



EXPRES²ION

BIOTECHNOLOGIES

Interim report Q1
2018-01-01 – 2018-03-31

ExpreS²ion Biotech Holding AB

559033-3729

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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 (2018-01-01 till 2018-03-31)

- Group turnover amounted to 2 278 (3 614) KSEK.
- Result after financial items amounted to -3 451 (-1 218) KSEK.
- Net income amounted to -3 217 (-1 109) KSEK.
- Net income per share* amounted to -0,32 (-0,13) SEK.
- Cash flow from operating activities amounted to -2 996 (-3 987) KSEK.
- Equity ratio** amounted to 64,2 (52,5) %.
- Cash and cash equivalents amounted to 17 775 (2 460) KSEK

* *The group’s net income per share: the net income for the period divided by 10 135 035, the average number of shares for the period. The total number of shares in ExpreS²ion Biotech Holding AB was 12 002 015 shares per 2018-03-31.*

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

Significant events during the first quarter 2018

- On January 16, 2018, 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, 2018, ExpreS²ion Biotech Holding AB held an extraordinary general meeting. The report is available on the Company’s website (www.expres2ionbio.com).
- On March 2, ExpreS²ion Biotech Holding AB announced the result of the Company’s preferential share issue. The rights issue was subscribed to 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 are issued and ExpreS²ion is provided approximately SEK 19.2 million before issuing costs.

Significant event after the end of the period

- On April 20, ExpreS²ion Biotech Holding AB announced that the 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 to ExpreS²ion, when fully implemented.

CEO Dr. Steen Klysner comments

In the first quarter of 2018, ExpreS²ion was able to build further upon the fast-paced development and progress of the Company since our listing on Nasdaq First North in 2016, including a very strong 2017.

A major focus in the period was the successful SEK 19.2 million rights issue the Company conducted in February. As stated earlier, ExpreS²ion reached a position where additional capital was needed to fully utilise the growing potential in all of the Company's business areas. To accomplish this, the board decided to conduct a share issue with the aim to expand ExpreS²ion's core activities and service offers, give strong support to the AdaptVac joint venture, and to raise the working capital needed to be able to act quickly when attractive opportunities to acquire high value assets arise in the market. This ambition was clearly understood by investors, as the rights issue was subscribed to approximately 158 percent.



I would like to thank all shareholders who participated in the rights issue for their support and trust in the Company. It was indeed very pleasing to see the strong interest in ExpreS²ion from both existing shareholders and the market in general. With the proceeds from the rights issue, we have started and are already well underway in the process of launching activities and pursuing the goals we stated to ensure the continued strong development of the Company.

After the end of the period, in April, we announced that our U.S. partner and licensor IBT had commercially launched their first product made with the ExpreS² platform under a multi-product agreement entered in 2017. This is good news as high-quality proteins for research purposes represents a new market for ExpreS²ion within a segment with direct sales and distribution to customers. IBT is planning to launch around five ExpreS²-based products annually, and we expect the collaboration to generate annual revenues of up to around SEK 1 million for ExpreS²ion when it is fully implemented.

In addition to the collaboration with IBT, we entered a similar agreement with the Institute Virion Serion GmbH in Würzburg, that is active in the in vitro diagnostic field, in 2017. This program is also in progression. These collaborations are not only important for us because it opens a "direct sales" market for ExpreS²ion with faster turnover that contributes to our baseline revenues. They are also strategically important, as specific biological tools and diagnostics go hand in hand with the development of new vaccines and immune therapeutics.

Looking forward, we see a strong potential for both ExpreS²ion and our joint venture AdaptVac's development in 2018. We are in a favorable position to further expand our market and customer base, with the aim to be able to offer a complete discovery platform reaching into the early clinical development phase. We will achieve this partly by forming strategic alliances, such as the agreement between ExpreS²ion and our Dutch partner IntraVacc that represents over 100 years of vaccine development experience, including certified production of clinical trial material.

In addition, we also have a number of exiting on-going projects and agreements that will be concluded in 2018. This includes a commercial license with the French company Abivax regarding their development of an Ebola antiserum. And as a result of our long-term engagement in the field of malaria, two malaria vaccines produced with the ExpreS² platform are presently in clinical phase I/IIa studies. We are also collaborating on other malaria vaccines with Walter and Eliza Hall Institute of Medical Research in Australia. Finally, our joint venture AdaptVac is progressing according to plan with the potential to develop several high value projects based on virus-like particle (VLP) technology.

All in all, we are indeed continuing to develop the Company at full speed towards the goals presented in connection with the recent rights issue, and I look forward to fully realise them in due time.

Dr. Steen Klysner

CEO, ExpreS²ion Biotech Holding AB

About ExpreS²ion Biotech Holding AB

A key part in the development of modern biopharmaceuticals is the complex proteins that constitutes the active substance. These proteins are produced using technology platforms based on genetic modification of cells. This method is for instance used when developing human insulin, antibodies and a large number of new vaccines. However, these proteins are difficult to develop and produce in a safe and cost-effective manner, as well as with the level of quality required by authorities for use in human medicine.

The operating subsidiary, ExpreS²ion Biotechnologies ApS, 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. Although the Company's platform technology is constantly in development, it is currently a complete commercialised product. Since the Company was founded, the platform has been a part in the development of over 250 different proteins and used by or for almost one hundred different clients and partners, such as Hoffman La-Roche and Novartis Pharma.

The ExpreS² platform

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, according to the Board's assessment, distinguish it from competing technologies:

- It has on occasion been the only known 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.

Business model and market potential

ExpreS²ion Biotechnologies' business model is structured in a way that allows the Company to not only market licenses to use the ExpreS² platform as a whole, but also parts of it, thus allowing the client to participate in or be entirely responsible for the development of the required proteins. The Company can also sell reagents and kits, including diagnostics. The Company may also charge clients for the production and delivery of proteins as finished products, using the ExpreS² platform. The Company has two main categories of clients; pharmaceutical companies and research institutions. The Company can address both types of organisations since the ExpreS² platform can be adapted to both basic academic research and commercial drug development. The Company's clients are not limited to any geographic area and are located in several different parts of the world. The Company's overall objective for the ExpreS² platform is to consolidate it as a preferred method for protein production within research and development of vaccines and immunotherapy, as well as utilising the platform for the development of its own and partly owned products. ExpreS² ion Biotechnologies is to be the obvious partner when clients or partners need rapid development and advanced proteins during the process of developing new vaccines and immunotherapy. In addition, the Company is actively working with developing new products within its core technology, as well as to identify and include new valuable technology platforms and products with synergy effects to ExpreS²ion's platform.

The market potential for ExpreS²ion is difficult to estimate, but according to the Board's assessment, it is very large. The treatment for malaria for example, had a global economic value of USD 2.7 billion in 2013. The total global vaccine market is growing, and it is estimated to reach a total value of approximately USD 49 billion in 2019 from currently being valued at around USD 30 billion.

In addition to ExpreS² ion'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 is the exclusive, global license holder of a new "plug and play virus-like particle" (VLP) technology, which enables accelerated development of effective therapeutic and prophylactic vaccines within high-value market segments in oncology, infectious diseases and immunological diseases. 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 virus-like particle (VLP) technology 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.

Company structure and shareholding

ExpreS²ion Biotech Holding AB has a fully owned subsidiary, ExpreS²ion Biotechnologies ApS, 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 ApS. 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.

Developments in figures for Q1 2018

Turnover

Group turnover during the first quarter 2018 amounted to KSEK 2 278 (3 614). Revenue comes mainly from the development and production of reagents to customers. The revenue has increased slightly compared to the latest two quarters. It has however decreased compared to the same period in 2017, as that period contained a very significant amount of work related to one customer project.

Result

Consolidated net result for the first quarter of 2018 amounted to KSEK -3 217 (-1 109). The sales activities since 2016 have had a positive impact on the Company's turnover, but the net result also reflects increased costs attributable to an increased activity level.

Cash and cash equivalents

As of March 31 2018, ExpreS²ion's cash and cash equivalents amounted to KSEK 17 775 (2 460) and reflects the share emission which was finalised in March 2018.

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 31st, 2018.

Name	Number of shares	Share of votes and capital
ExpreS ² ion Holding ApS ¹	1 744 370	14,58%
AR Consult ApS ²	1 328 326	11,07%
FÖRSÄKRINGSAKTIEBOLAGET, AVANZA PENSION	1 050 048	8,75 %
Ericsson, Anders	699 411	5,83%
Summary shareholders over 5 %	4 822 155	40,18 %
Remaining shareholders (below 5 %)	7 179 860	59,82 %
Total 2018-03-31	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 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, 2018, the number of shares in ExpreS²ion Biotech Holding AB amounted to 9 601 612. As of March 31, 2018, the number of shares in ExpreS²ion Biotech Holding AB amounted to 12

002 015. The average amount of shares in the first quarter of 2018 amounted to 10 135 035. 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 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 previously published memorandum, published in February 2018, and the Company's annual report for the fiscal year of 2017.

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 when preparing the financial statements.

Financial calendar

Annual General Meeting, 2018	2018-05-24
Half Year Report, 2018	2018-08-24
Interim report Q3, 2018	2018-11-22
Year-end report, 2018	2019-02-28

Certified Adviser

Sedermora Fondkommission is the Certified Adviser of ExpreS²ion Biotech Holding AB.

For more information, please contact:

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The Board of Directors and the CEO indicates that the Year End Report presents a fair view of ExpreS²ion Biotech Holding AB's business.

Hørsholm, May 17 2018
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	2018-01-01 – 2018-03-31 3 months	2017-01-01 – 2017-03-31 3 months	2017-01-01 – 2017-12-31 12 months
Net sales	2 278	3 614	9 795
Raw materials and consumables	– 672	– 548	– 2 193
Gross earnings	1 606	3 066	7 602
Other external costs	– 1 853	– 1 267	– 5 928
Personnel costs	– 2 634	– 2 337	– 10 319
Result in jointly governed companies	0	0	– 509
Operating profit/loss before depreciation	– 2 881	– 538	– 9 154
Depreciation	– 599	– 559	– 2 281
Operating profit/loss	– 3 480	– 1 097	– 11 435
Other financial income	148	0	146
Other financial costs	– 119	– 121	– 461
Profit/loss from financial items	29	– 121	– 315
Profit/loss after financial items	– 3 451	– 1 218	– 11 750
Tax	234	109	1 915
Net profit/loss for the year	– 3 217	– 1 109	– 9 835

Balance sheet in brief – group

KSEK	2018-03-31	2017-03-31	2017-12-31
Assets			
Concessions, patents, licenses, trademarks and similar intellectual rights	8 218	9 105	8 241
Goodwill	1 834	2 265	1 900
Total intangible fixed assets	10 052	11 370	10 141
Other tangible assets	579	616	632
Total tangible assets	579	616	632
Interest in group companies	0	0	0
Other long-term receivables	431	284	408
Financial fixed assets	431	284	408
Total fixed assets	11 062	12 270	11 181
Accounts receivable	1 180	2 544	1 086
Tax receivables	1 760	1 443	1 478
Other receivables	1 205	3 439	1 331
Receivables from joint venture company	623	0	315
Prepaid expenses	417	295	336
Total receivables	5 185	7 721	4 546
Cash and cash equivalents	17 775	2 460	1 508
Total current assets	22 960	10 181	6 054
TOTAL ASSETS	34 022	22 451	17 235
Shareholder's equity and liabilities			
Share capital	1 334	970	1 067
Other capital contributions	41 806	20 307	23 815
Other equity including net profit for the period	- 21 304	-9 493	-18 145
Total equity	21 836	11 784	6 737
Accrued tax liabilities	1 866	2 295	1 813
Total liabilities	1 866	2 295	1 813
Other liabilities	6 596	5 390	6 324
Total long-term liabilities	6 596	5 390	6 324
Liabilities to credit institutions	68	695	75
Accounts payable	619	450	470
Other liabilities	3 037	1 837	1 816
Total contingent liabilities	3 724	2 982	2 361
Total liabilities	12 186	10 667	10 498
TOTAL SHAREHOLDER EQUITY AND LIABILITIES	34 022	22 451	17 235

Cash flow statement in brief – group

KSEK	2018-01-01 – 2018-03-31 3 months	2017-01-01 – 2017-03-31 3 months	2017-01-01 – 2017-12-31 12 months
Operating profit	- 3 480	- 1 097	- 11 435
Adjustments for depreciation	599	559	2 281
Received interest	0	0	91
Interest paid	- 113	- 106	- 581
Company tax paid	- 2	- 18	1 262
Cash flow from operating activities before changes in working capital	- 2 996	- 662	- 8 382
Decrease / increase of current receivables	55	- 2 035	1 446
Decrease / increase of current liabilities	955	- 1 290	- 1 672
Cash flow from operating activities	- 1 986	- 3 987	- 8 608
Investments in tangible fixed assets	0	0	- 206
Cash flow from investing activities	0	0	- 206
Leasing agreement	- 31	211	380
Redemption of options	58	0	79
Issuance of new shares	19 203	0	3 928
Costs of issuing shares	- 1 003	0	- 402
Cash flow from financing activities	18 227	211	3 985
Cash flow for the year	16 241	- 3 776	- 4 829
Cash and cash equivalents at the beginning of the year	1 508	6 236	6 236
Exchange difference cash and cash equivalents	26	0	101
Cash and cash equivalents at the end of the year	17 775	2 460	1 508

Changes in equity in brief – group

KSEK	2018-01-01 – 2018-03-31 3 months	2017-01-01 – 2017-03-31 3 months	2017-01-01 – 2017-12-31 12 months
Total equity at the beginning of the period	6 737	12 880	12 880
Issuance of new shares	19 203	0	3 928
Redemption of options	58	0	79
Issuing cost	- 1 003	0	- 402
Profit/loss for the period	- 3 217	- 1 109	- 9 835
Exchange difference	58	13	87
Total equity at the end of the period	21 836	11 784	6 737

Income statement in brief – parent company

KSEK	2018-01-01 – 2018-03-31 3 months	2017-01-01 – 2017-03-31 3 months	2017-01-01 – 2017-12-31 12 months
Net sales	0	0	305
Other external costs	- 591	- 220	- 1 859
Personnel costs	- 39	0	- 234
Operating profit/loss before depreciation	- 630	- 220	- 1 788
Depreciation	0	0	0
Operating profit/loss	- 630	- 220	- 1 788
Other financial income	51	0	81
Other financial costs	0	- 5	- 3
Result from financial items	51	- 5	78
Pre-tax profit	- 579	- 225	- 1 710
Tax	0	0	0
Net profit/loss for the year	- 579	- 225	- 1 710

Balance sheet in brief – parent company

KSEK	2018-03-31	2017-03-31	2017-12-31
Assets			
Deposits	50	50	50
Shares in group companies	17 496	17 496	17 496
Receivables from group companies	5 097	0	4 099
Total financial fixed assets	22 643	17 546	21 645
Total fixed assets	22 643	17 546	21 645
Tax receivables	18	32	15
Other receivables	105	100	202
Prepaid expenses	0	55	71
Total current receivables	123	187	288
Cash and cash equivalents	17 062	2 393	214
Total current assets	17 185	2 580	502
TOTAL ASSETS	39 828	20 126	22 147
Equity and Liabilities			
Share capital	1 334	970	1 067
Share premium account	38 926	20 306	22 645
Result for the period	- 579	-1 394	- 1 710
Total equity	39 681	19 882	22 002
Debt group companies	0	102	0
Other liabilities	147	142	145
Total contingent liabilities	147	244	145
Total liabilities	147	244	145
TOTAL EQUITY AND LIABILITIES	39 828	20 126	22 147

Cash flow statement in brief – parent company

KSEK	2018-01-01 – 2018-03-31 3 months	2017-01-01 – 2017-03-31 3 months	2017-01-01 – 2017-12-31 12 months
Operating profit	- 630	- 220	- 1 788
Received interest	0	0	0
Interest paid	- 1	- 2	- 5
Company tax paid	- 2	- 18	3
Cash flow from operating activities before changes in working capital	- 633	- 240	- 1 790
Decrease / increase of current receivables	170	- 18	- 134
Decrease / increase of current liabilities	0	- 305	- 308
Cash flow from operating activities	- 463	- 563	- 2 232
Loans group company	- 947	144	- 3 971
Cash flow from investing activities	- 947	144	- 3 971
Issuance of new shares	19 203	0	3 928
Redemption of options	58	0	79
Costs of issuing shares	- 1 003	0	- 402
Cash flow from financing activities	18 258	0	3 605
Cash flow for the period	16 848	- 419	- 2 598
Cash and cash equivalents at the beginning of the period	214	2 812	2 812
Cash and cash equivalents at the end of the period	17 062	2 393	214

Changes in equity – parent company

KSEK	2018-01-01 – 2018-03-31 3 months	2017-01-01 – 2017-03-31 3 months	2017-01-01 – 2017-12-31 12 months
Total equity at the beginning of the period	22 002	20 107	20 107
Redemption of options	58	0	79
Issuance of new shares	19 203	0	3 928
Issuing expenses	- 1 003	0	- 402
Profit/loss for the period	- 579	- 225	- 1 710
Total equity at the end of the period	39 681	19 882	22 002



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