

Ziccum AB (publ)

Interim report

Q3 2022

1 Jan – 30 Sep 2022



ziccum

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INTERIM REPORT 1 JANUARY - 30 SEPTEMBER 2022

Q3 2022

- ▶ The result for the quarter amounted to -6 599 kSEK (-5 043 kSEK)
- ▶ Cash flow for the quarter amounted to -7 054 kSEK (- 6 414 kSEK)
- ▶ Cash and cash equivalents at the end of the quarter amounted to 29 593 kSEK (19 564 kSEK)

Summary Financial Highlights kSEK	July-Sep 2022	July-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net revenue	0	0	0	0	0
Operating result	-6,674	-5,045	-20,888	-14,643	-21,117
Result	-6,599	-5,043	-20,767	-14,686	-21,136
Balance sheet total	42,582	29,348	42,582	29,348	39,591
Cash flow	-7,054	-6,141	17,320	-14,056	-21,347
Cash and cash equivalents	29,593	19,564	29,593	19,564	12,273
Equity ratio %	87%	82%	87%	82%	75%

Data per share SEK

Number of shares at the end of the period	13,806,142	9,806,200	13,806,142	9,806,200	11,006,056
Result per share before and after dilution*	-0.48	-0.51	-1.50	-1.51	-2.17
Cash flow per share	-0.52	-0.63	1.27	-1.45	-2.19
Equity per share	2.69	2.46	2.69	2.46	2.70

* Dilution effects is not calculated when the result is negative

Significant events during Q3 (July-Sep)

- ▶ On July 19, Ziccum published the selected partner for the development of its crucial new nebulizer component for the LaminarPace system. The chosen partner TEKCELEO is an innovative mechatronic manufacturer with advanced knowledge of nebulizers. The component is central to the advanced drying capabilities and scaleup of Ziccum's LaminarPace system.
- ▶ On July 21, it was announced that Ziccum together with the Zurich University of Applied Sciences (ZHAW) are applying for funding from the Eurostars funding body for a joint project that will develop the 3D modelling stage of LaminarPace. The project aims to strengthen, support and accelerate the development of LaminarPace – offering high-value insights into its unique particle properties, and accelerating and optimizing industrialization.
- ▶ On August 2, Ziccum informed about a reorganisation aiming to facilitate and accelerate its new strategic focus on key projects and vaccine platforms. As part of the reorganization, Senior Formulation Specialist Fabrice Rose was appointed Scientific Director. The reorganization was implemented on August 1, 2022.
- ▶ Ziccum announced on September 1 that the company will be intensifying its partnering and networking dialogues by attending major industry events across Europe.
- ▶ On September 14, Ziccum and Zurich University of Applied Sciences's School of Engineering (ZHAW) did submit a joint application for Eurostars funding. The proposed project will develop 3D modelling, and ultimately a Digital Twin, of LaminarPace (LAPA) that will accelerate development and scale-up and promote tech transfer, partnering and ultimately sales.

- ▶ On September 23, Ziccum received results from evaluation study with leading Pharmaceutical corporation, analyzing LaminarPace's ability to dry four test substances. Data demonstrated excellent results on thermostability, positive results on particle appearance but significant loss of infectivity, requiring further development. The client has paused assessment of LaminarPace on the current vaccine platform, but will consider the technology in regard to other vaccine platforms, where dry formulation could be a higher priority.
- ▶ On September 27, It was announced that Ziccum has reopened its application process for CEPI's Call for Proposals from companies developing innovative technologies to improve vaccine thermostability. Ziccum will submit an Expression of Interest with a new partner – a well-established, innovative biotechnology company.
- ▶ During the third quarter CEO Ann Gidner has bought 35,000 shares in Ziccum. In addition, the Chairman of the Board Fredrik Sjövall bought 40,000 shares in the Company.

Significant events during Q1-Q2 (Jan-June)

- ▶ At the Extraordinary General Meeting held on January 18, in addition to approving the Board's proposal, it was decided to increase the limit on the number of shares and the size of the share capital in the Articles of Association, to enable the issue of the remaining 933 362 units in the private placement.
- ▶ On January 18, an additional 2 800 086 shares and 1 866 724 warrants were registered, and all shares and warrants in the private placement are thus registered.
- ▶ The last payments from the directed share issue were received by the company in January and February 2022, a total of 40 mSEK was added to the company after deduction of issue costs.
- ▶ Ziccum announced on February 7 that it has become a member of the United Nations Global Compact, the world's largest corporate sustainability initiative.
- ▶ On February 22, it was announced that Göran Conradson was terminated from his position as CEO. The company's CFO, Frida Hjelmberg, will be acting CEO for the time being.
- ▶ On March 3, the Board released an update on strategy, goals and priorities. The company's strategy for entering into commercial agreements with industrial players has been and is clearly defined. It is based on four key priority activities:
 1. Drive an active business development agenda that proactively prepares for collaboration with existing and potential partners. This is partly to offer the opportunity to evaluate specific projects in combination with Ziccum's technology, and partly to understand the requirements placed on the technology before a decision on a license agreement can be made.
 2. Generate laboratory data that manifests and confirms the technology's capacity to dry different types of vaccines, so-called proof of concept.
 3. Develop the company's technology to adapt its functionality, capacity and quality to the licensees' required specifications.
 4. Develop conceptual plans for how Ziccum's drying technology can be adapted to the commercial scale and integrated into a commercial production environment.

With a new CEO, the Board's goal is to increase the pace of, above all, business development work – with the goal of entering into more industrial collaborations in order to evaluate LaminarPace and advance our existing collaborations into negotiations on commercial terms and license agreements.

- ▶ Ziccum AB has significantly expanded its lab facilities and capabilities, particularly in the area of mRNA/LNP. Strategic investments include a new cell lab and a system for manufacturing and evaluating dry formulations of mRNA/LNP materials. On June 22, the company informed that the installation of the new cell lab was completed, enabling in-house in vitro research.
- ▶ On June 3, it was announced that Ziccum has extended an ongoing pilot evaluation study agreement with a leading pharmaceutical corporation following the completion of the latest stage of the project.
- ▶ On May 9 Ann Gidner took office as new CEO. Ann has 25+ years of experience from Life Science management internationally, with a significant track record in strategic development, focused leadership, deal making and sales growth.
- ▶ Ziccum has been elected onto the Technical Activities Committee of the US National Institute for Innovation in Manufacturing Biopharmaceuticals (NIIMBL). NIIMBL, co-funded by the US Department of Commerce, funds and initiates a wide range of public-private research projects throughout the US.
- ▶ On May 6, the Board of Ziccum published the decision to officially change the company's language to English for all external communications.
- ▶ The current LAPA system is the fourth generation in development. On April 27, Ziccum informed about the selected key targeted technology developments of the LaminarPace system - some underway, and some recently completed:

1. New powder collector - Ziccum has now installed a new sealed, contained collection unit that enables the inhouse study of a wider range of test substances. The new unit increases safety, reduces humidity and enables quicker, more efficient collection of drier formulations.

2. New nitrogen usage - Ziccum has now introduced Nitrogen gas (N2) into the drying column to replace air. N2 is a highly efficient remover of moisture. The first nitrogen-based generation of LAPA is installed and has performed well in tests.

3. New nebulizer - The LAPA system's nebulizer feature is a key component in optimizing the system's capacity, reproducibility and reliability.

4. New membrane - Intensive work is currently underway in optimizing the membrane for future GMP compatibility – examining its porosity, mounting and materials for industrial setting.

- ▶ On April 25, a strategic sharpening was announced informing the market that Ziccum is now targeting three key vaccine platforms in its research and development work through 2022 and 2023 – driven by input from external collaborations and new internal technology capabilities.

1. Viral vector platform using Adenovirus - Four major Covid-19 vaccines already use adenovirus vaccine vectors as a platform. The platform enables efficient gene transduction and research is ongoing in a wide range of indications. Ziccum has worked extensively with adenovirus and submitted a patent application in January 2019 for a temperature-stable, dry formulation of Adenovirus.

2. Subunit vaccine (adjuvanted) platform - This platform is also being used in major Covid-19 vaccine candidates. Instead of using the whole pathogen, protein-based adjuvant vaccines use a defined protein antigen from the pathogen which can be recognized by the body's immune system to provoke an immune response. Protein-based vaccines have been successfully developed over recent decades to treat diseases from diphtheria to tetanus.

3. mRNA/LNP vaccine platform - Generating data on dry-formulated mRNA/LNP materials is a key strategic priority for Ziccum. Covid-19 has highlighted the efficacy of mRNA/LNP as a vaccine platform enormously.

- ▶ During the second quarter CEO Ann Gidner has bought 15,000 shares in Ziccum. In addition, the Board members Andreas Pettersson Rohman also bought 39,333 shares and Fredrik Sjövall 10,000 shares in the Company.

Significant events after the reporting period

- ▶ Ziccum announced proof of successful nebulization and drying of vaccine lipid nanoparticles (LNP) in its in-house mRNA project. This was carried out using LaminarPace, the company's ambient drying technology. LNP is the preferred drug delivery component in today's mRNA Covid-19 vaccines. The study resulted in a defined knowledge-space, defining the best operating conditions, and key read-out parameters were encapsulation efficiency, yield and particle size. The trials were repeated for confirmation.

CEO statement

Strategic focus reinforcement

We are rapidly going forward in Ziccum, implementing the new focus and executing on its actions, generating results. Just after quarter closing, we had the much-anticipated and important proof of successful drying of vaccine LNP particles, setting the mRNA/LNP offering center-stage – a major step for us.



Strategic focus

We have progressed significantly in our strategic development, where a number of factors assessed have helped defining our market targeting: the ground-breaking new technology, the value proposition, the small volume applicability and the regulatory pathway all point to a focus on high value, delicate, next-generation mRNA vaccines and RNA therapeutics as the top priority. We should apply our technology where it will bring the most value. This guidance is now directing efforts on all fronts.

Business development and Partnering

We have ambitious business development as a top priority, to build a broad pipeline of opportunities. Participating at Nordic Life Science Days and the World Vaccine Congress we had good meeting schedules, and were rewarded with serious interest from Pharma, Biotech and vaccine manufacturing industry – also clearly confirming the high-value strategic focus. We are currently going into secrecy agreements with a number of companies to take dialogues further.

Partnering in Pharma industry can be a lengthy process, and there are always some projects closing, so we are delighted to have many new dialogues established. The pandemic awareness and intensive efforts in vaccine development globally certainly are fuelling interest for new technology such as ours. Furthermore, we have commissioned a market study with mRNA target projects from a qualified US biopharma licensing bureau.

Technology development and Feasibility studies

Internally, the technology development program involves having a customized, top performing nebulizer rapidly developed, plus progress in membrane development and more. These steps are ensuring we are meeting our technology selling points of gentle and efficient processing in an optimized manner. Apart from developing the LaminarPace performance, we are running feasibility studies, nicely filling the new capacity installed last quarter.

The internal trials on LNP particles for mRNA have been pursued with great intensity during the quarter. It is indeed rewarding to see the outcome, where the drying step has given good read-outs in terms of encapsulation, yield and particle preservation. This is a great confirmation of the applicability of LaminarPace, giving a clear path forward for the continued development, verifying that sufficient activity is preserved.

For the existing collaboration getting read-outs end September, results were mixed. Seeing that the technology is promising but will need further development, the partner may consider a more delicate platform – very much in line with our own strategic conclusions to apply the technology to the highest value segments like mRNA/LNP.

3D- Modelling and Soft funding

Starting up the 3D-modelling is important– the LaminarPace development and scale-out can be accelerated and

significantly improved, ensuring optimal design. We are happy to have submitted the application for a Eurostars grant covering this scope, jointly with our new top-notch Swiss engineering partner. We also agreed with a key European Biotech partner to build an attractive case for the CEPI grant for Thermostable vaccines, basing our case on mRNA/LNPs.

Company structure

The new organization was implemented on August 1st, bringing clarity on responsibilities and setting a strong focus. The sharpened setup is giving good savings as we eliminate consultant expenditure, both avoiding unnecessary efforts and changing roles into employment. I am delighted to welcome the new member Tony to our staff this quarter.

I want to express my gratitude to the Ziccum team for fantastic efforts, stepping up to the new strategy and taking activities forward on all fronts. Also, we are most happy for excellent support from our collaboration partners, consultants and owners.

Lund, October 27, 2022

Ann Gidner, CEO

Expected future development

The company's overall objective is to enter into one or more license agreements to industrialize and commercialize the technology in collaboration with one or more major pharmaceutical companies.

The path to licensing agreements goes through evaluation agreements where LaminarPace functionality and capacity are evaluated together with a partner. If successful, the ambition is to continue to a negotiation regarding a license agreement. Primarily for a specific project or vaccine.

A prerequisite for being a relevant and attractive licensing partner is to be able to describe what an industrial version of LaminarPace can look like, and make it probable that the technology is suitable for upscaling and GMP production. Therefore, Ziccum conducts its own development projects where important components in LaminarPace are developed and adapted to industrial requirements.

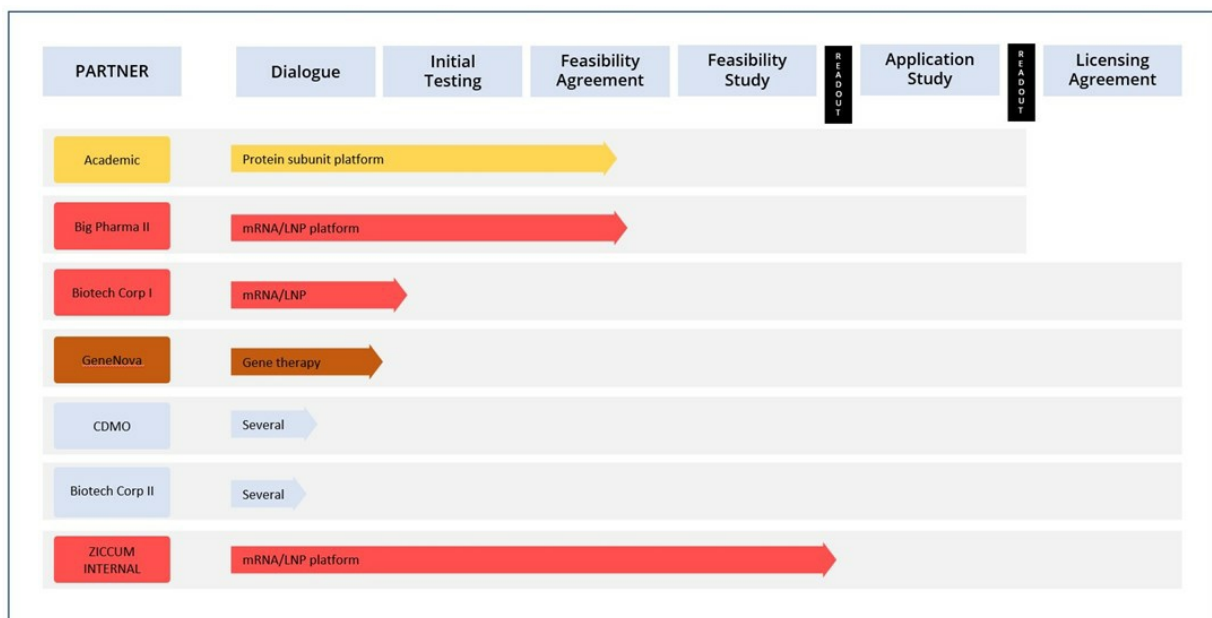
A third priority area is applications for external and non-dilutive funding for further development of the technology. Ziccum actively monitors announcements that suit the Company's area of operation and technical phase.

Project Portfolio overview

The Ziccum pipeline of external projects is depicted in a portfolio overview. This gives a general representation of the key steps towards the desired commercialization by entering into license agreements, licensing the LaminarPace technology for specific applications, and the current status of each project. The actual progress in a specific project may proceed via alternative or additional steps, and the timeline varies greatly depending on the resulting read-outs and the counterpart preferences.

Pharmaceutical development in general is subject to very strict confidentiality, and certain collaborations are given without partner name publication, until name disclosure is possible.

The company also pursues earlier dialogues with other counterparts in on-going business development efforts.



Project portfolio overview as of 30 Sep, 2022

**The text in the arrow represents the technology platform*

Result and financial position Q3 (July-September) 2022

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

Operating expenses amounted to 6 674 kSEK (5 045), of which personnel costs amounted to 2 579 kSEK (2 032).

Other external costs amounted to 3 713 kSEK (2 775).

Operating result amounted to -6 674 kSEK (-5 045) and result after financial items amounted to -6 599 kSEK (-5 043).

Result amounted to -6 599 kSEK (-5 043).

Result per share before and after dilution amounted to -0.48 SEK (-0.51).

Cash flow during the period amounted to -7 054 kSEK (-6 142). The cash flow included a share issue of 0 kSEK (0). Cash flow per share amounted to -0.52 SEK (-0.63).

Result and financial position - reporting period (Jan-September) 2022

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

Operating expenses amounted to 20 901 kSEK (14 643), of which personnel costs amounted to 8 694 kSEK (6 663).

Other external costs amounted to 11 176 kSEK (7 429).

Operating result amounted to -20 888 kSEK (-14 648) and result after financial items amounted to -20 767 kSEK (-14 686).

Result for the period amounted to -20 767 kSEK (-14 686).

Result per share before and after dilution amounted to -1.50 SEK (-1.51).

Cash flow during the period amounted to 17 320 kSEK (-14 056). The cash flow included a share issue of 28 051 kSEK (2 358). Cash flow per share amounted to 1.27 SEK (-1.45).

Cash and cash equivalents as of Sep 30 2022 amounted to 29 593 kSEK, compared with 12 273 kSEK on December 31 2021.

The company's equity as of Sep 30 2022 amounted to 37 198 kSEK, compared with 29 731 kSEK on December 31 2021.

Equity per share as of Sep 30 2022 amounted to 2.69 SEK, compared with 2.70 SEK on December 31 2021.

The company's equity ratio as of Sep 30 2022 was 87% compared to 75% on December 31 2021.

The result follows budget expectations regarding the costs of the ongoing commercialization of LaminarPace technology. The increase of external costs is mainly driven by consulting fees, extended premises, R&D costs and the disposal of two of the first generation LaminarPace system. Personnel costs have increased compared with the previous year as a result of the company having double CEO salary costs for four months, since the former CEO Göran Conradson was exempted from work during the notice period.

The investments made during the year are mainly related to development of the LaminarPace technology in order to adapt and automate the technology for industrial production by increasing production capacity and prepare for GMP production.

Ziccum in brief

Ziccum's patented technology LaminarPace gently dries liquid biopharmaceuticals such as vaccines or protein therapeutics into a particle engineered powder product.

For patient administration, the drug powder may be reconstituted, which means mixed with liquid and injected just like a liquid solution vaccine, or directly administered in powder form by inhalation or other novel administration routes.

The gentle processing in ambient temperature enables thermostable powder biopharmaceuticals. This means that the biological drug or vaccine can be transported and stored at room temperature, unlike today's liquid biologics that require costly, complex logistics with an unbroken cold chain, or even freeze chain.

Vision

Ziccum's vision is to enable new biological treatments for patient needs globally, by making drug formulation, biopharmaceutical processing, product transport and patient administration efficient and functional enough for successful treatments.

Business model

Ziccum's business model is to offer evaluation studies and technology licensing to Pharma, Biotech and drug manufacturing partners, based on Ziccum intellectual property and know-how.

History

LaminarPace was developed by Inhalation Sciences Sweden AB (publ) to generate small amounts of micronized material for aerosolization. However, the many additional high-potential areas the technology could be applied to soon became apparent, and for that reason, Inhalation Sciences carried out a spin-out of LaminarPace into a subsidiary, Ziccum AB, which since mid-2017 has been developing and commercializing the technology on its own.

Ziccum's shares were listed on Spotlight Stock Market on October 25, 2018.

On December 1 2020, Ziccum moved to Nasdaq First North Growth Market.

Market and market targeting

The market for biologics and vaccine manufacturing is very significant and has a renewed emphasis with the covid-19 pandemic, having created keen awareness of the importance of vaccines not only within research organisations and from healthcare authorities, but in every segment of the industry and in the general public, globally. The Covid-19 pandemic created an enormous focus on developing a vaccine urgently, and highlighted the need for worldwide distribution.

Thanks to very intense efforts from large industry players it was possible to develop the new m-RNA in LNP formulation for Covid-19 vaccination in a short timeframe. However, as now commonly known, these new m-RNA vaccines require cryogenic handling all throughout the distribution chain, meaning storage and handling at -80°C. This poses a number of logistical and handling issues. In this situation, the Ziccum offering to enable powder-form thermostable biologics and vaccines should be of great interest.

The freeze-drying technique for drugs, established and developed since many decades, still has only succeeded in very limited trials to generate dry mRNA/LNP – and the product still requires special handling. Another technique gaining ground in pharmaceutical processing is spray-drying by heating – but there, no known attempts have succeeded in generating dry material from mRNA/LNP. Hence, the LaminarPace ability to dry LNP formulations may be of great importance.

The LaminarPace technology lends itself to biopharmaceutical ingredients in general, but as of now the company has decided to focus on vaccines, and three specific vaccine platforms, all relevant for covid-19 vaccines:

- ▶ mRNA/LNP vaccine platform
- ▶ Viral vector (adenovirus) platform
- ▶ Subunit vaccine (adjuvanted) platform

For the total vaccine Western world sales market value, estimates for the top vaccine indications are as follows; In 2023 predicted to 69 billion USD, also after a slight decrease from record Covid-19 numbers; to be followed by some 65 billion USD per year in 2024-2026, then rising towards 77 billion USD in 2028.

With a licensing business model, estimates of the market size considering a 1% royalty on entire vaccine sales can be made. Based on this, the total drying technology licensing market size may be predicted to 650 to 770 Million EUR per year in the near future.

Technical description

The basic principle of LaminarPace is a column that separates the ingoing liquid that contains the active component from a countercurrent nitrogen flow that slowly and gently causes evaporation. The result is a micronized powder. The drying cycle is a so called semi-continuous process. The system not only retains all the properties of sensitive active substances, but also allows great possibilities to control certain properties of the particles, e.g. particle size that is crucial for creating an inhalable material.

The powder produced during the process is normally very easy to dissolve, which enables flexible application possibilities, e.g. vials of intravenously administered drugs, inhalable drugs and even for topical application of particles through the skin.

Shares

As of January 1 2022, the total number of shares was 11 006 056 and as of September 30 2022, the total number of shares was 13 806 142. The increase of 2 800 086 shares was a result of the share issue that was initiated by the company in December 2021.

All shares have a voting ratio of 1.

The Board of Directors proposes that no dividend is paid for the financial year 2021.

Shareholders 2022-09-30

Name	Number of shares	Share capital	Votes
Försäkrings AB, Avanza Pension	1,172,115	8.5%	8.5%
Göran Conradson	760,738	5.5%	5.5%
William Lithander	540,000	3.9%	3.9%
Tigerstaden AS	427,991	3.1%	3.1%
Nordnet Pensionsförsäkring AB	404,273	2.9%	2.9%
Viskär AB	220,000	1.6%	1.6%
Other shareholders	10,281,025	74.5%	74.5%
Total	13,806,142	100%	100%

Share price

Ziccum AB was registered as a public company by the Swedish Companies Registration Office 2018-05-31.

Ziccum's shares were listed on Spotlight Stock Markets on October 25, 2018.

The share's closing price on the first trading day amounted to SEK 5.90.

Ziccum moved to Nasdaq First North Growth Market on December 1, 2020.

The share closing price on September 30, 2022 amounted to SEK 2.09.

Transactions with related parties

During the reporting period, fees charged by related parties were invoiced as follows:

The Chairman of the Board, Fredrik Sjövall, has through Axelero AB invoiced fees amounting to 231 kSEK for project management.

Board member (until April 28, 2022) Mattias Münnich has through Magamu AB invoiced 26 kSEK for project management.

Board fees have been paid in accordance with resolutions at the Annual General Meeting.

There have otherwise been no significant transactions with related parties.

Significant risk and uncertainties in brief

Ziccum's significant risk and uncertainty factors include business-related risks as well as risks related to market and technology development, patents, competitors and future financing.

The company's value is largely dependent on the success of the company's development projects and the ability to enter into partnerships, and that LaminarPace receives broad market acceptance. Ziccum is in the commercialization phase and there is a risk that the company will not reach sufficient profitability.

The company has not generated sufficient income to achieve a positive cash flow, which means that the company needs access to capital before its cash flow becomes positive.

It is the company's assessment that the company has the required financing for longer than 12 months.

In light of the outbreak of the coronavirus and COVID-19, Ziccum is closely monitoring the development of events and taking measures to minimize or eliminate the impact on the company's operations. Ziccum follows guidelines from the Swedish Public Health Agency. Ziccum has been able to continue its internal operations without significant impact on COVID-19. However, there is a continued risk of delays in the Company's external collaborative projects due to the pandemic.

Income statement

kSEK	July-Sep 2022	July-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Net sales	0	0	0	0	0
Other income	0	0	13	5	5
Total income	0	0	13	5	5
Other external costs	-3,713	-2,775	-11,176	-7,429	-11,128
Personnel costs	-2,579	-2,032	-8,694	-6,663	-9,151
Depreciation of tangible and intangible assets	-382	-238	-1,031	-556	-842
Operating result	-6,674	-5,045	-20,888	-14,643	-21,116
Result from financial items					
Financial net	75	2	121	-43	-20
Result after financial items	-6,599	-5,043	-20,767	-14,686	-21,136
RESULT FOR THE PERIOD	-6,599	-5,043	-20,767	-14,686	-21,136
Result per share before and after dilution*	-0.48	-0.51	-1.50	-1.51	-2.17
*Dilution effect is not calculated when the result is negative					

Balance sheet statement

kSEK	Not	2022-09-30	2021-09-30	2021-12-31
Assets				
Subscribed unpaid capital		0	0	13,198
Intangible assets				
Patents, licenses, trademarks and similar rights		502	656	604
Tangible assets				
Equipment & tools		10,719	7,778	9,778
Total non-current assets		11,221	8,434	10,382
Current assets				
Short-term receivables				
Other receivables		477	1,127	796
Prepaid expenses & accrued income		1,291	223	251
Total short-term receivables		1,768	1,350	1,047
Cash & cash equivalents		29,593	19,564	12,273
Total current assets		31,361	20,914	13,320
TOTAL ASSETS		42,582	29,348	36,900
Equity & liabilities				
Equity				
Restricted equity				
Share capital	3	2,301	1,634	1,834
Total restricted equity		2,301	1,634	1,834
Unrestricted equity				
Share premium fund		105,431	66,081	77,900
Retained earnings		-49,767	-28,890	-28,867
Result of the period		-20,767	-14,686	-21,136
Total unrestricted capital		34,897	22,505	27,897
Total equity		37,198	24,139	29,731
Debt				
Long-term debt				
Loans		1,000	1,571	1,429
Short-term debt				
Account payables		2,119	2,100	2,680
Short-term loans		571	429	571
Tax debt		0	0	10
Other short-term debt		513	187	269
Accrued expenses and deferred income		1,181	922	2,210
Total short-term debt		4,384	3,638	5,740
TOTAL EQUITY & LIABILITIES		42,582	29,348	36,900

Changes in equity

	Restricted equity	Unrestricted equity			
kSEK	Share capital	Share premium fund	Retained earnings	Result of the period	Total equity
Opening balance 2021-01-01	1,601	63,756	-11,687	-17,289	36,381
Appropriations of net result			-17,289	17,289	0
Result of the period				-21,136	-21,136
Transactions with shareholders					
Share issue (LTI 2018/21)	33	2,167			2,200
Share issue costs		-55			-55
Warrants		213			213
Ongoing directed new issue	200	12,998			13,198
Directed new issue costs		-1,179			-1,179
Share related remunerations			109		109
Closing balance 2021-12-31	1,834	77,900	-28,867	-21,136	29,731
Opening balance 2022-01-01	1,834	77,900	-28,867	-21,136	29,731
Appropriations of net result			-21,136	21,136	0
Result of the period				-20,767	-20,767
Transactions with shareholders					
Share issue	467	27,584			28,051
Share issue costs		-84			-84
Share related remunerations			267		267
Closing balance 2022-09-30	2,301	105,400	-49,736	-20,767	37,198

Cash flow statement

kSEK	July-Sep 2022	July-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Cash flow from operating activities					
Operating result	-6,674	-5,045	-20,888	-14,643	-21,117
Ingoing interest	55		93		33
Paid interest	-23	-25	-70	-75	-100
Adjustments for items that is not included in the cash flow					
Share related remunerations	124	43	268	87	109
Currency exchange	-12	27	43	31	47
Depreciations & disposals	1,193	238	2,703	556	842
Cash flow from operating activities before changes in working capital	-5,337	-4,762	-17,851	-14,044	-20,186
Cash flow from changes in working capital					
Changes in operating receivables	409	-185	12,478	-134	173
Changes in operating debt	-2,011	699	-1,785	1,954	3,911
Cash flow from operating activities	-6,939	-4,248	-7,158	-12,224	-16,102
Investing activities					
Acquisitions of non-current assets	-84	-1,894	-3,489	-4,190	-6,424
Cash flow from investment activities	-84	-1,894	-3,489	-4,190	-6,424
Financing activities					
Share issue (LTI 2018/21)	0	0	0	2,200	2,200
Warrants (LTI 2021/24)	0	0	0	213	213
Share issue	0	0	28,051	0	0
Share issue costs	-31	0	-84	-55	-1,234
Cash flow from financing activities	-31	0	27,967	2,358	1,179
Cash flow from the period	-7,054	-6,142	17,320	-14,056	-21,347
Opening balance cash & cash equivalents	36,647	25,706	12,273	33,620	33,620
CLOSING BALANCE CASH & CASH EQUIVALENTS	29,593	19,564	29,593	19,564	12,273

Note 1 Accounting standards

Ziccum AB (publ) reports in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 (K3).

The company's accounting principles are described in the company's annual report for 2021.

Amounts are expressed in kSEK, which in this report refers to thousands of Swedish kronor.

Amounts in parentheses refer to comparative figures from the previous year, if nothing else is stated.

Note 2 Pledged assets and contingent liabilities

Pledged assets	2022-09-30	2021-09-30	2021-12-31
Floating charge	2,000	2,000	2,000

Note 3 Changes in equity

Date	Transaction	Number of serie B	Share capital	Quota-value	Subscription-course	Total invested capital (SEK)
5 Apr 17	Formation	500	50,000	1.00	1.00	50,000
29 May 17	Share issue	500	50,000	1.00	1.00	50,000
31 Dec 17	Conditional shareholder contribution*	-	-	-	-	1,996,622
25 Apr 18	Bond issue	-	400,000	1.00	-	-
27 Apr 18	Split	2,999,000	-	0.17	-	-
19 Oct 18	Share issue	3,000,000	500,000	0.17	5.26	15,776,962
14 Jan 20	Share issue	1,389,385	231,564	0.17	10.00	13,893,850
6 Jul 20	Share issue	2,216,815	369,469	0.17	17.50	38,794,263
15 Jun 21	Share issue (LTI 2018/21)	200,000	33,334	0.17	11.00	2,200,000
21 Dec 21	Share issue	1,199,856	199,976	0.17	11.00	13,198,416
18 Jan 22	Share issue	2,800,086	466,680	0.17	11.00	30,800,946
Total		13,806,142	2,301,023			116,761,059

* Inhalation Sciences Sweden AB did in 2017 provide conditional shareholder contributions amounting to 1 996 622 SEK (cash 0.3 mSEK and reverse loans arising in connection with the acquisition of intangible assets by the parent company converted to shareholder contributions amounting to approximately 1.7 mSEK).

Note 4 Share related incentive programs

On September 30 2021, the company has four ongoing option programs:

- ▶ At the Annual General Meeting on April 27 2021, it was decided to introduce a long-term incentive program by issuing warrants to the Board of Directors (**LTI 2021/2024**), as well as a long-term incentive program for the company's employees consisting of employee stock options (**LTI 2021:1**).
- ▶ On December 16 2021, Ziccum carried out a directed new issue of 1 333 314 units, where one unit consists of three shares and two free warrants (**Serie 2021/2022**).
- ▶ At the Annual General Meeting on April 28 2022, it was decided to implement a long-term incentive program for the company's employees and for the Board of Directors consisting of employee stock options (**LTI 2022:1**).

None of the options entail the right to a dividend.

Based on the existing number of shares and options that is registered in the company as of 31 Dec 2021, the dilution as a result of the incentive programs, assuming that all warrants are exercised for new subscription of shares, is approximately 8% of the number of shares and votes.

LTI 2021/24

The exercise price per share for LTI 2021/2024 amounts to SEK 28.8 and subscription can take place during the period from 1 May 2024 to 31 May 2024. The incentive program means that participants are offered to subscribe warrants at market value calculated according to the Black-Scholes valuation model.

A prerequisite for participation in the incentive program is that the participant has entered into a pre-purchase agreement with Ziccum, whereby Ziccum, with certain exceptions, reserves the right to repurchase warrants if the board member's assignment in Ziccum ends or if the participant wishes to transfer the options before the warrants can be exercised.

The Board was offered to acquire a maximum of 9 200 warrants each and all chose to acquire the maximum number, which resulted in a total of 46 000 warrants being issued.

LTI 2021:1

LTI 2021:1 runs for three years and means that participants are granted employee stock options free of charge that give the right to acquire shares in Ziccum at a subscription price corresponding to the share's quota value. Each employee stock option gives the right to subscribe for a new share in Ziccum, alternatively up to 40% of the number in synthetic options that give the right to cash compensation instead of shares. Each synthetic option entitles the participant to receive a cash payment corresponding to the value of a share at the time of payment.

The options will be expensed as personnel costs over a period of three years, without affecting the company's cash flow. If employee stock options are exercised, LTI 2021:1 will also entail costs in the form of social security contributions.

Social security contributions will be expensed in the income statement during a period of three years. The company intends to hedge the entire cost of social security contributions through an issue of warrants, which may be exercised by a financial intermediary in connection with the exercise of the employee stock options. If the company chooses to implement such hedging measures, the social security contributions will not affect the company's cash flow.

	Number of employee stock options
Ingoing balance 1 Jan 2021	0
Issued	42,456
Reversed	-6,728
Outgoing balance 31 Dec 2021	35,728

	Number of employee stock options
Ingoing balance 1 Jan 2022	35,728
Reversed	-16,364
Outgoing balance 30 Sep 2022	19,364

During 2022, LTI 2021:1 have affected the reporting period result with totally 7 kSEK in costs, of which lower costs of 23 kSEK relates to social security contributions. The lower costs is due to a lower share price and the reset of employee stock options.

Serie 2021/2022

At the end of 2021, Ziccum carried out a directed new issue consisting of 1 333 314 units, of which one unit consists of three shares and two free warrants. In Serie 2021/2022, 2 666 628 warrants have thus been issued, of which 799 904 were registered in December 2021 and the remaining 1 866 724 in January 2022. Each warrant entitles the holder to subscribe for one share at a price of 13.20 SEK, corresponding to 120 percent of the subscription price per share in the share issue, during the following periods:

- ▶ 24 February - 28 February 2022 (have passed)
- ▶ 27 May - 31 May 2022 (have passed)
- ▶ 28 September - 30 September 2022 (have passed)
- ▶ 28 November - 30 November 2022

Ziccum can be added a further maximum of approximately 35 mSEK upon full exercise of all warrants.

LTI 2022:1

LTI 2022:1 runs for three years and means that participants are granted employee stock options free of charge that give the right to acquire shares in Ziccum at a subscription price corresponding to the share's quota value. Each employee stock option gives the right to subscribe for a new share in Ziccum, alternatively up to 40% of the number in synthetic options that give the right to cash compensation instead of shares. Each synthetic option entitles the participant to receive a cash payment corresponding to the value of a share at the time of payment.

The options will be expensed as personnel costs over a period of three years, without affecting the company's cash flow. If employee stock options are exercised, LTI 2021:2 will also entail costs in the form of social security contributions.

Social security contributions will be expensed in the income statement during a period of three years. The company intends to hedge the entire cost of social security contributions through an issue of warrants, which may be exercised by a financial intermediary in connection with the exercise of the employee stock options. If the company chooses to implement such hedging measures, the social security contributions will not affect the company's cash flow.

	Number of employee stock options
Ingoing balance 1 Jan 2022	0
Issued for employees	226,000
Issues for Board of Directors	165,000
Outgoing balance 30 Sep 2022	391,000

During 2022, LTI 2021:2 have affected the reporting period result with totally 298 kSEK in costs, of which 39 kSEK relates to social security contributions.

Note 5 Definitions of key figures

	July-Sep 2022	July-Sep 2021	Jan-Sep 2022	Jan-Sep 2021	Jan-Dec 2021
Cash flow per share					
Cash flow from the period, kSEK	-7,054	-6,141	17,320	-14,056	-21,347
Average number of shares	13,631,778	9,806,200	13,631,778	9,721,241	9,751,949
Cash flow per share (SEK)	-0.52	-0.63	1.27	-1.45	-2.19
Equity per share					
Equity, kSEK	37,198	24,138	37,198	24,138	29,731
Number of shares at the end of the period	13,806,142	9,806,200	13,806,142	9,806,200	11,006,056
Equity per share (SEK)	2.69	2.46	2.69	2.46	2.70
Equity ratio					
Equity, kSEK	37,198	24,138	37,198	24,138	29,731
Total equity & debt, kSEK	42,582	29,348	42,582	29,348	39,591
Equity ratio %	87%	82%	87%	82%	75%

Financial calendar

Year-end report 2022: 27 January 2023

Annual report 2022: 17 February 2023

Interim report Q1 2023: 27 April 2023

Contact

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Certification

The report has not been reviewed by the company's auditors.

The board and the CEO ensure that this report provides a fair overview of the company's operation, financial position and results and describes significant risks and uncertainties to which the company is exposed.

Lund October 27, 2022

Fredrik Sjövall

Chairman of the board

Mikaela Bruhammar

Andreas Pettersson Rohman

Christina Herder

Martina Banyay

Ann Gidner

CEO