EUROCINE VACCINES

2020

Interim report

July – December

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 Interim report

2020-07-01– 2020-12-31 (first half year)

- Result after tax during the first half year amounted to -7,6 MSEK (-4,7 MSEK)
- Revenues during the half year amounted to 0,4 MSEK (0 MSEK)
- Earnings per share the half year -0,01 SEK (-0,03 SEK)

"Eurocine Vaccines" refers to Eurocine Vaccines AB with company registration number 556566-4298. The number of shares in Eurocine Vaccines as of 31 December 2020: 789 541 300 shares. After the reversed split conducted in January, the number of shares is 7 895 413.

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 right to develop, manufacture and commercialize chlamydia vaccine candidates based on vaccine antigen 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 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 over SEK 14 million by The Knowledge Foundation's Synergy Program.

Formue Nord sold its shareholding in the company
Formue Nord's 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 option redemption in June 2020, was sold.

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, among other things, to implement the amalgamation of shares 1: 100, i.e. one hundred (100) shares will 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.

CEO Hans Arwidsson

It has been an incredibly exciting period for Eurocine Vaccines and we have managed to close very important agreements. After dialogues with - and rigorous analyzes of - potential contract developers for our vaccine candidate against chlamydia, we finally selected Biovian Oy, a prominent company based in Turku, Finland. Biovan is an internationally recognized contract developer and manufacturer with a GMP facility and will develop an industrial manufacturing method for Eurocine Vaccines´ future studies, such as toxicological and clinical studies. This is a message of strength from us and involves both a mutual knowledge transfer between us and Biovian, while at the same time emphasizing Eurocine Vaccines´ role in the development of new biological drugs. In addition, the collaboration means that we will be able to deliver results according to an improved time plan.

Another gratifying achievement was the agreement we entered into with Spixia Biotechnology, on the development and commercialization of chlamydia vaccines. We have collaborated on chlamydia vaccines since April 2019 and have conducted two successful preclinical studies. The agreement gives Eurocine Vaccines the exclusive right to develop, manufacture and commercialize vaccine candidates against chlamydia based on vaccine antigens invented by Spixia Biotechnology.

During the period, we also signed a new evaluation agreement with a prominent regional veterinary company. The agreement, a so-called MTA, Material Transfer Agreement, regulates the conditions for evaluating the vaccine technology Endocine™ in a veterinary vaccine. The agreement runs for two years and involves our supply of Endocine™ for the evaluation, while the counterpart bears all other costs. The evaluation agreement confirms the broad market interest in our vaccine technology and gives us increased visibility in the veterinary vaccines market, which has a very interesting potential in an international perspective and thus can be a significant complement to the human vaccines, which is our main focus.

In addition to the operational work, favorable changes are taking place in parts of the Company's infrastructure. We are currently getting a new website - the website is under reconstruction to create a platform that more clearly reflects our strategies. In addition, in January 2021, Eurocine Vaccines moved to new, purposeful premises with advantageous access to both common laboratory premises and instruments as well as our own laboratory space, enabling us to evaluate new vaccine candidates more quickly. It is a welcome event in the Company that simplifies our work with selecting and developing vaccine candidates.

As always, we have ongoing contacts with vaccine experts around the world. We have a strong presence at partnering conferences and regularly present the Company to investors and other stakeholders. During the period, we participated in a total of eight virtual partnering conferences, where we initiated new and developed existing valuable contacts within the vaccine companies, which led to an invitation to present our company, the vaccine candidate against chlamydia and Endocine ™ for top names in Big Pharma, among other things. We also presented for interested investors at Aktiedagen Stockholm and Aktieportföljen Live.

It has been a stimulating and eventful half year for Eurocine Vaccines with many successes. I would therefore like to take this opportunity to thank the existing shareholders for their continued support, our competent and dedicated colleagues, and a strong board for their hard work. We are now putting in a new and higher gear to continue to develop and realize Eurocine Vaccines´ full revenue potential.

***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, where both injected and nasal vaccines are included. The vaccines, which are selected based on medical needs and market potential, are developed based on the Company's extensive knowledge and experience in the vaccine area as well as the technology platform Endocine™, which has documented good safety in humans.

The technology platform Endocine™ has been shown to:

- Be safe for nasal vaccination in five clinical trials including over human 400 subjects.
- Work preclinically as both an injected and nasal adjuvant to enhance the effect of vaccines.
- Be antigen sparing 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 Vaccines´ business strategy is to run vaccine projects into clinical development in order to show 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 Vaccines´ shares are listed at Spotlight Stock Market, www.spotlightstockmarket.com. The share has the ticker EUCI and ISIN code SE0015382155. The number of outstanding shares as of 2020-12-31 was 789 541 214. After the reversed split conducted in January, the number of shares is 7 895 413.

Business-related risks and uncertainties

The risks and uncertainties to which Eurocine Vaccines´ 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 via the following link:
https://spotlightstockmarket.com/en/companies/irabout/?InstrumentId=XSAT01000486

Comments on the financial development

Income
Revenues during the first half year amounted to 0.38 MSEK (0.0 MSEK) and consist of grants from Vinnova and Spixia's partial payments of preclinical studies completed before the agreement with them was entered. 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 first half year's costs are dominated by costs for research and development of the company's product candidates. The costs for the company's research and development, including salaries, amounted to 3.7 MSEK (2.1 MSEK) for the first half year. The research costs for the first half year consist of 63 % (46 %) costs for subcontractors and contract researchers. The increased costs compared with the previous financial year are according to plan and are a natural consequence of the increased activities in the high-priority chlamydia project.

Operating profit
Profit for the first half year after financial items amounted to -7,6 MSEK (-4,7 MSEK).

Financing and financial position
Cash and cash equivalents as of 31 December 2020 amounted to 24.3 MSEK (4.0 MSEK).
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. The company is actively investigating opportunities for grant financing of certain parts of the business.

Equity
At the end of the period, the Group's financial solvency was 90% (15%).

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 half year 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 IFRSs have entered into force that is expected to have any significant impact on the Group.

The Group's income statement

TSEK	2nd Quarter 2020/2021 2020-10-01 -2020-12-31	2nd Quarter 2019/2020 2019-10-01 -2019-12-31	1st half year 2020/2021 2020-07-01 -2020-12-31	1st half year 2019/2020 2019-07-01 -2019-12-31	Financial year 2019/2020 19-07-01 -20-09-30
Net sales	0	0	0	0	0
Other operating income	67	0	379	0	0
Total operating income	**67**	**0**	**379**	**0**	**0**
Operating expenses					
Other external expenses	-2 933	-1 522	-5 276	-2 456	-4 280
Staff costs	-1 500	-1 196	-2 695	-2 100	-4 627
Operating profit/loss	**-4 366**	**-2 718**	**-7 592**	**-4 556**	**-8 907**
Financial income and expenses	-2	-150	-4	-162	-312
Profit/loss after financial items	**-4 368**	**-2 868**	**-7 596**	**-4 718**	**-9 219**
Profit/loss for the period	**-4 368**	**-2 868**	**-7 596**	**-4 718**	**-9 219**
Earnings per share, SEK	-0,006	-0,01	-0,010	-0,02	-0,03
Earnings per share after dilution, SEK	-0,006	-0,01	-0,010	-0,02	-0,03
Number of shares at the end of the period	789 541 300	232 314 953	789 541 300	232 314 953	789 541 214
Average number of shares outstanding	789 541 222	228 619 301	789 541 218	220 467 127	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 1st 2019	531	228 050	-225 193	3 388
Rights issue	50	2 324		2 374
Issue costs		-418		-418
Total comprehensive income for the period			-4 718	-4 718
Closing balance as of December 31st 2019	**581**	**229 956**	**-229 911**	**626**
Opening balance as of July 1st 2020	1 974	262 552	-234 412	30 114
Rights issue				0
Issue costs		-8		-8
Total comprehensive income for the period			-7 596	-7 596
Closing balance as of December 31st 2020	**1 974**	**262 544**	**-242 008**	**22 510**

The Group's balance sheet

TSEK	2020-12-31	2019-12-31	2020-06-30
Assets			
Current assets			
Accounts receivable and other receivables	650	324	512
Cash and cash equivalents	24 341	3 976	31 934
Total current assets	**24 991**	**4 300**	32 446
Total assets	**24 991**	**4 300**	**32 446**
Equity and liabilities			
Share capital	1 974	581	1 974
Other contributed capital	262 544	229 956	262 552
Accumulated loss	-242 008	-229 911	-234 412
Total equity	**22 510**	**626**	**30 114**
Current liabilities			
Accounts payable and other liabilities	2 481	3 674	2 332
Total liabilities	**2 481**	**3 674**	**2 332**
Total equity and liabilities	**24 991**	**4 300**	**32 446**

The Group's cash flow analysis

TSEK	1st half year 2020/2021 2020-07-01 -2020-12-31	1st half year 2019/2020 2019-07-01 -2019-12-31	Financial year 2019/2020 19-07-01 -20-06-30
Operating activities			
Operating profit	-7 592	-4 556	-8 907
Adjustment for items not included in cash flow	0	0	0
Interest received	0	0	0
Interest paid	-4	-162	-312
Cash flow from operating activities before	**-7 596**	**-4 718**	**-9 219**
Changes in working capital			
Change in current receivables	-139	134	-54
Change in current liabilities	149	-348	310
Cash flow from operating activities	**-7 586**	**-4 932**	**-8 963**
Financing activities			
Borrowings	0	2 000	0
Rights issue	0	2 374	41 374
Issue expenses	-8	-418	-5 429
Cash flow from financing activities	**-8**	**3 956**	**35 945**
Cash flow for the year	-7 593	-976	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	**24 341**	**3 976**	**31 934**

The Group's key figures

	2nd Quarter 2020/2021	2nd Quarter 2019/2020	1st half year 2020/2021	1st half year 2019/2020	Financial year 2019/2020
	2020-10-01 -2020-12-31	2019-10-01 -2019-12-31	2020-07-01 -2020-12-31	2019-07-01 -2019-12-31	19-07-01 -20-06-30
KEY FIGURES					
Operating margin, %	Na	Na	Na	Na	Na
Profit margin, %	Na	Na	Na	Na	Na
Solvency, %	90	15	90	15	93
Debt/equity ratio, %	Na	320	Na	320	Na
Investments	0	0	0	0	0
Number of employees at the end of the period	3	3	3	3	3
Data per share					
Earnings per share, before dilution, SEK	-0,006	-0,01	-0,010	-0,02	-0,03
Earnings per share, after dilution, SEK	-0,006	-0,01	-0,010	-0,02	-0,03
Equity per share, before dilution, SEK	0,029	0,003	0,029	0,003	0,038
Equity per share, after dilution, SEK	0,029	0,003	0,029	0,003	0,038
Number of shares at the end of the period	789 541 300	232 314 953	789 541 300	232 314 953	789 541 214
Average number of shares, before dilution	789 541 222	228 619 301	789 541 218	220 467 127	328 210 041
Average number of shares, after dilution	789 541 222	228 619 301	789 541 218	220 467 127	328 210 041
DIVIDEND	0	0	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

TSEK	2nd Quarter 2020/2021 2020-10-01 -2020-12-31	2nd Quarter 2019/2020 2019-10-01 -2019-12-31	1st half year 2020/2021 2020-07-01 -2020-12-31	1st half year 2019/2020 2019-07-01 -2019-12-31	Financial year 2019/2020 19-07-01 -20-09-30
Net sales	0	0	0	0	0
Other incomes	67	0	379	0	0
Total income	**67**	**0**	**379**	**0**	**0**
Operating expenses					
Other external expenses	-2 933	-1 522	-5 276	-2 456	-4 280
Personnel costs	-1 500	-1 196	-2 695	-2 100	-4 627
Operating profit	**-4 366**	**-2 718**	**-7 592**	**-4 556**	**-8 907**
Results from financial items					
Financial income and expenses	-2	-150	-4	-151	-300
Results after financial items	**-4 368**	**-2 868**	**-7 596**	**-4 707**	**-9 207**
Result of the period	**-4 368**	**-2 868**	**-7 596**	**-4 707**	**-9 207**

Parent company balance sheets

TSEK	2020-12-31	2019-12-31	2020-06-30
Assets			
Financial assets			
Shares in subsidiaries	100	100	100
Total fixed assets	**100**	**100**	**100**
Current assets			
Receivables	473	231	418
Prepaid expenses	189	104	106
Total current receivables	**662**	**335**	**524**
Cash and bank	24 241	3 876	31 834
Total current assets	**24 903**	**4 211**	**32 358**
Summa tillgångar	**25 003**	**4 311**	**32 458**
Equity and liabilities			
Equity			
Share capital	1 974	581	1 974
Reserve fund	8 907	8 907	8 907
Total restricted equity	**10 881**	**9 488**	**10 881**
Unrestricted equity			
Share premium reserve	253 418	221 050	253 426
Accumulated loss	-234 181	-225 194	-224 974
Loss of the period	-7 596	-4 707	-9 207
Total unrestricted equity	**11 641**	**-8 851**	**19 245**
Total equity	**22 522**	**637**	**30 126**
Accounts payable and other liabilities	2 481	3 674	2 332
Total short-term liabilities	**2 481**	**3 674**	**2 332**
TOTAL EQUITY AND LIABILITIES	**25 003**	**4 311**	**32 458**

The next reporting date

The interim report for the period 1 January to 31 March 2021 will be published on 27 May 2021.

Solna 2020-02-19

Eurocine Vaccines AB (Publ)

Pierre A Morgon
Chairman of the Board

Emanuele Montomoli
Director of the Board

Hans Arwidsson
Director of the Board and
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