Year-end report 2021

LIDDS™

LIDDS AB (publ) Year-end report 2021

October – December

- Net sales amounted to 2.4 (0.3) MSEK
- The operating result for the period was -8.9 (-12.5) MSEK
- The net result was -8.9 (-12.5) MSEK corresponding to earnings per share of SEK -0.26 (-0.42)
- Cash flow from operating activities amounted to -9.9 (-10.1) MSEK
- Cash and cash equivalents amounted to 34.0 (36.1) MSEK

January – December

- Net sales amounted to 3.6 (0.3) MSEK
- The operating result for the period was -37.3 (-32.3) MSEK
- The net result was -37.3 (-32.3) MSEK corresponding to earnings per share of SEK -1.16 (-1.20)
- Cash flow from operating activities amounted to -42.6 (-27.4) MSEK

Significant events during 2021

- An R&D agreement was signed with Johnson & Johnson Enterprise Innovation Inc (J&J) with an exclusive option for J&J to sign a global license agreement.
- LIDDS' Chinese partner Puheng Pharma announced that an international multi-center study is requested in phase III for a market approval of Liproca® Depot in China.
- A directed share issue was carried out, bringing proceeds of 45 MSEK before issue costs to the company.
- The dose escalating Phase I study for treatment with NanoZolid® formulated docetaxel of solid tumors was closed. Data showed that the combination is safe and well tolerated.

Significant events after the reporting period

- The R&D project with J&J has moved into the next phase.
- A financing agreement of up to 40.8 MSEK signed with Nice&Green

" The team that will realize LIDDS vision of becoming a global drug delivery company are starting to come together. LIDDS will, through a small, efficient, and highly specialized organization, continue to focus on developing better and safer treatments with a high value. We started this year with a lot of progress and my colleagues, and I are looking forward to an eventful 2022."
Nina Herne, VD för LIDDS

Financial overview of the company

KSEK	1 Oct - 31 Dec 2021	1 Oct - 31 Dec 2020	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Net sales	2 369	345	3 554	345
Operating result	-8 917	-12 508	-37 269	-32 326
Net result	-8 917	-12 510	-37 270	-32 334
Earnings per share, SEK	0	0	-1	-1
Cash flow from operating activities	-9 922	-10 128	-42 641	-27 420
Cash and cash equivalents by the end of the period	34 003	36 073	33 713	36 073

LIDDS in brief:
LIDDS is a Swedish drug delivery company based on the proprietary technology NanoZolid®. With NanoZolid®, LIDDS can formulate drugs for local administration, with a maintained and controlled release for up to six months. The technology is versatile, can be used across different drug classes and solve problems within many indication areas. LIDDS offers the NanoZolid® technology to partners and has developed its own pipeline focused on oncology, where the technology enables delivery of a local and high drug dose, administered over time with very limited side effects. LIDDS has a broad pipeline with several projects in clinical development, both in early and late-stage clinical phase, and projects about to enter clinical development. The company is listed on Nasdaq First North Growth market.

CEO comment

Lately, we have been making great progress in our projects. LIDDS has been able to report topline results from the NanoZolid formulated docetaxel (nanodotax) project. The results show that the systemic exposure of docetaxel after treating solid tumors with nanodotax is low and that activity in both injected lesions and in systemic inflammatory markers was observed. We are pleased to see that the treatment is safe and well tolerated and that the reported adverse events are generally mild and local. Patients receiving docetaxel showed activation of systemic inflammatory biomarkers that are considered important for efficient recruitment and activation of immune effector cells and for creating a good environment for treatments with immune-modulating drugs such as check-point inhibitors. We intend to submit data from the study for publication in a scientific journal. Based on the unexpected immunological findings in the phase I study it is important to further investigate the treatment mechanism of NanoZolid formulated docetaxel. We plan to do so in the study approved by the Swedish Medical Product Agency (MPA) in May last year investigating docetaxel in prostate cancer patients preoperatively.

We have also reached a key milestone in January 2022 when the R&D project with Johnson & Johnson Enterprise Innovation Inc. progressed into next phase. The aim is to develop an oncology product based on the NanoZolid technology for an undisclosed indication. We are very proud of this collaboration which is also increasing our know-how and experience on both sides. The project has now entered stage 2 of the feasibility program.

An important regulatory milestone achieved is the scientific advice given by the European Medicines Agency (EMA) on our Liproca Depot phase III study protocol. Overall, EMA agreed with our proposed study design including most importantly the primary endpoint being time to progression and to the suggested number of patients. The scientific advice given by EMA is a key regulatory validation of our clinical plans.

In parallel to moving our clinical projects forward, we have continued to set a new direction for the company strategically. Our projects must meet certain requirements to be included in our project pipeline. Projects must have a clear benefit regarding efficacy and safety while simultaneously being able to meet certain commercial requirements. It may seem obvious, but those criteria have been the guiding stars in the strategic revisit of our portfolio meaning that we have decided to focus on the most promising projects. We have also renamed our projects in development. We are eager to give a detailed presentation of our new strategy, vision, and update on our project portfolio on our upcoming Capital Market Day on the 9th of March 2022. Don't miss it.

The efforts on making the move to Nasdaq's main market are continuing. A part of that process, but also as a part of visualizing that LIDDS is taking the next phase in its development, has been to develop a new graphic look and content impacting on both the Year-end report and our website. Our new website will be launched shortly. Please visit www.liddspharma.com for further information.

We are also happy to welcome Matthew Lindon as Chief Scientific Officer from March 1. Matthew has over 20 years' experience of drug discovery and development from the pharmaceutical sector and will be an important asset when developing LIDDS project portfolio. It is also with great pleasure we can announce that LIDDS has recruited a new Project Manager in Charlotta Gränäs Folkesson. Charlotta has a background as a Project Manager at biotechnology companies such as BioImage A/S and Vipergen ApS and as a scientist at the pharmaceutical company Novo Nordisk A/S in Denmark.

The team that will realize LIDDS vision of becoming a global drug delivery company are starting to come together. LIDDS will, through a small, efficient, and highly specialized organization, continue to focus on developing better and safer treatments with a high value. We started this year with a lot of progress and my colleagues, and I are looking forward to an eventful 2022.

Thank you for your continued support of LIDDS!

Uppsala, February 2022

Nina Herne, CEO

Overview of activities

LIDDS is a Swedish drug delivery company founded in 2003 whose aim to develop and commercialize the proprietary technology NanoZolid. With NanoZolid, LIDDS can formulate drugs for local administration, with a maintained and controlled release for up to six months. The technology is versatile, can be used across different drug classes and solve problems within many indication areas. LIDDS offers the NanoZolid technology to partners and has a pipeline focused on the large oncology therapeutic area. LIDDS' leading project Liproca Depot for treating prostate cancer is currently being prepared for a Phase III trial. The company also has two projects being prepared for Phase II and Phase I clinical trial, respectively.

Through a small, efficient and highly specialized organization, LIDDS will develop better and safer treatments with high value. This will be accomplished through continued development of the NanoZolid technology and its IP protection, together with a strong and diversified portfolio of proprietary oncology products. The aim is to secure licensing deals for internally developed projects, no later than after Proof of Concept in humans, as well as for the technology. LIDDS can also seek R&D collaborations or joint ventures to utilize its technology and know-how. The vision is to be the preferred solution for elegant and optimal drug delivery – thus enabling better health.

NanoZolid improves efficacy and reduces toxic side-effects

NanoZolid addresses some of the main challenges that conventional drugs face, such as systemic side effects and limited efficacy resulting in many patients not being treated early enough or not at all. LIDDS' flexible technology is compatible with small to more complex molecules and has a comprehensive patent protection in all major markets until 2037. The NanoZolid-formulated drug is delivered locally through an injection and forms a solid and safe depot that releases the active drug over a period of up to six months – longer than any other technology either in development or available on the market. The controlled release of drug compounds can be tailored to the specific needs of the patients, the disease, and/or the drugs being used, resulting in a more precise treatment with fewer side effects. LIDDS' clinical trials have shown lower systemic drug exposure, improved local drug efficacy and signs of immune activation when treating with NanoZolid-formulated drugs.

LIDDS own portfolio is focused on oncology where the benefits of the technology are obvious and where the need for improved treatments is still high

LIDDS is developing its portfolio within the oncology therapeutic area, where the benefits of the NanoZolid technology are obvious: a local and high drug dose that is administered over time with very limited side effects. In total, LIDDS has three clinical-stage projects: Liproca Depot, a NanoZolid formulated nonsteroidal antiandrogen (2-hydroxyflutamide), which is being prepared for a clinical Phase III study in prostate cancer, nanodotax, a NanoZolid formulated cytotoxic drug (Docetaxel), which is being prepared for a clinical Phase II trial in both prostate cancer and in a non-disclosed indication, and nanoimod/nanoxan, a combination therapy which is being prepared for a clinical Phase I study. In addition, the company evaluates several pre-clinical projects.

Large addressable markets with lower development costs and risks

The benefits of using the NanoZolid drug delivery technology are numerous for both potential partners and LIDDS. When reformulating existing drugs, the time to market is shorter with lower development costs and risks. For potential partners, this is an excellent opportunity to extend the commercial life of already existing products and to improve patient outcomes by more efficacious and less toxic treatments. For LIDDS Oncology portfolio, the reduced risk and costs are also of importance since this therapeutic area on average historically has shown a lower chance to market[1] and trials usually are more costly[2].

The global market for pharmaceutical drug delivery was worth approximately USD 1.7 billion in 2021 and is expected to reach USD 2.2 billion by 2026[3], with an annual growth rate of close to 6 percent during the forecasted period. The global oncology market includes more than 19 million new cases every year, projected to reach 30 million cases in 2040 and a mortality of almost 10 million each year, reaching 16 million in 2040.

LIDDS' most advanced project Liproca Depot is being developed to treat prostate cancer. The prostate cancer drug market was valued at USD 6.9 billion in 2018 and is expected to grow to USD 9.9 billion in 2026, representing a yearly growth rate of 4.6 percent during the period[4]. The number of men diagnosed with prostate cancer is around 1.4 million every year, of which approximately 420,000 are diagnosed with a localized prostate cancer with low or intermediate risk of cancer progression that

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[1] Hay et al, Clinical development success rates for investigational drugs, Nature Biotechnology 2014 Jan; 32 (1):40-51

[2] Wouters et al, Estimated Research and Development Investment Needed to Bring a New Medicine to Market, 2009-2018, March 2020, JAMA The Journal of the American Medical Association 323(9):844.

[3] https://www.marketsandmarkets.com/Market-Reports/drug-delivery-technologies-market-1085.html

4 https://www.marketdataforecast.com/market-reports/prostate-cancer-market Allied Market Research

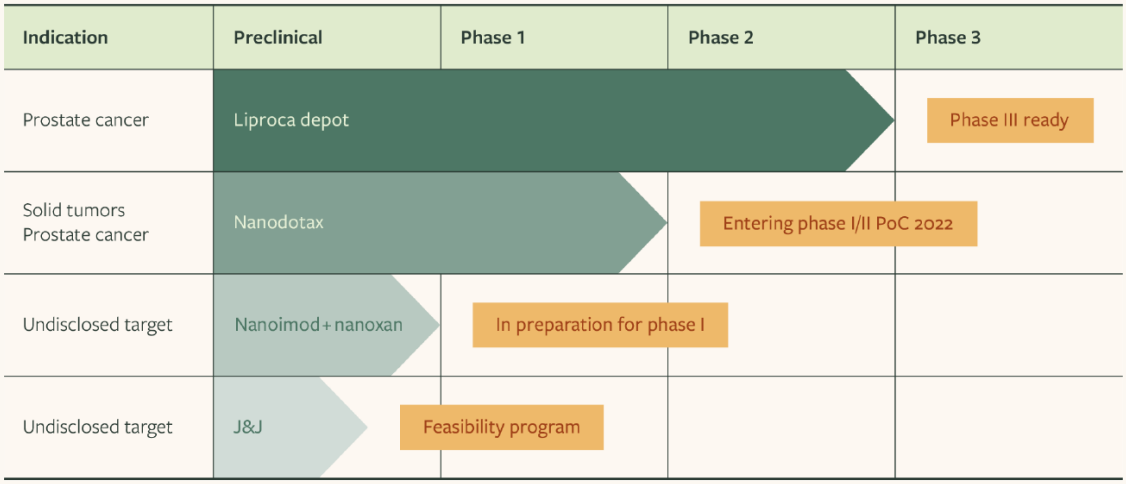
are subject to anti-androgen treatment (Active Surveillance Patients). Liproca Depot is developed for treating Active Surveillance Patients.

Validated approach

LIDDS has validated its NanoZolid technology and partnering abilities by entering different partnering agreements. In 2021, LIDDS entered into an R&D agreement with Johnson & Johnson to develop an oncology product for an undisclosed indication with the option to reach an exclusive global product license agreement. LIDDS has also signed an exclusive license agreement for Mainland China with Puheng Pharma for its prostate cancer project Liproca Depot.

LIDDS has developed a strong oncology pipeline based on its drug delivery technology and continues to build its ability to translate discoveries into clinically and commercially viable drug delivery projects that brings real change to patients.

LIDDS Oncology Pipeline



Liproca Depot

Liproca Depot is NanoZolid-formulated 2- hydroxyflutamide (2-HOF) which is an anti-androgen drug that binds and blocks androgen receptors. The product has been investigated in close to 160 patients in several clinical studies including three phase II studies. Liproca Depot has been shown to be well tolerated and safe with observed effects on tumour tissue, prostate volume and the prostate-specific antigen PSA. The product is currently being prepared for phase III.

NANODOTAX

Nanodotax is NanoZolid-formulated docetaxel which is a commonly used chemotherapeutic drug that has been approved for several oncological conditions and on the market since 1996. The drug has shown to be safe and well tolerated in a phase I study where adverse events were shown to be mild and local. Furthermore, there was an observed effect on systemic and local immunological biomarkers indicating that the immune system was responding positively and specifically to the tumors. The plan is to further investigate the mechanism of action in a clinical study in prostate cancer patients.

NANOIMOD/NANOXAN

Nanoimod is the toll-like receptor 9 (TLR9) agonist agatolimod formulated in NanoZolid while nanoxan is a cytotoxic drug formulated with the same technology. The project is in preclinical development and is being prepared for a first in human study.

J&J Collaboration

LIDDS is in a joint R&D feasibility project with Johnson & Johnson Enterprise Innovation Inc. The aim of the project is to investigate the suitability of the NanoZolid technology in the formulation of drugs for local treatment in non-disclosed oncology indications.

Significant events 2021

R&D agreement with J&J

The company announced in March 2021 that an R&D agreement had been signed with J&J regarding the development of a NanoZolid formulated oncology product for a non-disclosed indication. J&J received an exclusive option to sign a global licensing agreement for the product.

Puheng Pharma announced changed conditions for market approval of Liproca Depot in China

In March 2021 LIDDS' Chinese licensing partner Jiangxi Puheng Pharma announced that the Chinese National Medical Products Administration (NMPA) requested an international multicenter study in phase III for a market approval of Liproca Depot on the Chinese market. Puheng Pharma's intention was previously to apply for a Conditional Market Approval (CMA). CMA is a simplified approval of a drug that addresses unmet medical needs based on less comprehensive data than is normally required. LIDDS started investigating the opportunity to conduct a global phase III study with European and American sites.

Directed share issue brought approximately 45 MSEK to the company

In June 2021 LIDDS carried out a directed share issue which brought proceeds of approximately 45 MSEK before issue costs. The subscription price was determined to SEK 10.43 per share based on the volume-weighted average price for five trading days during the period between 17-21 May 2021. The Share Issue was directed to a number of Swedish and international investors.

The phase I study with NanoZolid formulated docetaxel for treating solid tumors was closed

In October 2021 it was announced that no further patients would be enrolled in the dose-escalating phase I study (NZ-DTX-001). The primary endpoint was to study safety when treating solid tumors NanoZolid in combination with docetaxel. The data demonstrated safety and tolerability, an active and local drug release of docetaxel over an extended period of time and signs of clinical effect in injected tumors. Topline data was presented in December 2021 (see below).

Significant events after the reporting period

Successful completion of stage i in research co-operation

In January 2022 the company announced that step 1 in the research co-operation with J&J had successfully been completed and that the project had moved into the next phase. The aim with the R&D project is to develop an oncology product based on the NanoZolid technology for a non-disclosed indication.

Financing agreement with Nice&Green

In February 2022 the company announced that a convertible note agreement had been signed with Nice & Green ("N&G"), a Swiss specialty investor with significant experience from the life science industry. According to the agreement, N&G has committed to subscribe for convertible notes with a total nominal value of 40.8 MSEK, in tranches of 10.2 MSEK each. Each tranche is subscribed for at nominal value. LIDDS has the option, but not the obligation, to use the agreed financing. The convertible notes have a maturity of twelve months, carries zero interest and can be converted to shares at a 7 percent discount in relation to the shares' market price at the time of N&G's conversion request. LIDDS has at the time of a conversion request the option to instead redeem the convertible notes in cash for a 3 percent fee of the nominal amount. Proceeds drawn by LIDDS under the convertible notes agreement will be used to further advance the project in clinical development, creating a solid foundation for new partnerships and license agreements based on the NanoZolid technology. LIDDS has committed to call an Extraordinary General Meeting to receive an authorization for the Board of Directors to resolve to issue convertible notes pursuant to the agreement.

Other events in 2021

- In February 2021, the scientific journal European Urology Focus accepted a publication of the results from the clinical phase IIb study with Liproca Depot.
- A patent application was filed in February 2021 for treatment of brain cancers with NanoZolid in combination with different drug substances via transcranial injection.
- An agreement for third party manufacturing of TLR9 was signed in February 2021 with Pharmidea SIA in Latvia.
- In April 2021, the scientific journal International Journal of Pharmaceutics accepted LIDDS publication regarding a preclinical study showing that biomolecules can be formulated with NanoZolid with maintained functionality.
- A clinical study application was filed in April 2021 with the Swedish Medical Products Agency for a study of intratumoral injections of NanoZolid formulated docetaxel in prostate cancer patients.

- The company announced in June 2021 that Jenni Björnulfson had been recruited as new CFO, starting on the 1 October 2021.
- In July 2021, 146,000 warrants were subscribed for by the CEO and key employees in the company as part of LIDDS 2021 incentive program. The company kept the remaining 104 ,000 warrants to be offered for subscription by key employees in connection with recruitment.
- In September 2021, the company announced that its latest patent family, covering the production process for NanoZolid and all pharmaceutical products produced with the same process, was approved in Russia and Australia.
- The company announced in November 2021 that Johan Harmenberg had been recruited as new CMO, starting immediately.
- In December 2021, the company announced that its latest patent family, covering the production process for NanoZolid and all pharmaceutical products produced with the same process, was approved in China.
- The company announced in December 2021 that Matthew Lindon had been recruited as new CSO, starting on the 1 March 2022.
- In December 2021, the company announced the topline result from the clinical phase I study with NanoZolid formulated docetaxel (nanodotax). The study showed that the systemic docetaxel exposure was low and that activity in both injected lesions and in systemic inflammatory biomarkers was observed.

Financial information

Net sales and result for the fourth quarter 2021

In the fourth quarter 2021 net sales amounted to 2.4 (0.3) MSEK relating to income from the sale of research and development services under the co-operation agreement with J&J. The operating result for the fourth quarter 2021 amounted to -8.9 (-12.5) MSEK. The difference compared to the same period last year is mainly explained by higher costs related to the company's preparations for the list change from First North Growth Market to Nasdaq main market in 2020, partly offset by higher clinical and personnel costs in 2021.

Net sales and result for 2021

In 2021 net sales amounted to 3.6 (0.3) MSEK relating to income from the sale of research and development services under the co-operation agreement with J&J.

Other external costs amounted to 30.1 (25.8) MSEK in 2021. The difference compared to last year is mainly explained by higher costs for manufacturing of clinical trial material in 2021 and costs for preparations for the list change from First North Growth Market to Nasdaq main market, partly offset by lower costs for clinical trials and consultancy fees.

Personnel costs for 2021 amounted to 10.3 (6.3) MSEK. The higher costs for 2021 is attributable to the CEO change, additional employees and recruitment costs.

Accumulated depreciation and impairment of tangible and intangible assets amounted to 0.5 (0.5) MSEK in 2021.

The operating result for 2021 amounted -37.3 (-32.3) MSEK. The net result for the same period amounted to -37.3 (-32.3) MSEK.

Cash flow and investments

Cash flow from the operating activities in the fourth quarter 2021 amounted to -9.9 (-10.1) MSEK and in 2021 to -42.6 (-27.4) MSEK. As part of the cash flow from the operating activities change in operating capital in the fourth quarter 2021 amounted to -1.2 (2.1) MSEK and for 2021 to -5.8 (4.4) MSEK. The negative cash flow from the operating activities is explained by the company's costs for ongoing research and development projects as well as the list change.

LIDDS cash flow from investment activities in 2021 consist of investments in development work regarding the technology platform NanoZolid, ongoing patent applications and manufacturing equipment, please refer to the table below.

KSEK	1 Oct - 31 Dec 2021	1 Oct - 31 Dec 2020	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Technology	129	462	1 436	2 912
Patents	120	57	519	221
Property, plant and equipment	76	614	736	614
Total investments	**325**	**1 133**	**2 691**	**3 746**

The cash flow from the financing activities for the fourth quarter 2021 amounted to 0 (0.1) MSEK and for 2021 to 43.0 (59.6) MSEK. The outcome for 2021 as well as the comparable periods is in its entirety related to performed share issues including issue costs.

Total change in cash and cash equivalents in the fourth quarter 2021 amounted to -10.2 (11.2) MSEK and for 2021 to -2.1 (28.5) MSEK. The company's cash and cash equivalents amounted to 34.0 (36.1) MSEK by the end of year.

Financial position

On 31 December 2021 the equity assets ratio was 87 percent (79) and equity 48.5 (42.8) MSEK.

To be able to continue the company's ongoing research and development projects at current pace and scope additional external financing could be required in 2022. If the company succeeds in signing one, or several, license agreements in the coming year, this could mean a significant addition of capital. The Board of Directors and the management continuosly works on alternative financing solutions. If the company does not secure external financing, the company needs to reduce its research and development activities and it could mean a risk for the company's existence. With this said, there are several different alternatives for the long-term financing of the company.

Auxiliary information

LIDDS share

LIDDS share is listed on Nasdaq First North Growth Market in Stockholm since 2014 with ticker LIDDS and ISIN code SE0001958612. The number of shares as of 31 December 2021 was 33,989,791 (29,675,316). The average number of shares in the fourth quarter 2021 was 33,989,791 (29,672,612) and in 2021 36,428,362 (26,873,322).

Shareholders	Number of shares	Share of capital and votes (%)
Avanza Pension, Stockholm	3 161 627	9,3
Daniel Lifveredson, incl shares owned through companies	2 640 929	7,8
Wikow Invest AB	2 365 693	7,0
Swedbank Försäkring	2 189 448	6,4
Bengt Sporre	1 126 880	3,3
Nordnet Pensionsförsäkring AB	1 054 369	3,1
Ulf Richard Kilander	1 002 800	3,0
Gunvald Berger	755 155	2,2
BWG Invest	631 000	1,9
SEB Life International	529 027	1,6
Other	18 532 863	54,5
Total	**33 989 791**	**100,0**

LIDDS resolved in 2021 to set up an incentive program for senior executives. In total, 146,000 out of 250,000 warrants were subscribed for by the CEO and key employees in the company. The remaining warrants were kept by the company to be offered for subscription by key employees in connection with recruitment.

Personnel and organization

LIDDS has an experienced organization of individuals with high competence within their respective areas of responsibility. In 2021 the company management has undergone a change. The CEO started in April 2021 and is employed by the company. The CEO has a performance-based bonus to develop the company's projects and organization as well as reaching operational and financial targets. By the end of 2021 the number of employees was five. In addition, a close and long-term co-operation has been established with consultants within areas such as intellectual property rights, preclinical and clinical development, technology development, manufacturing, analysis services and IT and finance.

Annual General Meeting

The Annual General Meeting of Shareholders is held 1 June at 14.00 CET in Uppsala connection to the company's facilities on Virdings allé 32b in Uppsala. The annual report for 2021 will be available at LIDDS' office, Virdings allé 32b, 754 50 Uppsala and on the company website www.liddspharma.com on 26 April 2022.

Dividend proposal

The Board of Directors does not propose a dividend for 2021.

Financial calendar

Annual report 2021	26 April 2022
Interim report 1 January – 31 March 2022	24 May 2022
Annual General Meeting 2022	1 June 2022
Interim report 1 January – 30 June 2022	25 August 2022
Interim report 1 January – 30 September 2022	24 November 2022

Transactions with related parties

The company has not had any transactions with related parties in 2021.

Significant risks and uncertainties

Apart from general uncertainties related to research and development activities, including delayed initiation and execution of clinical studies and financing and capital raises for the business, there are no known tendencies, uncertainties, potential liabilities and obligations, commitments or events that can be expected to have a significant impact on the company's future prospects.

Parent company

The operations in the parent company correspond the operations in the group and the comments for the group are therefore also applicable for the parent company.

Review by auditor

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

Assurance by the Board of Directors

The Board of Directors and the CEO affirm that this interim report provides a fair view of the operations, financial position and results for the parent company and the group and describes the significant risks and uncertainties that the company and the companies in the group are exposed to.

Uppsala 23 February 2022

LIDDS AB (publ) Board of Directors

Jan Törnell Chairman	David Bejker	Anders Bjartell
IngaLill Forslund Larsson	Maria Forss	Daniel Lifveredson

Nina Herne
CEO

Consolidated statement of comprehensive income

KSEK	Note	1 Oct - 31 Dec 2021	1 Oct - 31 Dec 2020	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Operating income					
Net sales	2	2 369	345	3 554	345
Other operating income		0	0	0	0
Total		**2 369**	**345**	**3 554**	**345**
Operating expenses					
Other operating expenses		-7 885	-10 086	-30 064	-25 842
Personnel costs		-3 170	-2 460	-10 296	-6 340
Depreciation and impairment of fixed assets		-231	-307	-464	-488
Total		**-11 286**	**-12 852**	**-40 823**	**-32 671**
Operating result		**-8 917**	**-12 508**	**-37 269**	**-32 326**
Financial income		0	0	0	0
Financial expenses		0	-3	0	-8
Net financial items		**0**	**-3**	**0**	**-8**
Result after financial items		**-8 917**	**-12 510**	**-37 270**	**-32 334**
Result before tax		**-8 917**	**-12 510**	**-37 270**	**-32 334**
Result for the period		**-8 917**	**-12 510**	**-37 270**	**-32 334**

In the group there are no items that are accounted for in other comprehensive income and total comprehensive income and therefore correspond to the result for the period. Result for the period and total comprehensive income are in their entirety attributable to the parent company shareholders.

Earnings per share based on earnings attributable to Parent company shareholders for the year (SEK per share)	Note	1 Oct - 31 Dec 2021	1 Oct - 31 Dec 2020	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Earnings per share before/ after dilution, SEK	3	-0,26	-0,42	-1,16	-1,20

Consolidated balance sheet

KSEK	Note	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Intangible assets	4		
Capitalized development expenditure		14 574	13 283
Patents		1 677	1 381
Total		**16 250**	**14 664**
Tangible assets			
Property, plan and equipment		1 314	963
Total		**1 314**	**963**
Total non-current assets		**17 564**	**15 627**
Current assets			
Current receivables			
Trade receivables		2 053	341
Receivables at suppliers		400	0
Other current receivables		915	1 651
Prepaid expenses and accrued income		643	512
Total		**4 011**	**2 505**
Cash and cash equivalents		34 003	36 073
Total current assets		**38 014**	**38 578**
TOTAL ASSETS		**55 579**	**54 205**

Consolidated balance sheet

KSEK	Note	2021-12-31	2020-12-31
Equity			
Share capital		1 801	1 573
Additional paid-in capital		325 801	283 056
Retained earnings (including loss for the period)		-279 090	-241 820
Total equity attributable to Parent Company shareholders		**48 512**	**42 808**
Current liabilibies			
Trade payables		2 211	6 192
Other current liabilities		341	260
Accrued expenses and deferred income		4 515	4 945
Total current liabilities		**7 066**	**11 396**
TOTAL EQUITY AND LIABILITIES		**55 579**	**54 205**

Consolidated statement of changes in equity

KSEK	Attributable to the Parent Company shareholders			
	Share capital	Other contributed capital	Retained earnings, incl income compr for the period	Total equity
Opening balance 1 January, 2021	**1 573**	**283 056**	**-241 820**	**42 808**
Comprehensive income for the period			-37 270	-37 270
Total comprehensive income for the period	**0**	**0**	**-37 270**	**-37 270**
Transactions with shareholders				
Share issue	229	44 771	0	45 000
Issuance costs		-2 196		-2 196
Warrants issued		170		170
Total transactions with shareholders	**229**	**42 745**	**0**	**42 974**
Closing balance 31 December, 2021	**1 801**	**325 801**	**-279 090**	**48 512**

KSEK	Attributable to the Parent Company shareholders			
	Share capital	Other contributed capital	Retained earnings, incl income compr for the period	Total equity
Opening balance 1 January, 2020	**1 286**	**223 706**	**-209 486**	**15 506**
Comprehensive income for the period			-32 334	-32 334
Total comprehensive income for the period	**0**	**0**	**-32 334**	**-32 334**
Transactions with shareholders				
Share issue	287	67 119		67 407
Issuance costs		-7 770		-7 770
Total transactions with shareholders	**287**	**59 350**	**0**	**59 637**
Closing balance 31 December, 2020	**1 573**	**283 056**	**-241 820**	**42 808**

Consolidated statement of cash flow

KSEK	1 Oct - 31 Dec 2021	1 Oct - 31 Dec 2020	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Operating activities				
Operating profit/loss before financial items	-8 917	-12 508	-37 269	-32 326
Interest received	0	0	0	0
Interest paid	0	-3	0	-8
Adjustments for non-cash items				
Depreciation and Impairment of intangible and tangible assets	231	307	464	488
Cash flow from operating activities before changes in working capital	**-8 686**	**-12 203**	**-36 806**	**-31 846**
Cash flow from changes in working capital				
Change in operating receivables	-1 871	-983	-1 506	-1 005
Change in operating liabilities	635	3 057	-4 330	5 431
Cash flow from operating activities	**-9 922**	**-10 128**	**-42 641**	**-27 420**
Investing activities				
Acquisition of intangible assets	-249	-519	-1 956	-3 132
Acquisition of tangible assets	-76	-614	-736	-614
Cash flow from investing activities	**-325**	**-1 133**	**-2 691**	**-3 746**
Financing activities				
Share issue	0	120	45 000	67 407
Issuance costs	0	-25	-2 196	-7 770
Subscription warrants	0	0	169	0
Cash flow from financing activities	**0**	**96**	**42 973**	**59 637**
Net cash flow for the period	**-10 247**	**-11 166**	**-2 359**	**28 471**
Cash and cash equivalents at the beginning of the period	44 250	47 238	36 073	7 602
Cash and cash equivalents at the end of the period	**34 003**	**36 073**	**33 713**	**36 073**

Income statement Parent company

KSEK	Not	1 okt - 31 dec 2021	1 okt - 31 dec 2021	1 jan - 31 dec 2021	1 jan - 31 dec 2020
Operating income					
Net sales	2	2 369	345	3 554	345
Other operating income		0	0	0	
Total		**2 369**	**345**	**3 554**	**345**
Operating expenses					
Other operating expenses		-7 870	-10 071	-30 043	-25 825
Personnel costs		-3 170	-2 460	-10 296	-6 340
Depreciation and impairment of fixed assets		-231	-307	-464	-488
Total		**-11 271**	**-12 837**	**-40 802**	**-32 653**
Operating result		**-8 902**	**-12 493**	**-37 248**	**-32 309**
Write-down shares in subsidiary		-21	-29	-21	-29
Financial income		0	0	0	0
Financial expenses		0	-3	0	-8
Net financial items		**-21**	**-32**	**-21**	**-37**
Result after financial items		**-8 923**	**-12 524**	**-37 270**	**-32 346**
Result before tax		**-8 923**	**-12 524**	**-37 270**	**-32 346**
Result for the period		**-8 923**	**-12 524**	**-37 270**	**-32 346**

In the parent company there are no items accounted for in other comprehensive income and total comprehensive income correspond to the result for the period.

Balance sheet Parent company

KSEK	Not	2021-12-31	2020-12-31
ASSETS			
Fixed assets			
Intangible assets			
Capitalized development expenditure		14 574	13 283
Patents		1 677	1 381
Total		**16 250**	**14 664**
Tangible assets			
Property, plan and equipment		1 314	963
Total		**1 314**	**963**
Financial assets			
Interests in group companies		50	50
Total		**50**	**50**
Total fixed assets		**17 614**	**15 677**
Current assets			
Current receivalbes			
Trade receivables		2 053	341
Receivables at suppliers		400	0
Other current receivables		915	1 651
Prepaid expenses and accrued income		643	512
Total		**4 011**	**2 505**
Cash and cash equivalents		33 968	36 036
Total current assets		**37 979**	**38 541**
TOTAL ASSETS		**55 593**	**54 218**

Balance sheet Parent company

KSEK	Not	2021-12-31	2020-12-31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		1 801	1 573
Statutory reserve		15 223	15 223
Fund for development expenditure		14 574	13 283
Total		**31 599**	**30 079**
Unrestricted equity			
Share premium reserve		295 004	253 550
Retained earnings (including result for the period)		-278 091	-240 821
Total		**16 913**	**12 729**
Total equity		**48 511**	**42 807**
Current liabilibies			
Trade payables		2 211	6 192
Other liabilities		371	289
Accrued expenses		4 500	4 930
Total		**7 082**	**11 410**
TOTAL EQUITY AND LIABILITIES		**55 593**	**54 218**

Notes to the group and parent company accounts

Note 1 Accounting principles

This interim report has been prepared in accordance with IAS 34 Interim Financial Reporting. For the parent company, the interim report has been prepared in accordance with the Annual Accounts Act. All amounts in this report are in thousands of Swedish kronor (KSEK), unless stated otherwise.

The same accounting principles are applied in this interim report as in the annual report 2020 with the addition below. The interim report should be read together with these. Changed and new standards and interpretations from IASB and IFRS Interpretations Committee that have come into force and are applicable for the financial year 2021 have not had an im pact on the group's financial reporting. Nor has changes in RFR2 that have come into force and are applicable from 1 January 2021 had any significant effect on the parent company's financial reports.

Intäkter

During the period a new type of agreement with customers have been entered into. For agreement at fixed price the income is based on how large share of the total agreed services to be provided has been delivered. The share of the service that has been delivered is calculated based on actual costs compared to total expected costs to perform the assignment. The estimated for income, costs or the degree of completion of the project is revised if circumstances are changed. An increase or decrease in estimated income or costs that are dependent on a changed estimate, is accounted for in the period the circumstances were known to management. In a fixed price agreement, the transaction price is paid at agreed points in time. If the services delivered exceeds the payment an asset is accounted for as contractual asset and if payments exceed the delivered services a liability is accounted for contractual liability. Contractual liabilities are accounted for under Advance payments from customers in the balance sheet.

Not 2 Net sales

Group and Parent company, KSEK	1 Oct - 31 Dec 2021	1 Oct - 31 Dec 2020	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Income from external customers				
Research and development services	2 369	345	3 554	345
Total	**2 369**	**345**	**3 554**	**345**

Not 3 Earnings per share

Earnings per share is calculated by dividing the result for the period with a weighted average number of outstanding shares during the period.

LIDDS has had outstanding warrants, which could cause dilution. These have however not caused dilution for 2018, 2019 and 2020 since exercise of the warrants would increase the number of shares, meaning a lower loss per share.

Group and Parent company, KSEK	1 Oct - 31 Dec 2021	1 Oct - 31 Dec 2020	1 Jan - 31 Dec 2021	1 Jan - 31 Dec 2020
Result attributable to Parent Company shareholders, KSEK	-8 917	-12 510	-37 270	-32 334
Total	**-8 917**	**-12 510**	**-37 270**	**-32 334**
Weighted average number of shares outstanding, thousands	**33 990**	**29 673**	**32 012**	**26 873**
Group Earnings per share, SEK	**-0,26**	**-0,42**	**-1,16**	**-1,20**

Not 4 Intangible assets

KSEK	Patents	Other intangible asstets	Total
Cost			
January 1, 2020 opening balance assets	1 365	10 084	11 449
Additions	221	2 912	3 132
Scrapping	-66	-292	-358
Other	-	579	579
Closing balance, December 31, 2020	**1 520**	**13 283**	**14 802**
Additions	519	1 436	1 956
Disposals	-	-290	-290
Scrapping	-119	-	-119
Other	-	145	145
Closing balance, December 31, 2021	**1 920**	**14 574**	**16 494**
Accumulated amortization			
Opening balance amortizations, January 1, 2020	-67	-	-67
Amortizations for the year	-72	-	-72
Closing balance amortizations, December 31, 2020	**-139**	**-**	**-139**
Amortizations for the year	-105	-	-105
Closing balance amortizations, December 31, 2021	**-244**	**-**	**-244**
Net carrying amount at end of year 2020	1 381	13 283	14 664
Net carrying amount at end of year 2021	1 677	14 574	16 250

For further information, please contact

Nina Herne, CEO
Phone: +46 (0)70 714 74 57,
E-mail: nina.herne@liddspharma.com

Jenni Björnulfson, CFO
Phone: +46 (0)708 55 38 05
E-mail: jenni.bjornulfson@liddspharma.com

LIDDS AB (publ)
Virdings allé 32B
754 50 UPPSALA

www.liddspharma.com

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