

Evaxion business update and first quarter 2025 financial results
May 27, 2025

Corporate speakers:

- Christian Kanstrup; Evaxion; Chief Executive Officer
- Birgitte Rono; Evaxion; Chief Science Officer
- Thomas Schmidt; Evaxion; Chief Financial Officer

Conference call participants:

- Thomas Flaten; Lake Street Capital Markets; Analyst

Presentation

Operator^ Good day. Thank you for standing by. Welcome to the Evaxion First Quarter 2025 Conference Call and Webcast. (Operator Instructions) Please be advised that today's conference is being recorded.

I would now like to hand the conference over to your first speaker today Christian Kanstrup, CEO. Please go ahead.

Christian Kanstrup^ Thank you, so much. And good morning. And good afternoon, everyone. And a very warm welcome to this Evaxion business update call on the back of our Q1 2025 results. I'm Christian Kanstrup, CEO of Evaxion. With me today I have, as usual, Birgitte Rono, our Chief Science Officer, Thomas Schmidt, Chief Financial Officer, and Mads Kronborg, our VP of Investor Relations and Communications. And for the agenda today I will do the introduction. Birgitte, she will be doing the R&D update. Thomas will take us through the numbers. And I will end up concluding, before we again as usual will jump into the Q&A.

And before we get going, I will direct the attention to this slide. We will be talking about forward-looking statements. And as always, when you talk about the future, that is uncertain. Hence, I direct your attention to the slide here.

But with that, let's get going. And let's look at the introduction. I think it's fair to say that we have had a super busy couple of months since the last business update. We have seen a strong progress across all parts of the business and are continuing to execute well.

If we first look at business development, very pleased to say that the partnership with Merck is on track towards potential option exercise in the second half of the year. Needless to say this is a key milestone for us if Merck exercises the options to both compounds in the option and licensing agreement, we will be in time to receive \$10 million. Hence, a very important milestone, and I am pleased to see that we are tracking towards the decision point in the second half of the year.

Also super pleased to see that our business development pipeline remains solid and it supports our full year target of at least two new business development deals. However in

that context, I also have to direct attention to the fact that it is clear that the current turmoil in the financial markets, and I would say an increased regulatory uncertainty, is impacting deal execution. We have seen a potential partner, which we had been in discussions with, deciding to pause discussions and focus on internal later-stage assets in development. I think it's only natural that you would see decisions like that when there is turmoil in the financial markets and some uncertainty surrounding where we are.

That being said, we are, of course mitigating the risk of that by directing focus towards potential partners less impacted by the current macro environment. And as I said, we remain confident about our full year target of completing at least two new business development deals, but it's clear risk is increasing due to the macro environment.

From an R&D point of view, very pleased to see that EVX-01 is continuing to yield positive data. We just presented at the AACR in April, another set of strong data, and Birgitte will get back to those later on in the presentation here. On top of that, we are on track for the 2-year readout in the second half of the year, and we have seen the first patient being dosed in the 1-year trial extension.

Also important from an R&D point of view is to deploy our AI immunology platform to develop new pipeline candidates. Having a pipeline of novel candidates is crucial for our ability to continue our multi-partner approach and generate future business development income.

Also here, I'm pleased to say that we are on track for selecting the new infectious disease pipeline candidate, which we will add to the pipeline here in the first half. Again, Birgitte will get back to that later on as well.

From a platform point of view, it's about the continued optimization and improvement of the platform. That is how we ensure that we have a leading AI platform for novel target discovery and development. Here we have been spending the past time on curating a lot of data aiming at optimizing the platform, being able to select the best possible lead candidate for our precision vaccine concept, which is set to take place in the second half.

From a financing point of view, finally, cash at hand until mid-2026, the EIB loan conversion we have talked about earlier is still expected to be completed in Q2. So all in all, busy couple of months, but also a couple of months where we continue to see solid traction across all parts of the business.

What we also have been doing during the past couple of months is we have been quite active at various scientific conferences. AACR EVX-01 Phase II data, here, we actually presented that 80% of the neoantigens elicit an immune response, as you will see in Birgitte's presentation, very strong data presented at that conference. We were at the World Vaccine Congress, had two presentations, had a manned booth. We were at the NextGen Biomed conference also with two presentations.

These participations at scientific conferences are crucial, both for our interaction with the scientific community in general, but also very much for the continued solid execution upon our multi-partner strategy because this allows us opportunity for engaging with possible partners at the various conferences. We will continue to have a very active presence at conferences throughout the year.

Before handing over to Birgitte, just a quick look at our 2025 milestones. Here, pleased to say that we have delivered on the first two milestones for the year. We are on track with the first infectious disease pipeline candidate. And even though it has been a busy first half, it's very clear the second half is going to be even busier.

We have, as I already alluded to, key milestone in the Merck decision on option exercise coming up in the second half, EVX-01 Phase II, 2-year readout, also the selection of the lead candidate for precision ERV cancer vaccine concept, and business development, continued strong focus on generating new partnerships, and we have our target of at least two new agreements in 2025, in addition to yet another infectious disease candidate in the second half of the year being entered into the pipeline.

So while it was a busy first half, it's going to be even more busy time ahead. We are looking very much forward to that.

And with that, I will hand over to you, Birgitte, for an update on all the exciting things that have happened from an R&D point of view.

Birgitte Rono^ Thank you, Christian. So we have a very broad R&D pipeline of AI immunology-defined vaccines spanning two key disease areas, cancer and infectious diseases. So today I'll walk you through some of the latest progress in these key R&D programs. I'll start with EVX-01, our personalized peptide-based cancer vaccine currently in Phase II. Then I will also touch on our advancement in our precision cancer vaccine program targeting this novel class of tumor antigens that are shared across patients. Then lastly, I will present our progress in expanding our infectious disease vaccine pipeline.

So EVX-01, as mentioned, is currently in Phase II, and it's being developed as a first-line treatment for advanced melanoma. The EVX-01 vaccine includes multiple patient-specific vaccine targets, so-called neoantigens, that we have identified using our AI immunology platform by looking into the patient's tumor mutational profile and also feeding the immune response or the immune system of the patients. It's being administered in combination with immune checkpoint inhibitors with the goal of enhancing clinical efficacy.

And as Christian mentioned, we presented biomarker and T-cell immune data at the annual meeting in the American Association of Cancer Research. And at this meeting, we reported that EVX-01 induced a specific immune response in all the patients assessed so far and that 80% of the vaccine target triggered a specific immune response, and that is a frequency that is substantially higher than what has been reported for other similar vaccine candidates.

Furthermore, immunizations increased and maintained the broadness of the vaccine-induced T-cell responses. With these data, we are tracking towards the 2-year clinical data that we will report in the second half of this year.

So building on these positive data and to further explore the durability of both the immune response and the clinical responses, we have, as Christian mentioned, extended this trial with one additional year, and we now have dosed the first patient with this extra EVX-01.

Notably, during this extension phase, EVX-01 will be administered as a monotherapy, allowing us to better understand the vaccine's stand-alone effect. Also the extension involves minimal additional costs as clinical sites remain active and the vaccine production is already complete.

So we are looking very much forward to sharing updates from this program in the second half of '25.

So let's turn our focus to our promising precision vaccine concept. So in this program, we're using AI immunology to design a precision cancer vaccine targeting this novel and nonconventional class of antigens, so-called ERV tumor antigens, that are shared across patients in select indications. And this approach could allow for broader use of cancer vaccines also for patients that are less likely to respond to conventional cancer immunotherapies.

So in this program, we have obtained proof of concept, demonstrating that mice that are immunized with an ERV-based vaccine, they are protected from tumor and also that we induce a specific T-cell responses or response in these mice. Further on, we have now curated transcriptomic and proteomics tumor data from more than 3,000 cancer patients. And additionally, to identify these ERV epitopes that are presented to the immune system, we have analyzed more than 1,000 immunopeptidomic data.

With these data at hand, we have optimized AI immunology to allow for an improved version of the [human lead] vaccine candidate, containing multiple ERV epitopes that also have a broad HLA coverage. We are on track for the final lead selection in the second half of this year.

So in parallel with designing an optimal lead candidate, we are preparing for clinical interest and have initiated IND and CTA-enabling activities, including CMC and clinical trial planning.

So lastly, we are making strong progress in expanding our infectious disease vaccine pipeline. And we have -- the first of two planned new vaccine candidate is on track for launching in the first half of this year. And for this initial program, we have conducted a comprehensive assessment of several bacterial pathogen targets. And this evaluation included an analysis of medical need, commercial potential, competitive landscape,

platform applicability and both clinical and preclinical feasibility. So based on this analysis, we now have shortlisted the most promising bacterial targets. And these have been reviewed and discussed with an expert advisory panel to guide the final selection, and more to come on this in the near future.

So in summary, we have seen significant progress across our pipeline in both oncology and infectious diseases. And with the two major milestones completed in '25 and significant progress made across program, we are well on track for our next milestones in the second half of this year. And we are of course looking forward to updating you as our programs continue to advance.

Christian Kanstrup^ Thank you, so much, Birgitte. I think it's fair to say no doubt that AI immunology really holds the potential for developing truly novel precision medicines, and it's great to see the progress in the pipeline.

Let's turn to some progress in numbers and hand over to Thomas to take us through the Q1 results, please?

Thomas Schmidt^ Yes. Thank you, Christian. So moving into the financials from the Q1 2025. Let me start with the key highlights that we had and have seen in the Q1. First and foremost, our cash position, we have significantly improved in the first quarter due to our capital market activities in Q1 and mainly even in January. So we had a cash position of \$17.8 million, up from \$6 million by the end of the year 2024. And with our operational cash burn, which we estimate of \$14 million for the year, this also means that we have a cash runway until mid-2026, which really also means it's past potential exercise of options from MSD and also the EVX-01 2-year clinical data readout.

In Q1, we've seen less spending if we compare it to Q1 2024 as some of our -- most of our projects have higher spending planned in the upcoming quarters.

Our equity has certainly also benefited from -- and strengthened benefited from our capital market activities. So end of Q1, we have total equity of \$10.3 million, which is again a significant strengthening versus the end of 2024. If I dig a little bit further into the profit and loss statement of Q1, we have recorded an operating loss of \$3.9 million, which should be compared to \$4.4 million last year. Again the overall lower operating expenses in Q1 is really the result of this. But we do expect that the project cost will pick up an increase in the coming quarters, fully aligned with our planning.

As mentioned also already, similar cash burn we expect this year as we had last year, so approximately \$14 million. And also important to point out here that that does not include any potential income from business development deals. So that will come in excess to that.

In the Q1, we also had financial income of \$2.4 million and this has come mainly from a reassessment of derivative liability. I will speak a little bit more about our derivative liability on the following slide, but the derivative liability has come from the capital

market activity in Q1, and it impacts also the financial income. And we would expect to see further impact due to reassessment of our derivative liability in the upcoming quarter as we still have approximately 50% of the derivative remaining.

That means that we've recorded a net loss of \$1.6 million in Q1, which compares to an income of \$1.2 million last year, but also due to that we last year had a significant financial income, again also from a derivative liability and reassessment of \$5.6 million last year. So at least from an operating loss point of view, we are in a better position this year.

Moving then to the balance sheet items. As mentioned already, strengthening equity really has been a good step forward. And with the \$10.3 million we have in net equity end of Q1, we are well above also the NASDAQ listing requirements. And also the NASDAQ listing requirements are completely withdrawn. So the determination issue.

Investor warrants in our public offering have an exercise price denominated in U.S. dollar. We have a functional currency in Danish crowns, which then also according to international accounting and financial standards, means that we have recorded these investor warrants as a derivative liability. However due to development in both the U.S. dollar exchange rate and also the share price, the net impact of this derivative liability on equity is only \$20,000 in the first quarter.

It is important to note that as we still have approximately 50% of our warrants still denominated in U.S. dollar, we will see reassessment, and we'll need to do reassessment in the upcoming quarters. Again, net impact is limited, but this is expected in the upcoming quarters.

Cash and cash equivalents, as mentioned, \$17.8 million. So really, really nice to see also that we have cash until mid-2026 in the current runway setting.

And with that, I then hand it back to Christian for concluding remarks.

Christian Kanstrup^ Thank you, so much, Thomas, for taking us through the numbers. And let me just conclude before opening up the floor for Q&A. I do hope that you agree with me from the presentation here that we are maintaining the strong execution momentum. Also our financial position with a significant increase in cash and equity has been clearly moving in the right direction. Important though is that we are tracking towards several potential value catalysts coming up in the second half of the year, which is derived from our clear strategy with a strong focus on value realization through our multi-partner approach.

Also when talking about cash, our runway into mid-2026 is beyond both the 2-year readout on EVX-01 and the potential option exercise from Merck, which would bring us an additional \$10 million if both options are exercised for EVX-B2 and EVX-B3, which in turn would give us cash into 2027.

So with that, I would like to open the floor for Q&A.

Questions and answers

Operator^ (Operator Instructions) We take our first question, and it comes the line of Thomas Flaten from Lake Street Capital Markets.

Thomas Flaten^ A few for Birgitte here. In the 2-year EVX-01 data, was there a meaningful bias between CD4 and CD8 positive T-cells?

Birgitte Rono^ We mainly see CD4 T-cells. So in all the patients, we have in all the samples from the patients we have analyzed so far, we have CD4 T-cells. We also see CD8 in approximately half of the patients. And I think this virus is mainly driven by the fact that EVX-01 is a peptide-based vaccine. And we know that the way that the immune system is taking up these peptides and presenting them, that directs a strong CD4 T-cell response.

Thomas Flaten^ Excellent. That's very helpful. Then on the lead ERV candidate that you have, is it the intention that, that will be an ERV hotspot vaccine only? Or will you combine that with personalized cancer neoantigens?

Birgitte Rono^ So the idea with this precision concept is to do a off-the-shelf vaccine. So we basically are able to design a vaccine that has what we call broad coverage, meaning that patients with different immune system and also expression profiles of these tumor antigens would benefit from receiving this type of therapy. So it is a precision-based vaccine, and we will, at least not in the beginning, combine it with any other types of vaccines, including personalized approaches.

Thomas Flaten^ Understood. Then one final one for me. There was news last week out of the U.K. that they were going to repurpose a meningitis vaccine for gonorrhea. It looks like it provides limited protection. I was just curious if you had any thoughts on that or what may be your partners at Merck might have said about that rollout?

Christian Kanstrup^ Before Birgitte speaks to the scientific content, then I can just say Thomas, I mean of course this just shows the level of desperation for having some effective therapy for preventive therapy for gonorrhea, right? Looking at the numbers that also was disclosed for the number of cases in the U.K., it's a pretty significant increase. So fear that something needs to be done. And of course this gives us a lot of comfort in regards to the commercial potential for EVX-B2 and then Birgitte, you can speak to the scientific rationale which, of course is there, but --

Birgitte Rono^ Yes, the scientific rationale is there and also been known for a while that there is cross protection to gonorrhea, but it's far from complete, meaning that there is definitely a need for a more precision vaccine that would give a broader protection. Yes. We have not discussed it with our collaborators at CMC.

Operator^ (Operator Instructions) There are no further questions for today. I would now like to hand the conference over to your speaker, Christian Kanstrup, for any closing remarks.

Christian Kanstrup^ And I would just like to say thank you so much to everyone for listening in to our Q1 business update call. We are looking very much forward to the continued execution upon our strategy and will of course keep you all informed when relevant news unfolds and are looking forward to staying in touch with all of you. So thank you so much to all of you for taking the time for listening in. And wish you all a good day.

Operator^ This concludes today's conference call. Thank you for participating. You may now disconnect. Have a nice day.