



Ziccum AB (publ)

Interim report

1 January – 30 June 2023



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INTERIM REPORT

1 JANUARY - 30 JUNE 2023

Q2 2023

- ▶ The result for the quarter amounted to -4 965 kSEK (-7 882 kSEK)
- ▶ Cash flow for the quarter amounted to - 4 440 kSEK (-7 587 kSEK)
- ▶ Cash and cash equivalents at the end of the quarter amounted to 14 583 kSEK (36 647 kSEK)

Summary Financial Highlights kSEK	April-June 2023	April-June 2022	Jan-June 2023	Jan-June 2022	Jan-Dec 2022
Net revenue	1,776	0	2,414	0	0
Operating result	-5,060	-7,873	-9,995	-14,213	-28,955
Result for the period	-4,965	-7,882	-9,837	-14,167	-28,788
Balance sheet total	24,635	51,100	24,635	51,100	33,285
Cash flow for the period	-4,440	-7,587	-8,368	24,374	10,678
Cash and cash equivalents	14,583	36,647	14,583	36,647	22,951
Equity ratio %	80%	86%	80%	86%	88%

Data per share SEK

Number of shares at the end of the period	13,806,142	13,806,142	13,806,142	13,806,142	13,806,142
Result per share before and after dilution*	-0.36	-0.57	-0.71	-1.03	-2.09
Cash flow per share	-0.32	-0.55	-0.61	1.85	0.78
Equity per share	1.43	3.17	1.43	3.17	2.12

* Dilution effects is not calculated when the result is negative



Q2

April-June

Significant events

- ▶ On May 9, Ziccum announced that it had signed a revenue generating Evaluation Agreement with a leading biopharma company to commence a Feasibility study regarding LaminarPace for ambient drying of mRNA/LNP materials and/or mRNA vaccine(s).
- ▶ The Annual General Meeting (AGM) held on May 24, 2023 re-elected Fredrik Sjövall, Mikaela Bruhammar and Andreas Pettersson Rohman and elected Per Gerde as new board member. Fredrik Sjövall was re-elected as the chairman of the Board of Directors. The AGM adopted an incentive program (LTI2023:1) of 324 000 employee stock options for certain employees and consultants. The LTI2023:1 program will be awarded during quarter three 2023. The AGM furthermore resolved on an issue of not more than 425 801 warrants to ensure delivery of shares to the participants and to hedge costs connected to the program.
- ▶ On June 2, the company announced that Johny Humaloja was appointed as new CFO for the company, and he started his assignment in June.
- ▶ On June 5, the company announced that it had received a notification from CEPI (the Coalition for Epidemic Preparedness), that its joint Expression of Interest has not been selected for the next stage of application work.

Other events

- ▶ On May 2, the company announced it had filed three patent applications as part of new, expanded strategy to strengthen patent protection. The new, expanded IP strategy will provide multi-layered protection to the company's unique drying technology LaminarPace, turning liquid biopharmaceuticals into thermostable dry powders by mass transfer.

Significant events after the second quarter

- ▶ On July 17, Ziccum announced it had signed a new Evaluation Agreement with one of the world's top pharmaceutical corporations. The agreement is to perform a funded Feasibility study aiming to develop thermostable dry powder formulations in the partner mRNA/LNP projects, with a planned extension for stability testing and an option to license the LaminarPace technology.

Q1

Jan-March

Significant events

- ▶ On January 18, Ziccum announced that the company on 24 - 26 January would attend the mRNA-based Therapeutics Summit in Berlin, the leading European event for mRNA innovation expertise in Europe. At the event, CEO Ann Gidner presented LaminarPace with a presentation titled *LaminarPace: a novel unit operation successfully drying mRNA/LNP by mass transfer* to an audience of senior Pharmaceutical industry decision makers, scientists and key opinion leaders.
- ▶ On January 23, Ziccum announced that the company had submitted its Expression of Interest application for CEPI's Call for Proposals for funding of innovations that improve vaccine thermostability. The Coalition for Epidemic Preparedness (CEPI), in 2022 invited players developing innovative technologies to improve vaccine thermostability to apply for a funding opportunity.
- ▶ On March 10, Ziccum entered into a partnership with the FinTech platform eucaps.com, aiming to offer existing shareholders a new forum for news and dialogue whilst also increasing visibility to new investors beyond Sweden. A new portal dedicated to Ziccum was launched on the platform, containing new content on the company, reports and financials to be regularly updated, plus a secure chat forum for investors, to strengthen the resources and dialogue Ziccum offers to investors.
- ▶ On March 17, Ziccum announced that the company on 20 - 22 March would attend the BIO-Europe Spring 2023 Conference in Basel, Switzerland. The event attracts pharma and biopharma corporations from across the globe. The latest updates from Ziccum technology development were presented at meetings at the event.
- ▶ On March 20, Ziccum announced an update of the latest stage of its ongoing in-house mRNA/LNP project, last reported in Oct, 2022. In the previous stage, an mRNA-like molecule in LNP formulation was successfully nebulized and dried. The current stage has proceeded to nebulization and drying using active mRNA. Results from this stage confirm and strengthen findings from the previous stage: encapsulation efficiency (how much mRNA is kept inside the particles) and particle size preservation (keeping the right size of LNP particles, without aggregation) were excellent. Furthermore, mRNA activity testing has now been initiated, using a cell-based *in vitro* assay. Initial results are promising, with a commercially viable level of mRNA activity demonstrated in the material, after LaminarPace drying and reconstitution to liquid. Ziccum's inhouse mRNA project aims to explore and evaluate the capabilities of its unique mass transfer drying technology, LaminarPace, in drying RNA materials to a thermostable dry powder form that could ultimately be more easily handled and transported by the industry, as well as prove suitable for novel administration routes such as inhalation.
- ▶ During the first quarter CEO Ann Gidner bought 16,000 shares in Ziccum.

CEO statement

Taking amazing strides together, landing two deals for Ziccum

It is truly fantastic to now deliver great results in our key areas, having sorted and structured the company business model and operations during a build-up period. Now we are pleased to enter the next phase, delivering key milestone achievements for our valuable platform technology. Getting two agreements signed with world-leading players is indeed clear confirmation that we are on the right path.



Proving the technology for the most delicate targets

Our most significant technical milestone so far was achieved end of first quarter, confirming that we can turn mRNA in lipid nanoparticles (mRNA/LNP) into stable dry powder, with maintained activity. These results have been further validated during this quarter. We have tested various lipid compositions with resulting good mRNA activity, to build our proprietary knowledge further in this exciting field.

mRNA/LNP is a complex and very fragile structure, but so valuable for new pharmaceutical development that it is highly desirable for the industry to apply it – it opens the door to a completely new field of innovative drugs. Solving the issues of mRNA drug delivery and LNP stability will be key to making it a broad platform for new patient treatments. So we are indeed excited to have proven the ability to address this: Ziccum can help make mRNA/LNP available for many more vaccines and therapeutics, globally. Of course, one can also see the great potential to work on other vaccine platforms, as well as the broad range of other biopharmaceutical compounds.

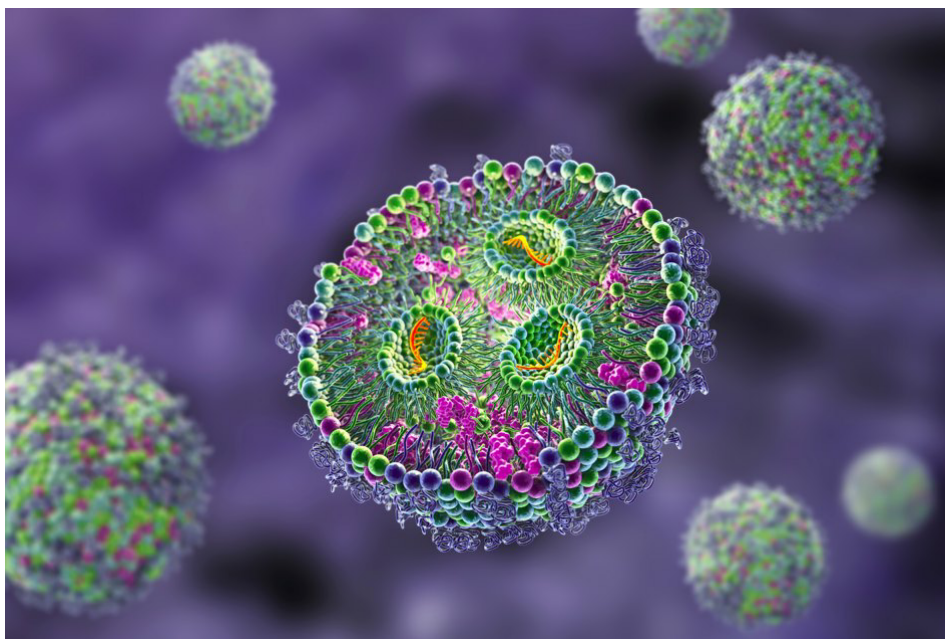
Securing more Ziccum Intellectual property, broadly

Thanks to successful continued technology development and learnings in our internal programs, regarding both equipment configuration, process parameters when running LaminarPace and continuous learning regarding formulation, we have been able to file three new patent applications. It was a significant effort during the quarter to assess all new learnings and apply for patent protection. Also, after the filings announced in April, continued work is on-going to secure the best protection possible for our technology.

Signing up with a world leader in mRNA/LNP

Our progress is generating very good industry interest for the possibilities of our technology, and we are pursuing numerous dialogues with high calibre industry players, across the industry and in many geographies. It was with great pleasure we could communicate on May 9th that one first paid Feasibility study is agreed and signed. It is a very significant commercial milestone of course, for Ziccum to become revenue generating as of now. The project is running at full activity currently, and it is fantastic to work closely with such a successful and knowledgeable partner.

Just after the quarter closing, we could add a second, larger project collaboration being signed – now with a major global Pharmaceutical company. This time, the scope is both a paid Feasibility study with partner mRNA/LNP material, and a planned extension for stability testing and an option to license the LaminarPace technology.



Not only are these projects generating revenue and extending our financial runway, but also generating further knowledge and understanding of success factors for the mRNA field, and long term, giving business potential for future licensing if successful. We are delighted to collaborate with these leading players in the field.

Building the Ziccum operation and team

In parallel with the partnered projects, we pursue the internal development like mentioned, as well as the 3D-modelling project LaPaSim. The Swiss-Swedish team is working on component design and planning for the next step of scaling out for long term industrialization.

Seeing the increase in activities and projects, there are certainly investment and expansion considerations in the company – but at the same time, I am keen to keep good cost control. Both generating new results and income, while still reducing unnecessary spending, is a nice combination for sound company progress and financials.

One recruitment just completed, and adding financial competence, is the hiring of an experienced CFO from the Biotech industry: I am delighted to welcome Johny Humaloja to the team! Furthermore, we are looking for an experienced Chief Operating Officer, to complement the Ziccum staff.

We have an exciting outlook, going forward with our collaborations and plans! Let me thank all collaboration partners and owners as well, for your continued support and engaged dialogues.

Lund, July 18, 2023

Ann Gidner, CEO

Expected future development

The company's overall objective is to enter into 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. Ziccum is carrying out intensive work on developing 3D modelling, and ultimately a Digital Twin, of LaminarPace in partnership with the ICP Institute of Computational Physics team at the Zurich University of Applied Sciences's School of Engineering (ZHAW.) The 3D modelling is being used to optimize LaminarPace design, exploring optimal capacity loads and increasing the repeatability of outcomes. It will be a valuable enabler of tech transfer and integration into existing pharmaceutical production chains.

Another 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, 2023



**The text in the arrow represents the technology platform*

Result and financial position Q2 April - June 2023

Income for the quarter amounted to 1 776 kSEK (0 kSEK).

Operating expenses amounted to 6 836 kSEK (7 876 kSEK), of which personnel costs amounted to 3 160 kSEK (2 838 kSEK).

Other external costs amounted to 3 372 kSEK (4 709 kSEK).

Operating result amounted to -5 060 kSEK (-7 873 kSEK) and result after financial items amounted to -4 965 kSEK (-7 882 kSEK).

Result amounted to -4 965 kSEK (-7 882 kSEK).

Result per share before and after dilution amounted to 0.36 SEK (-0.57 SEK).

Cash flow during the quarter amounted to -4 440 kSEK (-7 587 kSEK). Cash flow per share amounted to -0.32 SEK (-0.55SEK).

Revenues for the quarter amounted to 1.8 mSEK of which 1.1 mSEK derives from a feasibility study with LaminarPace for ambient drying of mRNA/LNP materials and/or mRNA vaccine(s) and 638 kSEK from the ongoing Eurostars-project. The result follows expectations regarding the income from the Eurostars grant and the costs of the ongoing commercialization of LaminarPace technology. The decrease of external costs is mainly driven by lower consulting fees.

Result and financial position H1 - reporting period (Jan-June) 2023

Income for the period amounted to 2 414 kSEK (0 kSEK).

Operating expenses amounted to 12 409 kSEK (14 225 kSEK), of which personnel costs amounted to 5 938 kSEK (6 115 kSEK).

Other external costs amounted to 5 865 kSEK (7 460 kSEK).

Operating result amounted to -9 995 kSEK (-14 213 kSEK) and result after financial items amounted to -9 837 kSEK (-14 167 kSEK).

Result for the period amounted to -9 837 kSEK (-14 167 kSEK).

Earnings per share before and after dilution amounted to -0.71 SEK (-1.03).

Cash flow during the period amounted to -8 368 kSEK (24 374 kSEK). The cashflow H1 2022 included a share issue of 28 051 kSEK. Cash flow per share amounted to SEK -0.61 (1.85).

Cash and cash equivalents as of June 30 2023 amounted to 14 583 kSEK, compared with 36 647 kSEK on June 30 2022.

The company's equity as of June 30 2023 amounted to 19 683 kSEK, compared with 43 705 kSEK on June 30 2022.

Equity per share as of June 30 2023 amounted to 1.43 SEK, compared with 3.17 SEK on June 30 2022.

The company's equity ratio as of June 30 2023 was 80% compared to 86% on June 30 2022.

Revenues for the period amounted to 2.4 mSEK. 1.1 mSEK is from feasibility study regarding LaminarPace for ambient drying of mRNA/LNP materials and/or mRNA vaccine(s) and 1.3 mSEK from the ongoing Eurostars-project. The result follows expectations regarding the income from the Eurostars grant and the costs of the ongoing commercialization of LaminarPace technology. The decrease of external costs is mainly driven by lower consulting fees.

Ziccum in brief

Ziccum is developing LaminarPace, a unique ambient drying method for biopharmaceuticals and vaccines based on mass transfer, not heat transfer. The technology is offered by licensing to vaccine and biologics developers and manufacturers in the global pharmaceutical industry.

By reducing drying stress to the active ingredient, LaminarPace uniquely enables particle-engineered, thermostable dry powder biopharmaceuticals which can be easily handled and transported and are highly suitable for novel administration routes. The technology has been successfully applied to mRNA, peptides, proteins, antibodies, lipids and enzymes as well as excipients and adjuvants, and is well suited for industrial application.

Vision

Ziccum's vision is to enable new biological treatments for patient needs globally, by making drug formulation, biopharmaceutical processing, product transport and patient administration efficient and functional enough for successful treatments.

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.



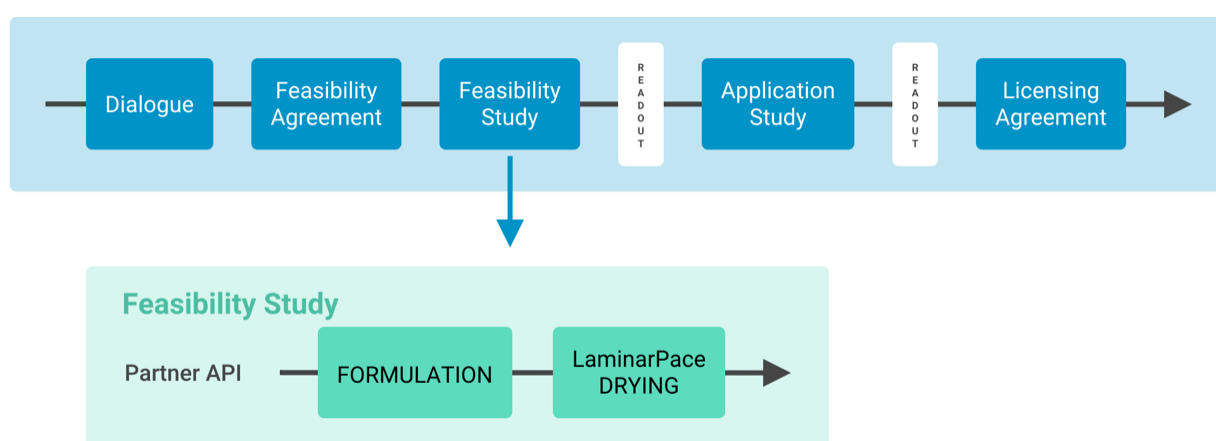
Business model

Ziccum's business model is based on partnering and co-development with biotech and pharma companies. LaminarPace is developed to be an integrated part of the commercial supply chain of biological pharmaceutical products, with a particular focus on vaccines and mRNA-based products.

The business model rests on the following focus areas:

- ▶ An active partnering agenda to create a substantial pipeline of industrial dialogues.
- ▶ Development responsibility for the LaminarPace unit and process development.
- ▶ Development and optimization of quality attributes and scale-out.
- ▶ Continuous regulatory assessment to prepare for industrialization.

In the early project phases revenues are generated by paid feasibility studies, agreement signing fees, milestone payments for R&D activities and license fees for exclusive evaluation periods. At a mature commercial stage, revenues will primarily be earned through royalty payments from licensees – a standard revenue model for pharmaceutical industry.



Ziccum technology licensing business model

Ziccum's business and revenue models are dependent on a strong IP position. The IP strategy rests on two pillars: Patents and Trade secrets.

The basic principles of LaminarPace are protected by an approved Patent family providing an important basis for customer interaction and R&D activities and a fundament for out-licensing. The patent portfolio is currently built to include several layers of patent protection, including general technical improvements and features as well as specific use areas and product classes, enabling a strong and long term patent position supporting a long term out-licensing revenue stream.

Trade secrets are well defined pieces of operational knowledge, such as the optimal drying conditions for each specific product.

Market and market targeting

The market for biologics and vaccine manufacturing is very significant and has a renewed emphasis with the covid-19 pandemic, having created keen awareness of the importance of vaccines not only within research organisations and from healthcare authorities, but in every segment of the industry and in the general public, globally. The Covid-19 pandemic created an enormous focus on developing a vaccine urgently, and highlighted the need for worldwide distribution.

Thanks to very intense efforts from large industry players it was possible to develop the new mRNA in LNP formulation for Covid-19 vaccination in a short timeframe. However, as now commonly known, these new mRNA vaccines require cryogenic handling all throughout the distribution chain, meaning storage and handling at -80°C. This poses a number of logistical and handling issues. In this situation, the Ziccum offering to enable powder-form thermostable biologics and vaccines should be of great interest.

The freeze-drying technique for drugs, established and developed since many decades, still has only succeeded in very limited trials to generate dry mRNA/LNP – and the product still requires special handling. Another technique gaining ground in pharmaceutical processing is spray-drying by heating – but there, no known attempts have succeeded in generating dry material from mRNA/LNP. Hence, the LaminarPace ability to dry LNP formulations may be of great importance.

The LaminarPace technology lends itself to biopharmaceutical ingredients in general, but as of now the company has decided to focus on vaccines, and three specific vaccine platforms:

- ▶ mRNA/LNP vaccine platform
- ▶ Viral vector (adenovirus) platform
- ▶ Subunit vaccine (adjuvanted) platform

For the total vaccine Western world sales market value, estimates for the top vaccine indications are as follows; In 2023 predicted to 63 billion USD, also after a slight decrease from record Covid-19 numbers; to be followed by 58-72 billion USD per year in 2024-2027, then rising towards 79 billion USD in 2028*.

The corresponding annual market value for our three focus vaccine platforms are 38-52 billion USD for the years 2024-28. With a licensing business model, estimates of the addressable market size for our three focus vaccine platforms, considering a 1% royalty on entire vaccine sales can be made. Based on this, the total drying technology licensing market size may be predicted to 380 – 520 mUSD*.

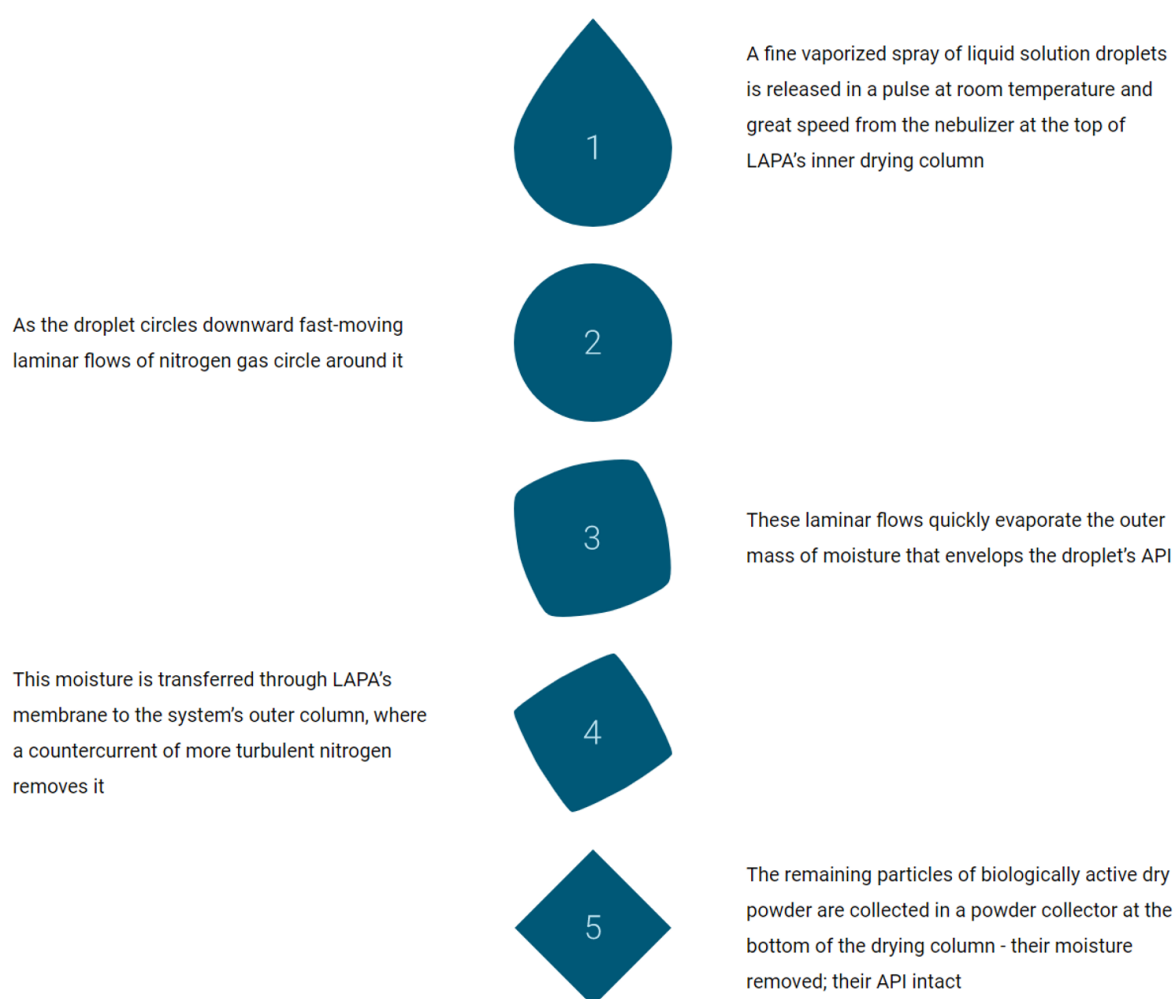


**Estimates based on the GlobalData Intelligence platform May 2023*

Technical description

LaminarPace creates an efficient drying process by generating mass transfer, rather than heat transfer. This happens directly after evaporation and removes the need for elevated temperatures. Mass transfer is a highly efficient drying method. Our optimization tests demonstrate that following drying less than 2% of absolute humidity is left inside LaminarPace's drying column.

To best understand the process, let's follow the drying path of a single droplet of biomolecule.



The LaminarPace drying path of a single droplet

Shares

As of January 1 2023, and as of the balance date June 30 2023, the total number of shares was 13 806 142.

All shares have a voting ratio of 1.

Shareholders 2023-06-30

Name	Number of shares	Share capital	Votes
William Lithander	940,307	6.8%	6.8%
Göran Conradson	760,738	5.5%	5.5%
Försäkrings AB, Avanza Pension	757,407	5.5%	5.5%
Tigerstaden AS	427,991	3.1%	3.1%
Nordnet Pensionsförsäkring AB	349,030	2.5%	2.5%
Kenneth Hopp	244,000	1.8%	1.8%
Viskär AB	220,000	1.6%	1.6%
Övriga aktieägare	10,106,669	73.2%	73.2%
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, 2023 amounted to SEK 5.70.

Transactions with related parties

During the reporting period (Jan-Jun), fees charged by related parties were invoiced as follows:

The Chairman of the Board, Fredrik Sjövall, has through Axelero AB invoiced fees amounting to 157 kSEK for business development.

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 risks 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.

As the company is in growth stage and working to achieve a positive cash flow, 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. The company will have a reduction of costs compared to last year, a revenue generating evaluation agreement in place and the Eurostars grant will also have an additional positive effect on the cash flow.

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 from COVID-19.

The conflict in Ukraine has not affected the development of the company's operations, position or results.



Income statement

kSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Net sales	1,138	0	1,138	0	0
Other income	638	3	1,276	12	17
Total income	1,776	3	2,414	12	17
Other external costs	-3,372	-4,709	-5,865	-7,460	-16,323
Personnel costs	-3,160	-2,838	-5,938	-6,115	-11,276
Depreciation of tangible and intangible assets	-304	-329	-606	-650	-1,373
Operating result	-5,060	-7,873	-9,995	-14,213	-28,955
Result from financial items					
Financial net	95	-9	158	46	167
Result after financial items	-4,965	-7,882	-9,837	-14,167	-28,788
RESULT FOR THE PERIOD	-4,965	-7,882	-9,837	-14,167	-28,788
Result per share before and after dilution*	-0.36	-0.57	-0.71	-1.03	-2.09

*Dilution effect is not calculated when the result is negative

Balance sheet statement

kSEK	2023-06-30	2022-06-30	2022-12-31
Assets			
Subscribed unpaid capital	0	0	0
Intangible assets			
Patents, licenses, trademarks and similar rights	497	500	624
Tangible assets			
Equipment & tools	7,823	11,776	8,246
Total non-current assets	8,320	12,276	8,870
Current assets			
Short-term receivables			
Other receivables	364	576	496
Prepaid expenses & accrued income	1,368	1,601	968
Total short-term receivables	1,732	2,177	1,464
Cash & cash equivalents	14,583	36,647	22,951
Total current assets	16,315	38,824	24,415
TOTAL ASSETS	24,635	51,100	33,285
Equity & liabilities			
Equity			
Restricted equity			
Share capital	2,301	2,301	2,301
Total restricted equity	2,301	2,301	2,301
Unrestricted equity			
Share premium fund	105,400	105,431	105,400
Retained earnings	-78,181	-49,860	-49,612
Result of the period	-9,837	-14,167	-28,788
Total unrestricted capital	17,382	41,404	27,000
Total equity	19,683	43,705	29,301
Debt			
Long-term debt			
Loans	571	1,143	857
Short-term debt			
Account payables	1,262	3,365	978
Short-term loans	571	571	571
Tax debt	0	18	0
Other short-term debt	311	603	416
Accrued expenses and deferred income	2,237	1,695	1,162
Total short-term debt	4,381	6,256	3,127
TOTAL EQUITY & LIABILITIES	24,635	51,100	33,285

Changes in equity

	Restricted equity	Unrestricted equity			
kSEK	Share capital	Share premium fund	Retained earnings	Result of the period	Total equity
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				-28,788	-28,788
Transactions with shareholders					
Share issue	467	27,584			28,051
Share issue costs		-84			-84
Share related remunerations			391		391
Closing balance 2022-12-31	2,301	105,400	-49,612	-28,788	29,301
Opening balance 2023-01-01	2,301	105,400	-49,612	-28,788	29,301
Appropriations of net result			-28,788	28,788	0
Result of the period				-9,837	-9,837
Transactions with shareholders					
Share issue					0
Share issue costs					0
Share related remunerations			219		219
Closing balance 2023-06-30	2,301	105,400	-78,181	-9,837	19,683

Cash flow statement

kSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan- Dec 2022
Cash flow from operating activities					
Operating result	-5,060	-7,874	-9,995	-14,213	-28,955
Ingoing interest	90	21	180	38	163
Paid interest	-26	-23	-52	-47	-94
Adjustments for items that is not included in the cash flow					
Share related remunerations	100	123	219	143	392
Currency exchange	31	-7	30	55	99
Depreciations & disposals	304	1,190	606	1,511	5,409
Cash flow from operating activities before changes in working capital	-4,561	-6,570	-9,012	-12,513	-22,986
Cash flow from changes in working capital					
Changes in operating receivables	-408	23	-268	12,069	12,781
Changes in operating debt	585	574	968	226	-3,186
Cash flow from operating activities	-4,384	-5,973	-8,312	-218	-13,391
Investing activities					
Acquisitions of non-current assets	-56	-1,614	-56	-3,406	-3,898
Cash flow from investment activities	-56	-1,614	-56	-3,406	-3,898
Financing activities					
Share issue (LTI 2018/21)	0	0	0	0	0
Warrants (LTI 2021/24)	0	0	0	0	0
Share issue	0	0	0	28,051	28,051
Share issue costs	0	0	0	-53	-84
Cash flow from financing activities	0	0	0	27,998	27,967
Cash flow from the period	-4,440	-7,587	-8,368	24,374	10,678
Opening balance cash & cash equivalents	19,023	44,234	22,951	12,273	12,273
CLOSING BALANCE CASH & CASH EQUIVALENTS	14,583	36,647	14,583	36,647	22,951

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 BFNAR 2012:1 (K3).

The company's accounting principles are described in the company's annual report for 2022.

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	2023-06-30	2022-12-31
Company mortgage	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 2023, 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**).
- ▶ At the Annual General Meeting on April 28 2022, it was decided to implement a long-term incentive program for the company's Board of Directors (**LTI 2022:1**) and employees (**LTI 2022:2**) consisting of employee stock options.

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 30 June 2023, the dilution as a result of the incentive programs, assuming that all warrants are exercised for new subscription of shares, is approximately 3% 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 2022	35,728
Reversed	-16,364
Outgoing balance 31 Dec 2022	19,364

	Number of employee stock options
Ingoing balance 1 Jan 2023	19,364
Reversed	-4,545
Outgoing balance 30 June 2023	14,819

During 2023, LTI 2021:1 have affected the reporting period result with totally 55 kSEK in costs, of which costs of 11 kSEK relates to social security contributions.

LTI 2022:1 & LTI 2022:2

LTI 2022:1 (for the Board of directors) and LTI 2022:2 (for the employees) 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 2022:1 and LTI 2022:2 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	2022:1	2022:2	Total
Opening balance 1 Jan 2022	0	0	0
Issued	165,000	226,000	391,000
Ending balance 31 Dec 2022	165,000	226,000	391,000
Opening balance 1 Jan 2023	165,000	226,000	391,000
Reversed	-66,000	-15,000	-81,000
Ending balance 30 Jun 2023	99,000	211,000	310,000

During 2023, LTI 2022:1 and LTI 2022:2 have affected the reporting period result with totally 538 kSEK in costs, of which 154 kSEK relates to social security contributions.

Note 5 Definitions of key figures

	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Jan-Dec 2022
Cash flow per share					
Cash flow from the period, kSEK	-4,440	-7,587	-8,368	24,372	10,678
Average number of shares	13,806,142	13,806,142	13,806,142	13,203,882	13,675,727
Cash flow per share (SEK)	-0.32	-0.55	-0.61	1.85	1
Equity per share					
Equity, kSEK	19,683	43,705	19,683	43,705	29,301
Number of shares at the end of the period	13,806,142	13,806,142	13,806,142	13,806,142	13,806,142
Equity per share (SEK)	1.43	3.17	1.43	3.17	2
Equity ratio					
Equity, kSEK	19,683	43,705	19,683	43,705	29,301
Total equity & debt, kSEK	24,635	51,100	24,635	51,100	33,285
Equity ratio %	80%	86%	80%	86%	1

Financial calendar

Interim report Q3 2023: October 25 2023

Year-end report Q4 2023: January 26 2024

Financial reports may be downloaded at Ziccum's website:

<https://ziccum.com/investors/financial-reports/>

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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, July 18, 2023

Fredrik Sjövall

Chairman of the board

Mikaela Bruhammar

Andreas Pettersson Rohman

Per Gerde

Ann Gidner

CEO