Annual report 2017

PROMORE PHARMA

leading-edge medical innovation

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Promore Pharma – pioneer within wound healing and prevention of scars

- The company formally changed name from Lipopeptide AB to Promore Pharma AB
- A collaboration agreement was signed with the American biotech company Cellastra Inc. regarding the clinical development of PXL01 in North America

- A resolution was made to perform a bonus issue and make the company public
- Share split 15:1 implemented
- Marianne Dicander Alexandersson was elected as a new board member
- Jonas Ekblom was employed as CEO. He was previously a consultant for the company.
- Submission of a clinical trial application in India for a PXL01 clinical Phase III trial
- Submission of a patent application in the US for the PXL01 product composition
- Milestone payments received from PharmaResearch Products Ltd
- Subscription of shares using warrants was made
- Share issue in connection with the listing on Nasdaq First North in June raised 76 MSEK before deduction of transaction costs

- Trading in Promore Pharma's shares and warrants (TO1) was initiated on Nasdaq First North on 6 July 2017
- Agreement with APL AB regarding manufacturing for HEAL LL-37

- Agreement with PCG Clinical Service signed for execution of HEAL LL-37
- Extensive European project including DPK-060 completed
- Out-licensing Agreement signed with Transdermal Therapeutic Technologies LLC for DPK-060

Vision

To provide medical aid for patients with large unmet medical need within the field of bioactive wound care, through development of products that enhance and accelerate natural healing processes in the body.

Strategy

Promore Pharma operates as a lean and cost-effective organization that primarily focuses on high level project management, *i.e.* coordinating the programs of the company between strategic partners, clinical research organizations and other service providers for example within manufacturing.

In the future, when both the primary indications addressed by Promore Pharma's programs are expected to be close-to-market, the company intends to seek alliances with larger, fully integrated, multi-national companies for market launch. The company intends to develop pharmaceutical candidate products for adjacent indications through strategic partnerships that can provide financing and operational resources. Such strategic collaborations can be achieved with both large and small development companies. Furthermore, the company is focused on maintenance and support of the patent portfolio that provides protection of the company's main program.

CEO statement

An estimated 100 million people worldwide experience trauma that requires medical care every year. Trauma-related diseases, including wound care, account for a very significant part of global healthcare costs. Research efforts in this vast area of disease constitute only a fraction of the investments made in smaller indications, such as oncology and metabolic diseases. Promore Pharma is a company driven by a long-term commitment to research and development that can lead to significantly improved treatments for various types of wounds and scars.

Our aim is to offer new treatment options for patients suffering from pain, impaired mobility and reduced life quality due to scars and wounds; patients that today, lack effective pharmaceuticals. We believe that our pharmaceutical initiatives are an important contribution in the bioactive wound care segment, where these projects can result in major change for patients who, today, are lacking treatment options, and many patients therefore suffer from pain, reduced mobility and impaired quality of life. It is estimated that more than 60 million patients in the world annually suffer from wounds, dermal scarring or a complication due to post-surgical adhesions. Bioactive wound care is the fastest growing segment in the overall wound care market and is expected to grow by 14 percent annually. The growth is driven primarily by demographic factors such as increased incidence of chronic disease, and an ageing population as well as a rapid growth of surgical procedures in general in the world and to some extent by increasing awareness on the health economic value of effective treatments. This is a growth rate that is more than twice as high compared with the growth of the traditional pharmaceutical market. We are therefore in a very exciting market segment.

Our projects are in the last part of the development chain. It is noteworthy, that only a small proportion of projects in the pharmaceutical industry reach so far. Estimately, it is for every 25 000 substances tested at laboratory level only 25 substances tested in humans and only five that reach the market. This means that less than 0.05% of all drug substances examined reach Phase III, to where Promore Pharma successively has advanced. The chance to reach a market with a substance tested in humans is significantly better, but there are also great variations. Serious drug side effects are a common cause of failure in late clinical development. We deem that our clinical programs have excellent opportunities to succeed because, besides being in a late clinical phase, they have a very strong safety profile. Our products are based on human molecules that are administered locally ; these molecules are rapidly decomposed in the bloodstream. Therefore, the risk of unexpected adverse reactions is almost non-existent, especially with PXL01 that is administered at one single event, inconjunction with a surgical procedure. Data from our Phase II studies, for both of our main projects, point to very high safety and tolerability, with very few side effects at optimal doses , and no side effects that can be considered systemic.

Our development strategy with focus on two late-stage projects combined with our effective organization, positions us as a company with unique opportunity to create great values without exposing us for the high financial risk that otherwise is common in research companies in the pharmaceutical industry.

During the past year, 2017, we took a number of very important steps in Promore Pharma. We conducted a listing on Nasdaq First North, which means that we have been able to broaden the ownership in the company and that we have invested the resources needed to initiate two clinical studies; a Phase III study on PXL01 in patients undergoing tendon repairs in the hand, where the goal is to reduce adherence or scarring around the damaged and repaired tendon, and a Phase II study for LL-37 for the treatment of chronic leg ulcers. During the year, we also negotiated agreements with reputable service companies for the production of trial products and the implementation of clinical trials. The company has also been working proactively to strengthen the patent portfolio by filing a new patent application in the US for PXL01 and working to further strengthen other ongoing patent filings.

Today, the company is today small and efficient. We are a small group of key people who perform all coordinating work. At the same time, because of our recent public listing and our strategic partnerships, we are a solid company well prepared to face adversities that our industry is known for. In overview, one can argue that the main task of the management in all innovation companies involves risk management; to assess development risks, to seek alternative development paths, and to plan for changes in capital requirements. At times, difficulties and challenges can be JJJ, however, the reward of success may, from an investor's perspective, be significantly higher than in many other business activities. We faced one set-back in 2017, when our partner Cellastra Inc. failed to secure funding for the development of PXL01 in North America. However, a research and development intensive company such as Promore Pharma, continuously has to re-evaluate financing opportunities, alliance structures and working methods, in order to find the most effective solutions.

By 2018, our main operational goals are to start recruitment in our planned clinical trials of PXL01 and LL-37. We are preparing for a dialogue with the US Food and Drug Admnistration (FDA) in 2018. Internally, we have focused on these two projects so far - PXL01 for the prevention of adhesions in hand surgery and LL-37 for healing venous leg ulcers - but in our quest to create values for patients and for our shareholders, we will continuously seek partners for co-financing and development of additional projects in the company's portfolio. This allows us to spread risks and to be able to reach the market faster in projects we do not have the capacity to develop by ourselves.

We want to work to become a pioneer in our focus area - to prevent and treat scars and hard-to-heal wounds. I would like to express my sincere thanks to our co-workers, partners and owners for the support and contributions to our successes during the year. I look forward to the continuation of 2018, which will be an eventful year - again.

Jonas Ekblom
VD

PXL01 - a therapeutic peptide capable of preventing adhesions and scars

The underlying cause of scarring is similar in various clinical situations such as scarring of the skin, postoperative adhesions, or impaired signal propagation after nerve damage. It is a well-known that increased inflammation and fibrin formation after surgery are two key mechanisms that strongly contribute to scarring.

PXL01 is a synthetic peptide based on the human peptide lactoferricin, part of the breast milk protein lactoferrin. PXL01 has several mechanisms of action. For instance, PXL01 is immunomodulatory; the peptide inhibits release of pro-inflammatory cytokines, such as IL-1beta, IL-6 and IL-8, as well as TNF-alpha. PXL01 also increases fibrinolytic activity by inhibiting PAI-1 production. Both of these properties are thought to be the key for the peptide to prevent scars and adhesions.

Many patients with widely different complications

Postoperative adhesions are permanent interactions between tissue surfaces that should normally be separated and are one of the most common and costly complications of surgery. The costs are estimated at between USD 1 and 2 billion annually only in the United States. The corresponding figure in Sweden is estimated at between 400 and 600 MSEK. The types of complications that arise as a consequence of post-surgical adhesions are dependent on where in the body they occur. They can cause, for example, pain, infertility, decreased function and mobility, need for secondary surgical treatments, and difficulties in undergoing future surgical procedures.

1-2 billion USD

Cost of complications from adhesions in the US annually

Extrapolations from a comprehensive Scottish study indicate that an estimated 200 people per 100 000 in a normal population are hospitalized every year as a result of complications associated with post-operative adherence. Based on that study, there are correspondingly two million patients annually in the US, EU and Japan. Naturally, the number of patients who have medical issues but are not requiring hospitalization is many-fold higher.

Large medical need - no drugs for the treatment of adhesions

Existing products for the treatment of post-operative adhesions are all registered as medical devices and are based on physically barriers that separate the damaged tissue surfaces. PXL01 has the potential to be the first drug to prevent adhesions and is expected to show better efficacy and safety profile compared to competing products. There is a growing need and interest for adhesion-preventing drugs. This is driven by an increasing annual number of surgical procedures in the world, and not least, an increased number of so-called lifestyle-induced disorders, such as obesity, and injuries caused by sport- and hobby-related activities. According to Markets & Markets, this segment of the wound care market will grow between 8 and 9 percent over the next five years.

First indication - preventing adhesions after flexor tendon repair surgery

Promore Pharma initially focuses on preventing adhesions after flexor tendon repair surgery in the hand. The rationale for selecting this indication involve:

1. Tendon repair in the hand represents an area of high medical needs due to high incidence of adhesions;
2. The same surgical method is used in flexor tendon repair worldwide and the methods used for clinical evaluation of hand function are standardized and quantifiable and are the same throughout the world;
3. The injury is common among young healthy patients, which means that the risk of comorbidity is low and the socioeconomic need is large;
4. Hand surgery is a distinct specialty among surgeons, which facilitates recruitment in clinical studies, but also the marketing and sale of an approved future product

Flexor tendon injuries are both occupational injuries and injuries that arise from leisure activities, for example through sports activities. A common reason for laceration of a flexor tendon, are cutting injuries with sharp tools, for instance when an avocado is de-pitted in the hand. Tendon injuries affects about one per 100 000 per year, which corresponds to, approximately 300 000 annually injuries only in the United States, where lesions in the hand amount to about 30 percent. The estimated incidence of tendon injuries in the hand is assumed to be relatively similar throughout the Western world, since occupational safety regulation is similar and recreational activities are largely comparable. It is well documented that significantly more men than women suffer from this type of injuries. A large population-based study suggests that the proportion of men is four to five times higher than the proportion of women.

During tendon repair surgery, the surgeon makes one or more small incisions in the skin over the damaged tendon (unless the skin is already damaged and the tendon is visible), sews the ends of the tendon with special stitches that are extra durable (Kessler sutures) and seal the wound. PXL01 is administered in conjunction with the surgical procedure when the tendon is repaired and mixed in a hyaluronic acid gel. The gel is applied around the damaged tendon, between the tendon and the tendon sheat, using a catheter before the surgical wound is sealed.

20-50%

of all patients performing tendon repairy surgery in the hand experience reduced mobility

The procedure is followed by intensive physiotherapy for up to twelve weeks to reduce the risk of adhesions and thereby regain mobility. Even a minor reduction in mobility can have a major impact on the patient's quality of life. If the mobility of one finger decreases by ten degrees, the patient loses significant fine motor skills and may experience difficulties with, for example, button buttons, eating with sticks or using small keyboard. If the patient's mobility is greatly reduced, it can also affect the ability to work. In addition, nerve damage due to trauma can often lead to reduced sensitivity. In some cases, the patient also suffers from pain or stiffness and reduced force in the injured finger. It is estimated that between 20 and 50 per cent of all who undergo late repair in the hand are affected by impaired mobility.

Tenolysis - an additional surgical procedure with ny risk for adhesions

Tenolysis is recommended for patients who have significant problems with mobility and pain after tendon repair surgery. Tenolysis involve removal of adhesions in a secondary surgical procedure. According to the company's Phase II study on PXL01, approximately 30 percent of patients who did not receive PXL01 were were recommended to undergo tenolysis. Tenolys is a much more complicated surgical procedure than the initial tendon repair and is associated with risks for new adhesions. The cost is estimated at least 14 000 USD compared to the initial late surgery, which costs about 10 000 USD. From a socio-economic perspective, the company's Phase II results also show that the number of patients recommended for tenolys after flexor tendon surgery in the hand can be reduced by up to 65 percent when treated with PXL01.

PXL01 Phase III in Europe and India - PHSU03

Promore Pharma is working on the preparation of PHSU03, a Phase III clinical trial in patients undergoing flexor tendon repair surgery in the hand. The intention is to show that PXL01 improves hand mobility after tendon repair surgery by preventing adhesions. If the trial generates the anticipated results, this data can form the basis for an application for market approval in Europe.

Study design

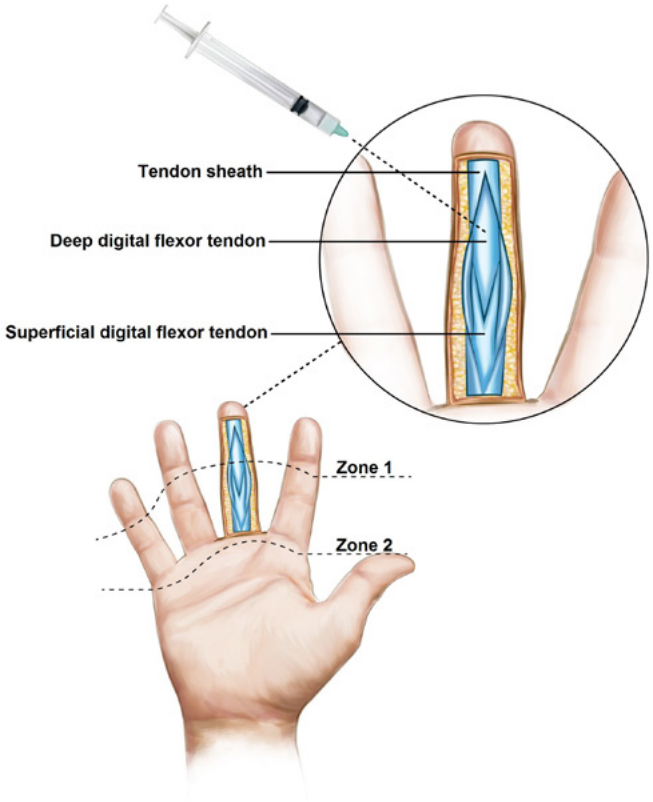
The company intends to enroll approximately 600 patients with a damage in Zone 1 or Zone 2 in the deep flexor tendon of the hand. The intention is that at least 420 patients or more will complete the study protocol. Patients are divided into three arms, two arms where patients receive PXL01 (5 mg / ml resp 2 mg / ml) in hyaluronic acid and a placebo arm. PXL01 is a one-time treatment and is given in conjunction with the surgical procedure. The study is randomized and double blind. Primary endpoint is mobility in the most distal joint (DIPAM, Active Motion in the Distal Interphalangeal Joint) six months after treatment. In addition, a number of other efficacy variables, quality of life estimates and safety variables are investigated. The frequency of subsequent tenolyses is also investigated. The participating patients will make their last follow-up visit 12 months after surgery.

Where is the study conducted?

The study will be conducted at approximately fifteen clinics in Sweden, Poland, Germany and India. Moreover, an additional number of EU countries are under evaluation. The main contract research organization (CRO) is Kentron Biotechnology Pvt Ltd, supported by local CROs in the individual countries.

Previous studies

Promore Pharma conducted a Phase I clinical trial of PXL01 during 2009. The study included 15 healthy volunteers at one single site in Sweden. The aim was to study safety and local tolerance as well as the pharmacokinetic properties of the drug candidate. The treatment was well tolerated without any clinically significant observations related to PXL01 in regards to vitaö signs or clinical chemistry. The systemic exposure of PXL01 was very low in all dose groups, indicating that a very small proportion (not measurable) reaches the bloodstream. PXL01 has also undergone one randomized double-blind Phase IIb trial involving 138 patients with flexor tendon injuries in the hand. In the study, either placebo or a single dose of PXL01 (20 mg/ml) mixed with highly viscous hyaluronic acid was applied in conjunction with the surgical procedure. The differences between PXL01 and placebo where assessed for up to 12 months with regards to efficacy and safety. The study was conducted at 16 clinics in Sweden, Denmark and Germany.



The mobililty in the most distal finger joint (total mobility DIPAM; Active Motion in the Distal interphalangeal joint) is considered to be the most reliable marker for mobility after a hand injury because the mobility of this joint is entirely controlled by the deep digital flexor tendon, which was damaged in all patients included in PHSU02. At all times, for surgery (four, six, eight, twelve weeks and six and twelve months after surgery), DIPAM improved for patients in the PXL01 group compared with the placebo group. The largest relative difference was observed at six months after surgery (mean and median values versus placebo were 56 degrees compared to 43 degrees and 60 degrees, respectively, compared to 41 degrees with a statistical significance of 0.02). In discussions that the company has organized with medical and clinical key opinion leaders it has been established that a clinically relevant level of increased mobility is ten degrees. Thus, the improvement observed in the completed phase II study with PXL01 was both statistically significant and medically relevant.

In addition, a number of other endpoints were investigated, including the percentage of patients recommended for tenolys. The study showed that PXL01 could reduce the need for tenolys by 65 percent, which is a very important result from a social and thus pricing perspective.

Questions to Docent Monica Wiig, Coordinating Investigator in PHSU03

How do you view the need for drugs for tendon surgery?
There is a great need for new products. In my field of specialization, hand surgery, there has been a demand for products that can limit the problems of post-surgical adhesions throughout my entire career.

What potential do you think PXL01 has as a drug?
PXL01 has a unique combination of compelling biological properties; It is a peptide that affects inflammation and fibrinolysis in such a way that it can effectively limit the generation of scar tissue. I see great potential, not only in my field of specialization, but also in many other types of surgical treatments. Finding an effective treatment against the type of scarring that results in the type of scarring that causes undesirable adhesions is like a ”holy grail” within the surgical disciplines.

You were also the main investigator in the Phase II study. What were the most important findings in the study from your perspective?
The most important finding was that the median mobility significantly improved in the injured finger by treatment with PXL01 in relation to what is considered standard care today. This improvement was permanent; the differences remained after the longest follow-up times. In addition, the overall pattern of response to PXL01 treatment was very convincing; all important variables regarding strength and flexibility were moved in the right direction for all assessments from three months and onwards. Perhaps most importantly, the results indicated that patient safety and tolerability were very high; we noted very few adverse effects of medical significance. Finally, another intressant finding was the difference in sensory function that we measured in those who had a concomitant nerve transection which was sutured. Those who received PXL01 showed a significantly better sensory recovery at three months compared to those who had received a placebo. This strongly indicates that PXL01 also contributes to improved nerve regeneration.

Have you seen any similar studies in the area?
No, not really. I have not seen any systematic testing of new drugs in this field. This is precisely what makes the PXL01 initiative a unique and interesting project. Some products have been tested and exhibited some effect on the adherence formation, but due to a decrease in healing, these products have not reached the market.

What are your expectations for the Phase III study?
This will be a broad international collaboration and it feels very exciting to have the opportunity to explore the effects of PXL01 in a broader patient base. If we can repeat the findings of the Phase II study that we concluded recently, I expect that we can show a very strong statistical significance for the key variables in conjunction with tendon repair surgery. Because of the biological mechanism of PXL01, I do not expect any surprises with regards to unexpected side effects. In addition, we will be able to evaluate some variables that are linked to quality of life and the health-economic benefits that can be expected from the new product.

Are there other types of surgical procedures where you estimate that a PXL01 drug may be useful?
Absolutely! This list could be quite long. I can see that an effective product could be of great importance in common orthopedic surgeries, for example in the case of inserting synthetic knee implants, as well as for example scarring on the skin, to prevent scars and adhesions arising from traumatic injury or after surgery such as abdominal surgery, cardiac surgery, gynecological surgery, etc.

Docent Monica Wiig

PXL01 Other Indications

Dermal scarring

Scarring commonly occurs after most surgical procedures, including procedures such as plastic surgery and caesarean sections, and this seems to happen regardless of how the surgery is sealed. Severe dermal scarring may also occur in conjunction with the healing burn injuries. Promore Pharma has shown that PXL01 has relevant pharmacological properties to prevent such scarring.

WHO estimates that the number of surgical procedures performed in the world exceeds 300 million annually, of which approximately 100 million in the western world, where a proportion of patients may benefit from treatment with a product based on PXL01. Dermal scarring can have both physical and psychological consequences, from reduced mobility and function to emotional trauma. There is a significant demand for effective treatment that prevents scarring and numerous products have been launched on the market, such as oils, creams, gels, dressings and sprays. The market for these products today amounts to over USD 15 billion and is expected to grow by 10 - 11 percent on average per year over the next few years, reaching over 31 billion in USD 2022. Market growth is driven by increased focus on personal care and an increasing incidence of skin complaints. Consumer surveys show that a very large proportion of patients undergoing plastic surgery would pay to reduce or prevent scarring. The number of plastic surgery procedures is over 10 million a year in the world. It is also likely that a large proportion of the women who undergo caesarean section would request a drug that prevents scars. The number of Caesarean sections in the US and the EU amounts to approximately 2.5 million per year.

Despite extensive medical needs and a clear demand, there are currently no drug products available on the market to prevent dermal scarring. There are estimates that an effective treatment to prevent scarring would have a market potential of over USD 4 billion in the US alone.

Adhesions after knee surgery

Many of the patients undergoing total knee arthroplasty, where the entire knee joint is replaced with a prosthesis, may suffer from impaired mobility after surgery. Adhesions occurs in approximately three to six percent of patients who have undergone such surgery, resulting in pain and reduced mobility. Rigidity and difficulties in bending a leg -- trouble to sit down and stand up without support -- may affect the patient's daily life and daily routines.

Only in the United States, the number of knee surgeries is expected to increase to about three million by 2030 from around 600,000 in 2010. Growth is driven by increased prevalence of obesity, higher working age and more operations among patients over 80 years of age. Promore Pharma has preclinical data indicating that a PXL01 based product administered in conjunction with surgery is capable of improving performance, with increased mobility after knee surgery.

Chronic wounds cause huge healthcare costs

It is estimated that about 15 million people in the traditional pharmaceutical markets suffer from chronic hard-to-heal wounds. Many patients have wounds for years. Although a fraction of patients do not actively seek care for their ulcers, which makes it difficult to estimate the number of patients, the costs of treating the wounds are enormous for the healthcare systems.The need for pharmaceutical products that can make a difference for the treatment of chronic wounds is very large.

Chronic wounds are usually defined as wounds that do not show signs of healing within six weeks despite regular cleaning and wound care. Chronic wounds are divided into three main categories; venous leg ulcer, diabetic foot ulcer and pressure ulcers. They can often be painful, bleed or liquidate, emit bad odor, and limit the mobility of the patients. In severe cases, the patient may be required to stay bed-ridden or need to amputate a foot or lower leg. Patients typically need professional care two to three times per week; hence, the treatment of chronic wounds requires extensive resources from the health care system.

2-4%

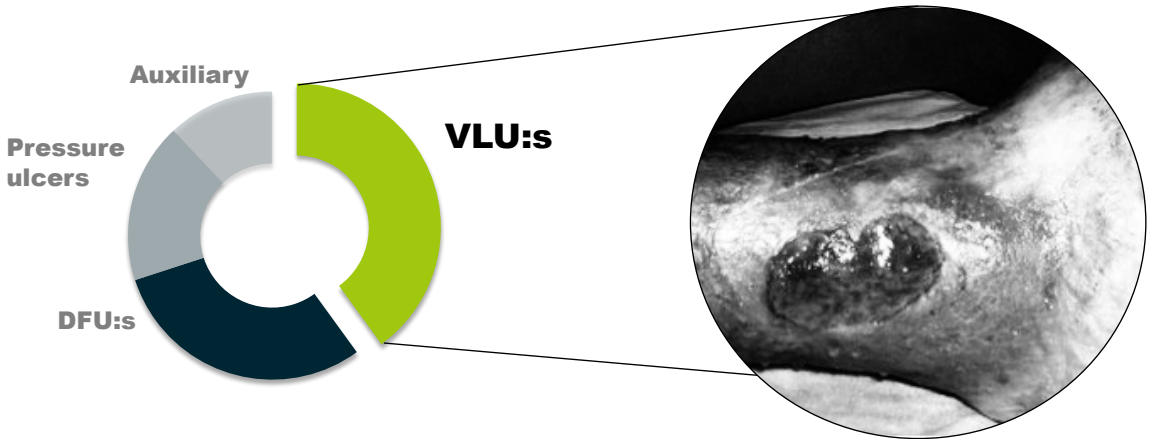
of the total health care spending is spent on treating chronic wounds in Scandinavia

In the United States alone, the aggregated healthcare costs for patients with hard-to-heal ulcers are estimated to exceed USD 25 billion annually. In Scandinavia, chronic wounds are estimated to account for two to four percent of the total spending in society on health care.

Venous leg ulcer accounts for about 40 percent of all chronic wounds

Venous leg ulcers is the largest group and accounts for approximately 40 percent of all chronic wounds. The most common cause of venous leg ulcers is venous insufficiency, which means that blood circulation in the legs does not work well. It is a result of dysfunctional valves. The legs get swollen and are more easily wounded, because the skin becomes brittle and when blood circulation is deteriorated, the wounds also become harder to heal. The risk of getting venous leg ulcers increases with increasing age and obesity.

Despite limited efficacy, the market today is dominated by medical devices, since many pharmaceutical products under development have not shown sufficient activity and/or safety. Standard treatment is primarily made up of dressings that aim to keep the wound moist, in order to stimulate healing. The wound is cleansed when the dressing is changed and may need to be cleaned from dead tissue and skin debris. If the ulcer smells bad, it may be due to colonization of bacteria and other microorganisms, which requires some antimicrobial treatment. It is also common with compression bandaging, which means that elastic bandages or specialized hosiery are applied around the wound.



Mechanism of action

LL-37 is part of a human anitimicrobial protein (human cathelicidin antimicrobial protein 18) and is important in the wound healing process. The LL-37 peptide is present in the lesion of an acute wound and is up regulated (local levels increase) within a few hours after an injury of the skin. During the normal wound healing process, wounds begin to heal from the edge and then toward the wound center; hence it is important that LL-37 is present in the wound bed. Venous leg ulcers lack LL-37 in the wound, unlike all acute wounds.

Chronic wounds lack LL-37 in the wound area

By adding LL-37 to a venous leg ulcer, the wound may restart the body's wound healing process, as the chronic wound becomes more like an acute wound that usually heals rapidly. The potential role of LL-37 in wound healing has also been demonstrated in an ex vivo experiment, where the regeneration of cells (re-epitalization and proliferation) in skin biopsies was stopped with an antibody to LL-37. Animal studies have also shown that LL-37 stimulates the recovery of blood vessels, which is an important part of wound healing.

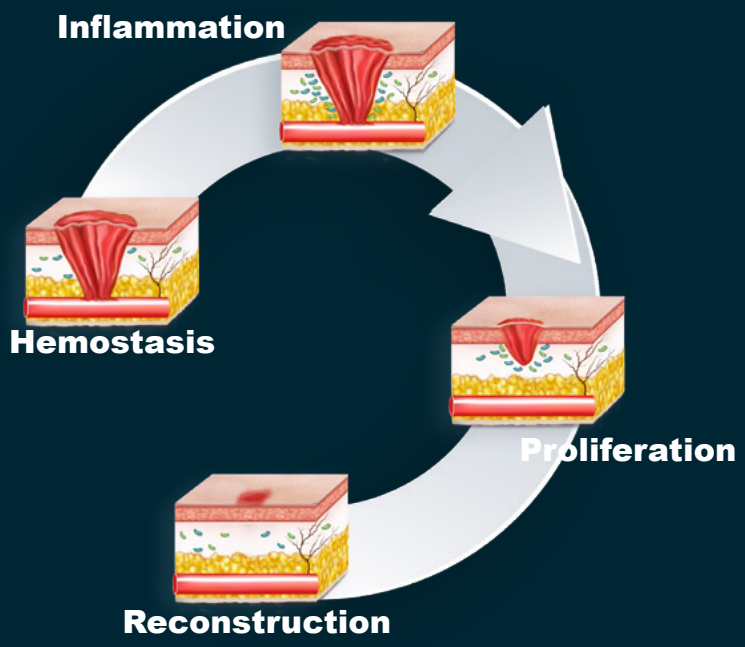
It has not yet been determined precisely how LL-37 impacts wound healing, but the peptide affects several mechanisms. LL-37 attracts inflammatory cells, including monocytes and granulocytes, by stimulating a specific receptor ("FPR2"). The inflammatory phase of wound healing may also be regulated by LL-37 through the release of a group of proteins and peptides that can control inflammatory processes (cytokine release). Keratinocytes in the skin epithelium are activated by LL-37 by stimulation of unknown receptors, which in turn leads to activation of growth factors in the top skin layer (EGF receptors) and subsequent cell migration. This is thought to lead to re-epithelialization of the wound. Production of vascular growth factors (VEGF) and activation of endothelial cells on the inside of the blood vessels are probably also important components of the increased vessel formation that can be observed after treatment with LL-37.

Wound healing process

Wound healing occurs in four phases;

- hemostasis (arrest of local blood flow),
- inflammation,
- proliferation (cell division with replication of similar cells) and
- reconstruction.

Immediately after an injury, hemostasis occurs, preventing further blood loss. This occurs through fibrin formation. Growth factors from platelets (platelets) initiate the subsequent inflammatory process. In the inflammatory phase, immune cells (lymphocytes, macrophages and neutrophils) are recruited to the wound area to remove bacteria and non-viable tissues as well as initiate vascular regeneration. As the inflammatory phase subcede, the proliferation phase begins. During this phase, the number of fibroblasts, a type of connective tissue cells that produce collagen, are attracted and propagated. This causes the wound to seal.



LL-37 can also be used to treat Diabetic Foot Ulcers

There are clear research findings that indicate that LL-37 also may stimulate the healing of diabetic foot ulcers. For example, diabetic foot ulcers, like venous leg ulcers, are deficient of LL-37 in the wound. Promore Pharma therefore considers that diabetes foot ulcer represent a good opportunity as an additional treatment area for LL-37.

There are about 425 million patients in the world with diabetes, which is expected to increase to 642 million people by 2040. In the United States, approximately 900,000 people afflicted by a diabete foot ulcer, out of a diagnosed diabetes population of approximately 21 million. However, CDC estimates that the number of people with diabetes in the United States is approximately 29 million. Diabetes years account for about 10 to 15 billion USD in healthcare costs annually.
Today, the market is dominated today by medical devices, although there are also pharmaceutical products approved for the treatment of diabetes foot ulcers, such as Regranex. Regranex is sold for approximately 560 - 1 000 USD per package (15 g) which corresponds to product volume for treating a median-sized wound (approximately 2 cm2) for four weeks, or between 1,680 and 3,000 USD for a normal 12-week treatment cycle. Promore Pharma estimates that LL-37 has the potential to show better efficacy and significantly less side effects than, for example, Regranex, which since 2008 carries a so-called black box warning on the US market. This means that the product may only be used in exceptional cases due to increased risk of skin cancer associated with treatment. The product is no longer sold in Europe.

There are also a number of projects currently undergoing Phase II studies in this disease area. It is difficult to determine to what extent other projects undergoing development can be compared to LL-37. Peptides based on recombinant growth factors, such as, for example, PDGF, FGF or EGF, have traditionally been associated with a risk of carcinogenicity, which, in contrast, is not seen as a significant risk to LL-37. In summary, this means that the LL-37 project holds a strong position as compared with the competition, i.e. other pharmaceutical products undergoing development for the treatment of severe bone ulcers.

HEAL LL-37 - Fas IIb

A Study in Patients with Hard-to-Heal Venous Leg Ulcers to Measure Efficacy and Safety of Locally Administered LL-37

Promore Pharma works with the preparation of HEAL-37, a Phase IIb clinical trial in patients with venous leg ulcers. The intention is to show that the LL-37 helps the healing of severe venous leg ulcers, which can annoy patients for months and years.

Study design

The company intends to include approximately 120 patients with venous leg ulcers with a size up to 40 square centimeters. The study begins with a three week long placebo treatment of all patients, in order to identify patients that are under-treated, and thus does not have a chronic wound. Thereafter, patients are divided into three arms, two arms where patients receive LL-37 (0.5 and 1.6 mg/mL) and a placebo arm. The treatment will be ongoing for thirteen weeks, two to three times a week in connection with regular change of wound dressing.

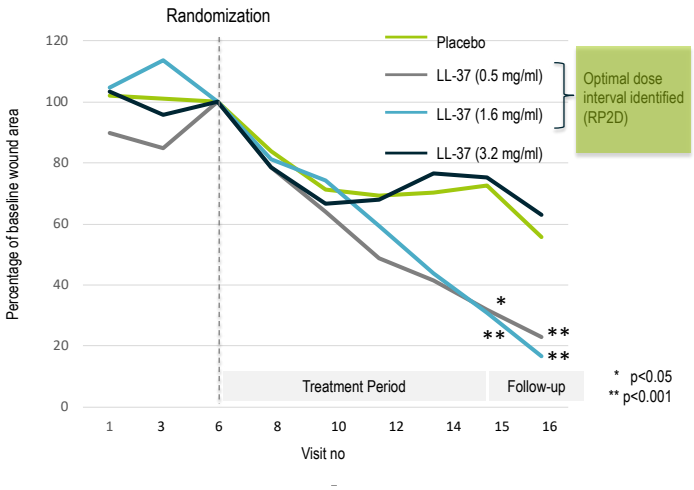
The study is randomized and double blind. The primary follow-up criterion is the proportion of complete healed wounds, which is what regulatory authorities require for market approval. In addition, the effect of LL-37 on venous leg ulcer healing is studied based on several secondary endpoints, as well as local tolerability and safety for LL-37. The post-treatment follow-up period is four months.

Where is the study conducted?

The study will be conducted at an estimated fifteen clinics in Sweden and Poland. The main contract research organization (CRO) is PCG Clinical Services, supported by Easthorn in the Polish clinics.

Previous studies

LL-37 has previously undergone a randomized, double blind, phase IIa study with 34 patients with venous leg ulcers where safety was the primary endpoint. The study began with three weeks of placebo treatment to exclude wounds that were not chronic. Thereafter, patients were treated for one month with either placebo or LL-37 in three different doses, meaning that 25 patients were treated with LL-37 and a group of nine patients received placebo. The study also studied endpoints such as the size and healing rate of the wound area. The two lower doses showed strong safety profile and significantly better healing, close to six times faster than placebo for the most optimal dose. At the most effective dose, the wound area was reduced by 75 percent, an effect which, as far as the company is aware, has not been previously reported for any other treatment of chronic wounds. The highest dose resulted in increased side effects and did not improve the healing in patients.



Fas IIa: Effekt av LL-37 i olika doser, i jämförelse med Placebo

Drug Development

Utveckling av läkemedel är en lång och kostnadskrävande process och omfattande vetenskapliga studier måste genomföras. Från upptäckt till dess att läkemedlet kan erhålla marknadsgodkännande tar det i regel minst 10 till 15 år. I de studier som genomförs innan ett marknadsgodkännande kan erhållas kontrolleras läkemedlets säkerhet och effekt för att ge grundläggande information om hur läkemedlet kommer att fungera hos människor. Denna kontroll genomförs i flera olika faser som är tids- och kostnadskrävande och vars resultat är svårt att förutse. De olika faserna kan delas upp i den inledande forskningsfasen, den prekliniska fasen samt de kliniska faserna I, II och III. Efter marknadsgodkännande kan även fas IV genomföras. Varje fas fokuserar på att studera olika aspekter av produkten. För att kunna genomföra kliniska studier behöver bolaget även utveckla en tillverkningsprocess som uppfyller de kvalitetskrav som ställs från relevanta myndigheter.

Research phase and preclinical phase

During the initial research phase, work is being done to develop and test new substances. During the preclinical phase, tests are performed in both test tubes, live tissues and animals. Specific animal tests are required. During the preclinical phase, the purpose is to determine whether the drug is well tolerated in animal models and that the drug product demonstrates sufficient safety margin in relation to the doses that may be relevant in human studies. Should a substance display inappropriate properties, seen as adverse reactions, toxicity and other undesirable effects, the studies will end. It is estimated that for every 25 000 substances tested at the laboratory level only 25 substances tested in humans.

Clinical phase

Permissions from relevant regulatory authorities are required to conduct clinical trials. For the US market, an authorized IND (Investigational New Drug) application is required from the US Food and Drug Administration (FDA). Within the EU, the equivalent is an approved clinical trial application (CTA) from the European Medicines Agency (EMA) or relevant supervisory authority in the country or countries within the European Union in which the study is intended to be conducted. The application should include a description of the results of the preclinical phase studies and a clear plan for the implementation of clinical trials. In addition to these conditions, approval of study protocols by competent ethics committees in which studies are conducted is also required.

Phase I

In a Phase I study, the drug is first tested in humans. This is usually done on a small group of healthy people (5-9 people), normal-weighted volunteers who are always men. This because women's reproductive capacity is more sensitive if it appears that the substance is toxic. A Phase I study mainly examines the safety of the drug but also how the drug is absorbed, distributed, decomposed and excreted in the body as well as its effects. In a Phase I trial, only a small fraction only a small fraction of the amount that is given to experimental animals is administered in man, because the effect on people is completely unknown at this stage.

Phase II

In the Phase II study, the drug is given to a larger group of patients suffering from the current disease (20 - 300) to study whether the drug has the desired effect (Proof of Concept), but safety remains an important parameter. During phase II, dose studies are usually also conducted to determine a therapeutic dose range, that is, those doses that provide good therapeutic effect, without unacceptable side effects. The optimal dose is then typically used in subsequent phase III studies.

Phase III

Phase III studies are typically performed on a very large patient group (300 - 30 000) to finally define how useful the drug is to treat the current disease. This patient group should, as far as possible, mimic the population for which the finished drug should be used as weight, age, gender, etc. The drug compares the study with the current standard treatment or with placebo (sugar pills) if there is no standard treatment for the current disease.

Phase IV

After the drug have received market auhroization, approved and become commercially available, the development continues; often by gathering additional information from large patient groups to detect unusual side effects or additional treatment effects.

Development of the manufacturing process of study drugs and work with commercial production

In parallel with the final stage of the preclinical phase, preparations must also be initiated to develop the manufacturing process of study drug, which is used during the clinical studies. Large-scale production is then necessary to make available study medicine for large patient groups, that is, the later study phases. The development of the final manufacturing processmay take several years. Prior to the application for market approval, it is required that the company can demonstrate that the drug candidate can be manufactured at commercial scale in a robust and reproducible fashion.

The approval process

Once the clinical trials have been completed and it can be found that the drug provides satisfactory results, the company submits a dossier, that forms the basis for a review by the relevant drug authorities around the world. The relevant authorities evaluate the information from the preclinical and clinical studies, including a risk / benefit assessment, where the benefit of the drug is balanced against the risk of possible side effects. Companies often apply for the subsidy to be subsidized. In Sweden, this is done at the Dental and Pharmaceutical Benefits Agency.

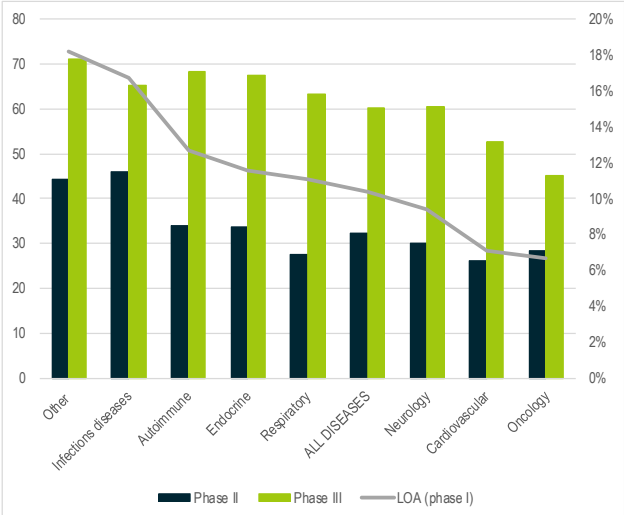
Drugs in the EU can be approved through a variety of procedures. Through a central procedure, a drug can be approved for sale in all EU countries at the same time. The application is made to the EEA and final decision on the matter is taken by the European Commission. There is also a decentralized procedure, where the review and decision is made though a have a main investigator from one EU member state. Thereafter, the competent authority of each country issues approval for its country. These procedures have a timeframe that must not exceed 210 days. Additionally, there is also an opportunity for the drug to be approved in an EU country through a national procedure.

The rules for market approval in the United States are similar to the European rules at all levels. In the United States, drugs are approved by the FDA through a New Drug Application (NDA). The FDA review has two different levels, Standard or Priority. Most drugs are undergoing standard review and the goal is to complete this within ten months. An approval for a new drug in the United States requires evidence from two different Phase III studies.

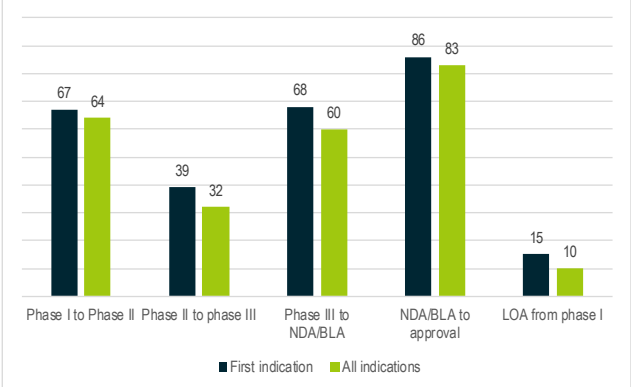
Chance to market

A number of studies have been conducted to highlight the probabilities of obtaining a market approval for a drug and the chance of success from Phase I has varied between 10 and 20%, where the higher figure indicates the chance of a first indication of a substance to reach a market. The most comprehensive study so far on this topic, was published in 2014, where 5 820 drugs for all types of indications were studied. The chance of reaching market (LOA - Likelihood of Approval) from Phase I was approximately 10% in the current study and the likelihood of reaching a market generally increased the longer the clinical development of the drug. However, the variation between phases and indications was sizeable, and greatest variance was observed in Phase II, the clinical development phase associated with the highest failure rate.

Phase success and LOA from phase I by disease



Phase success, probability of advancing to next phase, and LOA rates



Källa: Hay et al: Clinical development success rates for investigational drugs Nature Biotechnologu 2014 Jan;32(1):40-51

Peptide therapeutics

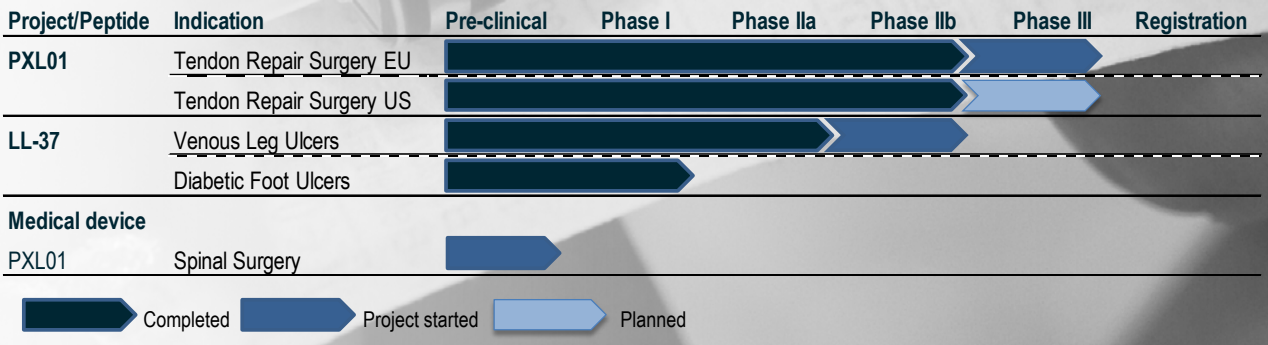
Peptides are naturally occurring biological molecules - more than 7,000 peptides have been identified and they are involved in virtually all known physiological processes in mammals. Peptides and proteins consist of different combinations of 20 different amino acids. In the pharmaceutical industry, peptides are usually defined as molecules that are shorter than 100 amino acids, while longer amino acid chains are defined as proteins or biopharmaceuticals, for example monoclonal antibodies. Insulin was the first peptide used as a drug and is still the most prescribed peptide.

Antimicrobial peptides (AMP) constitute important elements of the innate immune system in most living organisms and these molecules have been perfected through evolution to combat microbial threats and enhance the recovery from disease. Some antimicrobial peptides are multifunctional and contribute at multiple levels for instance in the wound healing process.

Biomimetic molecules derived from nature generally have very specific biological purposes that have evolved throughout the evolution, that is, hundreds of millions of years. This means that many peptide-based drugs in comparison with traditional small molecules are characterized by high potency and effects that mimic the natural physiology. Peptides are rapidly degraded in the blood to individual amino acids. As a consequence, peptide-based drugs are generally not accumulated in tissues, reducing the risk of unwanted side effects. The low systemic concentrations of peptides, is generally associated with a very high safety profile of this class of pharmaceutical agents. The difficulty of using peptides as drugs is that they have a short life span in blood and other body fluids. Moreover, they are generally not orally bioavailable, and hence, need to be administered locally or by injection. Most peptides are degraded in the digestive tract; decomposed to single amino acids without therapeutic effect.

Technological breakthroughs in manufacturing processes, a significantly lower cost of synthetic building blocks (amino acid precursors) and solvents, as well as new manufacturing units in low-cost countries have led to more cost-effective manufacturing processes. The cost of manufacturing peptide-based drugs is now comparable to the manufacturing cost of traditional small molecules. Still, peptides are less prone to generic competition than conventional peroral drugs;, this means that fewer competing generic drugs are launched on the market when peptide drug lost its patent protection. In 2012, the average loss of for an original developer due to generic competition after patent expiry was only about 15 percent for peptide-based drugs compared to> 90 percent for small molecules.

Promore Pharma's pipeline
- two projects in late clinical development, both with high safety profile



The Share

Promore Pharma's share is listed on Nasdaq First North in Stockholm since 6 July 2017 with the ticker PROMO and ISIN code SE0009947740.

New share issue and listing on Nasdaq First North

Promore Pharma AB conducted a share issue in June 2017 in connection with the listing on Nasdaq First North. Through the share issue, the company received approximately 76 MSEK before deduction of transaction costs which amount to approximately 11 MSEK. The proceeds from the share issue were mainly intended for financing of clinical Phase II and Phase III trials involving the company's main pharmaceutical product candidates PXL01 and LL-37.

The offering was subscribed for to approximately 41 MSEK including subscription undertakings. Additionally, 46% of the offering was subscribed for in accordance with underwriting commitments equivalent to approximately 35 MSEK, which means that 3,261,780 shares and 6,523,560 warrants were issued. The main owners Rosetta Capital IV S.a.r.L., Midroc New Technology AB and PharmaResearch Products Ltd. invested an aggregate of approximately 26 MSEK in the offering. The share capital will after registration amount to 809,403.60 SEK, divided into 20 235 090 shares. The company received approximately 800 new shareholders through the issue.

Warrants

Promore Pharma issued in connection with the listing on Nasdaq First North apart from 3,261,780 shares also 6,523,560 warrants. The warrants were listed on Nasdaq First North at the same time as the share with ticker PROMO TO1 and ISIN code SE0009997158.

Holders of warrants may subscribe for one share in Promore Pharma for every three warrants at a subscription price corresponding to 70 percent of a volume weighted average of the listing price for the Company share during the period 21 – 31 January 2019. The subscription price cannot be lower than 23.30 SEK per share or be higher than 46.60 SEK per share. The subscription period is 4 – 22 February 2019.

The company has also several warrant programs linked to the development of PXL01. Holders of these warrants are Technomark Group USA LLC, Kentron Biotechnology Pvt Ltd and PharmaReserch Products Ltd.The exercise price for the warrants are SEK 13.30 per share, but will be adjusted to the quota value (SEK 0.04) if certain milestones are met in the development program. The warrants' maturity is 31 December 2022.

Share price development and trading

Promore Pharma's share price the 29 December 2017 was 12.70 SEK, meaning a market capitalization of approximately 257 MSEK. The highest paid share price during 2017 was 19 SEK and the lowest 11.55 SEK. From the listing 6 July until 29 December 2017 2,078,442 shares were traded on Nasdaq First North corresponding to a value of approximately 30 MSEK.

Shareholders

At the end of 2017 Promore Pharma had 644 shareholders. The three main shareholders Midroc New Technology AB, Rosetta Capital IV S.a.r.l and PharmaResearch Products Ltd. owned 17,736,870 aktier at the end of 2017, correpsonding to over 87 percent of the shares in the company.

Shareholders 29 December 2017	No of shares	%
Midroc New Technology AB	6,855,291	33.9
Rosetta Capital IV Sarl	6,657,048	32.9
PharmaResearch Products Ltd	4,224,531	20.9
Avanza Pension	294,622	1.5
Mikael Lönn	228,195	1.1
Chalmers tekniska högskola	128,355	0.6
Others	1,847,048	9.1
Totalt	20,235,090	100.0

Adminstration Report

The Board of Directors and the CEO of Promore Pharma AB (publ), Corporate Registration Number 556639-6809, hereby submit the annual report and consolidated financial statements for the 2017 fiscal year.

Information on operations

Promore Pharma is a biopharmaceutical company specialized in the development of therapeutic peptides for the bioactive wound care market. The company's aim is to develop two first-in-category products for indications where very few efficacious prescription pharmaceuticals are available, thus, addressing high unmet medical needs. Promore Pharma's two projects, PXL01 and LL-37, are in late stage clinical phase.

PXL01 is being developed to prevent postsurgical adhesions and scarring and is being prepared for clinical Phase III studies on patients undergoing tendon repair surgery in the hand. Postsurgical adhesions constitute a substantial clinical problem after most surgical procedures, and particularly in conjunction with hand surgery. Flexor tendon injuries and repair result in adhesion formation around the tendon, which restricts the gliding function of the tendon, leading to decreased digit mobility and impaired recovery of normal hand function. Small decreases in mobility greatly impact the quality of life due to difficulties in performing easy tasks, such as closing buttons or using a key board. Tendon injuries affects more than 300,000 persons per year in the US, of which around 30% in the hand. It is estimated that up to 50% of these patients never recover full mobility in the hand.

LL-37, which is being developed to stimulate healing of chronic wounds, is being prepared for a clinical Phase IIb study on patients with hard-to-heal venous leg ulcers (VLUs). VLU constitutes the largest category of all chronic, or hard-to-heal, ulcers and represent significant challenges to patients and healthcare systems since they are frequent, costly to manage, recurring, and may persist for months or years. There are an estimated 13-18 million patients in the traditional pharmaceutical markets. Standard treatment consists of compression bandaging and there are no approved pharmaceutical products for VLUs. Only in the US the costs for VLUs are estimated at a minimum of USD 14 billion annually.

In 2017 the company's main focus was preparations for the clinical studies the company plans to start in 2018. For PXL01 the company is preparing a clinical Phase III study in EU and India, to form the basis for an application for market authorization in EU. The trial is planned as a randomized, double-blinded study including 500-600 patients with flexor tendon injuries in the hand where a single administration event of PXL01 at two different doses will be compared with placebo. For LL-37 the company is preparing a clinical Phase IIb studiy on patients with venous leg ulcers. The trial is anticipated to recruit 120 patients in Sweden and Poland in three treatment groups (two doses versus placebo). The study will have a run-in period of three weeks to rule out wounds that are not chronic, ie wounds which have failed to proceed through an orderly and timely reparative process to produce anatomic and functional integrity over a period of three months. The treatment period is thirteen weeks and patient enrolment is planned to start in 2018.

The company also sees good opportunities to develop the candidate drugs for other adjacent indications, such as prevention of dermal scars or treatment of diabetic foot ulcers.

The company has during 2017 received milestone payments from its partner PharmaResearch Products for development of PXL01, but does not have any revenues from product sales and until PXL01 start generating revenues the company is dependent on external financing to secure continued operations. In 2017 the company conducted a share issue in connection with the listing on Nasdaq First North, which generated proceeds of 76 MSEK before deduction of transaction costs.

The company's registered office is in Solna.

Significant events during the fiscal year

Namnändring till Promore Pharma

The company formally changed its name from Lipopeptide AB to Promore Pharma AB. The name change was registered in January 2017, but the name Promore Pharma was used as an affiliated name since the third quarter 2016.

Co-development agreement with Cellastra Inc.

The company signed a co-development agreement with Cellastra Inc. (Cellastra) on 17 March 2017 regarding development and commercialization of PXL01 in North America. According to the agreement, Cellastra had an option to participate in the funding of the Phase III clinical trial for tendon

repair surgery. If Cellastra solely funded the trial, Cellastra would have received a license for PXL01 for the North American market. The consideration for the license was a royalty of 50% of the profit for PXL01-based products sold. The ambition is to conduct a Phase III clinical trial in US that along with the Phase III clinical trial conducted in Europe will constitute the basis for a future application for marketing authorization in North America.

Bonus issue and change of company category

As a measure to prepare the company for an IPO, it was resolved by the Annual General Meeting, held on 25 April 2017, that the company shall perform a bonus issue and at the same time make Promore Pharma a public company.

Share split implemented

At the Annual General Meeting, held on 25 April, it was resolved to implement a share split 1:15, meaning that the number of shares in the company increased from 904,283 to 13,564,245 shares. The quota value per share is 0.04 SEK after the split and the bonus issue mentioned above.

Marianne Dicander Alexandersson elected as board director

Marianne Dicander Alexandersson was elected as a board director at the Annual General Meeting on 25 April. She has previously served as CEO of Kronans Droghandel, Sjätte AP-fonden, GHP AB, and as deputy CEO of Apoteket AB. Presently, she is serving on the board of directors in a number of companies, including Enzymatica AB, Recipharm AB, Camurus AB and Praktikertjänst AB, as well as a member of the advisory board of the Dental and Pharmaceutical Benefits Agency in Sweden. She has also been a board director of Mölnlycke Health Care AB.

Jonas Ekblom employed as Chief Executive Officer

Jonas Ekblom was formally employed as Chief Executive Officer per 1 May 2017. Jonas Ekblom has served in the management of the company and its predecessor entities since 2010 and has contributed on a consultancy basis since 2015. Prior to that Dr. Ekblom served as CEO of Pergamum AB (predecessor to Promore Pharma AB).

Submission of a clinical trial application for PXL01 in India

In May, Promore Pharma submitted a clinical trial application to the Drugs Controller General in India, seeking approval to conduct a Phase III clinical trial on patients undergoing flexor tendon repair surgery. The study shall be part of a randomized, double-blind clinical trial that will be executed in several countries with the aim of enrolling up to 600 patients. The company intends to submit clinical trial applications in several EU countries under the same clinical study protocol.

Patent application in the US for PXL01 product

Promore Pharma has in May together with Cellastra filed a patent application in the US regarding the composition of the PXL01 product. The company already has several international patent families, approved in a number of countries. The new application will, if approved, contribute to offering a broader and prolonged patent protection for PXL01 products within the indication tendon repair surgery.

Milestone payments from PharmaResearch Products Ltd.

In May, the company received two milestone payments from PharmaResearch Products Ltd. for the co-operation of the development of PXL01 totalling 1.5 MEUR, corresponding to 14.5 MSEK. The payments were received following the approval of the clinical study protocol and the selection of suppliers for the investigational medicinal product for the clinical Phase III study.

Subscription of shares using warrants

The main shareholders Rosetta Capital IV S.a.r.L., Midroc New Technology AB and PharmaResearch Products Ltd. subscribed for shares in May using warrants. The number of shares increased by 3,409,065 and the total number of shares increased to 16,973,910.

New share issue raised 76 MSEK before deduction of transaction costs

The company conducted a share issue in June in anticipation of the listing on Nasdaq First North. Through the share issue, the company received approximately 76 MSEK before deduction of transaction costs which amounted to approximately 11 MSEK. The total number of shares after the share issue amounts to 20,235,090 and the company received approximately 800 new shareholders. In addition, there are 6,523,560 warrants outstanding, also listed on Nasdaq First North and other warrants, which entitle to subscription of 1,910,310 shares.

Listing on Nasdaq First North

Trading in the Promore Pharma shares and warrants (TO1) commenced on Nasdaq First North on 6 July 2017. The share is traded under the ticker PROMO with ISIN code SE0009947740 and the warrant is traded under the ticker PROMO TO1 with ISIN code SE0009997158.

Out-licensing agreement with Transdermal Therapeutic Technologies for DPK-060

In November 2017, the company signed an out-licensing agreement with Transdermal Therapeutic Technologies LLC (TTT) for the anti-microbial peptide DPK-060, which has been part of the company's development portfolio for several years. TTT, a business development hub, shall together with strategic partners, finance and organize further research and development with the objective of yielding new products for prevention and treatment of skin infections. Potential future clinical indications include secondary infections in atopic dermatitis and traumatic injuries, as well as other uncomplicated dermal, vaginal and ophthalmological infections where local administration may be relevant. Promore Pharma has granted its American partner an exclusive, world-wide license to develop and commercialize novel anti-infective products based on its patent-protected peptide DPK-060. Promore Pharma will receive double-digit royalties from TTT and its business partners on any products sold or transaction made involving DPK-060.

Significant events after the fiscal year

Adjusted plans in North America

According to the co-development agreement signed with Cellastra in March 2017, Cellastra received an option to participate in the financing of the Phase III clinical trial for patients undergoing tendon repair surgery. If Cellastra solely had funded the clinical trial, Cellastra would have obtained a license to commercialize PXL01 on the North American market. The option expired by 31 December 2017, since Cellastra did not reach its fundraising objectives before the shift of the year. Promore Pharma intended to use parts of the proceeds from the share issue conducted in conjunction with the listing on Nasdaq First North to finance the Phase III clinical trial in North America if Cellastra did not do so. The share issue brought less capital than anticipated, however, and the company will primarily focus its resources on the EU, which represents the main market opportunity for PXL01. In parallel, the company continues its discussions with Cellastra, but will also consider new and complementary avenues for financing a US-based initiative.

Promore Pharma still prepares for a dialogue with the US Food and Drug Administration FDA in the first half of 2018 in the path towards IND approval.

Shares and ownership

The number of shares was on 31 December 2017 till 20,235,090 (13,564,245) after completed share issue in connection with the listing on Nasdaq First North when då 3,261,780 shares were issued. At the end of 2017 the three main shareholders Midroc New Technology AB, Rosetta Capital IV S.a.r.l and PharmaResearch Products Ltd. owned 17,736,870 aktier, correpsonding to over 87 percent of the shares in the company.

Promore Pharma also issued 6,523,560 warrants in connection with the listing on Nasdaq First North. The warrants were listed on Nasdaq First North at the same time as the shares. Holders of warrants may subscribe for one share in Promore Pharma for every three warrants at a subscription price corresponding to 70 percent of a volume weighted average of the listing price for the Company share during the period 21 – 31 January 2019. The subscription price cannot be lower than 23.30 SEK per share or be higher than 46.60 SEK per share. The subscription period is 4 – 22 February 2019. There are additional outstanding warrants, which entitle to subscription of 1,910,310 shares. These warrants are held by PharmaResearch Products Ltd., Technomark Group USA LLC and Kentron Biotechnology Pvt. Ltd., all partners to the company for the development of PXL01, and correspond to a dilution 8.6%.

Group structure

Promore Pharma owns 100% of the shares in the subsidiary Pergamum AB.

The company holds shares in the Finnish biotech company Herantis Pharma Oyj. This is a consequence of a passive historic holding in the Finnish company Biocis Oy since the formation of Pergamum AB in 2010. Biocis has since then undergone a number of corporate mergers and ownership restructurings which has resulted in a holding of shares in Herantis Pharma Oyj, a company that executed an IPO in 2015. Promore Pharma's holding of shares in Herantis Pharma Oyj amounted to 57,262 per 31 December 2017. The board of directors of the company has decided that this holding shall be divested in a step-wise fashion.

Board and organization

The company's Board consists of five regular members, including the Chairman of the Board, who are elected for the period up to the end of the 2018 Annual General Meeting. The Board members are Göran Pettersson (Chairman of the Board), Marianne Dicander Alexandersson, Torsten Goesch, Satyendra Kumar and Göran Linder.

Promore Pharma has a small and cost-effective organization that primarily is focused on business development, project coordination as well as management of intellectual property and core development documentation. All personnel except the CEO operate on a consultancy basis. Per 31 December 2017, the company had one employee.

Risk factors

Promore Pharmas main operations are drug development, which is to a large extent both highly risky and capital-intensive. The development of drugs is subject to extensive and strict regulations under the supervision of regulatory authorities in each relevant market. Promore Pharma is dependent on the company's drug candidates gaining success during the clinical trials. The drug candidates are in late development, but they are still subject to extensive regulation and control before market authorization can be obtained. Research and development required may also be subject to delays and additional costs. For the development, manufacturing, marketing and sales of drug candidates, authorization and different types of permits are required from relevant regulatory authorities. These processes can be time-consuming and even after authorization, the company is obliged to comply with certain regulatory requirements with a risk of revocation. If market authorization is obtained, there is still a risk that the company will not achieve the desired level of price and market acceptance from healthcare providers, patients and payers. The pharmaceutical industry is also a competitive market characterized by global competition, rapid technological development and comprehensive investment requirements. The market has growth opportunities and many smaller and growing players enter the market. There is a risk that other companies will develop products that prove to be superior to the company's drug candidates, or not as good, but still achieving better market acceptance. The company may also be subject to product liability requirements both during the development process and if the drug candidate is launched on the market. Patents and intellectual property rights are a key asset in the company's business and thus any future suc-

cess depends largely on the ability to maintain existing patent protection and to develop the patent portfolio for future commercialization. As with medical and commercially successful drugs, there is a risk that competitors try to circumvent the company's patents or that an attempt is made to invalidate the company's patent.

Promore Pharmas organization consists of a few employees, most of whom perform their work within the framework of consultancy assignments. The significant experience of these employees is crucial to Promore Pharma's success and losses in this regard could lead to delays or disruptions in the company's operations. The company also operates through a number of partners and advisors that are necessary for the development of drug candidates. Like the company's employees, Promore Pharma's success depends on maintaining these relationships.

Outlook

Promore Pharma is preparing a Phase III clinical trial for PXL01 and a Phase II clinical trial for LL-37 and the intention is to start recruitment in both studies in 2018. The company's projects are in late stage clinical phase, and Promore Pharma estimates that the projects have solid market opportunities if the results from clinical studies are good. The company has no revenue from drug candidates yet and is thus dependent on external funding to ensure continued operation.

Proposed distribution of unappropriated income

The Board of Directors proposes that the profit available for distribution (SEK):

retained profit	7,596,214
share premium reserve	69,953,376
loss for the year	-7,470,050
total	70,079,540
be distributed as follows	
to be carried forward	70,079,540

For further information, please refer to the following income statements and balance sheets.

Multi year summary (SEK 000s)

Group	**2017**	**2015/16** (18 months)
Net sales	632	87
Profit after financial items	-8,432	-11,370
Total assets	71,348	13,132
Return on equtiy (%)	neg	neg
Operating margin (%)	neg	neg
Equity ratio (%)	92.1	26.0

Parent company	**2017**	**2015/16** (18 months)	**2014/15**
Net sales	612	0	0
Profit after financial items	-22 010	-6 878	631
Total assets	75 974	16 764	2 037
Return on equtiy (%)	Neg	neg	0,0
Operating margin (%)	Neg	0,0	0,0
Equity ratio (%)	93,8	47,9	21,1

Group Income Statement

	Not	2017-01-01 - 2017-12-31	2015-07-01 -2016-12-31 (18 months)
Net sales		632,126	87,002
Other operating income		14,957,599	10,020,958
		15,589,725	10,107,960
Operating expenses			
Goods for resale		-10,937,930	-13,520,833
Other external expenses		-9,526,716	-4,163,841
Employee benefits expense	2	-3,422,010	-1,029,806
Depreciation/amortisation and impairments, non-current assets		-1,217,142	-1,825,714
Other operating expenses		-69,052	-171,351
Total operating expenses		**-25,172,850**	**-20,711,545**
Operating profit		**-9,583,125**	**-10,603,585**
Result from financial investments			
Result from other securities and receivables held as non-current assets		1,576,110	-63,826
Other interest income and similar income items		-97,718	181,900
Interest expenses and similar expense items		-327,251	-884,796
Net financial items		**1,151,141**	**-766,722**
Profit after financial items		**-8,431,984**	**-11,370,307**
Pre-tax profit		**-8,431,984**	**-11,370,307**
Tax on profit for the year		0	-142,025
Profit for the year		**-8,431,984**	**-11,512,332**
Of which, attributable to Shareholders in Parent Company		-8,431,984	-11,512,332

Group Balance Sheet

	Not	2017-12-31	2016-12-31
ASSETS			
Non-current assets			
Intangible non-current assets			
Goodwill		3,042,856	4,259,997
Financial non-current assets			
Other securities held as non-current assets	3, 4	3,035,393	1,859,162
Total non-current assets		**6,078,249**	**6,119,159**
Current assets			
Current receivables			
Accounts receivable – trade		899,587	50,000
Other receivables		1,302,735	408,582
Prepaid expenses and accrued income		94,851	62,660
		2,297,173	**521,242**
Cash and bank balances		62,972,202	6,491,244
Total current assets		**65,269,375**	**7,012,486**
TOTAL ASSETS		**71,347,624**	**13,131,645**
LIABILITIES AND EQUITY			
Equity			
Equity attributable to shareholders in Parent company			
Share capital		809,404	54,257
Other equity, including profit for the year		64,920,790	3,399,398
Equity attributable to shareholders in Parent company		65,730,194	3,453,655
Total equity		**65,730,194**	**3,453,655**
Non-current liabilities	5		
Liabilities to credit institutions		714,038	714,038
Other liabilities		330,869	7,177,025
Total non-current liabilities		**1,044,907**	**7,891,063**
Current liabilities			
Advance payments from customers		0	30,232
Accounts payable – trade		3,409,044	946,370
Income tax liability		163,248	46,299
Other liabilities		74,350	15,032
Accrued expenses and deferred income		925,881	748,994
Total current liabilities		**4,572,523**	**1,786,927**
TOTAL LIABILITIES AND EQUITY		**71,347,624**	**13,131,645**

Statement of change in group equity

Group	Share capital	Other equity including profit for the year	Total
Amount at beginning of year	54 257	3 399 398	3 453 655
New share issue	755 147	69 953 376	70 708 523
Distribution according to decision by this year's AGM:			
Profit for the year		-8 431 984	-8 431 984
Amount at year-end	**809 404**	**64 920 790**	**65 730 194**

Group Cash flow statement

	Not	2017-01-01 -2017-12-31	2015-07-01 -2016-12-31 (18 months)
Operating activities			
Profit after financial items		-8,431,984	-10,603,585
Adjustments for items not included in cash flow		369,255	1,772,040
Cash flow from operating activities before changes in working capital		**-8,062,729**	**-8,831,545**
Cash flow from changes in operating capital			
Change in accounts receivable – trade		-849,587	0
Change in operating receivables		-831,492	139,177
Change in accounts payable – trade		2,462,674	0
Change in operating liabilities		322,922	129,051
Cash flow from operating activities		**-6,958,212**	**-8,563,317**
Investing activities			
Merger of subsidiaries		0	129,195
Sale/acquisition of other financial non-current assets		294,767	-5,529,616
Cash flow from investing activities		**294,767**	**-5,400,421**
Financing activities			
New share issue		63,097,078	14,620,425
Borrowings		0	5,000,000
Cash flow from financing activities		**63,097,078**	**19,620,425**
Cash flow for the year		**56,433,633**	**5,656,687**
Cash and cash equivalents at start of the year			
Cash and cash equivalents at start of the year		6,491,244	652,987
Exchange rate difference in cash and cash equivalents			
Exchange rate difference in cash and cash equivalents		47,326	181,570
Cash and cash equivalents at year-end		**62,972,203**	**6,491,244**

Parent company income statement

	Not	2017-01-01 - 2017-12-31	2015-07-01 -2016-12-31 (18 months)
Net sales		612,102	0
Other operating income		43,592	9,359,466
		655,694	9,359,466
Operating expenses			
Goods for resale		-10,301,788	-11,763,071
Other external expenses		-9,011,506	-3,515,494
Employee benefits expense	2	-2,874,294	0
Other operating expenses		-65,252	-162,451
Total operating expenses		**-22,252,840**	**-15,441,016**
Operating profit		**-21,597,146**	**-6,081,550**
Result from participations in Group companies		0	-4,255
Other interest income and similar income items		-97,724	181,740
Övriga ränteintäkter och liknande resultatposter		-315,548	-973,920
Interest expenses and similar expense items		-413,272	-796,435
Net finanical items		**-22,010,418**	**-6,877,985**
Profit after financial items			
Appropriations		14,540,368	0
Pre-tax profit		**-7,470,050**	**-6,877,985**
Tax on profit for the year		0	-142,025
Profit for the year		**-7,470,050**	**-7,020,010**

Parent company balance sheet

	Not	2017-12-31	2016-12-31
ASSETS			
Non-current assets			
Financial non-current assets			
Participations in Group companies	6, 7	10,398,333	10,098,333
Current assets			
Accounts receivables - trade		899,587	0
Receivables from Group companies		5,004,244	148,600
Taxes recoverable		143,209	0
Prepaid expenses and accrued income		87,261	4,420
		7,170,105	**435,961**
Cash and bank balances		58,406,021	6,229,305
Total current assets		**65,576,126**	**6,665,266**
TOTAL ASSETS		**75,974,459**	**16,763,599**
LIABILITIES AND EQUITY			
Equity			
Restricted equity			
Share capital		809,404	54,257
Statutory reserve		380,349	380,349
		1,189,753	**434,606**
Unrestricted equity			
Share premium reserve		129,528,782	59,575,407
Profit or loss carried forward		-51,979,194	-44,959,184
Profit for the year		-7,470,050	-7,020,010
		70,079,538	**7,596,213**
Total equity		**71,269,291**	**8,030,819**
Non-current liabilities	5		
Bond loans		330 870	7,177,025
Current liabilities			
Advance payments from customers		0	30,232
Accounts payable - trade		3,252,952	829,529
Other liabilities		108,424	0
Accrued expenses adn deferred income		1,012,922	695,994
Summa kortfristiga skulder		**4,374,298**	**1,555,755**
TOTAL LIABILITIES AND EQUITY		**75,974,459**	**16,763,599**

Statement of change in parent company equity

	Share capital	Statutory reserve	Unrestricted equity	Profit for the year	Total
Amount at the beginning of the year	54,257	380,349	14,616,223	-7,020,010	**8,030,819**
New share issue	755,147		69,953,376		**70,708,523**
Distribution according to decision by this year's AGM:			-7,020,010	7,020,010	**0**
Profit for the year				-7,470,050	**-7,470,050**
Amount at year-end	**809,404**	**380,349**	**77,549,589**	**-7,470,050**	**71,269,292**

Parent company cash flow statement

	Not	2017-01-01 -2017-12-31	2015-07-01 -2016-12-31 (18 months)
Operating activities			
Profit after financial items		-22,010,418	-6,081,550
Adjustments for items not included in cash flow		460,600	180,636
Exchange rate difference in cash		-25,680	0
Income tax paid		0	-142,433
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		**-21,575,498**	**-6,043,347**
Cash flow from changes in operating capital			
Change in accounts receivable – trade		-899,587	0
Change in operating receivables		-5,834,557	-367,823
Change in accounts payable – trade		2,423,423	501,712
Change in operating liabilities		395,120	651,422
Cash flow from operating activities		**-25,491,099**	**-5,258,036**
Investing activities			
Sale of other financial non-current assets		-300,000	-3,100,000
Acquisition of other financial av non-current assets		0	-5,529,616
Kassaflöde från investeringsverksamheten		**-300,000**	**-8,629,616**
Finansieringsverksamheten			
Nyemission		63,097,078	14,620,425
Upptagna lån		330,368	5,000,000
Erhållna (lämnade) koncernbidrag		14,540,368	0
Cash flow from financing activities		**77,967,814**	**19,620,425**
Cash flow for the year		**52,176,715**	**5,732,773**
Cash and cash equivalents at the beginning of the year			
Cash and cash equivalents at the beginning of the year		6,229,305	496,532
Cash and cash equivalents at year-end		**58,406,020**	**6,229,305**

Notes to the financial statements

Note 1 Accounting and valuation policies

The report has been drawn up in accordance with the Swedish Annual Accounts Act (1995:1554) and the Swedish Accounting Standards Board's (BFNAR) General Recommendation 2012:1: Annual Report and Consolidated Accounts ("K3").

The amounts stated in the Annual Report are in Swedish kronor (SEK).

Unless otherwise stated below, assets and liabilities are measured at historical cost. Receivables and liabilities in foreign currencies are measured at the closing rate. Exchange gains and losses on operating receivables and operating liabilities are recognised in the operating profit.

Financial instruments are measured at historical cost, adjusted for any impairments. Any need for impairments is based on the difference between the carrying amount on the one hand and fair value less cost of selling on the other. Holdings that are traded on an active market are treated as a securities portfolio.

Pension plans are recognised in accordance with the simplification rule, under which the cost is recognised as the
premiums are paid.

The accounting policies are unchanged from previous year.

Revenue recognition

Revenue is recognised at the fair value of what has been received or will accrue to the company and Note until the income can be calculated reliably.

Consolidated accounts

Consolidation method

The consolidated accounts have been prepared in accordance with the acquisition method. This means that the indentifiable assets and liabilities of acquired activities are reported at market value according to established acquisition analysis. If the acquistion value of the business exceeds the estimated market value of the expected net assets according to the acquistion analyses, the difference is reported as goodwill.

Transactions between Group companies

KIntra-group receivables and liabilities and transactions between group companies as well as unrealized gains are eliminated in their entirety. Unrealized losses are also eliminated unless the transaction corresponds to a writedown requirement.

Changes in internal earnings during the fiscal year have been eliminated in the consolidated income statement.

Intangible non-current assets and property, plant and equipment

Intangible non-current assets and property, plant and equipment are recognised at historical cost less accumulated amortisation and depreciation, after adjustment for any revaluations or impairments.

Depreciation and amortisation is based on the estimated useful life, as follows:

Goodwill	20% of cost

Key ratio definitions

Net sales
Operating revenue, invoiced costs, page revenue and revenue corrections.

Profit after financial items
Profit after financial income and expenses, but before taxes.

Total assets
The company's total assets.

Return on equity (%)
Profit after financial items as a percentage of adjusted equity (equity are untaxed reserves less deferred tax).

Operating margin (%)
Operating profit as a percentage of sales.

Equity ratio (%)
Adjusted shareholders' equity (equity and untaxed reserves less deffered tax) as a percentage of total assets.

Note 2 Average number of employees

Group

	2017	2015-07-01 -2016-12-31
Average no of employees	2	1

Parent company

	2017	2015-07-01 -2016-12-31
Average no of employees	1	0

Note 3 Other securities held as non-current assets

Group

	2017-12-31	2016-12-31
Opening balance, accumulated historical cost	37,280,499	37,301,772
Sales	-105,112	-21,273
Closing balance, accumulated historical cost	37,175,387	37,280,499
Opening balance, accumulated impairments	-35,421,337	-35,378,783
Sales	2,152,073	0
Impairments for the year	-870,731	-42,554
Closing balance, accumulated impairments	-34,139,995	-35,421,337
Closing balance, book value	3,035,393	1,859,162

Not 4 Other securities held as non-current assets

Group

Financial instruments that are included in Chapter 4 14a-14c the Annual Accounts act	Book value	Market value
Other securities held as non-current assets	3,035 393	3,035,393
	3,035,393	3 035,393

Note 5 Non-current liabilities

Group

	2017-12-31	2016-12-31
Falling due more than five years after the balance sheet date		
Other liabilities	330,869	7,177,024
Liabilities to credit institutions	714,038	714,038
	1,044,907	7,891,062

Parent company

	2017-12-31	2016-12-31
Falling due more than five years after the balance sheet date		
Other liabilities	330,869	7,177,024
	330,869	7,177,024

Note 6 Participation in Group companies

Parent company

	2017-12-31	2016-12-31
Opening balance, accumulated historical cost	10,102,588	1,472,973
Purchases	300,000	5,529,615
Shareholders' contribution	0	3,100,000
Closing balance, accumulated historical cos	10,402,588	10,102,588
Opening balance, accumulated impairments	-4,255	0
Impairments for the year	0	-4,255
Closing balance, accumulated impairments	-4,255	-4,255
Closing balance, book value	10,398,333	10,098,333

Note 7 Participation in Group companies

Parent company

Name	Share of equity	
Pergamum AB	100%	
	Reg no	Reg office
Pergamum AB	556759-9203	Solna

Solna 24 April 2018

Göran Pettersson
Chairman

Marianne C Dicander Alexandersson

Torsten Goesch

Satyendra Kumar

Göran Linder

Jonas Ekblom
President and CEO

My auditor's report was submitted on 25 April 2018

Ola Spinnars
Authorised Public Accountant

Auditor's report

To the general meeting of the shareholders of Promore Pharma AB
Corporate identity number. 556639-6809

Report on the annual accounts and consolidated accounts

Opinions

I have audited the annual accounts and consolidated accounts of Promore Pharma AB for the year 2017-01-01—2017-12-31.

In my opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of parent company and group as of 31 december 2017 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated.

I therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group

Basis for Opinions

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. I am responsible for the direction, supervision and performance of the group audit. I remain solely responsible for my opinions.

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

Report on other legal and regulatory requirements

Opinions

In addition to my audit of the annual accounts and consolidated accounts, I have also audited the administration of The Board of Directors and the Managing Directors of Promore Pharma AB for the year 2017-01-01—2017-12-31 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinions.

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

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

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

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

Stockholm 2018-04-25

Ola Spinnars
Auktoriserad revisor

Welcome to the Annual General Meeting

The Annual General Meeting of Promore Pharma AB (publ) will be held on Wednesday, 16 May 2018 at 3pm, at Wenner-Gren Center, Biblioteket, plan 24, Sveavägen 166, in Stockholm. Registration begins at 2 pm.
Anyone wishing to attend the meeting must be entered as a shareholder in the share register kept by Euroclear Sweden AB as of Wednesday, 9 May 2018

Notification
Notification of attendance may be given in writing to the Company by e-mail to info@promorepharma.com or by mail Promore Pharma AB, Karolinska Institutet Science Park, Fogdevreten 2, SE-171 65 Solna, Sweden or by telephone on +46-(0)8-124 548 59. When giving notification, please state your name or company name, personal ID or company registration number, address and daytime telephone number as well as the number of advisors.

Nominee registered shares
To be entitled to attend the meeting, holders of nominee registered shares must instruct the nominee to have the shares registered in the holder's own name, so that the holder is entered in the share register kept by Euroclear Sweden AB as of Wednesday, 9 May 2018. Registration in this way may be temporary. Shareholders wishing to register their shares in their own name should inform the bank or nominee well before this date.

Proxy and proxy form
Anyone who does not attend the meeting in person may exercise its right at the meeting via a proxy in possession of a signed and dated form of proxy.The form of proxy may be obtained from the company and they are also available on the company's website: www.promorepharma.com. Representatives of a legal person must attach a copy of the registration certificate or equivalent documentary authority. To facilitate entry to the meeting, forms of proxy, registration certificates and other documentary authority must be received by the company at the above stated address, in good time before the meeting.

Shareholder information
Interim reports, annual reports and press announcements from Promore Pharmas are availagle on the company's website promorepharma.com and can be ordered from kan Promore Pharma AB, Karolinska Institutet Science Park, Fogdevreten 2, SE-171 65 Solna. The annual report for 2017 in printed form will be sent to all who so requests and is always availble to download from the company's website promorepharma.com.

Financial calendar kalender

Interim report January - March 2018	16 May 2018
AGM 2018	16 May 2018, 3 pm
Interim report January - June 2018	20 August 2018
Interim report January - September 2018	23 Nov 2018

Board of Directors and auditor

Göran Pettersson
Board member and Chairman since 2015.
Born: 1945.
Göran previously was Chairman of the board in Axelar AB, Medivir AB (publ) and OxyPharma AB, board member in Recipharm AB (publ) and CEO of Meda Sverige AB. He has also held leading positions in Astrazeneca, KabiVitrum and Pharmacia. He holds an M.Pharm Sc. from Uppsala University and an MBA from IHM Business School in Stockholm.
Other Assignments: Chairman of the Board of Mobidiag Sverige AB; Board Member of G. Pettersson & Partners AB, Pfizer Pensionsstiftelse I, Mobidiag OY, Bioretec OY and Bostadsrättsföreningen Trumslagaren 3; and Deputy Board Member of Karl Jungstedt AB.
Independent in relation to Promore Pharma and its senior executives: Yes.
Independent in relation to major shareholders (per today): Yes.
Share Holding in Promore Pharma: No current holding.

Marianne Dicander Alexandersson
Board member since 2017
Born: 1959.
Marianne has held executive positions from various industries such as car, plastics, chemical industry, pharmaceutical and healthcare logistics. Marianne was previously board member in Mölnlycke Holding AB and Mölnlycke AB. She holds an M.Sc. in Chemical Engineering from Chalmers Technical College in Gothenburg.Other Assignments: Marianne serves as Chairman of Sahlgrenska Science Park AB; Board Member and Chief Executive Officer of MDA Management AB; Board member of Recipharm AB (publ), Enzymatica AB (publ), Praktikertjänst Aktiebolag, Camurus AB, AdderaCare AB and Xperentia AB.
Independent in relation to Promore Pharma and its senior executives: Yes.
Independent in relation to major shareholders (per today): Yes.
Share Holding in Promore Pharma: No current holding

Torsten Goesch
Styrelseledamot sedan 2015
Född: 1959.
Torsten serves as Senior Executive in Rosetta d where he is responsible for investments. He has served as Board Member of several biotechnology companies. Torsten has served as Board Member of STI Ltd and Cytochroma Ltd. He holds an M.D. and a Ph.D. from Heinrich Heine University Düsseldorf, Germany and an MBA from the Kellogg School of Management in Evanston, USAOther Assignments: Torsten serves as Chairman of Biosergen AS and Biosergen China JV; Board Member of Rosetta, Forward Pharma, Vistagen Pte Ltd, Dilafor AB, Dilaforette AB, Karolinska Development Invest AB, Eyesense GmbH and Dr. Goesch Pharma Pte Ltd.
Independent in relation to Promore Pharma and its senior executives: Yes.
Independent in relation to major shareholders: No.
Share Holding in Promore Pharma: No current holding.

Satyendra Kumar
Board Member since 2016
Born: 1954
Satyendra serves as Vice President Research and Development for PharmaResearch Products Ltd. He has previously worked with licensing, alliances and business development for Daewoong Pharmaceutical Company Ltd and with establishment of international distribution for Samyang's medical technology and pharmaceutical business. Satyendra holds an M.D. from the Birla Institute of Technology and Science in Pilani, India and a Ph.D. from Seoul National University in Seoul, Korea.
Independent in relation to Promore Pharma and its senior executives: Yes.
Independent in relation to major shareholders: No.
Share Holding in Promore Pharma: No current holding

Göran Linder
Board member since 2015
Born: 1962
Göran serves as Senior Executive in several investment companies. He was previously board member in among tohers Jensen Devices AB, Airgrinder AB, Lamera AB and HCCI Technology AB. Göran holds an M.Sc. from the KTH Royal Institute of Technology in Stockholm.
Other assignments: CEO and board member in Midroc New Technology AB, Midroc Invest AB and Midroc Finans AB. Board member in Powercell Sweden AB (publ), Powercell Warrants One AB, Nilsson Special Vehicles Aktiebolag (publ), Promore Pharma AB (publ), Pergamum AB, Minesto AB (publ), Minesto Warrants One AB, Crunchfish AB (publ) M&J by Malin & Johanna AB.
Independent in relation to Promore Pharma and its senior executive: Yes.
Independent in relation to major shareholders: No.
Share Holding in Promore Pharma: No current holding

Auditor
Ola Spinnars, Finnhammars

Management Team

Jonas Ekblom
President & Chief Executive Officer (CEO)
Born: 1965.
Jonas has worked over 25 years in the Life Science sector. He is an ass professor in pharmacology at Uppsala University, he has a B.Sci. in chemistry from University of Stockholm, and a Ph.D. in experimental neurology from Uppsala University, post-doctoral studies at University of Southern California, School of Pharmacy in LA. He has also received education in strategic planning and business management. Jonas has previously held executive roles in biotech companies in Sweden, Switzerland and US. Most recently, he served as CEO for the Swiss biotech BOWS Pharmaceuticals SA, and prior held senior and executive positions in Pharmacia, Biovitrum, Sequenom and Invitrogen.
Other Assignments: Chairman of Axelar AB and EffRx Pharmaceuticals SA as well as principal of his own consultancy practice Edge of the World Strategies Corporation.
Share Holding in Promore Pharma: No current holding

Ulrika Wennberg
Chief Operating Officer (COO)
Born: 1970.
Ulrika has more than 20 years of experience in project management, management consulting and business leadership in biotech, IT and media. She has previously served as CFO and CEO of Jederström Pharmaceuticals AB. Ulrika started within the group in 2009.

Other Assignments: Ulrika is CEO of Axelar AB as well as civil accountant in SRV Återvinning AB, Huge Fastigheter AB, Söderenergi Aktiebolag, Södertörns Utvecklingscentrum and Söderenergi Kraftvärme Aktiebolag.

Share Holding in Promore Pharma: 500 shares and 1,000 warrants

Jenni Björnulfson
Chief Financial Officer (CFO)
Born: 1971.
Jenni has extensive professional experience from the financial markets having worked with corporate finance for over ten years with Handelsbanken Markets and Alfred Berg Fondkommission/ABM AMRO. Jenni has also worked as a stock analytics at Standard & Poor's and at ABG Sundal Collier. She has been business area manager at Global Health Partners AB. Jenni has a training in economy from Stockholm School of Economics, and has served as CFO of Promore Pharma since 2016.

Other Assignments: Jenni is a board director in Hemcheck Sweden AB and Gjutformen 2 as well as principal of her own consultancy practice The C Story AB.

Share Holding in Promore Pharma: 1,500 shares and 3,000 warrants

Margit Mahlapuu
Chief Scientific Officer (CSO)
Born: 1972.
Margit has over 15 years of experience in pharmaceutical research and development. Most recently, she served as CEO of the Sweden-based biotech company PharmaSurgics. Prior to that, she had assignments at companies such as AstraZeneca, Arexis, and Swedish Orphan Biovitrum. Margit holds an associate professorship in molecular medicine at Sahlgrenska Academy, Sweden. She has a Ph.D. in molecular and cellular biology from the University from Gothenburg. Margit joined the company in 2007 and has since then been responsible for regulatory affairs strategy and clinical development.
Other Assignments: Margit is a director of the board in Sixera AB and she is the principal in two fully owned companies; Arexela AB, a consulting company, and ScandiCure AB, an intellectual property holding company.
Share Holding in Promore Pharma: No current holding.

PROMORE PHARMA

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