

INTERIM REPORT

JANUARY-MARCH 2022

FIRST QUARTER, JANUARY MARCH 2022

- Net sales amounted to MSEK 0.0 (0.0)
- Operating loss (EBIT) amounted to MSEK -7.3 (-0.9)
- Net loss amounted to MSEK -7.3 (-1.3)
- Net cash flow amounted to MSEK -5.6 (+9.5)
- EPS before and after dilution amounted to SEK -0.36 (-0.12)

Our goal with Amp01 is to offer a product with a better customer experience through a significantly longer release of both nicotine and taste than what is available on the market today.

FINANCIAL OVERVIEW

Amounts in MSEK	Jan-Mar		Jan-Dec
	2021	2020	2021
Net sales	-	-	0.1
Operating loss	-7.3	-0.9	-16.7
Profit/Loss for the period	-7.3	-1.3	-18.4
Net cashflow	-5.6	9.5	18.8
Equity ratio	77%	8%	87%
Total assets	18.4	13.9	24.7
Cash and cash equivalents	16.5	12.7	22.1
EPS before and after dilution, SEK	-0.36	-0.12	-1.16

Definitions at the end of the report

All financial information relates to the Group, unless otherwise stated

Numbers within brackets relates to the same period last year

COMMENTS BY THE CEO



During the first quarter of the year, we took important steps in the work of further developing and optimizing the formulations of our two main projects, Amp01 and Empli03, where we follow the plan that we presented in connection with the IPO.

Within Amp01, our consumer project with nicotine products, we have both developed different taste formulations, evaluated various alternatives for production on a larger scale, and filed a new patent application.

Accompanied by previous development of a suitable bio ceramic with release profiles for nicotine, this means that we are moving ever closer to a finished product profile.

Amplicon will premiere two products with different taste formulations already at the international Global Forum on Nicotine in Warsaw in June this year. In parallel with product development, the discussions on outlicensing continue with a number of stakeholders.

Within Empli03, our drug candidate for chronic pain, we have completed the final formulation to be used in the clinical study during the quarter.

In addition, we have successfully transferred the manufacturing method to Quotient Sciences in the UK, which is our partner for the manufacture of the tablets to be evaluated in the clinical study. This transfer was an important milestone for the clinical study. We have also developed and documented methods in production and analysis for Empli03.

Developments in both our operations continuously show that one of the absolute strengths of our patented bioceramics is the way we can create, modulate, direct and control different release profiles.

In common of Amp01 and Empli03 is that they are being developed on Emplior, our patented bioceramic platform for oral products. The fact that the products are developed on a common platform gives us synergy effects in both product development and in IP, as we can use our progress to develop IP in more product areas.

During the quarter, we have developed the flavours that will be a part of the final product profile for Amp01. We have also run a pilot project regarding machine packaging, evaluating different pouches.

Additionally, developing products within two operations also means that we will have more business opportunities as well as risk diversification, both in terms of development and commercialization.

Amp01

Amp01 is a dry nicotine formulation with unique release profiles of nicotine and flavorings. The formulation will be packaged in conventional pouches for nicotine products and is intended for the consumer market. It can also be further developed into a new nicotine replacement product.

White oral nicotine has an annual turnover of just over USD 2 billion in a global market. The market is in its infancy and is expected to grow annually by more than 50 percent, and have sales of more than USD 20 billion in 2025.

The development towards the finished product is done within Amplicon AB. Our goal is to be able to offer a product with a better customer experience through a significantly longer release of both nicotine and taste than what is on the market today.

During the first quarter and together with partners, we have developed the flavors that will be included in the final product, and carried out pilot projects regarding production methods and machine packaging in various types of pouches on a larger scale. An additional patent application was completed during the quarter and filed on April 1.

The Amp01 project is based on own nicotine-specific patents. We drive innovation in-house by developing a product ready for large-scale production and commercialization as a consumer product. In parallel, discussions are being held on outlicensing agreements.

Empli03

Empli03 is a buccal tablet (a tablet that is placed under the lip) and is being developed for treatment of chronic pain. It contains the active substance buprenorphine, which is a milder opioid. Chronic pain is a large and growing market, with a clear medical need; one in five people is affected by chronic pain in some form. In the USA, this corresponds to about 67 million people. The market for opioid drugs for chronic pain is expected to grow to USD 5.5 billion by 2025, in the G7 countries alone.

With Empli03, we see the opportunity of being able to offer the patient a new product for chronic pain. It has a fast initial release of buprenorphine, making the patient pain free, which is followed by a slower phase that ensures relief. The goal is to develop a product that enables individualized patient-controlled treatment of chronic pain. Empli03 also has properties that reduce the risk that the opioid can be abused.

Emplicure has developed and documented the formulation to be used in the clinical study with Empli03. The study is a pharmacokinetic study in which the concentration of buprenorphine is measured in the blood of a small number of healthy volunteers. The aim of the study is, in part, pharmacokinetic documentation of Empli03, but also documentation of the Emplior platform in humans.

We believe we will be able to present results from the clinical study during the fall this year. The results will be used as a basis for a regulatory consultation with the FDA and for business contacts regarding both Empli03 and the Emplior platform.

In parallel with the preparations for the clinical study, there is ongoing planning of initial discussions on licensing and cooperation agreements.

Patents

During the quarter, we received prior information about several patent approvals for the Emplihale platform regarding inhalation of drugs and nicotine. This gives additional strength to our project portfolio and our upcoming projects. We believe that our IP protection is strong, and that we thereby will have good prerequisites in discussions with potential li-censees and other business partners.

Financing

At the same time as this report is released, the implementation of warrants series TO1 is in progress, with a measurement period between April 12 and April 27, and a subscription period between April 29 and May 13.

In connection with the listing on Nasdaq First North last summer, the company raised SEK 40 million in an oversubscribed unit issue to take Empli03 through a clinical study and to develop Amplicon and the organization.

The company is delivering on this and is now obtaining financing through subscription warrants of the TO1 series to accelerate the development of Empli03, to continue the completion of Amp01 to create a finished product, to drive business development, and to continue developing our portfolio with projects within the two operations pharmaceutical development and consumer products.

We look forward to a year full of progress where we will continue to develop our products quickly and resolutely, and deliver on the trust given to us by our shareholders.

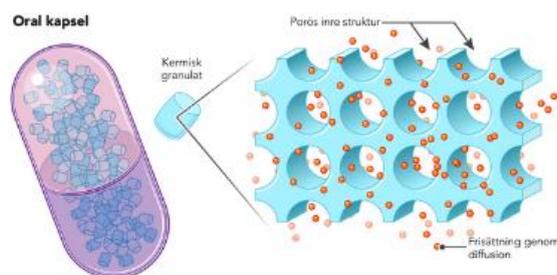
Torbjörn W. Larsson
CEO

Emplicure

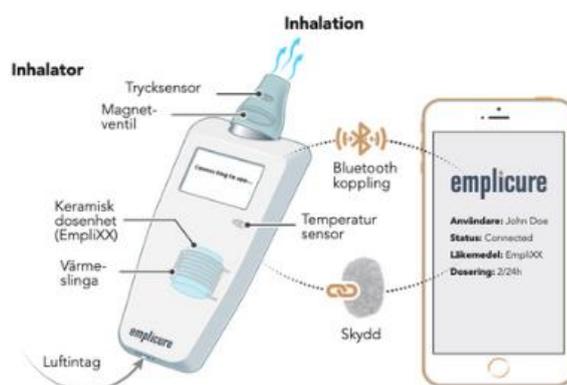
Emplicure is an innovative company that combines pharmaceutical development and materials science. We develop products and new areas of use by combining active and approved substances with our patented bioceramic platforms. The fact that the substances are already approved means shorter development time, more efficient projects with reduced risk and time to registration will be significantly shorter. Our vision, "Introducing a new generation of products for a better tomorrow", is to create a better future for people by introducing new products with better accuracy when it comes to effect, duration and precision in dose delivery.

We have three different bioceramic platforms to administer drugs on; Emplior for the development of tablets, capsules and medicines for oral uptake, Empliderm for the development of transdermal dosage of medicines e.g., plasters, Emplihale for the development of inhalation of active substances. Combining different substances with bioceramics offers endless possibilities to create products with tailored properties. Our first product candidate is for chronic pain, Empli03 and it will enter the clinical documentation phase at the beginning of next year, 2022. This will be the first time we evaluate the technology platform in clinic.

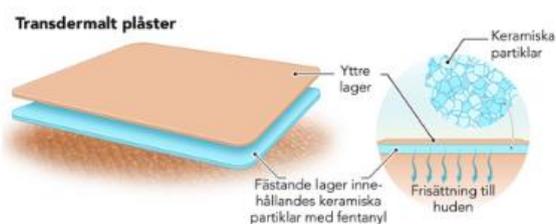
Empli03 is a pain medicine in the form of an oral, buccal tablet, with properties that counteract the abuse of the product. The product is being developed in the Emplior platform.



Oral administration - Emplior



Administration genom inhalation - Emplihale



Transdermal administration - Empliderm

Amplicon

Amplicon develops new and innovative products for the consumer market. The products will mainly be based on the same bioceramic platforms that Emplicure uses, which enables completely new solutions. Lessons from ongoing projects opens for new generations of consumer products with strong benefits for the consumer. Amplicon will during 2022 prioritise products targeted towards the large and fast-growing nicotine market.

For **Amp01**, our consumer project with nicotine for oral use, there are ongoing discussions in different phases with potential licensees and partners. In parallel, Amplicon is developing Amp01 towards a ready product to be tested on selected markets. The development and profiling is conducted both inhouse and with external experts. The work with the development of a launch ready product creates a higher commercial value and provides a clearer profile for a potential partner to expect.



Financial information

Net sales and result

The Group has no net sales during the period. The operating loss for the first quarter amounted to KSEK -7,326 (KSEK -1,312). The R&D activities have continued according to plan and, therefore, the Group's costs have continued to increase, including costs related to the planned clinical study, which also is progressing to plan. The personnel costs increased compared to last year due to the successive increase of staff according to the planned development of current and future projects. The number of staff is unchanged compared to the fourth quarter 2021. Amplicon's efforts towards a ready product have also rendered in higher development costs compared to last year.

Cashflow and Investments

Cash flow from operating activities for the first quarter amounted to KSEK -5,560 (KSEK -2,286), including a positive change in working capital of KSEK 1,941.

Cash flow from investment activities amounted to KSEK -234 (KSEK 0), related to tangible assets. The Group has no activated costs related to intangible assets.

Cash flow from financing activities amounted to KSEK 0 (KSEK +11,750, which was related to a new convertible bond of the same amount) in the first quarter.

Cash position

The Group's cash and cash equivalents amounted to KSEK 16,499 (KSEK 12,734) by 31 March, compared to KSEK 22,059 by 31 December.

The Group has at the time of the release of this quarterly report not sufficient funds in order to run the operations during whole 2022 according to the current business plan. However, during the period 29 April -13 May 2022, up to 9,600,000 shares will be subscribed through the warrants in the unit issue in June 2021. The subscription price per share corresponds to 70% of the weighted average share price during the period 12 - 27 April, with a minimum of SEK 0.05 and a maximum of SEK 6.23 per share, corresponding to MSEK 0.5-59.8 before transaction costs at full utilisation.

It is the opinion of Board of Directors, that the subscription of these warrants will bring the Group sufficient financing to run the operation during 2022 according to plan. In the case the warrants are not subscribed for in a sufficient extent, or that the share price should fall significantly ahead of the subscription period, there is a certain risk that the Group needs other financing or that the operations need to be customised or postponed.

The Group's business model implicates to out license and/or enter partnerships around the Group's products, where milestone payments and royalty payments based on future product sales can make up revenues for the Group.

Warrants

The company has active option programs for key employees and the Board of Directors. A summary can be found under Note 1. Furthermore, there are 9,600,000 warrants related to the unit issue.

Risks

Management and the Board continuously evaluate risks and uncertainties related to the business. For an account of the risks associated with the company's operations, please refer to the Company's Annual Reports. These can be found on the company's website, www.emplicure.com, under the investor relations/financial reports tab.

Significant events

Events during the reporting period

- In March, Emplicure was informed it was set to be granted a patent in Japan for inhalation of pharmaceuticals. The patent is expected to be granted within the next months, and then into 2038.
- Also in March, a patent was set to be granted by the Australian Patent Office for Amplicon AB's nicotine inhalation technology. The patent is expected to be granted within the next months, and then into 2038.

Events after the reporting period

- In April, the company was informed that a patent is set to be granted in Australia for inhalation of pharmaceuticals. The patent is expected to be granted within the next months, and then into 2038.
- In April, Emplicure signed a development agreement with Uppsala university regarding biological medicines.
- At the company's AGM, Gunilla Ekström, Håkan Engqvist, Johan Wieslander and Ingemar Kihlström were re-elected. Gisela Sitbon was elected new board member, while Thomas Lundquist rejected re-election. Gisela Sitbon was later elected new chair of the board.
- In April Amplicon announced that it premieres products on world's largest nicotine forum in June.

The share

Listing

The Emplicure share was listed at Nasdaq First North Growth Market on June 24, 2021. The instrument name is EMPLI and the ISIN-code is SE0015812391. One (1) share represents one (1) vote.

Number of shares

The number of shares amounted to 20,558,000 at the end of the period (10,958,000 LY). In June 2021, in conjunction with the listing, a new issue was performed. The average number of shares in the first quarter was 20,558,000, while the average number of shares during FY 2021 was 15,918,000.

Shareholders

The total number of shareholders amounted to approx. 650 by the end of 2021. The three founders, Thomas Lundqvist, Susanne Bredenberg and Håkan Engqvist (via Aduro Material AB) together control 40.6% of the shares. The ten largest shareholders together own 67.1% of the shares.

Shareholders as of March 31, 2021	Number of shares	Share
Thomas Lundqvist	4,201,662	20,4%
Susanne Bredenberg	2,102,000	10,2%
Aduro Material AB*	2,045,855	10,0%
Peyman Pournouri	1,337,621	6,5%
Monesi Förvaltning AB	1,044,108	5,1%
Hadi Ghafari	819,084	4,0%
Olle Olsson Holding AB	783,000	3,8%
Avanza Pensionsförsäkring AB	626,757	3,0%
Nordnet Pensionsförsäkring AB	423,783	2,1%
Deseven Capital AB	415,662	2,0%
10 largest shareholders, accumulated	13,799,532	67.1%
Other shareholders	6,758,468	32.9%
Total	20,558,000	100.0%

* Aduro Material AB is controlled by Håkan Engqvist

Consolidated income statement

Amounts in KSEK	Jan-Mar		Jan-Dec
	2022	2021	2021
Operating income			
Net sales	-	-	80
Other operating income	29	-	6
Total income	29	-	86
Operating expenses			
R&D costs	-2,506	-68	-406
Other external expenses	-2,442	-345	-10,685
Personnel costs	-2,293	-507	-5,633
Depreciation and impairments on fixed assets	-15	-	-12
Other operating expenses	-98	-15	-23
Operating loss (EBIT)	-7,326	-935	-16,673
Financial items			
Financial income	-	-	21
Financial expenses	-0	-378	-1,763
Net financial items	-0	-378	-1,742
Profit/loss after financial items	-7,326	-1,312	-18,415
Profit/loss before tax	-7,326	-1,312	-18,415
Tax	-	-	-
Profit/Loss for the period	-7,326	-1,312	-18,415
Earnings per share before and after dilution	-0,36	-0,12	-1,16

Consolidated balance sheet

Amounts in KSEK	31 Mar		31 Dec
	2022	2021	2021
ASSETS			
FIXED ASSETS			
Tangible fixed assets	316	-	97
Total fixed assets	316	-	97
CURRENT ASSETS			
Tax receivables	-	24	-
Other receivables	1,053	203	2,275
Prepayments and accrued income	509	970	279
Cash and cash equivalents	16,499	12,734	22,059
Total current assets	18,060	13,931	24,613
TOTAL ASSETS	18,376	13,931	24,710
EQUITY AND LIABILITIES			
EQUITY			
Share capital	1,028	110	1,028
Other paid-in capital	43,523	6,509	43,523
Other equity including the result for the period	-30,316	-5,510	-23,051
Total equity	14,235	1,109	21,500
LONG-TERM LIABILITIES			
Convertible bonds	-	11,750	-
Total long-term liabilities	-	11,750	-
CURRENT LIABILITIES			
Accounts payable	1,386	81	1,305
Deferred taxes	79	-	58
Other current liabilities	368	34	223
Accruals and deferred income	2,308	957	1,624
Total current liabilities	4,140	1,072	1,585
TOTAL EQUITY AND LIABILITIES	18,376	13,931	23,085

Change in equity for the group

Amounts in KSEK	Share capital	Total equity
Amount at the beginning of the period (1 Jan 2022)	1,028	21,500
Employee stock option	-	62
Profit for the period	-	-7,326
Amount at the end of the period (31 Mar 2022)	1,028	14,235
Amount at the beginning of the period (1 Jan 2021)	110	2,422
Profit for the period	-	-1,312
Amount at the end of the period (31 Mar 2021)	110	1,109

Consolidated cash flow analysis

Amounts in KSEK	Jan-Mar		Jan-Dec
	2022	2021	2021
OPERATING ACTIVITIES			
Operating profit	-7,326	-935	-16,673
Adjustments for items not included in cash flow	77	-	92
Financial net	-	-378	-1,742
Tax paid	-18	-27	41
Cash flow from operating activities before changes in working capital	-7,267	-1,339	-18,282
Increase/decrease other current receivables	992	-775	-2,156
Increase/decrease other current liabilities	949	-172	1,922
Cash flow from operating activities	-5,326	-2,286	-18,516
INVESTING ACTIVITIES			
Acquisition of material assets	-234	-	-109
Cash flow from investing activities	-234	-	-109
FINANCING ACTIVITIES			
New share issue	-	-	39,840
Paid warrants	-	-	162
Convertible bonds	-	11,750	-
Cash flow from financing activities	-	11,750	37,414
Cash flow for the period	-5,560	9,464	18,789
Cash and cash equiv. at the beginning of the period	22,059	3,270	3,270
Cash and cash equiv. at the end of the period	16,499	12,734	22,059

Income statement, parent company

Emplicure AB (parent company)	Jan-Mar		Jan-Dec
Amounts in KSEK	2022	2021	2021
Operating income			
Net sales	403	-	486
Other operating income	29	-	6
Total income	432	-	492
Operating expenses			
R&D costs	-2,347	-68	-406
Other external expenses	-2,121	-280	-9,885
Personnel costs	-2,227	-507	-5,437
Depreciation and impairments on fixed assets	-15	-	-12
Other operating expenses	-96	-15	-23
Operating loss (EBIT)	-6,375	-870	-15,272
Financial items			
Result from participations in subsidiary	-410	-	-910
Financial income	-	-	21
Financial expenses	-0	-378	-1,763
Net financial items	-410	-378	-2,652
Profit/loss after financial items	-6,785	-1,248	-17,924
Provided group contributions	-	-	-1,390
Profit/loss before tax	-6,785	-1,248	-19,314
Tax	-	-	-
Profit/Loss for the period	-6,785	-1,248	-19,314

Balance sheet, parent company

Emplicure AB (parent company)	31 Mar		31 Dec
	2022	2021	2021
Amounts in KSEK			
FIXED ASSETS			
Tangible fixed assets	316	-	97
Shares in affiliated undertakings	25	25	25
Total fixed assets	341	25	122
CURRENT ASSETS			
Accounts receivable	1,011	-	-
Other receivables	567	187	1,966
Prepayments and accrued income	479	970	251
Cash and cash equivalents	16,445	12,709	22,044
Total current assets	18,502	13,889	24,260
TOTAL ASSETS	18,842	13,914	24,382
EQUITY			
Restricted capital			
Share capital	1,028	110	1,028
Total restricted capital	1,028	110	1,028
Shareholders surplus			
Share premium account	43,282	6,509	43,282
Surplus brought forward	-23,646	-4,198	-4,394
Other equity including profit for the period	-6,785	-1,248	-19,314
Total shareholders surplus	12,850	1,064	19,574
Total equity	13,878	1,174	20,602
LONG-TERM LIABILITIES			
Convertible bonds	-	11,750	-
Total long-term liabilities	-	11,750	-
CURRENT LIABILITIES			
Accounts payable	1,230	-	1,253
Amounts owed to affiliated undertakings	1,390	-	883
Deferred taxes	79	-	58
Other current liabilities	368	34	223
Accruals and deferred income	1,897	957	1,363
Total current liabilities	4,964	991	3,780
TOTAL EQUITY AND LIABILITIES	18,842	13,914	24,382

Cash flow analysis, parent company

Emplicure AB (parent company)	Jan-Mar		Jan-Dec
Amounts in KSEK	2022	2021	2021
OPERATING ACTIVITIES			
Operating profit	-6,375	-870	-15,272
Adjustments for items not included in cash flow	77	-	92
Net financial items	-0	-378	-1,742
Tax paid	-18	-27	41
Cash flow from operating activities before changes in working capital	-6,316	-1,274	-16,881
Increase/decrease other current receivables	666	-759	-1,818
Increase/decrease other current liabilities	695	-253	2,493
Cash flow from operating activities	-4,954	-2,286	-16,206
INVESTING ACTIVITIES			
Acquisition of tangible assets	-234	-	-109
Provided group contributions	-410	-	-910
Cash flow from investing activities	-644	-	-1,019
FINANCING ACTIVITIES			
New share issue, gross	-	-	39,840
Costs related to the new share issue	-	-	-2,588
Received shareholders contribution	-	-	-1,390
Paid warrants	-	-	162
Convertible bonds	-	11,750	-
Cash flow from financing activities	-	11,750	36,024
Cash flow for the period	-5,598	9,464	18,799
Cash and cash equiv. at the beginning of the period	22,044	3,245	3,245
Cash and cash equiv. at the end of the period	16,445	12,709	22,044

Notes

ACCOUNTING PRINCIPLES

The interim report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual Report and consolidated accounts (K3).

The same accounting principles and calculation methods have been used in the interim report as in the most recent annual report.

REVIEW BY AUDITOR

This report has not been reviewed by the Company's auditor.

TRANSACTIONS WITH RELATED PARTIES

Companies related to the CFO and several members of the board have during the period had agreements on consulting services with the company. Transactions with related parties are on market terms.

CONSOLIDATED STATEMENTS

As of the fourth quarter 2021, since the affiliated company Amplicon has started its business, consolidated accounts are prepared and reported.

INFORMATION ON CERTAIN ITEMS

Note 1 Disclosure of share capital and warrants

	No. of shares	Quota per share
Number/value at the beginning of the period	20 558 000	0,05
Number/value at the end of the period	20 558 000	0,05

Warrants

WARRANTS

Program	Number of warrants acquired at the beginning of the period	Number of warrants acquired during the period	Number of warrants exercised during the period	Number of warrants at the end of the period	Terms	Subscription price (SEK)
2021/2024	0	0	0	363 249	One warrant entitles the holder to subscribe for 1 share	9.58
Subscription period 6 April 2024 until 6 July 2024						
TO1 (issued as a part of the units issued in connection with the company's listing on Nasdaq First North)	0	0	0	9 600 000	One warrant entitles the holder to subscribe for 1 share	70 percent of the volume-weighted average price of the company's share on Nasdaq First North during the period from April 12, 2022 until April 27, 2022, but with a minimum of SEK 0.05 and a maximum of SEK 6.23 per share
Subscription period 29 April 2022 until 13 May 2022						

EMPLOYEE SHARE OPTION

Program	Number of warrants acquired at the beginning of the period	Number of warrants acquired during the period	Number of warrants exercised during the period	Number of warrants at the end of the period	Terms	Subscription price (SEK)
2021/2024 (non qualified)	0	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	See terms
The employee share options may be exercised no earlier than 3 years and no later than 3 years and 3 months after the participant has signed the program						
Please note that 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)	0	0	0	503 790	Each employee share option gives the right to acquire on new share in the company	9.58

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

Please note that 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.

*Warrants of series 2021/2025 comprise a total of 714.389 warrants.

Note 2 Definition of Key ratios

Earnings per share:	Net results divided by the average number of shares
Equity ratio:	Adjusted equity as a percentage of total assets
Net cash flow:	Change in cash and cash equivalents excluding FX effects

Attestation

The Board of Directors and the President & CEO hereby affirm that the Year End Report constitutes a faithful representation of the company's and the Group's operations, position and profit/loss, and that it describes the significant risks and uncertainty factors faced by the company and the companies that make up the Group.

Uppsala, April 26, 2022

Gisela Sitbon
Chairman of the Board

Torbjörn Walker Larsson
CEO

Gunilla Ekström
Board member

Håkan Engqvist
Board member

Ingemar Kihlström
Board member

Johan Wieslander
Board member

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Financial calendar 2022/23

Q2 2022	18 Aug
Q3 2022	17 Nov
Q4 2022	23 Feb '23

This report has been translated from the Swedish original report. In case of discrepancies between the two versions, the Swedish version shall prevail.