



EXPRES²ION[®]

BIOTECH

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Interim report Q1
2019-01-01 – 2019-03-31
Expres²ion Biotech Holding AB
559033-3729

Conclusion of interim report

“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.

Q1 (2019-01-01 till 2019-03-31)

- Group turnover amounted to 2,721 (2,278) KSEK.
- Result after financial items amounted to -4,956 (-3,451) KSEK.
- Net income amounted to -4,341 (-3,217) KSEK.
- Net income per share* amounted to -0.36 (-0.32) SEK.
- Cash flow from operating activities amounted to -4,266 (-2,996) KSEK.
- Equity ratio** amounted to 64.2 (64.2) %.
- Cash and cash equivalents amounted to 10,139 (17,775) KSEK.

Numbers in parenthesis are the numbers from the same period in 2018.

**The Group’s net income per share: the net income for the period divided by 12,002,015, which is the average number of shares for the first quarter 2019. The total number of shares in Expres²ion Biotech Holding AB was 12,002,015 shares per 2019-03-31. After the end of Q1, 2019, a directed share issue has been registered, by which the number of shares increased to 13,602,015.*

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

Significant events during the first quarter of 2019

- On January 10, Expres²ion announced that the placental malaria vaccine (PlacMalVac) consortium, of which Expres²ion is part, has announced successful phase I clinical study results. The PAMVAC vaccine, manufactured using the Expres² platform, was demonstrated to be safe, well-tolerated and to elicit specific antibody all participants.
- On February 19, Expres²ion 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, Expres²ion announced that the Company is conducting a directed share issue 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, Expres²ion Biotech Holding AB held an extraordinary general meeting. The extraordinary general meeting approved the Board’s decision to conduct a directed share issue.

Significant events after the end of the period

- On April 16, Expres²ion announced that Mitsubishi Tanabe Pharma Corporation, Osaka, Japan, has signed a two-year Research License Agreement granting the company access to use Expres²ion’s proprietary protein expression platform, Expres²™, in their Research and Development.
- On April 25, Expres²ion announced the co-authored publication in Cellular Microbiology with its Australian collaboration partner, The Walter and Eliza Hall Institute, demonstrating proof of concept in animals for a new potential breakthrough malaria vaccine, targeting a newly discovered malaria key to infection that was recently discovered by the group.

A word from our CEO Dr. Steen Klysner

Having concluded the first quarter of 2019, I would like to take this opportunity to comment on some of the most important Company events during the period.

Financial developments in the first quarter

The Company's revenues in the first quarter of 2019 were 19 % above the result from Q1 in the same period last year. It is also notably 90 % higher than the 2018 Q4 result, which we consider to be a sign of the emerging impact from the platform investments in combination with the updated marketing and sales efforts initiated in 2018.



Continued progress in clinical trials

Just ten days into the new year, we announced the successful study outcome of the clinical phase Ia trial with the placental malaria vaccine PAMVAC. This vaccine is developed by the international PlacMalVac consortium of which we are a contributing partner. It is financed through various grants and organisations, and it aims specifically to protect the millions of pregnant women and their children who are at risk of being infected with placental malaria during pregnancy every year. The trial demonstrated the vaccine to be safe and well tolerated, and the development is currently continued in a phase Ib study with exposed women in Africa. As we were able to also report positive phase II clinical results in Q4 2018, signifying a breakthrough in malaria blood stage vaccines, and the publication of a proof of concept in animals for a newly discovered malaria target after Q1 2019, we can proudly say that ExpreS²ion has a central position at the very forefront of the malaria vaccine field. Malaria is one of the major infectious diseases of our time, with a total funding for malaria control and elimination reached an estimated USD 3.1 billion in 2017 according to WHO, and the malaria vaccine demand is estimated to translate into a global market value of up to USD 400 million. Furthermore, the ongoing clinical programs provide invaluable documentation on the use and compliance of the ExpreS² platform for manufacturing of regulatory controlled biological products for humans, which positions us much stronger as a partner for larger and clinical stage projects.

Our joint venture AdaptVac

In February, our joint venture company AdaptVac was awarded approximately SEK 3.6 million by the Danish Innovation Foundation for a new veterinary vaccine project aiming to prevent weaning diarrhoea (PWD). Due to the advantages of AdaptVac's innovative vaccine technology, it was chosen as a potential mean to eliminate this major cause of antibiotic use in the pig industry. This is an important field as antibiotic resistance in general has become a major issue for humans in this century. If the project generates positive animal data, it addresses an estimated EUR 100 million market five years after launch while potentially opening up additional projects and applications addressing human antibiotic resistance. The project lands on top of another grant funding for a dog HER2 cancer vaccine and a cardiovascular human project (PCSK9). In addition to market values in the order of two-digit million EUR and billion USD respectively, these collaborator-supported, non-dilutive projects add valuable resources to AdaptVac's efforts to establish a strong project pipeline and enhancing its core VLP technology. The fact that AdaptVac obtained these grants in fierce competition also underlines the credibility of the platform and its ground-breaking potential.

The directed share issue and the way forward

In the end of February, we carried out a directed share issue of approximately SEK 8 million, with associated free warrants of a total of approximately SEK 9.6 million, to a number of selected major strategic investors with special interest in ExpreS²ion. The purpose of the targeted share issue was to strengthen the major investor base as well as to further consolidate our business, by taking greater ownership of selected projects and support the establishment of new high value joint ventures. After completing the targeted investments in the platform in 2018, we now focus on translating the investments into sales and new projects in 2019. Our present expanded platform, including new products, services and spin-off services from AdaptVac's platform, all together positions us for new and larger projects as well as attracting new partners and customers. A recent example is the cooperation with Mitsubishi Tanabe Pharma Corporation (MTPC), our first Japanese licensee, which we announced in April 2019. MTPC is a strong and reputable pharmaceutical company, and we are very pleased that our ExpreS² platform has entered their toolbox for the development of new projects. With the improved and expanded platform, we have also strengthened our position for the creation of new high value assets through a combination of products or platforms with synergy with our platform, which is a high priority strategic goal in 2019.

Finally, I would like to thank everyone who has followed us over the quarter and hope that you will continue to follow ExpreS²ion's development in the future. With this, I wish our shareholders and stakeholders a nice summer!

Dr. Steen Klysner
CEO, ExpreS²ion 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 parts of the platform, that, among other things, make it possible for the cells to generate a high yield. The platform has a number of features that distinguishes 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.

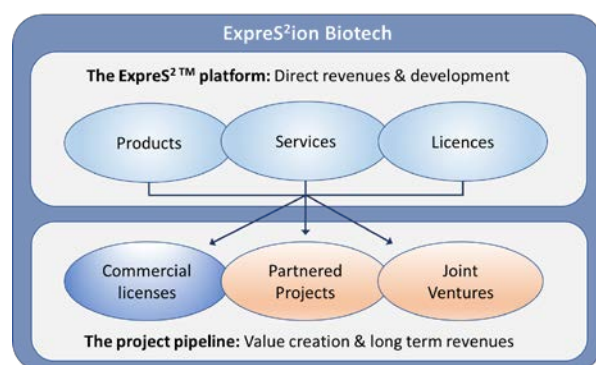
At this point the Company already has a well-established and diverse customer base, as illustrated with selected examples in the figure below;



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

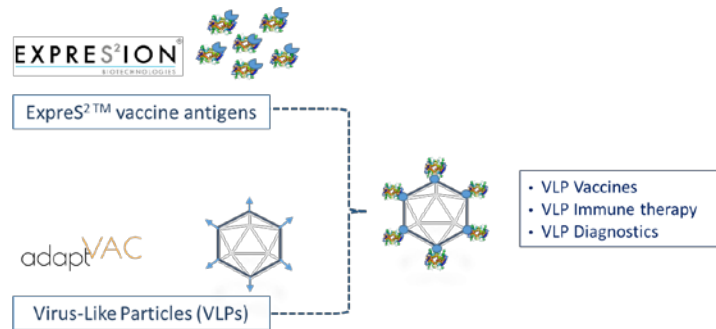


required for pharmaceutical or vaccine development. This is another way through which the Company can receive milestone payments and royalties for project development and market launch.

- 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.

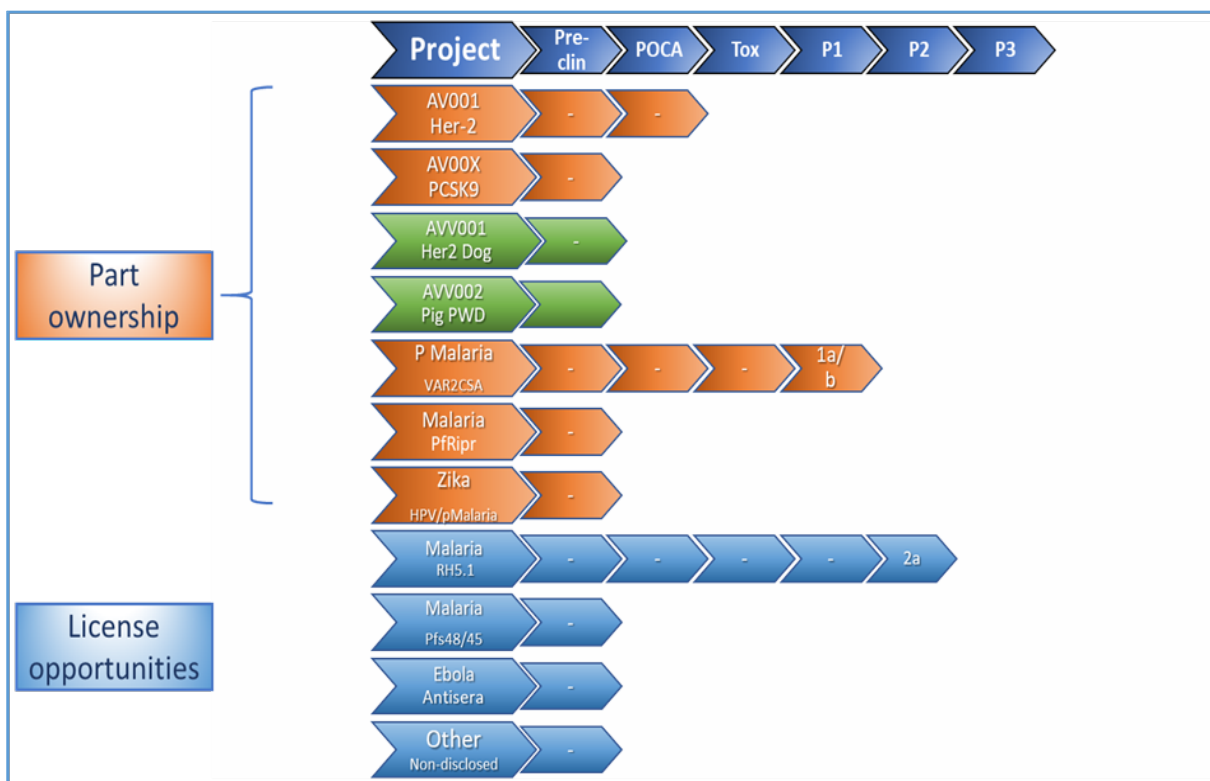
The joint venture company AdaptVac

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 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 licensed its platform. Positive data from a phase 1/2a study within the project was 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 was 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 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.

Development in figures for Q1 2019

Turnover

Group turnover during the first quarter 2019 amounted to KSEK 2,721 (2,278). Revenues come mainly from the development and production of reagents to customers. The revenues in the first quarter of 2019 were 19% higher compared to the same period last year, and we are starting to see the impact on revenue from the increased sales and marketing efforts initiated in 2018.

Result

Consolidated net result for the first quarter of 2019 amounted to KSEK -4,341 (-3,217). The result is a consequence of higher revenues and increased costs for development of our platform as well as increased sales and marketing activities.

Cash and cash equivalents

As of March 31, 2019, ExpreS²ion's cash and cash equivalents amounted to KSEK 10,139 (6,255), which reflects the directed share issue that was executed in Q1 2019.

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 March 31, 2019.

Name	Number of shares held	Share of votes and capital
ExpreS ² ion Holding ApS ¹	1.744.370	14,53%
AR Consult ApS ²	1.397.003	11,64%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	898.443	7,49%
Summary shareholders over 5 %	4.039.816	66,34%
Remaining shareholders (below 5 %)	7.962.199	14,53%
Total 2019-03-31	12,002,015	100,00%

- ¹Chairman 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.
- ²Board member Allan Rosetzky 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, 2019, the number of shares in ExpreS²ion Biotech Holding AB amounted to 12,002,015. As of March 31, 2019, the number of shares in ExpreS²ion Biotech Holding AB amounted to 12,002,015. The average amount of shares for Q1 2019 amounted to 12,002,015. After the end of Q1, 2019, a directed share issue has been registered, by which the number of shares increased to 13,602,015. The emission is however included in the reported equity as of 31 March 2019.

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.

Operational risks and uncertainties

The risks and uncertainties that ExpreS²ion's operations are exposed to are summarised 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 previously published memorandum, published in February 2018, and the Company's annual report for the fiscal year of 2018.

Auditor review

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

Annual General Meeting and availability of the Annual Report

ExpreS²ion Biotech Holding AB's Annual General Meeting will be held on the company's address in Helsingborg on May 23, 2019. The annual report is available for downloading on ExpreS²ion Biotech Holding AB's website (<http://www.expres2ionbio.com/investor/reports-presentations/>).

Accounting principles

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

Financial calendar

Annual General Meeting, 2019	2019-05-23
Half year report, 2019	2019-08-22
Interim report Q3, 2019	2019-11-21
Year-end report, 2019	2020-02-28

Certified Adviser

Sedermersa Fondkommission
Email: CA@sedermersa.se
Telephone: +46 40-615 14 10

For more information, please contact

Dr. Steen Klysner, CEO
Telephone: +45 2062 9908
Email: sk@expres2ionbio.com

The Board of Directors and the CEO indicate that the Interim report presents a fair view of ExpreS²ion Biotech Holding AB's business.

Hørsholm, May 16, 2019
ExpreS²ion Biotech Holding AB
c/o Mazars SET, Terminalgatan 1, 252 24 Helsingborg, Sweden

Board of Directors and CEO

Financial overview

Income statement in brief – group

KSEK	2019-01-01	2018-01-01	2018-01-01
	2019-03-31	2018-03-31	2018-12-31
	3 months	3 months	12 months
Net sales	2,721	2,278	8,868
Raw materials and consumables	- 1,181	- 672	- 2,753
Gross earnings	1,540	1,606	6,115
Other external costs	- 2,163	- 1,853	- 7,176
Personnel costs	- 3,221	- 2,634	- 13,253
Result in jointly governed companies	- 253	0	- 1,327
Operating profit/loss before depreciation	- 4,097	- 2,881	- 15,641
Depreciation	- 694	- 599	- 2,615
Operating profit/loss	- 4,791	- 3,480	- 18,256
Other financial income	0	148	20
Other financial costs	- 165	- 119	- 617
Profit/loss from financial items	- 165	29	- 597
Profit/loss before tax	- 4,956	- 3,451	- 18,853
Tax	615	234	2,031
Profit/loss for the period	- 4,341	- 3,217	- 16,822

Balance sheet in brief – group

KSEK	2019-03-31	2018-03-31	2018-12-31
Assets			
Concessions, patents, licenses, trademarks and similar intellectual rights	6,743	8,218	7,030
Goodwill	1,252	1,834	1,383
Total intangible fixed assets	7,995	10,052	8,413
Other tangible assets	887	579	993
Total tangible assets	887	579	993
Interest in group companies	35	0	34
Other long-term receivables	833	431	682
Financial assets	868	431	716
Total fixed assets	9,750	11,062	10,122
Accounts receivable	402	1,180	1,317
Tax receivables	2,288	1,760	1,757
Other receivables	1,113	1,205	975
Receivables from group companies	0	623	0
Prepaid expenses	485	417	528
Total receivables	4,288	5,185	4,577
Cash and cash equivalents	10,139	17,775	6,255
Total current assets	14,427	22,960	10,832
TOTAL ASSETS	24,177	34,022	20,954
Equity and liabilities			
Share capital	1,512	1,334	1,334
Other capital contributions	48,972	41,806	41,803
Other equity including net profit for the period	- 39,107	- 21,304	- 34,836
Total equity	11,377	21,836	8,301
Accrued tax liabilities	1,442	1,866	1,546
Total liabilities	1,442	1,866	1,546
Other long-term liabilities	5,860	6,596	6,063
Total long-term liabilities	5,860	6,596	6,063
Liabilities to credit institutions	1,187	68	924
Accounts payable	1,029	619	607
Other liabilities	3,282	3,037	3,513
Total contingent liabilities	5,498	3,724	5,044
Total liabilities	12,800	12,186	12,653
TOTAL EQUITY AND LIABILITIES	24,177	34,022	20,954

Cash flow statement in brief – group

KSEK	2019-01-01	2018-01-01	2018-01-01
	2019-03-31	2018-03-31	2018-12-31
	3 months	3 months	12 months
Operating profit/loss	- 4,791	- 3,480	- 18,256
Adjustments for depreciation	694	599	2,615
Other adjustments not affecting cash flow	0	0	- 34
Received interest	0	0	78
Interest paid	- 152	- 113	- 602
Company tax paid	- 17	- 2	1,471
Cash flow from operating activities before changes in working capital	- 4,266	- 2,996	- 14,728
Decrease / increase of current receivables	716	55	- 228
Decrease / increase of current liabilities	138	955	2,077
Cash flow from operating activities	- 3,412	- 1,986	- 12,879
Investments in tangible fixed assets	- 32	0	- 813
Cash flow from investing activities	- 32	0	- 813
Leasing agreement	- 54	- 31	328
Redemption of options	0	58	58
Issuance of new shares	8,000	19,203	19,203
Costs of issuing shares	- 656	- 1,003	- 1,003
Cash flow from financing activities	7,290	18,227	18,586
Cash flow for the period	3,846	16,241	4,894
Cash and cash equivalents at the beginning of the period	6,255	1,508	1,508
Exchange difference cash and cash equivalents	38	26	- 147
Cash and cash equivalents at the end of the period	10,139	17,775	6,255

Changes in equity in brief – group

KSEK	2019-01-01	2018-01-01	2018-01-01
	2019-03-31	2018-03-31	2018-12-31
	3 months	3 months	12 months
Total equity at the beginning of the period	8,301	6,737	6,737
Issuance of new shares	8,000	19,203	19,203
Redemption of options	0	58	58
Issuing cost	- 656	- 1,003	- 1,003
Profit/loss for the period	- 4,341	- 3,217	- 16,822
Exchange difference	73	58	128
Total equity at the end of the period	11,377	21,836	8,301

The directed share issue in Q1 was registered 2019-04-02

Income statement in brief – parent company

KSEK	2019-01-01	2018-01-01	2018-01-01
	2019-03-31	2018-03-31	2018-12-31
	3 months	3 months	12 months
Net sales	0	0	335
Other external costs	- 425	- 591	- 2,089
Personnel costs	- 97	- 39	- 454
Operating profit/loss before depreciation	- 522	- 630	- 2,208
Depreciation	0	0	0
Operating profit/loss	- 522	- 630	- 2,208
Other financial income	212	51	608
Other financial costs	- 4	0	- 5
Profit/loss from financial items	208	51	603
Profit/loss before tax	- 314	- 579	- 1,605
Tax	0	0	0
Profit/loss for the period	- 314	- 579	- 1,605

Balance sheet in brief – parent company

KSEK	2019-03-31	2018-03-31	2018-12-31
Assets			
Deposits	50	50	50
Shares in group companies	17,496	17,496	17,496
Receivables from group companies	18,918	5,097	15,768
Total financial fixed assets	36,464	22,643	33,314
Total fixed assets	36,464	22,643	33,314
Tax receivables	30	18	14
Other receivables	84	105	45
Prepaid expenses	30	0	30
Total receivables	144	123	89
Cash and cash equivalents	9,708	17,062	5,790
Total current assets	9,852	17,185	5,879
TOTAL ASSETS	46,316	39,828	39,193
Equity and liabilities			
Share capital	1,512	1,334	1,334
Share premium account	47,802	38,926	40,636
Net profit/loss for the period	- 3,629	- 579	- 3,315
Total equity	45,685	39,681	38,655
Other liabilities	631	147	538
Total contingent liabilities	631	147	538
Total liabilities	631	147	538
TOTAL EQUITY AND LIABILITIES	46,316	39,828	39,193

Cash flow statement in brief – parent company

KSEK	2019-01-01	2018-01-01	2018-01-01
	2019-03-31	2018-03-31	2018-12-31
	3 months	3 months	12 months
Operating profit/loss	- 522	- 630	- 2,208
Received interest	0	0	16
Interest paid	- 4	- 1	- 21
Company tax paid	- 17	- 2	1
Cash flow from operating activities before changes in working capital	- 543	- 633	- 2,212
Decrease / increase of current receivables	- 39	170	195
Decrease / increase of current liabilities	93	0	395
Cash flow from operating activities	- 489	- 463	- 1,622
Loans group Company	- 2,937	- 947	- 11,059
Cash flow from investing activities	- 2,937	- 947	- 11,059
Issuance of new shares	8,000	19,203	19,203
Redemption of options	0	58	58
Costs of issuing shares	- 656	- 1,003	- 1,003
Cash flow from financing activities	7,344	18,258	18,258
Cash flow for the period	3,918	16,848	5,577
Cash and cash equivalents at the beginning of the period	5,790	214	214
Cash and cash equivalents at the end of the period	9,708	17,062	5,791

Changes in equity – parent company

KSEK	2019-01-01	2018-01-01	2018-01-01
	2019-03-31	2018-03-31	2018-12-31
	3 months	3 months	12 months
Total equity at the beginning of the period	38,655	22,002	22,002
Issuance of new shares	8,000	19,203	19,203
Redemption of options	0	58	58
Issuing cost	- 656	- 1,003	- 1,003
Profit/loss for the period	- 314	- 579	- 1,605
Total equity at the end of the period	45,685	39,681	38,655

The directed share issue in Q1 was registered 2019-04-02



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Agern Allé 1, DK-2970 Hørsholm, Denmark
www.expres2ionbio.com