Year-end report

2022

LIDDS™

LIDDS AB (publ) Year-end report 2022

October – December

- Net sales amounted till-0,1 (2,4) MSEK
- The operating result for the period was -8.9 (-8.9) MSEK
- The net result was -9.1 (-8,9) corresponding to earnings per share of SEK -0.26(-0.26)
- Cash flow from operating activities amounted to -10.2 (-9.9) MSEK
- Cash and cash equivalents amounted to 5.3 (34.0) MSEK

January – December

- Net sales amounted to 1.9 (3.6) MSEK
- The operating result for the period was -36.6 (37.3) MSEK
- The net result was -36.9 (-37.3) MSEK corresponding to earnings per share of SEK -1.07 (-1.16)
- Cash flow from operating activities amounted to -35.6 (-42.6) MSEK

Significant events January – December

- The R&D project with J&J moved into the next phase.
- A financing agreement of up to 40.8 MSEK signed with Nice & Green
- Max Mitteregger and Johan Lund were elected as new members of LIDDS' Board of Directors. Max Mitteregger acquired in connection with the appointment to LIDDS' Board of Directors shares at a total value of 4.5 MSEK through a directed share issue of 750,000 shares at a subscription price of 6 SEK, which corresponded to LIDDS' share price at Nasdaq First North Growth Market at the time for a binding commitment to subscribe for the shares.
- Anders Månsson succeeded Nina Herne as CEO of LIDDS on 1 September 2022
- In December, the board decided on a rights issue of approximately SEK 48.6 million before deductions for issue costs, subject to the approval of an extraordinary general meeting. The rights issue was secured to approximately 96 percent through subscription commitments and issue guarantors.

Significant events after the reporting period

- The decided rights issue was approved at an extraordinary general meeting on January 9, 2023 and completed on February 6, 2023. The subscription summary showed that 25,253,268 shares, corresponding to approximately 72.7 percent of the rights issue, were subscribed with or without the support of subscription rights. The bottom guarantors were allocated approximately 8.6 percent of the rights issue, and the top guarantor approximately 14.4 percent of the rights issue. The company received approximately SEK 46.5 million before issue costs.

Financial Overview

KSEK	1 October - 31 december 2022	1 October - 31 December 2021	1 January - 31 December 2022	1 January - 31 December 2021
Net sales	-110	2 369	1 888	3 554
Operating result	-8 873	-8 917	-36 617	-37 269
Net result	-9 112	-8 917	-36 860	-37 270
Earnings per share, SEK	-0,26	-0,26	-1,07	-1,16
Cash flow from operating activities	-10 183	-9 922	-35 592	-42 641
Cash and cash equivalents by the end of the period	5 258	34 003	5 258	34 003

LIDDS in brief:
LIDDS is a Swedish drug delivery company based on the proprietary technology NanoZolid®. With NanoZolid®, LIDDS can formulate drugs for local/intratumoral administration, with a maintained and controlled release for up to six months. The technology is versatile, can be used across different drug classes and can solve problems within many indication areas, mainly within oncology. LIDDS offers the NanoZolid® technology to partners and has developed its own pipeline focused on oncology, where the technology enables delivery of a local and high drug dose, administered over time with very limited side effects. LIDDS has a broad pipeline with several projects in clinical development, both in early and late-stage clinical phase, and projects about to enter clinical development. The company is listed on Nasdaq First North Growth market.

CEO comment

I took over as CEO of LIDDS in September 2022. What attracted me to the company was, above all, the intratumoral NanoZolid® technology's possibilities to increase the dose exposure locally, "on target", and thereby maximize the effect, while at the same time reducing the systemic exposure and thereby the side effects. The already established collaboration with a major world-renowned pharmaceutical company was also a factor, and the fact that the longest-developed own pharmaceutical project, Liproca Depot, had shown good results in prostate cancer, was also a factor. Now, at the beginning of 2023, we have financed the company to give the licensing of Liproca Depot the chance the project deserves; we are also working on expanding collaborations with larger companies around NanoZolid®, and we plan to bring more of our own projects into the clinical phase, which may also find interest among larger companies.

LIDDS is active in a very interesting area of development, namely intratumoral depot injections, in perhaps the hottest area of drug development – oncology (cancer treatment). Virtually all cancer treatment is carried out with more or less toxic and therefore side-effect-heavy substances, which if given directly into the blood will preferentially expose healthy tissue to the drug and thus create unwanted effects of varying severity. This means that the dosage is not always optimized with regard to effect, as one must constantly balance the effect of the drug against the risk of side effects. The technology on which LIDDS bases its business – NanoZolid® – is a technology that enables cancer drugs to be given as an injectable depot directly into a tumor, instead of indirectly via the bloodstream. This allows you to expose the tumor to a higher and more effective dose while avoiding the side effects that otherwise result from a large part of the drug circulating freely in the blood and also affecting healthy tissue.

LIDDS works with a divided business model – the company develops its own drug candidates, but also helps other pharmaceutical companies develop medicines based on LIDDS NanoZolid® technology in combination with the partner's active pharmaceutical ingredients. At the moment, LIDDS is collaborating in this regard with the large and well-known pharmaceutical company Johnson & Johnson, and we aim to expand this business to include more stakeholders.

LIDDS's own drug candidates are developed in-house in the early stages in terms of pre-clinical and the initial clinical trials that are required. For later clinical stages and commercialization, the company is dependent on licensing agreements with pharmaceutical companies, agreements that typically generate an upfront payment, payments that occur at certain pre-defined milestones, and a percentage of future revenue. LIDDS' most advanced project, Liproca Depot against localized prostate cancer, will be the subject of active and professional business development in 2023 with the clear intention of finding a license partner during the year.

LIDDS has two more projects ready for the clinical Phase in 2023. Nanodotax, which uses a well-known cytostatic drug (docetaxel), will also be tested in localized prostate cancer in a Phase Ib study, and Nanoimod, which uses an immuno-oncology substance (agatolimod) will to be prepared for a Phase Ib study, which will include patients with malignant melanoma. The financing from the rights issue is estimated to be sufficient to complete the Nanodotax study. The Nanoimod study is also expected to be able to start during the year, however, on the condition that the company has secured the additional funding required for the completion of this study as well.

I am convinced that LIDDS technology has a future in the field of cancer. I am also convinced that a license deal based on the many years of development behind us, would not only provide the company with a large capital injection but would also confirm that the company is capable in terms of development and also in terms of the business development which is ultimately the prerequisite for long-term value creation and company building. I would like to thank everyone who, like myself, has participated in the completed rights issue. LIDDS shareholders have a decision in 2023 to look forward to; it is time to show the cards, and take the next step in the development of the company.

Anders Månsson, CEO

Overview of activities

LIDDS is a Swedish drug delivery company whose aim is to develop and commercialize the proprietary technology NanoZolid®. With NanoZolid®, LIDDS can formulate drugs for local administration, with a maintained and controlled release for up to six months. The technology is versatile, can be used across different drug classes and solve problems within many indication areas. LIDDS offers the NanoZolid® technology to partners and has a pipeline focused on the large oncology therapeutic area. LIDDS' leading project Liproca® Depot for treating prostate cancer is currently being prepared for a Phase III trial. The company also has two projects being prepared for Phase II and Phase I clinical trial, respectively.

Through a small, efficient and highly specialized organization, LIDDS will develop better and safer treatments with high value. This will be accomplished through continued development of the NanoZolid® technology and its IP protection, together with a strong and diversified portfolio of proprietary oncology products. The aim is to secure licensing deals for internally developed projects, no later than after Proof of Concept in humans, as well as for the technology. LIDDS can also seek R&D collaborations or joint ventures to utilize its technology and know-how. The vision is to offer the preferred solution for elegant and optimal drug delivery within oncology – thus enabling better health.

NanoZolid® improves efficacy and reduces toxic side-effects

NanoZolid® addresses some of the main challenges that conventional drugs face, such as systemic side effects and limited efficacy resulting in many patients have to terminate their treatment or that the treatment is not efficient. LIDDS' flexible technology is compatible with small to more complex molecules and has a comprehensive patent protection in all major markets until 2037. The NanoZolid®-formulated drug is delivered locally/intratumorally through an injection and forms a solid and safe depot that releases the active drug over a period of up to six months. The controlled release of drug compounds can be tailored to the specific needs of the patients, the disease, and/or the drugs being used, resulting in a more precise treatment with fewer side effects. LIDDS' clinical trials have shown lower systemic drug exposure and improved local drug efficacy when treating with NanoZolid®-formulated drugs.

LIDDS' portfolio is focused on oncology where the benefits of the technology are obvious and where the need for improved treatments is still high since the substances used causes severe side-effects

LIDDS is developing its portfolio within the oncology therapeutic area, where the benefits of the NanoZolid® technology are obvious: a local and high drug dose that is administered over time with very limited side effects. In total, LIDDS has three clinical-stage projects: Liproca® Depot, a NanoZolid® formulated nonsteroidal antiandrogen (2-hydroxyflutamide), which is being prepared for a clinical Phase III study in prostate cancer, Nanodotax, a NanoZolid® formulated cytotoxic drug (docetaxel), which is being prepared for a clinical Phase Ib trial in prostate cancer, and Nanoimod, a combination therapy which is being prepared for a clinical Phase Ib study targeting multiple cancer indications. In addition, the company continuously evaluates additional pre-clinical projects.

Large addressable markets with lower development costs and risks

The benefits of using the NanoZolid® drug delivery technology are numerous for both potential partners and LIDDS. When reformulating existing drugs, the time to market is shorter with lower development costs and risks. For potential partners, this is an excellent opportunity to extend the commercial life of already existing products and to improve patient outcomes by more efficacious and less toxic treatments. For LIDDS Oncology portfolio, the reduced risk and costs are also of importance since this therapeutic area on average historically has shown a lower chance to market[1] and trials usually are more costly[2].

The global market for pharmaceutical drug delivery was worth approximately USD 1.7 billion in 2021 and is expected to reach USD 2.2 billion by 2026[3], with an annual growth rate of close to 6 percent during the forecasted period. The global oncology market includes more than 19 million new cases every year, projected to reach 30 million cases in 2040 and a mortality of almost 10 million each year, reaching 16 million in 2040[4].

LIDDS' most advanced project, Liproca® Depot, has been developed to treat local prostate cancer. The prostate cancer drug market was valued at USD 6.9 billion in 2018 and is expected to grow to USD 9.9 billion in 2026, representing a yearly growth rate

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[1] Hay et al, Clinical development success rates for investigational drugs, Nature Biotechnology 2014 Jan; 32 (1):40-51

[2] Wouters et al, Estimated Research and Development Investment Needed to Bring a New Medicine to Market, 2009-2018, March 2020, JAMA The Journal of the American Medical Association 323(9):844.

[3] https://www.marketsandmarkets.com/Market-Reports/drug-delivery-technologies-market-1085.html

[4] https://www.statista.com/statistics/373946/global-spending-and-growth-in-oncology-market/

of 4.6 percent during the period[5]. The number of men diagnosed with prostate cancer is around 1.4 million every year, of which approximately 420,000 are diagnosed with a localized prostate cancer with low or intermediate risk of cancer progression[6] (Active Surveillance Patients). Liproca® Depot is developed as an alternative to Active Surveillance.

Validated approach

LIDDS has validated its NanoZolid® technology and partnering abilities by entering different partnering agreements. In 2021, LIDDS entered into an R&D agreement with Johnson & Johnson to develop an oncology product for an undisclosed indication with the option to reach an exclusive global product license agreement.

LIDDS has developed a strong oncology pipeline based on its drug delivery technology and continues to build its ability to translate discoveries into clinically and commercially viable drug delivery projects that brings real change to patients.

Drug	Indication	Preclinical	Phase Ib	Phase IIa	Phase IIb	Phase III
Liproca Depot (2-hydroxyflutamide)	Prostate Cancer					
Nanoimod (agatolimod)	Multiple Indications					
Nanodotax (docetaxel)	Multiple indications					
J&J Project (non-disclosed API)	Non-disclosed indications					
Other Assets (non-disclosed APIs)	Indications not decided on					

Liproca® Depot

Liproca® Depot is NanoZolid®-formulated 2- hydroxyflutamide (2-HOF) which is an anti-androgen drug that binds and blocks androgen receptors. The product has been investigated in over 100 patients in several clinical studies including three Phase II studies. Liproca® Depot has been shown to be well tolerated and safe with observed effects on tumor tissue, prostate volume and the prostate-specific antigen PSA. The product is currently being prepared for Phase III where LIDDS has received guidance from the European Medical Agency, EMA. LIDDS has previously considered a collaboration partnership in Phase III but is now aiming for a pure outlicensing to a company, which has the competence and financial resources to implement a full-blown clinical Phase III program, with a launch globally or in major markets. The ambition is to conclude such an agreement in 2023.

Nanodotax

Nanodotax is NanoZolid®-formulated docetaxel which is a commonly used chemotherapeutic drug that has been approved for several oncological conditions and on the market since 1996. The drug has shown to be safe and well tolerated in a phase I study where adverse events were shown to be mild and local. Furthermore, there was an observed effect on systemic immunological biomarkers indicating that the immune system was responding positively and specifically to the tumors. The plan is to further investigate the mechanism of action in a clinical Phase Ib study in prostate cancer patients.

Nanoimod

Nanoimod is the toll-like receptor 9 (TLR9) agonist agatolimod formulated in NanoZolid®. The project is in preclinical development and is being prepared for a Phase Ib clinical study in malign melanoma in addition to treatment with Checkpoint inhibitors.

J&J Collaboration

LIDDS is in a joint R&D feasibility project with Johnson & Johnson Enterprise Innovation Inc. The aim of the project is to investigate the suitability of the NanoZolid® technology in the formulation of drugs for local treatment in non-disclosed oncology indications. LIDDS is interested in formulation collaborations based on the NanoZolid® technology with larger companies. The aim is to offer these companies a technology license for specific oncology indication areas in exchange for future revenues from the developed pharmaceuticals.

5 https://www.marketdataforecast.com/market-reports/prostate-cancer-market Allied Market Research

6 Global data

Significant events during the reporting period

Successful completion of stage I in research co-operation

In January 2022 the company announced that step 1 in the research co-operation with J&J had successfully been completed and that the project had moved into the next phase. The aim with the R&D project is to develop an oncology product based on the NanoZolid® technology for a non-disclosed indication.

Financing agreement with Nice & Green

In February 2022 the company announced that a convertible note agreement had been signed with Nice & Green ("N&G"), a Swiss specialty investor with significant experience from the life science industry. According to the agreement, N&G has committed to subscribe for convertible notes with a total nominal value of up to 40.8 MSEK, in tranches of 10.2 MSEK each. Each tranche is subscribed for at nominal value. LIDDS has the option, but not the obligation, to use the agreed financing. The convertible notes have a maturity of twelve months, carries zero interest and can be converted to shares at a 7 percent discount in relation to the shares' market price at the time of N&G's conversion request. LIDDS has at the time of a conversion request the option to instead redeem the convertible notes in cash for a 3 percent fee of the nominal amount.

Max Mitteregger and Johan Lund new members of LIDDS' Board of Directors

In May 2022 the company announced that the Nomination committee proposed Max Mitteregger and Johan Lund as new member of LIDDS' Board of Directors and both were elected at the Annual General Meeting of shareholders on 1st June 2022. Max Mitteregger has many years of experience from the financial market, where he among other things has been the manager of the hedge fund Gladiator. In connection with the appointment to LIDDS' Board of Directors, Max Mitteregger acquired shares at a total value of 4.5 MSEK. This was done through a directed share issue of 750,000 shares at a subscription price of 6 SEK, which corresponded to LIDDS' share price at Nasdaq First North Growth Market at the time for a binding commitment to subscribe for the shares. Johan Lund has experience from senior roles in the global pharmaceutical industry, for example AstraZeneca, Pfizer and Biogen. Johan has an MD and a PhD from the Karolinska Institute. Johan's broad network within various major pharmaceutical companies as well as his scientific knowledge will be an important addition to the board for establishing new collaborations and driving the company pipeline forward.

Anders Månsson appointed CEO of LIDDS

I July 2022 it was announced that Anders Månsson succeeds Nina Herne as CEO of LIDDS on 1 September 2022. Anders has broad experience from leading roles both in the biotech sector and in larger multinational pharmaceutical companies in an international setting over 25 years. His substantial experience in business development will be important for LIDDS in driving the value of current and future collaborations. He also has experience from sales & marketing; and has board-level and executive appointments in biotech and investment companies. Most recently Anders was the CEO of RhoVac AB.

The board decided on a rights issue

In December 2022, the board decided on a rights issue of approximately SEK 48.6 million before deductions of issue costs. The decision was conditional on the approval of an extraordinary general meeting. The rights issue was secured to approximately 96 percent through underwriting commitments and issue guarantors. The rights issue finances preparations for two clinical Phase Ib studies and implementation of one of the studies, an intensified work with the out-licensing of Liproca® Depot and others business development, as well as repayment of a bridge loan from Erik Penser Bank.

Significant events after the reporting period

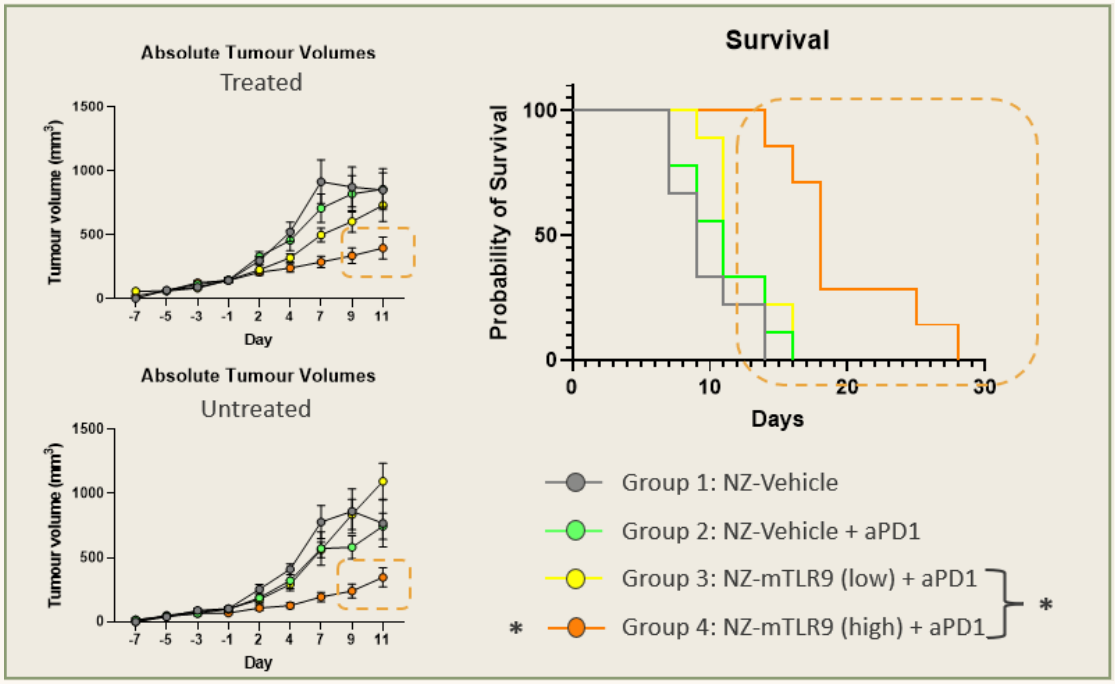
Outcome of the rights issue

In February 2023, the outcome of the rights issue was announced, which was approved by the extraordinary general meeting on January 9, 2023. The subscription summary showed that 25,253,268 shares, corresponding to approximately 72.7 percent of the rights issue, were subscribed for with or without the support of subscription rights, of which 20,688,813 shares, corresponding to approximately 59.6 percent of the rights issue was subscribed with the support of subscription rights and 4,564,455 shares, corresponding to approximately 13.1 percent of the rights issue, were subscribed without the support of subscription rights. The bottom guarantors were allocated approximately 8.6 percent of the rights issue, and the top guarantor approximately 14.4 percent. In total, approximately 95.7 percent of the rights issue was subscribed, and the company received approximately SEK 46.5 million before issue costs.

Other events

- In February 2022 the company announced the next step in the NanoZolid®-formulated docetaxel (nanodotax) development, which will be a shorter clinical study to understand the immunological effects observed in the clinical Phase I study NZ-DTX-001. The study will be performed by the company taking over the sponsorship of the previously approved investigator-initiated study on prostate cancer patients.
- In March 2022 the company held a Capital Markets Day focusing on company vision and product portfolio.

- In June 2022, LIDDS was approved a patent for the manufacturing process of NanoZolid® in Japan and South Korea.
- The company's CEO and CSO participated in BIO International Convention 2022, San Diego, USA in June 2022.
- In July 2022, LIDDS was approved a patent for the manufacturing process of NanoZolid® in Israel.
- The company's CEO and CSO participated in Nordic Life Science Days in Malmö in September 2022.
- The CBDO of LIDDS participated in Bio Europe in Leipzig in October 2022.
- LIDDS' CSO attended PODD, Partnerships in Drug Delivery, which was arranged in Boston USA in October 2022.
- In 2022, a preclinical study (murine CT26 xenograph model) was conducted with Nanoimod, a NanoZolid® formulation of agatolimod, with very good results. The study showed on a very clear abscopal effect, ie. that you get a tangible effect, mediated via the body's own immune system, even in untreated tumors. This therefore gives good hope of being able to treat even disseminated cancer with a *local* intratumoral depot and have an effect on several tumors without the drug itself being given systemically. The results of the investigations showed a tangible and statistically assured improved effect, both regarding tumor volume and survival, when using high-dose Nanoimod compared to treatment with PD-1 inhibitors alone.



Financial information

Net sales and result for the fourth quarter 2022

In the fourth quarter of 2022, the company's net sales amounted to -0.1 (2.4) MSEK relating to income from the sale of research and development services under the cooperation agreement with J&J. The negative outcome regarding the fourth quarter of 2022 is explained by accrual accounting related to the collaboration agreement with J&J. The operating result for the fourth quarter of 2022 amounted to -8.9 (-8.9) MSEK. The reduced costs are explained by the fact that in 2021 the company had higher costs for manufacturing experimental drugs. In 2022, the company had increased personnel costs as a result of more employees in 2022.

Net sales and result for 2022

In 2022 net sales amounted to 1.9 (3.6) MSEK relating to income from the sale of research and development services under the collaboration agreement with J&J. The operating result for 2022 amounted to -36.6 (-37.3) MSEK. The costs are overall at the same level as in 2021, but in 2022 the costs for personnel and consultants are higher and costs for manufacturing of clinical trial material lower.

Cash flow and investments

Cash flow from the operating activities in 2022 amounted to -35.6 (-42.6) MSEK. As part of the cash flow from the operating activities change in operating capital amounted to 0.8 (-5.8) MSEK.

LIDDS cash flow from investment activities in 2022 consist of investments in development work regarding the technology platform NanoZolid®, ongoing patent applications and manufacturing equipment, please refer to the table below.

KSEK	1 October - 31 december 2022	1 October - 31 December 2021	1 January - 31 December 2022	1 January - 31 December 2021
Technology	37	129	500	1 436
Patents	24	120	259	519
Property, plant and equipment	0	76	52	736
Total investments	**61**	**325**	**810**	**2 691**

The cash flow from the financing activities for 2022 amounted to 7.7 (43.0) MSEK.

Total change in cash and cash equivalents in 2022 amounted to -28.7 (-2.1) MSEK. The company's cash and cash equivalents amounted to 5.3 (34.0) MSEK on 31 December 2022.

Financial position

On 31 December 2022 the equity asset ratio was 55 percent (87) and equity 14.4 (55.6) MSEK.

At the end of 2022, the company's working capital was not sufficient, and in January and February 2023 the company has carried out a rights issue with preferential rights for the company's shareholders. The issue was subscribed to approximately 95.7 percent and the company received SEK 46.5 million before issue costs. The issue costs amount to approximately 8.8 MSEK, which means that the company received a net contribution of approximately 37.7 MSEK. The issue proceeds are used in part to fully amortize the bridge loan that the company received from Erik Penser Bank. The issue further means that the company has funding to complete the preparations for two clinical studies and carry out one of them, as well as to work focused on business development with the goal of out-licensing Liproca Depot and/or more projects. If the company does not manage to complete a license deal in the coming year, the company must seek other external financing. If this cannot be obtained, the company needs to reduce its research and development activities, and this may also pose a risk to the company's survival.

Auxiliary information

LIDDS' share

LIDDS' share is listed on Nasdaq First North Growth Market in Stockholm since 2014 with ticker LIDDS and ISIN code SE0001958612. The number of shares as of 1 October 2022 was 34,739,791 (33,989,791). The average number of shares in the fourth quarter 2022 was 34,739,791 (33,989,791) and in 2022 34,396,041 (32,012,323).

The company's largest shareholders at the end of 2022 is shown in the table below.

Shareholders	Number of shares	Share of capital and votes (%)
Avanza Pension, Stockholm	2 904 854	8,4
Daniel Lifveredson, incl shares owned through companies	2 640 929	7,6
Wikow Invest AB	2 365 693	6,8
Swedbank Försäkring	1 816 813	5,2
Bengt Sporre	1 126 880	3,2
Nordnet Pensionsförsäkring AB	755 629	2,2
Gunvald Berger	750 000	2,2
Max Mitteregger, incl shares owned through companies	741 305	2,1
BWG Invest	631 000	1,8
SEB Life International	528 552	1,5
Martin Hansson	404 075	1,2
Other	20 074 061	57,8
Total	**34 739 791**	**100,0**

In January and February 2023, LIDDS carried out a rights issue with preferential rights for the company's shareholders. The issue was subscribed to approximately 95.7 percent and after the issue the number of shares amounts to 67,974,521.

LIDDS resolved in 2021 to set up an incentive program for senior executives. In total, 146,000 out of 250,000 warrants were subscribed for by the CEO and key employees in the company. The remaining warrants were kept by the company to be offered for subscription by key employees in connection with recruitment.

Personnel and organization

LIDDS has an experienced organization of individuals with high competence within their respective areas of responsibility. In 2021 and 2022 the company management underwent a change. The CEO Anders Månsson started in September 2022 and is employed by the company. The CEO has a performance-based bonus to develop the company's projects and organization as well as reaching operational and financial targets. By the end of 2022, the number of employees was seven. In addition, a close and long-term co-operation has been established with consultants within areas such as intellectual property rights, preclinical and clinical development, technology development, manufacturing, analysis services and IT and finance.

Annual Genereal Meeting

The Annual General Meeting of Shareholders is held 29 May at 14.00 CET in Uppsala in connection to the company's facilities on Virdings allé 32b in Uppsala. The annual report for 2022 will be available at LIDDS' office, Virdings allé 32b, 754 50 Uppsala and on the company website www.liddspharma.com on 25 April 2022.

Dividend proposal

The Board of Directors does not propose a dividend for 2022.

Financial calendar

Annual Report	25 April 2023
Interim Report January – March 2023	29 May 2023
Annual General Meeting 2023	29 May 2023
Interim Report January – June 2023	30 August 2023
Interim Report January – September 2023	17 November 2023
Year-end report 2023	22 February 2024

Transactions with related parties

The company has not had any transactions with related parties in 2022 other than decided fees and remuneration for the board and management.

Significant risks and uncertainties

Apart from general uncertainties related to research and development activities, including delayed initiation and execution of clinical studies and financing and capital raises for the business, there are no known tendencies, uncertainties, potential liabilities and obligations, commitments or events that can be expected to have a significant impact on the company's future prospects.

Parent company

The operations in the parent company correspond the operations in the group and the comments for the group are therefore also applicable for the parent company.

Review by auditor

This report has not been reviewed by the company's auditor.

Assurance by the Board of Directors

The Board of Directors and the CEO affirm that this interim report provides a fair view of the operations, financial position and results for the parent company and the group and describes the significant risks and uncertainties that the company and the companies in the group are exposed to.

Uppsala 13 March 2022

LIDDS AB (publ) Board of Directors

Jan Törnell Chairman	David Bejker	Maria Forss
Daniel Lifveredson	Johan Lund	Max Mitteregger
Anders Månsson CEO		

Consolidated statement of comprehensive income

KSEK	Note	1 October - 31 december 2022	1 October - 31 December 2021	1 January - 31 December 2022	1 January - 31 December 2021
Operating income					
Net sales	2	-110	2 369	1 888	3 554
Other operating income		0	0	2	0
Total		**-110**	**2 369**	**1 890**	**3 554**
Operating expenses					
External operating expenses		-4 851	-7 885	-22 709	-30 064
Personnel costs		-3 787	-3 170	-15 315	-10 296
Depreciation and impairment of fixed assets		-124	-231	-484	-464
Total		**-8 762**	**-11 286**	**-38 507**	**-40 823**
Operating result		**-8 873**	**-8 917**	**-36 617**	**-37 269**
Financial income		19	0	19	0
Financial expenses		-259	0	-262	0
Total		**-240**	**0**	**-243**	**0**
Result after financial items		**-9 112**	**-8 917**	**-36 860**	**-37 270**
Result before tax		**-9 112**	**-8 917**	**-36 860**	**-37 270**
Result for the period		**-9 112**	**-8 917**	**-36 860**	**-37 270**

In the group there are no items that are accounted for in other comprehensive income and total comprehensive income and therefore correspond to the result for the period. Result for the period and total comprehensive income are in their entirety attributable to the parent company shareholders.

Earnings per share based on earnings attributable to Parent company shareholders for the year (SEK per share)	Note	1 October - 31 december 2022	1 October - 31 December 2021	1 January - 31 December 2022	1 January - 31 December 2021
Earnings per share before/ after dilution, SEK	3	-0,26	-0,26	-1,07	-1,16

Consolidated balance sheet

KSEK	Note	31 December 2022	31 December 2021
ASSETS			
Fixed assets			
Intangible assets	4		
Capitalized development expenditure		15 073	14 574
Patents		1 787	1 677
Total		**16 861**	**16 250**
Tangible assets			
Property, plan and equipment		1 030	1 314
Total		**1 030**	**1 314**
Total non-current assets		**17 891**	**17 564**
Current assets			
Current receivables			
Trade receivables		1 002	2 053
Receivables at suppliers		8	400
Other current receivables		950	915
		0	0
Prepaid expenses and accrued income		812	643
Total		**2 771**	**4 011**
Cash and cash equivalents		5 258	34 003
Total current assets		**8 029**	**38 014**
TOTAL ASSETS		**25 920**	**55 579**
EQUITY AND LIABILITIES			
Equity			
Share capital		1 841	1 801
Additional paid-in capital		329 458	325 801
Retained earnings (including loss for the period)		-315 950	-279 090
Total equity attributable to Parent Company shareholders		**15 349**	**48 512**
Current liabilibies			
Other liabilities to credit instutions		3 994	0
Advance payments from customers		0	0
Trade payables		1 584	2 211
Other current liabilities		463	341
Accrued expenses and deferred income		4 531	4 515
Total		**10 571**	**7 066**
TOTAL EQUITY AND LIABILITIES		**25 920**	**55 579**

Consolidated statement of changes in equity

KSEK	Attributable to the Parent Company shareholders			
	Share capital	Other contributed capital	Retained earnings, incl compr income for the period	Total equity
Opening balance 1 January, 2022	**1 801**	**325 801**	**-279 090**	**48 512**
Comprehensive income for the period			-36 860	-36 860
Total comprehensive income for the period	**0**	**0**	**-36 860**	**-36 860**
Transactions with shareholders				
Share issue	**40**	**4 460**	**0**	**4 500**
Issue costs	0	-803	0	-803
Total transactions with shareholders	**40**	**3 657**	**0**	**3 697**
Closing balance 31 December, 2022	**1 841**	**329 458**	**-315 950**	**15 349**

KSEK	Attributable to the Parent Company shareholders			
	Share capital	Other contributed capital	Retained earnings, incl compr income for the period	Total equity
Opening balance 1 January, 2021	**1 573**	**283 056**	**-241 820**	**42 808**
Comprehensive income for the period			-37 270	-37 270
Total comprehensive income for the period	**0**	**0**	**-37 270**	**-37 270**
Transactions with shareholders				
Share issue	**229**	**44 771**	**0**	**45 000**
Issue costs	0	-2 196	0	-2 196
		170		170
Total transactions with shareholders	**229**	**42 745**	**0**	**42 974**
Closing balance 31 December, 2021	**1 801**	**325 801**	**-279 090**	**48 512**

Consolidated statement of cash flow

KSEK	1 October - 31 december 2022	1 October - 31 December 2021	1 January - 31 December 2022	1 January - 31 December 2021
Operating activities				
Operating profit/loss before financial items	-8 873	-8 917	-36 617	-37 269
Interest received	19	0	19	0
Interest paid	-225	0	-228	0
Adjustments for non-cash items				
Depreciation and Impairment of intangible and tangible assets	124	231	484	464
	-34	0	-34	0
Cash flow from operating activities before changes in working capital	**-8 988**	**-8 686**	**-36 376**	**-36 806**
Cash flow from changes in working capital				
Change in operating receivables	489	-1 871	1 239	-1 506
Change in operating liabilities	-1 684	635	-456	-4 330
Cash flow from operating activities	**-10 183**	**-9 922**	**-35 592**	**-42 641**
Investing activities				
Acquisition of intangible assets	-61	-249	-759	-1 666
Acquisition of tangible assets	0	-76	-52	-736
Cash flow from investing activities	**-61**	**-325**	**-810**	**-2 401**
Financing activities				
Share issue	0	0	4 500	45 000
Issuance costs	-706	0	-803	-2 196
Subscription warrants	0	0	0	169
Net borrowings	3 960	0	6 620	0
Payment convertible loan	-2 660	0	-2 660	0
Cash flow from financing activities	**594**	**0**	**7 657**	**42 973**
Net cash flow for the period	**-9 650**	**-10 247**	**-28 745**	**-2 069**
Cash and cash equivalents at the beginning of the period	14 908	44 250	34 003	36 073
Cash and cash equivalents at the end of the period	**5 258**	**34 003**	**5 258**	**34 003**

Income statement Parent company

KSEK	Note	1 October - 31 December 2022	1 October - 31 December 2021	1 January - 31 December 2022	1 January - 31 December 2021
Operating income					
Net sales	2	-110	2 369	1 888	3 554
Other operating income		0	0	2	0
Total		**-110**	**2 369**	**1 890**	**3 554**
Operating expenses					
Other operating expenses		-4 833	-7 870	-22 685	-30 043
Personnel costs		-3 787	-3 170	-15 315	-10 296
Depreciation and impairment of fixed assets		-124	-231	-484	-464
Total		**-8 744**	**-11 271**	**-38 484**	**-40 802**
Operating result		**-8 855**	**-8 902**	**-36 593**	**-37 248**
Write-down shares in subsidiary		-24	-21	-24	-21
Financial income		19	0	19	0
Financial expenses		-259	0	-262	0
Net financial items		**-264**	**-21**	**-267**	**-21**
Result after financial items		**-9 118**	**-8 923**	**-36 860**	**-37 270**
Result before tax		**-9 118**	**-8 923**	**-36 860**	**-37 270**
Result for the period		**-9 118**	**-8 923**	**-36 860**	**-37 270**

In the parent company there are no items accounted for in other comprehensive income and total comprehensive income correspond to the result for the period

Balance sheet Parent company

KSEK	Not	31 December 2022	31 December 2021
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development expenditure		15 073	14 574
Patents		1 787	1 677
Total		**16 861**	**16 250**
Tangible assets			
Property, plan and equipment		1 030	1 314
Total		**1 030**	**1 314**
Financial assets			
Interests in group companies		50	50
Total		**50**	**50**
Total fixed assets		**17 941**	**17 614**
Current assets			
Current receivalbes			
Trade receivables		1 002	2 053
Receivables at suppliers		8	400
Other current receivables		950	915
Accumulataed not invoiced revenue		0	0
Prepaid expenses and accrued income		812	643
Total		**2 771**	**4 011**
Cash and cash equivalents		5 224	33 968
Total current assets		**7 995**	**37 979**
TOTAL ASSETS		**25 936**	**55 593**

Balance sheet Parent company

KSEK	Not	31 December 2022	31 December 2021
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		1 841	1 801
Statutory reserve		15 223	15 223
Fund for development expenditure		15 073	14 574
Total		**32 138**	**31 599**
Unrestricted equity			
Share premium reserve		298 161	295 004
Retained earnings (including result for the period)		-314 951	-278 091
Total		**-16 790**	**16 913**
Total equity		**15 348**	**48 511**
Current liabilibies			
Other liabilities to credit instutions		3 994	0
Förskott från kunder		0	0
Trade payables		1 584	2 211
Other liabilities		498	371
Accrued expenses		4 513	4 500
Total		**10 588**	**7 082**
TOTAL EQUITY AND LIABILITIES		**25 936**	**55 593**

Notes to the group and parent company accounts

Note 1 Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. For the parent company, the interim report has been prepared in accordance with the Annual Accounts Act. All amounts in this report are in thousands of Swedish kronor (KSEK), unless stated otherwise.

The same accounting principles are applied in this interim report as in the annual report 2021 with the addition below. The interim report should be read together with these. Changed and new standards and interpretations from IASB and IFRS Interpretations Committee that have come into force and are applicable for the financial year 2022 have not had an impact on the group's financial reporting. Nor has changes in RFR2 that have come into force and are applicable from 1 January 2022 had any significant effect on the parent company's financial reports.

Net sales

For LIDDS customer agreement at fixed price the income is based on how large share of the total agreed services to be provided has been delivered. The share of the service that has been delivered is calculated based on actual costs compared to total expected costs to perform the assignment. Estimates for income, costs or the degree of completion of the project is revised if circumstances are changed. An increase or decrease in estimated income or costs that are dependent on a changed assessment, is accounted for in the period the circumstances were known to management. In a fixed price agreement, the transaction price is paid at agreed points in time. If the services delivered exceeds the payment an asset is accounted for as contractual asset and if payments exceed the delivered services a liability is accounted for as contractual liability. Contractual liabilities are accounted for under Advance payments from customers in the balance sheet.

Not 2 Net sales

Group and Parent company, KSEK	1 October - 31 december 2022	1 October - 31 December 2021	1 January - 31 December 2022	1 January - 31 December 2021
Income from external customers				
Research and development services	-110	2 369	1 888	3 554
Licens revenues	0	0	0	0
Total	**-110**	**2 369**	**1 888**	**3 554**

Not 3 Earnings per share

Earnings per share is calculated by dividing the result for the period with a weighted average number of outstanding shares during the period. LIDDS has, and has had outstanding warrants, which could cause dilution. Earnings per share has not been recalculated taking dilution from outstanding warrants into account since the result has been negative and a recalculation would mean an improved earnings per share.

Group and Parent company, KSEK	1 October - 31 december 2022	1 October - 31 December 2021	1 January - 31 December 2022	1 January - 31 December 2021
Result attributable to Parent Company shareholders, KSEK	-9 112	-8 917	-36 860	-37 270
Total	**-9 112**	**-8 917**	**-36 860**	**-37 270**
Weighted average number of shares outstanding, thousands	**34 740**	**33 990**	**34 396**	**32 012**
Group Earnings per share, SEK	**-0,26**	**-0,26**	**-1,07**	**-1,16**

Not 4 Intangible assets

KSEK	Patents	Other intangible assets	Total
Financial year 2021			
January 1, 2021 opening balance assets	1 381	13 283	14 664
This year's acquisitions	519	1 291	1 810
Depreciation for the year	-105	0	-105
Write-downs for the year	-119	0	-119
Closing carrying amount 31 December, 2021	**1 677**	**14 574**	**16 250**
Financial year 2022			
January 1, 2022 opening balance assets	1 677	14 574	16 250
This year's acquisitions	259	500	759
Divestments and scraps	0	0	0
Depreciation for the year	-148	0	-148
Write-downs for the year	0	0	0
Closing carrying amount 31 December, 2022	**1 787**	**15 073**	**16 861**

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Corporate registration number: 556580–2856