

# INTERIM REPORT

## JANUARY-MARCH 2023

### FIRST QUARTER, JANUARY-MARCH 2023

- Net sales amounted to MSEK 0.0 (0.0)
- Operating loss (EBIT) amounted to MSEK -6.3 (-7.3)
- Net loss amounted to MSEK -6.8 (-7.3)
- Net cash flow amounted to MSEK -6.0 (-5.6)
- EPS before and after dilution amounted to SEK -0.26 (-0.36)

From this report and onwards, Emplicure will present the quarterly financial reports in English only.

**“We are enthusiastic about the projects at hand and the progress Emplicure is making.”**

### FINANCIAL OVERVIEW

Amounts in MSEK	Jan-Mar		Jan-Dec
	2023	2022	2022
Net sales	-	-	-
Operating loss	-6.3	-7.3	-29.9
Net profit/loss after tax for the period	-6.8	-7.3	-29.5
Net cash flow	-6.0	-5.6	-8.9
Equity ratio (%)	72%	77%	75%
Total assets	10.2	18.4	18.1
Cash and cash equivalents at the end of the period	7.2	16.5	13.1
EPS before and after dilution, SEK	-0.26	-0.36	-1.2

*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 May 9, 2023 at 07:58 CET*

# COMMENTS BY THE CEO

Dear shareholders,

During the first quarter of the year, we continued our progress in achieving our strategic objectives and progressed rapidly with the formulating and scaling of our nicotine pouch product. The manufacturing capability has been significantly increased and thereby paves the way for future collaborations and sales of our own products.

I am pleased to report that we successfully soft-launched the product under the consumer brand småå®, after the close of the quarter.

småå® is a new concept in white, tobacco-free nicotine pouches that enhances the experience for the consumer. The contents of the bags are designed with our patented bioceramic technology, which makes it possible to offer very small pouches with a significantly longer taste and nicotine experience.

Seeing our first product now commercially available in selected stores and in our own online shop is gratifying, but more importantly, the feedback we are getting from customers will give us valuable learnings in our strive to further improve the customer experience. Thanks to the product's discreet bags and its enhanced taste experience, we believe that småå® has potential to become a powerful alternative to smoking.

In March, the board made the decision to request the conversion of the entire outstanding loan of approximately 9.8 MSEK, into new shares of the company. This request aligns with the terms outlined in the agreement established with a consortium of creditors in November 2022.

The EGM on 2 May resolved to authorize the board of directors to increase the Company's share capital by issue of new shares. By this the company has the legal prerequisites in place to pursue its work of capitalizing the company.



Earlier in the quarter, we decided to move forward with formulation development to increase the initial release profile of buprenorphine in Empli03.

We took that decision after final results from the exploratory pharmacokinetic study showed a steady extended-release profile.

I also want to mention that we signed an agreement in January to collaborate with OnDosis to evaluate new oral delivery solutions for active ingredients, based on our two companies' respective core competencies in formulation and dosing.

We are enthusiastic about the projects at hand and the progress Emplicure is making as we leverage our own bioceramic technology to help patients and consumers live healthier lives. Thank you for your ongoing 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® and in Sweden under the brand småå®.

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 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.
- In March, the company announced it had decided to forward the AGM to 13 June
- In March, the company requested conversion of the entire outstanding loan amount (including accrued interest) of approximately 9.8 MSEK to new shares in the Company in accordance with the terms of the loan agreement which was entered into between the Company and a consortium of creditors on 4 November 2022
- In March, as a consequence of above, the company called for an EGM to be held on May 2.

### After the reporting period

- In April, the subsidiary Amplicon launched its first product, Småå, the new concept within white, dry, tobacco free, nicotine pouches.
- In May, the EGM resolved to adopt new articles of association in accordance with the board of directors' proposal, entailing amendments of the limits of the share capital and the number of shares.

# Financial information

## Capitalization of development costs

In Q3 and Q4 2022, the group capitalized costs related to the development of Amp01, our product with nicotine for oral use, because management assessed that the development progress had 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. Since the product development was finalized by Q4 2022, no costs have been capitalized in Q1 2023.

## Net sales and result

The Group total revenues during the first quarter amounted to KSEK 2 (KSEK 29). The operating loss for the first quarter amounted to KSEK -6,291 (KSEK -7,326). The decrease related to the fact that the Empli03 study has been finalized, and that Amp01 product development costs have decreased.

## Cashflow and investments

Cash flow from operating activities in the quarter amounted to KSEK -5,970 (KSEK -5,326), including a change in the working capital of KSEK +221 (KSEK +1,941).

Cash flow from investment activities in the quarter amounted to KSEK 0 (KSEK -234). There are no costs capitalized in the quarter.

Investments	Jan-Mar		Jan-Dec
	2023	2022	2022
Tangible assets	-	-234	-297
Capitalized patents, licenses, etc.	-	-	-538
Capitalized development costs	-	-	-1,122
Sale of shares in Group companies	-	-	800
<b>TOTAL</b>	<b>-</b>	<b>-234</b>	<b>-1,157</b>

Cash flow from financing activities amounted to KSEK 0 (KSEK 0) in the quarter.

Group, convertible loans	Jan-Mar		Jan-Dec
	2023	2022	2022
Incoming balance	9,257	-	-
New loans in the period	-	-	8,960
Conversion in the period	-	-	-
Re-paid loans in the period	-	-	-
Capitalized interest rates in the period	543	-	297
<b>Outgoing balance</b>	<b>9,800</b>	<b>-</b>	<b>9,257</b>

## Cash position

The Group's cash and cash equivalents amounted by 31 March 2023 to KSEK 7,180 (KSEK 16,499), compared to KSEK 13,150 by 31 December 2022.

In November 2022 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.

On 29 March 2023, the Company decided to request conversion of the loan of approx. 9.8 MSEK including interest and proposed an extended authorization to issue shares for the Company's continued capital need. That proposal was resolved by the EGM on 2 May 2023.

### **Future prospects**

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 also actively seeking other 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](http://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 first quarter amounted to 26,460,512, while corresponding number for the full year 2022 was 24,196,535.

## Shareholders

The total number of shareholders amounted to approx. 480 by the end of March 2023. 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 66.2% of the shares.

Ownership 31 Mar 2023	# of shares	share
Tomas Lundqvist	4,660,824	17,6%
Susanne Bredenberg	2,102,000	7,9%
Aduro Material AB*	2,084,710	7,9%
Monesi Förvaltning	1,955,216	7,4%
Peyman Pournouri	1,744,400	6,6%
Johan Wieslander AB	1,620,000	6,1%
Hadi Ghafari	937,587	3,5%
Deseven Capital	831,324	3,1%
Nordnet pensionsförsäkring	796,660	3,0%
Olle Olsson Holding	783,000	3,0%
Other	8,944,791	33,8%
<b>TOTAL</b>	<b>26,460,512</b>	<b>100,0%</b>

\* Aduro Material AB is controlled by Håkan Engqvist

# Consolidated income statement

Amounts in KSEK	Jan-Mar		Jan-Dec
	2023	2022	2022
Operating income			
Net sales	-	-	-
Activated work for own account	-	-	1,122
Other operating income	2	29	40
<b>Total income</b>	<b>2</b>	<b>29</b>	<b>40</b>
Operating expenses			
Raw materials and consumables	-446	-2,506	-7,213
Other external expenses	-2,791	-2,442	-14,045
Personnel costs	-2,985	-2,293	-9,600
Depreciation and impairments on fixed assets	-20	-15	-70
Other operating expenses	-50	-98	-102
<b>Total operating expenses</b>	<b>-6,292</b>	<b>-7,355</b>	<b>-31,030</b>
<b>Operating loss (EBIT)</b>	<b>-6,291</b>	<b>-7,326</b>	<b>-29,868</b>
Financial items			
Result from shares in Group companies	-	-	627
Financial income	12	-	36
Financial expenses	-543	-0	-299
<b>Net financial items</b>	<b>-531</b>	<b>-0</b>	<b>364</b>
<b>Profit/loss after financial items</b>	<b>-6,822</b>	<b>-7,326</b>	<b>-29,505</b>
Profit/loss before tax	-6,822	-7,326	-29,505
Tax	-	-	-
<b>Profit/Loss for the period</b>	<b>-6,822</b>	<b>-7,326</b>	<b>-29,505</b>
Average number of shares	26,460,512	20,558,000	24,196,535
Earnings per share before and after dilution SEK	-0,26	-0,36	-1,22

# Consolidated balance sheet

Amounts in KSEK	31 Mar		31 Dec
	2023	2022	2022
<b>ASSETS</b>			
<b>FIXED ASSETS</b>			
Intangible fixed assets	1,660	-	1,660
Tangible fixed assets	304	316	324
<b>Total fixed assets</b>	<b>1,964</b>	<b>316</b>	<b>1,984</b>
<b>CURRENT ASSETS</b>			
Other receivables	723	1,053	2,556
Prepayments and accrued income	369	509	419
Cash and cash equivalents	7,180	16,499	13,150
<b>Total current assets</b>	<b>8,271</b>	<b>18,060</b>	<b>16,125</b>
<b>TOTAL ASSETS</b>	<b>10,235</b>	<b>18,376</b>	<b>18,109</b>
<b>EQUITY AND LIABILITIES</b>			
<b>EQUITY</b>			
Share capital	1,323	1,028	1,323
Other paid-in capital	65,212	43,523	64,587
Other equity including the result for the period	-59,263	-30,316	-52,556
Equity attrib. to shareholders of the parent	7,272	14,235	13,354
Ownership without controlling influence	59	-	173
<b>Total equity</b>	<b>7,331</b>	<b>14,235</b>	<b>13,528</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	589	1,386	2,560
Deferred taxes	154	79	170
Other current liabilities	467	368	366
Accruals and deferred income	1,693	2,308	1,485
<b>Total current liabilities</b>	<b>2,904</b>	<b>4,141</b>	<b>4,581</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>10,235</b>	<b>18,376</b>	<b>18,109</b>

## 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 2023)	1,323	64,587	-52,556	173	13,528
Transactions with other shareholders	-	-	-	-115	-115
Issued convertible bond	-	543	-	-	543
Employee stock option	-	82	-	-	82
Elimination	-	-	115	-	115
Loss for the period	-	-	-6,822	-	-6,822
Amount at the end of the period (31 Mar 2023)	1,323	65,212	-37,965	59	7,331

# Consolidated cash flow analysis

Amounts in KSEK	Jan-Mar		Jan-Dec
	2023	2022	2022
<b>OPERATING ACTIVITIES</b>			
Operating profit	-6,291	-7,326	-29,868
Adjustments for items not included in cash flow	103	77	522
Financial net	12	-	34
Tax paid	-15	-18	112
Cash flow from operating activities before changes in working capital	-6,191	-7,267	-29,200
Increase/decrease other current receivables	1,883	992	-421
Increase/decrease other current liabilities	-1,662	949	1,260
Cash flow from operating activities	-5,970	-5,326	-28,361
<b>INVESTING ACTIVITIES</b>			
Acquisition of tangible assets	-	-234	-297
Capitalized patents, licenses, etc.	-	-	-538
Capitalized development costs	-	-	-1,122
Sale of shares in Group companies	-	-	800
Cash flow from investing activities	-	-234	-1,157
<b>FINANCING ACTIVITIES</b>			
New share issue	-	-	12,336
Transaction costs	-	-	-686
Convertible bonds	-	-	8,960
Cash flow from financing activities	-	-	20,610
Cash flow for the period	-5,970	-5,560	-8,908
Cash and cash equiv. at the beginning of the period	13,150	22,058	22,058
Cash and cash equiv. at the end of the period	7,180	16,498	13,149

# Income statement, parent company

Emplicure AB (parent company)	Jan-Mar		Jan-Dec
	2023	2022	2022
Amounts in KSEK			
Operating income			
Net sales	464	403	2,593
Other operating income	2	29	40
<b>Total income</b>	<b>465</b>	<b>432</b>	<b>2,633</b>
Operating expenses			
Raw materials and consumables	-446	-2,347	-7,205
Other external expenses	-2,087	-2,121	-12,198
Personnel costs	-2,659	-2,227	-9,043
Depreciation and impairments on fixed assets	-20	-15	-70
Other operating expenses	-49	-96	-100
<b>Operating loss (EBIT)</b>	<b>-4,796</b>	<b>-6,375</b>	<b>-25,983</b>
Financial items			
Result from participations in subsidiary	-	-410	1,382
Financial income	12	-	36
Financial expenses	-543	-	-299
<b>Net financial items</b>	<b>-531</b>	<b>-410</b>	<b>1,119</b>
<b>Profit/loss after financial items</b>	<b>-5,327</b>	<b>-6,785</b>	<b>-24,864</b>
Profit/loss before tax	-5,327	-6,785	-24,864
Tax	-	-	-
<b>Profit/Loss for the period</b>	<b>-5,327</b>	<b>-6,785</b>	<b>-24,864</b>

# Balance sheet, parent company

Emplicure AB (parent company) Amounts in KSEK	31 Mar		31 Dec
	2023	2022	2022
<b>FIXED ASSETS</b>			
Tangible fixed assets	304	316	324
Shares in affiliated undertakings	6,257	25	6,257
<b>Total fixed assets</b>	<b>6,561</b>	<b>341</b>	<b>6,581</b>
<b>CURRENT ASSETS</b>			
Amounts owed by affiliated undertakings	247	-	25
Other receivables	449	567	2,231
Prepayments and accrued income	366	479	413
Cash and cash equivalents	6,725	16,445	12,185
<b>Total current assets</b>	<b>8,366</b>	<b>18,502</b>	<b>14,854</b>
<b>TOTAL ASSETS</b>	<b>14,927</b>	<b>18,842</b>	<b>21,435</b>
<b>EQUITY</b>			
Restricted capital			
Share capital	1,323	1,028	1,323
Total restricted capital	1,323	1,028	1,323
Shareholders surplus			
Share premium account	64,436	43,282	63,893
Surplus brought forward	-48,038	-23,646	-23,256
Other equity including profit for the period	-5,327	-6,785	-24,864
<b>Total shareholders surplus</b>	<b>11,072</b>	<b>12,850</b>	<b>15,773</b>
<b>Total equity</b>	<b>12,395</b>	<b>13,878</b>	<b>17,096</b>
<b>CURRENT LIABILITIES</b>			
Accounts payable	524	1,230	2,501
Amounts owed to affiliated undertakings	-	1,390	-
Deferred taxes	154	79	170
Other current liabilities	438	368	332
Accruals and deferred income	1,416	1,897	1,336
<b>Total current liabilities</b>	<b>2,532</b>	<b>4,964</b>	<b>4,339</b>
<b>TOTAL EQUITY AND LIABILITIES</b>	<b>14,927</b>	<b>18,842</b>	<b>21,435</b>

# Cash flow analysis, parent company

Emplicure AB (parent company)	Jan-Mar		Jan-Dec
Amounts in KSEK	2023	2022	2022
<b>OPERATING ACTIVITIES</b>			
Operating profit	-4,796	-6,375	-25,983
Adjustments for items not included in cash flow	103	77	522
Net financial items	12	-	34
Tax paid	-15	-18	112
Cash flow from operating activities before changes in working capital	-4,696	-6,316	-25,316
Increase/decrease other current receivables	1,028	666	-453
Increase/decrease other current liabilities	-1,792	695	447
Cash flow from operating activities	-5,460	-4,954	-25,321
<b>INVESTING ACTIVITIES</b>			
Acquisition of tangible assets	-	-234	-297
Provided group contributions	-	-410	-5,625
Acquisition of affiliated companies	-	-	-25
Sale of shares in Group companies	-	-	800
Cash flow from investing activities	-	-644	-5,147
<b>FINANCING ACTIVITIES</b>			
New share issue, gross	-	-	12,336
Costs related to the new share issue	-	-	-686
Convertible bonds	-	-	8,960
Cash flow from financing activities	-	-	20,610
Cash flow for the period	-5,460	-5,598	-9,859
Cash and cash equiv. at the beginning of the period	12,184	22,043	22,043
Cash and cash equiv. at the end of the period	6,725	16,445	12,184

# 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.

The ingoing balances in the balance sheet are not approved by the AGM (to be held on 13 June).

## 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 period	26,460,512	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)
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

## 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 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.

\*\*\*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

EPS:	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

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 8 May 2023

Gisela Sitbon  
Chairman of the board

Ingemar Kihlström  
Board member

Gunilla Ekström  
Board member

Johan Wieslander  
Board member

Håkan Engqvist  
CEO

## Additional information

### Contact

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### Certified adviser

Erik Penser Bank AB

### Financial calendar 2023

AGM 2022  
Q2 2023  
Q3 2023

13 June '23  
23 Aug '23  
17 Nov '23