

DICOT

YEAR END REPORT 2023

Dicot AB (publ) 559006-3490

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Dicot AB (559006-3490)

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www.dicot.se

Year end report 2023

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Fourth quarter 2023

Net sales amounted to KSEK 0 (0)

The result after financial items amounted to KSEK -15,661 (-8,604)

Earnings per share amounted to -SEK 0.02 (-0.06)

Full year 2023

Net sales amounted to KSEK 0 (0)

The result after financial items amounted to KSEK -44,157 (-31,756)

Earnings per share amounted to SEK -0.08 (-0.26)

Significant events in the fourth quarter

In October, the second part of Dicot's phase 1 study, MAD (Multiple Ascending Dose), commenced, wherein participants receive repeated dosing. In December, it was announced that the clinical phase of the first part, SAD (Single Ascending Dose), had been completed earlier than planned.

The nomination committee for the Annual General Meeting on May 6, 2024, was appointed in October, comprising the largest shareholders as of September 30. It consists of Tore Robertsson (chairman of the nomination committee), Bertil Lindkvist, and Torsten Söderberg, with the Chairman of the Board, Eva Sjökvist Saers, serving as the convener.

Dicot's warrants of series TO5 could be exercised for subscription in November at a price of SEK 0.086 per share. The outcome was 85.4%, which provided the company with SEK 16.5 million before expenses. No subscription guarantees had been procured prior to utilization.

Dicot's preclinical program was presented in November at the largest sexual medicine conference in North America, SMSNA (Sexual Medicine Society of North America), in San Diego. Dicot was represented by Professor François Giuliano, who has led the studies and is a renowned urologist with several international awards, Dr. Harin Padma-Nathan, a world-leading expert in sexual medicine and lead principal investigator in over 110 clinical trials, and Charlotta Gauffin, CSO at Dicot.

Significant events after the reporting period

On January 23, positive results from the first part of Dicot's clinical phase 1 study were presented. They show that LIB-01 has a very good safety profile and no serious adverse effects occurred. The study also demonstrates that LIB-01 is well absorbed and provides good exposure in the body, confirming that the oral formulation the company has chosen is suitable for administration to humans, providing a strong basis for clinical phase 2.

In January, Dicot applied for a patent for a new manufacturing method of the starting material for the drug candidate LIB-01; a proprietary approach in cell cultivation developed in collaboration with Uppsala University. The method enables the starting material to be produced using plant cells cultivated in cultures, an established technique for large-scale commercial manufacturing.

Dicot's preclinical research results were presented at the European Society for Sexual Medicine conference in February 2024. This marks the third consecutive year that Dicot's research results have been selected for presentation at Europe's largest conference in sexual medicine.



Dicot in brief

Dicot develops LIB-01 to become a new modern potency drug for the global market. The goal is to develop a completely new generation potency drugs that surpass currently available treatments. With a longer duration of action, fewer adverse effects, and a differentiated mode of action, Dicot aims to significantly improve the treatment of erectile problems and provide affected men and couples with a better quality of life.

Dicot is in the clinical phase with LIB-01, currently undergoing a phase 1 trial aimed primarily at evaluating its safety profile. A report from the initial part of the study involving single dosing demonstrates that LIB-01 exhibits a highly favourable safety profile. Prior to the clinical trials, Dicot has conducted comprehensive preclinical studies, verifying LIB-01's effect across multiple studies.

Dicot's primary strategy is to under own auspice develop LIB-01 up to and including phase 2a studies, and subsequently, in partnership with larger established pharmaceutical companies, finance and further develop LIB-01 into a registered drug.

Global sales of medications for erectile dysfunction were estimated to be approximately SEK 50 billion in 2023, and for premature ejaculation, around SEK 32 billion, totaling SEK 82 billion. Demand is rapidly growing, projected to increase by over 40% from 2023 to 2029. Considering the often experienced shortcomings of currently available drugs, such as adverse effects, lack of effect, and the need for planning, they are not used by nearly as many as require them. Over half of all men prescribed these drugs discontinue the treatment. Hence, the underlying market is significantly larger than current sales volumes indicate. The demand for new and improved treatments with a different mode of action is therefore substantial.

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

The active substance in LIB-01 is a semi-synthetically produced molecule 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. This manufacturing method is highly promising for future commercial production, and Dicot has applied for a patent for the method.

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



Statement from the CEO

Development work and financing are perhaps the two most crucial components for companies like Dicot. They have a mutual dependency: without development results, it's challenging to obtain capital. Without capital, no development. Dicot's 2023 is an excellent example of when these two elements are in harmony, showcasing a strong confidence in our company.

At the end of January 2024, results from our first clinical study of LIB-01 in humans were released. It was a partial report from the initial section of our clinical phase 1 study, whose main objective is safety evaluation. As we had hoped, the results were unequivocal: LIB-01 demonstrated a very good safety profile without any serious adverse effects. We could also determine that the drug was well absorbed by the body.

Getting these positive study results feels like a validation of the quality of last year's development work. From the conclusion of preclinical studies in the spring, preparations for clinical trials, obtained regulatory approvals, to the launch in August. And all according to a timeline we publicly disclosed back in 2022.

Building and being transparent with a robust timeline is crucial for a company's credibility. That trust often translates into investment willingness. During the year, three capitalizations were made within the framework of a unit issuance that commenced in January and concluded in November with the final of two warrant rounds. In an otherwise chilly investment climate, we can state that Dicot succeeded far above average with all three capitalizations. Between 83% and 110% subscribed. This demonstrates that the market has a strong confidence in Dicot and our approach to advancing LIB-01.

It also seems that the belief in Dicot's chosen path has spread within the sexual medicine research community. During the year, we signed an agreement with a world-renowned star in the field: Dr. Harin Padma-Nathan. And in November, during North America's largest conference in sexual medicine, our CSO Charlotta Gauffin, experienced significant interest in Dicot's work. Proof of this is the invitation she received from the chairman of the European Society for Sexual Medicine to participate in their annual conference, which took place now in February. Incidentally, this is the third consecutive year we have been selected to present our results.

Now we are eager to take on the future. The last part of the phase 1 study, where participants receive multiple doses, is in full swing and is expected to be reported in the second quarter. After that it won't be long until we shift our focus to phase 2, where LIB-01's effect will be examined. We promise to continue to uphold transparency and clarity in all phases, and move at highest possible pace. To maintain the trust of our shareholders and to promptly provide relief to affected men and couples.



Elin Trampe
CEO Dicot
Uppsala, February 2024



“Getting these positive study results feels like a validation of the quality of last year's development work.”

Comments on the report

The clinical phase 1 trial commenced in August and has continued throughout the fourth quarter, resulting in increased costs for the quarter totalling KSEK 16,460 (8,603) compared to the same period last year when the company was in the preclinical phase. The difference primarily reflects the execution of the phase 1 study including material and clinic costs, as well as intensified work on IP rights, which has incurred expenses for consultants and applications. The number of employees has increased from two to three compared to last year, contributing to the increase in personnel costs.

Dicot is a development company and lacks revenues. Both the drug development of LIB-01 and the financial result are in line with forecasts.

The equity amounted to SEK 44.4 million (5.4) at the end of the year.

Cash and cash equivalents

Liquid assets at the end of the period amounted to SEK 47.3 million (9.4).

Earnings per share

Earnings per share for the reporting period amounted to SEK -0.02 (-0.06).

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 817,561,834 and the share's closing price was SEK 0.381. The quota value was SEK 0.007.

Funding

In order to finance the clinical phase 1 trial, preparations for phase 2, and ongoing operations, the board decided in December 2022, with the support of an extraordinary general meeting in January 2023, to carry out a preferential rights issue of units.

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 issue 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 was exercised in November 2023, providing Dicot with a gross amount of SEK 16.5 million after an 85% subscription rate.

The share capital has been reduced during the first half of the year through transfer to the premium reserve in order to create a more purposeful 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 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 - board of directors	700,000 0	700,000	4,900	0.91	2025-06-01–2027-06-01
2022/2027 - others	700,000 0	700,000	4,900	0.91	2025-06-01–2027-06-01
Total	2,860,000 (1,080,000)	2,860,000	20,020		

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/>

Proposal for Dividend

The Board proposes that no dividend be paid for the financial year of 2023.

Review by the auditor

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

Annual General Meeting

The Annual General Meeting will be held on May 6, 2024, at 10:00 in Uppsala. The annual report will be published on www.dicot.se by April 12 and will also be available to the public at the company's office at S:t Olofsgatan 11A in Uppsala.

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Financial Calendar

2024-04-12	Annual report 2023
2024-05-06	Interim report January-March 2024
2024-05-06	Annual General Meeting
2024-08-23	Interim report January-June 2024
2024-10-31	Interim report January-September 2024

This information is information that Dicot AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication through the contact person set out above, on February 26, 2024, at 15:00 CET.

Uppsala February 26, 2024

Eva Sjökvist Saers
Chairman of the Board

Fredrik Buch
Board member

Mikael von Euler-Chelpin
Board member

Per-Göran Gillberg
Board member

Michael Zell
Board member

Jan-Eric Österlund
Board member

Income statement

KSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
OPERATING INCOME				
Other operating income	213	32	228	120
Operating income	213	32	228	120
OPERATING EXPENSES				
Other external expenses	-14,347	-7,303	-38,894	-26,612
Personnel	-2,096	-1,266	-6,133	-5,053
Depreciation	-2	-2	-8	-8
Other operating expenses	-15	-32	-198	-170
Operating expenses	-16,460	-8,603	-45,233	-31,843
Operating profit/loss	-16,247	-8,571	-45,005	-31,723
Financial net	586	-33	848	-33
Earnings for the period	-15,661	-8,604	-44,157	-31,756

Balance sheet

KSEK	Dec 31 2023	Dec 31 2022
ASSETS		
Fixed assets		
Material assets	13	21
Total fixed assets	13	21
CURRENT ASSETS		
Inventories	3,400	1,489
Current receivables	2,798	1,485
Cash and bank balances	47,340	9,376
Total current assets	53,538	12,350
Total assets	53,551	12,371
EQUITY AND LIABILITIES		
Equity	44,392	5,358
Current liabilities	9,159	7,013
Total equity and liabilities	53,551	12,371

Cash flow statement

KSEK	Jan-Dec 2023	Jan-Dec 2022
Operating activities		
Earnings before financial items	-44,157	-31,756
Adjustment for depreciation	8	8
Cashflow from operating activities before change in working capital	-44,149	-31,748
Change in working capital		
Change in stock	-1,911	-1,489
Change in current receivables	-1,314	-70
Change in current liabilities	2,146	3,593
Cashflow from operating activities	-45,228	-29,714
Investing activities		
Investments in material assets	-	-
Cash flow from investing activities	0	0
Financing activities		
Shares issues	83,192	8,763
Cash flow from financing activities	83,192	8,763
Change in cash and cash equivalents	37,964	-20,952
Cash and cash equivalents at the start of the period	9,376	30,328
Cash and cash equivalents at the end of the period	47,340	9,376

Change in equity

KSEK	Share capital	Share premium reserve	Other un-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		-1,156		-1,156
Earnings for the period			-31,756	-31,756
Closing balance December 31, 2022	17,138	86,154	-97,934	5,358
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
Rights issue, TO5	1,347	15,201		16,548
Issue costs		-14,069		-14,069
Reduction of share capital	-49,448	49,448		-
Earnings for the period			-44,157	-44,157
Closing balance December 31, 2023	5,723	180,760	-142,091	44,392

Earnings per share

KSEK	Oct-Dec 2023	Oct-Dec 2022	Jan-Dec 2023	Jan-Dec 2022
Earnings for the period	-15,661	-8,604	-44,157	-31,756
Number of shares at closing day	817,561,834	137,103,020	817,561,834	137,103,020
Average number of shares, before dilution	696,257,048	137,103,020	529,719,091	120,235,879
Average number of shares, after dilution	697,337,048	138,216,120	674,696,510	121,348,979
Earnings per average number of shares before and after dilution, SEK	-0.02	-0.06	-0.08	-0.26

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