

INTERIM REPORT 1 JANUARI - 30 JUNI 2021

Q2 2021

- ▶ The result for the quarter amounted to -5 228 kSEK (-4 709 kSEK)
- ▶ Cash flow for the quarter amounted to -3 096 kSEK (28 668 kSEK)
- ▶ Cash and cash equivalents at the end of the quarter amounted to 25 706 kSEK (39 726 kSEK)

Summary Financial Highlights kSEK	Apr-Jun 2021	Apr-Jun 2020	Jan-Jun 2021	Jan-Jun 2020	Jan-Dec 2020
Net revenue	0	0	0	0	0
Operating result	-5,212	-4,709	-9,598	-8,690	-17,235
Result	-5,228	-4,709	-9,643	-8,690	-17,289
Balance sheet total	33,647	49,259	33,647	49,259	39,640
Cash flow	-3,096	28,668	-7,914	37,662	31,556
Cash and cash equivalents	25,706	39,726	25,706	39,726	33,620
Equity ratio %	87%	91%	87%	91%	92%
Data per share					
Number of shares at the end of the period	9,806,200	7,389,385	9,806,200	7,389,385	9,606,200
Result per share before and after dilution*	-0.55	-0.64	-1.01	-1.19	-2.06
Cash flow per share	-0.32	3.88	-0.82	5.17	3.75
Equity per share	2.97	6.08	2.97	6.08	3.79

* Dilution effects is not calculated when the result is negative

Significant events during Q2

At the General Meeting it was decided to adopt two long-term incentive programs: one for the Board of Directors, consisting of warrants (LTI 2021/2024), and another one for the employees consisting of employee stock options (LTI 2021:1).

The warrant program LTI 2018/2021 has also closed, and all warrants were exercised. The warrant program was assigned to the Board of Directors and consisted of 200 000 warrants, with a vesting period during 26 April – 26 May 2021. To finance the share subscription, the warrant holders have sold 120 000 warrants to a long-term investor, who has also exercised the warrants. The exercise price was 11 SEK per share, hence 2.2 mSEK was added to Ziccum through the share subscriptions. The exercised warrants increased the number of shares and votes with 200 000 and the total amount of shares is hereby 9 806 200.

Significant events during Q1

Ziccum published its goals for 2021 on January 12. The major goals are to enter into the first licensing agreement for one or more dry-formulated vaccines, and to present a detailed plan for establishing a modular Fill and Finish production facility for filling and final packaging of dry, thermostable powder vaccines, including the necessary partnerships and financing plans. Ziccum's medium-term goal (2–3 years) is to establish the first Fill and Finish facility for dry-formulated vaccines in Sweden.

On January 25 Ziccum announced the extension of the evaluation agreement with Janssen Vaccine & Prevention B.V. (one of the Janssen Pharmaceutical Companies of Johnson & Johnson) that was entered into on October 3, 2019. The purpose is to finalize the analysis of Ziccum's air-drying capabilities on one of Janssen's vaccine platform technologies.

On March 17 Ziccum announced that the company has been accepted as a member of NIIMBL, the US National Institute for Innovation in Manufacturing Biopharmaceuticals. NIIMBL drives innovation and uptake of new technologies within biopharmaceutical manufacturing in the US. NIIMBL is among others funded by the US National Institute of Standards and Technology (NIST) and the U.S. Department of Commerce and is able to distribute federal grants.

Significant events after the reporting period

Nothing significant to report.

CEO statement

Vaccination is and has always been one of the best ways to prevent pandemics and epidemics. The need has never been greater than it is today. Not least due to the Covid-19 pandemic, which has proven the enormous benefits vaccines have on society as a whole. Increasing global travel, population growth, climate change, urbanization and overcrowding are all potential risks for starting new epidemics and pandemics. And it is children who are exposed most; one out of five still don't have adequate vaccine coverage. About 1.5 million children die every year of vaccine-preventable diseases. Adults too have been hit hard by the Covid-19 pandemic, and many countries have realized the value of having their own vaccine production facilities.

Ziccum has a unique and patented technology – LaminarPace – that makes it possible to create vaccines in powder form. With today's conventional vaccine technologies, it is not possible, practically or economically, to generate powder vaccines. Yet the benefits are many. The stability and lifespan of the vaccine are improved, it facilitates the logistics from the manufacturer to the patient and makes it possible to distribute vaccines to new places where the cold chain is a huge challenge. Ultimately it means getting more vaccines to more people at a lower cost.

Ziccum's focus is on three main areas: development of thermostable formulations of vaccines, preparations for production on a commercial scale and establishing external collaborations with industrial partners that develop vaccines, and, importantly for the industry, Non-Governmental Organizations.

Driven by the ongoing pandemic, our work to develop thermostable vaccines has been more and more focused on Covid-19 vaccines. For instance, we are now working on air-drying vaccines built around mRNA technology. Positive results should broaden our offering to the vaccine industry significantly. In parallel with this we are continuing to develop a system for vaccine manufacturing according to plan, and we are optimistic about eventually being able to offer the vaccine industry a robust and efficient manufacturing solution. Our cooperation with Janssen is continuing according to plan.

Ziccum has two main goals for 2021: to make concrete plans to establish a demonstration facility for Fill and Finish based on the LaminarPace technology, and to continue the work around out-licensing the technology. A

licensing deal should validate Laminar Pace and be tangible proof of the commercial value of Ziccum's offer.

We see many new initiatives from a range of regions around the globe to dramatically increase their manufacturing capacity for vaccines. This entails that our customer base, i.e. global vaccine companies, will need to extend with new parties, primarily in low-income countries. In these countries our solution for thermostable vaccines has strong advantages, since many Covid-19 vaccines currently have to be transported and stored at -80°C. To transport and store vaccines at -80°C with undeveloped infrastructure and unreliable electricity supply is a huge challenge.

In conclusion, Ziccum is well-positioned for an exciting future within an industry that will be firmly in the spotlight for a long time ahead.

Lund 25th of August 2021

Göran Conradson

CEO

Expected future development

The company's goals for the year, as earlier communicated, are to:

- ▶ Enter into a first licensing agreement regarding one or more vaccine
- ▶ Present a detailed plan for establishing a modular Fill and Finish production facility for filling and final packaging of dry, thermostable powder vaccines, including the necessary partnerships and financing plans
- ▶ Expand international collaborations
- ▶ Continue to set a high pace in Research and Development activities, with the aim of generating new data that can form the basis for further patent applications
- ▶ Expand process development for the formulation process and adapt it for industrial production
- ▶ Apply for grants
- ▶ Continue to hire, to strengthen the opportunity to deliver on the company goals

Licensing agreements

Based on the collaboration agreements and the ongoing positive dialogues with established parties on the market, it's Ziccum's goal, during 2021, to generate at least one license agreement based on commercial terms.

Manufacturing facility

During 2020 Ziccum have accomplished a conceptual design of a manufacturing facility together with KeyPlants AB based on their modular system. This study pointed out many advantages compared to traditional lyophilization (freeze-drying):

80% less electricity

65% less Operational costs (OPEX)

50% less Investment cost (CAPEX)

The conceptual design has been well received by the industry and different stakeholders within the vaccine field. By establishing a Fill and Finish facility it will be possible to concretize what Ziccum can offer. The company's business model and revenue streams can expand by taking a larger part of the value chain.

International cooperation

A key to success is to make sure that stakeholders within the vaccine market know and understand that Ziccum's technology can develop new vaccine formulations that are less dependent on the cold chain. In that way, those stakeholders can demand and influence established vaccine producers to make a change towards

thermostable vaccines. The goal is to enter into at least one formal cooperation during 2021.

Patent

It is the company's ambition to continue setting a high pace on its own Research and Development activities with the aim of generating new data that can form the basis for new patent applications, primarily regarding more types of vaccines. Furthermore, the cooperation with AMU, Aix-Marseille University, which provides both a good supply and knowledge about viruses and vaccines, will continue.

Process development

Ziccum puts a lot of effort into developing the process of producing thermostable vaccines and adapting the technology for industrial production. This work is done with the aim of furthering effective, ongoing and upcoming discussions with industrial partners. The project includes upscaling of production capacity, automatization, and adaption to regulatory standards.

Grant applications

The vaccine market offers several different opportunities to receive various forms of grants. Ziccum will apply for such grants that the company deems to be in Ziccum's interest and opportunity to receive.

Organizational development

We will continue to have a great need to employ competent and experienced staff to further strengthen the company's ability to deliver on its set goals.

Result - Q2

Operating income from goods and services amounted to 0 kSEK (0).

Operating expenses amounted to 5 216 kSEK (4 711), of which personnel costs amounted to 2 502 kSEK (748).

Other external costs amounted to 2 526 kSEK (3 869).

Operating result amounted to -5,212 kSEK (-4 709) and result after financial items amounted to -5 228 kSEK (-4 709).

Result amounted to -5 228 kSEK (-4 709).

Earnings per share before and after dilution amounted to -0.55 SEK (-0.64).

Cash flow during the period amounted to -3 096 kSEK (28 668). The cash flow included a share issue of 2 200 kSEK (32 319) and a raising of loans of 0 kSEK (2 000). Cash flow per share amounted to -0.32 SEK (3.88). Cash flow excluding share issues and raising of loans amounted to -0.55 SEK (-0.57).

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

Operating income relating to goods and services amounted to 0 kSEK (0).

Operating expenses amounted to 9 603 kSEK (8 692), of which personnel costs amounted to 4 631 kSEK (1 292).

Other external costs amounted to 4 654 kSEK (7 224).

Operating result amounted to -9 598 kSEK (-8 690) and result after financial items amounted to -9 643 kSEK (-8 690).

Result amounted to -9 643 kSEK (-8 690).

Earnings per share before and after dilution amounted to -1.01 SEK (-1.19).

Cash flow during the period amounted to -7 914 kSEK (37 662). Cash flow included share issues of 2 200 kSEK (46 213) and raising of loans of 0 kSEK (2 000). Cash flow per share amounted to -0.82 SEK (5.17). Cash flow per share excluding new issues and raising of loans amounted to -1.10 SEK (-1.23).

Cash and cash equivalents as of June 30 2021 amounted to 25 706 kSEK, compared with 33 620 kSEK on December 31 2020.

The company's equity as of June 30 2021 amounted to 29 139 kSEK, compared with 36 381 kSEK on December 31 2020.

Equity per share amounted to 2.97 SEK, compared with 3.79 SEK on December 31 2020.

The company's equity ratio as of June 30 2021 was 87% compared to 92% on December 31 2020.

The result follows budget expectations regarding the costs of the ongoing commercialization of LaminarPace technology. Personnel costs have increased compared with the previous year due to the company having increased its workforce and the fact that the CEO is now employed by the company.