

INTERIM REPORT

JANUARY-DECEMBER 2022

FOURTH QUARTER, OCTOBER-DECEMBER 2022

- Net sales amounted to MSEK 0.0 (0.0)
- Operating loss (EBIT) amounted to MSEK -9.4 (-5.2)
- Net loss amounted to MSEK -9.0 (-5.1)
- Net cash flow amounted to MSEK +0.2 (-4.6)
- EPS before and after dilution amounted to SEK -0.34 (-0.25)

JANUARY-DECEMBER 2022

- Net sales amounted to MSEK 0.0 (0.1)
- Operating loss (EBIT) amounted to MSEK -29.9 (-16.7)
- Net loss amounted to MSEK -29.5 (-18.4)
- Net cash flow amounted to MSEK -8.9 (+18.8)
- EPS before and after dilution amounted to SEK -1.22 (-1.16)

“We believe freee™ can be an attractive consumer product and a compelling alternative to smoking, because it is tiny and full of flavor.”

FINANCIAL OVERVIEW

Amounts in MSEK	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Net sales	-	-	-	0.1
Operating loss	-9.4	-5.2	-29.9	-16.7
Profit/Loss for the period	-9.0	-5.1	-29.5	-18.4
Net cashflow	0.2	-4.6	-8.9	18.8
Equity ratio	0.7	0.9	0.7	0.9
Total assets	18.1	24.7	18.1	24.7
Cash and cash equivalents	13.1	22.1	13.1	22.1
EPS before and after dilution, SEK	-0.34	-0.25	-1.22	-1.16

This information is information that Emplicure AB (publ) is obliged to disclose pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact persons above, on February 23, 2023 at 08:05 CET

COMMENTS BY THE CEO

I am pleased to report that over the past few months we have advanced several projects that are fundamental to the development of Emplicure.

During the period, we kept working on freee™, which is a new generation of products for the rapidly growing worldwide market for nicotine pouches. We focused our efforts on formulation and preparing to scale production. We believe freee™ can be an attractive consumer product and a compelling alternative to smoking, because it is tiny and full of flavor.

After the close of the fourth quarter, we announced that we will move forward with formulation development to adapt the initial release profile of buprenorphine in Empli03. We took this pivotal decision after the final results from our exploratory pharmacokinetic study last quarter showed a steady extended release profile.

These results validate that our ceramic platform is a potent tool for controlled release of buprenorphine and give us the confidence to proceed with formulation development. We will continue to work diligently to develop this formulation for the treatment of moderate to severe chronic pain. With our platform, we are confident that we can create a differentiated and meaningful product.

Emplicure strives to contribute to safer pain treatment and to inhibit opioid abuse. That's why we were also pleased to share the news last month that Emplicure is cooperating with OnDosis to evaluate potential solutions for oral delivery of active ingredients. This collaboration is based on our core competencies in formulation and dosing, and will let us create innovative treatments. We are encouraged that this joint effort sets us on the path to ensure safer medicine.

During the latest quarter, Emplicure entered into an agreement with a consortium made up of new and existing shareholders through which we took up a loan of 9.0 MSEK.

To sum up, we are very enthusiastic about the projects that we are undertaking and the advances for our company, which leverages its own bioceramic technology to help patients and consumers live better lives. We remain committed to continuing our strategic progress in the coming quarters. Thank you for your support.

Håkan Engqvist
CEO



Amplicon

Amplicon AB develops new and innovative consumer products targeting the large and fast-growing market for nicotine pouches as alternatives to smoking under the EU-trademarked brand name freee™.

Discussions in different phases are ongoing with potential licensees and partners. In addition, Amplicon is developing freee™ toward a ready product to be tested in select markets. We are conducting the development and profiling inhouse, as well as with external experts. The work with the development of a launch-ready product creates higher commercial value and provides a clearer expectation profile for a potential partner.

Emplipharm

We are using our bioceramic technology platform to develop an oral, buccal tablet that delivers buprenorphine with properties that counteract abuse of the medicine through manipulation of the tablets.

The results from our exploratory pharmacokinetic study validate that our ceramic platform is a potent tool for controlled release of buprenorphine.

Together with OnDosis, we are evaluating development targets for oral delivery of active ingredients, based on our two companies' respective core competencies in formulation and dosing. The collaboration will initially focus on development of innovative treatments for chronic pain.

Significant events

During the reporting period

- In October, the company announced the change of Certified Adviser to Erik Penser Bank.
- In October, it was also announced that the dosing in the first Phase I pharmacokinetic study for Empli03 was completed.
- In November, the Group obtained a loan of MSEK 9.0 to strengthen the working capital short-term.
- In November, Erik Penser Bank was appointed liquidity provider for the Emplicure share.
- In December, the company reported results from the explorative clinical pharmacokinetic study regarding the drug candidate Empli03.

After the reporting period

- In January, the company announced it will evaluate development targets for oral delivery of active ingredients jointly with OnDosis, based on their respective core competencies in formulation and dosing.
- In February, the company announced its decision to advance the formulation of Empli03 to boost the initial release profile.

Financial information

Capitalization of development costs

Up and until Q2 2022, the group has not capitalized any development or project costs. From Q3 2022, the group will capitalize costs related to the development of Amp01, our product with nicotine for oral use, because management assesses that the development progress has now reached the appropriate level for capitalization. The capitalized costs consist of costs for patents, personnel and other costs, for e.g., external consultants and partners, directly associated with the development of the product.

Net sales and result

The Group total revenues during the fourth quarter amounted to KSEK -137 (KSEK 5), of which a reversal of activated costs KSEK -144 (KSEK 0). The operating loss for the fourth quarter amounted to KSEK -9,389 (KSEK -5,170), while the corresponding result for the fiscal year amounted to KSEK -29,868 (KSEK -16,673). The increase in both the quarter and for the full year is predominantly related to the Empli03 study and the Amp01 product development, which is according to plan, where external CRO costs, other external consultants, production of investigational medicinal product and personnel are the main costs.

Cashflow and investments

Cash flow from operating activities in the quarter amounted to KSEK -9,184 (KSEK -4,647), including a change in the working capital of KSEK -184 (KSEK +365). For the fiscal year, the corresponding cash flow amounted to KSEK -28,361 (KSEK -18,356).

Cash flow from investment activities in the quarter amounted to KSEK +406 (KSEK 0). The corresponding number for the fiscal year was KSEK -1,157 (KSEK -109). The increase for the fiscal year is explained by the activated work for own account related to Amp01, of which patents KSEK -538 and other development costs of KSEK -1,122, and the sale of shares in Group companies of KSEK +800.

Investments	Okt-Dec		Jan-Dec	
	2022	2021	2022	2021
Tangible assets	-	-	-297	-109
Capitalized patents, licenses, etc.	-167	-	-538	-
Capitalized development costs	-227	-	-1,122	-
Sale of shares in Group companies	800	-	800	-
TOTAL	406	-	-1,157	-109

Cash flow from financing activities amounted to KSEK +8,960 (KSEK 0) in the quarter, which in total is explained by the obtained convertible loan.

Convertible loan

In November the Group obtained a loan of KSEK 8,960 to strengthen the working capital short term. The loan is subject to a monthly interest of 2 (two) percent. The loan shall be repaid no later than 31 March 2023, provided that the Company has not requested that the loan be converted.

During the period from the payment of the loan and until 31 March 2023, the Company has a unilateral right to request that the whole loan amount or a part thereof (including accrued interest) be converted into new shares in the Company.

The subscription price per share shall correspond to 85 per cent of the volume-weighted average price of the Company's share on Nasdaq First North during a period of ten trading days before 31 March 2023 (or the earlier date on which conversion is requested by the Company). A conversion of the loan is conditioned upon that necessary corporate resolutions and approvals are obtained.

Group, convertible loans	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Incoming balance	-	-	-	-
New loans in the period	8,960	-	8,960	11,750
Conversion in the period	-	-	-	-11,750
Re-paid loans in the period	-	-	-	-
Capitalized interest rates in the period	297	-	297	-
Outgoing balance	9,257	-	9,257	-

Cash position

The Group's cash and cash equivalents amounted by 31 December 2022 to KSEK 13,150, compared to KSEK 22,059 by 31 December 2021.

By the subscription of shares in the TO1 in May 2022, the company received a net KSEK 11,650. In November, the Group obtained a loan of KSEK 8,960, with a unilateral right for the group to convert to shares by 31 March 2023 at the latest in order to strengthen the group's working capital.

The Group's business model includes out-licensing and/or entering partnerships around the Group's products, where milestone and royalty payments based on future product sales can make up revenues for the Group. The Board is actively seeking funding solutions to ensure the progress of the Group's activities. Should such financing activities not be successful, there is a substantial uncertainty regarding the company's ability to continue its operations.

Warrants

The company has active option programs for key employees and the Board of Directors, see Note 1.

Risks

Management and the Board continuously evaluate risks and uncertainties related to the business. Please refer to the Company's Annual Reports for an account of the risks associated with the company's operations. You will find these on the company's website, www.emplicure.com, under the investor relations/financial reports tab.

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 26,460,512 at the end of the period (20,558,000 LY). In June 2022, 5,902,512 new shares were subscribed in the second step of the unit issue in conjunction with the listing in June 2021. The average number of shares in the fourth quarter amounted to 26,460,512, while corresponding number for the full year was 24,196,535, and 15,916,242 for the full year 2021.

Shareholders

The total number of shareholders amounted to approx. 510 by the end of December 2022. The three founders, Thomas Lundqvist, Susanne Bredenberg and Håkan Engqvist (via Aduro Material AB), together control 32.8% of the shares. The ten largest shareholders own 66.0% of the shares.

Shareholders 2022-12-31	Number of shares	Share
Tomas Lundqvist	4,487,324	17.0%
Susanne Bredenberg	2,102,000	7.9%
Aduro Material AB*	2,084,710	7.9%
Monesi Förvaltning	1,955,216	7.4%
Peyman Pournouri	1,862,716	7.0%
Johan Wieslander AB	1,620,000	6.1%
Hadi Ghafori	937,587	3.5%
Deseven Capital	831,324	3.1%
Nordnet pensionsförsäkring	795,626	3.0%
Olle Olsson Holding	783,000	3.0%
Other shareholders	9,001,009	34.0%
TOTAL	26,460,512	100.0%

* Aduro Material AB is controlled by CEO Håkan Engqvist

Consolidated income statement

Amounts in KSEK	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Operating income				
Net sales	-	-	-	80
Activated work for own account	-144	-	1,122	-
Other operating income	7	5	40	6
Total income	7	5	40	86
Operating expenses				
Raw materials and consumables	695	-501	-7,213	-406
Other external expenses	-6,891	-2,583	-14,045	-10,685
Personnel costs	-3,059	-2,083	-9,600	-5,632
Depreciation and impairments on fixed assets	-20	-5	-70	-12
Other operating expenses	23	-2	-102	-23
Total operating expenses	-9,252	-5,175	-31,030	-16,759
Operating loss (EBIT)	-9,389	-5,170	-29,868	-16,673
Financial items				
Result from shares in Group companies	627	-	627	-
Financial income	36	21	36	21
Financial expenses	-297	-	-299	-1,763
Net financial items	366	21	364	-1,742
Profit/loss after financial items	-9,023	-5,150	-29,505	-18,414
Profit/loss before tax	-9,023	-5,150	-29,505	-18,414
Tax	-	-	-	-
Profit/Loss for the period	-9,023	-5,150	-29,505	-18,414
Average number of shares	26.460.512	20.558.000	24.196.535	15.916.242
Earnings per share before and after dilution, SEK	-0.34	-0.25	-1.22	-1.16

Consolidated balance sheet

Amounts in KSEK	31 Dec	
	2022	2021
ASSETS		
FIXED ASSETS		
Intangible fixed assets	1,660	-
Tangible fixed assets	324	97
Total fixed assets	1,984	97
CURRENT ASSETS		
Other receivables	2,556	2,275
Prepayments and accrued income	419	279
Cash and cash equivalents	13,150	22,059
Total current assets	16,125	24,613
TOTAL ASSETS	18,109	24,710
EQUITY AND LIABILITIES		
EQUITY		
Share capital	1,323	1,028
Other paid-in capital	64,587	43,523
Other equity including the result for the period	-52,556	-23,051
Equity attrib. to shareholders of the parent	13,354	21,500
Ownership without controlling influence	173	-
Total equity	13,528	21,500
CURRENT LIABILITIES		
Accounts payable	2,560	1,305
Deferred taxes	170	58
Other current liabilities	366	223
Accruals and deferred income	1,485	1,624
Total current liabilities	4,581	3,210
TOTAL EQUITY AND LIABILITIES	18,109	24,710

Change in equity for the group

Amounts in KSEK	Share capital	Other paid-in capital	Other equity	Ownership without controlling influence	Total equity
Amount at the beginning of the period (1 Jan 2021)	110	6,509	-4,198	-	2,421
Bonus issue	438	-	-438	-	-
New share issue	480	39,602	-	-	40,082
Costs related to the new share issue	-	-2,588	-	-	-2,588
Profit for the period	-	-	-18,415	-	-18,415
Amount at the end of the period (31 Dec 2021)	1,028	43,523	-23,051	-	21,500
Amount at the beginning of the period (1 Jan 2022)	1,028	43,523	-23,051	-	21,500
New share issue	295	21,298	21,298	-	21,593
Costs related to the new share issue	-	-686	-	-	-686
Transactions with other shareholders	-	-	-	173	173
Employee stock option	-	452	-	-	452
Profit for the period	-	-	-29,505	-	-29,505
Amount at the end of the period (31 Dec 2022)	1,323	64,587	-31,258	173	13,528

Consolidated cash flow analysis

Amounts in KSEK	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
OPERATING ACTIVITIES				
Operating profit	-9,389	-5,170	-29,868	-16,673
Adjustments for items not included in cash flow	187	34	522	252
Financial net	36	21	34	-1,743
Tax paid	166	104	112	41
Cash flow from operating activities before changes in working capital	-9,000	-5,012	-29,200	-18,122
Increase/decrease other current receivables	-1,630	-770	-421	-2,156
Increase/decrease other current liabilities	1,447	1,134	1,260	1,922
Cash flow from operating activities	-9,184	-4,648	-28,361	-18,356
INVESTING ACTIVITIES				
Acquisition of tangible assets	-	-	-297	-109
Capitalized patents, licenses, etc.	-167	-	-538	-
Capitalized development costs	-227	-	-1,122	-
Sale of shares in Group companies	800	-	800	-
Cash flow from investing activities	406	-	-1,157	-109
FINANCING ACTIVITIES				
New share issue	-	-	12,336	39,840
Transaction costs	-	-	-686	-2,588
Convertible bonds	8,960	-	8,960	-
Cash flow from financing activities	8,960	-	20,610	37,252
Cash flow for the period	182	-4,648	-8,908	18,787
Cash and cash equiv. at the beginning of the period	12,967	26,705	22,058	3,270
Cash and cash equiv. at the end of the period	13,150	22,058	13,150	22,058

Income statement, parent company

Emplicure AB (parent company) Amounts in KSEK	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
Operating income				
Net sales	748	405	2,593	485
Other operating income	7	5	40	6
Total income	755	410	2,633	491
Operating expenses				
Raw materials and consumables	-15	-501	-7,205	-406
Other external expenses	-6,196	-2,225	-12,198	-9,885
Personnel costs	-2,797	-2,008	-9,043	-5,437
Depreciation and impairments on fixed assets	-20	-5	-70	-12
Other operating expenses	23	-2	-100	-23
Operating loss (EBIT)	-8,250	-4,332	-25,983	-15,272
Financial items				
Result from participations in subsidiary	5,298	-300	1,382	-910
Financial income	36	21	36	21
Financial expenses	-297	-	-299	-1,763
Net financial items	5,037	-280	1,119	-2,652
Profit/loss after financial items	-3,212	-4,612	-24,864	-17,924
Provided group contributions	-	-1,390	-	-1,390
Profit/loss before tax	-3,212	-6,002	-24,864	-19,314
Tax	-	-	-	-
Profit/Loss for the period	-3,212	-6,002	-24,864	-19,314

Balance sheet, parent company

Emplicure AB (parent company) Amounts in KSEK	31 Dec	
	2022	2021
FIXED ASSETS		
Tangible fixed assets	324	97
Shares in affiliated undertakings	6,257	25
Total fixed assets	6,581	122
CURRENT ASSETS		
Amounts owed by affiliated undertakings	25	-
Other receivables	2,231	1,966
Prepayments and accrued income	413	251
Cash and cash equivalents	12,185	22,043
Total current assets	14,854	24,260
TOTAL ASSETS	21,435	24,382
EQUITY		
Restricted capital		
Share capital	1,323	1,028
Total restricted capital	1,323	1,028
Shareholders surplus		
Share premium account	63,893	43,282
Surplus brought forward	-23,256	-4,394
Other equity including profit for the period	-24,864	-19,314
Total shareholders surplus	15,773	19,574
Total equity	17,096	20,602
CURRENT LIABILITIES		
Accounts payable	2,501	1,253
Amounts owed to affiliated undertakings	-	883
Deferred taxes	170	58
Other current liabilities	332	223
Accruals and deferred income	1,336	1,363
Total current liabilities	4,339	3,780
TOTAL EQUITY AND LIABILITIES	21,435	24,382

Cash flow analysis, parent company

Emplicure AB (parent company) Amounts in KSEK	Oct-Dec		Jan-Dec	
	2022	2021	2022	2021
OPERATING ACTIVITIES				
Operating profit	-8,250	-4,332	-25,983	-15,271
Adjustments for items not included in cash flow	187	33	522	253
Net financial items	36	21	34	-1,743
Tax paid	166	104	112	41
Cash flow from operating activities before changes in working capital	-7,861	-4,175	-25,316	-16,719
Increase/decrease other current receivables	-2,416	-580	-453	-1,818
Increase/decrease other current liabilities	2,248	1,853	447	2,492
Cash flow from operating activities	-8,029	-2,902	-25,321	-16,045
INVESTING ACTIVITIES				
Acquisition of tangible assets	-	-	-297	-109
Provided group contributions	-1,709	-300	-5,625	-910
Acquisition of affiliated companies	-25	-	-25	-
Sale of shares in Group companies	800	-	800	-
Cash flow from investing activities	-934	-300	-5,147	-1,019
FINANCING ACTIVITIES				
New share issue, gross	-	-	12,336	39,840
Costs related to the new share issue	-	-	-686	-2,587
Received shareholders contribution	-	-1,390	-	-1,390
Convertible bonds	8,960	-	8,960	-
Cash flow from financing activities	8,960	-1,390	20,610	35,863
Cash flow for the period	-3	-4,592	-9,859	18,798
Cash and cash equiv. at the beginning of the period	12,187	26,635	22,043	3,244
Cash and cash equiv. at the end of the period	12,184	22,043	12,184	22,043

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).

From Q3 2022, the Group capitalize costs related to Amp01. Other than this, the same accounting principles and calculation methods have been used in the interim report as in the most recent annual report.

The obtained convertible loan of 8.960 kSEK has been accounted as equity since the Company has a unilateral right to request that the whole loan (including accrued interest) be converted into new shares in the Company.

REVIEW BY AUDITOR

The Group's auditor is Leonard Daun, PWC. This report has not been reviewed by the Group'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.

INFORMATION ON CERTAIN ITEMS

Note 1 Disclosure of share capital and warrants

	<u>No. of shares</u>	<u>Quota per share</u>
Number/value at the beginning of the year	20,558,000	0.05
New shares issue by the use of warrants	5,912,512	0.05
Number/value at the end of the period	26,460,512	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 (SEK)
2019/2022	325 000	0	0	0	One warrant entitles to subscribe for 1 share	15,00
Subscription period 1 July 2022 until 31 December 2022. The programme is closed and no shares were subscribed.						
2021/2024	363 249	0	0	363 249	One warrant entitles to subscribe for 1 share	9,58
Subscription period 6 April 2024 until 6 July 2024						
TO1 (issued as a part of the units issued in connection with the company's listing on Nasdaq First North)	9 600 000	0	5 902 512	0	One warrant entitles to subscribe for 1 share	A total of 5,902,512, of potentially 9,600,000, shares were subscribed at SEK 2.09.
Subscription period 29 April 2022 until 13 May 2022						

EMPLOYEE SHARE OPTION

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 (SEK)
2021/2024 (non-qualified)	108 975	0	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	

The employee share options may be exercised no earlier than 3 years and no later than 3 years and 3 months after the participant has signed the program

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)	503 790*	0	0	503 790	Each employee share option gives the right to acquire on new share in the company	9,58
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The employee share options may be exercised no earlier than 3 years and no later than 3 years and 3 months after the participant has signed the program

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.

*The remaining 101.624 qualified employee share options expired 31 December 2021, hence the total program amounted to 503.790 employee share options.

2022/2025 (qualified)	614 740	0	0	0	Each employee share option gives the right to acquire on new share in the company	8,00
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The employee share options may be exercised no earlier than 3 years and no later than 3 years and 3 months after the participant has signed the program

Warrants of series 2022/2025* have been issued to secure the company's delivery of shares. These are not reported in the table above regarding warrants.

2022/2025 (qualified)	0***	205 580	0	0	Each employee share option gives the right to acquire on new share in the company	8,00
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The employee share options may be exercised no earlier than 3 years and no later than 3 years and 3 months after the participant

Warrants of series 2022/2025* have been issued to secure the company's delivery of shares. These are not reported in the table above regarding warrants.

***At the AGM in April 2022 it was decided to issue 411,160 qualified employee share options to the management and employees in Emplicure. Non of these had been acquired by 2022-09-30. During Q4, 205 580 have been acquired.

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 23 February 2023

Gisela Sitbon
Chairman of the board

Ingemar Kihlström
Board member

Gunilla Ekström
Board member

Johan Wieslander
Board member

Håkan Engqvist
CEO

Additional information

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Erik Penser Bank AB

Financial calendar 2023

AGM 2022
Q1 2023
Q2 2023
Q3 2023

11 May '23
12 May '23
23 Aug '23
17 Nov '23