

DICOT

INTERIM REPORT JANUARY-MARCH 2023

Dicot AB (publ) 559006-3490

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Dicot AB (559006-3490)

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Interim report

January - March 2023

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January issue contribution

50 MSEK

Subscription rate

110%

Key figures first quarter 2023

Net sales amounted to KSEK 0 (0)

The result after financial items amounted to KSEK -9,944 (-9,346).

Earnings per share amounted to SEK -0.03 (-0.09)

Significant events in the first quarter

In January, a rights issue was carried out consisting of units with entitlement to shares and warrants of the TO4 and TO5 series. The issue was 110% oversubscribed. No issue guarantees had to be utilised and 87% of the guarantors chose to receive their compensation in the form of units via a set-off instead of monetary compensation. Dicot thus received net 50.1 MSEK after issue costs.

In connection with this, a reduction of the share capital was carried out, resulting in a better balance between share capital and total equity. The decisions regarding the rights issue and share capital reduction were taken at an extraordinary general meeting on 9 January 2023.

Prior to the clinical phase 1 study, Clinical Trial Consultants (CTC) was contracted in January to conduct the study and Thermo Fisher Scientific for GMP manufacturing of the study drug. In February Thermo Fisher Scientific started their manufacturing, completely in line with the development plan. The last advisory meeting with the Swedish Medical Products Agency prior to the application for the start of the study was held in March, and the authority was favourable to Dicot's proposal. The study will take place at CTC's research clinic in Uppsala.

In January, Dicot announced that it is proceeding with a patent application covering the oral formulation developed in 2022 to be used in the Phase 1 clinical trial.

Dicot's results from the latest study on the mode of action of LIB-01 were presented at the European Society for Sexual Medicine's annual congress on 17 February.

Significant events after the reporting period

In April, Dicot successfully completed the preclinical toxicology programme required to proceed with clinical studies. LIB-01 has shown a good safety profile in the toxicology studies. In connection with this, to ensure the start of the phase 1 study according to plan, Dicot has booked a clinical start in August at CTC. The start will be preceded by Dicot submitting the necessary documents to the Swedish Medical Products Agency and receiving their authorisation to start the study.

The Nomination Committee proposed in April that Jan-Eric Österlund be elected as a new member of Dicot's Board of Directors, and in May it was announced that Mats Silvander has been recruited to the new role of Chief Technical Officer starting in August.



Dicot in brief

The pharmaceutical company Dicot is developing the candidate LIB-01 into a new modern potency drug for the world market. The ambition is to create a drug that has longer duration of action and fewer side effects than those available on the market today. In this way, Dicot wants to drastically improve the treatment of erectile problems and give affected men and couples a better intimate life. The goal for LIB-01 is to become the first choice in the treatment of erectile dysfunction and premature ejaculation.

Dicot's main strategy is to develop LIB-01 under own auspices until the Phase 2a clinical study and then, in partnership with major established pharmaceutical companies, finance and further develop LIB-01 into a registered drug for the world market.

The important milestone of starting a phase 1 study, i.e., the first study in humans, is planned for August 2023. To meet the requirements, LIB-01's effect has been verified in several preclinical studies. In the toxicology studies conducted, LIB-01 shows a good safety profile.

The global market for drugs for erectile dysfunction is estimated to be worth around SEK 50 billion in 2023 and for premature ejaculation around SEK 30 billion, totalling SEK 80 billion. Demand is growing rapidly and is expected to increase by over 50% from 2022 to 2029.

The active ingredient in LIB-01 is a semi-synthetically produced molecule developed by the founder of Dicot and originating from a folk medicine use. Today, seeds are used as raw material and through an extraction process followed by a number of synthesis steps, substances in the seeds are converted into the active substance of LIB-01.

Dicot is collaborating with world-leading partners for the development and manufacturing of LIB-01. The preclinical effect studies have been conducted by Pelvipharm, which has experience from over 170 development projects, such as Pfizer's project during the development of Viagra. The manufacturing of LIB-01 is outsourced to established international pharmaceutical manufacturers such as Thermo Fisher Scientific.

Dicot has a global and long-term IP strategy with granted patents and patent applications in three patent families. In addition to already granted patents, two new patent applications have been submitted, which as new granted patents can provide patent protection until at least 2043.



Statement from the CEO

Creating the right conditions and genuinely believing in what you're doing is among the most important things for long-term success as a development company. But perhaps most crucial; to take action and deliver. In the first quarter of this year, Dicot has consistently put the plan we are working on into action. It has revolved around strengthened finances, adding expertise to the team, and of course success in the development work.

Financing is a given prerequisite for success and this quarter began with an incredibly successful issue, especially given the difficult-to-judge and often negative stock market climate that prevailed then and still prevails. When I saw the outcome, that the issue was subscribed to 110%, it was a splendid acknowledgement that the market seems to share our strong belief in the company.

We have always ensured that the company is surrounded and supported by experts and strong partners around the world. As we take the next big step in our development work this year, there is a need to further broaden and top up the team. Therefore, the American Dr Harin Padma-Nathan joins us as a consultant. With his world-leading expertise in sexual medicine and, not least, experience from the development of Viagra and Cialis, one can only say that this is highly relevant expertise for us. We also recently hired a very experienced Chief Technical Officer - Mats Silvester - who will start in August. Yet another expert to top the team and which means that we secure our capacity in strategically important areas. Furthermore, this quarter we contracted world-leading Thermo Fisher Scientific and reputable CTC as partners for manufacturing and conducting our phase I study, respectively.

Still, what holds greatest importance for our success is what we accomplish in the lab and study environments, our development work. If we don't succeed there, money and expertise don't matter. If we don't meet the preclinical requirements, we can't even apply for approval to start clinical studies. Here, too, Dicot has delivered. The second of two advisory meetings with the Swedish Medical Products Agency took place in March, where the agency was in favour of all our proposals. One of the most important things before starting phase I is to study the toxicity of a drug candidate. Our toxicology programme was successfully completed just after the end of the quarter and LIB-01 showed a good safety profile.

The next truly substantial milestone in the near future is to start our first human study with LIB-01. The study is scheduled to start in August, so now we are continuing our focused work with great enthusiasm to create the right conditions, put plans into action and take the company further on this exciting journey towards a new generation of potency drugs.



Elin Trampe
CEO Dicot
Uppsala in May 2023



"When I saw the outcome, that the issue was subscribed to 110%, it was a splendid acknowledgement that the market seems to share our strong belief in the company."

Comments on the report

During the first quarter, the development work in Dicot has focused on preparations for the transition to clinical phases and the first studies in humans. The preclinical work is being finalised and the start of a clinical phase 1 study is planned for August 2023.

Both the preclinical work and the financial results are in line with the forecast.

Dicot is a development company and has no revenues. The costs for the first quarter amounting to KSEK 9,884 (8,374) have increased by 5% compared to last year. The increase refers to the purchase of services and goods linked to the development project LIB-01. Other external costs and personnel costs are in line with the same quarter last year.

The rights issue made in January, which was followed by a directed issue to the guarantors who chose shares as compensation for their guarantee commitment, raised a net amount of SEK 50.1 million after costs and set-off. Equity amounted to SEK 45.5 million (19.0) at the end of the quarter.

Cash and cash equivalents

Cash and cash equivalents at the end of the period totalled SEK 46.0 million (23.4).

Earnings per share

Earnings per share for the reporting period amounted to SEK -0.03 (-0.09).

Shares

Dicot AB was listed on the Spotlight Stock Market on 20 June 2018. As of 31 March 2023, the number of shares amounted to 437,409,060 and the share's closing price was SEK 0.17. The quota value was SEK 0.042.

Funding

In order to ensure financing of Dicot's clinical phase 1 study and the ongoing operations, the board of directors decided in December 2022, subject to approval at an extraordinary general meeting on 9 January 2023, to carry out a rights issue of units which, if fully subscribed in a first stage, would provide Dicot with SEK 54.8 million before issue costs.

In January 2023, the issue was carried out, which was subscribed to 110% and provided Dicot with a net amount of SEK 50.1 million after issue costs, including set-off of guarantee compensation in a subsequent directed issue. The issues consisted of units containing shares and two series of warrants that can be exercised in June and November 2023. Combined, these warrants could raise up to SEK 101.4 million before issue costs.

In connection with the issues, the share capital was reduced, which led to a better balance between share capital and total equity.

The bridge loan of SEK 2.1 million raised in December 2022 was repaid in full at the beginning of February 2023. The purpose of the loan was to strengthen working capital pending the issue proceeds.

At the end of 2022, equity was less than half of the registered share capital. When subscription guarantees and subscription commitments, which together far exceeded the shortfall, were received in early December 2022, the Board of Directors could conclude that the equity was intact and that there was no need for a control meeting. After the issue was registered with the Swedish Companies Registration Office in February 2023, the Board of Directors were able to note that the capital was restored in its entirety.

To ensure Dicot's continued development and business operations, the Board of Directors and the management team continuously evaluate various financing options. This includes obtaining capital from a future partner, share issues, grant financing or other types of capital contribution. The company has also the possibility to limit costs and commitments if necessary.

The Board of Directors and the management team believe that Dicot's working capital is sufficient for the next 12 months.

At the end of the first quarter, Dicot has the following outstanding incentive programmes:

Options programme	Number of warrants (of which distributed)	Number of new shares	Increase in share capital	Strike price (SEK)	Time for share subscription
2018/2023	3,100	248,000	31,000	14.25	2018-05-08 – 2023-04-30
2019/2024	110,000 (80,000)	110,000	13,750	20.00	2019-07-03 – 2024-05-16
2020/2025	350,000 (250,000)	350,000	43,750	7.50	2020-06-11–2025-05-26
2021/2026 - board of directors	350,000 (300,000)	350,000	43,750	4.10	2024-06-01 – 2026-06-01
2021/2026 - others	650,000 (450,000)	650,000	81,250	4.10	2024-06-01 – 2026-06-01
2022/2027 - board of directors	700,000 (0)	700,000	87,500	0.91	2025-06-01 – 2027-06-01
2022/2027 - others	700,000 (0)	700,000	87,500	0.91	2025-06-01 – 2027-06-01
2023 TO4	223,229,530 (223,229,530)	223,229,530	9,459,640	0.042-0.20	2023-06-01 – 2023-06-15
2023 TO5	223,229,530 (223,229,530)	223,229,530	9,459,640	0.042-0.25	2023-11-01 – 2023-11-15
Total	449,322,160 (447,542,160)	449,567,060	19,307,780		

Accounting principles

The annual report has been prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Accounts (K3).

The accounting principles are unchanged compared to the previous year. For more information, see Dicot's annual report from 2022. <https://www.dicot.se/investor-relations/finansiella-rapporter-och-emissioner/finansiella-rapporter/>

Financial calendar

2023-05-23	Annual General Meeting
2023-08-24	Interim report January-June 2023
2023-11-09	Interim report January-September 2023

Review by the auditor

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

Annual General Meeting

The Annual General Meeting will be held on 23 May 2023 at 10.00 in Uppsala. The annual report was published on 28 April and is available at www.dicot.se.

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Uppsala 19 May 2023

Eva Sjökvist Saers
Chairman of the Board

Fredrik Buch
Board member

Mikael von Euler-Chelpin
Board member

Per-Göran Gillberg
Board member

Lena Söderström
Board member

Michael Zell
Board member

Income statement

KSEK	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
NET SALES			
Other operating income	5	28	120
Net sales	5	28	120
OPERATING EXPENSES			
Other external expenses	-8,284	-7,853	-26,612
Personnel	-1,497	-1,489	-5,053
Depreciation	-2	-2	-8
Other operating expenses	-101	-30	-170
Operating expenses	-9,884	-9,374	-31,843
Operating profit/loss	-9,879	-9,346	-31,723
Profit/loss from financial items	-65	0	-33
Earnings for the period	-9,944	-9,346	-31,756

Balance sheet

KSEK	Mar 31 2023	Mar 31 2022	Dec 31 2022
ASSETS			
Fixed assets			
Material assets	19	27	21
Total fixed assets	19	27	21
CURRENT ASSETS			
Inventories	1,775	0	1,489
Current receivables	1,750	397	1,485
Cash and bank balances	46,040	23,353	9,376
Total current assets	49,565	23,750	12,350
Total assets	49,584	23,777	12,371
EQUITY AND LIABILITIES			
Share capital	45,481	19,005	5,358
Current liabilities	4,103	4,772	7,013
Total equity and liabilities	49,584	23,777	12,371

Cash flow statement in summary

KSEK	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Cash flows from operating activities	-13,403	-6,975	-29,714
Cash flow from investing activities	-	-	-
Cash flow from financing activities	50,067	0	8,763
Change in cash and cash equivalents	36,664	-6,975	-20,952
Cash and cash equivalents at the start of the period	9,376	30,328	30,328
Cash and cash equivalents at the end of the period	46,040	23,353	9,376

Change in equity

KSEK	Share capital	Share premium reserve	othe non- restricted equity	Total equity
Opening balance January 1, 2022	12,863	81,667	-66,179	28,351
Warrants program	-			-
Rights issue				0
Issue costs				0
Earnings for the period			-9,346	-9,346
Closing balance March 31, 2022	12,863	81,667	-75,525	19,005
Opening balance January 1, 2023	17,138	86,154	-97,934	5,358
Rights issue	34,276	20,565		54,841
Directed shares issue	1,096	4,124		5,220
Issue costs		-9,994		-9,994
Reduction of share capital	-34,139	34,139		-
Earnings for the period			-9,944	-9,944
Closing balance March 31, 2023	18,371	134,988	-107,878	45,481

Earnings per share

KSEK	Jan-Mar 2023	Jan-Mar 2022	Full year 2022
Earning for the period	-9,944	-9,346	-31,756
Number of shares at closing day	437,409,060	102,900,206	137,103,020
Average number of shares, before dilution	303,939,709	102,900,206	120,235,879
Average number of shares, after dilution	533,557,842	142,081,767	121,348,979
Earnings per average number of shares before and after dilution, SEK	-0.03	-0.09	-0.26

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