

Ziccum AB (publ)
Interim report
Q2 2022
1 Jan – 30 June 2022

ZICCUM

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INTERIM REPORT 1 JANUARY - 30 JUNE 2022

Q2 2022

- ▶ The result for the quarter amounted to -7 882 kSEK (-5 228 kSEK)
- ▶ Cash flow for the quarter amounted to -7 587 kSEK (-3 096 kSEK)
- ▶ Cash and cash equivalents at the end of the quarter amounted to 36 647 kSEK (25 706 kSEK)

Summary Financial Highlights kSEK	April-June 2022	April-June 2021	Jan-June 2022	Jan-June 2021	Jan-Dec 2021
Net revenue	0	0	0	0	0
Operating result	-7,873	-5,212	-14,213	-9,598	-21,117
Result	-7,882	-5,228	-14,167	-9,643	-21,136
Balance sheet total	51,100	33,647	51,100	33,647	39,591
Cash flow	-7,587	-3,096	24,374	-7,914	-21,347
Cash and cash equivalents	36,647	25,706	36,647	25,706	12,273
Equity ratio %	86%	87%	86%	87%	75%

Data per share SEK

Number of shares at the end of the period	13,806,142	9,806,200	13,806,142	9,806,200	11,006,056
Result per share before and after dilution*	-0.57	-0.55	-1.03	-1.01	-2.17
Cash flow per share	-0.55	-0.32	1.85	-0.82	-2.19
Equity per share	3.17	2.97	3.17	2.97	2.70

* Dilution effects is not calculated when the result is negative

Significant events during Q2 (April-June)

- ▶ Ziccum AB has significantly expanded its lab facilities and capabilities, particularly in the area of mRNA/LNP. Strategic investments include a new cell lab and a system for manufacturing and evaluating dry formulations of mRNA/LNP materials. On June 22, the company informed that the installation of the new cell lab was completed, enabling in-house in vitro research.
- ▶ On June 3, it was announced that Ziccum has extended an ongoing pilot evaluation study agreement with a leading pharmaceutical corporation following the completion of the latest stage of the project.
- ▶ On May 9 Ann Gidner took office as new CEO. Ann has 25+ years of experience from Life Science management internationally, with a significant track record in strategic development, focused leadership, deal making and sales growth. Generating steep growth in leading, international Pharma CDMO corporations took her to senior global positions in the US and Germany. She has also been leading internationalization of mid-sized Life Science companies in Sweden and Germany, as well as building up Pharma technology licencing internationally. Recent years have given experience from CEO and Board positions in listed Swedish Life Science start-ups.
- ▶ Ziccum has been elected onto the Technical Activities Committee of the US National Institute for Innovation in Manufacturing Biopharmaceuticals (NIIMBL). NIIMBL, co-funded by the US Department of Commerce, funds and initiates a wide range of public-private research projects throughout the US.
- ▶ On May 6, the Board of Ziccum published the decision to officially change the company's language to English for all external communications.

- ▶ The current LAPA system is the fourth generation in development. On April 27, Ziccum informed about the selected key targeted technology developments of the LaminarPace system - some underway, and some recently completed:

1. New powder collector - Ziccum has now installed a new sealed, contained collection unit that enables the inhouse study of a wider range of test substances. The new unit increases safety, reduces humidity and enables quicker, more efficient collection of drier formulations.

2. New nitrogen usage - Ziccum has now introduced Nitrogen gas (N₂) into the drying column to replace air. N₂ is a highly efficient remover of moisture. The first nitrogen-based generation of LAPA is installed and has performed well in tests.

3. New nebulizer - The LAPA system's nebulizer feature is a key component in optimizing the system's capacity, reproducibility and reliability.

4. New membrane - Intensive work is currently underway in optimizing the membrane for future GMP compatibility – examining its porosity, mounting and materials for industrial setting.

- ▶ On April 25, a strategic sharpening was announced informing the market that Ziccum is now targeting three key vaccine platforms in its research and development work through 2022 and 2023 – driven by input from external collaborations and new internal technology capabilities.

1. Viral vector platform using Adenovirus - Four major Covid-19 vaccines already use adenovirus vaccine vectors as a platform. The platform enables efficient gene transduction and research is ongoing in a wide range of indications. Ziccum has worked extensively with adenovirus and submitted a patent application in January 2019 for a temperature-stable, dry formulation of Adenovirus.

2. Subunit vaccine (adjuvanted) platform - This platform is also being used in major Covid-19 vaccine candidates. Instead of using the whole pathogen, protein-based adjuvant vaccines use a defined protein antigen from the pathogen which can be recognized by the body's immune system to provoke an immune response. Protein-based vaccines have been successfully developed over recent decades to treat diseases from diphtheria to tetanus.

3. mRNA/LNP vaccine platform - Generating data on dry-formulated mRNA/LNP materials is a key strategic priority for Ziccum. Covid-19 has highlighted the efficacy of mRNA/LNP as a vaccine platform enormously.

- ▶ During the second quarter CEO Ann Gidner has bought 15,000 shares in Ziccum. In addition, the Board members Andreas Pettersson Rohman also bought 39,333 shares and Fredrik Sjövall 10,000 shares in the Company.

Significant events during Q1 (Jan-March)

- ▶ At the Extraordinary General Meeting held on January 18, in addition to approving the Board's proposal, it was decided to increase the limit on the number of shares and the size of the share capital in the Articles of Association, to enable the issue of the remaining 933 362 units in the private placement.
- ▶ On January 18, an additional 2 800 086 shares and 1 866 724 warrants were registered, and all shares and warrants in the private placement are thus registered.
- ▶ The last payments from the directed share issue were received by the company in January and February 2022, a total of 40 mSEK was added to the company after deduction of issue costs.
- ▶ Ziccum announced on February 7 that it has become a member of the United Nations Global Compact, the world's largest corporate sustainability initiative.
- ▶ On February 22, it was announced that Göran Conradson was terminated from his position as CEO. The company's CFO, Frida Hjelmberg, will be acting CEO for the time being.
- ▶ On March 3, the Board released an update on strategy, goals and priorities. The company's strategy for entering into commercial agreements with industrial players has been and is clearly defined. It is based on four key priority activities:
 1. Drive an active business development agenda that proactively prepares for collaboration with existing and potential partners. This is partly to offer the opportunity to evaluate specific projects in combination with Ziccum's technology, and partly to understand the requirements placed on the technology before a decision on a license agreement can be made.
 2. Generate laboratory data that manifests and confirms the technology's capacity to dry different types of vaccines, so-called proof of concept.
 3. Develop the company's technology to adapt its functionality, capacity and quality to the licensees' required specifications.
 4. Develop conceptual plans for how Ziccum's drying technology can be adapted to the commercial scale and integrated into a commercial production environment.

With a new CEO, the Board's goal is to increase the pace of, above all, business development work – with the goal of entering into more industrial collaborations in order to evaluate LaminarPace and advance our existing collaborations into negotiations on commercial terms and license agreements.

- ▶ On March 28, it was announced that Ann Gidner is appointed as new CEO for Ziccum, she takes office on May 9.

Significant events after the reporting period

- ▶ On July 19, Ziccum published the selected partner for the development of its crucial new nebulizer component for the LaminarPace system. The chosen partner TEKCELEO is an innovative mechatronic manufacturer with advanced knowledge of nebulizers. The component is central to the advanced drying capabilities and scaleup of Ziccum's LaminarPace system.
- ▶ On July 21, it was announced that Ziccum together with the Zurich University of Applied Sciences (ZHAW) are applying for funding from the Eurostars funding body for a joint project that will develop the 3D modelling stage of LaminarPace. The project aims to strengthen, support and accelerate the development of LaminarPace – offering high-value insights into its unique particle properties, and accelerating and optimizing industrialization.
- ▶ On August 2, Ziccum informed about a reorganisation aiming to facilitate and accelerate its new strategic focus on key projects and vaccine platforms. As part of the reorganization, Senior Formulation Specialist Fabrice Rose was appointed Scientific Director. The reorganization was implemented on August 1, 2022.

CEO statement

From vision to action

It has been a true pleasure to join Ziccum at this intense stage of business-oriented action and help setting a sharper focus for the critical development needs and industrial partnering. The company has a very competent and dedicated team, and with a more precise focus we are taking great strides forward, both in the actual experimental work and in our partnering dialogues, creating value.



During the quarter a key strategic focus on three high potential vaccine platforms was defined. Ziccum is now prioritizing three key, high-potential vaccine platforms: adenovirus vaccine vectors, adjuvanted vaccines and mRNA vaccines using LNP delivery. All three platforms are used in major Covid-19 vaccines, and subject to intense development efforts in the pharmaceutical industry.

We also streamlined the project portfolio to three high-value ongoing feasibility studies corresponding to these platforms. Two are joint with leading pharma corporations, and one with an internationally leading vaccine research institute. I was delighted to help take these dialogues forward and to introduce new significant industry players to Ziccum. We were able to finish an important feasibility study and ship the pilot evaluation material to our key pharma collaborator, to now await the analysis and feedback.

Starting in this report we give a portfolio overview, to help the understanding of the overall status of our external projects. For these projects however, collaborating with pharmaceutical corporations, one needs to respect the decision-making of the counterpart and the demand for perfect confidentiality; in pharmaceutical development, every relevant project is subject to strict secrecy due to the large business potential. Hence, one must be very careful making public predictions or disclose any details.

Internally, we had a great range of technical improvements and installations made, including powder collection equipment and nitrogen gas usage, and we were most pleased to have the fourth generation LaminarPace units installed during the quarter. We also had the new cell lab installation nicely completed. Important decisions were taken regarding the development strategy, which resulted in selection of a new nebulizer partner, Tekceleo, which we expect to give a very efficient development project like communicated. We also took an important decision to partner with the ZHAW Institute in Zurich, Switzerland to consider LaminarPace 3D modelling and jointly apply for a Eurostars grant.

The sharpened company focus and elimination of non-strategic activities provide better clarity for our hard-working team, which boosted energy and efforts. We also had the pleasure of moving into new office and lab facilities, creating a good setting for the work ahead.

All in all, we had a very intense quarter. I want to thank Frida Hjelmberg for her good contributions as interim CEO, and I am most grateful for the efforts by Chairman Fredrik Sjövall, initiating the new company focus and enabling a smooth CEO transition. We jointly want to thank our collaborators, partners and owners for excellent interaction and support.

Lund, August 23, 2022

Ann Gidner, CEO

Expected future development

The company's overall objective is to enter into one or more license agreements to industrialize and commercialize the technology in collaboration with one or more major pharmaceutical companies.

The path to licensing agreements goes through evaluation agreements where LaminarPace functionality and capacity are evaluated together with a partner. If successful, the ambition is to continue to a negotiation regarding a license agreement. Primarily for a specific project or vaccine.

A prerequisite for being a relevant and attractive licensing partner is to be able to describe what an industrial version of LaminarPace can look like, and make it probable that the technology is suitable for upscaling and GMP production. Therefore, Ziccum conducts its own development projects where important components in LaminarPace are developed and adapted to industrial requirements.

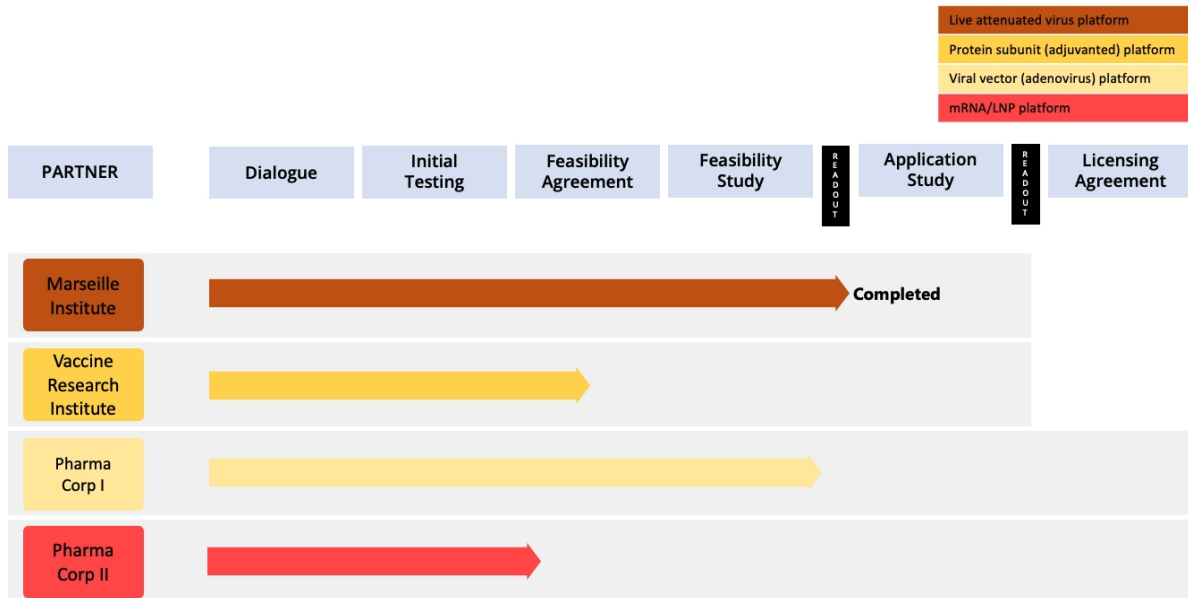
A third priority area is applications for external and non-dilutive funding for further development of the technology. Ziccum actively monitors announcements that suit the Company's area of operation and technical phase.

Project Portfolio overview

The Ziccum pipeline of external projects is depicted in a portfolio overview. This gives a general representation of the key steps towards the desired commercialization by entering into license agreements, licensing the LaminarPace technology for specific applications, and the current status of each project. The actual progress in a specific project may proceed via alternative or additional steps, and the timeline varies greatly depending on the resulting read-outs and the counterpart preferences.

Pharmaceutical development in general is subject to very strict confidentiality, and certain collaborations are given without partner name publication, until name disclosure is possible.

The company also pursues earlier dialogues with other counterparts in on-going business development efforts.



Project portfolio overview as of 30 June, 2022

Ziccum in brief

Ziccum's patented technology LaminarPace gently dries liquid vaccine into a thermostable powder vaccine. Before the vaccine is administered, the vaccine powder is mixed with liquid and can then be injected in exactly the same way as a liquid solution vaccine.

The LaminarPace technology is gentle, drying takes place at room temperature, resulting in powder vaccines becoming thermostable. This means that the vaccine can be transported and stored at room temperature, unlike today's vaccines that require costly, complex logistics with an unbroken cold chain.

Vision

Ziccum's vision is to increase vaccination coverage worldwide. This can be made possible by minimizing dependence on expensive, impractical, and energy-intensive refrigerated and frozen transport systems and storage.

Business model

Ziccum's business model is to offer licenses and tech transfers to vaccine companies based on Ziccum's patent portfolio.

History

LaminarPace was developed by Inhalation Sciences Sweden AB (publ) to generate small amounts of micronized material for aerosolization. However, the many additional high-potential areas the technology could be applied to soon became apparent, and for that reason, Inhalation Sciences carried out a spin-out of LaminarPace into a subsidiary, Ziccum AB, which since mid-2017 has been developing and commercializing the technology on its own.

Ziccum's shares were listed on Spotlight Stock Market on October 25, 2018.

On December 1 2020, Ziccum moved to Nasdaq First North Growth Market.

Market

Ziccum's primary target is manufacturing of vaccines where the need for new methods for producing dry preparations is greatest. Ziccum addresses the possibility of developing dry preparations (powders) which are reconstituted at the administration stage, i.e. dissolved with sterile liquid. Thus, the advantages of a liquid dosage form are maintained without being forced to maintain a complicated and costly cold chain from factory to patient.

The vaccine market has very strong growth driven by COVID-19. But even apart from the COVID-19 vaccine, the WHO predicts growth for almost all vaccines. In 2019, the global vaccine market was worth 33 billion USD, divided into 5.5 billion doses, excluding military and travel vaccines (WHO Global vaccine market report 2020).

Global vaccine production for 2021 is forecast at about 20 billion doses. Future growth largely depends on how COVID-19 develops in terms of re-vaccinations and mutations.

Technical description

The basic principle of LaminarPace is a column that separates the ingoing liquid that contains the active component from a countercurrent nitrogen flow that slowly and gently causes evaporation. The result is a micronized powder. The drying cycle is a so called semi-continuous process. The system not only retains all the properties of sensitive active substances, but also allows great possibilities to control certain properties of the particles, e.g. particle size that is crucial for creating an inhalable material.

The powder produced during the process is normally very easy to dissolve, which enables flexible application possibilities, e.g. vials of intravenously administered drugs, inhalable drugs and even for topical application of particles through the skin.

Shares

As of January 1 2022, the total number of shares was 11 006 056 and as of June 31 2022, the total number of shares was 13 806 142. The increase of 2 800 086 shares was a result of the share issue that was initiated by the company in December 2021.

All shares have a voting ratio of 1.

The Board of Directors proposes that no dividend is paid for the financial year 2021.

Shareholders 2022-06-30

Name	Number of shares	Share capital	Votes
Försäkrings AB, Avanza Pension	1,370,626	9.9%	9.9%
Göran Conradson	760,738	5.5%	5.5%
Nordnet Pensionsförsäkring AB	463,707	3.4%	3.4%
Tigerstaden AS	427,991	3.1%	3.1%
William Lithander	300,000	2.2%	2.2%
Viskär AB	220,000	1.6%	1.6%
Övriga aktieägare	10,263,080	74.3%	74.3%
Total	13,806,142	100%	100%

Share price

Ziccum AB was registered as a public company by the Swedish Companies Registration Office 2018-05-31.

Ziccum's shares were listed on Spotlight Stock Markets on October 25, 2018.

The share's closing price on the first trading day amounted to SEK 5.90.

Ziccum moved to Nasdaq First North Growth Market on December 1, 2020.

The share closing price on June 30, 2022 amounted to SEK 5.31.

Transactions with related parties

During the reporting period, fees charged by related parties were invoiced as follows:

The Chairman of the Board, Fredrik Sjövall, has through Axelero AB invoiced fees amounting to 173 kSEK for project management.

Board member (until April 28, 2022) Mattias Münnich has through Magamu AB invoiced 26 kSEK for project management.

Board fees have been paid in accordance with resolutions at the Annual General Meeting.

There have otherwise been no significant transactions with related parties.

Significant risk and uncertainties in brief

Ziccum's significant risk and uncertainty factors include business-related risks as well as risks related to market and technology development, patents, competitors and future financing.

The company's value is largely dependent on the success of the company's development projects and the ability to enter into partnerships, and that LaminarPace receives broad market acceptance. Ziccum is in the commercialization phase and there is a risk that the company will not reach sufficient profitability.

The company has not generated sufficient income to achieve a positive cash flow, which means that the company needs access to capital before its cash flow becomes positive.

It is the company's assessment that the company has the required financing for longer than 12 months.

In light of the outbreak of the coronavirus and COVID-19, Ziccum is closely monitoring the development of events and taking measures to minimize or eliminate the impact on the company's operations. Ziccum follows guidelines from the Swedish Public Health Agency. Ziccum has been able to continue its internal operations without significant impact on COVID-19. However, there is a continued risk of delays in the Company's external collaborative projects due to the pandemic.

Result and financial position Q2 (April-June) 2022

Operating income from goods and services amounted to 0 kSEK (0).

Operating expenses amounted to 7 876 kSEK (5 216), of which personnel costs amounted to 2 838 kSEK (2 502).

Other external costs amounted to 4 709 kSEK (2 526).

Operating result amounted to -7 873 kSEK (-5 212) and result after financial items amounted to -7 882 kSEK (-5 228).

Result amounted to -7 882 kSEK (-5 228).

Earnings per share before and after dilution amounted to -0.57 SEK (-0.55).

Cash flow during the period amounted to -7 587 kSEK (-3 096). The cash flow included a share issue of 0 kSEK (2 200). Cash flow per share amounted to -0.55 SEK (-0.32). Cash flow excluding share issue amounted to -0.55 SEK (-0.55).

Result and financial position H1 - reporting period (Jan-June) 2022

Operating income from goods and services amounted to 0 kSEK (0).

Operating expenses amounted to 14 225 kSEK (9 603), of which personnel costs amounted to 6 115 kSEK (4 631).

Other external costs amounted to 7 460 kSEK (4 654).

Operating result amounted to -14 213 kSEK (-9 598) and result after financial items amounted to -14 167 kSEK (-9 643).

Result for the period amounted to -14 167 kSEK (-9 643).

Earnings per share before and after dilution amounted to -1.03 SEK (-1.01).

Cash flow during the period amounted to 24 374 kSEK (-7 914). The cash flow included a share issue of 28 051 kSEK (2 200). Cash flow per share amounted to 1.85 SEK (-0.82).

Cash and cash equivalents as of June 30 2022 amounted to 36 647 kSEK, compared with 12 273 kSEK on December 31 2021.

The company's equity as of June 30 2022 amounted to 43 705 kSEK, compared with 29 731 kSEK on December 31 2021.

Equity per share as of June 30 2022 amounted to 3.17 SEK, compared with 2.70 SEK on December 31 2021.

The company's equity ratio as of June 30 2022 was 86% compared to 75% on December 31 2021.

The result follows budget expectations regarding the costs of the ongoing commercialization of LaminarPace technology. The increase of external costs is mainly driven by consulting fees, extended premises, R&D costs and the disposal of one of the first generation LaminarPace system. Personnel costs have increased compared with the previous year as a result of the company's former CEO Göran Conradson's salary for the entire notice period being expensed during the first quarter, as he is exempted from work during the notice period.

The investments made during the year are mainly related to development of the LaminarPace technology in order to adapt and automate the technology for industrial production by increasing production capacity and prepare for GMP production.

Income statement

kSEK	April-June 2022	April-June 2021	Jan-June 2022	Jan-June 2021	Jan-Dec 2021
Net sales	0	0	0	0	0
Other income	3	4	12	5	5
Total income	3	4	12	5	5
Other external costs	-4,709	-2,526	-7,460	-4,654	-11,128
Personnel costs	-2,838	-2,502	-6,115	-4,631	-9,151
Depreciation of tangible and intangible assets	-329	-188	-650	-318	-842
Operating result	-7,873	-5,212	-14,213	-9,598	-21,116
Result from financial items					
Financial net	-9	-16	46	-45	-20
Result after financial items	-7,882	-5,228	-14,167	-9,643	-21,136
RESULT FOR THE PERIOD	-7,882	-5,228	-14,167	-9,643	-21,136
Result per share before and after dilution*	-0.57	-0.55	-1.03	-1.01	-2.17
*Dilution effect is not calculated when the result is negative					

Balance sheet statement

kSEK	Not	2022-06-30	2021-06-30	2021-12-31
Assets				
Subscribed unpaid capital		0	0	13,198
Intangible assets				
Patents, licenses, trademarks and similar rights		500	708	604
Tangible assets				
Equipment & tools		11,776	6,069	9,778
Total non-current assets		12,276	6,777	10,382
Current assets				
Short-term receivables				
Other receivables		576	1,003	796
Prepaid expenses & accrued income		1,601	161	251
Total short-term receivables		2,177	1,164	1,047
Cash & cash equivalents		36,647	25,706	12,273
Total current assets		38,824	26,870	13,320
TOTAL ASSETS		51,100	33,647	36,900
Equity & liabilities				
Equity				
Restricted equity				
Share capital	3	2,301	1,634	1,834
Total restricted equity		2,301	1,634	1,834
Unrestricted equity				
Share premium fund		105,431	66,081	77,900
Retained earnings		-49,860	-28,933	-28,867
Result of the period		-14,167	-9,643	-21,136
Total unrestricted capital		41,404	27,505	27,897
Total equity		43,705	29,139	29,731
Debt				
Long-term debt				
Loans		1,143	1,714	1,429
Short-term debt				
Account payables		3,365	1,627	2,680
Short-term loans		571	0	571
Tax debt		18	0	10
Other short-term debt		603	170	269
Accrued expenses and deferred income		1,695	997	2,210
Total short-term debt		6,252	2,794	5,740
TOTAL EQUITY & LIABILITIES		51,100	33,647	36,900

Changes in equity

kSEK	Restricted equity	Unrestricted equity	Retained earnings	Result of the period	Total equity
	Share capital	Share premium fund			
Opening balance 2021-01-01	1,601	63,756	-11,687	-17,289	36,381
Appropriations of net result			-17,289	17,289	0
Result of the period				-21,136	-21,136
Transactions with shareholders					
Share issue (LTI 2018/21)	33	2,167			2,200
Share issue costs		-55			-55
Warrants		213			213
Ongoing directed new issue	200	12,998			13,198
Directed new issue costs		-1,179			-1,179
Share related remunerations			109		109
Closing balance 2021-12-31	1,834	77,900	-28,867	-21,136	29,731
Opening balance 2022-01-01	1,834	77,900	-28,867	-21,136	29,731
Appropriations of net result			-21,136	21,136	0
Result of the period				-14,167	-14,167
Transactions with shareholders					
Share issue	467	27,584			28,051
Share issue costs		-53			-53
Share related remunerations			143		143
Closing balance 2022-06-30	2,301	105,431	-49,860	-14,167	43,705

Cash flow statement

kSEK	April-June 2022	April-June 2021	Jan-June 2022	Jan-June 2021	Jan-Dec 2021
Cash flow from operating activities					
Operating result	-7,874	-5,212	-14,213	-9,598	-21,117
Ingoing interest	21		38		33
Paid interest	-23	-25	-47	-50	-100
Adjustments for items that is not included in the cash flow					
Share related remunerations	123	43	143	43	109
Currency exchange	-7		55		47
Depreciations & disposals	1,190	188	1,511	318	842
Cash flow from operating activities before changes in working capital	-6,570	-5,006	-12,513	-9,287	-20,186
Cash flow from changes in working capital					
Changes in operating receivables	23	-264	12,069	51	173
Changes in operating debt	574	754	226	1,245	3,911
Cash flow from operating activities	-5,973	-4,516	-218	-7,991	-16,102
Investing activities					
Acquisition & disposals of non-current assets	-1,614	-953	-3,406	-2,296	-6,424
Cash flow from investment activities	-1,614	-953	-3,406	-2,296	-6,424
Financing activities					
Share issue (LTI 2018/21)	0	2,200	0	2,200	2,200
Warrants (LTI 2021/24)	0	213	0	213	213
Share issue	0	0	28,051	0	0
Share issue costs	0	-40	-53	-40	-1,234
Cash flow from financing activities	0	2,373	27,998	2,373	1,179
Cash flow from the period	-7,587	-3,096	24,374	-7,914	-21,347
Opening balance cash & cash equivalents	44,234	28,802	12,273	33,620	33,620
CLOSING BALANCE CASH & CASH EQUIVALENTS	36,647	25,706	36,647	25,706	12,273

Note 1 Accounting standards

Ziccum AB (publ) reports in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFAR 2012:1 (K3).

The company's accounting principles are described in the company's annual report for 2021.

Amounts are expressed in kSEK, which in this report refers to thousands of Swedish kronor.

Amounts in parentheses refer to comparative figures from the previous year, if nothing else is stated.

Note 2 Pledged assets and contingent liabilities

Pledged assets	2022-06-30	2021-06-30	2021-12-31
Floating charge	2,000	2,000	2,000

Note 3 Changes in equity

Date	Transaction	Number of serie B	Share capital	Quota-value	Subscription-course	Total invested capital (SEK)
5 Apr 17	Formation	500	50,000	1.00	1.00	50,000
29 May 17	Share issue	500	50,000	1.00	1.00	50,000
31 Dec 17	Conditional shareholder contribution*	-	-	-	-	1,996,622
25 Apr 18	Bond issue	-	400,000	1.00	-	-
27 Apr 18	Split	2,999,000	-	0.17	-	-
19 Oct 18	Share issue	3,000,000	500,000	0.17	5.26	15,776,962
14 Jan 20	Share issue	1,389,385	231,564	0.17	10.00	13,893,850
6 Jul 20	Share issue	2,216,815	369,469	0.17	17.50	38,794,263
15 Jun 21	Share issue (LTI 2018/21)	200,000	33,334	0.17	11.00	2,200,000
21 Dec 21	Share issue	1,199,856	199,976	0.17	11.00	13,198,416
18 Jan 22	Share issue	2,800,086	466,680	0.17	11.00	30,800,946
Total		13,806,142	2,301,023			116,761,059

* Inhalation Sciences Sweden AB did in 2017 provide conditional shareholder contributions amounting to 1 996 622 SEK (cash 0.3 mSEK and reverse loans arising in connection with the acquisition of intangible assets by the parent company converted to shareholder contributions amounting to approximately 1.7 mSEK).

Note 4 Share related incentive programs

On June 30 2021, the company has four ongoing option programs:

- ▶ At the Annual General Meeting on April 27 2021, it was decided to introduce a long-term incentive program by issuing warrants to the Board of Directors (**LTI 2021/2024**), as well as a long-term incentive program for the company's employees consisting of employee stock options (**LTI 2021:1**).
- ▶ On December 16 2021, Ziccum carried out a directed new issue of 1 333 314 units, where one unit consists of three shares and two free warrants (**Serie 2021/2022**).
- ▶ At the Annual General Meeting on April 28 2022, it was decided to implement a long-term incentive program for the company's employees and for the Board of Directors consisting of employee stock options (**LTI 2022:1**).

None of the options entail the right to a dividend.

Based on the existing number of shares and options that is registered in the company as of 31 Dec 2021, the dilution as a result of the incentive programs, assuming that all warrants are exercised for new subscription of shares, is approximately 8% of the number of shares and votes.

LTI 2021/24

The exercise price per share for LTI 2021/2024 amounts to SEK 28.8 and subscription can take place during the period from 1 May 2024 to 31 May 2024. The incentive program means that participants are offered to subscribe warrants at market value calculated according to the Black-Scholes valuation model.

A prerequisite for participation in the incentive program is that the participant has entered into a pre-purchase agreement with Ziccum, whereby Ziccum, with certain exceptions, reserves the right to repurchase warrants if the board member's assignment in Ziccum ends or if the participant wishes to transfer the options before the warrants can be exercised.

The Board was offered to acquire a maximum of 9 200 warrants each and all chose to acquire the maximum number, which resulted in a total of 46 000 warrants being issued.

LTI 2021:1

LTI 2021:1 runs for three years and means that participants are granted employee stock options free of charge that give the right to acquire shares in Ziccum at a subscription price corresponding to the share's quota value. Each employee stock option gives the right to subscribe for a new share in Ziccum, alternatively up to 40% of the number in synthetic options that give the right to cash compensation instead of shares. Each synthetic option entitles the participant to receive a cash payment corresponding to the value of a share at the time of payment.

The options will be expensed as personnel costs over a period of three years, without affecting the company's cash flow. If employee stock options are exercised, LTI 2021:1 will also entail costs in the form of social security contributions.

Social security contributions will be expensed in the income statement during a period of three years. The company intends to hedge the entire cost of social security contributions through an issue of warrants, which may be exercised by a financial intermediary in connection with the exercise of the employee stock options. If the company chooses to implement such hedging measures, the social security contributions will not affect the company's cash flow.

	Number of employee stock options
Ingoing balance 1 Jan 2021	0
Issued	42,456
Reversed	-6,728
Outgoing balance 31 Dec 2021	35,728

	Number of employee stock options
Ingoing balance 1 Jan 2022	35,728
Reversed	-16,364
Outgoing balance 30 June 2022	19,364

During 2022, LTI 2021:1 have affected the reporting period result with totally 3 kSEK in costs, of which lower costs of 16 kSEK relates to social security contributions. The lower costs is due to a lower share price and the reset of employee stock options.

Serie 2021/2022

At the end of 2021, Ziccum carried out a directed new issue consisting of 1 333 314 units, of which one unit consists of three shares and two free warrants. In Serie 2021/2022, 2 666 628 warrants have thus been issued, of which 799 904 were registered in December 2021 and the remaining 1 866 724 in January 2022. Each warrant entitles the holder to subscribe for one share at a price of 13.20 SEK, corresponding to 120 percent of the subscription price per share in the share issue, during the following periods:

- ▶ 24 February - 28 February 2022 (have passed)
- ▶ 27 May - 31 May 2022 (have passed)
- ▶ 28 September - 30 September 2022
- ▶ 28 November - 30 November 2022

Ziccum can be added a further maximum of approximately 35 mSEK upon full exercise of all warrants.

LTI 2022:1

LTI 2022:1 runs for three years and means that participants are granted employee stock options free of charge that give the right to acquire shares in Ziccum at a subscription price corresponding to the share's quota value. Each employee stock option gives the right to subscribe for a new share in Ziccum, alternatively up to 40% of the number in synthetic options that give the right to cash compensation instead of shares. Each synthetic option entitles the participant to receive a cash payment corresponding to the value of a share at the time of payment.

The options will be expensed as personnel costs over a period of three years, without affecting the company's cash flow. If employee stock options are exercised, LTI 2021:2 will also entail costs in the form of social security contributions.

Social security contributions will be expensed in the income statement during a period of three years. The company intends to hedge the entire cost of social security contributions through an issue of warrants, which may be exercised by a financial intermediary in connection with the exercise of the employee stock options. If the company chooses to implement such hedging measures, the social security contributions will not affect the company's cash flow.

	Number of employee stock options
Ingoing balance 1 Jan 2022	0
Issued for employees	226,000
Issues for Board of Directors	165,000
Outgoing balance 30 June 2022	391,000

During 2022, LTI 2021:2 have affected the reporting period result with totally 224 kSEK in costs, of which 53 kSEK relates to social security contributions.

Note 5 Definitions of key figures

	April-June 2022	April-June 2021	Jan-June 2022	Jan-June 2021	Jan-Dec 2021
Cash flow per share					
Cash flow from the period, kSEK	-7,587	-3,096	24,372	-7,914	-21,347
Average number of shares	13,806,142	9,641,365	13,203,882	9,623,880	9,751,949
Cash flow per share (SEK)	-0.55	-0.32	1.85	-0.82	-2.19
Equity per share					
Equity, kSEK	43,705	29,139	43,705	29,139	29,731
Number of shares at the end of the period	13,806,142	9,806,200	13,806,142	9,806,200	11,006,056
Equity per share (SEK)	3.17	2.97	3.17	2.97	2.70
Equity ratio					
Equity, kSEK	43,705	29,139	43,705	29,139	29,731
Total equity & debt, kSEK	51,100	33,647	51,100	33,647	39,591
Equity ratio %	86%	87%	86%	87%	75%

Financial calendar

Interim report Q3 2022: 27 October 2022

Year-end report 2022: 27 January 2023

Annual report 2022: 17 February 2023

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Certification

The report has not been reviewed by the company's auditors.

The board and the CEO ensure that this report provides a fair overview of the company's operation, financial position and results and describes significant risks and uncertainties to which the company is exposed.

Lund August 23, 2022

Fredrik Sjövall
Chairman of the board

Mikaela Bruhammar

Andreas Pettersson Rohman

Christina Herder

Martina Banyay

Ann Gidner
CEO