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BIOTECH

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# Annual Report

# 2018

**ExpreS²ion Biotech Holding AB**

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# A word from our CEO Dr. Steen Klysner

We have now concluded the fiscal year of 2018, which was a period with numerous positive news and continued strong development of the Company. I would like to take this opportunity to comment on some of the most important events during the year and present the management's view on the way forward.

Looking at our achievements in the period, the Company's strategy to increase the number of value-creating projects and products has been successful. However, partly due to the increased focus on development activities, the revenues in 2018 were lower than projected. The combination of lower revenues and increased investment costs is reflected in the net result for 2018, which is not satisfying. This is however also not representative for what we expect looking forward.

We do believe that the value developed through the targeted investment in new products and opportunities over the period clearly exceeds the lack in revenues during the period. In other words, we expect to increase our revenues in 2019, supported by new products developed in 2018, as well as revenues from service projects originating from our joint venture AdaptVac.

**The rights issue at the beginning of the year**

We started 2018 with the implementation of a rights issue, primarily in order to be able to handle more and larger projects, to develop new products, as well as to secure a strong development of AdaptVac. We are proud to note that the rights issue was well received and fully subscribed by a group of existing and selected new major investors, which also strengthened the Company's major investor base.

**The core platform**

In 2018 we made targeted investments towards developing our ExpreS$^2$ ™ core protein expression platform into a full discovery platform. This successfully led to a number of improvements and new products that the Company has introduced or will introduce in 2018/2019:

| Platform development | Product development |
|---|---|
| ✓ Increased production capacity | ✓ R&D tools, U.S. distributor |
| ✓ Two new core analytic instruments | ✓ Formulation |
| ✓ Strong in-licensed technology | ✓ Advanced analytics |
| ✓ Two patent applications submitted | ✓ Immune enhancers |
| ✓ Two strategic alliances | ✓ New functional cell lines |
| ✓ Two product partnerships | ✓ New culture medium |

We expect that this together with our updated marketing material, the webshop and added sales personnel will be an important driver of the planned expansion of the core business.

**Our strategic projects**

During and even after the year ending, we have been able to announce substantial progress in several of the projects in which we are involved. In October, we published positive results from the phase I/IIa malaria vaccine study by the Jenner Institute of Oxford. The vaccine, which was developed and manufactured with our ExpreS$^2$ platform, proved to be safe and it is the first vaccine to demonstrate a reduction in the parasitic growth following a controlled human malaria infection. This is an important step towards creating a malaria vaccine for wider large-scale use. For ExpreS$^2$ion, this provided solid clinical validation of our core platform and brings us closer to an opportunity for future revenues, if this is transferred to a commercial partner.

In December, we co-authored a publication in the scientific journal Nature, presenting first structure of a newly identified molecular "key" that malaria parasites use to enter human blood cells. This work is yet another exciting milestone in the research and design of new, effective vaccines for malaria in the blood phase, and in this case made in collaboration with the renowned Australian Walter and Eliza Hall Institute (WEHI), with whom we have a 50% patent partnership. These achievements represent both significant potential value and a great commercial opportunity for ExpreS$^2$ion, as the blood stage malaria market is valued at around USD 400 million annually.

In early January 2019, after the end of the period, the PlacMalVac consortium, of which we are part, published positive phase Ia clinical trial results from the placental malaria vaccine (PAMVAC) aiming at protection of pregnant women and their children. The vaccine, that was made using the ExpreS$^2$ platform, was shown to be safe, well-tolerated and eliciting specific immune responses in all participants. This is encouraging news for the millions of pregnant women and their children, who are at risk of contracting placental malaria during pregnancy each year, and we are proud to be part of this team. This work

is funded by several organisations, but as our platform is used both in the development and the manufacture of the PAMVAC vaccine, this project also has a commercial value for ExpreS$^2$ion, if partnered.

**Our joint venture: AdaptVac**

In 2017, we established the joint venture company AdaptVac based on a ground-breaking new virus-like particle (VLP) technology. Since its initiation, the Company has focused on improving and consolidating the proprietary technology by internal development as well as external collaborations and projects. An extremely important milestone for AdaptVac was to obtain a "Notice of Allowance" in the U.S. in September for a patent covering its first project, the HER2 breast cancer vaccine project AV001, which targets an 8-10 billion USD market. This strengthens not only the AdaptVac's IP position and thus the potential sales price of the AV001 breast cancer project, but it also has a similar effect for other HER2 relevant indications, such as gastric and ovarian cancers and for the platform in general.

In December, AdaptVac also received grants for two new projects: Cardiovascular disease in humans and HER2-positive cancer in dogs. The inclusion of a cardiovascular disease vaccine project, which targets a USD 3 billion market, in the AdaptVac portfolio will potentially add significant value to the company. The co-development of an animal and human project is a smart way to use existing knowledge to jump-start a veterinary project, that can be taken to the market much faster. Thereby, the HER2 dog cancer project, with a significant potential value in the veterinary market, can also provide supporting animal safety and proof of concept data for the development of the human HER2 cancer projects without delaying them.

In February 2019, AdaptVac received an additional veterinary grant for post-weaning diarrhoea (PWD), a project aiming at dramatically reducing antibiotic use in the swine industry. This is an important issue in the industry and furthermore underlies the potential of the VLP technology. A successful product would target into a two-digit million EUR market and opens VLP based vaccines as an alternative to antibiotics for veterinary and potentially human applications.

**The way forward**

In 2018 we focused on expansion of our core platform by developing and including new technologies, as well as strengthening AdaptVac. We have succeeded well with these activities over the year and have also documented good progress in a number of existing and new projects at the same time. As we stated at the time of the rights issue in the beginning of 2018, this required up-front investments in form of resources as well as money, which is naturally reflected in the costs for the year. We do, however, expect the revenues from our service business to improve markedly in 2019, when the effect of the improved platform and marketing activities kicks in. On the other hand, our investments in the platform, new products and the development in and of AdaptVac together with the progress reported in projects, has generated values that by far exceeds the potential of the service business. Looking forward, we see the service business isolated reaching a financially sustainable plateau, whereas an increasing and highly exciting part of our activities will target value creation in the form of development of new and existing assets in partnerships and joint ventures, based on our optimised proprietary discovery platform.

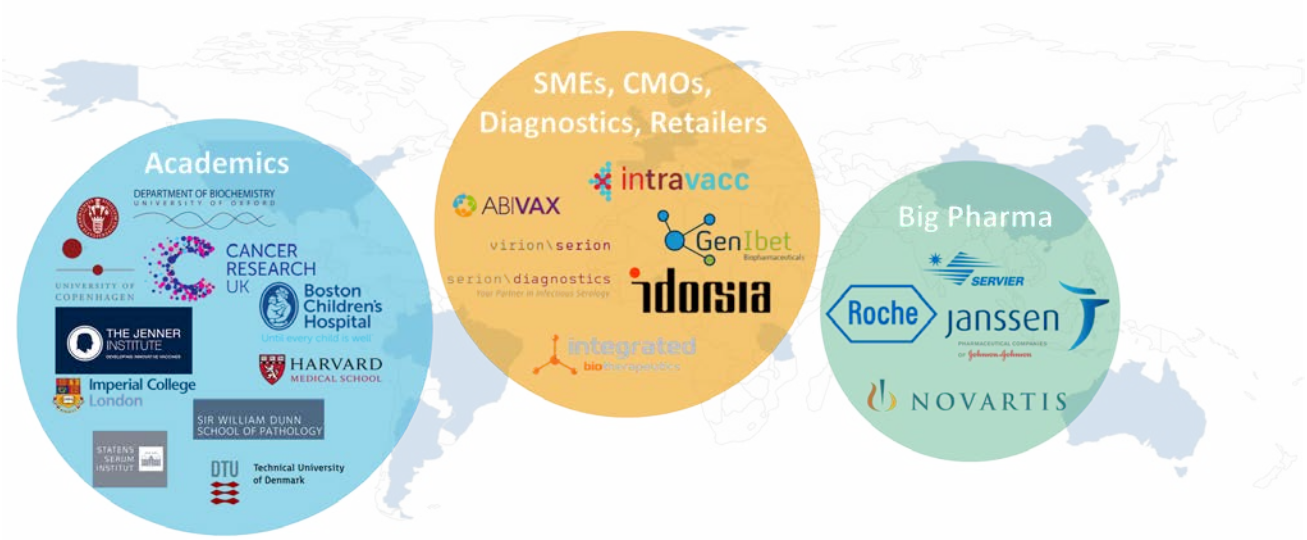
Dr. Steen Klysner
CEO, ExpreS$^2$ion Biotech Holding AB

# About ExpreS²ion Biotech Holding AB

ExpreS²ion, was established in 2010 as a spinout from the Danish pharmaceutical company Affitech A/S. The Company was founded by the doctors Charlotte Dyring, Wian de Jongh and Martin Roland Jensen, with the business idea to provide proteins to research institutions and vaccine producing companies, using a new platform technology. The Company's operations are based on the patent protected ExpreS² platform and its ability to produce complex proteins. The main component of the ExpreS² platform is S2 cells that can produce proteins, as well as the company's patented expression vectors, that are the part of the platform, that, among other things, makes it possible for the cells to generate a high yield. The platform has a number of features that, distinguish it from competing technologies:

- It has in some cases been found to be the only method for producing specific proteins.
- It is significantly less costly and time-consuming than alternative methods, which is an important competitive advantage, considering for example time-to-market and patent validity, but it also makes the platform particularly valuable in the development of diagnostics and vaccines for infectious and rapidly growing pandemics.
- The method generates a significantly higher yield, i.e. amount of protein per manufacturing batch, compared to competing systems.
- The method provides very homogeneous manufacturing batches, which is a requirement in pharmaceutical development and manufacturing.

At this point the company already has a well-established and diverse customer base, as illustrated with selected examples in the figure below;

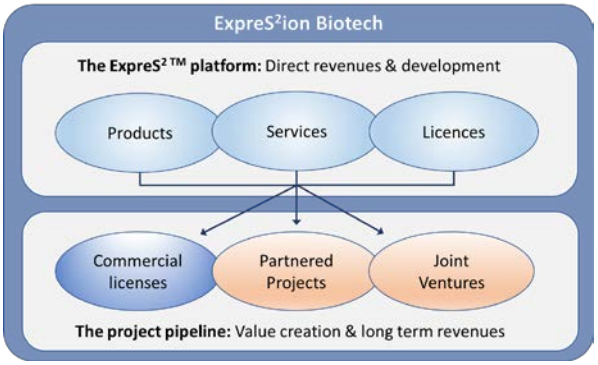



## Business model and market potential

ExpreS²ion's business model consists of mainly three parts:

- ExpreS²ion can co-own pharmaceutical projects that use the ExpreS² platform. In this way, the Company can receive milestone payments as the development progresses as well as royalties in case the pharmaceutical or vaccine reaches market launch.

- ExpreS²ion can also market licenses to use the ExpreS² platform as a whole (or parts of it), thus allowing the client to participate in or be entirely responsible for the development of the proteins

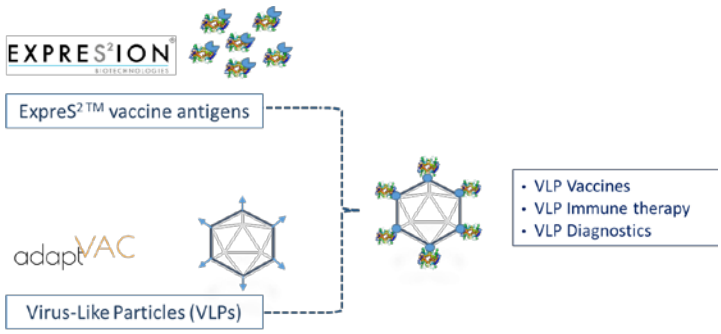


required for pharmaceutical or vaccine development. This is another way through which the company can receive milestone payments and royalties for project development and market launch.

- The Company sells reagents and protein kits as well as charge clients for services where the Company develops tailor-made proteins and delivers these as finished products, using the Expres² platform.
- As a result of the developments of the platform, the Company is now also positioned to undertake the development of own projects, either alone or in collaboration with partners.

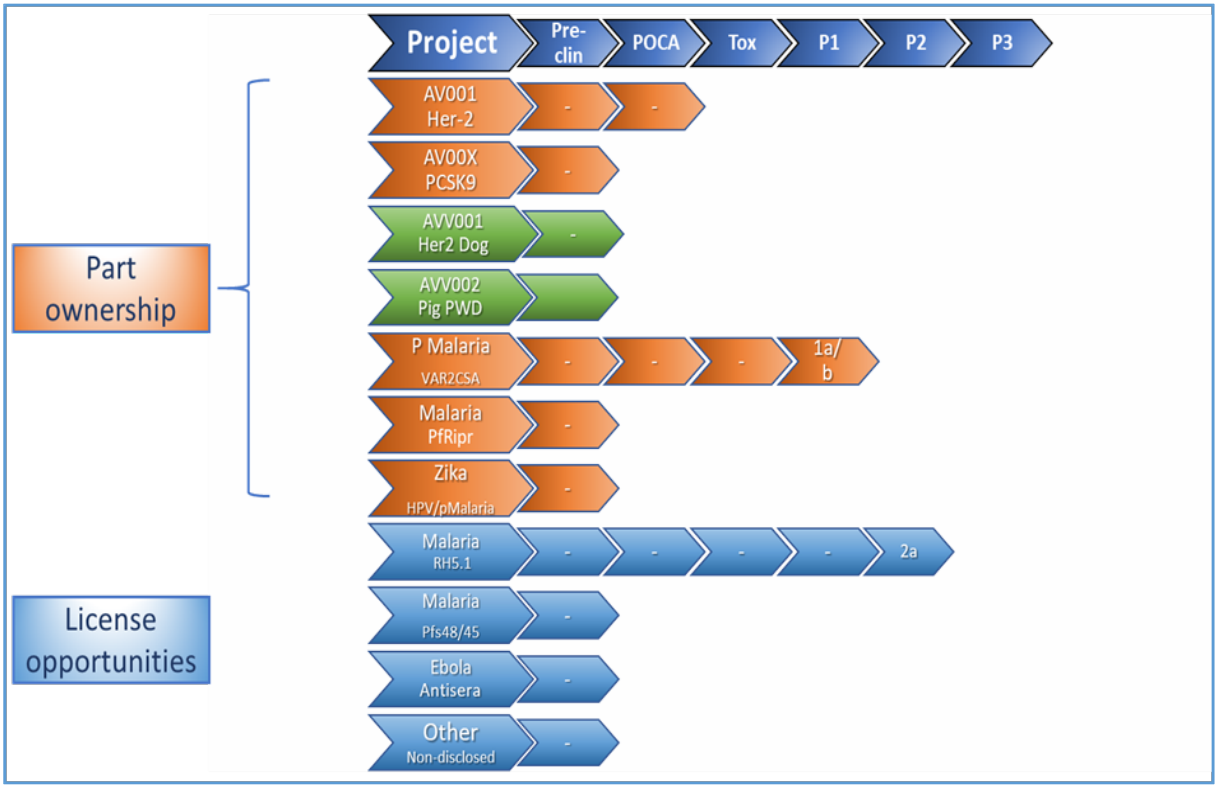
## The joint venture company AdaptVac

In addition to ExpreS²ion's core business activities described above, the Company initiated the Joint Venture AdaptVac ApS ("AdaptVac") in 2017 together with NextGen Vaccines ApS ("NextGen"), a company established by researchers from the University of Copenhagen. AdaptVac has a worldwide exclusive license to a Plug-and-Play Virus Like Particle (VLP) technology, which enables accelerated development of efficient therapeutic and prophylactic vaccines within high value segments of oncology, infectious diseases and immunological disorders. The aim of AdaptVac is to establish a world class company for the development of competitive vaccines and therapeutic treatments in this segment. The combination of ExpreS²ion's technology and know-how and NextGen's unique expertise within the VLP technology provides important synergy effects for ExpreS²ion's proprietary platform and has the potential to create a robust and versatile company within the field of new vaccines and immunotherapies. With AdaptVac, ExpreS²ion also enters the market for immuno-oncology which, according to Research and Markets 2018, is estimated to surpass a market value of USD 100 billion by 2022.




## ExpreS²ion's project pipeline

The table below gives a brief description of the different projects that ExpreS²ion is currently involved in and in which the Company either holds a joint ownership or has out licensed its platform. ExpreS²ion is currently involved in two projects in clinical trials. The first one is the RH5.1 blood-stage malaria vaccine conducted by the Jenner Institute of the University of Oxford to which ExpreS²ion has out licensed its platform. Positive data from a phase 1/2a study within the project were



communicated in October 2018. The other project in clinical phase is conducted by the PlacMalVac consortium and ExpreS²ion has a joint ownership in the project's development of a placental malaria vaccine. In this project, positive phase 1a data were communicated in January 2019. In addition to the projects described in the table above, the Company is also involved in a number of other non-disclosed projects. AdaptVac's first project, AV001, targeting breast cancer was taken into development based on a published, proof of concept in animals (POCA).

## Company structure and shareholding

ExpreS²ion Biotech Holding AB has a fully owned subsidiary, ExpreS²ion Biotechnologies ApS, in Denmark. All operational activity takes place in the subsidiary, and ExpreS²ion Biotech Holding AB's only operational activity is to own and manage the subsidiary ExpreS²ion Biotechnologies. In addition to this, ExpreS²ion Biotechnologies ApS owns 50 percent of the shares in AdaptVac ApS, Denmark. This company is accounted for as a jointly governed company. In addition to the above, the Company does not own any shares in other companies.

## Shareholder structure

The table below lists all shareholders who held more than 5 % of the capital and voting shares in ExpreS²ion Biotech Holding AB as of December 31, 2018. Please note that after December 31, 2018, the company has conducted a directed share issue which increased the number of shares by 1,600,000.

| Name | Number of shares held | Share of votes and capital |
|---|---|---|
| ExpreS²ion Holding ApS[1] | 1,744,370 | 14,53 % |
| AR Consult ApS[2] | 1,397,003 | 11,64 % |
| FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION | 896,172 | 7,47 % |
| Ericsson, Anders | 699,026 | 5,82 % |
| *Summary shareholders over 5 %* | *4,736,571* | *39,46 %* |
| *Remaining shareholders (below 5 %)* | *7,265,44* | *60,54 %* |
| **Total 31/12/2018** | **12,002,015** | **100,00%** |

- *[1]Chairman of the board Martin Roland Jensen holds 32.22% of the voting and capital shares in ExpreS²ion Holding ApS. COO Charlotte Dyring owns 39.23% of the voting and capital shares in ExpreS²ion Holding ApS. CSO Wian de Jongh owns 28.55% of the voting and capital shares in ExpreS²ion Holding ApS.*
- *[2]Board member Allan Rosetzsky owns 100% of the shares in AR Consult ApS.*

## The share

ExpreS²ion Biotech Holding AB's share was listed at Nasdaq Stockholm First North on July 29, 2016. The trading name of the share is EXPRS2 and the ISIN-code is SE0008348262. As of January 1, 2018, the number of shares in ExpreS²ion Biotech Holding AB amounted to 9,601,612. As of December 31, 2018, the number of shares in ExpreS²ion Biotech Holding AB amounted to 12,002,015. The average amount of shares for the entire 2018 amounted to 11,541,664. The average amount of shares for 2018 amounted to 11,541,664. There is one single class of shares in the Company. All shares carry equal rights to a share of the Company's assets and earnings.

# Board of Directors and CEO

### Dr. Martin Roland Jensen – Chairman

Dr. Martin Roland Jensen (born 1960) has extensive leadership experience from the biopharmaceutical industry, and he has also founded and co-founded several biotech companies. He also has extensive experience with scientific work, mainly in immunology, cell biology and development of cancer vaccines. Dr. Jensen has a PhD in Cell and Molecular Biology from the University of Copenhagen. Dr. Jensen is a co-founder of the Company.

### Dr. Allan Rosetzsky – Board Member

Dr. Allan Rosetzsky (born in 1948) graduated as a Doctor of Medicine from the University of Copenhagen in 1973, after which he worked in the Danish health care system for several years. Dr. Rosetzsky also held several leading positions within the drug development of the Rhone-Poulenc Group. In addition, he founded, developed and managed his own company, KLIFO, that had international assignments within with contract research. Dr. Rosetzsky is furthermore active in Business Angels Öresund.

### Gitte Pedersen – Board Member

Gitte Pedersen (born 1963) holds a master's degree in Chemical Engineering and a Graduate diploma in business science. Gitte Pedersen has over 20 years' experience from the biotech and pharma industry. She has worked at Novo Nordisk R&D, production and marketing, as well as in charge of marketing with global responsibility for a large product portfolio. Gitte Pedersen has also acted as a business advisor to biotech and pharma companies, in both early and later stages, in North America. In this role, she also acted as advisor to the Danish Foreign Ministry and has secured business contracts worth several billion USD for companies in the Danish biotech industry. Gitte Pedersen has founded the companies Genomic Expression and Legomics.

### Jakob Knudsen – Board Member

Jakob Knudsen (born 1968) is the CEO of ViroGates A/S, an international biotechnology company located in Denmark. He has a Law Degree from the University of Copenhagen, DK, and an MBA from Imperial College, UK. Following his graduation in 1994, Jakob Knudsen has built up extensive experience in commercial operations, including IP, marketing and finance. He has held various positions at ALK-Abelló A/S, a listed mid-sized biotechnology company, including the manager of its Corporate Business Development. Furthermore, he has held positions as CCO and CFO at the pharmaceutical company Egalet Ltd.

### Dr. Steen Klysner – CEO

Dr. Steen Klysner (Born 1961) holds a master's degree in Biochemistry from the University of Copenhagen, followed by a PhD from the Danish Technical University and an Industrial Research degree. Dr. Klysner has more than 25 years of experience from Danish as well as international biotech and biopharmaceutical companies within research and development management, most recently from managing a business unit for Merck KGaA in Germany. Dr. Klysner also has experience from a number of Board assignments and extensive expertise in business strategy and business development, for example related to due diligence activities, strategy and partnering. Thanks to his scientific experience, Dr. Klysner also has a good understanding of the technical part of the Company's activities.

# Director's report

## Business operations

ExpreS²ion Biotechnologies has developed a platform technology that enables cost-effective and robust production of complex proteins, which constitute the active substance in new vaccines and are therefore fundamental in diagnostics, research and development of these new vaccines. Since 2010, the Company has collaborated with research institutions and biopharmaceutical companies and has through its patented ExpreS² platform produced over 200 different proteins with an efficiency and success rate surpassing competing technologies.

The Company operates in a market with an estimated annual value of over USD 30 billion with a strong growth. The business model includes to develop, manufacture and deliver proteins, and also to generate recurring revenue through the out-licensing of the ExpreS² platform to research institutes and pharmaceutical companies who, on their own or in collaboration with the Company, wants to develop vaccines and other biological pharmaceuticals. In this way, the Company will also receive future royalties, license fees and milestone payments through the products that are developed with ExpreS². As a result of recent developments of the platform, the Company is now also positioned to undertake the development of own projects, either alone or in collaboration with partners.

The Company was listed at Nasdaq Stockholm First North on July 29, 2016.

## Group structure

ExpreS²ion Biotech Holding AB is the parent company of the Group, which also includes the fully owned Danish operating subsidiary ExpreS²ion Biotechnologies ApS. In addition to this, ExpreS²ion Biotech Holding AB does not own any shares in other companies. The fully owned subsidiary ExpreS²ion Biotechnologies ApS owns 50 percent of the joint venture AdaptVac ApS.

## Significant events during 2018

- On January 16, ExpreS²ion Biotech Holding AB announced that the Board decided, pursuant to the authorisation granted by an Extraordinary General Meeting, to carry out a preferential rights issue with the aim to accelerate the Company's development. The preferential rights issue comprises a maximum of 2,400,403 shares with a subscription price of 8.00 SEK per share. Upon full subscription of the rights issue, ExpreS²ion will raise approximately MSEK 19.2 before issue expenses. The proceeds from the preferential rights issue are expected to finance ExpreS²ion's possibilities to pursue additional projects regarding vaccines and candidate drugs that the Company regularly encounter on the market. In addition to this, the preferential rights issue will provide resources to create more value in the joint venture AdaptVac and its development projects. Finally, the preferential rights issue will finance further development of the Company's platform with new products that will strengthen the Company's position in new market segments and generate new clients, thereby increasing the Company's short-term earnings as well as long-term possibilities.

- On February 1, ExpreS²ion Biotech Holding AB held an extraordinary general meeting. The report is available at the Company's website (www.expres2ionbio.com).

- On March 2, ExpreS²ion Biotech Holding AB announced the outcome of the Company's rights issue. The rights issue was subscribed at approximately SEK 30.3 million, corresponding to a subscription rate of approximately 158 percent. Through the rights issue, a total of 2,400,403 shares were issued and ExpreS²ion is provided approximately SEK 19.2 million before issuing costs.

- On April 20, ExpreS²ion Biotech Holding AB announced that their subsidiary's U.S.-based partner and licensee Integrated BioTherapeutics ("IBT") has initiated sales and marketing of its first ExpreS²-based product. It was also stated that IBT is planning to launch approximately five products for research purposes annually, and that the collaboration is expected to generate annual revenues of up to 1 MSEK for ExpreS²ion, when fully implemented.

- On May 3, ExpreS²ion published its annual report for 2017. The annual report is available on ExpreS²ion's website (www.expres2ionbio.com).

- On May 17, ExpreS²ion announced that the Company's patent application "Improved Protein Expression System", that covers the entire ExpreS² platform, has been approved in Canada.

- On May 24, the annual general meeting of ExpreS²ion Biotech Holding AB (publ) was held. The report is available on the Company's website (www.expres2ionbio.com).

- On May 29, the Company announced a collaboration agreement with GenIbet Biopharmaceuticals S.A. Regarding vaccine development and GMP manufacturing. The Board's assessment is that the agreement strengthens ExpreS$^2$ion's position as a full-service provider from discovery up to early clinical development.

- On June 15, ExpreS$^2$ion announced that the Company will present its malaria and breast cancer vaccine research at two scientific events in June 2018.

- On August 17, the Company announced that Bent U. Frandsen, currently VP of Business Development, has been appointed as Chief Business Officer (CBO). He will manage a proactive effort to substantially increase the customer base in the Company's vaccine development and production services segment.

- On August 17, the company announced that a scientific article on the production of a malaria vaccine candidate using the Company's ExpreS$^2$ platform was published today in the journal *npj Vaccines*, a part of Nature Partner Journals Series. The article describes the production of the University of Oxford's leading blood-stage malaria vaccine candidate RH5.1 in accordance with GMP using the ExpreS$^2$ platform. The product met all criteria for sterility, purity and identity and the vaccine formulation was judged suitable for use in humans. RH5.1 is currently evaluated in a phase 1/2a clinical trial.

- On September 6, the company announced that the Research & Commercial License Agreement with U.S.-based partner and licensee Integrated BioTherapeutics, Inc. ("IBT") had been amended to include own ExpreS$^2$-based products, initially a number of Zika virus antigens.

- On September 10, the company announced that its joint venture AdaptVac ApS ("AdaptVac") has received a notice of allowance in the USA for its patent application covering its novel vaccine treatment for HER2-positive breast cancer. This means that the patent is expected to be issued shortly, which is an important step forward for the project and documenting the patentability of the virus-like-particle (VLP) technology platform.

- On October 3, the company announced that a recently published scientific article in *Nature Communications* on the Pfs48/45 malaria vaccine candidate adds further evidence to support that the ExpreS$^2$ platform is an excellent tool for producing transmission blocking malaria vaccines.

- On October 31, the company announced that The Jenner Institute of the University of Oxford had presented positive results from its Phase I/IIa clinical studies with their RH5.1 blood-stage malaria vaccine at a scientific meeting in New Orleans. The vaccine, developed and manufactured using the ExpreS$^2$ platform, was shown to be safe and it is the first vaccine to demonstrate a reduction in the parasite multiplication rate following a blood-stage controlled human malaria infection. This is a very important milestone in a longstanding collaboration with The Jenner institute of Oxford and as stated by Professor Dr. Simon Draper, Leader of The Jenner Institute's Blood-Stage Malaria Vaccine Group, *"the encouraging results from this RH5.1 Phase I/IIa malaria study are in line with our preclinical findings and form a solid foundation on which to build the next steps in our blood-stage malaria vaccine clinical programme. We are grateful to ExpreS$^2$ion for providing the enabling ExpreS$^2$ development and production platform, and their contribution to the project as a whole."*

- On December 12, ExpreS$^2$ion announced the publication of the first visual image of the molecular 'key' the deadliest malaria parasite uses to enter human blood cells in the scientific journal *Nature.* The publication was authored by an international team, including scientists from ExpreS$^2$ion, led by the Walter and Eliza Hall Institute of Medical Research ("WEHI"). This breakthrough will contribute to the development of vaccines based on a patent co-owned equally by WEHI and ExpreS$^2$ion.

- On December 20, ExpreS$^2$ion announced that the company's joint venture AdaptVac ApS ("AdaptVac") has received DKK 2.2 million (SEK 3.2 million) in funding from the Danish Innovation Foundation for two new vaccine development projects: cardiovascular disease (CVD) in humans and HER2+ breast cancer in dogs.

### Significant events after the end of the period

- On January 10, 2019, ExpreS$^2$ion announced that the placental malaria vaccine (PlacMalVac) consortium, of which ExpreS$^2$ion is part, has announced successful phase I clinical study results. The PAMVAC vaccine, manufactured using the ExpreS$^2$ platform, was demonstrated to be safe, well-tolerated and to elicit specific antibody all participants.

- On February 19, 2019, Expres$^2$ion announced that its joint venture AdaptVac has been awarded approx. SEK 3.6 million by the Danish Innovation Foundation for its participation in a vaccine project aimed at preventing post-weaning diarrhoea (PWD), a major cause of antibiotic use in the swine industry.

- On February 28, 2019, ExpreS$^2$ion announced that the Company is conducting a directed share issue to a number of existing shareholders and strategic investors of initially approx. SEK 8 million, with attached consideration-free warrants, which in later stages can provide the Company with a further approx. SEK 9.6 million. The directed share issue is conducted in order to finance an accelerated pace of operations and increased investments in the business to ensure long-term good development.

- On March 19, 2019, an Extraordinary General Meeting in ExpreS2ion was held in which the directed share issue was approved.

- By the end of March 2019, the company received payments of 8 MSEK for a directed emission. The board of directors and the management estimate that that the obtained financing will ensure the Company's need for working capital in 2019.

## Risk factors

*A number of risk factors may have an adverse impact on the operations in ExpreS²ion Biotech Holding AB, its subsidiary ExpreS²ion Biotechnologies ApS and its joint venture AdaptVac ApS. It is therefore very important to consider the relevant risks alongside the Company's possibilities of growth. For obvious reasons, not all risk factors can be assessed, but rather a collective evaluation of other information in the Memorandum has been done together with a general assessment of the general environment the Company operates in.*

## Risk related to the Company

A brief history

ExpreS²ion Biotech Holding AB was established in 2015 and its operating subsidiary, ExpreS²ion Biotechnologies ApS, was established in 2010. The Company's relationships with customers as well as suppliers are relatively newly established, whereby the relationships can be difficult to evaluate, affecting the future prospects of the Company. There is a risk that long-term stable customer and supplier relationships cannot be established, hence there is a risk that the Company's sales are adversely affected, or that no revenue is received at all.

No released pharmaceuticals

A key part of the Company's business model includes milestone payments and royalties from approved pharmaceuticals that have been developed with the ExpreS² platform. The operating subsidiary ExpreS²ion Biotechnologies ApS was established in 2010, and so far, its platform technology has neither individually nor via partners resulted in any pharmaceuticals that have gained market approval. The Company has conducted limited sales activities and generated revenues. It can therefore be difficult to evaluate the Company's sales potential, and there is a risk that future substantial revenues will be adversely affected or that no revenues will be received at all.

Financing needs and capital

ExpreS²ion Biotechnologies' development of platform technology for pharmaceuticals and diagnostics entail increasing costs for the Company. There is a risk that a delay in a market breakthrough results in a deterioration in earnings for the Company. There is also a risk that any delays in product development leads to a delay in the generation of substantial cash flow. There is a risk that ExpreS²ion Biotechnologies may need to raise additional capital in the future and there is a risk that any additional capital cannot be raised. Thus, there is a risk that the development is temporarily halted or that the Company is forced to conduct its operations at a slower pace than desired, which can lead to delays or that commercialisation is not implemented, and no revenue is generated.

Suppliers/Manufacturers

ExpreS²ion Biotechnologies has collaborations with suppliers and manufacturers. There is a risk that one or more of these parties decide to suspend the cooperation with the Company, which can have a negative impact on the business operations. There is also the risk that the Company's suppliers and/or manufacturers do not fully meet the quality standards, which the Company has established. There is a risk that the establishment of relationships with new suppliers or manufacturers will be costlier and/or take longer than the Company estimates, whereby there is a risk that the Company's operations are adversely affected.

Clinical trials

Before medicinal products may be put on the market, safety and effectiveness in treating humans must be ensured, which is done by clinical studies/trials. There is a risk that the results in the planned clinical trials will not be satisfactory, and there is a risk that the candidate drugs that are developed with the Company's platform technology will not indicate sufficient safety and efficacy in order to be put out on the market. The outcome from preclinical studies do not always correspond with the results that are obtained in clinical trials in humans. Nor do the results from smaller clinical trials always correspond with the results in more comprehensive clinical trials, whereupon one finds several risks on the pathway to the release of a drug to the market. Unless the candidate drugs developed with the Company's platform are sufficiently safe and effective, there is a risk that the Company is adversely affected, which could materially affect the Company's revenue and result.

Registration and licensing at agencies/governmental authorities

In order to market and sell pharmaceuticals and diagnostics, authorisation must be obtained, and registration take place at the appropriate agency/governmental authority in their respective markets, such as the Food and Drug Administration (FDA) in the U.S. and the European Medicines Agency (EMA) in Europe. In the event the Company, directly or through collaboration

partners, fails to obtain the requisite authorisations and registrations from the agencies/governmental authorities, there is a risk that the Company's ability to generate revenues may be significantly impeded. There is also a risk that the views concerning the Company's proposed approach to planned collaborations regarding clinical trials result in delays and/or higher costs for the Company. The current rules and interpretations are subject to change, and there is therefore a risk that the Company's preconditions for fulfilling regulatory requirements is adversely affected. There is a risk that the Company, directly or through collaboration partners, does not obtain the necessary authorisations and registrations with the governmental authorities. In the event this occurs, there is a risk that the Company's earnings potential and financial position are affected in a negative manner.

Key individuals and employees

ExpreS$^2$ion Biotechnologies' key employees have extensive expertise along with considerable experience in the Company's area of operations. There is a risk that a loss of one or more key employees would have adverse consequences for the Company's business operations and financial results.

Unauthorised disclosure of information

It is not possible to fully protect against unauthorised disclosure of information, with the risk that competitors may receive information about and take advantage of the know-how developed by the Company, which may adversely affect the Company's revenue or entail that no revenue is received.

Competitors

Some of the Company's competitors are multinational companies with significant financial resources. An extensive investment and product development from a competitor could pose risks in the form of limited revenue. Furthermore, a company with global operations, which is presently active in adjacent fields, could decide to establish themselves within the Company's field of activity. There is a risk that increased competition results in adverse impacts on sales and earnings potential for the Company in the future.

Clients

ExpreS$^2$ion Biotechnologies' operating revenues have so far been generated from a limited number of clients. Certain clients may account for a large proportion of the Company's total operating revenues for limited periods of time. There is a risk that a loss of a major customer could adversely affect the Company's sales in the short term.

Grant funding

Grant funding is a part of ExpreS$^2$ion Biotechnologies' business model, where the Company receives parts of different types of research grants and funding for pharmaceutical development in collaboration with clients. There is a risk that these contributions for various reasons, which may be outside the Company's control, will not be received. This may adversely affect the Company's revenues and earnings.

Business cycles and exchange rate risk

There is a risk that external factors such as inflation, exchange and interest rate fluctuations, supply and demand and phases of economic growth and decline, will have an impact on operating costs and selling prices and share prices. There is a risk that ExpreS$^2$ion Biotechnologies' future revenues and share price will be adversely affected by these factors, which are outside of the Company's control. A portion of the sales revenues may be received in international currencies. Exchange rates can change substantially.

Political risk

In various ways, ExpreS$^2$ion Biotechnologies is active in and through a large number of different countries. Risks can arise from changes in laws, taxes, customs duties, exchange rates and other conditions for foreign companies. The Company is also affected by political and economic uncertainties in these countries. There is a risk that the Company will be adversely affected by possible domestic policy decisions. There is a risk that the above results in negative consequences for the Company's business operations and its financial results.

Market growth

ExpreS$^2$ion Biotechnologies plans to expand extensively in the coming years, partly by increasing the market share in the countries and regions where the Company is already established, and partly by establishing the Company in additional countries and regions. An establishment in new countries and regions can entail problems and risks that are difficult to

predict. Additionally, establishments may be delayed and thereby result in loss of revenue. Rapid growth can also entail that the Company acquires other companies. Lost synergy effects and less successful integration processes can adversely affect the Company's operations and financial result. Rapid growth can cause organisational problems. It may be difficult to recruit the right employees, and there may be difficulties in successfully integrating new employees into the organisation.

Product Liability

Considering that ExpreS$^2$ion Biotechnologies operates in the pharmaceutical industry, risks associated with product liability are relevant and present. There is also a risk that ExpreS$^2$ion Biotechnologies can be held responsible for any incidents occurring during clinical trials, even if the clinical trials are carried out by an external party. If an incident does occur during a clinical trial, and if ExpreS$^2$ion Biotechnologies is held liable for this, there is a risk that the Company's insurance coverage may not be sufficiently adequate to fully cover any future legal claims. There is a risk that this can negatively affect ExpreS$^2$ion Biotechnologies, both in terms of reputation as well as financially.

Patents and intellectual property rights

ExpreS$^2$ion Biotechnologies has filed a patent application for the method and process for the ExpreS$^2$ platform. There is a risk that the existing and/or future patent portfolio and other intellectual property rights held by the Company and AdaptVac will not provide an adequate commercial protection. There is also a risk that the Company's or AdaptVac's potential future patent applications will not be approved. There is also no guarantee that approved patents will provide a long-term protection, as objections or other invalidity claims on issued patents can be made after the patent has been approved. The outcome of such procedures may be a limitation of already approved patents, for example a limitation of the scope of the application area or rejection of the patent. The outcome may also be that the patent is rejected. The rejection of a patent means that no one is granted exclusive rights, which means that no one can be hindered by the rejected patent from practicing the invention defined therein. The outcome of an opposition process can be appealed, which means that the final result of an opposition is difficult to predict.

Development costs

ExpreS$^2$ion Biotechnologies will continue to develop and further develop products within its area of operations. Aspects of time and costs connected with the product development can be difficult to determine beforehand. There is therefore a risk that the planned product development will be costlier than planned.

Pricing

ExpreS$^2$ion Biotechnologies' business model includes milestone payments and royalties from approved pharmaceuticals that have been developed with the Company's platform technology. General pricing of pharmaceuticals is outside of the Company's control. In the event of a general decline in the prices for pharmaceuticals, there is a risk that this could negatively impact the Company's revenue opportunities. Pricing of pharmaceuticals is in some cases determined at the regulatory level. This is outside of the Company's control. A lower pricing means less favourable revenue possibilities for the Company. There is a risk that the pricing of pharmaceuticals will be lower than what the Board of the Company expects.

## The share

Sales of shares from existing shareholders

There is no applicable lock-up agreement that governs principal shareholders' possibility to sell their shares in the Company. There is therefore a risk that the current principal shareholders will sell all or part of their holdings in the Company. There is a risk that a potential sale by principal shareholders affects the share price an adverse manner.

Price movements

There is a risk that the share price will undergo large price movements. Share price fluctuations may arise from major changes in purchase and sales volumes and may not necessarily have a connection with ExpreS$^2$ion Biotechnologies underlying value. Price movements may negatively affect the Company's share price.

Psychological factors

There is a risk that the securities market is influenced by psychological factors. There is a risk that the Company's shares are affected in the same way as any other securities that are regularly traded on various stock exchanges. Psychological factors and their impact on the movements in the share price are often difficult to predict and there is a risk that this affects the Company's share price in a negative manner.

Marketplace

First North is an MTF (multilateral trading facility) operated by the equity markets included in Nasdaq OMX. First North does not have the same legal status as a regulated marketplace. Companies whose shares are listed on First North are governed by the First North rulebook, a less extensive regulatory framework than for companies whose shares are traded on a regulated marketplace. Investing in a company listed at First North is therefore riskier than investing in a company listed on a regulated market.

Distribution of dividends

ExpreS$^2$ion Biotechnologies has not made any distribution dividends to shareholders as of yet. The Company is in an initial developmental phase and any surpluses are primarily planned to be invested in the Company's continued development. There is a risk that future cash flows will not exceed the Company's needs for capital and that future shareholder meetings will not decide to issue dividends.

## Group

| **Overview (KSEK)** | **2018** | **2017** | **2016** |
|---|---|---|---|
| Net sales | 8,868 | 9,795 | 4,652 |
| Profit/loss after financial items | - 18,853 | - 11,750 | - 9,412 |
| Total assets | 20,954 | 17,235 | 24,615 |
| Equity/assets ratio (%) | 39.6% | 39.1% | 52.3% |
| Average number of employees | 15 | 11 | 10 |

## Parent company

| **Overview (KSEK)** | **2018** | **2017** | **2016** |
|---|---|---|---|
| Net sales | 335 | 305 | 34 |
| Profit/loss after financial items | - 1,605 | - 1,710 | - 1,169 |
| Total assets | 39,193 | 22,147 | 20,555 |
| Equity/assets ratio (%) | 98.6% | 99.3% | 97.8% |
| Average number of employees | 0 | 0 | 0 |

## Environment

The Company's management is not aware of any changed market conditions or significant needs of decontamination nor has any approvals related to this issue been exceeded.

## Proposed appropriation of retained earnings

*(Amounts in KSEK)*
Proposed appropriation of retained earnings

| | |
|---|---|
| Retained earnings at the disposal of the Annual General Meeting: | |
| Share premium account | 38,926 |
| Loss for the year | - 1,605 |
| | 37,321 |

| | |
|---|---|
| The Board proposes that: | |
| The loss for the year is settled against the share premium fund and to the share premium fund is carried forward | 37,321 |

## Income statement - group

| KSEK | Note | 2018-01-01 - 2018-12-31 | 2017-01-01 - 2017-12-31 |
|---|---|---|---|
| **Operating income** | | | |
| Net sales | 3 | 8,868 | 9,795 |
| *Total operating income* | | *8,868* | *9,795* |
| | | | |
| **Operating Costs** | | | |
| Raw materials and consumables | | - 2,753 | - 2,193 |
| Other external costs | 4 | - 7,176 | - 5,928 |
| Personnel costs | 5 | - 13,253 | - 10,319 |
| Depreciation of tangible and intangible fixed assets | | - 2,615 | - 2,281 |
| Result in jointly governed companies | | - 1,327 | - 509 |
| *Total operating costs* | | *- 27,124* | *- 21,230* |
| | | | |
| **Operating profit/loss** | | **- 18,256** | **- 11,435** |
| | | | |
| **Result from financial investments** | | | |
| Other interest income and similar profit/loss items | 6 | 20 | 146 |
| Interest expense and similar profit/loss items | 7 | - 617 | - 461 |
| *Total result from financial investments* | | *- 597* | *- 315* |
| | | | |
| **Profit/loss after financial items** | | **- 18,853** | **- 11,750** |
| | | | |
| Tax | 8 | 2,031 | 1,915 |
| | | | |
| **Profit/loss for the year** | | - 16,822 | - 9,835 |

# Balance sheet - group

| KSEK | Note | 2018-12-31 | 2017-12-31 |
|---|---|---|---|
| **Assets** | | | |
| Concessions, patents, licenses, trademarks and similar intellectual rights | 9 | 7,030 | 8,241 |
| Goodwill | 10 | 1,383 | 1,900 |
| **Total intangible fixed assets** | | **8,413** | **10,141** |
| Plant and machinery | 11 | 993 | 632 |
| **Total tangible assets** | | **993** | **632** |
| Interest in group companies | 12 | 34 | 0 |
| Other long-term receivables | 13 | 682 | 408 |
| **Financial assets** | | **716** | **408** |
| **Total fixed assets** | | **10,122** | **11,181** |
| Accounts receivable | | 1,317 | 1,086 |
| Tax receivables | | 1,757 | 1,478 |
| Other receivables | | 975 | 1,331 |
| Receivables from group companies | | 0 | 315 |
| Prepaid expenses and accrued income | 14 | 528 | 336 |
| | | **4,577** | **4,546** |
| Cash and cash equivalents | | 6,255 | 1,508 |
| **Total current assets** | | **10,832** | **6,054** |
| **TOTAL ASSETS** | | **20,954** | **17,235** |
| **Equity and liabilities** | | | |
| Share capital | | 1,334 | 1,067 |
| Other capital contributions | | 41,803 | 23,815 |
| Other equity including net profit for the period | | - 34,836 | - 18,145 |
| **Total equity** | 15 | **8,301** | **6,737** |
| Accrued tax liabilities | 16 | 1,546 | 1,813 |
| **Total liabilities** | | **1,546** | **1,813** |
| Other liabilities | | 6,063 | 6,324 |
| **Total long-term liabilities** | 17 | **6,063** | **6,324** |
| Liabilities to credit institutions | | 924 | 75 |
| Accounts payable | | 607 | 470 |
| Other liabilities | | 3,513 | 1,816 |
| **Total contingent liabilities** | | **5,044** | **2,361** |
| **TOTAL EQUITY AND LIABILITIES** | | **20,954** | **17,235** |

## Changes in equity – group

| KSEK | Share capital | Other capital contributions | Other equity including net profit for the period | Total equity |
|---|---|---|---|---|
| **Opening balance as of 2017-01-01** | **970** | **20,307** | **- 8,397** | **12,880** |
| Issuance of new shares | 97 | 3,831 | | 3,928 |
| Issuing expenses | | - 402 | | - 402 |
| Redemption of options | | 79 | | 79 |
| Exchange difference for the year | | | 87 | 87 |
| Profit/loss for the year | | | - 9,835 | - 9,835 |
| **Total equity as of 2017-12-31** | **1,067** | **23,815** | **- 18,145** | **6,737** |

| KSEK | Share capital | Other capital contributions | Other equity including net profit for the period | Total equity |
|---|---|---|---|---|
| **Opening balance as of 2018-01-01** | **1,067** | **23,815** | **- 18,145** | **6,737** |
| Issuance of new shares | 267 | 18,936 | | 19,203 |
| Issuing expenses | | - 1,003 | | - 1,003 |
| Redemption of options | | 58 | | 58 |
| Exchange difference for the year | | - 3 | 131 | 128 |
| Profit/loss for the year | | | - 16,822 | - 16,822 |
| **Total equity as of 2018-12-31** | **1,334** | **41,803** | **- 34,836** | **8,301** |

The number of shares amount to 12,002,015 (9,601,612), with a quota value of SEK 0.1111 per share.

## Cash flow statement in brief – group

| KSEK | Note | 2018-01-01 – 2018-12-31 | 2017-01-01 2017-12-31 |
|---|---|---|---|
| Operating profit/loss | | - 18,256 | - 11,435 |
| Adjustments for items not included in the cash flow | 18 | | |
| Other adjustments not affecting cash flow | | - 34 | 0 |
| Depreciation | | 2,615 | 2,281 |
| Received interest | | 78 | 91 |
| Interest paid | | - 602 | - 581 |
| Company tax paid | | 1,471 | 1,262 |
| **Cash flow from operating activities before changes in working capital** | | **- 14,728** | **- 8,382** |
| Decrease(+)/increase(-) of current receivables | | - 228 | 1,446 |
| Decrease(-)/increase(+) of current liabilities | | 2,077 | - 1,672 |
| **Cash flow from operating activities** | | **- 12,879** | **- 8,608** |
| Investments in tangible fixed assets | | - 813 | - 206 |
| **Cash flow from investing activities** | | **- 813** | **- 206** |
| Leasing agreement | | 328 | 380 |
| Redemption of options/redemption of shares | | 58 | 79 |
| Issuance of new shares | | 19,203 | 3,928 |
| Costs of issuing shares | | - 1,003 | - 402 |
| **Cash flow from financing activities** | | **18,586** | **3,985** |
| **Cash flow for the year** | | **4,894** | - 4,829 |
| Cash and cash equivalents at the beginning of the year | | 1,508 | 6,258 |
| Exchange difference cash and cash equivalents | | - 147 | 79 |
| **Cash and cash equivalents at the end of the year** | | **6,255** | **1,508** |

# Income statement – parent company

| KSEK | Note | 2018-01-01 - 2018-12-31 | 2017-01-01 - 2017-12-31 |
|---|---|---|---|
| **Operating income** | | | |
| Net sales | 3 | 335 | 305 |
| *Total operating income* | | *335* | *305* |
| | | | |
| **Operating costs** | | | |
| Other external costs | 4 | - 2,089 | - 1,859 |
| Personnel costs | 5 | - 454 | - 234 |
| *Total operating costs* | | - 2,543 | - 2,093 |
| | | | |
| **Operating profit/loss** | | - **2,208** | - **1,788** |
| | | | |
| **Result from financial investments** | | | |
| Other interest income and similar profit/loss items | 6 | 608 | 83 |
| Interest expense and similar profit/loss items | 7 | - 5 | - 5 |
| *Total result from financial investments* | | *603* | *78* |
| | | | |
| **Profit/loss after financial items** | | - **1,605** | - **1,710** |
| | | | |
| Tax | 8 | 0 | 0 |
| | | | |
| **Profit/loss for the year** | | **- 1,605** | **- 1,710** |

# Balance sheet – parent company

| KSEK | Note | 2018-12-31 | 2017-12-31 |
|---|---|---|---|
| **Assets** | | | |
| Shares in group companies | 12 | 17,496 | 17,496 |
| Receivables from group companies | | 15,768 | 4,099 |
| Other long-term receivables | 13 | 50 | 50 |
| **Total financial fixed assets** | | **33,314** | **21,645** |
| | | | |
| **Total fixed assets** | | **33,314** | **21,645** |
| | | | |
| Tax receivables | | 14 | 15 |
| Other receivables | | 45 | 202 |
| Prepaid expenses and accrued income | 14 | 30 | 71 |
| **Total current receivables** | | **89** | **288** |
| | | | |
| Cash and cash equivalents | | 5,790 | 214 |
| **Total current assets** | | **5,879** | **502** |
| | | | |
| **TOTAL ASSETS** | | **39,193** | **22,147** |
| | | | |
| **Equity and liabilities** | | | |
| Share capital | | 1,334 | 1,067 |
| Share premium account | | 38,926 | 22,645 |
| Profit/loss for the year | | - 1,605 | - 1,710 |
| **Total equity** | | **38,655** | **22,002** |
| | | | |
| Other liabilities | | 538 | 145 |
| **Total contingent liabilities** | | **538** | **145** |
| | | | |
| **Total liabilities** | | **538** | **145** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **39,193** | **22,147** |

## Changes in equity – parent company

| KSEK | Share capital | Share premium reserve | Retained earnings incl. profit/loss for the year | Total equity |
|---|---|---|---|---|
| **Opening balance as of 2017-01-01** | **970** | **20,306** | **- 1,169** | **20,107** |
| Appropriation of retained earnings according to the AGM | | - 1,169 | 1,169 | 0 |
| Redemption of options | | 79 | | 79 |
| Issuance of new shares | 97 | 3,831 | | 3,928 |
| Issuing expenses | | - 402 | | - 402 |
| Profit/loss for the year | | | - 1,710 | - 1,710 |
| **Total equity as of 2017-12-31** | **1,067** | **22,645** | **- 1,710** | **22,002** |

| KSEK | Share capital | Share premium reserve | Retained earnings incl. profit/loss for the year | Total equity |
|---|---|---|---|---|
| **Opening balance as of 2018-01-01** | **1,067** | **22,645** | **- 1,710** | **22,002** |
| Appropriation of retained earnings according to the AGM | | - 1,710 | 1,710 | 0 |
| Redemption of options | | 58 | | 58 |
| Issuance of new shares | 267 | 18,936 | | 19,203 |
| Issuing expenses | | - 1,003 | | - 1,003 |
| Profit/loss for the year | | | - 1,605 | - 1,605 |
| **Total equity as of 2018-12-31** | **1,334** | **38,926** | **- 1,605** | **38,655** |

The number of shares amount to 12,002,015 (9,601,612), with a quota value of SEK 0.1111 per share.

# Cash flow statement – parent company

| KSEK | Note | 2018-01-01 – 2018-12-31 | 2017-01-01 2017-12-31 |
|---|---|---|---|
| Operating profit/loss | | - 2,208 | - 1,788 |
| Received interest | | 16 | 0 |
| Interest paid | | - 21 | - 5 |
| Company tax paid | | 1 | 3 |
| **Cash flow from operating activities before changes in working capital** | | **- 2,212** | **- 1,790** |
| Decrease(+)/increase(-) of current receivables | | 195 | - 134 |
| Decrease(-)/increase(+) of current liabilities | | 394 | - 308 |
| **Cash flow from operating activities** | | **- 1,623** | **- 2,232** |
| Investments in subsidiaries | | 0 | 0 |
| Loans group company | | - 11,059 | - 3,971 |
| **Cash flow from investing activities** | | **- 11,059** | **- 3,971** |
| Issuance of new shares | | 19,203 | 3,928 |
| Costs of issuing shares | | - 1,003 | - 402 |
| Redemption of options/redemption of shares | | 58 | 79 |
| **Cash flow from financing activities** | | **18,258** | **3,605** |
| **Cash flow for the year** | | **5,576** | - 2,598 |
| Cash and cash equivalents at the beginning of the year | | 214 | 2,812 |
| **Cash and cash equivalents at the end of the year** | | **5,790** | **214** |

# Additional information

**Note 1**

**Accounting principles and valuation principles**

The Swedish Annual Accounts Act and Swedish Accounting Standards Board's general standard BFNAR 2012:1 (K3) are applied when preparing the financial statements.

**Reporting currency**

The annual accounts are prepared in Swedish krona and the amounts are given in KSEK unless stated otherwise.

**Consolidated accounts**

The consolidated accounts comprise the parent company and the subsidiaries in which the parent company directly or indirectly holds more than 50% of the votes or otherwise has a controlling influence. The consolidated accounts have been prepared in accordance with the acquisition method, which means that equity in the subsidiaries at the acquisition date is eliminated in its entirety. Thus, in the group's equity, only the part of the subsidiaries' equity that has been added after the acquisition is included.

Appropriations and untaxed reserves are divided into equity and deferred tax liabilities. Deferred tax attributable to this year's appropriations is included in the profit for the year. The deferred tax liability has been recognised as a provision, while the remaining part is added to the group's equity. Deferred tax in untaxed reserves has been calculated at 22%.

If the group's acquisition cost for the shares exceeds the value of the Company's net assets in the acquisition analysis, the difference is reported as consolidated goodwill. This value is amortised over a period of 5 years in the consolidated accounts. The amortisation rate is based on the long-term strategic importance of the acquisition for the group.

Internal profits within the Group are eliminated in their entirety.

When translating foreign subsidiaries, the current method is used. This means that the balance sheets are translated at the closing date's exchange rates and that the income statements are translated at the average exchange rates for the period. The translation differences that arise are reported directly against the group's equity.

**Non-controlling interest**

The group processes transactions with non-controlling interests as transactions with group shareholders. The share of assets and liabilities, incl. goodwill that belongs to non-controlling interests has been valued on the basis of the group's acquisition cost in the acquisition. In the case of acquisitions from non-controlling interests, the difference between the paid purchase price and the actual acquired share of the carrying amount of the subsidiary's net assets is recognised in equity. Gains and losses on divestments to non-controlling interests are also reported in equity. When the group no longer has a controlling influence, any remaining holdings are revalued at fair value and the change in carrying amount is recognised in the consolidated income statement. The fair value is used as the first carrying amount and forms the basis for the continued accounting.

**Shares in group companies**

Shares in group companies are reported at acquisition cost in the parent company and includes any transaction costs directly attributable to the acquisition of the shares. Issue payments and shareholders' contributions are added to the acquisition cost. Should the fair value be lower than the carrying amount, the shares are written down to the fair value if the decline in value can be assumed to be permanent.

**Cash flow statement**

The cash flow statement has been prepared in accordance with the indirect method whereby adjustments are made for transactions that do not entail payments in or out. Assets that are classified as cash and cash equivalents are, apart from cash and bank balances, balances on group bank accounts and short-term liquid investments that can be converted to a known amount and that is exposed to an insignificant risk of value fluctuation.

**Valuation principles, etc.**

Assets, provisions and liabilities are valued at cost unless otherwise is stated below.

**Revenue recognition**
Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods are transferred to the buyer and when the revenue can be measured reliably.

Performed fixed-price service assignments are recognised as the work is done. This means that the revenue is recognised based on the degree of completion. The degree of completion is calculated as contracted expenses for work performed in relation to estimated total expenses in order to complete the assignment. For assignments where the outcome cannot be calculated satisfactorily, revenues corresponding to costs incurred is reported Expected losses are recognised as soon as they are known. Assignments on a current account are recognised as revenues as the work is performed.

**Tangible and intangible fixed assets**
Tangible and intangible fixed assets are reported at acquisition cost less amortisation/depreciation based on an assessment of asset's useful life.

The following depreciation periods apply to both parent and group companies.

| | | |
|---|---|---|
| Concessions, patents, licenses, trademarks and similar intellectual rights | 5 -13 | years |
| Goodwill | 5 | years |
| Equipment | 5 | years |

Goodwill is amortised over 5 years based on the assessment that the acquisition attributable to the asset will generate benefits for at least this time.

**Receivables and liabilities in foreign currency**
Receivables and liabilities in foreign currency have been translated at the exchange rate of the closing date. The difference between cost and closing day value has been recognised in the income statement. Insofar as claims and liabilities in foreign currency have been hedged, they are translated at the forward rate.

**Impairment**
Should there be an indication of a decline in the value of an asset, its recovery value is determined. If the asset's book value exceeds the recovery value, the asset is written down to this value. The recovery value is defined as the highest of either the market value or the value in use. The value in use is defined as the present value of the estimated future payments that the asset generates. Impairments are recognised in the income statement.

**Income taxes**
Income tax accounting includes current tax and deferred tax. The tax is reported in the income statement, except in cases where it relates to items recognised directly in equity. In such cases, tax is also reported in equity. Deferred tax is reported in accordance with the balance sheet method on all significant temporary differences. A temporary difference exists when the book value of an asset or liability differs from the tax value.
Deferred tax is calculated using the tax rate that has been decided or announced at the closing date, which is currently 22% in Denmark and 21,4% in Sweden from 2019.
Deferred tax assets are reported to the extent that future tax surpluses are deemed to be available against which the temporary differences can be utilised. The Company do not presently report any deferred taxes.

**Provisions**
Provisions are recognised when the group has or may be considered to have an obligation as a result of an event occurring and it is likely that payments will be required to fulfil the obligation. A prerequisite is that a reliable estimate of the amount to be paid can be made.

**Note 2**
**Estimates and assessments**
Management makes estimates and assumptions about the future. These estimates rarely match the real outcome. The estimates and assumptions that could lead to the risk of significant adjustments in the reported values of assets and liabilities are mainly valuation of goodwill and concessions, patents, licenses, trademarks and similar rights.

Each year, there is a test to see if there is any indication that the value of the assets is lower than the carrying amount. If there is an indication, the asset's recovery value is calculated, which is the higher of the asset's fair value fewer selling costs and value in use.

**INFORMATION ON INDIVIDUAL ITEMS**

**Note 3**
**Net sales per geographic market**

| KSEK | Group 2018 | Group 2017 | Parent company 2018 | Parent company 2017 |
|---|---|---|---|---|
| The Nordics | 718 | 435 | 335 | 305 |
| Other countries | 8,150 | 9,360 | 0 | 0 |
| **Total** | **8,868** | **9,795** | **335** | **305** |

**Note 4**
**Remuneration of auditors**

| KSEK | Group 2018 | Group 2017 | Parent company 2018 | Parent company 2017 |
|---|---|---|---|---|
| **Remuneration and reimbursements** | | | | |
| Mazars SET Revisionsbyrå AB | | | | |
| Audit assignment | 120 | 97 | 120 | 97 |
| Other audit-related fees | 30 | 10 | 30 | 0 |
| Tax advice | 0 | 0 | 0 | 10 |
| Other services | 34 | 10 | 34 | 10 |
| | **184** | **117** | **184** | **117** |
| Other auditors | | | | |
| Audit assignment | 228 | 128 | 0 | 0 |
| Other audit-related fees | 0 | 0 | 0 | 0 |
| Tax advice | 12 | 0 | 0 | 0 |
| Other services | 426 | 318 | 0 | 0 |
| | **666** | **446** | **0** | **0** |
| **Total** | **850** | **563** | **0** | **117** |

**Note 5**
**Average number of employees and personnel cost**

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Number of employees | Of which men | Number of employees | Of which men |
| **Average number of employees** | | | | |
| **Parent company** | | | | |
| Sweden | 0 | 0 | 0 | 0 |
| | | | | |
| **Subsidiaries** | | | | |
| Denmark | 15 | 7 | 10 | 6 |
| Total subsidiaries | 15 | 7 | 10 | 6 |
| | | | | |
| **Group total** | **15** | **7** | **10** | **6** |

| | 2018 | | 2017 | |
|---|---|---|---|---|
| | Women | Men | Women | Men |
| **Board and management** | | | | |
| Board | 1 | 3 | 1 | 3 |
| CEO and rest of management | 0 | 1 | 0 | 1 |

| KSEK | 2018 | | 2017 | |
|---|---|---|---|---|
| | Salaries and remunerations | Social expenses | Salaries and remunerations | Social expenses |
| **Personnel costs** | | | | |
| **Parent company** | | | | |
| Board of Directors and CEO | 375 | 0 | 174 | 0 |
| Other employees | 0 | 0 | 0 | 0 |
| | | | | |
| **Subsidiaries** | 12,231 | 192 | 10,426 | 108 |
| **Group total** | **12,606** | **192** | **10,600** | **108** |

For the board and CEO, the renumeration amounts to 1,847 KSEK. The CEO has a period of notice of 6 months if quitting. If the Company terminates the CEO's employment, a notice period of 9 months applies.

**Note 6**
**Other interest income and similar profit/loss items**

| KSEK | Group 2018 | Group 2017 | Parent company 2018 | Parent company 2017 |
|---|---|---|---|---|
| Interest income, group companies | 0 | 0 | 608 | 83 |
| Interest income, others | 20 | 146 | 0 | 0 |
| **Total** | **20** | **146** | **608** | **83** |

**Note 7**
**Interest expense and similar profit/loss items**

| KSEK | Group 2018 | Group 2017 | Parent company 2018 | Parent company 2017 |
|---|---|---|---|---|
| Interest expense, group companies | 0 | 0 | 0 | 0 |
| Interest expense, others | 617 | 461 | 5 | 5 |
| **Total** | **617** | **461** | **5** | **5** |

**Note 8**
**Tax**

| KSEK | Group 2018 | Group 2017 | Parent company 2018 | Parent company 2017 |
|---|---|---|---|---|
| Current tax | 1,691 | 1,383 | 0 | 0 |
| Deferred tax | 340 | 532 | 0 | 0 |
| **Total** | **2,031** | **1,915** | **0** | **0** |
| | | | | |
| *Theoretical tax* | | | | |
| Pre-tax profit | - 18,853 | -11,750 | - 1,605 | - 1,710 |
| Tax at current rate, 22% | 4,148 | 2,585 | 353 | 376 |
| | | | | |
| *Reconciliation of reported tax* | | | | |
| Effect of non-deductible costs | - 395 | -112 | - | - |
| Effect of amortisation of group goodwill | -130 | -123 | - | - |
| Effect of deductible issue costs directly against equity | 221 | 88 | 221 | 88 |
| Effect of unrecognised loss carryforwards | -1,813 | -736 | - 574 | - 464 |
| Effect from previous year | | 213 | | - |
| **Total** | **2,031** | **1,915** | **0** | **0** |

**Note 9**
**Concessions, patents, licenses, trademarks and similar intellectual rights**

| KSEK | Group 2018 | Group 2017 | Parent company 2018 | Parent company 2017 |
|---|---|---|---|---|
| Opening cost | 10,714 | 10,423 | 0 | 0 |
| Acquisitions | 0 | 0 | 0 | 0 |
| Exchange difference for the year | 431 | 291 | 0 | 0 |
| **Closing accumulated cost** | **11,145** | **10,714** | **0** | **0** |
| | | | | |
| Opening depreciation | - 2,473 | - 962 | 0 | 0 |
| Depreciation for the year | - 1,543 | - 1,453 | 0 | 0 |
| Exchange difference for the year | - 99 | - 58 | 0 | 0 |
| **Closing accumulated depreciation** | **- 4,115** | **- 2,473** | **0** | **0** |
| | | | | |
| **Closing carrying amount** | **7,030** | **8,241** | **0** | **0** |

**Note 10**
**Goodwill**

| KSEK | Group 2018 | Group 2017 | Parent company 2018 | Parent company 2017 |
|---|---|---|---|---|
| Opening cost | 2,848 | 2,771 | 0 | 0 |
| Acquisitions | 0 | 0 | 0 | 0 |
| Exchange difference for the year | 115 | 77 | 0 | 0 |
| **Closing accumulated cost** | **2,963** | **2,848** | **0** | **0** |
| | | | | |
| Opening depreciation | - 948 | - 368 | 0 | 0 |
| Depreciation for the year | - 593 | - 558 | 0 | 0 |
| Exchange difference for the year | - 39 | - 22 | 0 | 0 |
| **Closing accumulated depreciation** | **1,580** | **- 948** | **0** | **0** |
| | | | | |
| **Closing carrying amount** | **1,383** | **1,900** | **0** | **0** |

**Note 11**
**Plant and machinery**

| KSEK | Group 2018 | Group 2017 | Parent company 2018 | Parent company 2017 |
|---|---|---|---|---|
| Opening cost | 2,360 | 2,096 | 0 | 0 |
| Acquisitions | 813 | 244 | 0 | 0 |
| Sales and retirements | 0 | - 38 | 0 | 0 |
| Exchange difference for the year | 96 | 58 | 0 | 0 |
| **Closing accumulated cost** | **3,269** | **2,360** | **0** | **0** |
| | | | | |
| Opening depreciation | - 1,728 | - 1,417 | 0 | 0 |
| Depreciation for the year | - 477 | - 271 | 0 | 0 |
| Sales and retirements | 0 | 4 | 0 | 0 |
| Exchange difference for the year | - 71 | - 44 | 0 | 0 |
| **Closing accumulated depreciation** | **2,276** | **- 1,728** | **0** | **0** |
| | | | | |
| **Closing carrying amount** | **993** | **632** | **0** | **0** |

**Note 12**
**Shares in subsidiaries**

**Parent company**

| Company | Corporate ID | Registered office | Capital share | Closing carrying amount 2018-12-31 | Closing carrying amount 2017-12-31 |
|---|---|---|---|---|---|
| ExpreS$^2$ion Biotechnologies ApS | 32 77 04 87 | Hørsholm, Denmark | 100 % | 17,496 | 17,496 |
| | | | | **17,496** | **17,496** |

| | Parent company 2018-12-31 | Parent company 2017-12-31 |
|---|---|---|
| Opening cost | 17,496 | 17,496 |
| | | |
| **Closing carrying amount** | **17,496** | **17,496** |

**Group**

| Company | Corporate ID | Registered office | Capital share | Closing carrying amount 2018-12-31 | Closing carrying amount 2017-12-31 |
|---|---|---|---|---|---|
| AdaptVac ApS | 38 73 27 30 | Hørsholm, Denmark | 50 % | 34 | 0 |
| | | | | **34** | **0** |

| | Group 2018-12-31 | Group 2017-12-31 |
|---|---|---|
| Opening cost | 0 | 0 |
| Issuance of new shares | 0 | 25 |
| Revaluations | 34 | - 25 |
| **Closing carrying amount** | **34** | **0** |

**Note 13**
**Long-term receivables**

| KSEK | Group 2018 | Group 2017 | Parent company 2018 | Parent company 2017 |
|---|---|---|---|---|
| Long-term part, other long-term receivables | 682 | 408 | 50 | 50 |
| Short-term part, other receivables | 0 | 0 | 0 | 0 |
| **Total** | **682** | **408** | **50** | **50** |

**Note 14**
**Prepaid expenses and accrued income**

| KSEK | Group 2018 | Group 2017 | Parent company 2018 | Parent company 2017 |
|---|---|---|---|---|
| Prepaid insurance | 136 | 89 | 0 | 0 |
| Other prepaid costs | 392 | 247 | 30 | 71 |
| **Closing carrying amount** | **528** | **336** | **30** | **71** |

**Note 15**
**Equity**
The number of shares is 12,002,015 and the quota value is 0.111 SEK per share.

**Note 16**
**Accrued tax liabilities**
Deferred tax liabilities refer to tax on step-up values in connection with the acquisition of (issue for non-cash consideration) subsidiary. The accumulated tax loss carryforwards in the parent company amounts to 8.0 (5.4) MSEK and in the Danish subsidiary to 16.5 (12.1) MDKK. None of these loss carryforwards have been recorded at any value in the balance sheet. They run without a time limit.

**Note 17**
**Long-term liabilities**

| KSEK | Group 2018 | Group 2017 | Parent company 2018 | Parent company 2017 |
|---|---|---|---|---|
| *Maturity date, 1 to 5 years from the balance sheet date* | | | | |
| Other liabilities | 6,063 | 6,324 | 0 | 0 |
| **Total** | **6,063** | **6,324** | **0** | **0** |

No liabilities have a maturity date later than 5 years after the balance sheet date.

**Note 18**
**Items not affecting cash flow**

| KSEK | Group 2018 | Group 2017 | Parent company 2018 | Parent company 2017 |
|---|---|---|---|---|
| Depreciation | 2,615 | 2,281 | 0 | 0 |
| **Total** | **2,615** | **2,281** | **0** | **0** |

**OTHER INFORMATION**

**Note 19**
**Contingent liabilities**

| KSEK | Group 2018 | Group 2017 | Parent company 2018 | Parent company 2017 |
|---|---|---|---|---|
| Rent commitment, Hørsholm, Denmark | 629 | 460 | 0 | 0 |
| Total | 629 | 460 | 0 | 0 |

**Note 20**
**Significant events after the end of the fiscal year**
On January 10, 2019, ExpreS$^2$ion announced that the placental malaria vaccine (PlacMalVac) consortium, of which ExpreS$^2$ion is part, has announced successful phase I clinical study results. The PAMVAC vaccine, manufactured using the ExpreS$^2$ platform, was demonstrated to be safe, well-tolerated and to elicit specific antibody all participants.

On February 19, Expres$^2$ion announced that its joint venture AdaptVac has been awarded approx. SEK 3.6 million by the Danish Innovation Foundation for its participation in a vaccine project aimed at preventing post-weaning diarrhoea (PWD), a major cause of antibiotic use in the swine industry.

On February 28, 2019, ExpreS$^2$ion announced that the Company is conducting a directed share issue to a number of existing shareholders and strategic investors of initially approx. SEK 8 million, with attached consideration-free warrants, which in later stages can provide the Company with a further approx. SEK 9.6 million. The directed share issue is conducted in order

to finance an accelerated pace of operations and increased investments in the business to ensure long-term good development.

On March 19, an Extraordinary General Meeting in ExpreS$^2$ion was held in which the directed share issue was approved.

**Note 21**
**Transactions with related parties**
No transactions have been made with related parties apart from salaries and board fees.

**Note 22**
**Proposed appropriation of retained earnings**

*(Amounts in SEK)*
Proposed appropriation of retained earnings

| | |
|---|---|
| Retained earnings at the disposal of the Annual General Meeting: | |
| Share premium account | 38,926 |
| Loss for the year | - 1,605 |
| | 37,321 |

| | |
|---|---|
| The Board proposes that: | |
| The loss for the year is settled against the share premium fund and to the share premium fund is carried forward | 37,321 |

HELSINGBORG, 2 May 2019

Dr. Martin Roland Jensen – Chairman of the Board

Dr. Allan Rosetzsky – Member of the Board

Gitte Pedersen – Member of the Board

Jakob Knudsen – Member of the Board

Dr. Steen Klysner – Chief Executive Officer

Our auditor's report has been submitted on May 2, 2019.

Mazars SET Revisionsbyrå AB

Bengt Ekenberg
Authorised Auditor

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# AUDITOR'S REPORT

To the general meeting of the shareholders of ExpreS$^2$ion Biotech Holding AB (publ)
Corporate identity number 559033-3729

**Report on the annual accounts and the consolidated accounts**

***Opinions***

We have audited the annual accounts and consolidated accounts of ExpreS$^2$ion Biotech Holding AB (publ) for the year 2018. The annual accounts and consolidated accounts of the company are included on pages 8-32 in this document.

In our opinion, the annual and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2018, and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet.

***Basis for Opinions***

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities section*. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

***Other Information than the annual accounts and consolidated accounts***

The Board of Directors and the Managing Director are responsible for the other information. The other information comprises the pages 1-7 but does not include the annual accounts, consolidated accounts and our auditor's report thereon.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

***Responsibilities of the Board of Directors and the Managing Director***

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or mistake.

In preparing the annual accounts and consolidated accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intends to liquidate the company, to cease operations, or has no realistic alternative but to do so.

***Auditor's responsibility***

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or mistake, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or mistake and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or mistake, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from mistake, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material



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uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any possible significant deficiencies in internal control that we identified.

**Report on other legal and regulatory requirements**

***Opinions***

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of ExpreS$^2$ion Biotech Holding AB for the financial year 2018 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

***Basis for Opinions***

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the *Auditor's Responsibilities section*. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

***Responsibilities of the Board of Directors and the Managing Director***

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other mattes take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

***Auditor's responsibility***

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss we examined the Board of Directors' whether the proposal is in accordance with the Companies Act.

Helsingborg 2 May 2019

Mazars SET Revisionsbyrå AB

Bengt Ekenberg
Authorized Public Accountant

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**Agern Allé 1, DK-2970 Hørsholm, Denmark**
**www.expreS2ionbio.com**