



PRESS RELEASE, August 29, 2019

SelectImmune Pharma AB: Year-end Report 2018/2019

Significant events during the fiscal year

During the 2018/19 fiscal year, SelectImmune Pharma has formed its operations to accelerate the development of candidate drugs based on research conducted by Catharina Svanborg's research group at Lund University.

SelectImmune Pharma remains a research-driven company, which prioritizes the renewal of therapies against infections in large patient groups.

During the fiscal year, SelectImmune Pharma has:

- Entered into an agreement with Lund University that establishes a research collaboration and secures access to relevant expertise and technology to develop candidate drugs.
- Acquired patent and patent applications in five different patent families that protect candidate drugs, which could replace antibiotics.
- Recruited new Board members. As a result, the Board of Directors has extensive experience of drug development, clinical trials, regulatory issues and marketing communications.
- Recruited a CEO with experience of financing and from similar positions in other listed companies.
- Recruited a Chief Medical Officer with broad clinical experience.
- Gained access to broad expertise in research and development, clinical trials, financial issues, legal matters, patent issues, regulatory matters, pharmaceutical production, toxicology and investor relations by strengthening the organization and further developing the Company's network.
- Conducted two issues totaling MSEK 40 and listed the Company's shares on the Spotlight Stock Market. The issue in advance of the listing was subscribed at a rate of 240% and was therefore heavily oversubscribed.

The research group at Lund University has also:

- Achieved molecular progress that defines the effects of immunotherapy on infections. Separate molecular strategies are to be used against difficult bacterial infections of the kidneys and against acute and recurring cystitis, which is a very common infection of the bladder.
- Isolated new molecules from “good” bacteria that influence the tissue environment of patients (Pol II inhibitors). Animal research supports the therapeutic effects including the anti-inflammatory effects of these bacteria and molecules.
- Conducted a national population study of kidney infections in infants under the age of one. Approximately 30 children’s clinics in Sweden are taking part in this study and more than 1,000 children have been studied to date. Through the use of DNA samples and careful examinations, this study may identify genes that govern susceptibility to infections and patient groups with a greater need for new treatments.
- Authorization was received from the Scientific Ethics Committee for Clinical Studies relating to the immunomodulatory treatment of acute and chronic inflammatory conditions in the lower urinal tracts.

The patent portfolio has also been further developed

Treatment of acute cystitis

This patent family concerns Interleukin-1 receptor antagonists and MMP inhibitors for the treatment of cystitis. Applications have been submitted in Australia, Europe and the US. A response to the US patent office’s questions was sent in May 2019 and to minor objections in Europe in July 2019. Our patent lawyer is of the opinion that the patent is near to being approved.

IRF7 Inhibitors

This patent family encompasses IRF7 inhibitors against difficult infections with gram-negative bacteria. Applications have been submitted in Australia, Europe and the US. A US patent was approved in May 2019.

NK1 Antagonists

This patent family encompasses antagonists to NK1 receptors and ligand Substance P in the treatment of bacterial infections or pain resulting from bacterial infections. Applications have been submitted in Australia, Europe and the US and been well received. Questions from the European review were answered in July 2019.

Pol II Inhibitors

This patent family encompasses inhibitors of RNA Polymerase II, such as Sigma S and NlpD, in the treatment of inflammation and infection and has been favorably received in the first international review.

Figures

FULL-YEAR (Jul 1, 2018–Jun 30, 2019)

- Revenue for the full-year totaled KSEK 0 (0)
- Loss before tax amounted to KSEK -3,932 (-13)
- Loss after tax amounted to KSEK -3,932 (-13)
- Loss per share* was SEK -0.2510 (-0.0013)
- At June 30, 2019, the equity/assets ratio** was 86% (76)

FOURTH QUARTER (Apr 1, 2019–Jun 30, 2019)

- Revenue for the fourth quarter totaled KSEK 0 (0)
- Loss before tax amounted to KSEK -3,164 (0)
- Loss after tax amounted to KSEK -3,164 (0)
- Loss per share* was SEK -0.2020 (-0.0000)

Amounts in parentheses above and below indicate the corresponding value in the preceding year.

** Profit/loss after tax for the period divided by 15,666,660 (10,000,000) shares, where 11,666,660 is the number of shares outstanding at June 30, 2019, and 4,000,000 shares were in the process of being registered. The registration took place on July 2, 2019. The comparative figure in parentheses was the number of shares at June 30, 2018, restated for the split whereby each share was divided into 20 shares as resolved at an extraordinary general meeting on March 4, 2019.*

*** Equity divided by total capital.*

Comments on the past fiscal year

The fiscal year was dominated by research and development work, which forms the basis of the drug development conducted at SelectImmune Pharma AB. The research is carried out at Lund University and agreements have been established for research financing and collaboration. The importance of the multi-year and high-quality research work used as a basis for the Company's operations cannot be overemphasized.

It was very important to secure financing to enable our development of alternatives to antibiotics. The capital infusion of MSEK 30 will allow us to begin work in earnest to prepare our clinical trials in acute and chronic cystitis and to develop our other new candidate drugs.

We would like to welcome all of our new shareholders to SelectImmune Pharma, and thank them for the trust they have shown in us by taking part in the IPO. There is a high medical need for new therapies to replace or complement antibiotics and we are proud to contribute to developments in this field. Having secured funding for the initial stages, we can now fully focus on developing operations and laying the foundation for the forthcoming Phase II trials.

Catharina Svanborg and Fredrik Herslow
Founder/Chairman of the Board and CEO, respectively

SelectImmune Pharma AB

SelectImmune Pharma AB is a company that pursues drug development. The purpose of the Company's development activities is to offer effective alternatives to antibiotics. Rather than killing

bacteria directly, the host immune system is strengthened and balanced. SelectImmune is developing five new candidate drugs for the treatment of bacterial infections.

Revenue and earnings

SelectImmune Pharma AB, which has a fiscal year that runs from July 1 until June 30, was formed on March 15, 2017 in order to take over patents and patent applications held by the owner, Linnane Pharma AB, and use these as a basis to begin drug development. Until the takeover, which took place in March 2019, the company had no significant costs. Since SelectImmune is a development company in the Life Science sector, future revenue will mainly consist of various forms of royalty revenues, including advance payments, milestone-based payments and regular royalty payments. The longer the Company pursues its own projects the stronger its negotiating position in business negotiations with potential partners. The Company believes continued development of its own projects will enhance value and has therefore chosen not to enter into any partnership agreements. This means the Company's sales amounted to KSEK 0 (0) during the fiscal year. Loss before tax for the corresponding period amounted to KSEK -3,932 (-13) Expenses mainly comprised costs for the acquisition of the abovementioned patent portfolio and costs for the continued development as carried out by the research group working on behalf of SelectImmune at Lund University. In the fourth quarter of the fiscal year, sales amounted to KSEK 0 (0) and the loss was KSEK -3,164 (0).

Financial position

At June 30, 2019, the Company's cash and cash equivalents amounted to KSEK 34,851 (49). On the same date, the company's equity amounted to KSEK 32,774 (37). The increase is entirely due to the new issues in the form of a private placement and the IPO of the Company, which took place in March and June 2019, respectively.

The new issues generated net proceeds of approximately MSEK 40 for the Company before issuance costs. Costs for both issues totaled KSEK 3,331, which were expensed directly in the equity raised. At the end of the fiscal year, the equity/assets ratio was 86% (76).

Cash flow and investments

During the period July 1, 2018 to June 30, 2019, cash flow from operating activities before changes in working capital amounted to KSEK -3,932 (-13). As stated above, the change is mainly due to the acquisition of patents and patent applications as well as costs for the continued development at Lund University on behalf of SelectImmune. The cash flow effect from changes in working capital amounted to KSEK 2,065 (12). Cash flow from operating activities amounted therefore to KSEK -1,867 (-1). The lower negative cash flow from operating activities compared with cash flow from operating activities before changes in working capital is in part due to the fact that costs for the capital procurement carried out were expensed directly in the equity raised, and are thereby recognized as financial expenses while trade payables generated by the costs are recognized as changes in working capital. The Company did not capitalize any investments during the period. Due to the aforementioned issues, cash flow for the period increased the Company's cash and cash equivalents by KSEK 34,802 (-1), from KSEK 49 (50) to KSEK 34,851 (49).

The share

At June 30, 2019, the number of registered shares was 11,666,660 (10,000,000). A further 4,000,000 shares were in the process of being registered. These were registered on July 2, 2019. Including these, the Company has 2,000,000 (2,000,000) Class A shares and 13,666,660 (8,000,000) Class B shares. Every Class A share provides entitlement to 10 votes and every Class B share to one vote. As stated above, one new issue was held in the Company in March and one in June 2019. The new issue in March entailed that the number of Class B shares increased by 1,666,660 and the issue in June that the number of Class B shares increased by a further 4,000,000. The comparative figure in parentheses above is restated so the figure takes into consideration the split resolved on March 4, 2019, whereby each share was divided into 20 shares. SelectImmune Pharma's Class B shares were admitted to trading on the Spotlight Stock Market on June 26, 2019. Spotlight Stock Market is the secondary name of ATS Finans AB, a securities company under the Swedish Financial Supervisory Authority's supervision.

Warrants

The abovementioned issue in June 2019 consisted of units comprising two shares and a subscription warrant offered free of charge. Since the issue was fully subscribed, the Company has 2,000,000 outstanding subscription warrants, each of which provide entitlement to subscribe for a Class B share at a price of SEK 8.00. The option may be exercised between September 3–17, 2020. SelectImmune Pharma's series 2019/2020 TO1B subscription warrants were admitted to trading on the Spotlight Stock Market on July 15, 2019 (see paragraph above).

Basis of preparation for the interim report

The Company prepares its accounts in accordance with the Swedish Annual Accounts Act and the K3 framework (BFNAR 2012:1) of the Swedish Accounting Standards Board.

Review by auditors

This interim report has not been audited.

Proposed disposition of profit

The Board proposes that no dividends be paid for the 2018/2019 fiscal year.

Financial calendar

Interim report for Q1 of the 2019/20 fiscal year	Nov 7, 2019
Annual General Meeting for the 2018/19 fiscal year	Nov 20, 2019

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SelectImmune Pharma is a pharmaceutical company whose shares are traded on the Spotlight Stock Market. The Company's goal is to develop new immunotherapies, which act as immune enhancers and offer alternatives to antibiotics.