

DICOT

INTERIM REPORT JANUARY – JUNE 2023

Dicot AB (publ) 559006-3490

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Dicot AB (559006-3490)

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Interim report

January – June 2023

Dicot AB (publ) 559006–3490

Second quarter 2023

Net sales amounted to KSEK 0 (0)

The result after financial items amounted to KSEK -10,050 (-8,733)

Earnings per share amounted to SEK -0.02 (-0.08)

January – June 2023

Net sales amounted to KSEK 0 (0)

The result after financial items amounted to KSEK -19,995 (-18,079)

Earnings per share amounted to SEK -0.05 (-0.18)

Significant events in the second quarter

In June, Dicot announced submission of the application to the Swedish Medical Products Agency for approval to start phase 1 clinical trial with the potency drug candidate LIB-01. The primary objective of the trial is to evaluate LIB-01's safety profile in humans. The preclinical toxicology program required for starting clinical studies was completed in April and demonstrated a good safety profile in the studies conducted according to Good Laboratory Practice, both in single and repeated dosing. The study drug to be used in the clinical trial is manufactured by Thermo Fisher Scientific and arrived in Sweden in May.

The subscription period for Dicot's TO4 warrants was during June 1-15 and as much as 83.3% of the warrants were exercised. Thus, Dicot received MSEK 20.7 before costs.

An alternative method, using cell culture for future large-scale production of the starting material for LIB-01, has been investigated together with Uppsala University and the Polish W. Szafer Institute of Botany. The results presented in April show that the method works on a laboratory scale, so scaling-up tests and optimization work will now be performed. The current process, where the starting material is extracted from natural plant material, will continue in parallel.

At the annual general meeting on May 23, Jan-Eric Österlund was elected as a new member of the board. The meeting also decided on a reduction of the share capital and a renewed authorization of the Board to issue shares, warrants and similar securities.

During the quarter, Mats Silvander was recruited to the role of Chief Technical Officer to lead and develop the work with the company's Supply Chain and IP. The CTO role is a new management position at Dicot and is established to strengthen the company's internal capacity in strategically important areas.

Significant events after the reporting period

On August 14, Dicot received the Swedish Medical Products Agency's approval to start the clinical phase 1 trial with the drug candidate LIB-01 with the primary objective to evaluate the safety profile in humans. Approval has also been obtained from the Ethical Review Board.



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. This way, Dicot wants to drastically improve the treatment of erection problems and give affected men and couples a better intimate life. The goal is to make LIB-01 the first choice of treatment for erectile dysfunction and premature ejaculation.

In August, Dicot begins its clinical work with a phase 1 trial with the primary objective to evaluate LIB-01's safety profile in humans. The company has completed a solid preclinical program where LIB-01's effect has been verified in several studies and where LIB-01 showed a good safety profile in the toxicology studies.

Dicot's main strategy is to develop LIB-01 under own auspice up to and including a phase 2a clinical trial, and then, in partnership with major established pharmaceutical companies, finance and develop LIB-01 further into a registered drug on the world market. The global market for drugs for erectile dysfunction is estimated to be worth approximately SEK 50 billion in 2023 and for premature ejaculation approximately SEK 32 billion, totaling SEK 82 billion. Demand is growing rapidly and is expected to increase by over 50% from 2022 to 2029.

Dicot collaborates with world-leading partners for the development of LIB-01. Manufacturing is outsourced to established international pharmaceutical manufacturers such as Thermo Fisher Scientific and the company has a worldwide network of prominent experts in the field.

The active substance in LIB-01 is a semi-synthetically produced molecule developed by the founder of Dicot based on 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 in LIB-01. Simultaneously, studies are underway on an alternative method using cell culture for large-scale production of the starting material.

Dicot has a global and long-term IP strategy with granted patents in two patent families. In addition to already granted patents, an additional patent application has been submitted to provide IP protection until at least 2042.



Statement from the CEO

Dicot is entering a new era. Now in August, the Swedish Medical Products Agency gave its green light for start of our clinical phase 1 trial and the recruitment of participants can begin. After a successful final sprint in the second quarter, we will now meet the first people who will ingest LIB-01 to help us evaluate the safety of tomorrow's potency drug.

I will look back on quarter two as a highly efficient period. In April 2022, we set the goal to start clinical studies in mid-2023. Since then, a well-oiled team has managed to tick off all the tasks on the way, and the second quarter proved to be a period of considerable speed, flow, and success. A positive meeting with the Swedish Medical Products Agency was followed by completion of the toxicology program. Shortly thereafter, our US supplier Thermo Fisher finalized production of the study drug. During the second quarter, we thereby closed our pre-clinical program needed to start a phase 1 and the clinical trial application could be submitted.

Taking the step into clinic and studying LIB-01 in humans instead of in animals is to enter a completely new and more concrete phase. Participants in the study will now swallow our drug candidate with a glass of water, just as we see millions of men doing in the future. The primary objective of this first clinical study is to evaluate the safety profile in humans. It will be followed by several studies to, among other things, evaluate the effect and find the right dosage for the future drug.

While the clinical trial is ongoing, other parts of the development work will continue unabated. For example, we announced in May that the collaboration with Uppsala University - where cell culture is being investigated as a future large-scale manufacturing method - has been successful, and that we will proceed with studies on a larger scale. In addition, we are deepening the investigation of LIB-01's mode of action to gain knowledge of exactly how the drug affects the body to achieve the desired effect and how it differs from present drugs.

Dicot is a listed Swedish small development company. Credibility and trust are critical for this kind of company. Our shareholders are owners of Dicot and the most important thing for us is to have their, your, trust. It is therefore extremely satisfying to see at the end of the quarter how the warrants in TO4 were subscribed to over 83%, in an economically difficult climate where statistics showed significantly lower outcomes for other companies in the market. And the contribution of Dicot's management team and board gave an extra boost. Also, outside of our sphere, we have encountered strong confidence in the company's operations. This was for example demonstrated when Almi granted SEK 250,000 after midsummer to support our important internationalization work.



Elin Trampe
CEO Dicot
Uppsala in August 2023



"Dicot is entering a new era."

Comments on the report

As part of the unit issue carried out in January, holders of warrants series TO4 could use them to subscribe for shares in June. The outcome was that no less than 83.3% chose to participate. This provided Dicot with SEK 20.7 million before issue costs. The proceeds will primarily be used for the phase 1 study.

Both the pharmaceutical development of LIB-01 and the financial result follow the forecast.

Dicot is a development company and has no revenues. The costs for the second quarter amounting to KSEK 10,050 (8,739) have increased by 15% compared to the same period last year. The increase is predominantly related to the purchase of services and goods linked to the clinical phase 1 study.

Equity amounted to SEK 53.1 million (19.2) at the end of the quarter.

Cash and cash equivalents

Liquid assets at the end of the period amounted to SEK 53.6 million (13.5).

Earnings per share

Earnings per share for the reporting period amounted to SEK -0.02 (-0.08).

The share

Dicot AB has been listed on Spotlight Stock Market since June 20, 2018. At the end of the period, the number of shares amounted to 625,147,346 and the share's closing price was SEK 0.185. The quota value was SEK 0.042.

Funding

In order to finance Dicot's clinical phase 1 study and ongoing operations, the Board of Directors decided in December 2022, subject to approval at an Extraordinary General Meeting on January 9, 2023, to carry out a rights issue of units which, if fully subscribed, would initially 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. The first series could be exercised in June 2023 and provided Dicot with gross proceeds of SEK 20.7 million after 83% subscription. The second series can be exercised in November 2023 and could then provide up to SEK 56.3 million before issue costs.

The share capital has been reduced during the first half of the year to create a more appropriate capital structure.

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

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

Options program	Number of warrants (of which distributed)	Number of new shares	Increase in share capital	Strike price (SEK)	Time for share subscription
2019/2024	110,000 (80,000)	110,000	770	20.00	2019-07-03–2024-05-16
2020/2025	350,000 (250,000)	350,000	2,450	7.50	2020-06-11–2025-05-26
2021/2026 - board of directors	350,000 (300,000)	350,000	2,450	4.10	2024-06-01–2026-06-01
2021/2026 - others	650,000 (450,000)	650,000	4,550	4.10	2024-06-01–2026-06-01
2022/2027	700,000	700,000	4,900	0.91	2025-06-01–2027-06-01
2022/2027	700,000	700,000	4,900	0.91	2025-06-01–2027-06-01
2023 TO5	225,229,530 (225,229,530)	225,229,530	1,576,607	0.007-0.25	2023-11-01–2023-11-15
Total	228,089,530 (226,309,530)	228,089,530	1,596,627		

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 for 2022 <https://www.dicot.se/investor-relations/finansiella-rapporter-och-emissioner/finansiella-rapporter/>

Financial calendar

October 31, 2023 Interim report January-September 2023
February 26, 2024 Year-end report 2023

Review by the auditor

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

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Uppsala August 24, 2023

Eva Sjökvist Saers
Chairman of the Board

Mikael von Euler-Chelpin
Board member

Michael Zell
Board member

Fredrik Buch
Board member

Per-Göran Gillberg
Board member

Jan-Eric Österlund
Board member

Income statement

KSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
OPERATING INCOME					
Other operating income	2	6	7	34	120
Operating income	2	6	7	34	120
OPERATING EXPENSES					
Other external expenses	-8,782	-7,475	-17,066	-15,327	-26,612
Personnel	-1,352	-1,225	-2,849	-2,714	-5,053
Depreciation	-2	-2	-4	-4	-8
Other operating expenses	-71	-37	-172	-68	-170
Operating expenses	-10,207	-8,739	-20,091	-18,113	-31,843
Operating profit/loss	-10,205	-8,733	-20,084	-18,079	-31,723
Financial net	155	0	89	0	-33
Earnings for the period	-10,050	-8,733	-19,995	-18,079	-31,756

Balance sheet

KSEK	Jun 30 2023	Jun 30 2022	Dec 31 2022
ASSETS			
Fixed assets			
Material assets	17	25	21
Total fixed assets	17	25	21
Current assets			
Inventories	2,548	0	1,489
Current receivables	2,350	11,176	1,485
Cash and bank balances	53,563	13,467	9,376
Total current assets	58,461	24,643	12,350
Total assets	58,478	24,668	12,371
EQUITY AND LIABILITIES			
Share capital	53,092	19,241	5,358
Current liabilities	5,386	5,427	7,013
Total equity and liabilities	58,478	24,668	12,371

Cash flow statement in summary

KSEK	Jan-Jun 2023	Apr-Jun 2022	Full year 2022
Cash flows from operating activities	-23,542	-25,824	-29,714
Cash flow from investing activities	-	-	-
Cash flow from financing activities	67,729	8,963	8,763
Change in cash and cash equivalents	44,187	-16,861	-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	53,563	13,467	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
Rights issue, ongoing	4,275	5,643		9,918
Issue costs		-950		-950
Earnings for the period			-18,079	-18,079
Closing balance June 30, 2022	17,138	86,360	-84,258	19 240
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
Rights issue, TO4	1,314	19,337		20,651
Issue costs		-12,983		-12,983
Reduction of share capital	-49,448	49,448		-
Earnings for the period			-19,995	-19,995
Closing balance June 30, 2023	4,376	166,645	-117,929	53,092

Earnings per share

KSEK	Apr-Jun 2023	Apr-Jun 2022	Jan-Jun 2023	Jan-Jun 2022	Full year 2022
Earning for the period	-10,050	-8,733	-19,995	-18,079	-31,756
Number of shares at closing day	625,147,346	137,103,020	625,147,346	137,103,020	137,103,020
Average number of shares, before dilution	486,262,228	103,276,061	393,555,862	103,089,172	120,235,879
Average number of shares, after dilution	489,632,168	104,389,161	452,923,641	104,202,272	121,348,979
Earnings per average number of shares before and after dilution, SEK	-0.02	-0.08	-0.05	-0.18	-0.26

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DICOT

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