As of December 31, 2019, the group had twelve employees, of whom seven were women and five men. Seven of the employees are active in R&D of which 71% hold a PhD degree. The company also engages consultants for specialist tasks and assignments on a frequent basis.

The share

Vicore's share is listed on Nasdaq Stockholm since September 27, 2019, with the ticker VICO and ISIN SE0007577895. Before that, the company's share was listed on Nasdaq First North Growth Market since December 2015. As of December 31, 2019, the total number of shares amounted to 50,174,714 and the market capitalization was 738 MSEK. In January, after the reporting period, the total number of shares increased to 50 418 239 due to the exercise of warrants. The company's shares are issued in one class and each share carries one vote.

The AGM resolved to, in accordance with the board of directors' proposal, authorize the board of directors, at one or several occasions, with or without deviation from the shareholders' preferential rights and for the period up until the next annual general meeting, to increase the company's share capital by issuing new shares. The number of shares that may be issued under the authorization may not entail a dilution effect of more than 20 per cent of the number of shares and votes in the company at the 2019 Annual General Meeting. On November 13, 2019, the company completed a directed share issue of approximately 125 MSEK, which means that most of the authorization has been utilized.

Largest shareholders

Largest shareholders in Vicore as of December 31, 2019:

Shareholder	No. of shares	%
HealthCap VII L.P.	13,763,908	27.4%
Göran Wessman[1]	3,826,849	7.6%
Swedbank Robur	3,293,332	6.6%
Fourth Swedish National Pension Fund	3,210,000	6.4%
HBM Healthcare Investments (Cayman) Ltd	2,419,438	4.8%
Unionen	1,663,990	3.3%
Kjell Stenberg	1,531,303	3.1%
Pomona-gruppen AB	1,239,440	2.5%
Shaps Capital	1,197,100	2.4%
Länsförsäkringar	1,190,000	2.4%
Handelsbanken funds	1,100,000	2.2%
Other	15,739,354	31.4%
Total number of shares	**50,174,714**	**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 two active programs that include the management team, certain board members, key employees and key consultants.

At the Extraordinary General Meeting on August 13, 2018, it was resolved to implement two new incentive programs: a maximum of 2,000,000 options to senior leaders and key persons ("Co-worker LTIP 2018"); and a maximum of 475,000 share awards to board members ("Board LTIP 2018"). Both these programs are performance-based programs entitling the holder to a maximum of one common share in Vicore per option or share award after three years. For further information about these programs, see the minutes of the Extraordinary General Meeting, held on August 13, 2018, published on the company's website, www.vicorepharma.com and the Annual Report 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 SEK 1,237,500, corresponding to a dilution of 4.7% of the total number of shares.

As of December 31, 2019, a total of 475,000 share awards have been granted in the Board LTIP 2018 and options corresponding to 765,800 shares have been granted in the Co-worker LTIP 2018.

On January 8, 2016, Vicore issued 570,000 warrants to key employees and key consultants. As a result of the rights issue decided by the Annual General Meeting on August 13, 2018, the subscription price and number of shares per option shall be recalculated in accordance with the terms of the issued warrants. Recalculation in accordance with the terms of the warrants results in a new subscription price of SEK 10.47 and recalculated number of shares per option of 1.146.

After the year end, 243,525 shares of a total of 653,220 shares were issued within the framework of the LTIP 2016 incentive program. The increase in the company's share capital for the options amounts to SEK 121,762.50, which corresponds to a dilution of 0.48 percent of the total number of shares and the total number of votes in the company. The incentive program LTIP 2016 expired on January 3, 2020 and is now closed.

Other financial asset

Vicore holds 91,829 shares in I-Tech AB (publ), which are classified as an other financial asset. As of December 31, 2019, the value of the financial asset was 6.1 MSEK.

Audit review

This year-end report has not been reviewed by the company's auditor.

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

Gothenburg, February 28, 2020

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

Financial reports
Group

Group statement of comprehensive income in summary*

KSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales	0	51	0	508
Gross profit	**0**	**51**	**0**	**508**
Administrative expenses	-6,685	-4,755	-26,875	-14,839
Research and development expenses	-23,535	-8,829	-67,048	-26,858
Other operating income and expenses	-24	-107	-91	-397
Profit/loss from operations	**-30,244**	**-13,640**	**-94,014**	**-41,586**
Share in profits in associated companies	0	0	0	16,573
Financial income	2,476	0	712	3,684
Financial expenses	-21	-68	-27	-352
Net financial income/expense	**2,455**	**-68**	**685**	**19,905**
Profit/loss before tax	**-27,789**	**-13,708**	**-93,329**	**-21,681**
Tax	212	0	245	0
Loss for the period attributable to the parent company´s shareholders	**-27,577**	**-13,708**	**-93,084**	**-21,681**
Other comprehensive income				
Other comprehensive income	0	0	0	0
Other comprehensive income for the period, net of tax	**0**	**0**	**0**	**0**
Total comprehensive income attributable to the parent company´s shareholders	**-27,577**	**-13,708**	**-93,084**	**-21,681**
Earnings per share, before and after dilution (SEK)	**-0.60**	**-0.42**	**-2.16**	**-0.95**

* 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 2018 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	2019 Dec 31	2018 Dec 31
ASSETS		
Fixed assets		
Patent, licenses and similar rights	68,082	69,192
Equipment	143	21
Contract asset	189	0
Long-term investments	6,116	5,567
Deferred tax asset	63	0
Total fixed assets	**74,593**	**74,780**
Current Assets		
Trade receivables	0	4
Other receivables	1,426	1,613
Prepaid expenses and accrued income	474	515
Short-term investments	77,029	0
Cash and cash equivalents	187,586	224,688
Total current assets	**266,515**	**226,820**
TOTAL ASSETS	**341,108**	**301,600**
EQUITY AND LIABILITIES		
Equity attributable to parent company shareholders	**321,597**	**285,436**
Non-current liabilities		
Contract liability	186	0
Other provisions	575	278
Deferred tax liability	1,796	1,978
Total non-current liabilities	**2,557**	**2,256**
Current liabilities		
Contract liability	4	0
Trade payables	5,300	2,384
Current tax liability	534	285
Other liabilities	2,982	445
Accrued expenses and deferred income	8,134	10,794
Total current liabilities	**16,954**	**13,908**
TOTAL LIABILITIES	**19,511**	**16,164**
TOTAL EQUITY AND LIABILITIES	**341,108**	**301,600**

Consolidated statement of changes in shareholders' equity in summary

	Shareholders' equity attributable to the parent company			
KSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Equity at the beginning of the period	**231,260**	**78,485**	**285,436**	**57,576**
Profit for the period	-27,577	-13,708	-93,084	-21,681
Other comprehensive income for the period	0	0	0	0
Total comprehensive income for the period	**-27,577**	**-13,708**	**-93,084**	**-21,681**
Transactions with owners:				
Issue of new shares	124,800	232,420	134,830	303,232
Issue costs	-7,374	-12,308	-7,575	-13,745
Long term incentive program	488	547	1,990	717
Dividends of shares in associated companies	0	0	0	-40,663
Total transactions with owners	**117,914**	**220,659**	**129,245**	**249,541**
Equity at the end of the period	**321,597**	**285,436**	**321,597**	**285,436**

Consolidated statement of cash flow

KSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Operating activities				
Operating profit	-30,244	-13,640	-94,014	-41,586
Adjustment for items not included in the cash flow	1,428	547	3,350	722
Interest received	134	0	134	0
Interest paid	-22	-36	-28	-351
Income tax paid	0	48	0	142
Cash flow from operating activities before changes in working capital	**-28,704**	**-13,081**	**-90,558**	**-41,073**
Cash flow from changes in working capital				
Change in operating receivables	1,608	-922	234	-1,275
Change in operating payables	2,294	-11,630	3,324	9,312
Cash flow from operating activities	**-24,802**	**-25,633**	**-87,000**	**-33,036**
Investing activities				
Acquisition of intangible assets	0	-2,000	0	-2,000
Acquisition of equipment	-147	0	-147	0
Acquisition of long-term investments	0	0	0	-3,228
Acquisition of short-term investments	-77,000	0	-77,000	0
Acquisition of subsidiaries, net liquidity impact	0	0	0	20,258
Cash flow from investing activities	**-77,147**	**-2,000**	**-77,147**	**15,030**
Financing activities				
Amortization contract liability	-88	0	-210	0
Issue of new shares	124,800	232,420	134,830	232,420
Issue costs	-7,374	-12,308	-7,575	-13,745
Cash flow from financing activities	**117,338**	**220,112**	**127,045**	**218,675**
Cash flow for the period	**15,389**	**192,479**	**-37,102**	**200,669**
Cash and cash equivalents at the beginning of the period	**172,197**	**32,209**	**224,688**	**24,019**
Cash and cash equivalents at the end of the period	**187,586**	**224,688**	**187,586**	**224,688**

Financial reports
Parent company

The parent company's income statement*

KSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Net sales	768	577	3,092	2,653
Gross profit	**768**	**577**	**3,092**	**2,653**
Administrative expenses	-6,565	-4,756	-26,484	-14,453
Research and development expenses	-385	-384	-1,536	-384
Other operating income and expenses	0	5	-17	4
Profit/loss from operations	**-6,182**	**-4,558**	**-24,945**	**-12,180**
Interest income and similar profit items	163	476	163	1,428
Interest expenses and similar loss items	-18	-34	-20	-348
Net financial income/expense	**145**	**442**	**143**	**1,080**
Result after financial items	**-6,037**	**-4,116**	**-24,802**	**-11,100**
Tax	63	0	63	0
The result for the period	**-5,974**	**-4,116**	**-24,739**	**-11,100**

The parent company's statement of comprehensive income

KSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
The result for the period	-5,974	-4,116	-24,739	-11,100
Other comprehensive income	0	0	0	0
Total comprehensive income for the period	**-5,974**	**-4,116**	**-24,739**	**-11,100**

* 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 2018 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.

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The parent company's balance sheet

KSEK	2019 Dec 31	2018 Dec 31
ASSETS		
Fixed assets		
Equipment	0	22
Participations in group companies	276,274	275,898
Long-term investments	565	565
Deferred tax asset	63	0
Total fixed assets	**276,902**	**276,485**
Current assets		
Receivables		
Trade receivables	0	4
Receivables from group companies	244	4,019
Other receivables	594	10,373
Prepaid expenses and accrued income	287	61
	1,125	**14,457**
Short-term investments	77,029	0
Cash and cash equivalents	148,903	198,023
Total current assets	**227,057**	**212,480**
TOTAL ASSETS	**503,959**	**488,965**

The parent company's balance sheet

KSEK	2019 Dec 31	2018 Dec 31
EQUITY AND LIABILITIES		
EQUITY		
Restricted equity		
Share capital	25,087	16,480
Ongoing new share issue	0	4,707
Total restricted equity	**25,087**	**21,187**
Non-restricted equity		
Share premium reserve	515,987	402,663
Accumulated profit or loss	-20,375	-11,267
Profit (loss) for the period	-24,739	-11,100
Total non-restricted equity	**470,873**	**380,296**
TOTAL EQUITY	**495,960**	**401,483**
Provisions		
Other provisions	500	278
Total provisions	**500**	**278**
Non-current liabilities		
Liabilities to group companies	0	400
Total non-current liabilities	**0**	**400**
Current liabilities		
Trade payables	917	1,510
Liabilities to group companies	400	75,000
Current tax liability	341	157
Other liabilities	2,738	358
Accrued expenses and deferred income	3,103	9,779
Total current liabilities	**7,499**	**86,804**
TOTAL LIABILITIES	**7,999**	**87,482**
TOTAL EQUITY AND LIABILITIES	**503,959**	**488,965**

Notes

Note 1 General information

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

The interim report for the fourth quarter 2019 was approved for publication on February 28, 2020, in accordance with a board decision on February 27, 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 34-39 of the Annual Report for 2018.

The interim report for the fourth 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.

As of the fourth quarter 2019, Vicore classifies operating expenses by function instead of by nature of expense. The transition has been made to give a more accurate picture of the company. This is because the company has high costs for clinical studies and staff in research and development, which is now being more clearly presented. A change in the presentation of the income statement entails a change of principle, which is carried out with retroactive effect. Consequently, the income statements for the comparative periods 2018 have also been prepared in accordance with a classification by function. Note 6 describes the transition from the nature of expense method to the function of expense method.

Management fees 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 were reclassified in the interim report for the second quarter from other operating income to net sales. Historical figures have been adjusted to reflect this reclassification.

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 contract 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 contract assets amounts to 176 KSEK and the corresponding value for contract liabilities amounts to 176 KSEK.

In the parent company, the exception in RFR 2 regarding leasing agreements has been applied, 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 2019, which are available on the company's website, www.vicorepharma.com.

During the second quarter 2019, the leasing agreement for premises at AstraZeneca's BioVentureHub 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 second quarter 2019. During the third quarter, the leasing agreement for premises was terminated and the final contract date is December 31, 2019. The contract asset and the contract liability attributable to the rental agreement for premises amounted to 27 KSEK and 28 KSEK, respectively, at the end of the third quarter. The company's total contract assets and contract liabilities, respectively, both amounted to 45 KSEK at the end of the third quarter.

During the fourth quarter, a leasing agreement was added for premises in Copenhagen. The contract asset and the contract liability attributable to the rental agreement for premises in Copenhagen amounted to 185 KSEK and 186 KSEK, respectively, at the end of the fourth quarter. As of December 31, 2019, the company's total contract assets and contract liabilities amounted to 189 KSEK and 190 KSEK, respectively.

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 fourth quarter and during the full-year 2019:

Vicore Pharma AB invoiced INIM Pharma AB approximately 0.7 MSEK during the fourth quarter for management fee and approximately 2.6 MSEK during the full-year 2019. Vicore Pharma AB has invoiced INIM Pharma AB 0.0 MSEK for reinvoiced consulting costs during the fourth quarter and approximately 1.3 MSEK during the full-year 2019.

Vicore Pharma Holding AB has invoiced the subsidiary Vicore Pharma AB approximately 0.6 MSEK during the fourth quarter for management fee and approximately 2.3 MSEK during the full-year 2019. Vicore Pharma Holding AB has invoiced the subsidiary Vicore Pharma AB 0.0 MSEK during the fourth quarter for reinvoiced consulting fees and approximately 0.6 MSEK during the full-year 2019.

Vicore Pharma Holding AB has invoiced the subsidiary INIM Pharma AB approximately 0.2 MSEK during the fourth quarter for management fee and approximately 0.8 MSEK during the full-year 2019.

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. 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 and the listing prospectus, which both can be downloaded from the company's website, www.vicorepharma.com.

Note 5 Financial instruments

Vicores financial assets and liabilities comprise cash and cash equivalents, trade receivables, long-term investments (I-Tech AB), short-term investments, 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 Growth Market. The shares are valued at level 1 in the fair value hierarchy.

Note 6. Transition to income statement classified by function

2018-10-01 - 2018-12-31

Group statement of comprehensive income

KSEK	Information	Income statement classified by nature of expense	Adjustment other operating income	Adjustment other external costs	Adjustment personnel costs	Adjustment depreciations and amortizations	Income statement classified by function
Net sales		51					51
Other operating income		95	-95				0
		146	**-95**				**51**
Other external costs	1	-9,134		9,134			0
Personnel costs	2	-4,649			4,649		0
Depreciations and amortizations		-3				3	0
Administrative expenses				-1,893	-2,859	-3	-4,755
Research and development expenses				-7,039	-1,790		-8,829
Other operating income and expenses			95	-202			-107
Profit/loss from operations		**-13,640**	**0**	**0**	**0**	**0**	**-13,640**
Share in profits in associated companies		0					0
Financial income		0					0
Financial expenses		-68					-68
Net financial income/expense		**-68**					**-68**
Profit/loss before tax		**-13,708**					**-13,708**
Tax		0					0
Loss for the period attributable to the parent company's shareholders		**-13,708**					**-13,708**
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		**-13,708**					**-13,708**

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 6,665 KSEK in the fourth quarter of 2018. 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. Four people on administrative expenses and three people on research and development expenses. Personnel costs also include board fees, which are allocated to administrative expenses.

2018-01-01 - 2018-12-31

Group statement of comprehensive income

KSEK	Information	Income statement classified by nature of expense	Adjustment other operating income	Adjustment other external costs	Adjustment personnel costs	Adjustment depreciations and amortizations	Income statement classified by function
Net sales		508					508
Other operating income		125	-125				0
		633	**0**				**508**
Other external costs	1	-29,087		29,087			0
Personnel costs	2	-13,125			13,125		0
Depreciations and amortizations		-7				7	0
Administrative expenses				-5,857	-8,975	-7	-14,839
Research and development expenses				-22,708	-4,150		-26,858
Other operating income and expenses			125	-522			-397
Profit/loss from operations		**-41,586**	**0**	**0**	**0**	**0**	**-41,586**
Share in profits in associated companies		16,573					16,573
Financial income		3,684					3,684
Financial expenses		-352					-352
Net financial income/expense		**19,905**					**19,905**
Profit/loss before tax		**-21,681**					**-21,681**
Tax		0					0
Loss for the period attributable to the parent company's shareholders		**-21,681**					**-21,681**
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		**-21,681**					**-21,681**

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 20,463 KSEK during the full-year 2018. In the transition to income statement classified by function, these research and development expenses have been reversed into other external costs for illustrative purposes. Other external costs that are classified as administration consist, for example, of costs for office, legal costs, audit fees and other overhead costs. Other operating income and expenses consist of exchange rate differences on supplier invoices.

2. Personnel costs have been allocated according to the function of each employee. Three people on administrative expenses and two people on research and development expenses. Personnel costs also include board fees, which are allocated to administrative expenses.

2018-10-01 - 2018-12-31

The parent company's income statement

KSEK	Information	Income statement classified by nature of expense	Adjustment other operating income	Adjustment other external costs	Adjustment personnel costs	Adjustment depreciations and amortizations	Income statement classified by function
Net sales		577	0				577
Other operating income		2,457	-2,457				0
		3,034	**-2,457**				**577**
Other external costs	1	-4,146		4,146			0
Personnel costs	2	-3,444			3,444		0
Depreciation and amortization of tangible and intangible assets		-2				2	0
Administrative expenses				-1,694	-3,060	-2	-4,756
Research and development expenses					-384		-384
Other operating income and expenses			2,457	-2,452			5
Profit/loss from operations		**-4,558**	**0**	**0**	**0**	**0**	**-4,558**
Interest income and similar profit items		476					476
Interest expenses and similar loss items		-34					-34
Net financial income/expense		**442**					**442**
Result after financial items		**-4,116**					**-4,116**
Tax		0					0
The result for the period		**-4,116**					**-4,116**

The parent company's statement of comprehensive income

KSEK	
The result for the period	-4,116
Other comprehensive income	0
Total comprehensive income for the period	**-4,116**

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

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

2018-01-01 - 2018-12-31

The parent company's income statement

KSEK	Information	Income statement classified by nature of expense	Adjustment other operating income	Adjustment other external costs	Adjustment personnel costs	Adjustment depreciations and amortizations	Income statement classified by function
Net sales		2,653					2,653
Other operating income		2,524	-2,524				0
		5,177	**-2,524**				**2,653**
Other external costs	1	-8,065		8,065			0
Personnel costs	2	-9,285			9,285		0
Depreciation and amortization of tangible and intangible assets		-7				7	0
Administrative expenses				-5,545	-8,901	-7	-14,453
Research and development expenses					-384		-384
Other operating income and expenses			2,524	-2,520			4
Profit/loss from operations		**-12,180**	**0**	**0**	**0**	**0**	**-12,180**
Interest income and similar profit items		1,428					1,428
Interest expenses and similar loss items		-348					-348
Net financial income/expense		**1,080**					**1,080**
Result after financial items		**-11,100**					**-11,100**
Tax		0					0
The result for the period		**-11,100**					**-11,100**

The parent company's statement of comprehensive income

KSEK	
The result for the period	-11,100
Other comprehensive income	0
Total comprehensive income for the period	**-11,100**

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

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

Note 7. Depreciation and amortization

Allocation by function

KSEK	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Administrative expenses	-27	-3	-111	-7
Research and development expenses	-911	0	-1,227	0
Total	**-938**	**-3**	**-1,338**	**-7**

Amortization attributable to research and development expenses mainly relates to the amortization of acquired intangible assets (16.6 MSEK). This consists of a patent portfolio related to C21, whose main patent expires in the US in September 2024. Amortization began in September 2019.

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

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Share capital at the end of period (KSEK)	25,087	16,480	25,087	16,480
Total registered shares at the beginning of period	42,374,714	24,720,006	32,960,008	15,868,504
Total registered shares at the end of period	50,174,714	32,960,008	50,174,714	32,960,008
Total number of shares allocated employee stock options may entitle to[1]	1,240,800	775,000	1,240,800	775,000
Average number of ordinary shares	45,974,714	32,843,264	43,041,933	22,882,323
Profit for the period attributable to shareholders of the parent company (KSEK)	-27,577	-13,708	-93,084	-21,681
Earnings per share before and after dilution (SEK)[2]	-0.60	-0.42	-2.16	-0.95
Equity ratio at the end of the period (%)[3]	94.3	94.6	94.3	94.6
Research and developments expenses/ operating expenses (%)[4]	77.7	64.0	71.3	63.6

[1] The table excludes the warrants within the LTIP 2016 incentive program with a due date on January 3, 2020. For more information, see page 14.

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

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

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

Definitions and reconciliation of alternative performance measures

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

Derivation

	2019 Oct-Dec	2018 Oct-Dec	2019 Jan-Dec	2018 Jan-Dec
Equity ratio at the end of the period (%)				
Total shareholders' equity at the end of the period (KSEK)	321,597	285,436	321,597	285,436
Total assets at the end of the period (KSEK)	341,108	301,600	341,108	301,600
Equity ratio at the end of the period (%)	94.3	94.6	94.3	94.6
Research and development expenses/ operating expenses (%)				
Research and development expenses (KSEK)	-23,535	-8,829	-67,048	-26,858
Administrative expenses (KSEK)	-6,685	-4,755	-26,875	-14,839
Other operating expenses (KSEK)	-69	-202	-157	-522
Operating expenses (KSEK)	-30,289	-13,786	-94,080	-42,219
Research and development expenses/ operating expenses (%)	77.7	64.0	71.3	63.6

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