



2020 - 2021

Interim report

July 2020 – March 2021

Eurocine Vaccines AB | 556566-4298 | 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 the interim report

2021-01-01– 2021-03-31 (third quarter)

- Result after tax during the period amounted to SEK -4,6 million (SEK -2 million)
- Revenues during the period amounted to TSEK 75 (TSEK 8)
- Earnings per share during the period SEK -0.582 (SEK -0.006)*

2020-07-01– 2021-03-31 (9 month period)

- Result after tax during the period amounted to SEK -12,2 million (SEK -6,7 million)
- Revenues during the period amounted to TSEK 457 (TSEK 8)
- Earnings per share during the period amounted to SEK -1.544 (SEK -0.03)*

* During the third quarter of the fiscal year (first quarter of 2021), the company completed a reversed split in the ratio 1:100, which reduced the number of shares from 789,541,300 to 7,895,413. The number of shares in Eurocine Vaccines as of 31 March 2020: 511,092,893.

"Eurocine Vaccines" refers to Eurocine Vaccines AB with corporate registration number 556566-4298. The number of shares in Eurocine Vaccines as of 31 March 2021: 7,895,413 shares.

Highlights during the period

Eurocine Vaccines entered into an agreement with Spixia Biotechnology on the development and commercialization of chlamydia vaccines

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

Eurocine Vaccines brought forward the development of commercial manufacturing method and updated the time plan

In connection with the procurement of a contract manufacturer for the active protein in the chlamydia vaccine candidate, Eurocine Vaccines decided to develop a manufacturing method that is suitable for the manufacture of vaccines on an industrial scale already at this stage. In connection with the decision, the Company has updated the time plan.

Eurocine Vaccines selected Biovian as the contract developer for the chlamydia vaccine candidate

Eurocine Vaccines announced that the Company has selected Biovian Oy, Turku, Finland, ("Biovian") as the contract developer for the Company's vaccine candidate against chlamydia. Biovian, an internationally recognized contract developer and manufacturer with a GMP facility, will develop an industrial manufacturing method and manufacture study products for Eurocine Vaccines' future studies, such as toxicological and clinical studies.

Eurocine Vaccines signed an evaluation agreement to evaluate Endocine™ in the veterinary field

The agreement was signed with a prominent regional veterinary company. The agreement, which is a so-called MTA (Material Transfer Agreement), runs for two years and the evaluation will be carried out on one or two animal species. Eurocine Vaccines provides Endocine™ while the counterparty bears all other costs for the evaluation.

Eurocine Vaccines has started a vaccine project with researchers at Örebro University who have 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 approx. SEK 14 million by the Knowledge Foundation's Synergy Program.

Formue Nord sold its shareholding in the company

Formue Nord's sold its previous holding of 9.71 percent of the votes and capital in Eurocine Vaccines, which was received as a result of their guarantee commitment in connection with the warrant exercise in June 2020.

The Annual General Meeting on 15 December resolved to merge shares in Eurocine Vaccines

The Annual General Meeting of Eurocine Vaccines AB resolved in accordance with the proposed resolutions, to implement a reversed split of shares 1:100, i.e. one hundred (100) shares to be merged into one (1) new share. The Board of Directors decided on 5 January, with the support of the Annual General Meeting's authorization, that the record date would be 11 January 2021. The reversed split means that the number of shares was reduced from 789,541,300 shares to 7,895,413 shares. Simultaneously, each share's quota value increased from SEK 0.0025 to SEK 0.25.

Eurocine Vaccines confirmed good immunological effect in the preclinical study with production-adapted chlamydia vaccine

The study confirmed that an adapted version of the vaccine, designed to meet the regulatory requirements of a finished product, is highly immunogenic and focuses the immune response to the parts of the chlamydia bacterium to which protective antibodies bind. The good immunological effect of the tested vaccine surpasses, by a good margin, what in previous studies has provided protection in preclinical models.

Eurocine Vaccines initiated process development for the vaccine candidate against chlamydia

The knowledge transfer and preparations have been carried out for the development of the manufacturing process for the active protein needed in the toxicological and clinical studies with the company's chlamydia vaccine candidate, and process development has begun.

Other events

During the period, the business has moved to more appropriate premises within Campus Solna, "A Working Lab Innomedicum" where a life science hub is created in the meeting between offices, laboratories, meeting rooms, and event spaces. The website has also been updated for better communication with investors and partners. The company participated in JP Morgan's annual "Health Care Conference", where investors meet pharmaceutical companies. This year, this was held virtually with 2,355 participating companies and almost ten thousand partner meetings. Eurocine Vaccines participated virtually to maintain important relationships, position the company's portfolio and, above all, present both the current focus in chlamydia vaccine and the adjuvant Endocine™, to important opinion leaders within Big Pharma. This year, Eurocine Vaccines has so far participated in three additional virtual partnering conferences.

Highlights after the period

Eurocine Vaccines announced that the company's adjuvant technology Endocine™ is being evaluated with a vaccine candidate against COVID-19

An evaluation agreement, a so-called Material Transfer Agreement, has been signed between Eurocine Vaccines and an innovative, North American, small public company for the evaluation of Endocine™ together with a vaccine candidate against COVID-19. Studies in one or two animal species will be carried out to study both efficacy and safety.

Eurocine Vaccines decides on rights issue

The Board of Eurocine Vaccines has, with the support of authorization from the Annual General Meeting, decided on the implementation of a rights issue of units, which initially can provide a maximum of approximately SEK 31.6 million before issuing costs. Through the rights issue of units, free warrants of series TO 4 will be issued, which can provide a maximum of SEK 19.7 million before issuing costs.

CEO Hans Arwidsson

We have now ended the first quarter of 2021, the third quarter of our broken financial year, where our continued expansion of the portfolio was in focus.

An important milestone during the quarter was the initiation of our process development together with Biovian. Eurocine Vaccines has carried out the knowledge transfer and preparations for the development of the manufacturing process for the active protein needed in the toxicological and clinical studies with the chlamydia vaccine candidate. After creating the research cell bank for the upcoming work, we were able to begin the extensive work of developing a quality-assured manufacturing process with thorough documentation, something the team has done professionally and well.



At the beginning of the year, we were also able to upgrade to appropriate premises with beneficial access to both own and common laboratory premises as well as instruments to evaluate new vaccine candidates more quickly – important steps to simplify and assure the quality of our evaluation, selection and development of vaccine candidates.

As usual, we have also had regular contact with vaccine experts around the world, something we value highly as it strengthens our presence in the market. This quarter, we participated in the annual JP Morgan Health Care Conference, where investors meet pharmaceutical companies. We participated, processed, and maintained valuable contacts, and were invited to present our company and Endocine™ for top names in Big Pharma. In addition to the operational work, we have undergone some changes in the company's infrastructure. The website has been redesigned, with the goal to offer a platform that supports communication with investors and partners and more clearly reflects our strategies and our work.

Another important milestone during the quarter was that we confirmed a good immunological effect in our preclinical study with a production-adapted chlamydia vaccine. By optimizing the vaccine candidate, we can focus the immune response so that the antibodies formed bind to relevant parts of the chlamydia bacterium to an even greater extent than before. This is probably of great importance for how effective the vaccine is, something we will investigate further in future studies. The results are an important step before the further development of the candidate for the chlamydia vaccine on the way to the first clinical study and to build value in this project, we are now focusing on developing a manufacturing method that is suitable for manufacturing on an industrial scale, a work that is currently underway.

Thus, as we now enter the fourth and final quarter of this financial year, we begin it with the news of a rights issue of units to finance most of the preparatory activities before the start of the first clinical study with the vaccine candidate against chlamydia. In addition, the capitalization, which can initially provide approx. SEK 31.6 million, will finance business development activities, partly with the aim of preparing potential partners for the chlamydia vaccine candidate and partly for the identification and evaluation of additional vaccine candidates.

Finally, I would like to extend a warm thank you to our shareholders, to my competent colleagues, and to the Board.

Hans Arwidsson – CEO, Eurocine Vaccines AB

Eurocine Vaccines AB

Eurocine Vaccines is a research company that develops vaccines for human and veterinary use. The company develops and provides the vaccine adjuvant platform Endocine™ for the development and enhancement of vaccines. Endocine™ can also be offered to other companies that want to develop adjuvanted vaccines themselves.

The technology platform Endocine™ has been shown to:

- Be safe for intranasal vaccination in humans 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, bacteria, etc).
- Be compatible with different types of vaccine antigens, for example with different structure, size, or chemistry.

Business model

Eurocine Vaccine's business strategy is to run vaccine projects into clinical development 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. The share has the ticker name EUCI and ISIN code SE0001839069. The number of outstanding shares as of 31 March 2021 was 7,895,413. The number of shares in Eurocine Vaccines as of 31 March 2020 was 511,092,893.

Business-related risks and uncertainties

The risks and uncertainties to which Eurocine Vaccine's operations are exposed are, in summary, related to e.g. 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 Vaccines' operations, see the company's prospectus published in January 2020.

Owners and insider trade

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

Comment on financial development

Income

Revenues for the period amounted to TSEK 0.46 (TSEK 0.0) and for the third quarter to SEK 0.07 million (SEK 0.0 million) and consist of grants from Vinnova and Spixia's partial payment of preclinical studies carried out before the agreement with them was entered. The first significant revenues from the company's operations are expected to be revenues from collaborations around the company's vaccine candidates and the adjuvant technology Endocrine™.

Costs

As in previous years, the costs for the period are characterized by costs for research and development of the company's product candidates. The costs for the company's research and development during the third quarter, including salaries, amounted to SEK -3.4 million (SEK -0.6 million). The quarter's research costs consist to 80 % (21 %) of costs for subcontractors and contract researchers. The costs for the company's research and development, including salaries, amounted to SEK -7.1 million (SEK -2.7 million) for the first nine months. The research costs for the same period consist of 71 % (39 %) of costs for subcontractors and contract researchers. The increased costs compared to the previous financial year follow the plan and are a natural consequence of the increased activities in the high-priority chlamydia project.

Result

The result after financial items for the quarter amounted to SEK -4.6 million (SEK -2 million). The result after financial items during the first nine months of the financial year amounted to SEK -12.2 million (SEK -6.7 million).

Financing and financial position

Cash and cash equivalents as of 31 March 2021 amounted to SEK 19.7 million (SEK 12 million). Considering the issue of units announced on 26 May 2021, in which at least approximately SEK 25 million is covered by guarantee commitments, it is the Board's assessment that the planned operations are financed for the forthcoming twelve months. The company is actively investigating opportunities for grant financing of certain parts of the business activities.

Equity

At the end of the period, Eurocine Vaccines financial solidity was 89 % (90 %).

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 interim report.

The group and the parent company's accounting principles are unchanged with what is described in the annual report for 2019/2020.

No other new or revised IFRS (*International Financial Reporting Standards*) have entered into force that is expected to have any significant impact on the group.

The group's income statement

	3 rd Quarter 2020/2021 2021-01-01 TSEK	3 rd Quarter 2019/2020 2020-01-01 -2021-03-31	9 months 2020/2021 2020-07-01 -2021-03-31	9 months 2019/2020 2019-07-01 -2020-03-31	Financial year 2019/2020 19-07-01 -20-06-30
Net sales	0	0	0	0	0
Other income	75	8	457	8	0
Operating income	75	8	457	8	0
Operating expenses					
Other operating expenses	-3,217	-546	-8,497	-3,003	-4,280
Personnel expenses	-1,454	-1,279	-4,148	-3,379	-4,627
Operating loss	-4,596	-1,817	-12,188	-6,374	-8,907
Financial income and costs	-2	-149	-6	-300	-312
Loss after financial items	-4,598	-1,966	-12,194	-6,674	-9,219
Loss for the period	-4,598	-1,966	-12,194	-6,674	-9,219
Earnings per share, SEK	-0.582	-0.006	-1.544	-0.03	-0.03
Earnings per share after dilution, SEK	-0.582	-0.006	-1.544	-0.03	-0.03
Number of shares at the end of the period	7,895,413	511,092,893	7,895,413	511,092,893	789,541,214
Average number of shares outstanding	68,690,093	345,664,225	552,765,301	261,895,985	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.

During the third quarter (first quarter of 2021), the company completed a reversed split in the ratio 1:100, which reduced the number of shares from 789,541,300 to 7,895,413. The number of shares in Eurocine Vaccines as of 31 March 2020: 511,092,893.

The group's change in equity

TSEK	Share capital	Other contributed capital	Accumulated loss	Sum of equity
Opening balance as of July 1 st 2019	531	228,050	-225,193	3,388
New share issue	747	16,402		17,149
Issue expenses		-2,760		-2,760
Total comprehensive income for the period			-6,674	-6,674
Closing balance as of March 31st 2020	1,278	241,692	-231,867	11,103
Opening balance per 1 juli 2020	1,974	262,552	-234,412	30,114
New share issue				0
Issue expenses		-8		-8
Total comprehensive income for the period			-12,194	-12,194
Closing balance as of March 31st 2021	1,974	262,544	-246,606	17,912

The group's balance sheet

TSEK	2021-03-31	2020-03-31	2020-06-30
Assets			
<i>Current assets</i>			
Accounts receivable and other receivables	508	354	512
Cash and cash equivalents	19,730	11,999	31,934
Total current assets	20,238	12,353	32,446
Total assets	20,238	12,353	32,446
Equity and liabilities			
<i>Equity</i>			
Share capital	1,974	1,278	1,974
Retained earnings including profit for the period	262,544	241,692	262,552
Accumulated loss	-246,606	-231,867	-234,412
Total equity	17,912	11,103	30,114
<i>Current liabilities</i>			
Accounts payable and other liabilities	2,326	1,250	2,332
Total liabilities	2,326	1,250	2,332
Total equity and liabilities	20,238	12,353	32,446

The group's cash flow analysis

	9 months 2020/2021 2020-07-01 -2021-03-31	9 months 2019/2020 2019-07-01 -2020-03-31	Financial year 2019/2020 19-07-01 -20-06-30
TSEK			
Operating activities			
Operating loss	-12,188	-6,374	-8,907
Adjustment for items not included in cash flow	0	0	0
Interest received	0	0	0
Interest paid	-6	-300	-312
Cash flow from operating activities before changes in working capital	-12,194	-6,674	-9,219
Change in current receivables	4	105	-54
Change in current liabilities	-7	-773	310
Cash flow from operating activities	-12,197	-7,342	-8,963
Financing activities			
Share issue	0	17,149	41,374
Issue costs	-8	-2,760	-5,429
Cash flow from financing activities	-8	14,389	35,945
Cash flow for the period	-12,205	7,047	26,982
Cash and cash equivalents at the beginning of the period	31,934	4,952	4,952
Cash and cash equivalents at the end of the period	19,730	11,999	31,934

The group's key figures

	3 rd Quarter 2019/2020	3 rd Quarter 2018/2019	9 months 2020/2021	9 months 2019/2020	Financial year 2019/2020
	2021-01-01 -2021-03-31	2020-01-01 -2020-03-31	2020-07-01 -2021-03-31	2019-07-01 -2020-03-31	19-07-01 -20-06-30
KEY FIGURES					
Operating margin, %	Na	Na	Na	Na	Na
Profit margin, %	Na	Na	Na	Na	Na
Solvency, %	89	90	89	90	93
Debt/equity ratio, %	Na	Na	Na	Na	Na
Investments	0	0	0	0	0
Number of employees at the end of the period	4	3	4	3	3
Data per share*					
Earnings per share, before dilution, SEK	-0.582	-0.006	-1.544	-0.03	-0.03
Earnings per share, after dilution, SEK	-0.582	-0.006	-1.544	-0.03	-0.03
Equity per share, before dilution, SEK	2.269	0.02	2.269	0.02	0.038
Equity per share, after dilution, SEK	2.269	0.02	2.269	0.02	0.038
Number of shares at the end of the period	7,895,413	511,092,893	7,895,413	511,092,893	789,541,214
Average number of shares, before dilution	68,690,093	345,664,225	552,765,301	261,895,985	328,210,041
Average number of shares, after dilution	68,690,093	345,664,225	552,765,301	261,895,985	328,210,041
DIVIDEND	0	0	0	0	0

* During the third quarter (first quarter of 2021), the company completed a reversed split in the ratio 1:100, which reduced the number of shares from 789,541,300 to 7,895,413. The number of shares in Eurocine Vaccines as of 31 March 2020: 511,092,893.

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

	3 rd Quarter 2020/2021 2021-01-01 TSEK -2021-03-31	3 rd Quarter 2019/2020 2020-01-01 -2020-03-31	9 months 2020/2021 2020-07-01 -2021-03-31	9 months 2019/2020 2019-07-01 -2020-03-31	Financial year 2019/2020 19-07-01 -20-06-30
Net sales	0	0	0	0	0
Other incomes	75	8	457	8	0
Total income	75	8	457	8	0
Operating expenses					
Other external expenses	-3,216	-546	-8,496	-3,003	-4,280
Personnel expenses	-1,454	-1,279	-4,148	-3,379	-4,627
Operating loss	-4,595	-1,817	-12,187	-6,374	-8,907
<i>Results from financial items</i>					
Financial income and expenses	-2	-149	-6	-300	-300
Results after financial items	-4,597	-1,966	-12,193	-6,674	-9,207
Result of the period	-4,597	-1,966	-12,193	-6,674	-9,207

Parent company balance sheets

TSEK	2021-03-31	2020-03-31	2020-06-30
Assets			
<i>Financial assets</i>			
Shares in subsidiaries	100	100	100
Total fixed assets	100	100	100
<i>Current assets</i>			
Receivables	349	265	418
Prepaid expenses and accrued income	171	89	106
Total current receivables	520	354	524
Cash and bank	19,631	11,899	31,834
Total current assets	20,151	12,253	32,358
Total assets	20,251	12,353	32,458
Equity and liabilities			
<i>Equity</i>			
Share capital	1,974	1,278	1,974
Statutory reserve	8,907	8,907	8,907
Total restricted equity	10,881	10,185	10,881
Unrestricted equity			
Other contributed capital	253,418	232,786	253,426
Accumulated loss	-234,181	-225,194	-224,974
Loss for the period	-12,193	-6,674	-9,207
Total unrestricted equity	7,044	918	19,245
Total equity	17,925	11,103	30,126
Accounts payable and other liabilities	2,326	1,250	2,332
Total current liabilities	2,326	1,250	2,332
Total equity and liabilities	20,251	12,353	32,458

The next reporting date

The year-end report for the financial year 2020/2021 will be published on 31 August 2021.

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

Solna 27 May 2021

Eurocine Vaccines AB (publ)

Pierre A Morgon
Chairman of the Board

Emanuele Montomoli
Member of the Board

Hans Arwidsson
Member of the Board
and Chief Executive Officer

Jan Sandström
Member of the Board

Pär Thuresson
Member of the Board

For further information, please contact:
Hans Arwidsson, Chief Executive Officer

Eurocine Vaccines AB (publ)
Nanna Svartz väg 4
171 65 Solna

Phone +46 70 634 0171
Investor relations contact: hans.arwidsson@eurocine-vaccines.com
Website: www.eurocine-vaccines.com
Org. nr: 556566-4298



Eurocine Vaccines AB (publ)
Nanna Svartz väg 4
171 65 Solna
Phone +46 70 634 0171