

Lipum has received a negative preliminary report regarding the audit of the Horizon 2020 project

Lipum AB (publ) received in August 2018 a M€ 2.2 / MSEK 23 grant from the European Commission innovation program Horizon 2020. The successful project was completed in February 2021. In June 2022 was an audit of the project and its associated costs initiated. Lipum has now received a preliminary report regarding the audit. According to the preliminary report, Lipum risks grant adjustments in favor of the Granting Authority budget of € 400 000 together with the addition of the 25% flat rate for the indirect costs.

Primary objective of the Horizon 2020 project was, in collaboration with SciLifeLab, to optimize the design and establish a manufacturing method of the monoclonal antibody to become the companies drug candidate SOL-116. After the project was completed and the final payment took place in March 2021, the European Commission reported via [Cordis](#) about the successful outcome of the grant and the project.

On behalf of the Commission, Deloitte Madrid initiated an audit of the project and the financial statements in June 2022. Deloitte has during the past two years requested and from Lipum, received all verifications and documentation related to the project.

Deloitte have now shared their preliminary audit report with Lipum. Deloitte, in essence, claims that Lipum in its reporting of eligible costs have miscategorized the consultancy costs. As of the preliminary report, Lipum risks grant adjustments in favor of the Granting Authority budget of € 400 000 together with the addition of the 25% flat rate for the indirect costs.

The project was due to the Covid 19 pandemic extended and completed in December 2020 and finally reported in February 2021. During the project, several formal amendments were made regarding the reallocation of project funds between cost types based on the outcome of studies performed. All amendments were approved by the European Commission and Lipum remains confident that all costs in the successful project have been eligible and that all project funds have been used for intended and approved purposes. Therefore, despite the misclassification, Lipum does not share the conclusions of the preliminary report and intends to submit its comments and objections to the preliminary report no later than the deadline of August 31, 2024. However, it cannot be ruled out that the Commission may choose to impose on Lipum, the repayment claim that Deloitte claims exist according to the preliminary report. It is not known when the Commission will take a position on the matter, but Lipum believes that a decision may be delayed.

"EU grants can be seen as complicated but are of course also very valuable with both financial support and the fact of being selected as a unique European technology company. We are confident that all project funds granted to Lipum within the framework of the Horizon 2020 project have been used for intended and justified purposes. Horizon 2020 is today known as EIC Accelerator and in October 2023, Lipum was again selected for an interview, where an interview is the last step before

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a decision on support is made. Unfortunately, the competition was too hard, and we fell short, but the EIC issued a "Seal of Excellence" which further confirms their very positive opinion of our work and project. We are a cutting-edge company and try again despite setbacks", says CEO Ola Sandborgh.

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Lipum AB (publ) is a clinical stage biopharmaceutical company specialized in discovery and development of a novel treatment for chronic inflammatory diseases. The lead candidate SOL-116 is a humanized antibody designed to provide efficacious therapy by blocking a previously overlooked target molecule of the immune system (BSSL). SOL-116 is in clinical stage supported by solid data for rheumatoid arthritis. Lipum also explores other inflammatory diseases with a high unmet medical need. The company is based in Umeå, an excellent life science cluster in Sweden. Lipum's unique approach has attracted international attention, including a major European Commission Horizon 2020 grant. The company's share (LIPUM) is traded on the Nasdaq First North Growth Market. Certified Adviser is G&W Fondkommission.

This information is information that Lipum is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons set out above, at 2024-08-08 13:45 CEST.

Attachments[Lipum has received a negative preliminary report regarding the audit of the Horizon 2020 project](#)