

The background of the entire page is a complex, three-dimensional molecular structure. It features a central hexagonal ring of six large, dark blue spheres, each with a textured, crystalline surface. These spheres are connected by thick, metallic-looking blue rods. Radiating from this central ring are numerous other spheres of varying sizes, some in shades of blue and others in a reddish-pink hue, all interconnected by a network of thinner, translucent blue lines. The overall effect is one of scientific precision and technological innovation.

emplicure

ANNUAL REPORT 2021

Emplicure in brief

Emplicure's patented bioceramic technology platforms are a starting point for the development of products for major markets and unmet medical needs.

The company has a broad portfolio of commercially and medically important products.

Two business areas: pharmaceuticals and consumer products.

Both Emplicure and its subsidiary Amplicon develop products on common patented technology platforms for various innovative products with several routes of administration: oral, inhaled, and transdermal.

The company was founded in 2014 and today has 53 patents in 7 patent families.



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CORPORATE INFORMATION

Annual report 2021 for Emplicure AB (publ.)

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This report has been translated from the Swedish original report. In case of discrepancies between the two versions, the Swedish version shall prevail. Produced by Scoopit Media & Communication. Photographer: Ewa Ahlin.



BACKGROUND

Patented technology platforms creating almost endless possibilities

Thomas Lundqvist, Håkan Engqvist and Susanne Bredenberg founded Emplicure in 2014. The company develops new drugs by combining materials science with pharmaceutical development, using well documented bioceramic materials. The API or other substances are incorporated into the cavities, the pore system, of the bioceramics, thus creating new products with controlled release of the active substances. By developing this technology, new patents and products have been created.

Our portfolio now consists of opioid products used for treatment and optimal pain relief. Furthermore, manipulation of the products, to extract opioids for substance abuse, is impeded by the formulation. The products are based on existing active substances with proven effects and safety, which means a relatively brief time from idea to market (approximately three to five years), while development costs and risks at the same time are relatively low, in comparison with a pharmaceutical development process based on new active substances.

” Our products are developed to solve specific needs for safe and effective treatment of pain. There is a large potential and power in combining applied materials science with pharmacology as well as knowledge of patients' needs for better drug therapy. This is also the approach applied by Amplicon when developing products for consumer markets.

”
THOMAS LUNDQVIST,
Co-founder of Emplicure



” Empli03 can contribute to a safer treatment thanks to a unique release profile and with abuse-deterrent properties. ”

CEO COMMENTS

A strong team lays the foundation for growth

Thursday 24th of June 2021 was the first trading day for the Emplicure share at Nasdaq First North. A historic day for Emplicure and a milestone for all who have worked hard to accomplish this.

The listing was only the beginning and 2021 was an eventful year in many other aspects. After the IPO, focus has been on gearing up the organization and pursuing the development of the company's two main projects, Empli03 and Amp01.

Empli03 is our drug candidate for chronic pain and Amp01 is a tobacco-free nicotine product for consumers, in the form of dry, white pouches of snuff. Both projects are developed on Emplior™, one of our own bioceramic platforms, with proprietary and patented technologies.

Our product development is focusing on drugs and consumer products, and both products are targeted towards major markets with high potentials and/or medical needs.

The pharmaceuticals are developed within Emplicure AB, and the consumer products are developed within the wholly owned subsidiary Amplicon AB.

The absolute strength of our products lies in our possibility to customize products with specific release profiles, suited for various indications and needs. This is based on our patented bioceramics technology platforms which we use for both Emplicure and Amplicon. Since we are able to develop unique and proprietary products, risk exposure is reduced for a potential licensee or partner, which in turn has a positive impact on our earning potential in a business cooperation.

EMPLI03 ENTERS CLINICAL STUDY

Empli03 is a buccal tablet developed with the substance buprenorphine, a milder opioid. Our formulation has a clinically very interesting release profile, which we consider will fill a large medical need.

” The objective is to develop our products forward and upward in the value chain, up to the point where we deem that we are creating the most value for both Emplicure and our partners, and, ultimately, for those who will use our products. ”

The tablet gives an immediate release for a rapid onset of pain relief, followed by a reduced release over time, for maintained pain relief. We are creating pre-requisites for a patient controlled treatment of chronic pain.

In addition to this, the product has so called ADF properties. This means that our formulation impedes abuse of the opioid, as it resists mechanical and chemical manipulation aiming to extract the opioid. An agreement has been concluded with Quotient Sciences in the United Kingdom, which will be responsible for the GMP manufacturing for the first clinical study and also for conducting the pharmacokinetics study.

AMP01 IS TAKEN FURTHER TOWARDS A FINISHED PRODUCT

We are taking great steps towards a finished product with the development of our tobacco-free nicotine product, Amp01. Working with a clear product profile, we believe that we are now near the final release profile regarding nicotine and flavoring for our first products. In parallel, we are holding discussions with several potential licensees and partners.

” We have engaged with global expertise to develop a new generation of nicotine products. ”

TOMAS HAMMARGREN,
Chairman Amplicon

EMPLICURE RECEIVES THE FORMAL PATENT APPROVAL IN THE USA FOR INHALATION OF PHARMACEUTICALS

During the past fall, the US Patent Office approved a patent for “pharmaceutical inhalation”. This patent strengthens our prerequisites for the development and commercialization of new and unique proprietary inhalation products, for which the market in USA is large and important. Inhalation is one of the three platforms for our development projects today.

WE ARE BUILDING A STRONG TEAM LAYING THE FOUNDATION FOR GROWTH

During 2021, Emplicure has recruited six new co-workers in total. The work is focused on development and documentation of Empli03 for the clinical study and for the development of Amp01 to a finished product.

Looking to the future, we are now looking forward to a new, exciting year!

TORBJÖRN WALKER LARSSON
CEO Emplicure



Photo: Mikael Wallerstedt

OPERATIONS

"A new generation of products for a better tomorrow"

Business description

Emplicure is an innovative company that combines advanced materials science with pharmacology. We develop new products applications by combining existing and approved active substances with our patented bioceramic platforms. Emplicure and Amplicon share administration platforms for various routes of administration. Emplicure develops pharmaceutical products, initially focusing on chronic pain. Amplicon develops consumer products, with tobacco-free nicotine pouches as the first product line. All products have in common that they are based on proprietary and patented bioceramic platforms and target important and growing markets.

Business development

The company works continuously with business development. Identifying and validating a need is the starting point of every potential Emplicure project. An evaluation of the planned project's financial viability is then conducted according to a defined process, which runs throughout the project.

Other important activities include attending various types of trade conferences and partnering meetings, to present both Emplicure and our projects to potential partners and licensees. These meetings also present valuable opportunities to establish contact with new companies and to identify and discuss trends in the market and in our specific product segments. In addition, we participate at various investor meetings and capital market days to promote Emplicure.

Vision

"A new generation of products for a better tomorrow" is to develop new products with better accuracy in terms of effect, duration, and precision in dose delivery.

Business concept

Combining various substances with bioceramics offers endless possibilities to create products with tailored properties. The business concept is to develop new innovative products, both pharmaceuticals and consumer products, with shorter development time, reduced costs, and lower development risk. The risk is further reduced because several development projects can be advanced in parallel, and regulatory requirements are less stringent for the consumer products developed, resulting in a shorter time to market.

Strategic objectives

A broad portfolio of medically and commercially important products will be developed on the basis of the patented technology platforms. New product opportunities and indications for co-development, out-licensing, or strategic collaborations at various stages of the product development are continuously evaluated. Amplicon's first strategic objective is to develop new and tobacco-free nicotine products together with established companies in the nicotine market.



TECHNOLOGY

Controlled release of opioids safer for patients and the society

By combining innovative bioceramic materials with in-depth pharmaceutical knowledge, Emplicure has developed a safer and more precise way to deliver drugs, which for example is applicable to the treatment of chronic pain. There is a large unmet medical need in opioid-based pain relief.

The controlled release of Emplicure's product formulations not only improves treatment options and potentially reduces side effects, it also reduces the risk of abusing the product.

The FDA, the US Food and Drug Administration, encourages and calls for the development of abuse-deterrent drugs with pain-relieving properties.

” Our technologies are applicable to several therapeutic areas that require precise drug release. Because we utilize existing pharmaceutical substances, development times are shortened and risks reduced compared to the documentation of entirely new molecules, shortening the path to market.

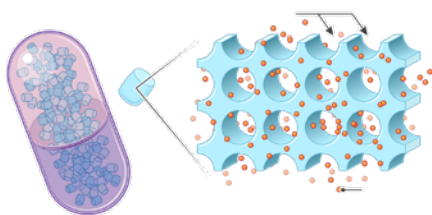
TORBJÖRN W LARSSON,
CEO Emplicure

”



A strong and patented foundation for development of innovative products

The patented bioceramic platforms are based on ceramic biomaterials with variable nanostructures. The technology enables the distribution of active substances in bioceramic materials. Active substances are released, and the proper effect is achieved by means of *controlled diffusion*. The release and dosage of the active substances can be tuned by adjusting the size of the pores, the choice of bio-material, and the excipients used. Because of the biocompatibility of bioceramic materials, they can be used safely and with regulatory advantages.

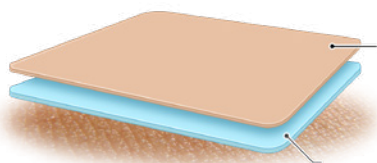


Emplior

ORAL ADMINISTRATION

Emplior is the platform for the development of tablets, capsules, and other formulations for oral intake through ingestion or uptake through the oral mucosa. The platform is now used to develop products against chronic pain. High mechanical strength hampers crushing, and manipulation of the pharmaceutical form through extraction with various solvents is also impeded, thereby preventing the abuse of the active substance contained in the pharmaceutical forms.

The Emplior platform has been used for the manufacturing of tablets, granulates, and pellets, with active substances like buprenorphine and oxycodone among others. Both of these substances are used for treatment of chronic pain, but with different release profiles.

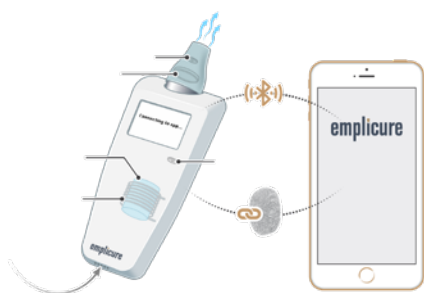


Empliderm

TRANSDERMAL ADMINISTRATION BY PATCH

Emplicure has also developed the technology platform Empliderm, where patches are used for substance release over the skin. The bioceramic materials used in the patches can be designed in a way so that the release of the active substance permits application of the patch to as seldom as up to once a week. Emplicure's opioid patches for treatment of chronic pain are designed to give effective pain relief and to impede abuse at the same time. They are developed to have properties for a safe and controlled release of for example opioids.

An improved safety profile and a decreased risk of abuse of the active substance, means enhanced security when needing to prescribe opioids as necessary to patients with chronic pain, especially to patients with chronic pain being treated in their homes. Since the products are based on well documented opioids and bioceramic materials that don't cause local irritation at skin contact, the regulatory road to an approval is likely shorter for Emplicure's products, than for competing products.



Emplihale

ADMINISTRATION BY INHALATION

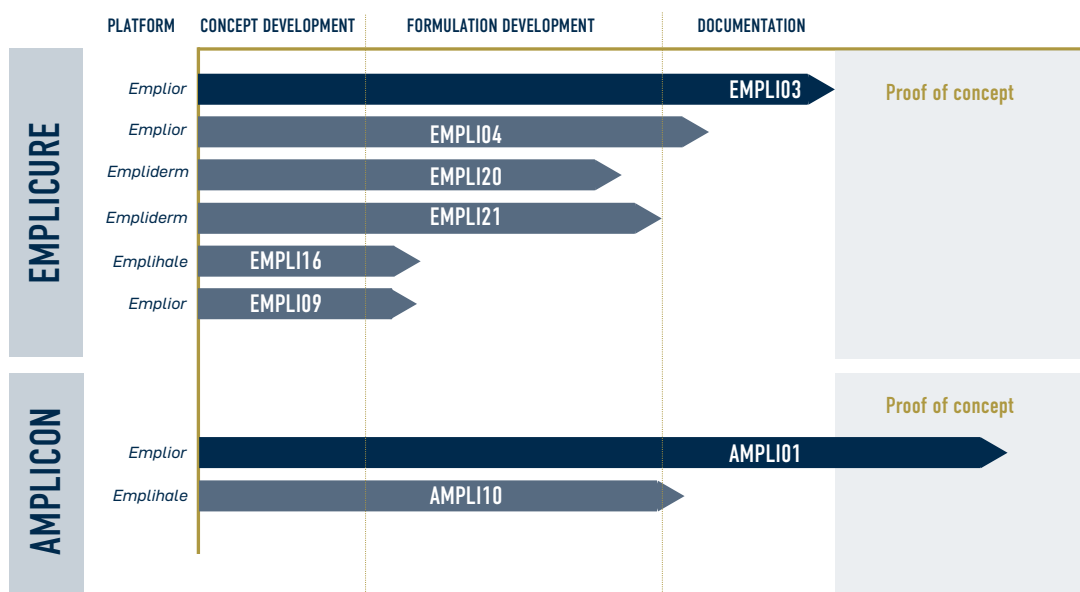
Emplicure has also developed a new platform for dosage of medication for inhalation of active substances. The active substances are built into bioceramic dosage units. The units are heated in a small electronic heat source, for instance a unit developed for e-cigarettes. By heating the ceramic dosage unit, an aerosol of the active substance forms, which may be inhaled for a rapid absorption by the lungs, providing local effect in the respiratory passages. Many diseases require rapid onset of effect to achieve quick and lasting symptom relief. Pain is a condition that often requires both rapid and lasting effect to avoid the aggravation of symptoms over time.

Release of the active substance is achieved by heating a ceramic dosage unit. The unit contains a pre-defined dose, which is an advantage in comparison with liquid-based systems. Manipulation and extraction of the active substance, if attractive for abuse, is impeded by the solid bioceramic dosage units.

The bioceramic dosage units are designed for a safe and controlled aerosol formation, customized for every active substance and dosage.

BIOCERAMIC PLATFORMS

Three different technology platforms create prerequisites for the development of a broad and growing product portfolio



The goal for Emplicure's products is to develop new drugs for safe and effective treatment of chronic pain, while impeding abuse of the active substances. Emplicure's technologies may also be used for developing generic versions of approved products having properties that impede abuse. This is explored as future business opportunities.

Three of Emplicure's products are addressing chronic pain. New products may enhance patients' life qualities through individual patient-controlled drug treatment. The patented bioceramic technologies allow for incorporating an active substance into bioceramic materials. The dosage is then controlled for specific drug substances and therapeutic needs. A major benefit with Emplicure's bioceramic materials, is that they are biocompatible and already have an established utilization, for example as implants in humans. Another major benefit is that the bioceramic materials are manufactured using pharmaceutical grade and are used in other forms in registered medical products. This means that no extensive safety studies are needed for these excipients. The products are furthermore based on conventional processes for the manufacture of medicinal products, which means that production could be scaled up for commercial production without having to develop any new cost-driving processes.

“ The biochemical structure is designed to provide the right conditions for a safe and controlled release of opioids, thus ensuring the high safety and efficacy of the products. ”

HÅKAN ENGQVIST, founder

PREVENTING ABUSE

Abuse of opioids is a growing global problem. Abuse may be achieved by chewing, injection, or inhalation of opioids from medications. Over prescription and improper use of opioids in the USA has led to widespread abuse of opioids prescribed as medication, causing a large number of deaths as a result of overdosing. Abuse of drugs containing opioids has been a major contributor to what today is called an opioid crisis. According to statistics presented in 2021, about 100,000 persons in the USA had died of opioid overdoses during the previous year. (Source: www.cdc.gov).

” The product development is based on the same platform as Emplicure, providing possibilities to develop numerous new consumer products. We have linked global expertise to us to develop a new generation of nicotine products. ”

TOMAS HAMMARGREN, Chairman Amplicon

The bioceramic platforms form a strong and proprietary base for the development of inhalation products and oral transmucosal products, something which also provides a large potential for the development of consumer products. Emplicure has transferred the rights for nicotine products to the wholly owned subsidiary Amplicon, with the assignment to optimize the consumer products business area.

The development of new products based on tobacco free nicotine is prioritized to be a first business area for Amplicon.

The time needed to commercialize new products in Amplicon has the prerequisites of being shorter than for Emplicure's drug products, as the regulatory requirements for consumer products are not as extensive as for drugs. The market for inhaled nicotine products will be processed through contacts with companies that develop and sell nicotine products.

Empli03

ORAL TABLET FOR TREATMENT OF CHRONIC PAIN

Empli03 is developed as an oral buccal tablet with buprenorphine, for treatment of chronic pain. It gives a fast initial release of buprenorphine, followed by a prolonged and controlled dosage. The patient can control the pain management by placing Empli03 under the upper lip. It can be used for up to several hours or as long as pain relief is needed. Empli03 can also reduce the risk of misuse as the formulation resists mechanical manipulation and extraction for the aim of buprenorphine abuse. Chronic pain is a growing global health problem, in the USA alone, as many as 20 percent of the population are estimated to suffer from chronic pain. A large group needs treatment with opioids to get effective pain relief.



Amp01

ORAL ADMINISTRATION OF NICOTINE (NICOTINE WITHOUT TOBACCO)

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.

The global market for nicotine pouches was approximately USD 2.4 billions in 2020, with a prognosis pointing towards an expected yearly average rate of growth of more than 50 percent during the next five years. 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 IP (Intellectual Property) gives us a strong position on the market when developing additional products.

Amp10

AEROSOLIZATION OF NICOTINE

The bioceramics dose units developed for inhalation products may also be used for developing new consumer products with nicotine. The technology, known as Solid Vape, offers a new way of delivering nicotine and flavoring, suitable to the new and fast-growing Pod-market. The Solid Vape-technology, aerosolization of nicotine from a solid bioceramics dose unit, also increase the possibilities of creating a vape product with a medical clearance.

The market for e-cigarettes has a potential to expand to parts of the world where these types of products are still not available. The established markets are driven by a rising awareness of lesser harmful effects by the use of e-cigarettes, than by traditional cigarettes. The established tobacco companies are making major investments in developing alternatives to conventional cigarettes, which pushes product development to run with high pace.

” The markets for oral nicotine products were valued at USD 2.4 billions in 2020 and is expected to grow by more than 50 percent per year until 2027.

TOMAS HAMMARGREN, Chairman Amplicon

”



THE MARKET OF E-CIGARETTES IS OFTEN DIVIDED INTO FOUR CATEGORIES

- Cigarette-like products, where the aim is to imitate the sense of a cigarette. They are usually disposable products.

- The vaporizer (a hand-held heat source for vaporization) has often a bit better capacity than cigarette-like products and has additional functions. It has typically a rechargeable battery and a tank that may be filled with optional so-called e-liquid of nicotine and flavoring.

- Vape mods is a larger unit, where charging and filling of liquid is done similarly to the vaporizer. Due to its

size and relatively greater power, the vape mod produces a larger amount of aerosols, in comparison to other e-cigarette products.

- Pod vapes are the latest generation of vape products. They are relatively small and are used with pre-filled pods, which are attached to the vaporizer in an easy manner.

Due to its design and functionality, which has led to great popularity among consumers of e-cigarettes, pod vapes accounted for the highest share of sold e-cigarettes in 2019. The market for pod vapes is expected to grow fast

in the future. There is a rising health awareness of the hazards connected with cigarette smoking. E-cigarettes almost completely eliminate the risks associated with the 4,000 and more chemicals found in ordinary tobacco smoke. The tobacco companies are increasingly focusing on technical development to gain advantages towards their competitors, which has led to substantial investments in this area. Tobacco companies frequently conclude agreements with technology suppliers to develop new products, which gives Amplicon interesting business opportunities.

Important milestones during 2021

Empli03 for chronic pain is ready for GMP-manufacturing for clinical study

Empli03 is a pain medicine in the form of an oral buccal tablet with abuse-deterrent properties. The product has been developed within the Emplior platform. Empli03 has an interesting release profile and is estimated to be able to fill large medical needs. The tablet gives an immediate release of the active substance, making the patient pain free, followed by a considerably reduced, but constant and controlled release over time, for individual pain relief. An agreement has been concluded with Quotient Sciences in the United Kingdom, which will be responsible for manufacturing as well as for executing the first pharmacokinetic study.

Amp01 is taken further towards a finished product

Amp01 is an oral tobacco-free nicotine product for consumers in the form of dry, white nicotine pouches. For Amp01, discussions are in progress in divergent phases with potential licensees as well as with partners. In parallel, Amplicon advances the development of Amp01 towards a finished product according to a defined product profile. The development and profiling involves both in-house staff and external experts. The effort to develop a launch-ready product creates a higher commercial value and defines more clearly what a partner can expect.

Inhalation patent granted in the United States

During the past autumn, the US patent office approved a patent for “inhalation of drugs”. This patent strengthens our position to develop and commercialize new and unique inhalation products protected by patents. In this regard, the United States is a major and significant market. Inhalation is one of the three platforms for our current development projects.



PATENTS

Long-term patent strategy

Intellectual properties rights are essential for the business of Emplicure. Part of the company's strategy is to transfer or license products to pharmaceutical companies for further clinical development and marketing.

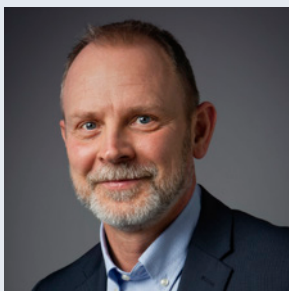
A strong intellectual property protection is important for the optimization of the value of our products. Emplicure seeks and endeavours to uphold patent protection in the largest and the commercially most important markets.

Emplicure currently owns seven patent families, which protect the technology platforms, and has an active patent strategy to also protect individual products.

53
patents

7 patent-
families

Management



TORBJÖRN W. LARSSON, CEO

CEO appointed 2021. Torbjörn holds a BSc BA from IHM Business School. He has experience in leadership and international business development from both larger and smaller companies within Life Science and MedTech, including Novo Nordisk Engineering and Doxa. Experience from First North and IPO.

Holdings in the company:

40,000 shares and 40,000 warrants of series TO1



ERIK MAGNUSSON, CFO

CFO appointed 2022. Erik brings over 25 years of combined experience in financial planning and operations, investor relations, and economic consulting, where he has held financial management positions within i.e. Systembolaget, Aleris, and Coop. He also has background as financial analyst, covering the Nordic medtech and hospital sector at ABG Sundal Collier, among others.

Holdings in the company:

21,233 shares



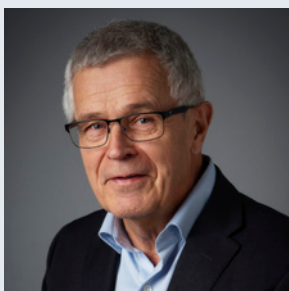
JESPER LÖÖF, CTO

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 bio-ceramic products for international markets. Experience from First North and IPO.

Holdings in the company:

6,000 shares and 6,000 warrants of series TO1.

Board



THOMAS LUNDQVIST, CHAIRMAN OF THE BOARD & CO-FOUNDER

Member of the Board and Chairman of the Board since 2015. Thomas holds a MSc Pharm from Uppsala University and has vast experience from all phases of pharmaceutical development. He is a co-founder of several startups in Life Science and Pharma, e.g. Orexo AB and Emplicure, and has taken 5 pharmaceutical products to major markets.

Holdings in the company:

4,271,662 shares and 415,662 warrants of series TO1.

Independence: Thomas is the Company's largest owner and is dependent in relation to the company

Other Board assignments: Board member in Neoki AB.



HÅKAN ENGQVIST, BOARD MEMBER & CO-FOUNDER

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:

2,045,855 shares and 38,855 warrants of series TO1

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 and Aduro Material AB.

Board



GUNILLA EKSTRÖM, BOARD MEMBER

Member of the Board since 2015. Gunilla holds an MD, PhD and Associate Professor from Karolinska Institute. 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: 60,710 shares and 27,710 warrants of series TO1.

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 and Strike Pharma AB.



INGEMAR KIHSTRÖM, 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: 78,000 shares.

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, SpectraCure AB, Ilya Pharma AB and SPCIN AB, Board member in Respiratorius AB, Prolight Diagnostics AB, Ingemar Kihlström AB, Health-invest Partners AB and Attana AB.



JOHAN WIESLANDER, BOARD MEMBER

Member of the Board since 2015. Johan holds a MSc Electrical Engineering from Chalmers and a BSc BA and Economics from Gothenburg University. He has a lengthy experience from management consultancy, venture capital, entrepreneurial and CEO roles. He is the founder of several companies and holds several board positions.

Holdings in the company: 475,662 shares and 475,662 warrants of series TO1.

Independence: Johan 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 Inhouse AB, Procure It Right AB, Deseven International AB, Inhold AB, Procure It Right Holding AB, Cidestra AB, Influence Tech AB, Newground Service AB and Influence People Sweden AB. Board member in Aurentor AB, Source It Right AB, J&J Wieslander AB, Influence Labs AB, Deseven Capital AB, Influence AB, Influence Consulting Group AB, Peas Industries AB, Newground Alliance AB, Johan Wieslander AB, Bostadsrättsföreningen Falken 11 and Bostadsrättsföreningen Målaren



“

Our patented
technology platforms
creates almost
endless possibilities.

”

Directors' report

Emplicure AB (publ)

Org.nr. 556967-7189

The annual report is prepared in Swedish kronor, KSEK.

The Board of Directors and the Management Director submit the following annual report and consolidated accounts for 2021.

ACTIVITIES

Emplicure is an innovative company that combines pharmaceutical knowhow with materials science. We develop products and novel applications by combining existing and approved substances with our patented bioceramic platforms. As the substances are already approved, the development time is shortened, the projects become more efficient, and risk is reduced. This implies a significantly shorter time to product registration. Our vision, "A new generation of products for a better tomorrow", is to create a better future for people by introducing new products with better accuracy in terms of effect, duration, and precision in dose delivery.

We have three different bioceramic platforms on which to administer drugs: Emplior for the development of tablets, capsules, and oral route drugs; Empliderm for the development of transdermal dosing of drugs, e.g., patches; and Emplihale for the development of inhalation of active substances. The combination of various substances with bioceramics offers almost endless possibilities to create products with tailored properties. Our first pharmaceutical product candidate, Empli03, targets chronic pain and is advancing to the clinical documentation phase. This will be our first clinical-phase evaluation of this technology platform.

Empli03 is an analgesic pain drug in the form of an oral buccal tablet with a unique release profile and abuse-deterrent properties. The product is developed on the Emplior platform.

Our subsidiary Amplicon develops new innovative products for the consumer market. The products will mainly be based on the same bioceramic platforms used by Emplicure. Lessons learned from the ongoing projects will open opportunities for new generations of consumer products with clear benefits for the consumer. During 2022, Amplicon will prioritize the work on products that target the large and rapidly growing tobacco-free nicotine market.

For Amp01, our consumer project with tobacco-free nicotine pouches for oral use, discussions with potential licensees and partners are under way and in various stages. In parallel, Amplicon advances the development of Amp01 towards a finished product according to a defined product profile.

The development and profiling involve both in-house staff and external experts. The effort to develop a launch-ready product creates a higher commercial value and defines more clearly what a partner can expect. It is essential that we constantly move forward and upward in the value chain. Amp01 is an oral tobacco-free nicotine product in the form of dry, white nicotine pouches for consumers.

Comments on the income statement

Operating profit for the period January to December amounted to KSEK -16,673 (-4,609). Research activities have continued to develop according to plan. Consequently, the company's costs have continued to increase. The number of employees has also increased, from 2 in the previous year to 5 at the end of 2021, to develop current and future research projects.

Liquidity and financing

The Group's cash and cash equivalents amounted to KSEK 22,059 (3,270) as of 31 December, compared to KSEK 26,634 as of 30 September. At the time of publication of this year-end report, the company does not have sufficient funding secured to carry out operations throughout 2022 according to the current business plan.

However, up to 9,600,000 of the warrants from the unit issue will be exercised during the period 29 April to 13 May 2022. The subscription price per share corresponds to 70 percent of the average share price during the period 12 April to 27 April, but not less than SEK 0.05 and not more than SEK 6.23. Thus, on full exercise, the proceeds will be between MSEK 0.5 and MSEK 59.8 before issuance costs.

It is the Board of Directors' assessment that this exercise of warrants will provide the company with sufficient funding to carry out the operations for 2022 as planned. In the event that the exercise rate of the warrants proves insufficient or if the share price falls sharply before the exercise period, there is a risk that the company will need to raise additional capital or adapt or postpone activities.

The company's business model includes out-licensing and partnership agreements relating to the company's products, which may generate revenue to the company in the form of upfront payments as well as royalties on future sales.

Personnel

At the beginning of 2021, two people were employed. At the beginning of the year, the new management team

was established through the recruitment of a new CEO and CFO in preparation for the upcoming IPO and of a new CTO responsible for technical product development. During the autumn, a Clinical Trial Manager and a new CFO were appointed, and by the end of 2021 a total of 5 people were employed.

Summary of risks and uncertainties

Emplicure's significant risks and uncertainties include risks related to its operating activities as well as risks related to the results of clinical trials, market and technology development, patents, competitors, and future financing.

Emplicure's value depends to a large extent on the success of the company's development projects, the capability and means 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 fails to achieve sufficient profitability.

The company has not generated sufficient revenue to achieve a positive cash flow, which means that the company will need access to capital until its cash flow turns positive. The access to capital may be limited at times when the company needs it.

The Board of Directors assesses that the company's existing cash and cash equivalents together with the anti-

pated proceeds from the warrant exercise can finance its activities during a 12-month period. See also the heading "Liquidity and financing" on page 20.

COVID-19

The year 2021 was another special year, marked by the ongoing pandemic. Some processes were more complex and time-consuming than usual, but overall, our assessment is that operations were not adversely affected on a significant scale and no major damage was caused. Nor has any material impact of significance been observed thus far in 2022, and we currently expect our planned operations to proceed without significant impact from the pandemic.

Nomination Committee 2021/22

The Nomination Committee has consisted of:

- Henrik Didner on behalf of Monesi Förvaltning AB
- Peyman Pournouri
- Sten Wranne on behalf of Deseven Capital AB
- Thomas Lundqvist (Chairman of the Board of Emplicure AB) on behalf of the company's founders

Annual General Meeting 2022

The Annual General Meeting will be held on 6 April 2022 at 14:00 in United Spaces' premises at Vaksalagatan 2, Uppsala, Sweden.

The company is seated in Uppsala.

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

*See notes for definitions of indicators

Multiple-year comparison*, the Parent Company	2021	2020	2019	2018	2017
Net sales	486	290	104	324	69
Balance sheet total	24 382	3 668	1 222	20 813	22 284
Equity ratio (%)	84,5	66,0	41,8	93,0	97,0
Operating profit (EBIT)	-15 272	-4 609	-5 162	-2 366	-1 444
Net profit or loss	-19 314	-4 609	-5 154	-2 357	-1 438
Cash and cash equivalents	22 044	3 245	753	6 281	12 612

*See notes for definitions of indicators

INVESTMENTS

During 2021, the Group made investments totaling KSEK 109, mainly in laboratory equipment.

OWNERSHIP

The company's share is listed on Nasdaq First North Growth Market Sweden since 24 June 2021. The share is traded under the ticker EMPLI and the ISIN code is SE0015960588. One (1) share entitles to one (1) vote.

The number of shares at the end of the period amounted to 20,558,000 (10,958,000 in the previous year). In June

2021, a new issue of 9,600,000 shares was carried out in connection with the IPO. The average number of shares during the fourth quarter amounted to 20,558,000, and the average number of shares for the year 2021 as a whole amounted to 15,918,000.

The total number of shareholders was about 650 at the end of the period. Taken together, the three founders Thomas Lundqvist, Susanne Bredenberg and Håkan Engqvist (through company) controls 40.6 percent of the shares. The ten major owners together hold 66.0 percent of the shares.

Shareholders (31 december 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	1 255 000	6,1%
Monesi Förvaltning AB	1 044 108	5,1%
Hadi Ghafari	811 348	3,9%
Olle Olsson Holding AB	783 000	3,8%
Nordnet Pensionsförsäkring AB	497 852	2,4%
Avanza Pensionsförsäkring AB	417 934	2,0%
Deseven Capital AB	415 662	2,0%
The 10 major owners, total	13 574 421	66,0%
Other shareholders	6 983 579	34,0%
Total	20 558 000	100,0%

* Aduro Material AB is controlled by Håkan Engqvist

The company has two warrant programs and two employee share options programs outstanding, as below:

WARRANT PROGRAM (TO = WARRANTS)

Program	Number of TO acquired at the beginning of the period	Number of TO acquired during the period	Number of TO exercised during the period	Number of TO at the end of the period	Terms	Exercise price (SEK)
2021/ 2024	0	363 249	0	363 249	Each TO entitles the holder to subscribe for one share	9.58
Exercise period: 6 April 2024 to 6 July 2024						
TO1 (issued as part of the issue of units carried out in connection with the company's listing on Nasdaq First North)	0	9 600 000	0	9 600 000	Each TO entitles the holder to subscribe for one share	70 percent of the volume-weighted average share price for the company on Nasdaq First North during the period between 12 April 2022 and 27 april 2022, but not less than SEK 0.05 and not more than SEK 6.23 per share
Exercise period: 29 April 2022 to 13 May 2022						

EMPLOYEE SHARE OPTIONS PROGRAM (PO = EMPLOYEE SHARE OPTIONS; TO = WARRANTS)

Program	Number of PO allotted at the beginning of the period	Number of PO allotted during the period	Number of PO exercised during the period	Number of PO at the end of the period	Terms	Exercise price (SEK)
2021/2024 (not qualified)	0	108 975	0	108 975	Each PO entitles the holder to either (i) acquire a new share in the company at a subscription price of SEK 9.58 or (ii) receive 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
PO may be utilized no earlier than three years and no later than three years and three months after the participant's signature of the options agreement						
Series 2021/2025* TO have been issued to ensure the company's delivery of shares. These are not presented in the table of warrants above.						
2021/2025 (qualified)	0	503 790	0	503 790	Each employee option entitles the holder to acquire a new share in the company	9.58
The employee options may be utilized to subscribe for shares no earlier than three years after the participant's signature of the options agreement						
Series 2021/2025* warrants have been issued to ensure the company's delivery of shares. These are not presented in the table of warrants above.						
The remaining 101,624 qualified PO for new employees expired on 2021-12-31 and the program totals 503,790 PO as of that date.						

* Series 2021/2025 comprises 714,389 TO.

The employee share options program is offered to management, employees, board members and other key individuals in the Group.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

During the first quarter, the company was strengthened with Torbjörn Walker Larsson, CEO, Jesper Lööf, CTO, and Anna-Lena Nicolson, CFO.

In June, a public distribution share issue was carried out, raising MSEK 39.8 in proceeds before issuance costs.

In June, Emplicure was listed on Nasdaq First North Growth Market.

In September, Anna Franzén was hired as Sr Manager Clinical Projects.

In November, Erik Magnusson was announced as new CFO. Erik succeeds Anna-Lena Nicolson, whose mandate expired on 31 December.

In December, it was announced that the company had received patent approval for the drug inhalation platform from the US Patent and Trademark Office.

It was also announced in December that the company had developed a formulation of Empli03 to be used for GMP manufacturing for the first clinical trial. An agreement has been concluded with Quotient Sciences in the United Kingdom, which will be responsible for manufacturing as well as for executing the first pharmacokinetic study.

Consolidated changes in equity	Share Capital	Other contributed capital	Other equity	Total equity
Opening balance equity	110	6 509	-4 198	2 421
Bonus issue	438		-438	0
New share issue	480	39 360		39 840
Issuance costs		-2 588		-2 588
Warrant proceeds		162		162
Employee share options		79		79
Loss for the year			-18 415	-18 415
Closing balance equity	1 028	43 523	-23 051	21 500

Parent company's changes in equity	Share Capital	Unrestricted premium reserve	Other unrestricted equity	Net profit or loss for the year	Total unrestricted equity
Opening balance equity	110	6 509	411	-4 609	2 311
Bonus issue	438		-438		-438
New share issue	480	39 360			39 360
<i>Appropriation as decided by the Annual General Meeting</i>			-4 609	4 609	0
Issuance costs		-2 588			-2 588
Warrants			162		162
Employee share options			79		79
Loss for the year				-19 314	-19 314
Closing balance equity	1 028	43 282	-4 394	-19 314	19 574

Appropriation	SEK
Proposed appropriations of the company's result	
The following funds are available to the Annual General Meeting:	
Losses carried forward	-4 394 419
Unrestricted premium reserve	43 281 612
Loss for the year	-19 313 537
	19 573 656
The Board of Directors proposes the following distribution:	
Carried forward to new account	19 573 656

The financial result and position of the company in general is set out in the income statements and balance sheets below, together with the notes to the accounts.

Income statement – Group

	NotE	2021-01-01 – 2021-12-31	2020-01-01 – 2020-12-31
Operating income, etc			
Net sales		80	290
Other operating income		6	330
Total income		86	620
Operating expenses			
Research and development costs	2	-406	0
Other external expenses	3, 4	-10 685	-3 246
Personnel costs	5, 6	-5 632	-1 984
Depreciation and amortization of tangible and intangible fixed assets		-12	0
Other operating expenses		-23	0
Total operation expenses		-16 759	-5 230
OPERATING PROFIT		-16 673	-4 610
Profit from financial items			
Other interest income and similar items		21	1
Interest expenses and similar items		-1 763	-0
Net financial expenses		-1 742	1
PROFIT OR LOSS AFTER FINANCIAL ITEMS		-18 415	-4 609
PROFIT OR LOSS BEFORE TAX		-18 415	-4 609
Tax on profit for the year	7	0	0
NET PROFIT OR LOSS FOR THE YEAR		-18 415	-4 609
Attributable to: The parent company's shareholders		-18 415	-4 609
Weighted average number of ordinary shares outstanding		15 918 000	10 717 583
Basic and diluted earnings per share		-1,16	-0,43

Income statement – Parent Company

	Note	2021-01-01 – 2021-12-31	2020-01-01 – 2021-12-31
Operating income, etc			
Net sales		486	290
Other operating income		6	330
Total income		491	620
Operating expenses			
Research and development costs	2	-406	0
Other external expenses	3, 4	-9 885	-3 246
Personnel costs	5, 6	-5 437	-1 983
Depreciation and amortization of tangible and intangible fixed assets		-12	0
Other operating expenses		-23	0
Total operation expenses		-15 763	-5 229
OPERATING PROFIT		-15 272	-4 609
Profit from financial items			
Profit from participations in Group companies		-910	0
Other interest income and similar items		21	1
Interest expenses and similar items		-1 763	-0
Net financial expenses		-2 652	1
PROFIT OR LOSS AFTER FINANCIAL ITEMS		-17 923	-4 609
Appropriations			
Group contributions		-1 390	0
Total Appropriations		-1 390	0
PROFIT OR LOSS BEFORE TAX		-19 314	-4 609
Tax on profit for the year	7	0	0
NET PROFIT OR LOSS FOR THE YEAR		-19 314	-4 609

Balance sheet – Group

Emplicure AB (publ)
Org.nr. 556967-7189

	Note	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Tangible fixed assets			
Equipment, tools, fixtures, and fittings	8	97	0
Total tangible fixed assets		97	0
Total fixed assets		97	0
CURRENT ASSETS			
Current receivables			
Accounts receivable		0	141
Other receivables		2 275	181
Prepayments and accrued income	10	279	76
Total current receivables		2 554	398
Cash and bank balances			
Cash and bank balances		22 059	3 270
Total cash and bank balances		22 059	3 270
Total current assets		24 613	3 668
TOTAL ASSETS		24 710	3 668
EQUITY AND LIABILITIES			
Equity, Group			
Share capital		1 028	110
Other contributed capital		43 523	6 509
Other equity including result for the year		-23 051	-4 198
Total equity, Group		21 500	2 421
Current liabilities			
Accounts payable		1 305	411
Current tax liabilities		58	1
Other liabilities		223	23
Accruals and deferred income	13	1 624	812
Total current liabilities		3 210	1 247
TOTAL EQUITY AND LIABILITIES		24 710	3 668

Balance sheet – Parent Company

Emplicure AB (publ)

Org.nr. 556967-7189

	Note	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Tangible fixed assets			
Equipment, tools, fixtures, and fittings	8	97	0
Total tangible fixed assets		97	0
Financial fixed assets			
Participations in Group companies	9	25	25
Total financial fixed assets		25	25
Total fixed assets		122	25
CURRENT ASSETS			
Current receivables			
Accounts receivable		0	141
Other receivables		1 966	181
Prepayments and accrued income	10	251	76
Total current receivables		2 217	398
Cash and bank balances			
Cash and bank balances		22 043	3 245
Total cash and bank balances		22 043	3 245
Total current assets		24 260	3 643
TOTAL ASSETS		24 382	3 668

	Note	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Total equity, parent company			
Restricted equity			
Share capital		1 028	110
Total restricted equity		1 028	110
Unrestricted equity			
Unrestricted premium reserve		43 282	6 509
Retained earnings		-4 394	411
Net profit or loss for the year		-19 314	-4 609
Total unrestricted equity		19 574	2 311
Total equity, parent company		20 602	2 421
CURRENT LIABILITIES			
Accounts payable		1 253	411
Liabilities to Group companies		883	0
Current tax liabilities		58	1
Other liabilities		223	23
Accruals and deferred income	13	1 363	812
Total current liabilities		3 780	1 247
TOTAL EQUITY AND LIABILITIES		24 382	3 668

Statement of cash flow – Group

Emplicure AB (publ)

Org.nr. 556967-7189

	Note	2021-12-31	2020-12-31
Operating activities			
Operating profit		-16 673	-4 609
Adjustments for items not included in cash flow	14	91	0
Interest received, etc.		20	1
Interest paid		-1 763	0
Income tax paid		41	-21
Cash flow from operating activities before change in working capital		-18 283	-4 629
Cash flow from change in working capital			
Decrease(+)/increase(-) in accounts receivable		141	-108
Decrease(+)/Increase(-) in receivables		-2 297	179
Decrease(-)/increase(+) in accounts payable		894	290
Decrease(-)/Increase(+) in current liabilities		1 028	266
Cash flow from operating activities		-18 517	-4 003
Investing activities			
Acquisition of equipment, tools, fixtures, and fittings	8	-109	0
Cash flow from investing activities		-109	0
Financing activities			
New issuance for the year		39 840	6 519
Issuance costs		-2 588	0
Warrant proceeds		162	0
Cash flow from financing activities		37 414	6 519
Change in cash and cash equivalents		18 788	2 516
Cash and cash equivalents at the beginning of the year		3 269	753
Cash and cash equivalents at the end of the year	15	22 059	3 270

Statement of cash flow – Parent Company

Emplicure AB (publ)
Org.nr. 556967-7189

	Note	2021-12-31	2020-12-31
Operating activities			
Operating profit		-15 271	-4 609
Adjustments for items not included in cash flow	14	91	0
Interest received, etc.		20	1
Interest paid		-1 763	0
Income tax paid		41	-21
Cash flow from operating activities before change in working capital		-16 882	-4 629
Cash flow from change in working capital			
Decrease(+)/increase(-) in accounts receivable		141	-108
Decrease(+)/Increase(-) in receivables		-1 959	179
Decrease(-)/increase(+) in accounts payable		842	290
Decrease(-)/Increase(+) in current liabilities		1 650	266
Cash flow from operating activities		-16 208	-4 003
Investing activities			
Acquisition of equipment, tools, fixtures, and fittings	8	-109	0
Acquisition of Group companies	9	0	-25
Loans to Group companies during the year		-910	0
Cash flow from investing activities		-1 019	-25
Financing activities			
New issuance for the year		39 840	6 519
Group contributions		-1 390	0
Issuance costs		-2 587	0
Warrant proceeds		162	0
Cash flow from financing activities		36 024	6 519
Change in cash and cash equivalents		18 797	2 491
Cash and cash equivalents at the beginning of the year		3 244	753
Cash and cash equivalents at the end of the year	15	22 043	3 245

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:

	Years
Equipment, tools, fixtures and fittings	5

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 47,802,196 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 Emplicure 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.

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 Emplicure 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 Annual Accounts Act.

Disclosures on individual items

NOTE 2 TRANSACTIONS BETWEEN GROUP COMPANIES

	Parent company	
	2021	2020
Proportion of sales relating to group companies	84%	0%
Proportion of purchases relating to group companies	0%	0%

NOTE 3 LEASES - OPERATIONAL LEASES LESSEE

	Group		Parent company	
	2021	2020	2021	2020
During the year, the company's lease payments amounted to	391	288	293	288
Future minimum lease payments for non-cancellable leases are due as follows:				
Within 1 year	503	291	466	291
2 to 5 years	393	24	393	24
Total	896	315	859	315

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

	2021	Group 2020	Parent company 2021	Parent company 2020
<i>Öhrlings PricewaterhouseCoopers</i>				
Audit engagements	224	0	194	0
<i>MT revision AB</i>				
Audit engagements	0	64	0	64
Total	224	64	194	64

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

	2021	Group 2020	Parent company 2021	Parent company 2020
<i>Average number of employees</i>				
The average number of employees was	3,33	2,25	3,33	2,25

NOTE 6 PERSONNEL

	2021	Group 2020	Parent company 2021	Parent company 2020
<i>Average number of employees</i>				
The average number of employees was	3,33	2,25	3,33	2,25
of whom women	1,26	2,25	1,26	2,25
of whom men	2,07	0,00	2,07	0,00
<i>Total salaries, remunerations, etc.</i>				
Salaries, remunerations, social security contributions, and pension costs were paid in the following amounts:				
Board of Directors and CEO:				
Salaries and remunerations	1 725	815	1 576	815
Pension costs	282	127	282	127
Total	2 007	942	1 858	942
Other employees:				
Salaries and remunerations	2 066	726	2 066	726
Pension costs	229	49	229	49
Total	2 295	775	2 295	775
Social security contributions	1 137	232	1 100	232
Board and others, total	5 439	1 949	5 253	1 949
Salaries and remunerations	3 791	1 541	3 641	1 541
Pension costs	511	176	512	176
Social security contributions	1 137	232	1 100	232
Total	5 439	1 949	5 253	1 949

Note 6 Personnel

	2021	Group 2020	Parent company 2021	2020
<i>Gender balance in the Board of Directors and management</i>				
Number of board members	5	5	5	5
of whom women	1	1	1	1
of whom men	4	4	4	4
Number of other senior executives including the CEO	1	1	1	1
of whom women	0	1	0	1
of whom men	1	0	1	0

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

2021	Salary/board fee	Pension expenses	Share-based payments	Total in 2021
Chairman of the Board, parent company, Thomas Lundqvist	150			150
Chairman of the Board, subsidiary, Tomas Ham-margren	75		5	80
Director, Gunilla Ekström	75			75
Director, Ingemar Kihlström	75			75
Director, Johan Wieslander	75			75
Director, Håkan Engqvist	112,5		11	124
Director, Susanne Bredenberg	37,5			37,5
Chief Executive Officer, Torbjörn Walker Larsson 1 April-31 December 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 two other members of the board.

NOTE 7 TAX ON PROFIT FOR THE YEAR

Group	2021	2020
<i>Reconciliation of effective tax</i>		
Profit or loss before tax	-18 415	-4 609
Tax cost 20.60% (21.40%)	3 794	986
Tax effect of:		
Non-deductible costs	-193	-1
Unused tax losses not recognized as assets	-3 601	-985
Total	0	0

Note 7 Tax on profit for the year

Parent company	2021	2020
Current tax	0	0
	0	0
<i>Reconciliation of effective tax</i>		
Profit or loss before tax	-19 314	-4 609
Tax cost 20.60% (21.40%)	3 979	986
Tax effect of:		
Non-deductible costs	-192	-1
Unused tax losses not recognized as assets	-3 786	-985
Total	0	0

NOTE 8 EQUIPMENT, TOOLS, FIXTURES, AND FITTINGS

	Group		Parent company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Purchases	109	0	109	0
Accumulated cost, closing balance	109	0	109	0
Depreciation for the year	-12	0	-12	0
Carrying amount	97	0	97	0

NOTE 9 PARTICIPATIONS IN SUBSIDIARIES

			2021-12-31	2020-12-31
Company		Antal/Kap. andel %	Redovisat värde	Redovisat värde
Reg.no.	Registered office			
Amplicon AB		25	25	25
559282-6431	Uppsala	100,00%		
			25	25

Disclosures on equity and result	Equity	Result
Amplicon AB	25	-12
Amplicon AB		
Cost, opening balance	25	0
Purchases	0	25
Shareholder contributions received	910	0
Accumulated cost, closing balance	935	25
Impairment for the year	-910	0
Accumulated impairment, closing balance	-910	0
Carrying amount	25	25

NOTE 10 PREPAYMENTS AND ACCRUED INCOME

	Group		Parent company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Prepaid rent	104	73	76	73
Other items	175	3	175	3
	279	76	251	76

NOTE 11 DISCLOSURES ON SHARE CAPITAL

	Number of shares	Quota value per share
Number/value at the beginning of the year	10 958	10,00
Split	10 000 000	0,05
Bonus issue	947 042	0,05
New share issue	9 600 000	0,05
Number/value at the end of the year	20 558 000	0,05
The above number of shares breaks down as follows	2021-12-31	2020-12-31
A shares	20 558 000	10 958
	20 558 000	10 958

NOTE 12 EARNINGS PER SHARE

	2021-12-31	2020-12-31
Profit or loss attributable to parent company shareholders	-18 415	-4 609
Weighted average number of ordinary shares outstanding	15 918 000	10 717 583
Basic and diluted earnings per share	-1,16	-0,43

NOTE 13 ACCRUALS AND DEFERRED INCOME

	Group		Parent company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Arrears of salary incl. social security contributions	1 275	131	1 089	131
Other items	349	681	274	681
	1 624	812	1 363	812

Notes to the cash flow statement

NOTE 14 ADJUSTMENT FOR ITEMS NOT INCLUDED IN CASH FLOW

	Group		Parent company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Depreciation and amortization	12	0	12	0
Other items	79	0	79	0
	92	0	92	0

NOTE 15 CASH AND CASH EQUIVALENTS

	Group		Parent company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Cash and bank balances	22 059	3 270	22 043	3 245
	22 059	3 270	22 043	3 245

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

NOTE 16 APPROPRIATIONS OF PROFIT AND LOSS (SEK)

Proposed appropriations of the com-pany's profit	
The following funds are available to the Annual General Meeting:	
Losses carried forward	-4 394 419
Unrestricted premium reserve	43 281 612
Loss for the year	-19 313 537
	19 573 656
The Board of Directors proposes the following distribution:	
Carried forward to new account	19 573 656
	19 573 656

NOTE 17 SIGNIFICANT EVENTS AFTER THE END OF THE PERIOD

No events with a material impact on the financial position or results of the parent company or the group have occurred since the balance sheet date. It is still too early to draw conclusions about the impact on Emplicure from the war in Ukraine, but the group has not identified any material impact so far. Unless the conflict escalates beyond the currently affected areas, our assessment is that the operations during 2022 will not be materially affected.

NOTE 18 DEFINITIONS OF INDICATORS

Equity ratio

Adjusted equity as a percentage of the balance sheet total

Operating profit

Profit before financial items.

Uppsala 15 March 2022

THOMAS LUNDQVIST
Director
Chairman of the Board

GUNILLA EKSTRÖM
Director

TORBJÖRN WALKER LARSSON
Chief Executive Officer

HÅKAN ENGQVIST
Director

INGEMAR KIHLESTRÖM
Director

JOHAN WIESLANDER
Director

Our audit report was submitted on 15 March 2022
Öhrlings PricewaterhouseCoopers AB

LEONARD DAUN
Authorized Public Accountant

Auditor's report

TO THE ANNUAL GENERAL MEETING OF SHAREHOLDERS OF EMPICURE AB (PUBL), REG.NO. 556967-7189

Report on the annual accounts and consolidated accounts

OPINIONS

We have audited the annual accounts and consolidated accounts of Empicure AB (publ) for the year 2021. The annual accounts and consolidated accounts of the company are included on pages 20–39 in this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Swedish Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company and the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

BASIS FOR OPINIONS

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

OTHER DISCLOSURES

The audit of the annual and consolidated accounts for the financial year 2020 was performed by a different auditor, who is-

sued an auditor's report, dated 16 March 2021, expressing unmodified opinions in the Report on the annual accounts and consolidated accounts.

OTHER INFORMATION THAN THE ANNUAL AND CONSOLIDATED ACCOUNTS

This document also contains other information than the annual accounts and consolidated accounts, which is found on pages 1–19. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE BOARD OF DIRECTORS AND THE MANAGING DIRECTOR

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the Managing Director are also responsible for such internal control

as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts, the Board of Directors and the Managing Director are responsible for the assessment of the company's and the group's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the Managing Director intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITY

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on the website of the Swedish Inspectorate of Auditors: www.revisorsinspektionen.se/revisornsansvar. This description is part of our auditor's report.

Report on other legal and regulatory requirements

OPINIONS

In addition to our audit of the annual accounts and consolidated accounts, we have also examined the administration of the Board of Directors and the CEO of Emplicure AB (publ) for 2021 as well as the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

BASIS FOR OPINIONS

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

RESPONSIBILITIES OF THE BOARD OF DIRECTOR'S AND THE MANAGING DIRECTOR

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal

of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity, and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes, among other things, continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets, and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

AUDITOR'S RESPONSIBILITY

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or

- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

A further description of our responsibility for the audit of the administration is available on the website of the Swedish Inspectorate of Auditors: www.revisor-sinspektionen.se/revisornsansvar. This description is part of our auditor's report.

Uppsala, 15 March 2022
Öhrlings PricewaterhouseCoopers AB

Leonard Daun
Authorized Public Accountant





emplicure