
emplicure

**Annual
Report
2022**





Company information

Emplicure AB (publ)
Registration number: 556967-7189

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Certified Adviser

Erik Penser Bank AB

In brief

- * **Emplicure is a group of companies active in the consumer and pharmaceutical sectors**

The Group develops a new generation of products by combining our proprietary biomaterial technologies with existing and approved substances. This allows for better efficiency, shorter project times, and decreased risk.

- * **Amplicon focus on the development of consumer products**

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 the brand name småå™ in Sweden

- * **Emplipharm represents the Group's pharma operations**

Emplipharm develops pharmaceuticals for better treatment of symptoms or diseases through new patent protected products based on medical unmet need, materials science, pharmacology, composition of the active pharmaceutical ingredient (API), and the effects of the same.

- * **The company was founded in 2014 and was listed on the Nasdaq First North Growth Market in June, 2021**

CEO Statement

In 2022, Emplicure made significant advancements that are crucial for the future development of the company. A key aspect of this progress was the establishment of a company structure that separates the consumer and pharmaceutical businesses. The consumer business, known as Amplicon, focuses on nicotine pouches, while the pharmaceutical division, Emplipharm, is responsible for developing controlled-release formulations.

Amplicon's nicotine pouches may be small in size, but they deliver both taste and nicotine at a level comparable to larger pouches. This breakthrough paves the way for a nicotine harm reduction strategy in various consumer markets, as well as future nicotine replacement therapy projects. Amplicon's primary business strategy revolves around in-house manufacturing of their patent-protected formulation, with market introduction through partnerships. Additionally, Amplicon is also developing consumer nicotine pouches under the brand name "småå™" as an alternative to smoking, mainly to gather market intelligence.

Discussions are currently underway with potential licensees and partners. Furthermore, in 2022, Amplicon made significant progress in developing "småå™" into a market-ready product for testing in select markets. The company is overseeing the development, manufacturing scale-up, and profiling internally, in addition to collaborating with external experts. This approach not only enhances the commercial value of the product but also establishes clearer expectations for potential partners. In the second quarter of 2023, "småå™" was successfully launched in Sweden, available in selected stores and online.

“Via our bioceramic material we have been able to develop a formulation offering unique benefits for consumers of white nicotine pouches as well as a pipeline of projects targeting both the opioid use disorder and chronic pain.”

On the other hand, Emplipharm AB utilizes its bioceramic technology platform to develop controlled-release formulations. Through a unique manufacturing process, the active molecule to be delivered



is encapsulated within the pores of the material. This technology offers the potential to develop tamper-resistant formulations and reduce the risk of dose dumping. Emplipharm is currently focused on two main projects:

1. **Empli03:** This project involves the development of an oral, buccal tablet that delivers buprenorphine while countering the abuse of the medicine through tablet manipulation. In 2022, the company conducted its first clinical study for this project, and the results from the exploratory pharmacokinetic study confirmed the effectiveness of the ceramic platform in achieving controlled release of buprenorphine.
2. **Collaborative efforts with OnDosis:** Emplipharm and OnDosis are jointly exploring development targets for oral delivery of active ingredients, leveraging their respective core competencies in formulation and dosing. The initial emphasis of this collaboration is on developing innovative treatments for chronic pain and opioid use disorder.

These advancements in both Amplicon and Emplipharm reflect Emplicure's commitment to pioneering solutions in the consumer and pharmaceutical sectors, respectively. By leveraging their unique technologies and collaborations, the company is poised to make a significant impact on harm reduction strategies and the development of controlled-release formulations.

Håkan Engquist

President & CEO

Our technology

Emplicure has the potential to revolutionize the field of controlled drug delivery through the ingenious combination of bioceramic materials and active ingredients, employing an innovative manufacturing process to create unique controlled release formulations.

Using the bioceramics' pore system

One of the key aspects of Emplicure's unique manufacturing approach lies in the loading of the active ingredient within the pore system of the bioceramic material. This loading ensures that the active ingredient is securely held within the pores, allowing for a controlled diffusion mechanism to initiate the release of the active substances.

What sets Emplicure apart is the ability to fine-tune the release and dosage of the active substances by making adjustments to the pore size, carefully selecting the bioceramic material, and utilizing specific excipients. By fine tuning these factors, Empli-

cure can precisely control the timing and amount of active ingredient release, thereby optimizing the therapeutic outcome for each patient or the consumer experience.

Moreover, the use of bioceramic materials in Emplicure's manufacturing process offers significant advantages in terms of biocompatibility and regulatory compliance. These materials have demonstrated exceptional compatibility with the human body, ensuring safe and effective use in medical applications. Emplicure's groundbreaking combination of bioceramic materials, active ingredients, and innovative manufacturing techniques has opened new avenues for the development of controlled release formulations.

Manufacturing process

During the manufacturing process, a bioceramic precursor powder is blended with excipients, an active molecule, and a water-based curing liquid, resulting in the formation of a resilient paste. As the paste sets and hardens, it transforms into a mechanically robust material, capable of being molded or shaped into almost any desired delivery form. While Emplicure primarily focuses on the creation of granules for pouches or tablets, the versatility of the paste allows for the exploration of various delivery options.

The main ingredients in the Emplicure process



Amplicon – new tobacco free nicotine products

Prillans nya! Räcker längre. Nästan osynliga.



Dessa produkter innehåller nikotin som är mycket beroendeframkallande.

Amplicon has registered the trade name småå[®] to be used for the innovative and new generation of nicotine pouches. The feedback from test panels has been positive and on 28th April in 2023 the first småå[®] products were available in selected stores in Sweden and on our own e-commerce site småå.com. In parallel Amplicon has identified potential partners for sales and marketing in additional countries.

The global market for nicotine pouches was approximately USD 2.1 billions in 2022, with a prognosis pointing towards an expected yearly average rate of growth of over 35 percent annually to 2030. The USA is, and is expected to remain, the largest market for these products.

The advantages of the bioceramics are the customized profile for nicotine release and better flavoring, as the bioceramics permit a longer taste experience. Furthermore, our own intellectual property gives us a strong position on the market when developing additional products.

smååTM
Our first product
on the market

The bioceramics technology of Amplicon is used for a new generation of oral nicotine products. An augmented health awareness has created a large interest for new oral nicotine products that are neither heated, nor inhaled.

There is already a vast range of products on the market with different nicotine strengths and flavorings. The oral nicotine products are categorized in “dry” or “wet” products, where the dry products are smaller and usually release the nicotine faster than the wet products. Both product variants are considerably more aesthetically appealing (white pouches) than traditional snuff products.

Amplicon

- * The bioceramic platforms form a strong and proprietary base for the development of oral transmucosal products, something which also provides a large potential for the development of consumer products. The rights for nicotine products are held by Amplicon, with the assignment to optimize the consumer products business area.
- * The development of new products based on tobacco-free nicotine is the primary business area for Amplicon.
- * The time needed to commercialize new products in Amplicon is relatively short, as the regulatory requirements for consumer products are less extensive.



Emplipharm — safer treatments

Controlled-release technology

Emplipharm has developed a safer and more precise way to deliver drugs. Our controlled-release technology targets large unmet medical needs, especially in opioid-based pain relief where our formulations improve therapy and reduce the risk of opioid abuse. This helps meet regulatory requests for products that deter societal abuse.

Our technologies can be applied to numerous therapeutic areas that demand precise drug release. Development times and the path to market are shorter, and associated risks are lower, because we use existing pharmaceutical substances rather than new molecules.

Empli03 is a buccal tablet, formulated with the opioid buprenorphine and under development for the treatment of chronic pain. The release of the tablet is designed to make it suitable for individualized patient-controlled treatment of chronic pain. It also has properties that make abuse difficult.

Global health issue

North America is in the midst of an opioid epidemic caused by over-prescription. Over 2.4 million people in the U.S. have severe opioid use disorder.

More than 932,000 people have died in the U.S. since 1999 from a drug overdose, according to the CDC.

Our buccal tablet

- * Has up to 5 hours release.
- * Puts patients and caregivers in control.
- * Has a tamper-resistant formulation.
- * Offers ER with high compliance.
- * Ensures that less Buprenorphine needed compared with patches.

Pain is a major health issue globally. In the U.S., as many as 20 percent of the population are estimated to suffer from chronic pain and to need long-term pain relief.

High costs

Widespread moderate to severe pain is a problem that is associated with high costs for society and individual patients. Opioids will continue to be an important part of pain treatment.

The market for opioid drugs for chronic pain is estimated to grow to USD 5.5 billion by 2025, in the G7 countries alone. We have the opportunity to offer patients both a new drug profile and safer use.

A pharmacokinetic study on buprenorphine

Empli03

Promising results

The objectives of the exploratory study performed in 2022 were to examine the safety and tolerability of Empli03 and analyze plasma concentrations of buprenorphine. Twelve healthy volunteers were dosed with a single oral buccal tablet placed under the upper lip for six hours and blood samples were collected throughout the study. All healthy volunteers completed the study, and no local irritation was observed. The tablet was easy to keep in place and was well-accepted.

The results show that our ceramic platform is a potent tool for controlled release of buprenorphine. This gives us the confidence to advance formulation development to increase the initial release profile. We believe Empli03 can play an important role in the treatment of moderate to severe pain, and potentially opioid use disorder.

After further positioning and formulation, we intend to find a partner for early-stage co-development of Empli03.

About Empli03

Empli03 is an oral buccal tablet containing the opioid buprenorphine for the treatment of moderate to severe pain. The exploratory clinical PK study is the first to investigate delivery of buprenorphine under the lip, and final results demonstrate an extended release profile.

Buprenorphine

Buprenorphine is approved to treat opioid use disorder and pain in major markets, including the US and the EU. The safety profile of buprenorphine and the properties that limit abuse are important features that can contribute to safer medical treatment of pain.

The Share

EMPLI

Number of shares

The company's share is listed on Nasdaq First North Growth Market Sweden since June 24 2021. The share is traded under the ticker EMPLI and the ISIN code is SE0015812391. One (1) share entitles to one (1) vote.

The number of shares at the end of 2022 was 26,460,512 (20,558,000) while the average number in 2022 was 24,196,535 (15,916,242).

Market capitalization and turnover

Emplicure's share price as of December 31, 2022 was SEK 0.94, corresponding to a market value of SEK 25 million. In 2022, a total of 8.3 million shares were traded at a value of approximately SEK 19 million.

Warrants and Employee share options

The company has a number of warrants and employee share option programs ongoing, please see next page for details.

Shareholders

The total number of shareholders amounted to approximately 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 percent of the shares. The ten largest shareholders own 66.0 percent of the shares.

Shareholder information is updated quarterly on the company's website, emplicure.com/.

Certified Adviser

For companies listed on the Nasdaq First North Growth Market, an agreement with a certified adviser is required. Emplicure's certified adviser in 2022 was Erik Penser Bank.

Shareholders (31 december 2022)	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 Ghafari	937,587	3,5%
Deseven Capital	831,324	3,1%
Nordnet pensionsförsäkring	795,626	3,0%
Olle Olsson Holding	783,000	3,0%
The 10 major owners, total	17,459,503	66,0%
Other shareholders	9,001,009	34,0%
Total	26,460,512	100,0%

* Aduro Material AB is controlled by Håkan Engqvist

The Share, continued

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 program 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
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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.
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Subscription period 29 April 2022 until 13 May 2022. The program is closed.

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 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 1 new share in the company	9.58
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The employee share options may be exercised no earlier than 3 years 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 1 new share in the company	8.00
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The employee share options may be exercised no earlier than 3 years 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 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.

Board of Directors' Report

Emplicure AB (publ)

Org.nr. 556967-7189

The annual report is prepared in Swedish kronor, KSEK.

The Board of Directors and the President of Emplicure AB may hereby submit the annual report and consolidated accounts for the financial year 2022.

The business

In the two subsidiaries Amplicon and Emplipharm, Emplicure develops new innovative products based on the combination of already approved active substances and advanced biomaterials science. Amplicon develops consumer products with oral nicotine as the first product. The product portfolio in Emplipharm focuses on medicines for chronic pain and with properties that prevent them from being abused.

Amplicon - Consumer Products

Amplicon develops new innovative products for the consumer market. In 2022, Amplicon has prioritized work on a tobacco-free nicotine product in the form of dry, white pouches for consumers, aimed at the large and rapidly growing market for tobacco-free nicotine. The development and profiling have been carried out with own staff and external experts. The work to develop a product ready to launch creates a higher commercial value and gives a clearer profile of what a partner can expect. It is fundamental to constantly move forward and up the value chain.

A first product was introduced at a large nicotine fair in Warsaw during the summer. The reception has been positive, and our IP-protected technology has attracted interest among both national and international tobacco companies. During the latter part of the year, the product and the production process were further developed to prepare for market launch in 2023. The company's initial brands are småå® and freee®.

Emplipharm - Pharmaceuticals

Our first drug product candidate, Empli03, targets chronic pain and underwent a pharmacokinetic study in 2022, which is the first time we are evaluating the technology platform in the clinical phase. Empli03 is a pain medication with buprenorphine as the active substance, in the form of a buccal tablet, with properties that mean that the patient can control the release of the active substance himself, but which also prevents the medicine from being abused through manipulation of the tablets.

The results from the clinical study, completed during the year, show that our ceramic platform may be a powerful tool for the controlled release of buprenorphine. Our assessment is that Empli03 can play an important role in the treatment of moderate to severe chronic pain and possibly also opioid addiction.

Comments to the income statement

Capitalized development costs

As of quarter 3 2022, the group capitalizes costs for the development of Amp01, our product with nicotine for oral use, because management's assessment is that the development work has progressed to the point where the expenses can be capitalized. The capitalized costs consist partly of patents, partly of personnel costs and other costs relating to, for example, consultants and external partners, which are directly associated with the development of the product.

Results

The operation's net sales during the financial year amounted to KSEK 0 (KSEK 80). Operating profit amounted to KSEK -29,868 (KSEK -16,673). According to plan, the increased costs during the year are mainly explained by the completed Empli03 study and the product development of Amp01, with external CRO costs, other external consultants, development of the trial product and personnel constituting the largest individual cost items.

Cash flow and Investments

The cash flow from current operations during the year amounted to KSEK -28,362 (KSEK -18,517).

Cash flow from investment activities for the full year amounted to KSEK -1,157 (KSEK -109). The change is partly explained by the introduced capitalization of costs related to Amp01, of which patents KSEK -538 and balanced development costs KSEK -1,122, partly by the sale of shares in group companies of KSEK +800.

Convertible debentures

In November, the group took out a convertible loan of KSEK 8,960 in order to strengthen working capital in the short term. The loan carries a monthly interest rate of 2 (two) percent and is due for payment on March 31, 2023, unless the Company has previously requested conversion, which is why the loan is reported in its entirety as equity.

The Company has the unilateral right to call for the conversion of all or parts of the loan (including accrued interest) into new shares in the Company in the period from when the loan is disbursed until March 31, 2023.

Board of Directors' Report, cont.

The subscription price per share was set to correspond to 85 percent of the volume-weighted average price of the Company's share on Nasdaq First North during a period of 10 trading days before March 31, 2023 (or the earlier day on which the Company requests conversion). Conversion of the loan assumes that the necessary corporate law decisions and approvals are obtained.

On March 29, 2023, the board decided to convert the outstanding loan of a total of KSEK 9,800 including accrued interest into new shares in the Company in accordance with the terms of the loan agreement entered into between the Company and a consortium of lenders on November 4, 2022, and to call an extraordinary general meeting on May 2, 2023, to approve the conversion. The reason for the board's decision was that the Company's financial position and liquidity did not allow for the loan amount to be repaid to the lenders and that alternative financing for the purpose of repaying the loan amount could not have been secured on acceptable terms before the loan amount fell due. The conversion of the loan amount requires a new issue of shares to the lenders ("Set-off issue"). The subscription price in the Set-off issue, which has been determined in accordance with the loan agreement, amounts to SEK 0.4374 per share and must be paid by offsetting the claims that the lenders have against the Company according to the loan agreement. The Set-off issue requires a change in the limits of the share capital and the number of shares in the articles of association.

At the time of issuing this annual report, the company does not have sufficient liquid funds to run the business for the remainder of the year without additional financing.

The board works actively to find financing solutions for the continued operation of the group's operations. The board's assessment is that financing may take place through milestone payments in connection with license deals and/or external financing through external loan or equity capital and assesses that financing will be able to be secured. If financing cannot be obtained, there is a material uncertainty factor that could lead to significant doubt about the company's ability to continue its operations.

Staff

During the year, an average of 6 people were employed, of which 4 men and 2 women. Torbjörn Walker Larsson resigned as president and CEO in September and was replaced by board member and co-founder Håkan Engqvist. See further under notes 5 and 6.

Risks and uncertainty factors in summary

Emplicure's significant risk and uncertainty factors include both risks in the ongoing operations and risks related to results from clinical studies, market and technology development, patents, competitors and future financing.

Emplicure's value is largely dependent on the success of the Company's development projects, the Company's ability and opportunities to enter into

partnerships with other pharmaceutical companies, and the Company's products obtaining marketing authorization and market acceptance. The company is in a development phase and there is a risk that the company will not reach sufficient profitability.

The company does not yet generate sufficient income to achieve a positive cash flow, which means that the company needs access to capital until its cash flow becomes positive. Access to capital may be limited at times when the Company needs it.

Russia's invasion of Ukraine

In 2022, the company has not had any major material impact from the ongoing war in Ukraine, and the current assessment is that our planned operational activities should be able to be conducted without significant impact from the war also in 2023. Should the war escalate and/or expand to more countries, this could affect the financial markets and thus the company's ability to acquire the necessary capital before its cash flow becomes positive.

The nomination committee 2022/23

The nomination committee has consisted of:

- Thomas Lundqvist as representative of the company's founder
- Henrik Didner as representative of Monesi förvaltning AB
- Peyman Pournouri
- Gisela Sitbon, chairman of the board of Emplicure AB

Annual General Meeting 2023

The annual general meeting will be held on June 13 2023. Notice will be given separately.

The company is seated in Uppsala.

Ownership conditions

The company's share has been listed on Nasdaq First North Growth Market Sweden since June 24, 2021. The share's trading symbol is EMPLI and the share's ISIN code is SE0015812391. One (1) share carries one (1) vote.

The number of shares at the end of the period amounted to 26,460,512 (20,558,000 previous year). In June 2022, warrants for 5,902,512 shares were redeemed as a second step in the unit issue in connection with the IPO in June 2021. The average number of shares was 24,196,535 for the full year 2022 and 15,916,242 for the full year 2021.

The total number of shareholders at the end of the year amounted to approximately 510. The three founders Thomas Lundqvist, Susanne Bredenberg and Håkan Engqvist together control 32.8 percent of the shares (through companies). The ten largest owners together own 66.0 percent of the shares.

Board of Directors' Report, cont.

Significant events during the financial year

In March, it was announced that the Japan Patent Office intends to approve a patent application for "Medicine Inhalation". The patent is expected to be granted in the coming months and will be valid until 2038.

In March, it was announced that the Australian Patent Office intends to approve a patent application for Amplicon's nicotine inhalation technology. The patent is expected to be granted within the next few months and to be valid until 2038.

In April, it was announced that the patent authority in Australia intends to approve a patent application regarding the inhalation of drugs. The patent is expected to be granted within the next few months and the patent will be valid until 2038.

In April, it was announced that an agreement had been signed with Uppsala University regarding the development of new formulations of biological medicines. The agreement also includes advanced characterization of drug formulations.

In April, it was announced that Gunilla Ekström, Håkan Engqvist, Johan Wieslander and Ingemar Kihlström were re-elected at the company's annual general meeting. Gisela Sitbon was elected as a new member, while Thomas Lundquist declined re-election. Gisela Sitbon was later elected chairman of the board.

In May, the outcome of the exercise of warrants of series TO1 was announced, where the Company received approximately MSEK 12.3 before issue costs.

In June, the subsidiary Amplicon submitted an application for trademark registration for its leading product to the EU Intellectual Property Office (EUIPO).

In June, it was also announced that Amplicon successfully demonstrated two dry white nicotine pouch products at the Global Forum on Nicotine in Warsaw on June 16–18, 2022.

In September, the UK authorities approved Emplicure's application to conduct a clinical pharmacokinetic study of Empli03 for moderate to severe pain.

In September, board member and co-founder Håkan Engqvist was appointed as the new president and CEO.

In September, it was also announced that a decision had been made to implement a holding company structure with operational subsidiaries.

In October, the company appointed Erik Penser Bank as Certified Adviser.

In October, it was also announced that the dosing in the first phase I pharmacokinetic study with EMPLI03 had been completed.

In November, a loan of MSEK 9.0 was taken out in order to strengthen the company's working capital in the short term and to meet the requirement for existing share capital to run the company for the next twelve-month period.

In November, an extraordinary general meeting was held which decided on the sale of 5 percent of the shares in the subsidiary Amplicon to its CEO, Tomas Hammargren.

In November, Erik Penser Bank was appointed as liquidity guarantor for the company's shares.

In December, results from the exploratory clinical pharmacokinetic study on the drug candidate Empli03 were announced.

Significant events after the end of the financial year

In January, the company announced that together with OnDosis AB, it intends to evaluate common development goals for oral dosing of active ingredients based on the companies' respective core competencies in formulation and dosing.

In February, it was announced that the company will further develop the formulation of Empli03 to increase the initial release profile.

In March, it was announced that the ordinary annual general meeting would be postponed until June 13.

In March, it was also announced that the board decided to carry out a conversion of the outstanding loan of a total of SEK 9.8 million into new shares in the Company in accordance with the terms of the loan agreement entered into between the Company and a consortium of lenders on November 4, 2022.

In connection with the decision to convert the loan, an extra general meeting was called on May 2 to approve the conversion.

In April, it was announced that the subsidiary is launching Småå, a completely new concept in white, tobacco-free nicotine pouches.

Appropriation

SEK

Proposed appropriations of the company's result

The following funds are available to the Annual General Meeting:

Losses carried forward	-23,255,646
Unrestricted premium reserve	63,893,066
Loss for the year	-24,864,346
	15,773,074

The Board of Directors proposes the following distribution: Carried forward to new account 15,773,074

Multi-year summary

Multiple-year comparison*, the Group	2022	2021	2020
Net sales	0	80	290
Balance sheet total	18,109	24,710	3,668
Equity ratio (%)	75	87	66
Operating profit (EBIT)	-29,868	-16,673	-4,609
Net profit or loss	-29,505	-18,415	-4,609
Net cash flow	-8,909	18,789	2,516
Cash and cash equivalents	13,150	22,059	3,270

*See notes for definitions of indicators

Multiple-year comparison*, the Parent Company	2022	2021	2020	2019	2018
Net sales	2,593	486	290	104	324
Balance sheet total	21,435	24,382	3,668	1,222	20,813
Equity ratio (%)	80	84	66	42	93
Operating profit (EBIT)	-25,983	-15,272	-4,609	-5,162	-2,366
Net profit or loss	-24,864	-19,314	-4,609	-5,154	-2,357
Cash and cash equivalents	12,185	22,044	3,245	753	6,281

Consolidated income statement

Income statement – Group	Note	2022-01-01 – 2022-12-31	2021-01-01 – 2021-12-31
Operating income, etc.			
Net sales		0	80
Activated work for own account		1,122	0
Other operating income		40	6
		1,162	86
Operating expenses			
Raw materials and consumables		-7,213	-406
Other external expenses	3, 4	-14,045	-10,685
Personnel costs	5, 6	-9,600	-5,632
Depreciation and amort. of tangible and intangible fixed assets		-70	-12
Other operating expenses		-102	-23
Total operation expenses		-31,030	-16,759
OPERATING PROFIT		-29,868	-16,673
Profit from financial items			
Profit from participations in Group companies		627	0
Other interest income and similar items		36	21
Interest expenses and similar items		-299	-1,763
Net financial expenses		364	-1,742
PROFIT OR LOSS AFTER FINANCIAL ITEMS		-29,505	-18,415
PROFIT OR LOSS BEFORE TAX		-29,505	-18,415
Tax on profit for the year	7	0	0
NET PROFIT OR LOSS FOR THE YEAR		-29,505	-18,415
Attributable to: The parent company's shareholders		-29,505	-18,415
Weighted average number of ordinary shares outstanding		24,196,535	15,916,242
Basic and diluted earnings per share		-1.22	-1.16

Consolidated balance sheet

Balance sheet – Group	Note	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized development costs	8	1 660	0
Total intangible fixed assets		1 660	0
Tangible fixed assets			
Equipment, tools, fixtures, and fittings	9	324	97
Total tangible fixed assets		324	97
Total fixed assets		1 984	97
CURRENT ASSETS			
Current receivables			
Accounts receivable		0	0
Other receivables		2 556	2 275
Prepayments and accrued income	11	419	279
Total current receivables		2 975	2 554
Cash and bank balances			
Cash and bank balances		13 150	22 059
Total cash and bank balances		13 150	22 059
Total current assets		16 125	24 613
TOTAL ASSETS		18 109	24 710
EQUITY AND LIABILITIES			
Equity, Group			
Share capital		1 323	1 028
Other contributed capital		64 587	43 523
Other equity including result for the year		-52 556	-23 051
Equity attrib. to shareholders of the parent		13 354	21 500
Ownership without controlling influence		173	0
Total equity, Group		13 528	21 500
Current liabilities			
Accounts payable		2 560	1 305
Current tax liabilities		170	58
Other liabilities		366	223
Accruals and deferred income	14	1 485	1 624
Total current liabilities		4 581	3 210
TOTAL EQUITY AND LIABILITIES		18 109	24 710

Change in equity in the Group

Consolidated changes in equity	Share Capital	Other contributed capital	Other equity	Ownership without controlling influence	Total equity
Amount at the beginning of the year	1,028	43,523	-23,051	0	21,500
New issue through exercise of options	295	12,041			12,336
Costs attributable to issue		-686			-686
Employee stock options		452			452
Issued convertible debenture		9,257			9,257
Transactions with other shareholders				173	173
Loss of the year			-29,505		-29,505
Amount at the end of the year	1,323	64,587	-52,556	173	13,528

Change in equity in the Parent Company

Parent company's changes in equity	Share Capital	Unrestricted premium reserve	Other unrestricted equity	Net profit or loss for the year	Total unrestricted equity
Amount at the beginning of the year	1,028	43,282	-4,394	-19,314	19,574
Rights issue	295	12,041			12,041
<i>Results disp. according to decision of the AGM:</i>			-19,314	19,314	0
Costs attributable to issue		-686			-686
Employee stock options			452		452
Issued convertible debenture		9,257			9,257
Loss of the year				-24,864	-24,864
Amount at the end of the year	1,323	63,894	-23,256	-24,864	15,774

Consolidated cash flow analysis

Cash flow statement – Group	Note	2022-12-31	2021-12-31
Operating activities			
Operating profit		-29,868	-16,673
Adjustments for items not included in cash flow	16	522	91
Interest received, etc.		36	20
Interest paid		-2	-1,763
Income tax paid		112	41
Cash flow from operating activities before change in working capital		-29,200	-18,283
Cash flow from change in working capital			
Decrease(+)/increase(-) in accounts receivable		0	141
Decrease(+)/Increase(-) in receivables		-421	-2,297
Decrease(-)/increase(+) in accounts payable		1,255	894
Decrease(-)/Increase(+) in current liabilities		4	1,028
Cash flow from operating activities		-28,362	-18,517
Investing activities			
Acquisition of intangible assets		-1,660	0
Acquisition of equipment, tools, fixtures, and fittings	10	-297	-109
Sale of shares in Group companies		800	0
Cash flow from investing activities		-1,157	-109
Financing activities			
New issuance for the year		12,336	39,840
Issuance costs		-686	-2,588
Warrant proceeds		0	162
Convertible bonds		8,960	0
Cash flow from financing activities		20,610	37,414
Change in cash and cash equivalents		-8,909	18,788
Cash and cash equivalents at the beginning of the year		22,059	3,269
Cash and cash equivalents at the end of the year	17	13,150	22,059

Parent company income statement

Income statement – Parent Company	Note	2022-01-01 – 2022-12-31	2021-01-01 – 2021-12-31
Operating income, etc.			
Net sales		2,593	485
Other operating income		40	6
Total income		2,633	491
Operating expenses			
Raw materials and consumables		-7,205	-406
Other external expenses	3, 4	-12,198	-9,885
Personnel costs	5, 6	-9,043	-5,437
Depreciation and amort. of tangible and intangible fixed assets		-70	-12
Other operating expenses		-100	-23
Total operation expenses		-28,617	-15,763
OPERATING PROFIT		-25,983	-15,272
Profit from financial items			
Profit from participations in Group companies		1,382	-910
Other interest income and similar items		36	21
Interest expenses and similar items		-299	-1,763
Net financial expenses		1,119	-2,652
PROFIT OR LOSS AFTER FINANCIAL ITEMS		-24,864	-17,923
Appropriations			
Group contributions		0	-1,390
Total Appropriations		0	-1,390
PROFIT OR LOSS BEFORE TAX		-24,864	-19,314
Tax on profit for the year	7	0	0
NET PROFIT OR LOSS FOR THE YEAR		-24,864	-19,314

Parent company balance sheet

Balance sheet – Parent Company	Note	2022-12-31	2021-12-31
ASSETS			
Fixed assets			
Tangible fixed assets			
Equipment, tools, fixtures, and fittings	9	324	97
Total tangible fixed assets		324	97
Financial fixed assets			
Participations in Group companies	10	6,257	25
Total financial fixed assets		6,257	25
Total fixed assets		6,581	122
CURRENT ASSETS			
Current receivables			
Receivables from group companies		25	0
Other receivables		2,231	1,966
Prepayments and accrued income	11	413	251
Total current receivables		2,669	2,217
Cash and bank balances			
Cash and bank balances		12,185	22,043
Total cash and bank balances		12,185	22,043
Total current assets		14,854	24,260
TOTAL ASSETS		21,435	24,382
EQUITY AND LIABILITIES			
Total equity, parent company			
Restricted equity			
Share capital	12, 13	1,323	1,028
Total restricted equity		1,323	1,028
Unrestricted equity			
Unrestricted premium reserve		63,893	43,282
Retained earnings		-23,256	-4,394
Net profit or loss for the year		-24,864	-19,314
Total unrestricted equity		15,773	19,574
Total equity, parent company		17,096	20,602
CURRENT LIABILITIES			
Accounts payable		2,501	1,253
Liabilities to Group companies		0	883
Current tax liabilities		170	58
Other liabilities		332	223
Accruals and deferred income	14	1,336	1,363
Total current liabilities		4,339	3,780
TOTAL EQUITY AND LIABILITIES		21,435	24,382

Parent company's cash flow analysis

Cash flow statement – Parent Company	Note	2022-12-31	2021-12-31
Operating activities			
Operating profit		-25,983	-15,271
Adjustments for items not included in cash flow	16	522	91
Interest received, etc.		36	20
Interest paid		-2	-1,763
Income tax paid		112	41
Cash flow from operating activities before change in working capital		-25,316	-16,882
Cash flow from change in working capital			
Decrease(+)/increase(-) in accounts receivable		0	141
Decrease(+)/Increase(-) in receivables		-453	-1,959
Decrease(-)/increase(+) in accounts payable		1,248	842
Decrease(-)/Increase(+) in current liabilities		-801	1,650
Cash flow from operating activities		-25,321	-16,208
Investing activities			
Acquisition of equipment, tools, fixtures, and fittings	10	-297	-109
Acquisition of Group companies	11	-25	0
Capital contribution left to Group companies		-5,625	-910
Sale of shares in Group companies		800	0
Cash flow from investing activities		-5,148	-1,019
Financing activities			
New issuance for the year		12,336	39,840
Group contributions		0	-1,390
Issuance costs		-686	-2,587
Warrant proceeds		0	162
Convertible bonds		8,960	0
Cash flow from financing activities		20,610	36,024
Change in cash and cash equivalents		-9,859	18,797
Cash and cash equivalents at the beginning of the year		22,044	3,244
Cash and cash equivalents at the end of the year	17	12,185	22,043

Notes

NOTE 1

Accounting and valuation policies, the Group

The annual report is prepared in accordance with the Swedish Annual Accounts Act as well as the Swedish Accounting Standards Board BFNAR 2012:1 annual report and consolidated (K3).

The accounting policies otherwise remain unchanged compared with the previous year.

Receivables

Receivables are recognized at the amount expected to be received.

Other assets, provisions, and liabilities

Other assets, provisions, and liabilities are measured at cost unless otherwise specified below.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. The company thus recognizes the revenue at its nominal value (invoice amount) if the consideration is received in cash immediately on delivery. Deductions are made for discounts granted.

Tangible fixed assets

Tangible fixed assets are recognized at cost less depreciation. The cost includes such expenses that are directly attributable to the acquisition of the asset. Expenditure related to current repairs and maintenance is recognized as expense.

Tangible fixed assets are depreciated on a systematic basis over the estimated useful life of the asset. When determining the depreciable amount of an asset, the residual value of the asset is taken into account where appropriate. Depreciation is included in the items Cost of goods sold, Sales costs, and Administrative costs in the income statement. The following useful lives are applied:

Equipment, tools, fixtures and fittings	5 Years
Balanced development costs	5 Years

Activation of internally developed intangible fixed assets

In 2022, the group has changed the accounting principle from the cost accounting model to the capitalization model. Expenses that meet the criteria to be capitalized are taken up as assets in the balance sheet. Expenses that do not meet the criteria to be taken up as an asset are expensed as they arise.

Capitalization of internally generated intangible assets

The expensing method

All expenses relating to the development of internally generated intangible assets are expensed as incurred.

Leasing

Leases where the financial risks and benefits associated with the asset in all material respects remain with the lessor are classified as operational leases. Such lease payments, including any upfront payment, are recognized as expense on a straight-line basis over the lease term.

Income tax

Current tax is income tax for the current financial year, which relates to the taxable profit for the year and the part of the previous financial year's income tax that has not yet been reported. Current tax is measured at the probable amount based on the tax rates and tax rules in effect on the balance sheet date.

Tax loss carryforwards amounted to SEK 77,899,464 as of the balance sheet date. On the grounds of prudence, no deferred tax asset has been recognized.

Remuneration to employees

Short-term employee benefits

The Group's short-term benefits consist of salary, social security contributions, paid vacation, paid sick leave, medical care, and bonuses. Short-term benefits are recognized as an expense and a liability when there is a legal or constructive obligation to pay a benefit.

Post-employment benefits

The Group only has defined contribution plans. Under defined- contribution plans, the company pays fixed fees to another company and has no further legal or constructive payment obligations even if the other company fails to meet its obligation. Costs are chargeable to the Group's results as the employees' pensionable services are performed.

Share-based payments

The Group has a share-based payment plan, where the Group receives services from employees and Empligure AB (publ) issues equity instruments in the form of share options to the employees as consideration. The total amount to be expensed is recognized in profit or loss as a personnel cost and in equity in the Other contributed capital item, spread over the vesting period. When the estimated number of equity instruments that will be vested changes, the difference is recognized in profit or loss for the period of the reassessment. The social security contributions incurred on the allotment of share options are recognized as a personnel cost and a liability. Subsequent remeasurements are recognized in profit or loss.

The convertible loan of SEK 8,960,000 taken up during the fourth quarter has been reported as equity because the loan was covered by a unilateral conversion right on the part of the Company.

Notes, cont.

Receivables and liabilities in foreign currency

Monetary receivables and liabilities in foreign currency have been translated at the exchange rate at the balance sheet date.

Exchange rate differentials arising on the settlement or translation of monetary items are recognized in profit or loss in the year in which they arise, either as an operating item or a financial item, depending on the underlying transaction.

Cash flow statement

The cash flow statement is drawn up using the indirect method. The reported cash flow covers only operations resulting in cash transactions.

In cash and cash equivalents, the Company includes cash as well as available balances with banks and other credit institutions.

Consolidated accounts

The consolidated accounts cover the parent company Empicure AB (publ) and its subsidiaries. Subsidiaries are companies in which the parent company directly or indirectly holds more than 50 percent of the voting rights or otherwise has a controlling influence. Controlling influence means a right to formulate a company's financial and operational strategies in order to obtain financial benefits. The recognition of business combinations is based on the unit perspective, meaning that the acquisition analysis is conducted on the date on which the acquiring party gains a controlling interest. From this point onwards, the acquirer and the acquired entity are regarded as an accounting unit. Application of the unitary view also means that all assets (including goodwill) and liabilities, as well as income and expenses, are included in their entirety even for part-owned subsidiaries.

For subsidiaries, cost is measured as the sum of fair value on the date of acquisition for purchased assets plus accrued and assumed liabilities as well as issued equity instruments, expenses directly attributable to the business acquisition and any additional considerations. The acquisition analysis determines the fair value, with some exceptions, at the acquisition date of

the identifiable assets acquired, liabilities assumed, and minority interest. Minority interests are measured at fair value as of the acquisition date. As of the acquisition date, the acquired company's income and expenses, identifiable assets and liabilities, as well as any goodwill or negative goodwill are included in the consolidated financial statements.

Elimination of transactions between group companies and associated companies

Intra-group receivables and liabilities, income and expenses, and unrealized gains or losses arising from transactions between group companies are eliminated in their entirety. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no indication of any need for impairment.

Accounting and valuation policies, the parent company

The parent company applies the same accounting and valuation policies as the group, with the following exceptions:

Appropriations

Group contributions

Group contributions provided to the parent company by subsidiaries or to subsidiaries by the parent company are recognized as appropriations.

Shares and participations in subsidiaries

Shares and participations in subsidiaries are recognized at cost less impairment. The cost includes the purchase price paid for the shares as well as acquisition costs. Any capital contributions are added to the cost as provided. Dividends from subsidiaries are recognized as income.

Equity

Equity is divided into restricted and unrestricted equity, in accordance with the classification in the Swedish

NOTE 2 TRANSACTIONS BETWEEN GROUP COMPANIES

Parent company	2022	2021
Proportion of sales relating to group companies	100%	84%
Proportion of purchases relating to group companies	0%	0%

Notes, cont.

NOTE 3 LEASES - OPERATIONAL LEASES

	Group		Parent company	
	2022	2021	2022	2021
During the year, the company's lease payments amounted to	1,210	391	962	293
Future minimum lease payments for non-cancellable leases are due as follows:				
Within 1 year	802	503	744	466
2 to 5 years	342	393	342	393
Total	1,144	896	1,086	859

In the consolidated accounts, the operational leases essentially comprise rented property/premises. The lease agreements usually have a duration of three years, with a possibility of extension. Low-value leases include office equipment.

NOTE 4 AUDITOR'S FEES

	Group		Parent company	
	2022	2021	2022	2021
<i>Öhrlings PricewaterhouseCoopers</i>				
Audit engagements	323	224	305	194
Total	323	224	305	194

Audit engagements refer to the auditor's work relating to the statutory audit while auditing work refers to various types of quality assurance services. Other services are those not included in audit engagements, auditing work, or tax consultancy.

NOTE 5 AVERAGE NUMBER OF EMPLOYEES

	Group		Parent company	
	2022	2021	2022	2021
<i>Average number of employees</i>				
The average number of employees was	6	3	6	3

NOTE 6 PERSONNEL

	Group		Parent company	
	2022	2021	2022	2021
<i>Average number of employees</i>				
The average number of employees was	6	3	6	3
of whom women	2	1	2	1
of whom men	4	2	4	2
<i>Board of Directors and CEO:</i>				
Salaries and remunerations	3,500	1,725	2,998	1,576
Pension costs	289	282	289	282
Total	3,789	2,007	3,287	1,858
<i>Other employees:</i>				
Salaries and remunerations	3,212	2,066	3,212	2,066
Pension costs	468	229	468	229
Total	3,680	2,295	3,680	2,295
Social security contributions	1,925	1,137	1,870	1,100
Board and others, total	9,394	5,439	8,837	5,253
Salaries and remunerations	6,712	3,791	6,210	3,641
Pension costs	757	511	757	512
Social security contributions	1,925	1,137	1,870	1,100
Total	9,394	5,439	8,837	5,253

Notes, cont.

	Group		Parent company	
	2022	2021	2022	2021
<i>Gender balance in the Board of Directors and management</i>				
Number of board members	7	5	5	5
of whom women	3	1	2	1
of whom men	4	4	2	4
Number of other senior executives including the CEO	2	1	1	1
of whom women	0	0	0	0
of whom men	2	1	1	1

Breakdown of salaries and other remunerations between the Board of Directors and the Chief Executive Officer, the Group

2022	Salary/ board	Pension expenses	Share- based payments	Total in 2022
Chairman of the Board, parent company, Gisela Sitbon	0		28	28
Chairman of the Board, Amplicon, Gisela Sitbon	0		0	0
Director, Gunilla Ekström	100		14	114
Director, Ingemar Kihlström	100		14	114
Director, Johan Wieslander	100		14	114
Director, Thomas Lundqvist	200		0	200
Director, Amplicon, Erik Magnusson	0		0	0
CEO, parent, Torbjörn Walker Larsson 1/1-12/9 2022	1,718	289	50	2,057
CEO, parent, Håkan Engquist 13/9-31/12 2022	508		15	523
CEO, Amplicon, Tomas Hammargren 1/8-31/12 2022	501		138	639
Total	3,227	289	273	3,789

Share-based payments to members of the board and the Chief Executive Officer amounted to KSEK 273 (52) of which KSEK 203 (36) to the Chief Executive Officer and KSEK 70 (16) to four other members of the board.

2021	Salary/ board	Pension expenses	Share- based payments	Total in 2021
Chairman of the Board, parent company, Tomas Lundqvist	150			150
Chairman of the Board, Amplicon, Tomas Hammargren	75		5	80
Director, Gunilla Ekström	75			75
Director, Ingemar Kihlström	75			75
Director, Johan Wieslander	75			75
Director, Håkan Engquist	113		11	124
Director, Susanne Bredenberg	38			38
CEO, parent, Torbjörn Walker Larsson 1/4-31/12 2021	1 073	282	36	1 391
Total	1 673	282	52	2 007

Share-based payments to members of the board and the Chief Executive Officer amounted to KSEK 52 (0) of which KSEK 36 (0) to the Chief Executive Officer and KSEK 16 (0) to four other members of the board.

Notes, cont.

NOTE 7 RESULTS FROM GROUP COMPANIES

	Group		Parent company	
	2022	2021	2022	2021
Realization gain	627	0	472	0
Impairments	0	0	0	-910
Reversal of impairments	0	0	910	0
Net	627	0	1,382	-910

NOTE 8 TAX ON PROFIT FOR THE YEAR

Group	2022	2021
<i>Reconciliation of effective tax</i>		
Profit or loss before tax	-29,505	-18,415
Tax cost 20.60%	6,078	3,794
Tax effect of:		
Non-deductible costs	-9	-193
Unused tax losses not recognized as assets	-6,069	-3,601
Total	0	0

Parent company	2022	2021
Current tax	0	0
	0	0
<i>Reconciliation of effective tax</i>		
Profit or loss before tax	-24,864	-19,314
Tax cost 20.60%	5,122	3,979
Tax effect of:		
Non-deductible costs	-7	-192
Non-deductible income	285	0
Unused tax losses not recognized as assets	-5,399	-3,786
Total	0	0

NOTE 9 CAPITALIZED DEVELOPMENT COSTS

	Group		Parent company	
	2022	2021	2022	2021
Incoming balance	0	0	0	0
Capitalized during the year	1,660	0	0	0
Outgoing balance	1,660	0	0	0

NOTE 10 EQUIPMENT, TOOLS, FIXTURES, AND FITTINGS

	Group		Parent company	
	2022	2021	2022	2021
Incoming acquisition value	109	0	109	0
Purchases	297	109	297	109
Outgoing accumulated cost	406	109	406	109
Incoming depreciation	-12	0	-12	0
Depreciation for the year	-70	-12	-70	-12
Outgoing depreciation	-82	-12	-82	-12
Outgoing balance	324	97	324	97

Notes, cont.

NOTE 11 PARTICIPATIONS IN SUBSIDIARIES

			2022	2021
Company		Number/ Share %	Book value	Book value
Reg.no.	Registered office			
Amplicon AB 559282-6431	Uppsala	25 95,00%	6,232	25
Emplipharm AB 559397-1608	Uppsala	25 100,00%	25	0
			6,257	25
Incoming acquisition value			935	0
Purchases			25	25
Divestitures			-328	0
Shareholder contributions to Group companies			5,625	910
Accumulated cost, closing balance			6,257	935
Incoming impairment value			-910	0
Impairment for the year			0	-910
Reversed impairments			910	0
Accumulated impairment, closing balance			0	-910
Outgoing balance			6,257	25

NOTE 12 PREPAYMENTS AND ACCRUED INCOME

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Prepaid rent	245	104	239	76
Other items	174	175	174	175
Total	419	279	413	251

NOTE 13 DISCLOSURES ON SHARE CAPITAL

	Number of shares	Quota value per share
Number/value at the beginning of the year	20,558,000	0,05
New share issue	5,902,512	0,05
Number/value at the end of the year	26,460,512	0,05
The above number of shares breaks down as follows	2022-12-31	2021-12-31
A shares	26,460,512	20,558,000
Total	26,460,512	20,558,000

Notes, cont.

The board of Emplicure AB decided on March 29, 2023 to call for the conversion of the entire outstanding loan amount (including accrued interest) of approximately SEK 9.8 million into new shares in the Company in accordance with the terms of the loan agreement entered into between the Company and a consortium of lenders on November 4, 2022.

The reason for the board's decision is that the Company's financial position and liquidity do not allow the loan amount to be repaid to the lenders and that alternative financing for the purpose of repaying the loan amount has not been able to be secured on acceptable terms before the loan amount becomes due for payment.

The conversion of the loan amount presupposes a new issue of shares to the lenders, and the board therefore proposes that the general meeting decides on a directed issue of a total of 22,402,744 shares to the lenders (the "Set-off issue").

The subscription price in the Set-off issue, which has been determined in accordance with the loan agreement, amounts to SEK 0.4374 per share and must be paid by offsetting the claims that the lenders have against the Company according to the loan agreement. The clearance issue requires a change to the limits of the share capital and the number of shares in the articles of association.

NOTE 14 EARNINGS PER SHARE

	2022-01-01 – 2022-12-31	2021-01-01 – 2021-12-31
Profit or loss attributable to parent company shareholders	-29 505	-18 415
Weighted average number of ordinary shares outstanding	24,196,535	15,916,242
Basic and diluted earnings per share	-1,22	-1,16

NOTE 15 ACCRUALS AND DEFERRED INCOME

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Accrued salaries, fees and social security contributions	1,203	1,275	1,099	1,089
Other accrued costs	282	349	237	274
Total	1,485	1,624	1,336	1,363

NOTE 16 ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Depreciation and amortization	70	12	70	12
Other items	452	79	452	79
Total	522	92	522	92

NOTE 17 CASH AND CASH EQUIVALENTS

	Group		Parent company	
	2022-12-31	2021-12-31	2022-12-31	2021-12-31
Cash and bank balances	13,150	22,059	12,185	22,043
Total	13,150	22,059	12,185	22,043

Cash and cash equivalents consist of cash and bank deposits. The group holds no other short-term deposits.

Notes, cont.

NOTE 18 APPROPRIATIONS OF PROFIT AND LOSS (SEK)

Proposed appropriations of the company's profit	SEK
The following funds are available to the Annual General Meeting:	
Losses carried forward	-23,255,646
Unrestricted premium reserve	63,893,066
Loss for the year	-24,864,346
	15,773,074
The Board of Directors proposes the following distribution: Carried forward to new account	
	15,773,074

NOTE 19 TRANSACTIONS WITH RELATED PARTIES

Companies related to the CFO and several board members have during the period had contracts for consulting services with the group. Transactions with related parties are on market terms.

NOTE 20 DEFINITION OF KEY FIGURES

Solidity	Adjusted equity as a percentage of total assets
Operating profit	Profit before financial items

NOTE 21 SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

In January, the company announced that together with OnDosis AB, it intends to evaluate common development goals for oral dosing of active ingredients based on the companies' respective core competencies in formulation and dosing.

In February, it was announced that the company will further develop the formulation of Empli03 to increase the initial release profile.

In March, it was announced that the ordinary annual general meeting would be postponed until June 13.

In March, it was also announced that the board decided to carry out a conversion of the outstanding loan of a total of SEK 9.8 million into new shares in the Company in accordance with the terms of the loan agreement entered into between the Company and a consortium of lenders on November 4, 2022.

In connection with the decision to convert the loan, an extra general meeting was called on May 2 to approve the conversion.

In April, it was announced that the subsidiary is launching Småå, a completely new concept in white, tobacco-free nicotine pouches.

Signatures

Uppsala May 2023

Gisela Sitbon
Chairman of the board

Ingemar Kihlström
Board member

Gunilla Ekström
Board member

Johan Wieslander
Board member

Håkan Engqvist
CEO

Our audit report was submitted May 2023
Öhrlings PricewaterhouseCoopers AB

LEONARD DAUN
Authorized Public Accountant

The auditors report is available only in the Swedish Annual Report 2022

Board of Directors

Gisela Sitbon, Chairman of the Board

Member of the Board since 2022.

Gisela Sitbon holds a PhD in Molecular- and Microbiology from Karolinska Institute. She has a solid experience within the life-science industry ranging entrepreneurship, quality management, business development and venture capital.

Holdings in the company: 0 shares and 86,999 employee warrants

Independence: Gisela is independent in relation to the company and is independent in relation to the Company's largest shareholders Text

Other Board assignments: Chairman of the board of Nanologica AB, Amplicon AB, Emplipharm AB and Gradientech AB. Board member of Sitbon Bioscience Partner Zenz AB.

Johan Wieslander, Board Member

Member of the Board since 2021. Johan holds a MSc Electrical Engineering from Chalmers and a BSc in BA and Economics from Gothenburg University. He has a lengthy experience from management consultancy, venture capital and CEO roles.

Holdings in the company: 1,620,000 shares and 103,788 employee warrants.

Independence: Johan is independent in relation to the company and is independent in relation to the Company's largest shareholders.

Other Board assignments: several board positions in companies within Newground Alliance, board positions in Peas Industries AB, Inhouse AB and Inhold AB, Deseven International AB and Deseven Capital AB, Johan Wieslander AB, J&J Wieslander AB, Bostadsrättsföreningen Falken 11 and Bostadsrättsföreningen Målaren.

Håkan Engqvist, Board member and CEO Emplicure

Member of the Board since 2015. Håkan holds a PhD and is a Professor in Applied Materials Science at Uppsala University.

He has extensive knowledge of Bioceramics and the Med-Tech industry. He is the founder of several companies, e.g. OssDesign AB and Emplicure.

Holdings in the company: 2,084,710 shares and 97,650 employee warrants.

Independence: Håkan is dependent in relation to the company and is dependent in relation to the Company's largest shareholders.

Other Board assignments: Chairman of the Board in Psilox AB, Viaton AB and Lea Cares AB, Board member in Inside Innovation AB, OssDesign AB, Amplicon AB, Emplipharm AB and Aduro Material AB.

Gunilla Ekström, Board Member

Member of the Board since 2015. Gunilla holds an MD, PhD and Associate Professor from Karolinska Institutet. Her wide-ranging experience covers all phases of drug development in small, medium and large companies. She is a co-founder of Gesynta Pharma and holds several board positions.

Holdings in the company: 88,420 shares and 190,897 employee warrants.

Independence: Gunilla is independent in relation to the company and is independent in relation to the Company's largest shareholders.

Other Board assignments: Board member in Corline Biomedical AB, Haracon AB, Disruptive Pharma AB, Initiator Pharma A/S and Strike Pharma AB.

Ingemar Kihlström, Board Member

Member of the Board since 2015. Ingemar holds a PhD in Physiology and Associate Professor in Toxicology from Uppsala University. He has a broad experience in business development and drug development from e.g. Astra Zeneca and Pharmacia and the financial industry. He is the co-founder of several life-science companies and holds several boards, mainly within Pharma, MedTech and Biotech.

Holdings in the company: 129,074 shares and 190,897 employee warrants.

Independence: Ingemar is independent in relation to the company and is independent in relation to the Company's largest shareholders.

Other Board assignments: Chairman of the Board in Miris Holding AB, Miris AB, Ilya Pharma AB, Arcede AB and Ingemar Kihlström AB. Board member in Healthinvest Partners AB, Attana AB, Lipum AB and G. Pettersson & Partners AB.

Management team

Tomas Hammargren, CEO Amplicon

Appointed 2022. Tomas has a B.S., MBA. Extensive experience from pharmaceutical and MedTech industry. Has been engaged in Tobacco Harm Reduction since 2004 ranging from snus, NRT, e-cigarettes, heated products and nicotine pouches.

Other assignments: managing director of his own consulting company Posimistic AB.

Holdings in the company: 0 shares and 461,325 employee warrants.

Erik Magnusson, CFO

Appointed 2022. Erik has more than 25 years of experience as an economist, including as a financial analyst and partner at ABG Sundal Collier, as CFO at the biotechcompany Sen-toClone AB, and as a senior business controller at Capio, Aleris, Systembolaget and Coop Online AB.

Other assignments: Erik is board member of Amplicon AB and Emplipharm AB, the managing director of his own consulting company Råderik AB, and CFO at Promore Pharma (publ.).

Holdings in the company: 172,809 shares and 0 employee warrants.

Jesper Lööf, CTO

Appointed 2021. Jesper holds a MSc Chem and a PhD from Uppsala University. He has experience in product development, scale ups and commercialization of bioceramic products for international markets. Experience from First North and IPO.

Holdings in the company: 12,000 shares and 248,089 employee warrants.

Anna Franzén, Project manager

Appointed 2021. Anna has a PhD in Pharmaceutical Biosciences. More than 15 years of experience from pharmaceutical industry, regulatory authority and as business advisor at Uppsala University Innovation.

Holdings in the company: 0 shares and 84,263 employee warrants.

	sluta inte	V. 39	V. 40	V. 41	V. 42
su/uev		<p>TPP. komr.? /UEV ✓</p> <p>Härda Alu-phase n/10 str. c-möda → ADP 1/10</p> <p>TL - bely. möda</p> <p>sva m önder rapporte!</p> <p>Till CAS 13.9% partiklar ✓</p> <p>Spam 100 ms pellets: jse → härlis A</p> <p>Synopsi - klinisk program /UEV ✓</p> <p>inga land! /SB</p> <p>nie salt /ISU → profil diss - HPLC</p> <p>långsamt på mer möt sam?</p>			<p>Elig + bup lte... → ADP + Diss</p> <p>Räkna på residual drug i slutet</p> <p>CS-Bup lte /UEV</p> <p>Shnhappmar. /UEV</p> <p>partiklar, 200 ppm</p> <p>isistad. reakt?</p> <p>Cas partiklar</p> <p>GP partiklar</p> <p>Andr rapp n</p>
and					
Nej!					
10-1130					
X.					
1					
utl					
UEV /					
/isu					

