Half-Year Report 2021

# Proteins for life

EXPRES²ION BIOTECHNOLOGIES

CVR: 559033-3729

## Forward-looking statements and disclaimer

This report contains forward-looking statements. The words "believe", "expect", "anticipate", "intend" and "plan" and similar expressions identify forward-looking statements. All statements other than statements of historical facts included in this report, including, without limitation, those regarding our financial position, business strategy, plans and objectives of management for future operations (including development plans and objectives relating to our products), are forward-looking statements. Such forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future. The important factors that could cause our actual results, performance or achievements to differ materially from those in the forward-looking statements include, among others, risks associated with product discovery and development, uncertainties related to the outcome of clinical trials, slower than expected rates of patient recruitment, unforeseen safety issues resulting from the administration of our products in patients, uncertainties related to product manufacturing, the lack of market acceptance of our products, our inability to manage growth, the competitive environment in relation to our business area and markets, our inability to attract and retain suitably qualified personnel, the unenforceability or lack of protection of our patents and proprietary rights, our relationships with affiliated entities, changes and developments in technology which may render our products obsolete, and other factors. Further, certain forward-looking statements are based upon assumptions of future events which may not prove to be accurate. The forward-looking statements in this document speak only as at the date of this report. ExpreS²ion Biotech does not undertake any obligation to update or revise forward-looking statements in this report nor to confirm such statements to reflect subsequent events or circumstances after the date made or in relation to actual results, unless required by law.

## Definitions

"ExpreS²ion Biotech Holding AB" refers to ExpreS²ion Biotech Holding AB with corporate identity number 559033-3729. "The Company" or "ExpreS²ion" refers to the group, i.e. ExpreS²ion Biotech Holding AB and its fully owned operational subsidiary ExpreS²ion Biotechnologies ApS, Denmark.

# A word from our CEO

"I want to highlight that we are now really starting to see overall positive effects from the ongoing strengthening of our organization in terms of much needed added capacity in key areas. It is truly inspiring to see our growing team perform so well together each day, and this bodes well for the short as well as long term success of the company and our pipeline projects."

During the second quarter of 2021, we reported on continued progress in key pipeline areas for ExpreS²ion including COVID-19, breast cancer and malaria, while also securing 39 MSEK in additional funding from the exercise of warrants of series TO4. I want to start this CEO comment with thanking everyone who contributed to this funding by exercising TO4 warrants for believing in the future of ExpreS²ion. As previously stated, I am proud to say that ExpreS²ion's Board of Directors and Executive Management contributed to this funding by exercising all TO4 warrants held.

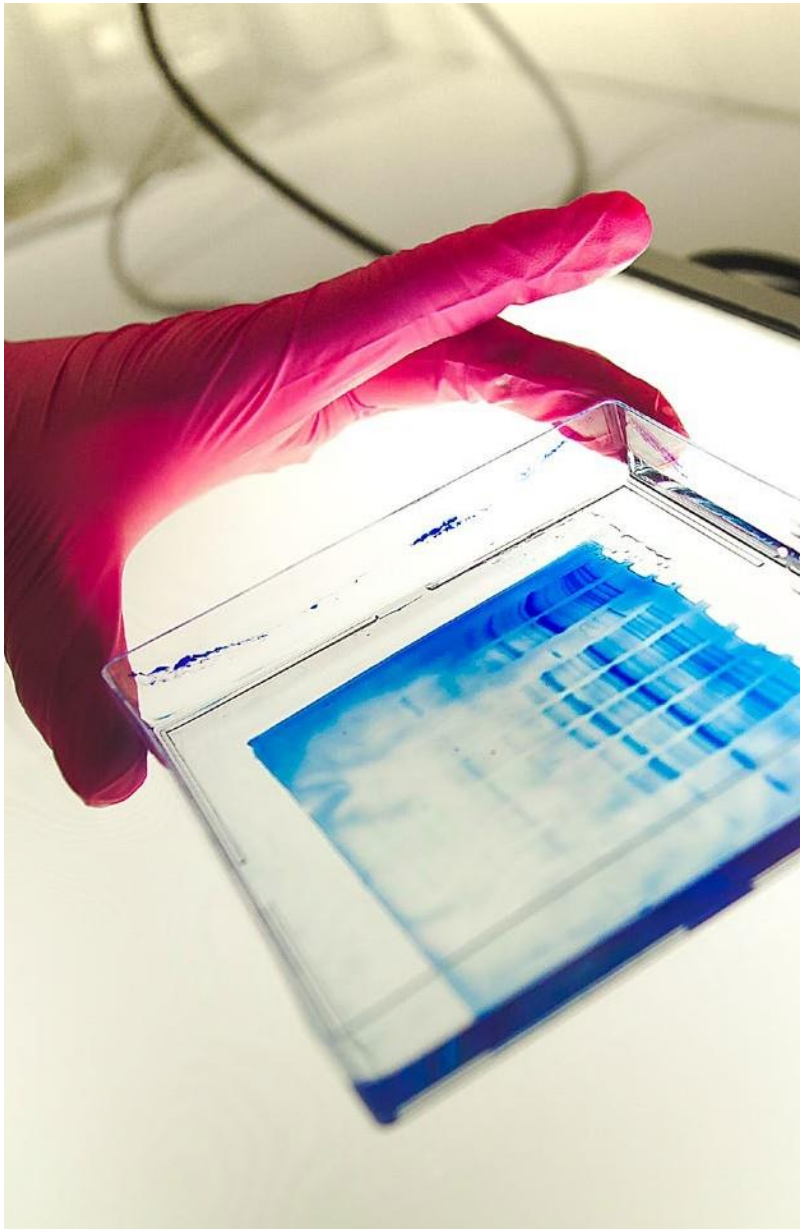
COUGH-1, the clinical phase I/II study for the ABNCoV2 capsid virus-like particle (cVLP) based COVID-19 vaccine, continued to progress during the quarter with an interim safety update published in April. At that time, the first group of 18 healthy volunteers had been satisfactorily administered with the vaccine without any untoward safety signals observed. After the end of the period, we were excited to announce excellent safety and efficacy headline results from the study, including strong virus neutralization levels also for the Delta and Beta variants. Virus neutralization levels were up to 12 times higher compared to what is seen after COVID-19 infection, compared with up to 4.1 times higher for currently approved COVID-19 vaccines. This positions ABNCoV2 as a strong candidate for world-wide use, either on its own or as a booster vaccine. Bavarian Nordic is now preparing a Phase II booster clinical study, and also a Phase III trial in 2022 pending external funding.

Another important achievement during the quarter was the selection of the lead candidate ES2B-C001 in our HER2-cVLP breast cancer vaccine project. This was done as a part of the preclinical program, which has been initiated with the expert assistance of Prof. Pier Luigi Lollini at the Interdepartmental Center for Cancer Research, University of Bologna. This collaboration has enabled us to use state-of-the-art in vitro and in vivo models for some of the mechanisms in human breast cancer, and the preclinical program is off to a really good start with preclinical proof of concept data expected in Q1 2022.

As I stated in the CEO comment for our Q1 interim report, we are seeing increased activity in our malaria projects in 2021 due to COVID-19 research programs taking up less of our key collaboration partners' time. An example of this was the publication of a scientific article in April on the outcome of the VAC063-study, which is the first blood-stage malaria clinical trial. The University of Oxford is running this program, and we are contributing with our ExpreS2™ platform for the production of the recombinant RH5.1 protein. After the end of the period, we were excited to announce that the next step, a Phase Ib clinical trial to assess the safety and immunogenicity of the updated RH5.1/Matrix-M vaccine candidate in adults and infants living in Tanzania, has been initiated.

In addition to the achievements reported during the quarter, I want to highlight that we are now really starting to see overall positive effects from the ongoing strengthening of our organization in terms of much needed added capacity in key areas. It is truly inspiring to see our growing team perform so well together each day, and this bodes well for the short as well as long term success of the company and our pipeline projects. This also makes me confident in our ability to present a strong news flow also in the coming quarters.

Bent U. Frandsen
CEO, ExpreS2ion Biotech Holding AB



# About ExpreS²ion

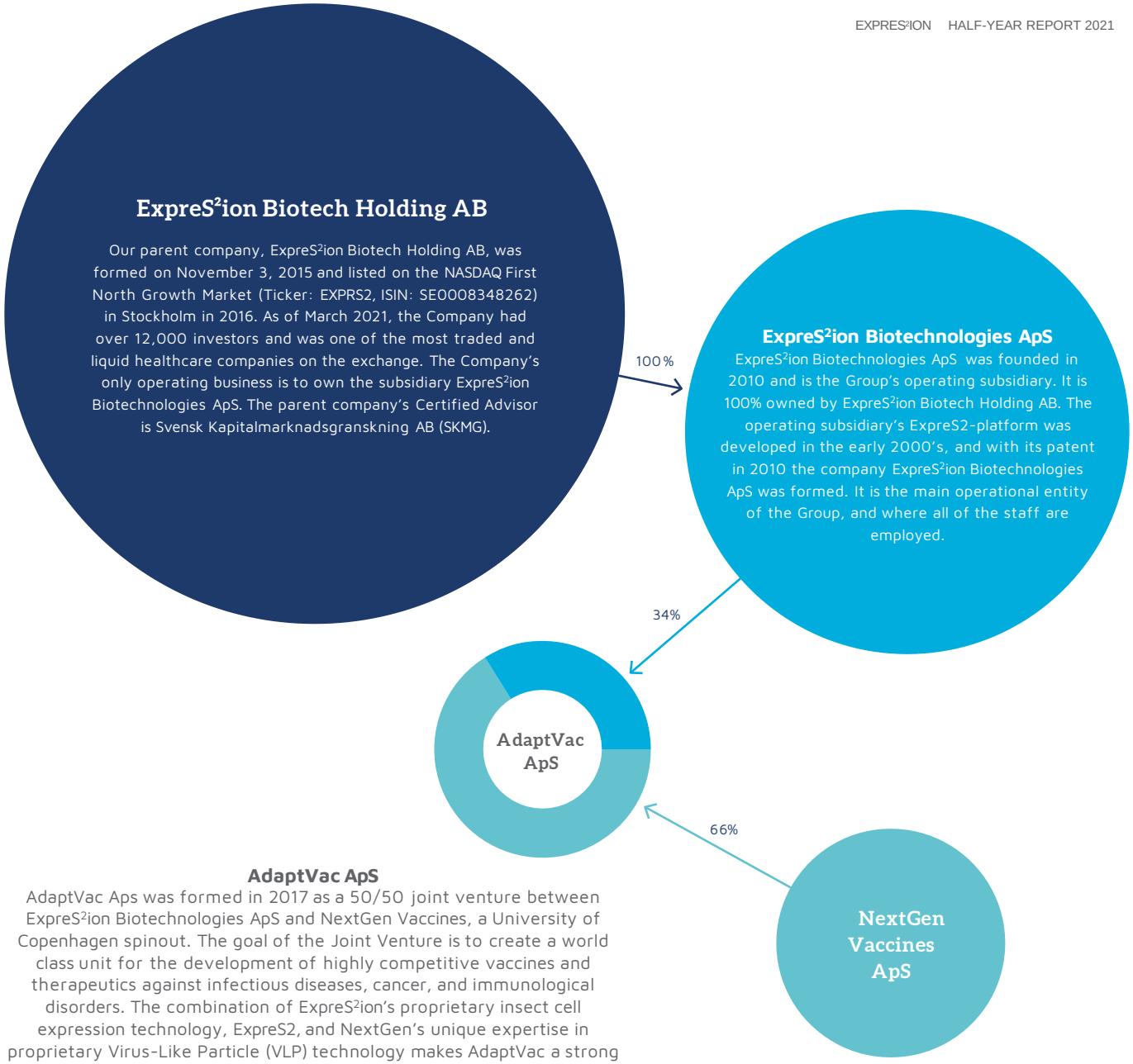
ExpreS²ion was founded in 2010 on the realisation that to produce the complex proteins needed for the biological drugs and vaccines of the future, in a safer and more efficient manner, a new protein expression system would be needed.

The ExpreS2 technology platform was developed to be especially well suited for production of the proteins required for the development and production of vaccines and immunotherapy products. The platform is based on insect cells, so called *Drosophila melanogaster* (fruit fly) S2 cells combined with patented expression vectors (the genetic tool researchers employ to commandeer the cell's internal protein production machinery) and especially adapted culture agents and reagents which are needed to make the cells thrive and grow. Among the platform's many advantages are:

- Significantly less costly and time-consuming than alternative methods, which is an important competitive advantage, considering time-to-market and patent expiry. It also makes the platform particularly valuable for the development of diagnostics and vaccines in epidemic or pandemic situations where speed is of the essence.
- Generates higher yields, i.e. amount of protein per manufacturing batch, compared to competing systems.
- Provides homogeneous manufacturing batches, a requirement in pharmaceutical development. The platform includes the Company's patented expression vectors which were developed, among other things, to make it possible for the cells to generate higher yields.

# Company structure

ExpreS²ion has a streamlined company structure. ExpreS²ion Biotech Holding AB is the Swedish entity listed on Nasdaq First North Growth Market since 2016. ExpreS²ion Biotechnologies ApS is the operational entity, with offices and labs in the Scion DTU Science park 20 km north of Copenhagen, Denmark, and was established in 2010. AdaptVac ApS is a joint venture established in 2017 together with a group of scientists from the Institute of Immunology and Microbiology at the University of Copenhagen. The scientists own their part of AdaptVac through a joint holding company named NextGen Vaccines ApS.




**AdaptVac ApS**

AdaptVac Aps was formed in 2017 as a 50/50 joint venture between ExpreS²ion Biotechnologies ApS and NextGen Vaccines, a University of Copenhagen spinout. The goal of the Joint Venture is to create a world class unit for the development of highly competitive vaccines and therapeutics against infectious diseases, cancer, and immunological disorders. The combination of ExpreS²ion's proprietary insect cell expression technology, ExpreS2, and NextGen's unique expertise in proprietary Virus-Like Particle (VLP) technology makes AdaptVac a strong and versatile player in the field of new vaccines and immune therapy. The Company's ownership stake in AdaptVac was reduced from 50 percent to 34 percent in February of 2021 upon exercise of the option to in-license the breast cancer vaccine candidate AV001/Her2-cVLP.

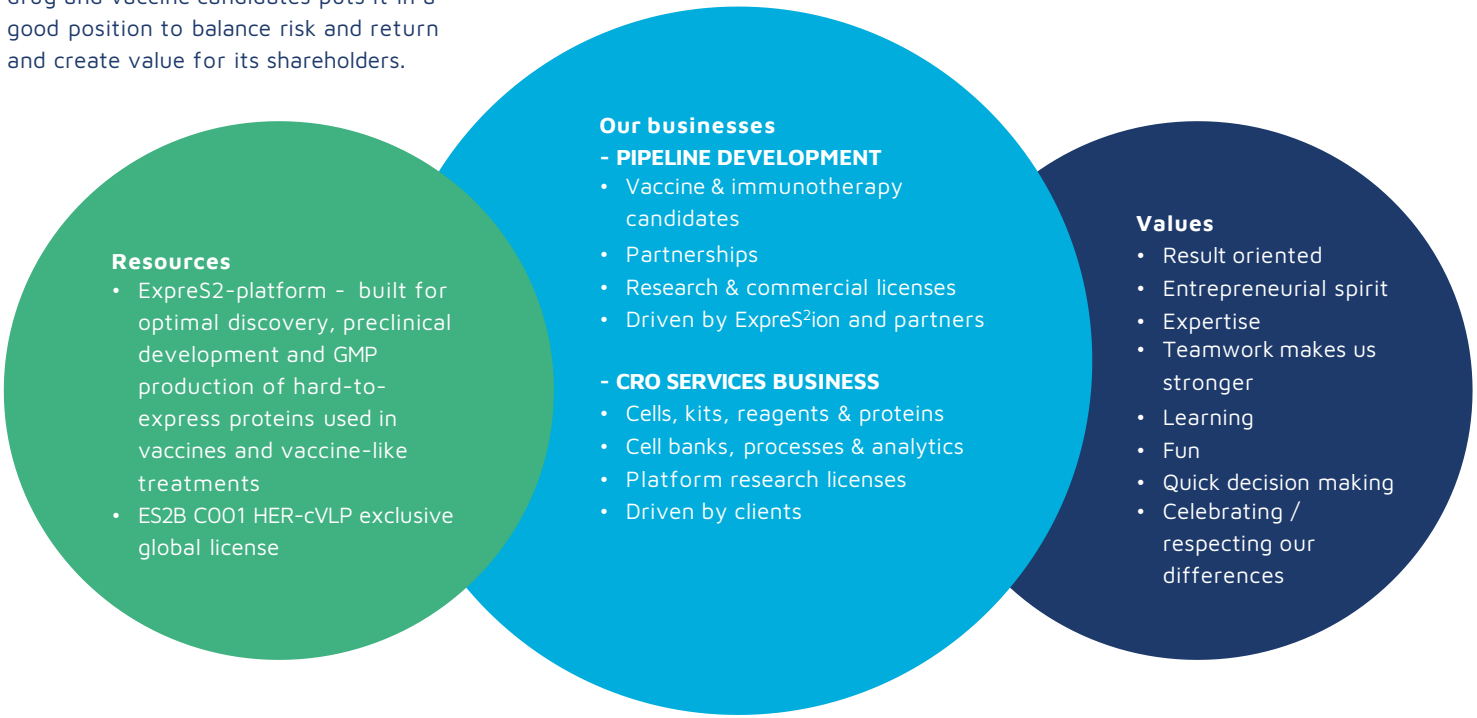
# Business model

The Company's business model is to develop, produce and deliver therapeutic or diagnostic proteins, as well as to generate revenue by out-licensing the ExpreS2 platform to research institutes and pharmaceutical companies who themselves or in cooperation with the Company develop biopharmaceutical drugs and vaccines. This model generates short term revenue for the Company and carries potential future royalties, license fees, and milestone payments through pharmaceutical products developed using the Company's technology.

Under its new strategy the service model above will be complemented by the Company increasingly building its own pipeline of preclinical and later clinical biopharmaceutical drug and vaccine candidates. Under this new model, the Company will carry out its own initial research, preclinical and early clinical development work prior to out-licensing. The recent agreement with Bavarian Nordic, under which Bavarian Nordic assumes all future development costs for the COVID-19 vaccine program and pay certain milestones and royalties, subject to external funding, is the first example of this new strategy.

The Company believes that the combination of a continued successful service model combined with the creation of an inhouse pipeline of biopharmaceutical drug and vaccine candidates puts it in a good position to balance risk and return and create value for its shareholders.

## A biotech company creating value through pipeline development and service offerings



# Sources of income

With over 100 currently active or former academic and industrial service and license contracts, the Company has built a large network in the international research community since its inception in 2010. Furthermore, the Company is currently a part of an international research consortia which together has been granted more than an estimated EUR 40 million of non-dilutive public funding.

The Company also sells licenses to use the ExpreS2 platform as a whole or in part, thus allowing its clients to participate in or be entirely responsible for the development of the required proteins. The Company sells ExpreS2 test kits and reagents for application as research tools or diagnostics. The Company may also enter into agreements in which the client accepts a quotation and is charged for the development, production and delivery of research grade proteins, using the ExpreS2 platform.

The Company services both pharmaceutical companies and research institutions. The ExpreS2 platform is equally suited for academic research, analytics and commercial drug development, both in vaccines and other biopharma fields. The Company's clients are not limited to any geographic area and are located all over the world. Since its foundation in 2010, the Company has worked with more than 100 clients and partners. The agreements with these clients, which in many cases are world-leading universities, research institutions and pharmaceutical companies, have generated significant revenues for the Company over the years. It currently has more than ten major clients. For instance, the Company has out-licensed the ExpreS2 platform for research to Hoffman-La Roche, Imperial College London and Francis Crick Institute among others, and out-licensed the platform for clinical development to the University of Copenhagen and the Jenner Institute of the University of Oxford, among others. Five of the Company's current material transfer agreements (MTAs) relate to the transfer of Company-made SARS-CoV-2 material for various COVID-19 diagnostic and research support purposes.

# Pipeline

| DISEASE | Project / Target | Discovery | Pre-clinical Pharmacology | cGMP / Tox | Phase 1 | Phase 2 | Phase 3 | Market potential |
|---|---|---|---|---|---|---|---|---|
| Corona virus  | ABNCoV2/SARS-CoV-2 cVLP | | | | I / II | BN: II | | > 30 billion EUR |
| Breast cancer  | ES2B-C001/Her2 cVLP | | | | | | | > 10 billion EUR |
| Influenza  | Hemagglutinin | | | | | | | > 4 billion EUR |
| Malaria  | | | | | | | | > 0.4 billion EUR |
| I: Blood | RH5 | | | | | Ib / IIa | | |
| II: Blood | RH5-VLP | | | | | | | |
| III: Transmission | Pfs 48/45 | | | | | | | |
| IV: Placenta | VAR2CSA | | | | Ia / Ib | | | |
| V: Blood | CYRPA complex | | | | | | | |

As of August 2021

# Pipeline

## CORONAVIRUS/COVID-19

ExpreS²ion and its joint venture partner AdaptVac are engaged in the development of a unique capsid virus-like particle (cVLP) COVID-19 vaccine, partly sponsored through a Horizon 2020 EU grant award to the PREVENT-nCoV consortium to rapidly advance the vaccine candidate against COVID-19 into the clinical stage. The candidate vaccine is a cVLP applying ExpreS2-produced SARS-CoV-2 antigens, thereby creating a powerful immunogenic vaccine.

AdaptVac and AGC Biologics, a global Contract Development and Manufacturing Organization (CDMO) for biopharmaceuticals have entered into a partnership for the scale-up and cGMP manufacture of the COVID-19 vaccine. In July 2020, AdaptVac and Bavarian Nordic, a fully integrated biotechnology company focused on the development, manufacture and commercialization of life-saving vaccines, have entered into a license agreement which provides Bavarian Nordic the global commercialization rights to the proprietary capsid virus like particle based SARS-CoV-2 subunit vaccine, designated ABNCoV2. For application of our proprietary protein production system ExpreS2, ExpreS²ion and AdaptVac have also entered into a license agreement for this project.

In addition to ExpreS²ion and AdaptVac, the PREVENT-nCoV consortium members are Leiden University Medical Center (LUMC), Institute for Tropical Medicine (ITM) at University of Tübingen, The Department of Immunology and Microbiology (ISIM) at University of Copenhagen, the Laboratory of Virology at Wageningen University, and Radboud University Medical Center. We announced the first headline results of the clinical Phase I/II in August 2021 and demonstrated positive safety and efficacy outcomes. The next step is a Bavarian Nordic sponsored Phase II study to determine potential as a universal booster vaccine.

## BREAST CANCER

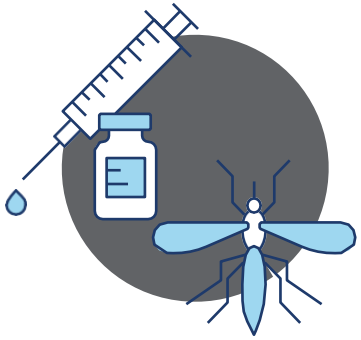
Breast cancer is a widespread oncology indication affecting more than 1.3 million people worldwide annually, resulting in more than 450,000 deaths (Tao, 2015: www.ncbi.nlm.nih.gov/pubmed/25543329). The most common treatment today is based on monoclonal antibodies, where the dominating therapy Herceptin (trastuzumab) generates annual global sales of USD 7 billion. The target product profile of AdaptVac's lead breast cancer project, AV001(HER2-cVLP), is tailored to be highly competitive both in terms of cost and efficacy, thus aiming at a significant market share.

In February 2021, ExpreS²ion signed a final patent license agreement with AdaptVac whereby ExpreS²ion exclusively licensed in AV001 (renamed ES2B-C001). This gives ExpreS²ion full control over and responsibility for driving this valuable asset forward, hereby realising the very significant value of this project.

## INFLUENZA

The international next-generation influenza vaccine consortium INDIGO, led by the University of Amsterdam with ExpreS²ion as a participating member, is developing a next-generation influenza vaccine in a large collaboration between public and private R&D organisations from the EU, India, and the United States. The project has been awarded a 10.0 MEUR Horizon 2020 grant from the EU, of which ExpreS²ion's participation was directly awarded 0.6 MEUR.

The INDIGO consortium plans to carry out the preclinical and clinical development of the project, which contains two novel influenza vaccine concepts, including the application of a novel potent adjuvant by LiteVax BV, the Netherlands, as well as the use of the ExpreS2 platform for antigen production by ExpreS²ion. The aim is to create an influenza vaccine that meets the requirements of global vaccination, i.e. to achieve <10% instead of 60% non-responders, combined with a lower manufacturing cost and better accessibility.



## MALARIA PROJECTS

### Malaria I

**Blood stage (RH5-1)**

Jenner Institute of the University of Oxford is developing the blood-stage Plasmodium falciparum malaria antigen RH5.1 with ExpreS²ion as a collaboration partner. The RH5.1 antigen is produced in ExpreS²ion's ExpreS2 platform.

### Malaria II

**Blood stage (RH5-2)**

With the aim to further improve efficacy, Jenner Institute of the University of Oxford is developing a second-generation RH5 vaccine, RH5.2, in the ExpreS2 platform. RH5.2 has been engineered to retain regions important for red blood cell recognition, which are targeted by neutralising antibodies. Additionally, the RH5.2 protein will be displayed on the surface of a hepatitis B derived virus-like particle (VLP) in order to maximise the induction of high titre antibodies. The project is founded by the Wellcome Trust.

### Malaria III

**Transmission (Pfs48/45)**

The goal for a transmission-blocking vaccine is to prevent the transfer to mosquitos feeding on persons infected with malaria, thus effectively hindering further spread of the disease. Thereby a transmission-block- ing vaccine does not give direct protection from the disease, but it stops the disease from spreading and could therefore lead to eradication of malaria. During the last decade, the inability to produce the full-length Pfs48/45 antigen has been a major roadblock for researchers aiming to create a transmission-blocking malaria vaccine. However, this challenge was overcome by ExpreS²ion and Jenner Institute at the University of Oxford.

This vaccine is developed by the Horizon 2020-funded OptiMalVax grant consortium, led by Jenner Institute at the University of Oxford with ExpreS²ion as a member. The objective of the consortium is to create a combination malaria vaccine, and its clinical program will include trials to assess the pre-erythrocytic, blood-stage and mosquito-stage components of the combi- nation vaccine, including this transmission vaccine.

### Malaria IV

**Placenta borne (VAR2CSA)**

ExpreS²ion is a part of the PlacMalVac project that started in 2013 as an international consortium project with the aim to develop a vaccine against placental malaria. The project is based on the antigen VAR2CSA, which enable parasite accumulation in the placenta and was discovered by Professor Ali Salanti and others at the University of Copenhagen.

### Malaria V

**Blood-stage (PfRipr complex)**

An international research team, including scientists from ExpreS²ion and led by the Walter and Eliza Hall Institute of Medical Research (WEHI), is developing a next generation malaria vaccine that is targeting a recently discovered molecular 'key' that the deadly malaria parasite uses to enter human blood cells. The malaria 'key' was first described in a Nature article, published December 2018 from the group. It is a com- plex of three parasite proteins called Rh5, CyRPA and Ripr, where the three proteins work together to unlock and enter the cell. This central role in the infection of human blood cells makes the complex a new and promising target for vaccine development. The vaccine is based on a patent co-owned by WEHI and ExpreS²ion.

# Significant events

### Second quarter of 2021

On April 12, ExpreS²ion announced that the first group of volunteers in the clinical Phase I/II study, COUGH-1, had been satisfactorily administered with the ABNCoV2 capsid virus-like particle (cVLP) based COVID-19 vaccine. The clinical study ran as planned with no untoward safety signal in 18 healthy volunteers.

On April 21, ExpreS²ion announced that its protein production platform ExpreS2™ has contributed to a scientific article published in the journal Med. The article highlights the outcome of the VAC063-study, a Phase I/IIa clinical trial to assess the safety, immunogenicity and efficacy of the blood-stage Plasmodium falciparum malaria vaccine candidate RH5.1/AS01B. In conclusion the RH5.1/AS01B vaccine is safe, well tolerated, and immunogenic in healthy adults. A significantly reduced blood-stage parasite growth rate was observed in vaccinees following controlled human malaria infection, a defining milestone for the blood-stage malaria vaccine field.

On April 26, ExpreS²ion announced that Gitte L. Pedersen would not seek re-election to the Board of Directors at the Annual General Meeting on May 26, 2021, and that two new members, Karin Garre and Sara Sande, were proposed for election. Thus, it was proposed to re-elect Jakob Knudsen, Martin Roland Jensen and Allan Rosetzsky and to elect Karin Garre and Sara Sande as new directors and to re-elect Martin Roland Jensen as chairman of the board.

On April 28, ExpreS²ion announced the outcome of the exercise of warrants of series TO4, which were issued in connection with the Company's rights issue of units in 2020. In total, 5,324,670 warrants of series TO4 were exercised, corresponding to approximately 97.6 percent of the total number of outstanding warrants of series TO4, for subscription of 1,774,890 shares at an exercise price of SEK 22.00 per share. ExpreS²ion received approximately SEK 39.0 million before issuing costs through the exercise of the warrants of TO4.

On May 11, ExpreS²ion announced the selection of its lead candidate HER2-cVLP breast cancer vaccine, and that the project runs according to plan.

On May 26, ExpreS²ion held the 2021 Annual General Meeting (AGM), during which resolutions were passed related to the adoption of the income statement and balance sheet, allocation of profit, discharge from liability, election of the Board of Directors, Auditor and remuneration, changes to the articles of association, security issuance authorization, and incentive programs. Due to the corona pandemic, the AGM was carried out through postal voting only, without physical presence.

### After the end of the period

On July 21, ExpreS²ion announced that University of Oxford had initiated the VAC080-study, a Phase Ib clinical trial to assess the safety and immunogenicity of the blood-stage Plasmodium falciparum malaria vaccine candidate RH5.1/Matrix-M in adults and infants living in Tanzania. The RH5.1 blood-stage malaria protein vaccine has previously been administered to 67 healthy UK adults, with various doses, and was found to be safe and well tolerated. The study is estimated to be completed in H2 2023. The primary aim of the new Phase Ib trial is to assess the safety and immunogenicity of the RH5.1/Matrix-M formulation in a malaria-endemic population for the first time.

On August 9, ExpreS2ion announced that COUGH-1, the COVID-19 Phase I/II clinical trial to evaluate the ABNCoV2 vaccine, as headline results met its safety and efficacy endpoints with excellent virus neutralization levels of up to 12 times higher compared to the levels achieved after COVID-19 infection. This was significantly higher than the virus neutralization levels reported for leading mRNA COVID-19 vaccines reaching only up to 4.1 times higher than the levels achieved after COVID-19 infection. High efficacy was reported in all groups receiving ABNCoV2, including the lowest dose ranges and non-adjuvanted formulations. Importantly, high virus neutralization levels were shown also for relevant COVID-19 variants such as the dominant Delta and the escape Beta variant.

# 2021 – 2023 Outlook

| | 2021 | | | | 2022 | | | 2023 | |
|---|---|---|---|---|---|---|---|---|---|
|  **CORONAVIRUS (ABNCoV2)** | ✓ Phase I/II trial, COUGH-1 initiated | ✓ COUGH-1 initial safety results (Q2) | ✓ **COUGH-1 full safety & efficacy results (Q3)** | BN Phase II trial initiation (Q3) | **BN Phase II trial readout** | **BN Phase III trial initiation pending funding** | **BN Phase III initial readout** | **Ready for market launch** (subject to regulatory approval) | |
|  **BREAST CANCER (ES2B-C001)** | ✓ Executed in-licensing (Feb 2021) | ✓ Preclinical animal studies initiated (Q2) | | | **Preclinical animal proof-of-concept results** | GMP manufacturing batch & tox | Filing of clinical trial application | Initiation of first human clinical trial | **Outlicensing window opens pending human data** |
|  **INFLUENZA** | | | Within INDIGO progress in preclinical animal studies in (H2) | Advance/support further development of one or more candidates in 2021 | | | | | |
|  **MALARIA** | | ✓ Phase IIa results from the Rh5.1 vaccine published in 2021 | | ✓ Additional phase I trial in a malaria endemic region in Africa launched during 2021, with alternative adjuvant | | | | Rh5 phase I trial readout | |

# Summary of Q2 interim results

**Second quarter (April – June 2021)**

- Operating income amounted to 4,793 (4,016) KSEK.
- Profit/loss after financial items amounted to -10,136 (-4,953) KSEK.
- Profit/loss for the period amounted to -9,068 (-4,239) KSEK.
- Net income per share* amounted to -0.32 (-0.27) SEK.

**First half (January – June 2021)**

- Operating income amounted to 6,724 (6,845) KSEK.
- Profit/loss after financial items amounted to -22,264 (-10,888) KSEK.
- Profit/loss for the period amounted to -20,223 (-9,473) KSEK.
- Net income per share* amounted to -0.72 (-0.64) SEK.

## Key financials

| SEK '000s | Q2 2021 | Q2 2020 | % Change | H1 2021 | H1 2020 | % Change | FY 2020 |
|---|---|---|---|---|---|---|---|
| Operating income | 4,793 | 4,016 | 19% | 6,724 | 6,845 | -2% | 15,263 |
| Profit/loss after financial items | -10,136 | -4,953 | 105% | -22,264 | -10,888 | 104% | -34,923 |
| Profit/loss for the period | -9,068 | -4,239 | 114% | -20,223 | -9,473 | 113% | -31,713 |
| Earnings per share | -0.32 | -0.27 | 18% | -0.72 | -0.64 | 13% | -1.83 |
| Cash balance, end of period | 108,289 | 12,764 | 748% | 108,289 | 12,764 | 748% | 106,832 |
| Total assets | 128,398 | 28,291 | 354% | 128,398 | 28,291 | 354% | 118,858 |
| Equity/asset ratio (%) | 88% | 15% | 73% | 88% | 15% | 73% | 80% |

*Figures in parenthesis are the numbers from the same period in 2020.*

**The Group's net income per share: The net income for the period divided with the average number of shares for the period. For the period January to June 2021, the average number of shares amounted to 28,177,050. As of 30/6/2021, the total number of shares in ExpreS²ion Biotech Holding AB was 29,383,191.*

***Equity ratio: Shareholder's equity divided by total capital.*

# Financial overview

## Development in figures for Q2 2021

**Revenue**

Total operating income during the second quarter of 2021 amounted to KSEK 4,793 (4,016). The revenues in the second quarter of 2021 were 19% higher compared to the same period last year. Thus far in 2021, there has been a significant shift in the mix of revenues coming from grant projects, which were very strong in 2020, to client driven projects which have partially recovered from the 2020 decline related to COVID-19. The key drivers include follow-on projects related to development of the COVID-19 vaccine, and royalty and direct revenues from the sale of ExpreS²ion-produced proteins. This is a reversal of the trend experienced in 2020.

**Net result**

The consolidated net loss for the second quarter of 2021 amounted to KSEK -9,068 (-4,239). The lower result is primarily due to the combination of (1) higher R&D, raw materials and consumables costs related to the transition to a pipeline driven strategy, and specifically the Company's investment in the ES2B-C001 breast cancer therapeutic vaccine candidate, and (2) changes to how the Company accrues for incentive compensation, specifically warrants and bonuses, which impacted personnel costs. The personnel cost changes do not have a cash impact and are consistent with changes made earlier this year when we published the 2020 annual report. These factors more than offset higher operating income, a one-time dividend from the company's joint venture with Nextgen Vaccines Aps, AdaptVac Aps, and a higher tax deduction.

**Cash and cash equivalents**

As of June 30, 2021, ExpreS²ion's cash and cash equivalents amounted to KSEK 108,289 (12,764). During the quarter, cash increased by SEK 26.3 million, primarily reflecting SEK 39 million raised through a warrant subscription in April. Other key drivers of cash in the quarter include (1) an operating loss of SEK 10.4 million, (2) SEK 3.3 million in costs of issuing shares related to the warrant subscription, and (3) SEK +2.5 million in adjustments for items not included in the cash flow primarily related to depreciation and warrant fair value charges.

*Figures in parenthesis are the numbers from the same period in 2020.*

## Development in figures for the first six months of 2021

**Revenue**

Total operating income during the first six months of 2021 amounted to KSEK 6,724 (6,845). The revenues in the first six months of 2021 were 2% lower compared to the same period last year. As mentioned to the left, net sales from client projects have recovered significantly from the significant headwinds faced in 2020 as COVID-19 resulted in project delays. Offsetting is much lower other operating income, driven by grants, which benefitted from a large COVID-19 related grant in 2020.

**Net result**

The consolidated net result for the first six months of 2021 amounted to KSEK -20,223 (-9,473). The decline is driven by investment in pipeline projects, notably the pre-clinical development of the ES2B-C001 breast cancer vaccine, as well as the personnel related factors described for the second quarter. These were partially offset by a one-time dividend payment from the company's joint venture with Nextgen Vaccines ApS, AdaptVac Aps, a larger income tax deduction and lower depreciation.

# Income statement – group

| KSEK | Q2 2021 | Q2 2020 | % change | H1 2021 | H1 2020 | % change | FY 2020 |
|---|---|---|---|---|---|---|---|
| **Operating income** | | | | | | | |
| Net sales | 4,584 | 1,545 | 197% | 6,288 | 3,768 | 67% | 5,259 |
| Other operating income | 209 | 2,471 | -92% | 436 | 3,077 | -86% | 10,004 |
| **Total operating income** | **4,793** | **4,016** | **19%** | **6,724** | **6,845** | **-2%** | **15,263** |
| **Operating costs** | | | | | | | |
| Raw materials & consumables | -3,356 | -2,315 | 45% | -6,273 | -3,254 | 93% | -6,102 |
| Other external costs | -3,503 | -2,635 | 33% | -9,456 | -5,214 | 81% | -21,450 |
| Personnel costs | -7,909 | -3,178 | 149% | -12,172 | -6,875 | 77% | -15,990 |
| Depreciation of tangible & intangible fixed assets | -432 | -734 | -41% | -1,174 | -1,452 | -19% | -2,917 |
| **Total operating costs** | **-15,200** | **-8,862** | **72%** | **-29,075** | **-16,795** | **73%** | **-46,459** |
| **Operating profit/loss** | **-10,407** | **-4,846** | **115%** | **-22,351** | **-9,950** | **125%** | **-31,196** |
| **Result from financial investments** | | | | | | | |
| Result in jointly governed companies | 463 | 143 | 224% | 670 | -197 | -440% | -194 |
| Other interest income & similar items | -34 | -9 | 275% | -34 | -9 | 273% | -8 |
| Interest expense & similar items | -159 | -241 | -34% | -550 | -732 | -25% | -3,525 |
| **Total result from financial investments** | **271** | **-107** | **-352%** | **87** | **-938** | **-109%** | **-3,727** |
| **Profit/loss after financial items** | **-10,136** | **-4,953** | **105%** | **-22,264** | **-10,888** | **104%** | **-34,923** |
| Income tax on the result for the period | 1,068 | 714 | 50% | 2,041 | 1,415 | 44% | 3,210 |
| **Profit/loss for the period** | **-9,068** | **-4,239** | **114%** | **-20,223** | **-9,473** | **113%** | **-31,713** |

# Balance sheet – group

| KSEK | Q2 2021 | YE 2020 | % change | Q2 2020 |
|---|---|---|---|---|
| **Assets** | | | | |
| Concessions, patents, licenses, trademarkets and similar intellectual rights | 3,363 | 3,907 | -14% | 4,863 |
| Goodwill | 0 | 194 | -100% | 505 |
| **Total non-current intangible assets** | **3,363** | **4,101** | **-18%** | **5,368** |
| Plants and machinery | 1,419 | 1,294 | 10% | 1,381 |
| **Total non-current tangible assets** | **1,419** | **1,294** | **10%** | **1,381** |
| Interest in jointly governed companies | 23 | 34 | -33% | 35 |
| Other long-term receivables | 1,066 | 966 | 10% | 957 |
| **Total non-current financial assets** | **1,089** | **1,000** | **9%** | **992** |
| **Total non-current assets** | 5,871 | 6,395 | -8% | 7,741 |
| Accounts receivable | 3,100 | 525 | 490% | 1,024 |
| Tax receivables | 4,737 | 2,788 | 70% | 3,304 |
| Other receivables | 5,739 | 1,791 | 220% | 2,347 |
| Prepaid expenses and accrued income | 662 | 527 | 26% | 1,111 |
| **Total receivables** | **14,238** | **5,631** | **153%** | **7,786** |
| Cash and bank | 108,289 | 106,832 | 1% | 12,764 |
| **Total current assets** | **122,527** | **112,463** | **9%** | **20,550** |
| **TOTAL ASSETS** | **128,398** | **118,858** | **8%** | **28,291** |

| KSEK | Q2 2021 | YE 2020 | % change | Q2 2020 |
|---|---|---|---|---|
| **Equity and liabilities** | | | | |
| Share capital | 3,265 | 3,068 | 6% | 1,789 |
| Other capital contributions | 130,445 | 122,921 | 6% | 12,106 |
| Other equity including net loss for the period | -20,652 | -31,441 | -34% | -9,697 |
| **Total equity** | **113,058** | **94,548** | **20%** | **4,198** |
| Provision for taxes | 709 | 827 | -14% | 1,032 |
| **Total provisions** | **709** | **827** | **-14%** | **1,032** |
| Other long-term liabilities | 4,270 | 5,272 | -19% | 6,358 |
| **Total long-term liabilities** | **4,270** | **5,272** | **-19%** | **6,358** |
| Liabilities to credit institutions | 1,966 | 1,889 | 4% | 1,221 |
| Accounts payable | 1,739 | 2,078 | -16% | 1,401 |
| Other liabilities | 6,656 | 14,244 | -53% | 14,081 |
| **Total short-term liabilities** | **10,361** | **18,211** | **-43%** | **16,703** |
| **TOTAL EQUITY AND LIABILITIES** | **128,398** | **118,858** | **8%** | **28,291** |

# Cash flow statement – group

| KSEK | Q2 2021 | Q2 2020 | % change | H1 2021 | H1 2020 | % change | FY 2020 |
|---|---|---|---|---|---|---|---|
| Operating profit/loss | -10,407 | -4846 | 115% | -22,351 | -9950 | 125% | -31,196 |
| Adjustments for items not included in the cash flow | 2,502 | 734 | 241% | 3,411 | 1,452 | 135% | 3,201 |
| Received interest | -34 | -9 | 278% | -34 | -9 | 278% | 0 |
| Interest paid | -201 | -124 | 62% | -594 | -584 | 2% | -3,137 |
| Income tax received | -2 | -4 | -45% | -5 | -4 | 30% | 2,046 |
| **Cash flow from operating activities before changes in working capital** | **-8,142** | **-4,249** | **92%** | **-19,573** | **-9,095** | **115%** | **-29,086** |
| Decrease(+)/increase(-) of current receivables | -4,014 | 804 | -599% | -6,731 | -827 | 714% | -336 |
| Decrease(+)/increase(-) of current liabilities | 3,160 | 7,382 | -57% | -8,075 | 6,319 | -228% | 11,247 |
| **Cash flow from operating activities** | **-8,996** | **3,937** | **-329%** | **-34,379** | **-3,603** | **854%** | **-18,175** |
| Investments in jointly governed companies | 463 | 141 | 228% | 681 | -193 | -453% | -194 |
| Investments in intangible non-current assets | 0 | 0 | n/a | 0 | 0 | n/a | 0 |
| Investments in tangible non-current assets | -392 | -304 | 29% | -512 | -534 | -4% | -885 |
| **Cash flow from investing activities** | **71** | **-163** | **-144%** | **169** | **-727** | **-123%** | **-1,079** |
| Leasing agreement | -154 | 75 | -305% | -308 | -79 | 290% | -415 |
| Bridge loan | -339 | 3,167 | -111% | -669 | 3,167 | -121% | 3,172 |
| Payment for warrants | 0 | 0 | n/a | 0 | 0 | n/a | 2,656 |
| Issuance of new shares | 39,048 | 0 | n/a | 39,048 | 9,600 | 307% | 140,527 |
| Costs of issuing shares | -3,347 | -137 | 2343% | -3,347 | -721 | 364% | -22,558 |
| **Cash flow from financing activities** | **35,208** | **3,105** | **1034%** | **34,724** | **11,967** | **190%** | **123,382** |
| **Cash flow for the period** | **26,282** | **6,879** | **282%** | **513** | **7,637** | **-93%** | **104,128** |
| Cash and cash equivalents at the beginning of the period | 82,807 | 6,194 | 1237% | 106,832 | 5,418 | 1872% | 5,418 |
| Exchange difference cash and cash equivalents | -800 | -309 | 159% | 944 | -291 | -424% | -2,714 |
| **Cash and cash equivalents at the end of the period** | **108,289** | **12,764** | **748%** | **108,289** | **12,764** | **748%** | **106,832** |

# Changes in shareholders equity – group

**H1 2021**

| KSEK | Share capital | Other capital contributions | Other equity including net profit for the period | Total equity |
|---|---|---|---|---|
| **Opening balance as of January 1st, 2021** | **3,067** | **178,042** | **-86,561** | **94,548** |
| Issuance of new shares | 198 | 38,850 | | 39,049 |
| Payments for warrants | | | | 0 |
| Issuing expenses | | -3,348 | | -3,348 |
| Vesting of share-based compensation | | 2,244 | | 2,244 |
| Exchange difference for the period | | | 789 | 789 |
| Profit-loss for the period | | | -20,223 | -20,223 |
| **Total equity as of June 30th, 2021** | **3,265** | **215,789** | **-105,996** | **113,058** |

**FY 2020**

| KSEK | Share capital | Other capital contributions | Other equity including net profit for the period | Total equity |
|---|---|---|---|---|
| **Opening balance as of January 1st, 2020** | **1,512** | **50,100** | **-52,691** | **-1,079** |
| Issuance of new shares | 1,212 | 129,715 | | 130,927 |
| Payments for warrants | 226 | 12,030 | | 12,256 |
| Issuing expenses | | -22,558 | | -22,558 |
| Conversion of debt | 117 | 8,471 | | 8,588 |
| Vesting of share-based compensation | | 284 | | 284 |
| Exchange difference for the period | | | -2,157 | -2,157 |
| Profit-loss for the period | | | -31,713 | -31,713 |
| **Total equity as of December 31st, 2020** | **3,067** | **178,042** | **-86,561** | **94,548** |

# Income statement – parent

| KSEK | Q2 2021 | Q2 2020 | % change | H1 2021 | H1 2020 | % change | FY 2020 |
|---|---|---|---|---|---|---|---|
| **Operating income** | | | | | | | |
| Net sales | 167 | 167 | 0% | 167 | 167 | 0% | 335 |
| **Total operating income** | **167** | **167** | **0%** | **167** | **167** | **0%** | **335** |
| **Operating costs** | | | | | | | |
| Other external costs | -2,122 | -766 | 177% | -2,548 | -1,243 | 105% | -2,675 |
| Personnel costs | -643 | -19 | 3284% | -693 | -113 | 513% | -363 |
| **Total operating costs** | **-2,765** | **-785** | **252%** | **-3,241** | **-1,356** | **139%** | **-3,038** |
| **Operating profit/loss** | **-2,598** | **-618** | **320%** | **-3,074** | **-1,189** | **159%** | **-2,703** |
| **Result from financial investments** | | | | | | | |
| Other interest income & similar items | 0 | 130 | -100% | 0 | 166 | -100% | 390 |
| Interest expense & similar items | -52 | -84 | -38% | -171 | -310 | -45% | -2,584 |
| **Total result from financial investments** | **-52** | **46** | **-213%** | **-171** | **-144** | **19%** | **-2,194** |
| **Profit/loss after financial items** | **-2,650** | **-572** | **363%** | **-3,245** | **-1,333** | **143%** | **-4,897** |
| Income tax on the result for the period | 0 | 0 | n/a | 0 | 0 | n/a | 0 |
| **Profit/loss for the period** | **-2,650** | **-572** | **363%** | **-3,245** | **-1,333** | **143%** | **-4,897** |

# Balance sheet – parent

| KSEK | Q2 2021 | YE 2020 | % change | Q2 2020 |
|---|---|---|---|---|
| **Assets** | | | | |
| Shares in group companies | 165,887 | 165,887 | 0% | 45,053 |
| Receivables from group companies | 0 | 0 | n/a | 10,611 |
| Other non-current receivables | 0 | 0 | n/a | 50 |
| **Total financial non-current assets** | **165,887** | **165,887** | **0%** | **55,714** |
| **Total non-current assets** | 165,887 | 165,887 | 0% | 55,714 |
| Tax receivables | 40 | 32 | 0 | 41 |
| Other receivables | 195 | 397 | -51% | 1,147 |
| Prepaid expenses and accrued income | 60 | 60 | 0% | 620 |
| **Total receivables** | **295** | **489** | **-40%** | **1,808** |
| Cash and bank | 44,363 | 5,069 | 775% | 3,723 |
| **Total current assets** | **44,658** | **5,558** | **703%** | **5,531** |
| **TOTAL ASSETS** | **210,545** | **171,445** | **23%** | **61,245** |

| KSEK | Q2 2021 | YE 2020 | % change | Q2 2020 |
|---|---|---|---|---|
| **Equity and liabilities** | | | | |
| Share capital | 3,265 | 3,067 | 6% | 1,789 |
| **Restricted equity** | **3,265** | **3,067** | **6%** | **1,789** |
| Share premium fund and retained earnings | 204,414 | 169,964 | 20% | 57,125 |
| Profit/loss for the period | -3,620 | -3,672 | -1% | -1,332 |
| **Unrestricted equity** | **200,794** | **166,292** | **21%** | **55,793** |
| **Total equity** | **204,059** | **169,359** | **20%** | **57,582** |
| Payables to group companies | 5,804 | 1,801 | 222% | 3,500 |
| Other liabilities | 682 | 285 | 139% | 163 |
| **Total short-term liabilities** | **6,486** | **2,086** | **211%** | **3,663** |
| **TOTAL EQUITY AND LIABILITIES** | **210,545** | **171,445** | **23%** | **61,245** |

# Changes in shareholders equity – parent

**H1 2021**

| KSEK | Share capital | Other capital contributions | Other equity including net profit for the period | Total equity |
|---|---|---|---|---|
| **Opening balance as of January 1st, 2021** | **3,067** | **171,502** | **-5,210** | **169,359** |
| Appropriation of retained earnings according to the AGM | | | | 0 |
| Issuance of new shares | 198 | 38,850 | | 39,049 |
| Payments for warrants | | | | 0 |
| Issuing expenses | | -3,348 | | -3,348 |
| Conversion of debt | | | | 0 |
| Vesting of share-based compensation | | 2,244 | | 2,244 |
| Profit-loss for the period | | | -3,245 | -3,245 |
| **Total equity as of June 30th, 2021** | **3,265** | **209,249** | **-8,455** | **204,059** |

**FY 2020**

| KSEK | Share capital | Other capital contributions | Other equity including net profit for the period | Total equity |
|---|---|---|---|---|
| **Opening balance as of January 1st, 2020** | **1,512** | **45,615** | **-2,368** | **44,759** |
| Appropriation of retained earnings according to the AGM | 0 | -2,055 | 2,055 | 0 |
| Appropriation of retained earnings relating to misstatement in 2019 | 0 | 0 | 0 | 0 |
| Issuance of new shares | 1,212 | 129,715 | 0 | 130,927 |
| Payments for warrants | 226 | 12,030 | 0 | 12,256 |
| Issuing expenses | 0 | -22,558 | 0 | -22,558 |
| Conversion of debt | 117 | 8,471 | 0 | 8,588 |
| Vesting of share-based compensation | 0 | 284 | 0 | 284 |
| Profit-loss for the period | 0 | 0 | -4,897 | -4,897 |
| **Total equity as of December 31st, 2020** | **3,067** | **171,502** | **-5,210** | **169,359** |

# Shareholder information

ExpreS²ion Biotech Holding AB's share was listed at Nasdaq First North Growth Market on July 29, 2016. The trading name of the share is EXPRS2 and the ISIN-code is SE0008348262. As of June 30, 2020, the number of shares in ExpreS²ion Biotech Holding AB amounted to 29,383,191. The average amount of shares in the second quarter of 2021 amounted to 28,739,550. The Company has one class of shares. Each share carries equal rights to share in the Company's assets and earnings.

**Certified Advisor**
Svensk Kapitalmarknadsgranskning AB
Email: ca@skmg.se
Phone: +46 11 32 30 732
Web: www.skmg.se

**List of largest shareholders**

| Name | Number of shares held | Share of votes and capital |
|---|---|---|
| Summary, shareholders over 5% | 0 | 0.00% |
| Remaining shareholders under 5% | 29,383,191 | 100.00% |
| Total June 30, 2021 | 29,383,191 | 100.00% |

# Warrants

As of June 30th, 2021, the Company had three series of warrants issued, where two series are part of incentive programs and one series is part of the rights issue of units carried out during the fourth quarter 2020. These series are identified as TO2, TO5 and TO6.

### TO2 (2019/2022)

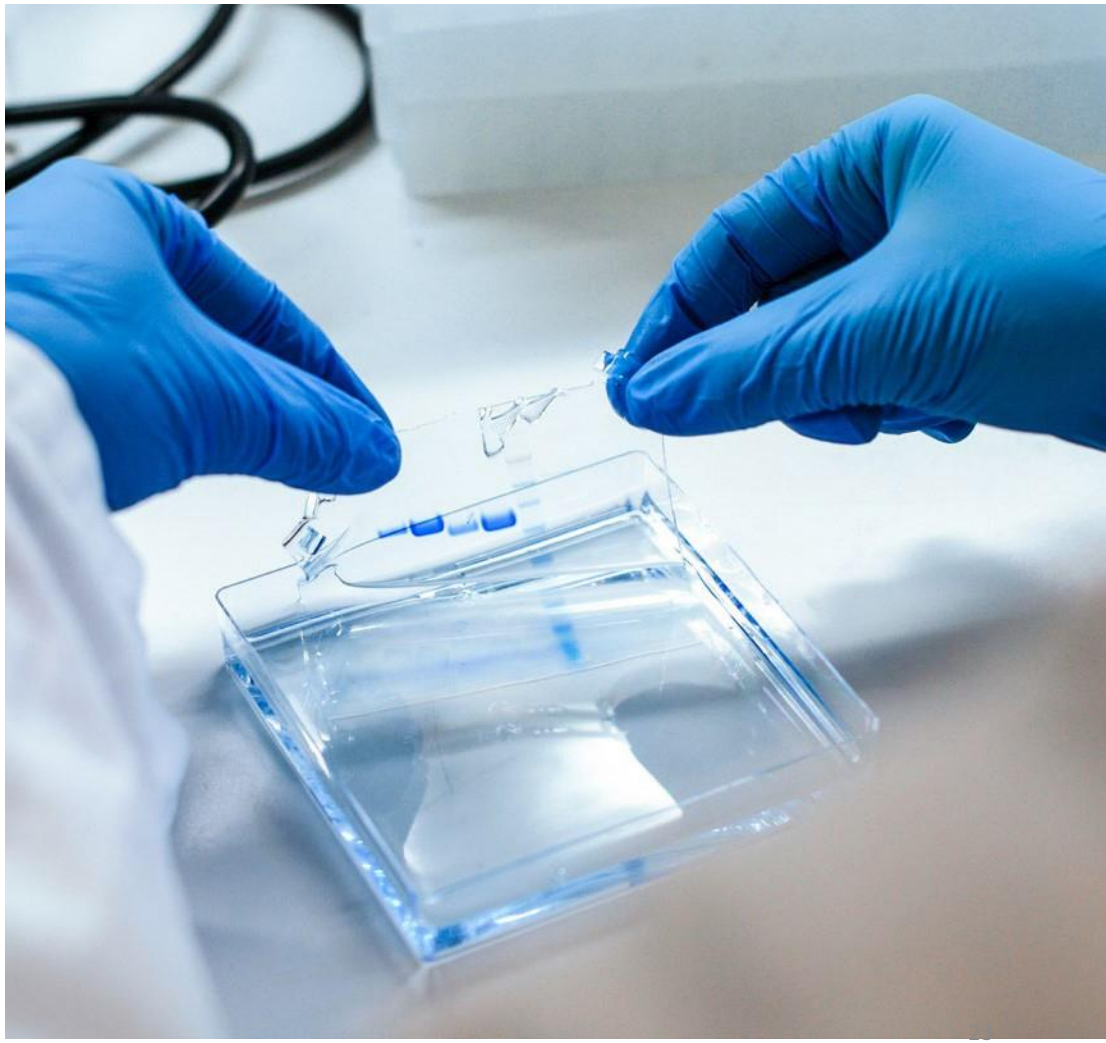
On May 23, 2019, the Annual General Meeting resolved to implement an incentive program for all employees and issue a maximum of 680,100 warrants, of which 612,084 were subscribed for and allocated to the employees.

### TO4 (2020/2021-1) and TO5 (2020/2021-2)

On September 23, 2020, the Extraordinary General Meeting resolved to approve the board resolution from August 25, 2020 regarding a rights issue of units consisting of shares and two series of warrants of 5,455,297 warrants each. All shares and warrants issued in the rights issue of units were subscribed and paid for by the subscribers. On April 28, ExpreS²ion announced the outcome of the exercise of warrants of series TO4. In total, 5,324,670 warrants of series TO4 were exercised, corresponding to approximately 97.6 percent of the total number of outstanding warrants of series TO4, for subscription of 1,774,890 shares at an exercise price of SEK 22.00 per share. ExpreS²ion received approximately SEK 39.0 million before issuing costs through the exercise of the warrants of TO4. The warrants of series TO5 will have a subscription period in September, through which the company hopes to raise up to SEK 45 million.

### TO6 (2020/2024)

On September 23, 2020, the Extraordinary General Meeting resolved to implement an incentive program for management and key persons and issue a maximum of 1,000,000 warrants. All warrants were subscribed for by the Company's subsidiary ExpreS²ion Biotechnologies ApS. 998,000 warrants have subsequently been transferred to selected employees and 2,000 warrants are still held by the subsidiary.



# Other matters

### Employees

As of June 30, 2021, there were a total of 22 employees, corresponding to 20 full-time equivalents (FTE's).

### Operational risks and uncertainties

The risks and uncertainties that ExpreS²ion's operations are exposed to are summarized in terms of pharmaceutical development, competition, technology development, patents, government requirements, capital requirements, currencies, and interest rates. During the current period, no significant changes regarding risk or uncertainty factors have occurred. For more detailed reporting of risks and uncertainties refer to the Company's annual report for the fiscal year of 2020.

### Auditor review

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

### Accounting principles

ExpreS²ion Biotech Holding AB applies the Swedish Annual Accounts Act and Swedish Accounting Standards Board's general standard BFNAR 2012:1 (K3) when preparing its financial statements.

### For more information, please contact

Bent U. Frandsen, CEO
Telephone: +45 4256 6869
Email: buf@expres2ionbio.com

Keith Alexander, CFO
Telephone: +45 5131 8147
Email: ka@expres2ionbio.com

**Financial calendar**

| | |
|---|---|
| November 18, 2021 | Interim report, Q3 2021 |
| February 24, 2022 | Year-end report, 2021 |

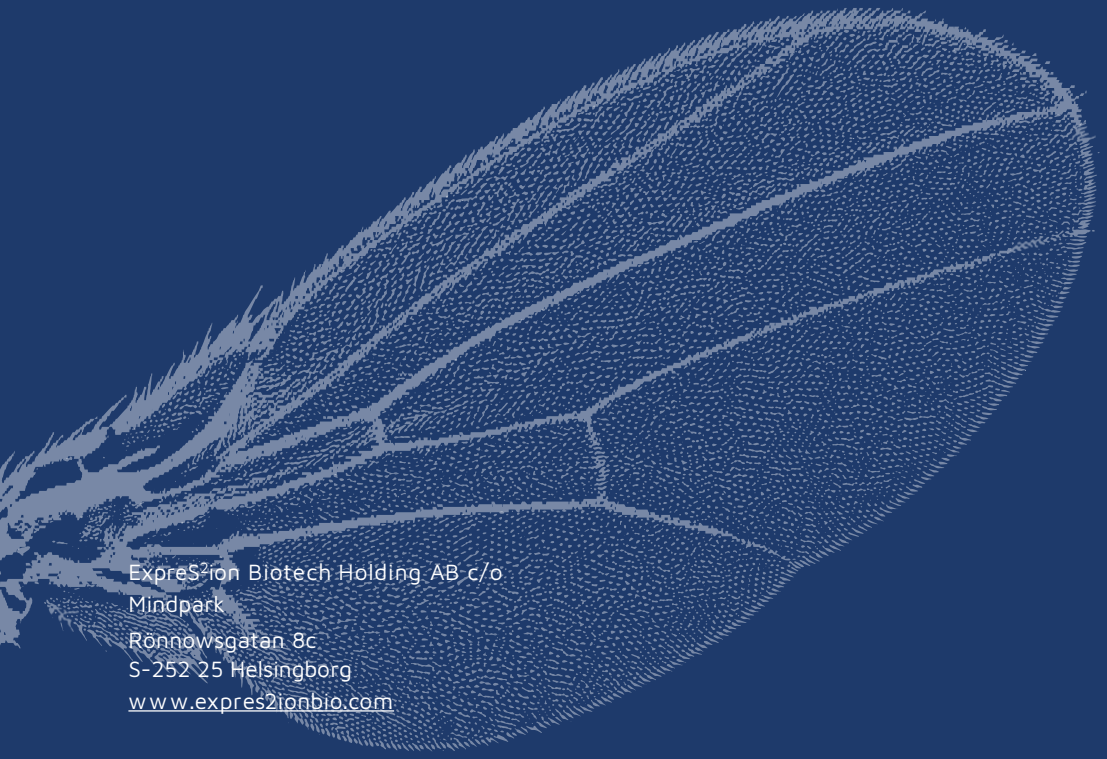
# Declaration of The Board of Directors and CEO

The Board of Directors and CEO assure that the interim report presents a true and fair view of ExpreS²ion Biotech Holding AB's business, operations, position and results.

Hørsholm, Denmark
August 19, 2021

ExpreS²ion Biotech Holding AB
c/o Mindpark, Rönnowsgatan 8c, S-252 25 Helsingborg

*Board of Directors and CEO*



ExpreS²ion Biotech Holding AB c/o
Mindpark
Rönnowsgatan 8c
S-252 25 Helsingborg
www.expres2ionbio.com