



# 2020

## Interim report Q1 July - September

Eurocine Vaccines AB | 556566-4298 | [www.eurocine-vaccines.com](http://www.eurocine-vaccines.com)

*This is an unofficial translation of the Swedish original. In the event of any discrepancies between the English original and the English translation, the Swedish text shall apply.*

## Summary of Interim report

### 2020-07-01 – 2020-09-30 (first quarter)

- Result after tax during the first quarter amounted to -3,2 m SEK (-1,8 m SEK)
- Revenues during the first quarter amounted to 158,000 SEK (0,0 m SEK)
- Earnings per share the first quarter -0,004 SEK (-0,009 SEK)

*"Eurocine Vaccines" refers to Eurocine Vaccines AB with organization number 556566-4298. Number of shares in Eurocine Vaccines as of September 30<sup>th</sup>, 2020: 789 541 214 shares.*

## Highlights during the period

### **Eurocine Vaccines has started a vaccine project with researchers at Örebro University which has been granted funding by The Knowledge Foundation in Sweden**

Eurocine Vaccines has started a project that includes studies on e.g. TBE, other flaviviruses, and HIV, as well as tests in combination with substances that enhance the effect of vaccines, so-called adjuvants. The project is led by Magnus Johansson, professor of biomedicine, and has been granted over SEK 14 million by The Knowledge Foundation's Synergy Program.

### **Eurocine Vaccines has entered into an agreement with Spixia Biotechnology on the development and commercialization of chlamydia vaccine**

The agreement follows the terms communicated in May 2020, which gives Eurocine Vaccines the exclusive right to develop, manufacture and commercialize chlamydia vaccine candidates based on vaccine antigens developed by Spixia Biotechnology.

## CEO Hans Arwidsson

I would like to begin by thanking all shareholders and investors for the past quarter. Despite a worldwide pandemic, Eurocine Vaccines maintained a high level of delivery during the first quarter of 2020/2021 and took important steps to increase our value creation. Among other things, by signing an agreement with Spixia Biotechnology in August that enables the development and commercialization of our vaccine candidate against chlamydia. The agreement highlights our strong belief in the product candidate and has led to an intensification of our work in the project.

Covid-19 has, for obvious reasons, created an enormous demand for expertise in the vaccine area, and despite the challenges it could have entailed for us, the Company's operations have not been affected to any great extent.



At "Testa Center" in Uppsala, a test facility for biologicals, adaptation is underway for industrial production of the active vaccine component, with a focus on developing the processes prior to transferring to a selected contract developer. The process of choosing the right contract developer has been successful. Over the past year, we have evaluated several different contract developers and are conducting final negotiations with two candidates. Our decision is expected to be taken by the turn of the year. Together with the selected contract developer, Eurocine Vaccines plans to scale up production of study products before toxicological and clinical studies, respectively, further strengthening the company's market position. In November, another preclinical study starts, the results from which will give us more knowledge about doses and vaccination schedules. Results will be available during the first quarter of 2021.

In parallel with all this, we have ongoing international contacts with vaccine experts around the world. We actively participate in partnering meetings and have during autumn participated in four virtual partnering conferences, most significant the Biologics World Nordic and the Annual Vaccine World Asia Congress. After the end of the first quarter, three more meetings are booked for 2020, and more are planned for spring 2021. Increasing our contact areas with the surrounding world is pivotal to the Company as we continue to work with the market and potential partners to expand our portfolio with additional promising product candidates. Eurocine Vaccines' goal is to create a development portfolio with a continuous flow of vaccine candidates in different phases, with major market potential and which meet important health needs. During autumn, we have intensified the build-up of our portfolio and initiated several early discussions about promising vaccines.

In conclusion, I would like to thank all colleagues for their valuable efforts in developing our project portfolio during the first quarter. I look forward with great confidence to the exciting time ahead, and in leading the work of developing the company's portfolio and realizing Eurocine Vaccines' underlying values.

**Hans Arwidsson** – CEO, Eurocine Vaccines AB



## **Eurocine Vaccines AB**

Eurocine Vaccines develops vaccines that meet significant medical needs. The Company focuses on injected vaccines for human use and veterinary vaccines, which include both injected and nasal vaccines. The vaccines are developed through the Company's extensive knowledge in the vaccine area and the technology platform Endocine™, which has documented good human safety.

The technology platform Endocine™ has proven itself to:

- Be safe for use in nasal vaccination and has been shown to be safe in five clinical trials including over 400 subjects.
- Work preclinically as both an injected and nasal adjuvant and enhance the effect of vaccines.
- Save vaccine antigen by achieving an immunological effect with a lower amount of antigen.
- Be compatible with vaccine antigens from several different pathogens (e.g. viruses, certain bacteria, etc).
- Be compatible with different types of vaccine antigen, for example with different structure, size, or chemistry.

### **Business model**

Eurocine Vaccine's business strategy is to run vaccine projects into clinical development in order to ensure proof-of-concept, i.e. support for clinical relevance. The company's ambition is to enter into commercial agreements with one or more major pharmaceutical companies at the appropriate time in the development of each vaccine candidate.

### **Eurocine Vaccines share**

Eurocine Vaccine's share is listed on Spotlight Stock Market, [www.spotlightstockmarket.com](http://www.spotlightstockmarket.com). The share has the ticker name EUCL and ISIN code SE0001839069. The number of outstanding shares as of 30 September 2020 was 789,541,214.

### **Business-related risks and uncertainties**

The risks and uncertainties to which Eurocine Vaccine's operations are exposed are, in summary, related to, among other things, drug development, competition, technology development, patents, regulatory requirements, capital requirements, currencies, and interest rates. During the current period, no significant changes regarding risk or uncertainty factors have occurred. For a more detailed description of significant risk factors in Eurocine Vaccine's operations, see the company's prospectus published in January 2020.

### **List of owners and insider trading**

For Eurocine Vaccine's list of owners and insider trading, please refer to Spotlight via the following link: <https://www.spotlightstockmarket.com/sv/bolag/irabout?InstrumentId=XSAT01000486>

## Comment on financial development

### Revenues

Revenues during the quarter amounted to SEK 0.2 million (SEK 0.0 million) and consist of grants from Vinnova. The first significant revenues from the company's operations are estimated to be revenues from collaborations in connection to the company's vaccine candidates and the adjuvant technology Endocine™.

### Costs

As in previous years, the quarter's costs are characterized by costs for research and development of the company's product candidates. The costs for the company's research and development, including salaries, for the period, amounted to approximately SEK 2.2 million (SEK 1.1 million). 70% (39%) of the development costs for the period consist of the costs for subcontractors and contract researchers. The increased costs compared with the previous financial year are a natural consequence of the increased activities in the chlamydia project.

### Operating profit

The result for the period after financial items amounted to SEK -3.2 million (SEK -1.8 million).

### Financing and financial position

Cash and cash equivalents as of 30 September 2020 amounted to SEK 28.3 million (SEK 2.6 million).

A rights issue of units and the subsequent exercise of warrants has during the first half-year of 2020 raised capital that finances the present level of operations for at least 12 months. The plans for 2021 bring increased costs, including increased costs for the development of the chlamydia vaccine, but the company commits to new costs for development activities only if financing for this has been secured.

### Equity

At the end of the period, the Group's financial solidity amounted to 93 % (54 %).

### Accounting and accounting principles

This interim report has been prepared in accordance with IAS 34, Interim Financial Reporting.

For the Parent Company, the Swedish Financial Reporting Board's recommendation RFR 2 Accounting for legal entities has been applied in the preparation of this year-end report.

The Group and the parent company's accounting principles are unchanged with what is described in the annual report for 2018/2019.

No other new or revised IFRSs have entered into force that is expected to have any significant impact on the Group.

## The Group's income statement

	1 <sup>st</sup> Quarter 2020/2021 20-07-01 TSEK -20-09-30	1 <sup>st</sup> Quarter 2019/2020 19-07-01 -19-09-30	Financial year 2019/2020 19-07-01 -20-06-30
Net sales	0	0	0
Other operating income	158	0	0
<b>Total operating income</b>	<b>158</b>	<b>0</b>	<b>0</b>
<b>Operating expenses</b>			
Other external expenses	-2 190	-935	-4 280
Staff costs	-1 194	-904	-4 627
<b>Operating profit/loss</b>	<b>-3 226</b>	<b>-1 839</b>	<b>-8 907</b>
Financial income and expenses	-2	-12	-312
<b>Profit/loss after financial items</b>	<b>-3 228</b>	<b>-1 851</b>	<b>-9 219</b>
<b>Profit/loss for the period</b>	<b>-3 228</b>	<b>-1 851</b>	<b>-9 219</b>
Earnings per share, SEK	-0,004	-0,009	-0,03
Earnings per share after dilution, SEK	-0,004	-0,009	-0,03
Number of shares at the end of the period	789 541 214	212 314 953	789 541 214
Average number of shares outstanding	789 541 214	212 314 953	328 210 041

Other comprehensive income for the Group corresponds to the profit for the period.

Earnings for the period and earnings per share are attributable in their entirety to the parent company's owners as the Group has no minority interests.

## The Group's change in equity

TSEK	Share capital	Other contributed capital	Accumulated loss	Sum of equity
Opening balance as of July 1 <sup>st</sup> 2019	531	228 050	-225 193	3 388
Rights issue				0
Issue costs				0
Total comprehensive income for the period			-1 851	-1 851
<b>Closing balance as of September 30<sup>th</sup>, 2019</b>	<b>531</b>	<b>228 050</b>	<b>-225 193</b>	<b>3 388</b>
Opening balance as of July 1 <sup>st</sup> 2020	1 974	262 552	-234 412	30 114
Rights issue				0
Issue costs		-8		-8
Total comprehensive income for the period			-3 228	-3 228
<b>Closing balance as of September 30<sup>th</sup> 2020</b>	<b>1 974</b>	<b>262 544</b>	<b>-237 640</b>	<b>26 878</b>

## The Group's balance sheet

TSEK	2020-09-30	2020-06-30
<b>Assets</b>		
<i>Current assets</i>		
Accounts receivable and other receivables	655	512
Cash and cash equivalents	28 325	31 934
<b>Total current assets</b>	<b>28 980</b>	<b>32 446</b>
<b>Total assets</b>	<b>28 980</b>	<b>32 446</b>
<b>Equity and liabilities</b>		
<i>Equity</i>		
Share capital	1 974	1 974
Other contributed capital	262 544	262 552
Accumulated loss	-237 640	-234 412
<b>Total equity</b>	<b>26 878</b>	<b>30 114</b>
<i>Current liabilities</i>		
Accounts payable and other liabilities	2 102	2 332
<b>Total liabilities</b>	<b>2 102</b>	<b>2 332</b>
<b>Total equity and liabilities</b>	<b>28 980</b>	<b>32 446</b>



## The Group's cash flow analysis

	1 <sup>st</sup> Quarter 2020/2021	1 <sup>st</sup> Quarter 2019/2020	Financial year 2019/2020
	20-07-01	19-07-01	19-07-01
TSEK	-20-09-30	-19-09-30	-20-06-30
<b>Operating activities</b>			
Operating profit	-3 226	-1 839	-8 907
Adjustment for items not included in cash flow	0	0	0
Interest received	0	0	0
Interest paid	-2	-12	-312
	<b>-3 228</b>	<b>-1 851</b>	<b>-9 219</b>
Cash flow from operating activities before changes in working capital			
Change in current receivables	-143	214	-54
Change in current liabilities	-230	-713	310
<b>Cash flow from operating activities</b>	<b>-3 601</b>	<b>-2 350</b>	<b>-8 963</b>
<b>Financing activities</b>			
Rights issue			41 374
Issue expenses	-8		-5 429
<b>Cash flow from financing activities</b>	<b>-8</b>	<b>0</b>	<b>35 945</b>
Cash flow for the year	-3 609	-2 350	26 982
Cash and cash equivalents at the beginning of the period	31 934	4 952	4 952
<b>Cash and cash equivalents at the end of the period</b>	<b>28 325</b>	<b>2 602</b>	<b>31 934</b>

## The Group's key figures

	1 <sup>st</sup> Quarter 2020/2021	1 <sup>st</sup> Quarter 2019/2020	Financial year 2019/2020
	20-07-01 -20-09-30	19-07-01 -19-09-30	19-07-01 -20-06-30
<b>KEY FIGURES</b>			
Operating margin, %	-3 226	-1 839	0
Profit margin, %	Na	Na	Na
Solvency, %	93%	54%	93%
Debt/equity ratio, %	Na	Na	Na
Investments	0	0	0
Number of employees at the end of the period	3	3	3
<b>Data per share</b>			
Earnings per share, before dilution, SEK	-0,004	-0,009	-0,03
Earnings per share, after dilution, SEK	-0,004	-0,009	-0,03
Equity per share, before dilution, SEK	0,034	0,007	0,038
Equity per share, after dilution, SEK	0,034	0,007	0,038
Number of shares at the end of the period	789 541 214	212 314 953	789 541 214
Average number of shares, before dilution	789 541 214	212 314 953	328 210 041
Average number of shares, after dilution	789 541 214	212 314 953	328 210 041
<b>DIVIDEND</b>	0	0	0

### DEFINITIONS

Operating margin, %, = Operating profit as a percentage of this year's invoice.

Profit margin, %, = Profit after net financial items as a percentage of this year's invoice.

Equity ratio, %, = Equity as a percentage of total assets.

Debt/equity ratio, %, = Interest-bearing liabilities divided by equity.

Earnings per share, SEK, = Net profit divided by the average number of shares.

Equity per share, SEK = Equity divided by the number of shares on the balance sheet date.

## Parent company income statements

	1 <sup>st</sup> Quarter 2020/2021	1 <sup>st</sup> Quarter 2019/2020	Financial year 2019/2020
	20-07-01	19-07-01	19-07-01
TSEK	-20-09-30	-19-09-30	-20-06-30
Net sales	-	-	-
Other incomes	158		-
<b>Total income</b>	<b>158</b>	<b>0</b>	<b>0</b>
<b>Operating expenses</b>			
Other external expenses	-2 190	-935	-4 280
Personnel costs	-1 194	-904	-4 627
<b>Operating profit</b>	<b>-3 226</b>	<b>-1 839</b>	<b>-8 907</b>
<i>Results from financial items</i>			
Financial income and expenses	-2	-1	-300
<b>Results after financial items</b>	<b>-3 228</b>	<b>-1 840</b>	<b>-9 207</b>
<b>Result of the period</b>	<b>-3 228</b>	<b>-1 840</b>	<b>-9 207</b>

## Parent company balance sheets

TSEK	2020-09-30	2020-06-30
<b>Assets</b>		
<i>Financial assets</i>		
Shares in subsidiaries	100	100
<b>Total fixed assets</b>	<b>100</b>	<b>100</b>
<i>Current assets</i>		
Receivables	492	418
Prepaid expenses	175	106
<b>Total current receivables</b>	<b>667</b>	<b>524</b>
Cash and bank	28 225	31 834
<b>Total current assets</b>	<b>28 892</b>	<b>32 358</b>
<b>Total assets</b>	<b>28 992</b>	<b>32 458</b>
<b>Equity and liabilities</b>		
<i>Equity</i>		
Share capital	1 974	1 974
Fund for development expenditure		
Reserve fund	8 907	8 907
<b>Total restricted equity</b>	<b>10 881</b>	<b>10 881</b>
<b>Unrestricted equity</b>		
Share premium reserve	253 419	253 426
Accumulated loss	-234 182	-224 974
Loss of the period	-3 228	-9 207
<b>Total unrestricted equity</b>	<b>16 009</b>	<b>19 245</b>
<b>Total equity</b>	<b>26 890</b>	<b>30 126</b>
Accounts payable and other liabilities	2 102	2 332
<b>Total short-term liabilities</b>	<b>2 102</b>	<b>2 332</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>28 992</b>	<b>32 458</b>

## The next reporting dates

The interim report for the period 1 July to 31 December 2020 will be published on 19 February 2021.

The Annual General Meeting will take place on December 15, 2020.

Solna 2020-11-25

Eurocine Vaccines AB (Publ)

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Chairman of the Board

Emanuele Montomoli  
Director of the Board

Hans Arwidsson  
Director of the Board  
and Chief Executive Officer

Jan Sandström  
Director of the Board

Pär Thuresson  
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