

YEAR-END REPORT

JANUARY-DECEMBER 2021

FOURTH QUARTER, OCTOBER-DECEMBER 2021

- Net sales amounted to MSEK 0,0 (0,1)
- Operating loss (EBIT) amounted to MSEK -5,2 (-1.6)
- Net loss amounted to MSEK -5,1 (-1.6)
- Net cash flow amounted to MSEK -4,6 (+0,6)
- EPS before and after dilution amounted to SEK -0,25 (-0,14)

JANUARY-DECEMBER 2021

- Net sales amounted to MSEK 0,1 (0,6)
- Operating loss (EBIT) amounted to -16,7 (-4,6)
- Net loss amounted to MSEK -18,4 (-4,6)
- Net cash flow amounted to MSEK +18,8 (+2,5)
- EPS before and after dilution amounted to SEK -1,16 (-0,43)
- Emplicure was listed on Nasdaq First North Growth Market

Further pieces in place to deliver upon our promises in 2022

FINANCIAL OVERVIEW

Amounts in MSEK	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Net sales	0.0	0.1	0.1	0.6
Operating loss	-5.2	-1.6	-16.7	-4.6
Profit/Loss for the period	-5.1	-1.6	-18.4	-4.6
Net cashflow	-4.6	0.7	18.8	2.5
Equity ratio	87%	66%	87%	66%
Total assets	24.7	3.7	24.7	3.7
Cash and cash equivalents	22.1	3.3	22.1	3.3
EPS before and after dilution, SEK	-0.25	-0.14	-1.16	-0.43

Definitions at the end of the report

COMMENTS BY THE CEO

The activities of the last quarter followed the path of foundation and growth.

We signed an agreement with Quotient Sciences, UK. Quotient will be responsible for the manufacturing and will also perform the first pharmacokinetic study of Empli03, our drug candidate for chronic pain.

To choose partner for manufacturing and clinical trials is a complex and critical process, especially when working with opioids. It is partly a question of ensuring that all national and international permits and approvals are in place and that there is a guaranteed logistics around the whole. It is also about finding each other in the business arrangement with time axes, division of responsibilities and remuneration models, and I am glad we now have a good partner in Quotient.

Empli03 has a very interesting release profile and is judged to be able to fill a large medical need. The tablet provides an immediate release of active substance to make the patient pain-free and then a significantly lower, but constant and stable release over time for individual pain relief.

Within Amp01, our consumer project with tobacco-free nicotine for oral use, discussions are ongoing in different phases with potential licensing partners and takers. In parallel with these, we are simultaneously driving the development of Amp01 further towards a finished product and according to a developed product profile. The development work is carried out with both own staff and external consultants. Continuing to drive the development and completion of a product gives it a higher commercial value while providing a clearer profile of what a partner can expect. It is essential that we constantly move forwards and upwards in this value chain.

As I mentioned in the previous report, we then started the recruitment process of another full-time resource to strengthen the development side within Amp01. Glebs Kiselovs has now been in place for some weeks and he is working full-time to take Amp01 further towards a finished product.

At the end of the year, our CFO Anna-Lena Nicolson chose to end her assignment. She made a comprehensive and valuable contribution with us, especially in connection with our IPO and we thank her for the work she has done.



In 2021, Emplicure hired a total of six new employees and I note with satisfaction that the organization acts as a unit



Erik Magnusson took over as new CFO on 1 January. Erik has more than 25 years of combined experience in financial planning, financial management and Investor Relations, with finance and management roles within Systembolaget, Aleris and Coop, among others. He also has a background as a financial analyst, including at ABG Sundal Collier, where he covered the Nordic medtech and healthcare sector.

In 2021, Emplicure hired a total of six new employees, which can be a challenge for the team dynamics in a smaller organization. These recruitments are now in place and I note with satisfaction that the organization acts as a unit. The work is focused on documentation of the drug for the clinical study as well as the development of a tobacco-free oral nicotine product.

In December, we received the formal approval of a US patent for inhalation of medicines. The US is an important market for us and inhalation is one of the three platforms we currently use in our development projects. The patent strengthens our ability to develop and commercialize new unique and patent-protected products for inhalation.

2021 is already history. In 2022, we will conduct our first clinical study in Empli03 and we are driving Amp01 forward. I look forward to another exciting year and to communicating our news.

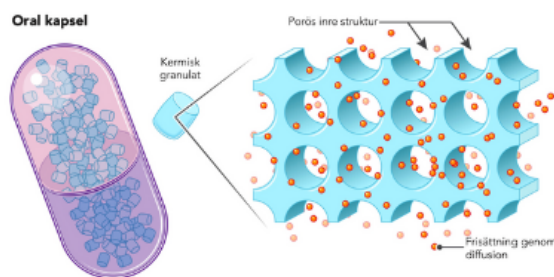
Torbjörn W. Larsson
CEO

Emplicure

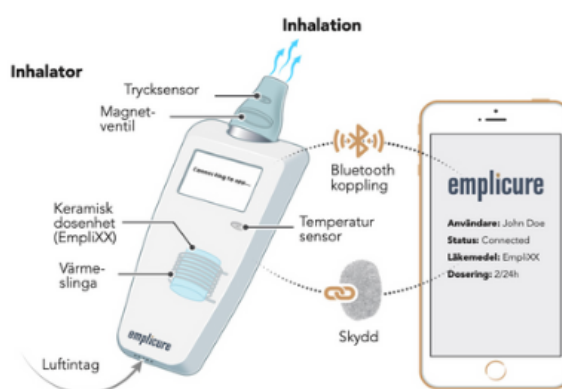
Emplicure is an innovative company that combines pharmaceutical development and materials science. We develop products and new areas of use by combining active and approved substances with our patented bioceramic platforms. The fact that the substances are already approved means shorter development time, more efficient projects with reduced risk and time to registration will be significantly shorter. Our vision, "Introducing a new generation of products for a better tomorrow", is to create a better future for people by introducing new products with better accuracy when it comes to effect, duration and precision in dose delivery.

We have three different bioceramic platforms to administer drugs on; Emplior for the development of tablets, capsules and medicines for oral uptake, Empliderm for the development of transdermal dosage of medicines e.g., plasters, Emplihale for the development of inhalation of active substances. Combining different substances with bioceramics offers endless possibilities to create products with tailored properties. Our first product candidate is for chronic pain, Empli03 and it will enter the clinical documentation phase. This will be the first time we evaluate the technology platform in clinic.

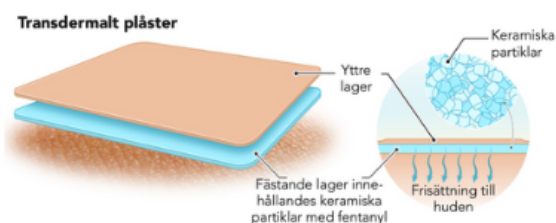
Empli03 is a pain medicine in the form of an oral, buccal tablet, with properties that counteract the abuse of the product. The product is being developed in the Emplior platform.



Oral administration - Emplior



Administration genom inhalation - Emplihale



Transdermal administration - Empliderm

Amplicon

Our wholly owned subsidiary Amplicon develops new and innovative products for the consumer market. The products will mainly be based on the same bioceramic platforms that Emplicure uses, which enables completely new solutions. Lessons from ongoing projects opens for new generations of consumer products with strong benefits for the consumer. Amplicon will during 2022 prioritize products targeted towards the large and fast-growing tobacco-free nicotine.



For **Amp01**, our consumer project with tobacco-free nicotine for oral use, there are ongoing discussions in different phases with potential licensees and partners. In parallel, Amplicon is developing Amp01 towards a finished product according to a defined product profile. The development and profiling are conducted both inhouse and with external experts. The work with the development of a launch ready product creates a higher commercial value and provides a clearer profile for a potential partner to expect. It is fundamental to continuously move forward and upwards in the value chain. Amp01 is an oral tobacco-free nicotine product in the form of dry, white nicotine pouches for consumers.

Financial information

Net sales and result

The Group has no net sales during the period. The operating loss for the fourth quarter amounted to KSEK -5,170 (KSEK -2,505). The operating loss for the FY 2021 amounted to KSEK -16,673 (KSEK -4,609). The Group's research activities have continued to develop according to plan, and costs have thus increased. Also, the number of employees has increased to develop current and future research projects.

Cashflow and Investments

Cash flow from operating activities for the fourth quarter amounted to KSEK -4,646 (KSEK -2,031). For FY 2021 the corresponding cash flow amounted to KSEK -18,516 (KSEK -4,003).

Cash flow from investment activities amounted to KSEK 0 (KSEK 0). The corresponding number for FY 2021 was KSEK -109 (KSEK 0) and is primarily related to purchase of tangible assets.

Cash flow from financing activities amounted to KSEK 0 (KSEK +2,664) in the fourth quarter and to KSEK +37,414 (KSEK +6,519) for the FY, explained by the new issue in conjunction with the listing on Nasdaq First North Growth Market in the second quarter.

Cash position

The Group's cash and cash equivalents amounted to KSEK 22,059 (KSEK 3,270) by 31 December, compared to KSEK 26,634 by 30 September. The Group has at the time of the release of this Year-end report not sufficient funds in order to run the operations during whole 2022 according to the current business plan.

However, during the period 29 April -13 May 2022, up to 9,600,000 shares will be subscribed through the warrants in the unit issue in June 2021. The subscription price per share corresponds to 70% of the weighted average share price during the period 12 - 27 April, with a minimum of SEK 0.05 and a maximum of SEK 6.23 per share, corresponding to MSEK 0.5-59.8 before transaction costs at full utilisation.

It is the opinion of Board of Directors, that the subscription of these warrants will bring the Group sufficient financing to run the operation during 2022 according to plan. In the case the warrants are not subscribed for in a sufficient extent, or that the share price should fall significantly ahead of the subscription period, there is a certain risk that the Group needs other financing or that the operations need to be customised or postponed.

The Group's business model implicates to out license and/or enter partnerships around the Group's products, where milestone payments and royalty payments based on future product sales can make up revenues for the Group.

Warrants

The company has active option programs for key employees and the Board of Directors. A summary can be found under Note 1. Furthermore, there are 9,600,000 warrants related to the unit issue.

Risks

Management and the Board continuously evaluate risks and uncertainties related to the business. For an account of the risks associated with the company's operations, please refer to the Company's Annual Reports. These can be found on the company's website, www.emplicure.com, under the Investor Relations/Financial Reports tab.

Significant events

Events during the reporting period

In November it was reported that Erik Magnusson becomes new CFO of Emplicure AB. Erik will take on the responsibility after Anna-Lena Nicolson as of 1 January 2022.

In December it was informed that the company receives formal notification of approved US patent for inhalation of Pharmaceuticals.

In December it was also announced that Emplicure has developed the formulation of Empli03 to be used for GMP manufacturing for the first clinical study. Agreement has been signed with Quotient Sciences, UK, who will be responsible for the manufacturing and will also perform the first pharmacokinetic study.

Events after the reporting period

No significant events after the reporting period.

The share

Listing

The Emplicure share was listed at Nasdaq First North Growth Market on June 24, 2021. The instrument name is EMPLI and the ISIN-code is SE0015812391. One (1) share represents one (1) vote.

Number of shares

The number of shares amounted to 20,558,000 at the end of the period (10,958,000 LY). In June 2021, in conjunction with the listing, a new issue was performed. The average number of shares in the fourth quarter was 20,558,000, while the average number of shares during FY 2021 was 15,918,000.

Shareholders

The total number of shareholders amounted to approx. 650 by the end of 2021. The three founders, Thomas Lundqvist, Susanne Bredenberg and Håkan Engqvist (via Aduro Material AB) together control 40.6% of the shares. The ten largest shareholders together own 66.0% of the shares.

Shareholders as of December 31, 2021	Number of shares	Share
Thomas Lundqvist	4,201,662	20.4%
Susanne Bredenberg	2,102,000	10.2%
Aduro Material AB*	2,045,855	10.0%
Peyman Pournouri	1,255,000	6.1%
Monesi Förvaltning AB	1,044,108	5.1%
Hadi Ghafori	811,348	3.9%
Olle Olsson Holding AB	783,000	3.8%
Nordnet Pensionförsäkring AB	497,852	2.4%
Avanza Pensionsförsäkring AB	417,934	2.0%
Deseven Capital AB	415,662	2.0%
10 largest shareholders, accumulated	13,574,421	66.0%
Other shareholders	6,983,579	34.0%
Total	20,558,000	100.0%

* Aduro Material AB is controlled by Håkan Engqvist

Consolidated income statement

<i>Amounts in KSEK</i>	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Operating income				
Net sales	-	131	80	290
Other operating income	5	5	6	330
Total income	5	135	86	621
Operating expenses				
R&D costs	-501	-	-406	-
Other external expenses	-2,583	-1,667	-10,685	-3,246
Personnel costs	-2,083	-35	-5,633	-1,984
Depreciation and impairments on fixed assets	-5	-	-12	-
Other operating expenses	-2	-	-23	-
Operating loss (EBIT)	-5,170	-1,567	-16,673	-4,609
Net financial items	21	1	-1,742	1
Profit/loss after financial items	-5,149	-1,566	-18,415	-4,609
Profit/loss before tax	-5,149	-1,566	-18,415	-4,609
Tax	-	-	-	-
Profit/Loss for the period	-5,149	-1,566	-18,415	-4,609
Earnings per share before and after dilution	-0.25	-0.14	-1.16	-0.43

Consolidated balance sheet

<i>Amounts in KSEK</i>	31 Dec	
	2021	2020
ASSETS		
FIXED ASSETS		
Tangible fixed assets	97	-
Total fixed assets	97	-
CURRENT ASSETS		
Accounts receivable	-	141
Other receivables	2,275	181
Prepayments and accrued income	279	76
Cash and cash equivalents	22,059	3,270
Total current assets	24,613	3,668
TOTAL ASSETS	24,710	3,668
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,028	110
Other equity including the result for the period	20,472	2,312
Total equity	21,500	2,421
CURRENT LIABILITIES		
Accounts payable	1,305	411
Deferred taxes	58	1
Other current liabilities	223	23
Accruals and deferred income	1,624	812
Total current liabilities	3,210	1,246
TOTAL EQUITY AND LIABILITIES	24,710	3,668

Change in equity for the group

<i>Amounts in KSEK</i>	Share capital	Other paid-in capital	Other equity	Total equity
Amount at the beginning of the period (1 Jan 2021)	110	-	2,312	2,421
Bonus issue	438	-	-438	-
New share issue	480	-	39,360	39,840
Costs related to the new share issue	-	-	-2,588	-2,588
Paid warrants	-	-	162	162
Employee stock option	-	-	79	79
Profit for the period	-	-	-18,415	-18,415
Amount at the end of the period (31 Dec 2021)	1,028	-	20,472	21,500
Amount at the beginning of the period (1 Jan 2020)	100	-	411	511
New share issue	10	-	6,509	6,519
Profit for the period	-	-	-4,609	-4,609
Amount at the end of the period (31 Dec 2020)	110	-	2,312	2,421

Consolidated cash flow analysis

<i>Amounts in KSEK</i>	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
OPERATING ACTIVITIES				
Operating profit	-5,170	-1,567	-16,673	-4,609
Adjustments for items not included in cash flow	56	1	-1,650	1
Tax paid	104	37	41	-21
Cash flow from operating activities before changes in working capital	-5,011	-1,529	-18,282	-4,629
Increase/decrease other current receivables	-769	-309	-2,156	70
Increase/decrease other current liabilities	1,135	745	1,922	556
Cash flow from operating activities	-4,645	-1,093	-18,516	-4,003
INVESTING ACTIVITIES				
Acquisition of immaterial assets	-	-	-109	-
Cash flow from investing activities	-	-	-109	-
FINANCING ACTIVITIES				
New share issue	-	1,800	39,840	6,519
Loans	-	-	-2,426	-
Repaid loans	-	-	-	-
Cash flow from financing activities	-	1,800	37,414	6,519
Cash flow for the period	-4,645	707	18,789	2,516
Cash and cash equiv. at the beginning of the period	26,705	2,563	3,270	753
Exchange rate difference cash and cash equivalents	-	-	-	-
Cash and cash equiv. at the end of the period	22,059	3,270	22,059	3,270

Income statement, parent company

Emplicure AB (parent company) <i>Amounts in KSEK</i>	Oct-Dec		Jan-Dec	
	2021	2020	2021	2020
Operating income				
Net sales	405	131	486	290
Other operating income	5	5	6	330
Total income	410	135	492	621
Operating expenses				
R&D costs	-265	-	-406	-
Other external expenses	-2,461	-1,667	-9,885	-3,246
Personnel costs	-2,008	-35	-5,437	-1,984
Depreciation and impairments on fixed assets	-5	-	-12	-
Other operating expenses	-2	-	-23	-
Operating loss (EBIT)	-4,332	-1,567	-15,272	-4,609
Financial items				
Net financial items	-279	1	-2,652	1
Profit/loss after financial items	-4,611	-1,566	-17,924	-4,609
Provided group contributions	-1,390	-	-1,390	-
Profit/loss before tax	-6,001	-1,566	-19,314	-4,609
Tax	-	-	-	-
Profit/Loss for the period	-6,001	-1,566	-19,314	-4,609

Balance sheet, parent company

Empicure AB (parent company)	31 Dec	
	2021	2020
<i>Amounts in KSEK</i>		
FIXED ASSETS		
Tangible fixed assets	97	-
Shares in affiliated undertakings	25	25
Total fixed assets	122	25
CURRENT ASSETS		
Accounts receivable	-	141
Other receivables	1,966	181
Prepayments and accrued income	251	76
Cash and cash equivalents	22,044	3,245
Total current assets	24,260	3,643
TOTAL ASSETS	24,382	3,668
EQUITY		
<i>Restricted capital</i>		
Share capital	1,028	110
Total restricted capital	1,028	110
<i>Shareholders surplus</i>		
Share premium account	43,282	6,509
Surplus brought forward	-4,394	411
Other equity including profit for the period	-19,314	-4,609
Total shareholders surplus	19,574	2,312
Total equity	20,602	2,421
CURRENT LIABILITIES		
Accounts payable	1,253	411
Amounts owed to affiliated undertakings	883	-
Deferred taxes	58	1
Other current liabilities	223	23
Accruals and deferred income	1,363	812
Total current liabilities	3,780	1,246
TOTAL EQUITY AND LIABILITIES	24,382	3,668

Cash flow analysis, parent company

Emplicure AB (parent company) <i>Amounts in KSEK</i>	Okt-Dec		Jan-Dec	
	2021	2020	2021	2020
OPERATING ACTIVITIES				
Operating profit	-4,332	-1,567	-15,272	-4,609
Adjustments for items not included in cash flow	56	1	-1,650	1
Tax paid	104	37	41	-21
Cash flow from operating activities before changes in working capital	-4,173	-1,529	-16,881	-4,629
Increase/decrease other current receivables	-1,087	-309	-2,325	70
Increase/decrease other current liabilities	2,359	745	2,999	556
Cash flow from operating activities	-2,900	-1,093	-16,206	-4,003
INVESTING ACTIVITIES				
Acquisition of tangible assets	-	-	-109	-
Provided group contributions	-300	-	-910	-
Acquisition of affiliated companies	-	-25	-	-25
Cash flow from investing activities	-300	-25	-1,019	-25
FINANCING ACTIVITIES				
New share issue, gross	-	1,800	39,840	6,519
Costs related to the new share issue	-	-	-2,426	-
Received shareholders contribution	-1,390	-	-1,390	-
Cash flow from financing activities	-1,390	1,800	36,024	6,519
Cash flow for the period	-4,590	682	18,799	2,491
Cash and cash equiv. at the beginning of the period	26,634	2,563	3,245	753
Cash and cash equiv. at the end of the period	22,044	3,245	22,044	3,245

Notes

ACCOUNTING PRINCIPLES

The interim report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual Report and consolidated accounts (K3).

The same accounting principles and calculation methods have been used in the interim report as in the most recent annual report.

REVIEW BY AUDITOR

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

TRANSACTIONS WITH RELATED PARTIES

Companies related to the CFO and several members of the board have during the period had agreements on consulting services with the company. Transactions with related parties are on market terms.

CONSOLIDATED STATEMENTS

As of the fourth quarter 2021, since the affiliated company Amplicon has started its business, consolidated accounts are prepared and reported.

INFORMATION ON CERTAIN ITEMS

Note 1 Disclosure of share capital and warrants

	No. of shares	Quota per share
Number/value at the beginning of the period	10 958	10,00
Split	10 000 000	0,05
Bonus issue	947 042	0,05
New shares issue	9 600 000	0,05
Number/value at the end of the period	20 558 000	0,05

Warrants

Program	Number of warrants acquired at the beginning of the period	Number of warrants acquired during the period	Number of warrants exercised during the period	Number of warrants at the end of the period	Terms	Subscription price
2019/2022	325	0	0	325	One warrant entitles the holder to subscribe for 1,000 shares	15
<i>Subscription period July 1, 2022 until December 31, 2022</i>						
2021/2024	0	363 249	0	363 249	One warrant entitles the holder to subscribe for one share	9,58
<i>Subscription period April 6, 2024 until July 6, 2024</i>						
TO1 (issued as part of the units issued in connection with the company's listing on Nasdaq First North)	0	9 600 000	0	9 600 000	One warrant entitles the holder to subscribe for one share	70 percent of the volume-weighted average price of the company's share on Nasdaq First North during the period from April 12, 2022 until April 27, 2022, but with a minimum of SEK 0.05 and a maximum of SEK 6.23 per share

Subscription period April 29, 2022 to May 13, 2022

Program	Number of warrants acquired at the beginning of the period	Number of warrants acquired during the period	Number of warrants exercised during the period	Number of warrants at the end of the period	Terms	Subscription price
2019/2023 (qualified)	0	0	0	0	-	-
<i>Subscription period July 1, 2022 until June 30, 2023</i>						
Please note that 100 warrants of series 2019/2023 have been issued to secure the company's delivery of shares. These are not reported in the table above regarding warrants.						
2021/2024 (non qualified)	0	108 975	0	108 975	Each employee stock option entitles the participant to either (i) acquire a new share in the company at a subscription price of SEK 9.58, or (ii) receive a cash compensation corresponding to the difference between the market value of the company's share at the time of exercise and the subscription price of SEK 9.58	See terms

The employee share options may be exercised no earlier than three years and no later than three years and three months after the participant has signed the share options agreement.
Please note that warrants of series 2021/2025 * have been issued to secure the company's delivery of shares. These are not reported in the table above regarding warrants.

2021/2025 (qualified)	0	423 790	0	423 790	Each employee share option gives the right to acquire one new share in the company	9,58
-----------------------	---	---------	---	---------	--	------

The employee share options may be exercised for share subscription no earlier than three years after the participant has signed the option agreement
Please note that warrants of series 2021/2025 * have been issued to secure the company's delivery of shares. These are not reported in the table above regarding warrants.
Please note further that there is a pot of 181,624 qualified employee share options for new employees. If all are granted, the program comprises a total of 605,414 qualified employee share options.
*Warrants of series 2021/2025 comprise a total of 714,389 warrants.

Note 2 Definition of Key ratios

Earnings per share:	Net results divided by the average number of shares
Equity ratio:	Adjusted equity as a percentage of total assets
Net cash flow:	Change in cash and cash equivalents excluding FX effects

Attestation

The Board of Directors and the President & CEO hereby affirm that the Year End Report constitutes a faithful representation of the company's and the Group's operations, position and profit/loss, and that it describes the significant risks and uncertainty factors faced by the company and the companies that make up the Group.

Uppsala 21 February 2022

Thomas Lundqvist
Chairman

Torbjörn Walker Larsson
CEO

Gunilla Ekström
Board member

Håkan Engqvist
Board member

Ingemar Kihlström
Board member

Johan Wieslander
Board member

This report has been translated from the Swedish original report. In case of discrepancies between the two versions, the Swedish version shall prevail.

Additional information

Contact

Torbjörn Walker Larsson, CEO
twl@emplicure.com

Erik Magnusson, CFO
erik.magnusson@emplicure.com

Certified adviser

Mangold Fondkommission AB
ca@mangold.se
08-503 01 550

Financial calendar 2022/23

Annual report published	17 Mar
AGM	6 Apr
Q1 2022	20 May
Q2 2022	18 Aug
Q3 2022	17 Nov
Q4 2022	23 Feb, 2023