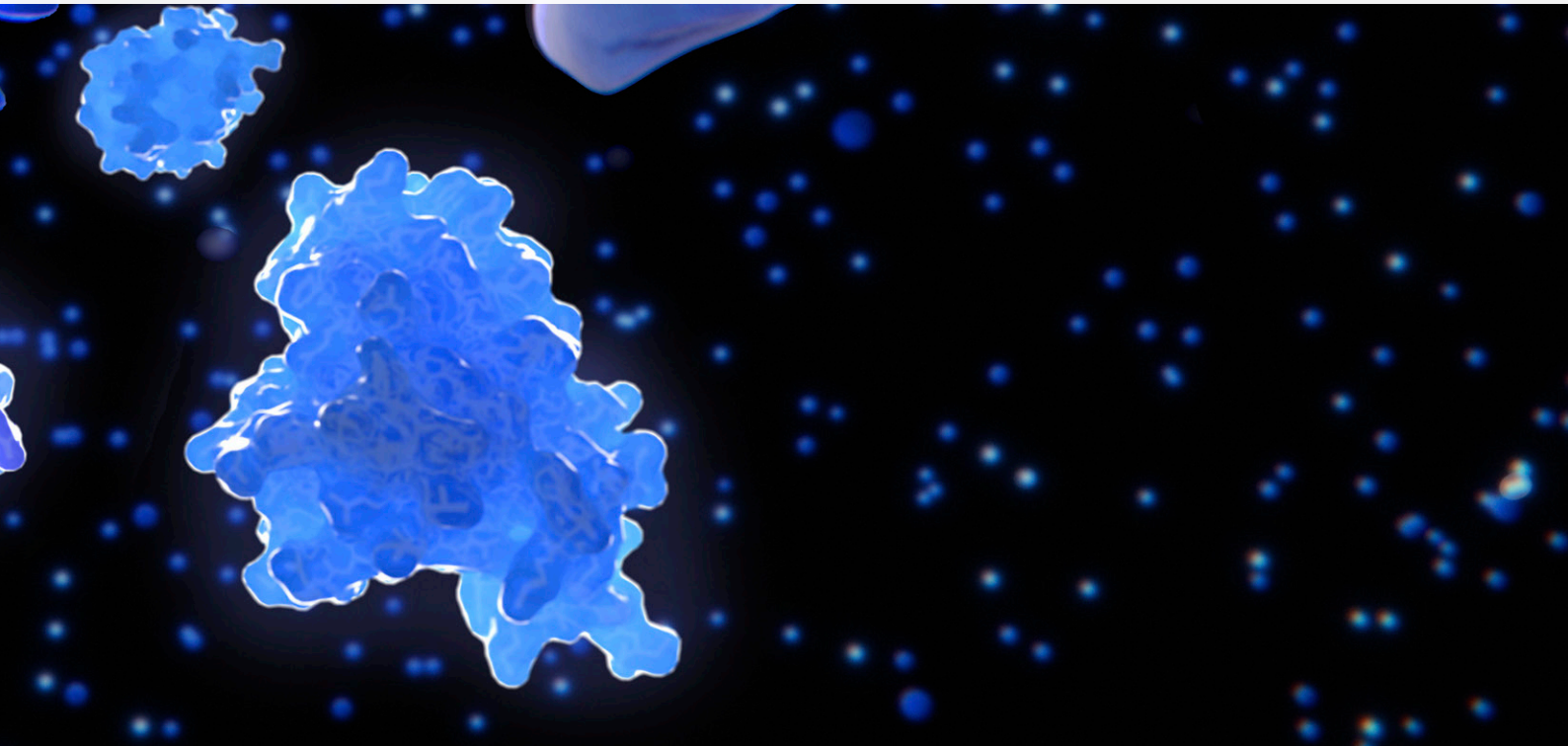
AQILION

Annual Report 2021



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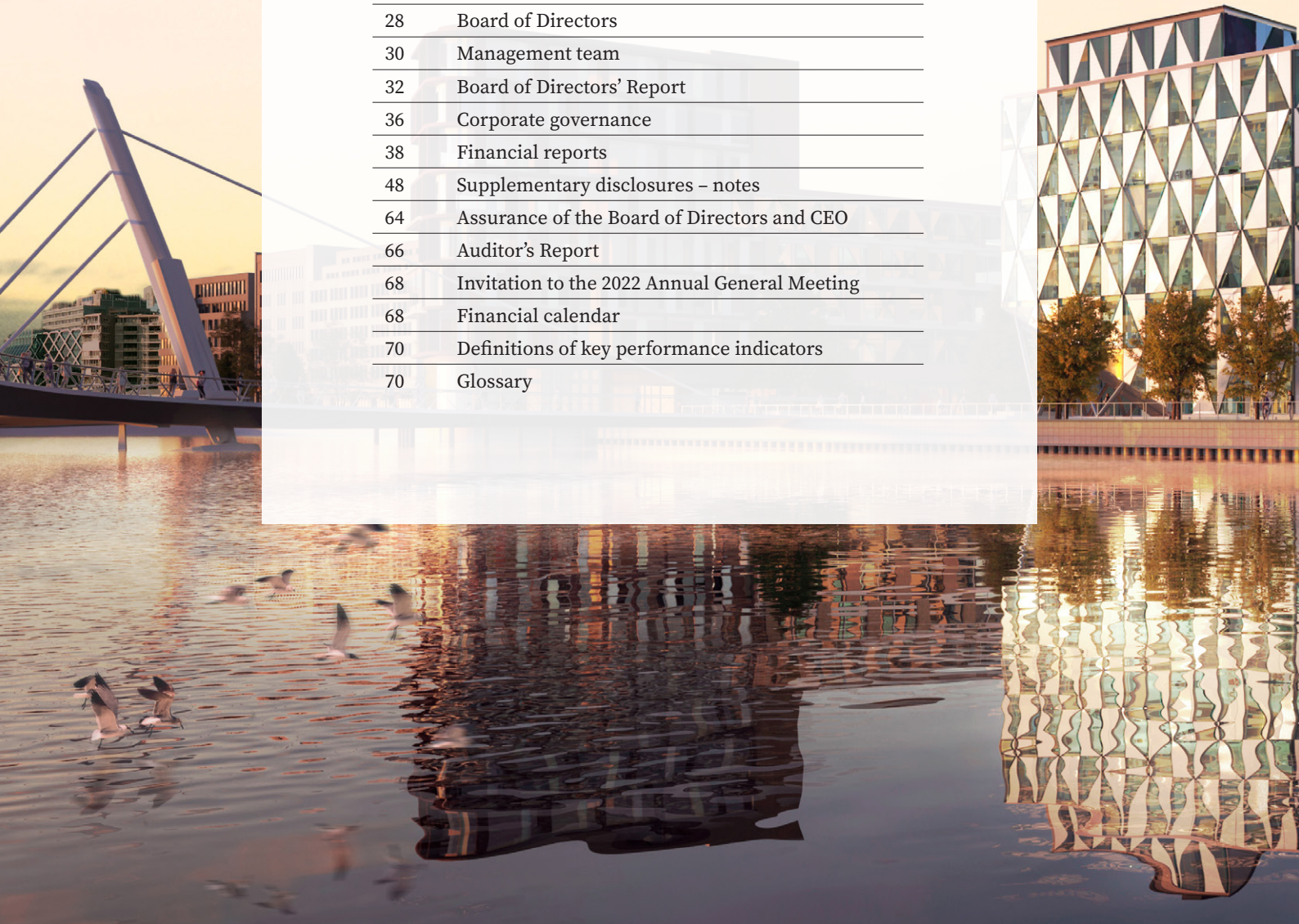
2021 Annual Report



An innovative environment that offers encounters, inspiration and an atmosphere that promotes growth is extremely valuable. By working from both the tech hub HETCH in the Prisma office building in Oceanhamnen, Helsingborg, and Medicon Village in Lund, Aqilion effectively benefits from innovative environments in both tech and the life sciences. Aqilion has its headquarters in Helsingborg in the Prisma building on the left in the photo.

Increased focus on kinases

Aqilion focuses on developing new innovative pharmaceuticals that can relieve and prevent chronic inflammation and autoimmune diseases. Inflammation is one of the body's defense mechanisms against harmful factors such as bacteria, viruses or mechanical damage to cells. But sometimes the regulation of inflammation does not function as it should. This can lead to a number of serious conditions.

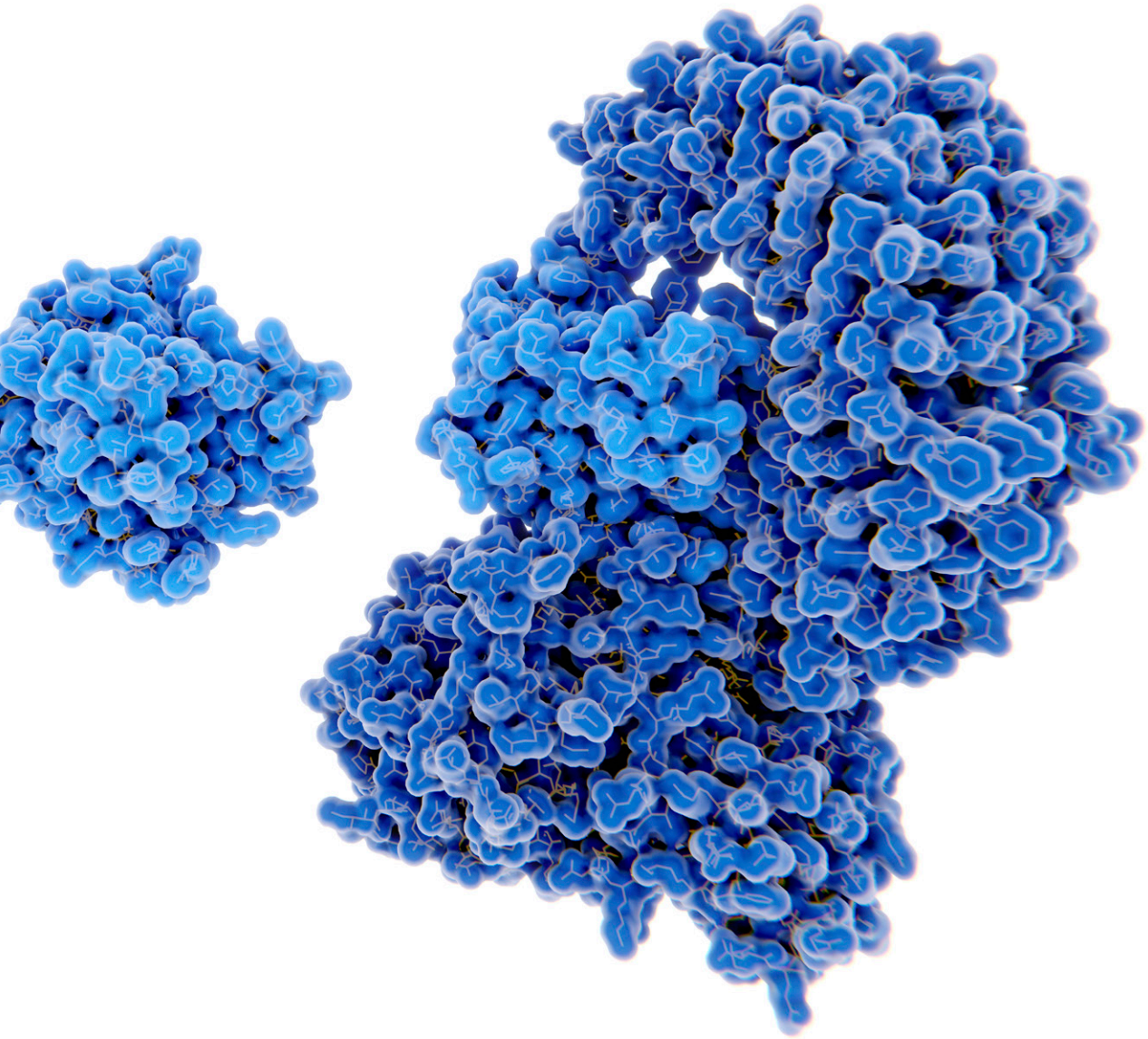
A wide range of agents are involved in the inflammation process. Some of the key players are inflammasomes, protein complexes that are activated instantly when cells react to harmful and foreign substances, cytokines, blood-borne "messenger proteins", and kinases, enzymes that function inside the cells as intermediaries and switches of the cytokines' messages. Aqilion utilizes the latest scientific knowledge to influence these mechanisms in innovative ways when they function incorrectly and instead of being healing cause disease.

Several biological drugs developed in recent years have been shown to have an effect against inflammatory diseases by targeting a particular cytokine, so that this cannot reach the receptors on the surfaces of cells and activate kinases in the cells. However, there are important problems left to be solved, both regarding side effects and limited efficacy in some patient groups. Research has shown that it is often not a single cytokine that is the culprit, but patterns of several cytokines. Specific patterns are associated with specific inflammatory diseases.

Aqilion's approach is to identify kinases that are activated by multiple cytokines. By targeting the kinase directly with an inhibitor that can penetrate into the cell, an effect could be achieved that would otherwise require modulation of several cytokines with a number of antibodies. By using a small molecule that selectively binds to a specific kinase side effects should also be minimized. The next step is to match patterns of cytokine activity with patterns of improper immune regulation in inflammatory diseases in order to select the diseases to be targeted in the clinical development.

The current programs in Aqilion's pipeline reflect this approach. The program closest to clinical phase, Regulus, is based on a selective inhibitor of janus kinase 1 (JAK1) and will first be evaluated for the treatment of eosinophilic esophagitis (EoE), an inflammatory disease of the esophagus for which there is a great need for new treatment options. The Alnitak program is based on an inhibitor of another kinase (TAK1) and Polaris on modulation of the inflammasome NLRP3.

An important part of Aqilion's research strategy is also to continue to build knowledge about the important kinases, within the company as well as in the company's extensive network of external researchers.



Our vision is that chronic inflammation is no longer a threat to a healthy life.

Introduction to Aqilion

Aqilion is a biotech company that focuses on developing new innovative treatments for diseases caused by chronic inflammation and dysfunctional immune reactions such as autoimmune diseases. The company is mainly active in the early phases of drug discovery, from idea to early clinical development.

We identify innovative ideas that could potentially lead to new medications and refine them into commercially interesting projects. The ideas that we choose are based on solid scientific grounds, enabling us to understand with reasonable clarity the underlying biology, clinical relevance and patient benefit. We focus on indications pertaining to chronic inflammation where we see a great future need, good potential for innovation and a clear interest in the market.

To address the mechanisms that drive chronic inflammation, Aqilion has chosen to focus on cytokines, which act as messengers of inflammation in the body. By lowering or temporarily stopping the signal that is triggered in our cells in response to cytokines, it is possible to reduce inflammation.

Aqilion combines its experience from major pharmaceutical companies with the drive and entrepreneurship of small growth companies. With solid experience of business development in innovative biotech and pharmaceutical companies, the company's experienced team and board have successfully shepherded drugs all the way from discovery to market.

Our programs are driven internally in close collaboration with highly experienced companies possessing specialized cutting-edge knowledge in drug discovery, known as CRO companies.
Our aim is to pursue sustainable drug discovery and to that end, we prioritize by allocating our resources to those programs and projects where we have the greatest potential to succeed as a team, while showing clear results within a reasonable timeframe and budget.

It is becoming increasingly common for our customers, pharmaceutical companies and the biotech industry, who represent the next step in the value chain, to acquire external development projects, and when they do so early in the development process, the innovative aspect combined with medical need are crucial factors. The goal is to demonstrate the clinical potential of the medical innovation to attract industrial partners and buyers, who in turn have the capacity to continue clinical development and take the drug to the patients.

Aqilion develops the value in pharmaceutical projects that are in an innovative discovery phase, the early research phase, and such projects serve as an important strategic pillar in Aqilion's pipeline. For those projects that Aqilion runs later in the development chain, i.e. in early clinical development, the aim is to demonstrate the efficacy of the drug candidate in humans, known as "proof-of-concept."

Aqilion remains opportunistic in its approach to projects and may deviate from the main focus for highly attractive projects, but the starting point is that our business model should prioritize shorter development periods where value growth is greatest for a company in our situation.

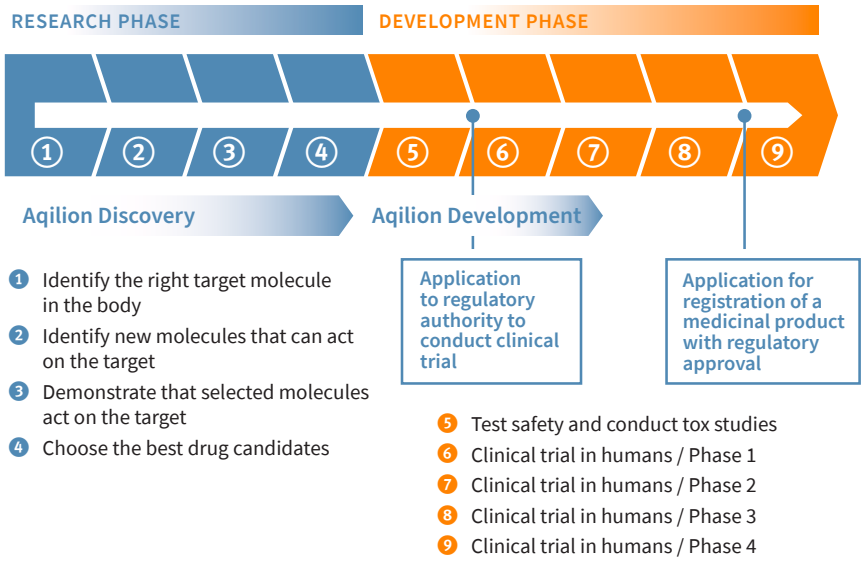


Figure 1. Aqilion's objective is to build a pipeline that mainly consists of two types of projects: Aqilion Discovery (early research) and Aqilion Development (early clinical phase). Discovery projects are driven from idea to drug candidate, while Development projects are driven through initial clinical development (Phase 1 - Phase 2). In the latter case, Aqilion can in-license a project or run a joint development project with a partner such as a pharmaceutical or biotech company.

March 2021

Aqilion strengthened its team in accordance with the research strategy. Johan Lund joined the Management team on March 1 as Chief Scientific Officer and mainly contributes his expertise in inflammation.

Aqilion strengthened the Alnitak program in chronic inflammation through an expanded collaboration with Örebro University researchers.

June 2021

The Annual General Meeting re-elected Board members Roland Andersson, Marie Lidgard, Johan Lund, Martin Olovsson and Andreas Segerros, and elected Gunilla Savring. Johan Lund was elected to serve as Chairman of the Board.

October 2021

Aqilion presented positive efficacy data from studies in a rheumatoid arthritis disease model. The data support the biological hypothesis that TAK1 is a relevant target protein for the treatment of autoimmune and inflammatory diseases.

December 2021

Aqilion acquired a phase-1 ready anti-inflammatory program (now Regulus) from LEO Pharma and plans to initiate clinical development in 2022.

Aqilion expanded the Alnitak program by investing in a project that focuses specifically on compounds with the potential to treat inflammatory conditions of the central nervous system (CNS), Alnitak CNS.

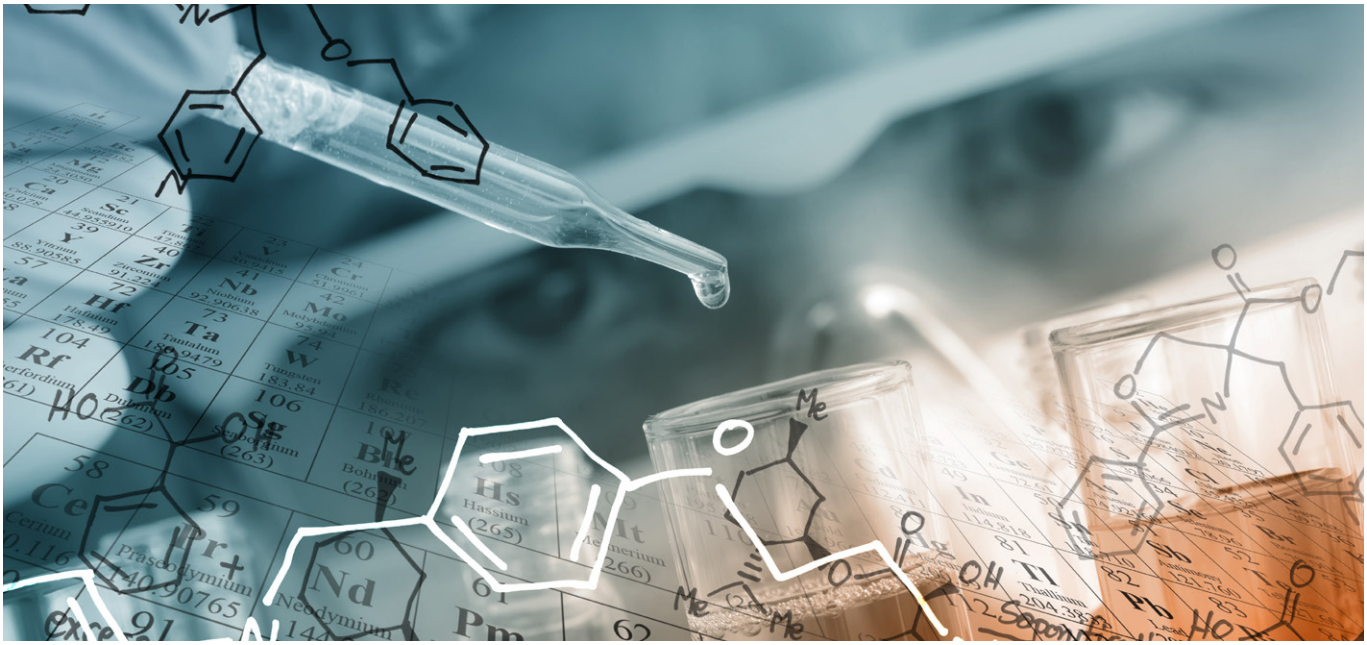
Aqilion decided to close the Alhena oncology project (in the early research phase) in order to primarily focus on drug targets with great potential in inflammatory diseases.

An information meeting for shareholders and partners was held in Aqilion's new premises and the team presented the company's pipeline and development.

2021 was an intense and eventful year. It is gratifying that we achieved several important milestones during the year on our exciting journey with a focus on chronic inflammation.

Sarah Fredriksson, CEO

Our history



AQILION AB, legacy PULS (Partners för Utvecklingsinvesteringar inom Life Sciences, P.U.L.S. AB), was founded on February 1, 2002, in Helsingborg by a group of people with a background in the pharmaceutical industry and research.

The founders realized that many commercially interesting projects never leave the academic environment due to inadequate resources coupled with a lack of experience and expertise in product and business development. They also noted a growing need in the pharmaceutical industry to license innovative new projects and products.

The company started as a bridge between academia and industry and launched its first project, LIDDS, in the autumn of 2003. In the years that followed, several project companies were founded with the goal of developing new treatments with great patient benefit by creating attractive projects that could be acquired by the pharmaceutical industry at a suitable point in time.

The current CEO of the company, Sarah Fredriksson, assumed that position in the spring of 2017.

In 2019 Aqilion changed its strategy to focus on innovative drugs in the field of inflammation at the interface between oncology and immunology, while discontinuing projects in the fields of medical devices and diagnostics.

In March 2019, the company changed its name to AQILION AB. The name change marked a new phase in the company's development, with a new strategy and identity.

The 2020 Annual General Meeting decided to change the form of business and Aqilion became a public limited company.

At the end of 2021, the Aqilion pipeline contained three programs in the field of inflammation: Regulus, Alnitak and Polaris. All three were named for brightly shining stars, in analogy to the company's name – Aquila is the name of a constellation that is visible in the northern hemisphere.

Shareholdings in previous project companies

Following the change in the company's strategy in 2019, Aqilion focused its activities on its wholly owned projects, which were subsequently conducted in-house. As a result of this change, Aqilion still has large shareholdings in some previous project companies. The project companies in which Aqilion is a major shareholder, but does not fully own the projects, are operated as individual associate companies. Laccure operates with strong support from Aqilion's common central resources, while Oncorena has its own organization and Aqilion acts only in its role as a shareholder.

At the end of 2021, Aqilion was the largest shareholder in AcuCort AB (publ), which was listed on the Spotlight Stock Market in 2017, as well as a major shareholder in Laccure AB and Oncorena Holding AB. Aqilion will continue to follow the development of these companies.

AcuCort – allergy

AQILION AB is the principal owner of AcuCort AB, a publicly held company that was listed in 2017 on the Spotlight Stock Market. AcuCort was previously managed by Aqilion (legacy PULS company) and has developed ISICORT®. The drug is a fast-dissolving oral film containing the glucocorticoid dexamethasone, primarily for treatment of acute and severe allergic reactions. ISICORT® is approved in Sweden and the registration process is underway for other prioritized markets. During the year, the commercialization team was fortified with additional resources.
In October 2021, AcuCort announced that the company is planning a private placement of SEK 5 million and a rights issue of SEK 26 million. Aqilion did not participate in the rights issue because of the strategic change that Aqilion implemented over the past two years and therefore transferred its subscription rights to new investors. AQILION AB's holdings in AcuCort AB (publ) on December 31, 2021, totaled 5,069,066 shares, corresponding to a stake of 16.20%.
www.acucort.se

Laccure – infection

Laccure has developed a novel innovative single-treatment product for bacterial vaginosis to meet the needs of women for efficacy, safety and user friendliness. The Laccure project was founded by its innovators in 2007 and is now run as a company, with Aqilion as one of the principal owners. The goal is to sell the project to an established partner in women's health able to take the product forward toward registration and commercialization. AQILION AB owns 27.2% of the shares in Laccure AB as of year-end 2021.
www.laccure.com

Oncorena – oncology

Oncorena is developing a new and potentially pioneering treatment for patients with advanced kidney cancer. In February 2022, Oncorena announced that a Phase I-II clinical trial of orellanine, the first substance in its class, in patients with advanced renal cancer undergoing dialysis, has been initiated. The drug candidate orellanine, which has a unique mechanism of action, is being developed for organ-specific chemotherapy with potentially curative advantages for patients with advanced renal cancer undergoing dialysis because of renal failure.
In January 2022, Oncorena conducted a financing round through a private placement of Class A shares aimed at a group of investors. Aqilion then owned a total of 91,476 shares, including 15,211 Class A shares, representing a total ownership stake of 20.7% in Oncorena Holding AB.
www.oncorena.com

Previous projects in brief

Adenovir Pharma AB – viral eye infection
On October 23, 2019, AQILION AB announced that the Extraordinary General Meeting of the project company Adenovir Pharma AB resolved to liquidate the company. Liquidation was completed on February 15, 2021.

Alhena – breast cancer
The Alhena project aimed to develop a "PROTAC" drug (proteolysis-targeting chimera) against a target protein that is central to some cancers. The Alhena project involved combination therapy in immuno-oncology with an initial focus on aggressive, treatment-resistant "triple negative breast cancer." The project was launched in December 2019 and discontinued in December 2021.

Ambria Dermatology AB – dermatology
Ambria Dermatology AB was sold in 2009 to Natumin Pharma AB. The purchase price will be paid as Natumin sells products based on Ambria's technology and is capped at SEK 32 million. As of December 31, 2021, there is still a margin of approximately SEK 21 million before the ceiling of SEK 32 million has been reached. Aqilion is entitled to 12% of future payments from the sale of Natumin.

Belina AB – breast cancer
In 2019, AQILION AB sold its holdings in the project company Belina AB to its founder and innovator.

Glactone Pharma AB – immunotherapy and castration-resistant prostate cancer
Glactone Pharma has developed new compounds that can block a signal protein called STAT3, which is overactive in cancer cells. Compounds that block STAT3 can be used in combination with immunotherapies and for treatment of late-stage metastatic prostate cancer (castration-resistant prostate cancer). In November 2019 AQILION AB announced that the company is selling its entire shareholdings in Glactone Pharma AB to Daniel Lifveredson Invest AB. Upon completion of the transaction, Aqilion received a symbolic cash consideration and may also receive an additional consideration if Daniel Lifveredson Invest AB achieves certain milestones in the future. The project did not generate any revenue for Aqilion in 2021.

LIDDS AB – cancer treatments
LIDDS (Local Intelligent Drug Delivery System) aims to develop effective drug products for various cancer diseases using the patented NanoZolid® drug delivery technology, which releases drugs locally in close proximity to the tumor for optimal efficacy and with fewer side effects. In 2014, LIDDS AB was listed on Nasdaq First North Stockholm. In 2017, Aqilion's entire shareholding in LIDDS was divested. www.lidds.se

Pulsetten AB – Addison's disease
Pulsetten AB (formerly DuoCort AB) developed the drug Plenadren® in a former wholly owned subsidiary, DuoCort Pharma AB. Today, Plenadren® is marketed worldwide by Takeda, one of the four largest players in Addison's disease. In 2011, the project was sold to ViroPharma Inc. Sales of Plenadren® have been considerably slower than expected, making it impossible for Pulsetten to achieve the agreed additional purchase considerations. The situation culminated in legal action regarding milestone payments, which Pulsetten lost. The combination of non-payment of milestone payments combined with legal costs caused Pulsetten AB to file for bankruptcy in 2016. The bankruptcy was closed in 2018.

Trophea AB – skin atrophy
The project company Trophea was founded in 2016 to develop a potential combination product, a topical gel, for the treatment of skin atrophy. In 2019, Aqilion decided that it would not continue to invest in Trophea. The decision was based on a proactive risk minimization strategy and a sound business approach, in line with Aqilion's strategy and business model. On December 20, 2019, AQILION AB announced that the Extraordinary General Meeting of Trophea AB resolved to liquidate the project company. Liquidation was completed on February 15, 2021.

Comments by the CEO

The past year, 2021, was intense, with full focus on complementing our pipeline and developing our research programs toward new drugs within the field of chronic inflammation. As I look back, I mainly see two events – each of which was an important milestone for Aqilion's development.

The first milestone was achieved when we were able to demonstrate good efficacy in our innovative Alnitak program in a disease model – specifically, a rheumatoid arthritis model. The results from the preclinical study show that treatment with Aqilion's TAK1 inhibitor provides extremely clear and significant effects on disease markers compared with both untreated controls and a well-proven medication that is currently available in the market.

Increased external interest for Alnitak

External interest in Aqilion's Alnitak program has intensified during the year as we have demonstrated results and we have received substantial positive feedback from conceivable future partners. For Alnitak, the goal in 2022 is to start preclinical safety studies and develop a production process of the active substance in preparation for clinical trials. At the same time as our internal development work, we will continue to engage in dialog with potential partners with the goal of selling the project or signing a collaborative agreement regarding the continued development of Alnitak.

In 2022, we will also dedicate resources to the newly started Alnitak CNS project, which will involve designing and testing molecules with good pharmaceutical properties. These molecules must in addition be able to cross the blood-brain barrier, which is necessary for Alnitak to be used in the treatment of diseases caused by chronic inflammation or an autoimmune reaction in the brain, such as Alzheimer's disease or multiple sclerosis (MS). The blood-brain barrier protects the function of the central nervous system by preventing certain drugs, medications and cells from leaving the bloodstream and reaching the nerve cells of the brain and is therefore a challenge when developing effective new medications that can reach the brain.

Strong pipeline

The other milestone was the acquisition of Regulus, a drug program that is ready for clinical development that Aqilion purchased in full from LEO Pharma in December 2021. By adding a program in early clinical phase to our pipeline, we gained a project that within a relatively short period of time can reach a level of development which, in turn, will motivate a substantial increase in value.

The choice of a project in clinical phase is also justifiable from a risk perspective. By running programs at various stages of maturity, the risk profile of the portfolio becomes more diversified. The choice of Regulus in particular from a risk perspective is justifiable because the mechanism by which JAK inhibitors

work has already been clinically proven, as it has been shown to be effective in several inflammatory and autoimmune conditions with an acceptable side effect profile, which significantly reduces the clinical risk of the program compared with an untested mechanism.

Regulus ready for clinical trials

Regulus also meets all of the criteria relating to quality and innovation that we had set when we began searching for a program within our focus area. In turn, this means that our organization is well equipped to advance the program into the clinical phase. Our intention is to begin clinical trials in 2022 with our drug candidate AQ280 through a safety study in healthy volunteers, known as a Phase 1 clinical trial. At the same time that we are starting the Phase 1 study, we are also planning for the next step – a clinical trial in patients with chronic inflammation of the esophagus, eosinophilic esophagitis (EoE). The goal is to initiate the EoE study with AQ280 in the fall of 2023, in order to hopefully be able to show clinically good efficacy and then sell the project, or find a partner for the continued clinical development. The drug candidate AQ280 could potentially be used in several different medical conditions, which makes it attractive for a pharmaceutical company to take over the program once clinical efficacy has been demonstrated.

Strategic business structure

The acquisition of Regulus requires Aqilion to make an upfront payment consisting of a combination of cash payment and shares, after which LEO Pharma becomes a shareholder in Aqilion. Both the cash portion and the share-based portion of the upfront payment will take place in the spring of 2022. Moreover, Aqilion will make additional payments, but only when we generate revenue from the program, either from product sales or through revenue from outlicensing. The business structure itself is an important factor for us to be able to run a clinical development program in a resource-efficient manner, without being forced to finance given development-related milestone payments.

Focus on chronic inflammation

In order to further focus the business on inflammatory diseases and prioritize our resources, at the end of the year we decided to close Alhena, an early research project in oncology. All of our current programs – Regulus, Alnitak and the Alnitak CNS project, as well as Polaris – provide us with a clear focus within chronic inflammation. The programs follow a well-defined strategy on both biological and medical grounds, as well as patient needs. With a carefully planned and differentiated pipeline, we have achieved the overarching goal of being able to position Aqilion as a biotech company.

We are working with a long-term and forward-looking approach by continuously identifying and evaluating new projects that could potentially become prioritized programs in our development operations. The prospects for running additional drug programs are largely based on our achievement of success in our current programs, in order to free up resources and strengthen confidence in Aqilion's pipeline with both our future partners and shareholders.

Successful year and exciting future

Since the financial climate for stock exchange listings at the beginning of 2022 did not develop in a positive direction, we currently plan to wait with a possible listing (IPO). Aqilion's readiness to go public in terms of an interesting pipeline, valuation and news flow is likely largely dependent on our conducting the Phase 1 clinical trial in the Regulus program according to plan, as well as development of the Alnitak program to a level ready for clinical trials either on our own, or in collaboration with one or more partners. To financially ensure such development, the Board plans to arrange bridge financing with priority for existing owners, in 2022.

I am proud of the Aqilion team, whose individual members – each and every one – have taken us this far with great loyalty, knowledge and drive. It is inspiring to work together with a highly experienced and competitive team that together established a creative corporate culture with great dedication and a strong drive. I would like to close by thanking the team, the Board of Directors and the shareholders for a successful year at Aqilion.

Helsingborg in April 2022

Sarah Fredriksson
CEO and President, AQILION AB

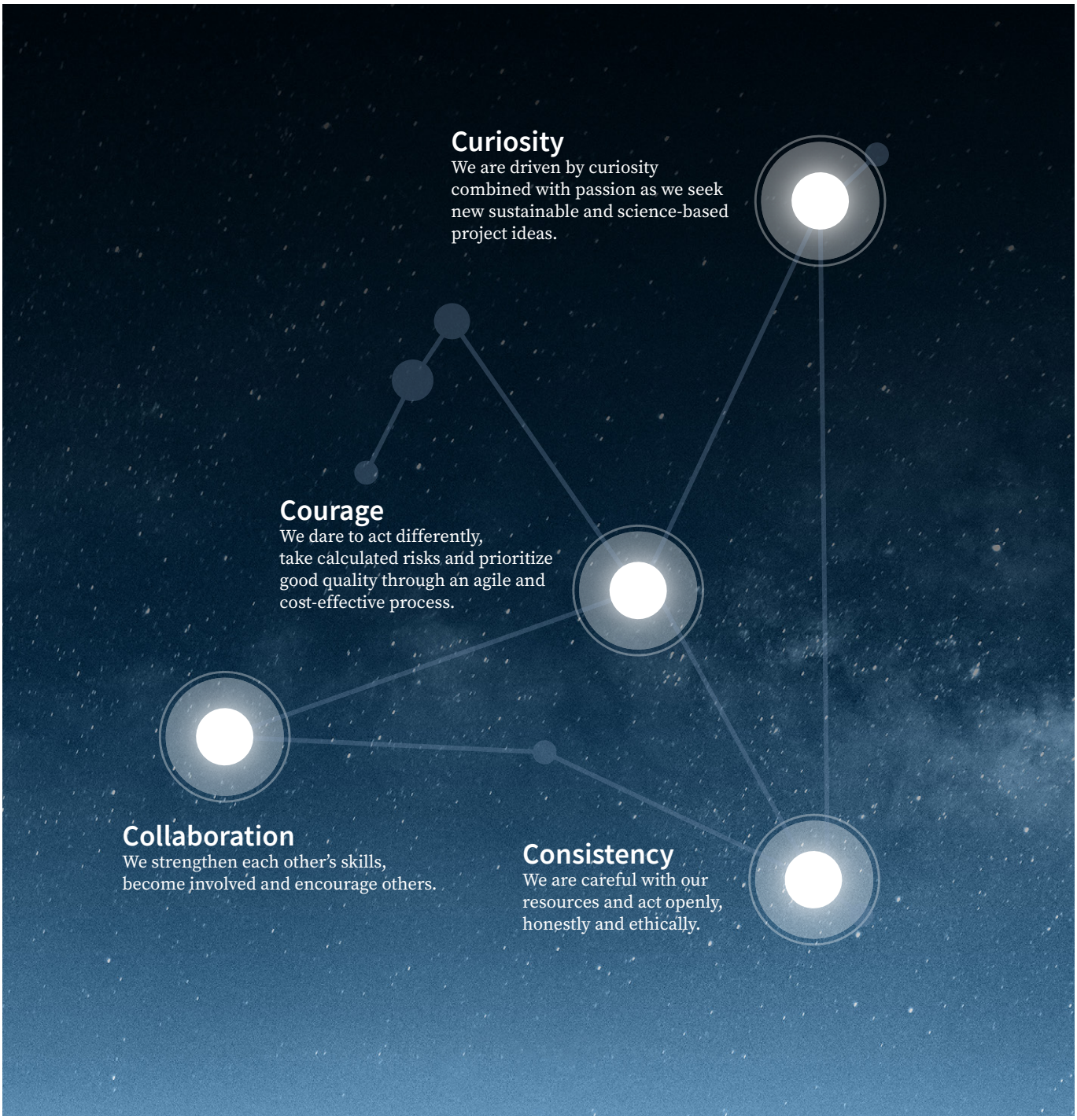
> *With a carefully planned and differentiated pipeline, we have achieved the overarching goal of being able to position Aqilion as a biotech company.*

Employees

Our continued journey depends on the leading-edge expertise of our employees and their strong commitment to the development of the company. We strive to attract, recruit, develop and retain talented and creative employees. Our highly educated and dedicated employees have previously undertaken the entire journey from drug discovery to market, and have solid experience of drug and business development.

Our core values

Our fundamental values shape Aqilion and guide us when we take decisions. These values permeate our thoughts and deeds. They create a sense of community internally, contribute to the culture of the organization, and lead the way in our collaboration with advisors, specialists, innovators and CRO companies. The four cornerstones of Aqilion's core values are curiosity, courage, collaboration and consistency.

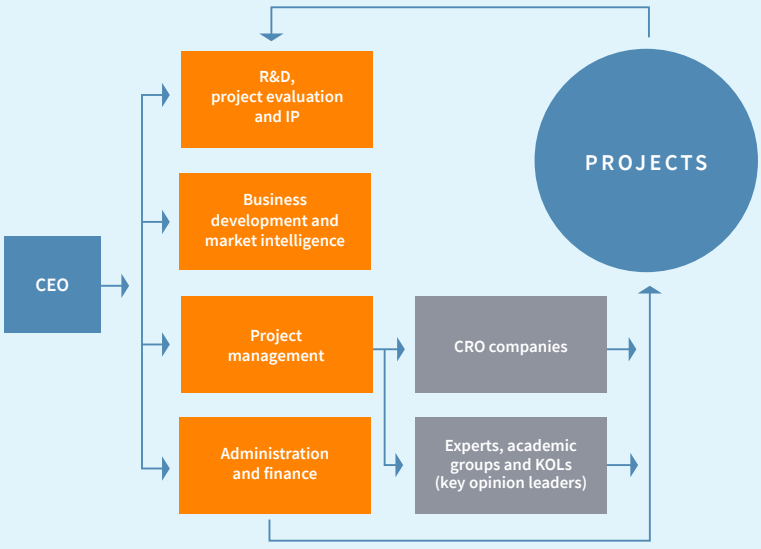


Agile and virtual organization

Aqilion has not built up its own infrastructure, but instead works more as a virtual organization with an internal management and operational team and the laboratories around the world that best suit our model. Our employees work in a variety of roles in our projects and are responsible for project management and planning, analyzing results and decision-making regarding partners. Each program in our pipeline requires its own expertise and knowledge and our partners are recruited based on these needs. For example, in the Alnitak program, Aqilion works with about ten partners in Europe, the US, India and Japan.

The technical development of Aqilion's pipeline is of course a central task for Aqilion's management team. Equally central is the work with business development for each project. To ensure good positioning and differentiation that arouses interest within the pharmaceutical industry, active work is required with presentation of the projects to prospective stakeholders, along with active market intelligence.

Aqilion's operating organization



THE AQILION TEAM WORKS FROM FOUR UNITS:

- **Research and Development, project evaluation and IP**
  Evaluation of new project ideas, research and development, as well as monitoring of Aqilion's IP rights.
- **Business development and market intelligence**
  Presents Aqilion's projects to potential partners on an ongoing basis, leads sales processes, plays an active role in project evaluation and networking within the industry, and monitors the activities of both competitors and potential partners in the market.
- **Project management**
  Leads projects and coordinates all partners and specialists, ensures documentation of data and responsible for procurement procedures.
- **Administration and finance**
  Aqilion's administration and finance unit handles ownership, communication, internal control, legal and corporate governance issues.

Responsible and sustainable value creation

Aqilion wants to create added value for partners, customers, employees, suppliers and shareholders. We create value by identifying life science ideas that could potentially lead to new medications and refine them into commercially interesting projects for our customers, who represent the next step in the value chain. Our aim is for this to lead to innovative treatments that make a difference to patients. Aqilion's vision is that chronic inflammation is no longer a threat to a healthy life.

Our organizational culture builds on the fundamental values of a sustainable society and is created in the encounter between responsible leaders and employees. Moreover, it is based on openness, honesty and respect for the value and dignity of each human being. Research is at the heart of what we do and is crucial for our business. We pursue research to develop innovative medicines that can make a difference in the treatment of diseases in which the body's inflammatory processes play a major role. Research takes time and can require considerable resources. Early in the development process, we prioritize using new, more digitalized methods, such as software support for chemical design and characterization of substances, as well as databases and virtual methods.

We comply with laws, regulations, codes and guidelines, as well as standards of good practice related to safety, quality, research and bioethics. We aim to develop new products that not only comply with legal requirements, but are also ethically justified. Our personnel are a key to success and our work with sustainable development creates opportunities to attract and retain highly talented and dedicated employees who can advance the company's interests. Aqilion tries to create the ideal team for all projects in the portfolio. It is important to have the ability to fully leverage those projects that have good potential. It is equally important for the team to have sufficient knowledge and integrity to be able to discontinue those projects that do not achieve their milestones, which therefore will not create sustainable development or value for Aqilion in the long term.

Aqilion strives to continuously develop a stimulating environment and healthy working methods. We foster a good sustainable environment in our workplace where we, along with other organizations, can help to actively reduce Aqilion's footprint in the environment and promote active responsibility at every level. This approach permeates our choice of premises, handling of materials, business trips and our investment in IT support that makes it easier for employees with long commutes to work remotely, while creating flexibility for our employees in daily life. We care about creating an environment that protects the health of our employees.

Aqilion's business concept is to develop new drugs for patients who currently lack effective treatment. Our strategy for success is to include sustainable development as part of our business. To achieve our goal of a sustainable business model we are focusing on those areas in the UN's Agenda 2030 where we can make the greatest difference. By allowing these goals to permeate our daily work through our decision-making procedures, quality management system, work environment, recruitment, risk management and investment assessments, we strengthen Aqilion's value growth.

"Aqilion creates sustainable value by carefully selecting projects based on the criteria that ensure, in terms of both technology and resources, that our operations, at every level, is sustainable over time.

Target	Aqilion
Target 3.4 Reduce mortality from noncommunicable diseases and promote mental health	Based on data-driven and innovative research, we develop new drugs for patients who currently lack good treatment.
Target 5.5 Ensure full participation for women in leadership and decision-making	We promote gender equality as a matter of course at all decision levels.
Target 12.4 Sound chemical and waste management	We use data-based design, AI, databases and new technology to reduce our environmental impact. We use resources correctly from an ethical perspective and promote sustainable development regarding laboratory and clinical development initiatives.

Vision
Our vision is that chronic inflammation is no longer a threat to a healthy life.

Business concept
Our business concept is to identify, develop and clinically prove new medical innovations in order to attract industrial partners and buyers, who will in turn carry out the continued clinical trials and take the medication to market. We strive to develop a robust, long-term profitable company with a focus on effective treatments.

Strategy
To achieve its financial and operational objectives, while optimizing its business model, Aqilion must pursue an innovative yet carefully risk-adjusted pipeline of projects that can be divested relatively early in the process, before or during clinical development. Choice of project, optimization of our pipeline over time and the inflow and outflow of projects determine how well this strategy succeeds.

We focus on innovative drugs within the field of inflammatory diseases.

The overarching elements of the strategy are roughly as follows:

- Build a pipeline with clear focus on timing and risk balance to proactively and carefully manage financing and cash flow over time
- Nurture and actively build contacts and networks within industry and academia to validate projects that have the potential to be developed within the Aqilion business model
- Establish and maintain a highly experienced leadership and operational team combined with a network of specialists, experts, opinion leaders and stakeholders
- Consistently work with a proactive and transparent communication strategy
- Prioritize active and continual business development to boost interest in financially interesting collaborations and in Aqilion's pipeline in general
- Strengthen confidence in the Aqilion business model by strengthening and actively cultivating long-term relationships with potential investors and ensure a financial plan to support the long-term goals

We are motivated by clear and attractive goals

Aqilion's long-term goals:

- Develop a creative and resource-effective biotech company with leading-edge expertise that develops and sells early-stage pharmaceutical projects with a focus on inflammation

- Be a competitive company on the market with the ability to attract partners who have the resources to guide projects onward to finished product for the benefit of patients

- Be an attractive employer and client for innovative, creative and skilled individuals and organizations who are able to work with Aqilion to create new treatments for diseases for which there is a high unmet medical need

- Generate an attractive return on investment for our shareholders, with the objective of creating continuous and sustainable value over time

Aqilion's goals and goal fulfillment in the short-term:

The main goal in 2021 was to expand the pipeline with a project in the field of inflammation in early clinical phase. During the fourth quarter, this goal was met with the acquisition of the Regulus program from LEO Pharma.

One of the overarching goals in 2021, which remains in place for 2022, was to ensure that our pipeline contains three to four discovery programs (early research phase). We started three programs in 2019, and in 2021 we closed one of them, while we expanded the Alnitak program with a new project focusing on the central nervous system, Alnitak CNS. In addition, Aqilion has 3-6 different research projects and ideas under consideration to ensure that this goal is met on a somewhat longer horizon.

In 2021, our goal as one of the main owners of Oncorena was to provide funding until the first clinical study can be started, at which time it could be fully funded with support from new investors. The goal was achieved at the turn of the year for 2021/2022.

To provide optimal support for Laccure, our goal is to find a commercial partner that can take Laccure's product through CE certification to a commercial product. This process was ongoing in 2021 and continues to be a goal for 2022.

In 2022, the two most important milestones for our pipeline are that we initiate the Phase 1 clinical trial with AQ280 in the Regulus program, and that we initiate preclinical development in the Alnitak program by selecting a drug candidate and conducting safety studies.

To finance the company in the longer term, one of our interim goals since 2018 has been to build a company that has good potential to be interesting for the stock market as a listed company and to have a well-prepared organization before an IPO. Aqilion has now achieved this goal, both administratively and through the establishment of an interesting pipeline as a biotech company. The main task for 2022 is to conduct a pre-IPO to attract current and new investors.

Aqilion develops drugs for a growing market with high unmet medical needs

We focus on developing new innovative treatments that can relieve and prevent chronic inflammation and autoimmune diseases. By defining a clear focus, Aqilion can more easily identify the right projects, while also strengthening our collective knowledge in the field over time. The therapeutic areas were chosen based on a growing medical need and on what future customers and partners, pharmaceutical companies and the biotech industry, show an active interest in through their acquisitions of projects and companies. The Aqilion team and network has extensive expertise and solid experience in both chronic inflammation and autoimmune diseases, which is one reason for the strategic choice of these indications. We have now set our sights on our vision that chronic inflammation no longer needs to be a threat to a healthy life.

Critical data early and continuous business development are factors for success

The strategy behind Aqilion's business model is to develop programs that are so attractive and innovative that pharmaceutical companies will choose to take over the programs or become our partner, preferably before the clinical development or in the early clinical phase. From that perspective, Aqilion's main asset is the quantity of data that proves a well-founded strategy, demonstrates a clear link between biology and medical needs, and ensures that the quality of the drug candidate is of the highest standard. We therefore work strategically to ensure critical data from a very early stage of development, while simultaneously actively working on business development. The goal is to ensure the interest of our customers and future partners, but also to be able to provide data to answer, as confidently and reliably as possible, any questions that may arise until the drug candidate has completed the entire clinical development process.

The pharmaceutical industry seeks new treatments that meet patient needs, placing high demands on innovation and quality

Aqilion's two main programs, Regulus and Alnitak, both have a differentiated position compared with inflammatory programs at other research companies. Alnitak's value lies in the potential to become the first program ever for use in the clinical setting with a molecule that inhibits TAK1. Regulus' value can be found in the drug candidate AQ280, which is more selective than previous JAK inhibitors and therefore has the potential to become the best in its class.

The goal of the Regulus program is to improve quality of life for patients with inflammation of the esophagus

Aqilion's drug candidate AQ280 in the Regulus program, a "JAK1 inhibitor," is not the first in its class; its predecessor has already demonstrated in clinical trials that JAK1 inhibitors have good efficacy. Currently, drugs based on JAK1 inhibitors are approved for treatment of conditions such as rheumatoid arthritis (RA) and atopic dermatitis (eczema).

AQ280 is a next-generation JAK inhibitor that is much more selective than those currently approved in the market. Consequently, AQ280 will likely cause fewer side effects than first-generation JAK inhibitors, but will still be equally effective.
These properties in turn open the possibility of using AQ280 for completely new inflammatory medical conditions. Aqilion has chosen a clinical strategy based on the unique properties of AQ280 and as a first indication, clinical trials are planned in patients suffering from chronic inflammation of the esophagus, known as eosinophilic esophagitis (EoE).

Year	Deals	Value (MUSD)	Development stage
2021	Horizon Therapeutics Enters into Licensing Agreement with Alpine Immune Sciences	1,560	Research
2021	Sanofi Enters into Licensing Agreement with C4X Discovery	492	Preclinical development
2021	Eli Lilly Enters into Licensing Agreement with Rigel Pharma	960	Research and clinical Phase 1
2021	Pfizer Enters into Licensing Agreement with Imcyse	180	Research
2021	Amgen Enters into Licensing Agreement with EVOQ Therapeutics	240	Research
2020	Roche Enters into Licensing Agreement with Lead Pharma	308	Research
2020	Galapagos Enters into Licensing Agreement with OncoArendi	403	Research, preclinical development, and clinical development Phase 1
2020	Bayer Enters into Licensing Agreement with Curadev Pharma	267	Research
2020	Prometheus Biosciences Enters into Licensing Agreement with Alloy Therapeutics	16	Research
2020	Gilead Sciences Enters into Licensing Agreement with Kyverna Therapeutics	588	Research
2020	Boehringer Ingelheim Enters into Agreement with Enleofen Bio	1,000	Research and preclinical development

Table 1. Early deals, in the research phase of a project, can be at least as interesting for Aqilion as at a later stage. The table shows a selection of deals made in immunology and inflammation in 2020 and 2021. The data were taken from Global Data as of January 20, 2022.

Approximately

1 out of 2000

People of all ages and ethnical backgrounds are diagnosed with EoE and it is increasing. Orphan designation is possible.

A large majority of EoE patients have other atopic diseases (e.g. asthma, atopic dermatitis, allergic rhinitis, food allergy). Certain families may have an inherited tendency to develop EoE

Often a delay of several years (5-10 years) before diagnosis which may increase risk for long-term irreversible effects (esophageal strictures)

While both males and females may be affected, a higher incident is seen in males. Most common in children and adults in their 20-50s

In order for a person to be diagnosed with the disease, there must also be an increased number of so-called eosinophilic cells in the lining of the esophagus. These are white blood cells that are often linked to allergic diseases and elevated numbers of eosinophils are thought to play a critical role in the disease.

About eosinophilic esophagitis and the market potential

The most common problem with EoE is trouble swallowing. Often the patient experiences food sliding very slowly down through the esophagus. In the worst case, the food can get stuck completely, which leads to the patient having to go to the hospital and be sedated in order for the food to be removed. It is a disease that leads to great discomfort and poorer quality of life for the afflicted.

EoE is currently an underdiagnosed disease, which is partly due to the fact that there has been no approved drug for treatment. As awareness of the disease increases and as new medicines will be offered, the market is predicted to increase substantially the next 10 years.

A population-based analysis shows that the number of new cases per year amounts to 6.6/100,000 inhabitants and a prevalence of 34.4/100,000 in adults in Europe, with a wide geographical spread[1].

The number of diagnosed cases is increasing and a Swedish/Finnish study from 2007 has shown that of 1,000 healthy volunteers examined with endoscopy, 1% had an eosinophilic inflammation of the mucous membrane of the esophagus, which gives an indication of where the prevalence may end up[2].

There is currently no approved treatment in the United States, while in Europe there is a topical treatment with corticosteroids that was registered in 2013. Clinical studies with both biological and small molecular drugs are ongoing as the number of diagnosed cases of EoE are on the rise. Aqilion has a clear biological rationale for why AQ280 could potentially work well as a treatment and aim to be first with a JAK1-inhibitor for the treatment of patients with EoE.

[1] Navarro P, Arias A, Arias-Gonzalez L, Laserna-Mendieta EJ, Ruiz-Ponce M, Lucendo AJ. Systematic review with meta-analysis: the growing incidence and prevalence of eosinophilic oesophagitis in children and adults in population-based studies. Aliment Pharmacol Ther. 2019;49(9):1116-25.

[2] Ronkainen J, Talley NJ, Aro P, Storskrubb T, Johansson SE, Lind T, et al. Prevalence of oesophageal eosinophils and eosinophilic oesophagitis in adults: the population-based Kalixanda study. Gut. 2007;56(5):615-20.

The Alnitak program has great future potential in a number of inflammatory diseases

The Alnitak program is based on an inhibitor of TAK1, which is a central mediator, or a kind of switch, for various inflammatory signals, including those leading to activation of inflammasome and activation of several cytokines.

Inflammasomes play a key role in inflammation, for which reason they have great potential as an important drug target for several challenging indications. A key drug target of this type, combined with recent research breakthroughs within this field, stimulates curiosity and spurs the search for new medications. This becomes evident in part in the initiatives and business arrangements already occurring during the early development of this field.

Aqilion has chosen an indirect approach to accessing the inflammasome via TAK1, thereby differentiating itself from other companies working in chronic inflammation. Furthermore, TAK1 activates more cytokines released from inflammasomes, making TAK1 a powerful inhibitor. The advantage of Aqilion's approach is the broader anti-inflammatory potential, which paves the way for developing new therapies for more indications that currently lack treatment.

During the year, Aqilion chose rheumatoid arthritis (RA) as a model of one of the relevant diseases for the Alnitak program. The purpose was partly to prove the potential of the program for the first time, and partly because there are accepted models of RA that facilitate the comparison of the effect with other drug programs and with which potential future partners are familiar. The results showed that Aqilion had obtained effective molecules. In the experiments, the molecules were also tolerable and competed very well with existing drugs used to treat RA.

There are a number of interesting indications for which the Alnitak program could potentially make a big difference – not only to find new treatments for indications that currently lack good treatment, but also for groups of patients within a particular indication who do not respond to any treatment. Some RA patients become resistant to their treatment as time passes, while others simply do not achieve the desired effect. Although a number of biological drugs and new effective small-molecule drugs, such as JAK inhibitors, are currently available, a subset of RA patients represents an interesting patient group for Aqilion even beyond the early development of the Alnitak program.

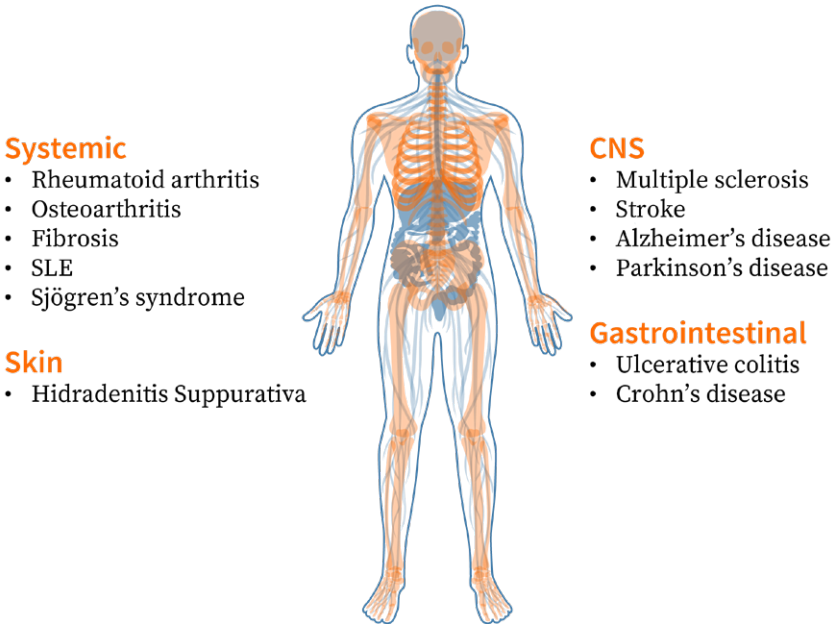


Figure 1. The Alnitak program has great future potential in a number of autoimmune and inflammatory diseases that currently lack effective treatment.

Aqilion's business model delivers value in the offering to the customer by identifying promising innovative pharmaceutical projects and developing them to proof-of-concept in clinical trials. This means that Aqilion chooses projects that have great potential to attract biotech and pharmaceutical companies to collaborate, buy, or license the projects at an early phase.

Each new project is initiated and run by Aqilion's team. The business model is based on an early focus on the biology underlying chronic inflammation, patient need and a clear logic based on scientific and preferably clinically verified data that show why a certain drug candidate can make an effective difference for a specific illness. Aqilion always aims to achieve close collaboration with the innovator, regardless of whether the project is developed in-house, or initiated by an industrial partner.

The unique and innovative aspects of each project are also verified with the assistance of external experts and opinion leaders within each indication.
The expense side of the business model is primarily driven by the development of Aqilion's projects. In this model, revenue and return are generated through collaboration with industrial partners, licensing agreements, or by selling projects. In individual cases, additional investments from external venture capital may be necessary before the project can reach the level of maturity that generates a return.

"It is inherent to the nature of innovative research and development that the probability of success and the timing of future value-creating events rarely follow a straight line and are difficult to predict.

Choosing the right project is the single most important parameter for success

Choosing the right projects is the key to success for Aqilion's business model. New project ideas are generated internally at Aqilion and sometimes in collaboration with external parties. We analyze and monitor international patent databases, news from clinical trials and the latest on the research front in chronic inflammation in order to identify potential projects. In addition, we actively explore ideas by interacting with academic groups and experts with leading-edge expertise in the field of inflammation at the interface with immunology.

The choice of project is crucial. To guide the company in making such a choice, Aqilion has clarified its method, adopted a strategy and set a series of criteria that link our clear focus on chronic inflammation to the efficacy targets required to develop a new drug that makes a clear difference for the patient.

Briefly, our strategy for choosing projects is based on the biology underlying inflammation. To address the mechanisms that drive chronic inflammation, Aqilion has chosen to focus on cytokines, which act as messengers of inflammation in the body. By blocking the signal that is triggered in our cells in response to cytokines, it is possible to reduce inflammation. We have chosen to use small molecules that are efficiently absorbed by the cells in which they reach their target and exert their effect. Aqilion focuses specifically on kinases as the target with which our drugs should interact. Kinases are a group of enzymes that exert their action in response to signaling pathways triggered by cytokines. By choosing the right kinase, the effect of not only one cytokine, but groups of cytokines, can be substantially reduced.

Several inflammatory diseases are driven by a group of cytokines; the probability of developing more effective drugs increases when the correct kinase is matched with the cytokine patterns in a particular disease.

The evaluation process, which is based on the overarching project criteria, usually begins with a pre-project phase, during which the Aqilion team delves into the project to gain an understanding of its unique challenges and opportunities. In this phase Aqilion can invest resources to further evaluate the potential in order to help the project mature into a full-scale project.

The pre-project phase is important to fully understand and create a common vision of the project with advisors, experts and stakeholders in the market. All early pharmaceutical projects will encounter both successes and challenges. Courage and integrity, combined with curiosity and intensive collaborative efforts, are crucial for success. It is important for Aqilion to create an optimal team for each project to manage the interaction over time. Not all projects cross the finish line.

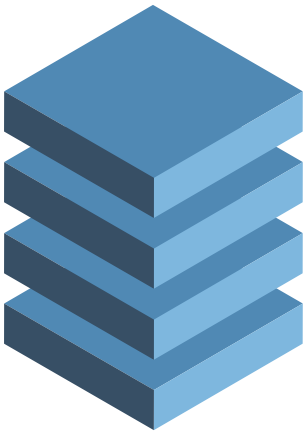
The team must have sufficient knowledge and integrity to be able to discontinue those projects that do not achieve their milestones and that will not create value for Aqilion in the long term.

It is equally important to have the ability to fully leverage those projects that have good potential.

Aqilion's project criteria are based on four cornerstones:

1 We look for projects that fill a defined medical need in the field of chronic inflammation and that are also likely to have good potential for a favorable price point and qualify for reimbursement by authorities and insurance companies in a global market.

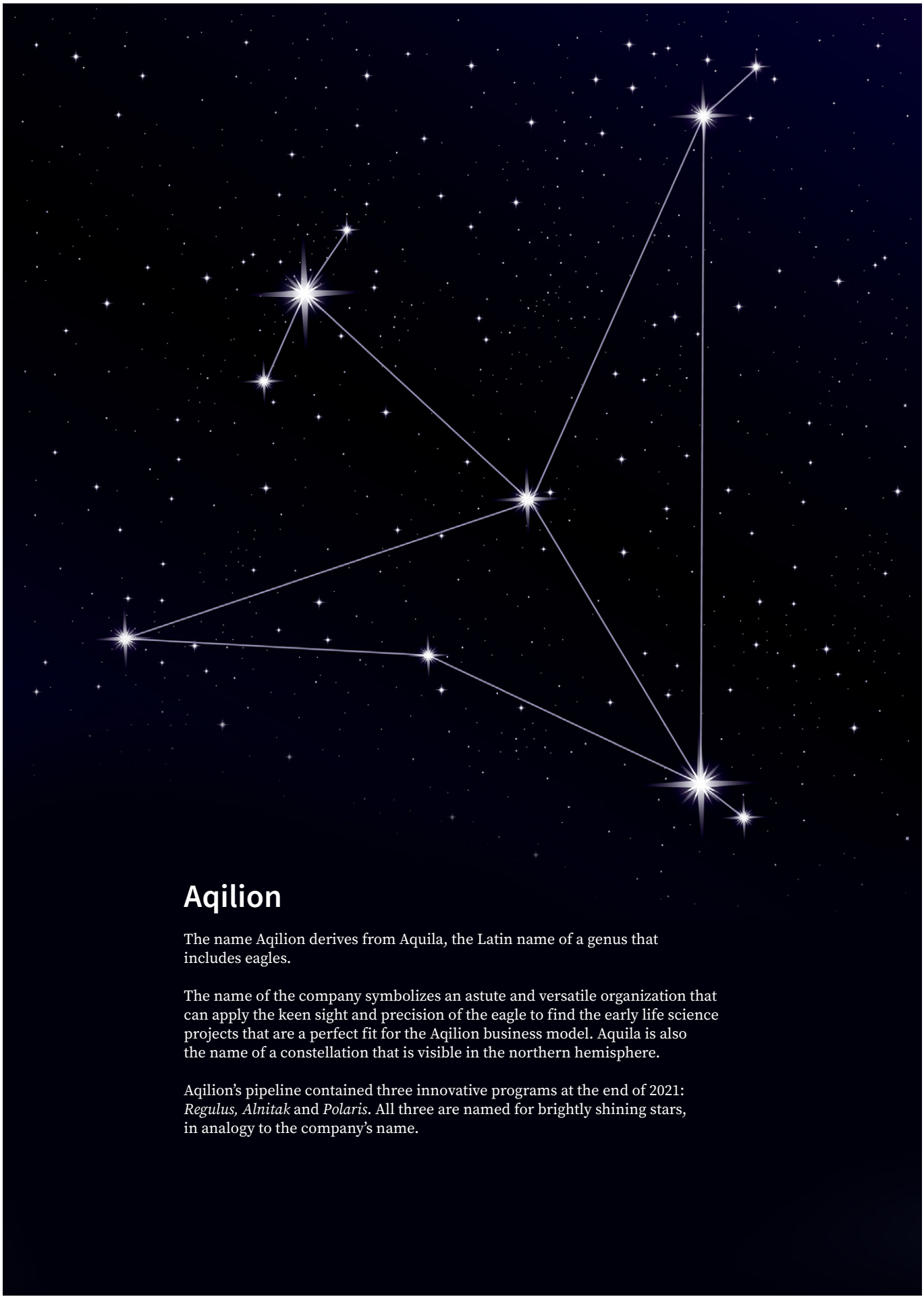
2 We must have an in-depth understanding of and be able to verify underlying biological and clinical principles relating to the project. There must be a clear data-driven scientific rationale behind the choice of the target protein, often a kinase, on which our new drug candidate will exert its effect. Moreover, we should have some understanding of the chemical structure that can act as a starting point when we develop new molecules, or an idea of how to produce a model candidate within a realistic timeframe and budget.



3 It is crucial that there should be a possibility of robust intellectual property (IP) protection and excellent potential to build a strong IP strategy around the project.

4 Since Aqilion invests in ideas at an early stage, it is essential to have a strong industrial focus as a point of departure when considering potential development partners and buyers of the company's projects. Aqilion's projects must be attractive to potential acquirers.

In addition to these four cornerstones, projects are carefully assessed to determine whether they can be optimally developed within the Aqilion business model.



Aqilion

The name Aqilion derives from Aquila, the Latin name of a genus that includes eagles.

The name of the company symbolizes an astute and versatile organization that can apply the keen sight and precision of the eagle to find the early life science projects that are a perfect fit for the Aqilion business model. Aquila is also the name of a constellation that is visible in the northern hemisphere.

Aqilion's pipeline contained three innovative programs at the end of 2021: *Regulus, Alnitak* and *Polaris*. All three are named for brightly shining stars, in analogy to the company's name.

An important year with further increased focus

The year of 2021 was an important year for our projects and our pipeline. Aqilion has now really become a Swedish biotech company focused on chronic inflammation, an area that in itself is huge and includes a wide range of important diseases.

Our research strategy has now been given an even clearer focus. Using antibodies to neutralize individual cytokines, blood-borne "messengers" in the signaling pathways for inflammation, has been one of the pharma industry's greatest successes in recent years. This has led to new treatment options for many patients, but there are also problems that remain to be solved. Many patients do not respond to the new treatments and in others the response weakens over time. To solve this, it might be necessary to inhibit several cytokines simultaneously with some form of combination therapy. Aqilion's strategy for achieving this is to focus on signaling molecules downstream of the cytokines in the signaling pathway. One example is the enzymes called kinases that act as intermediaries and switches inside the cells for the cytokines' inflammatory message.

The in-licensing of the innovative Regulus development program is an important step in this work. The JAK1 inhibitor on which the program is based is such a kinase inhibitor that reduces the signals from not just a single cytokine but from a number, giving Regulus the potential to become a form of all-in-one combination therapy.

At the other end of the business development process, we have had dialogues with a number of large pharmaceutical companies that could potentially acquire our projects in the future. It is encouraging to note that there has been great interest, not least for Alnitak, our TAK1 project where we expect to choose a medical candidate for clinical development in 2022.

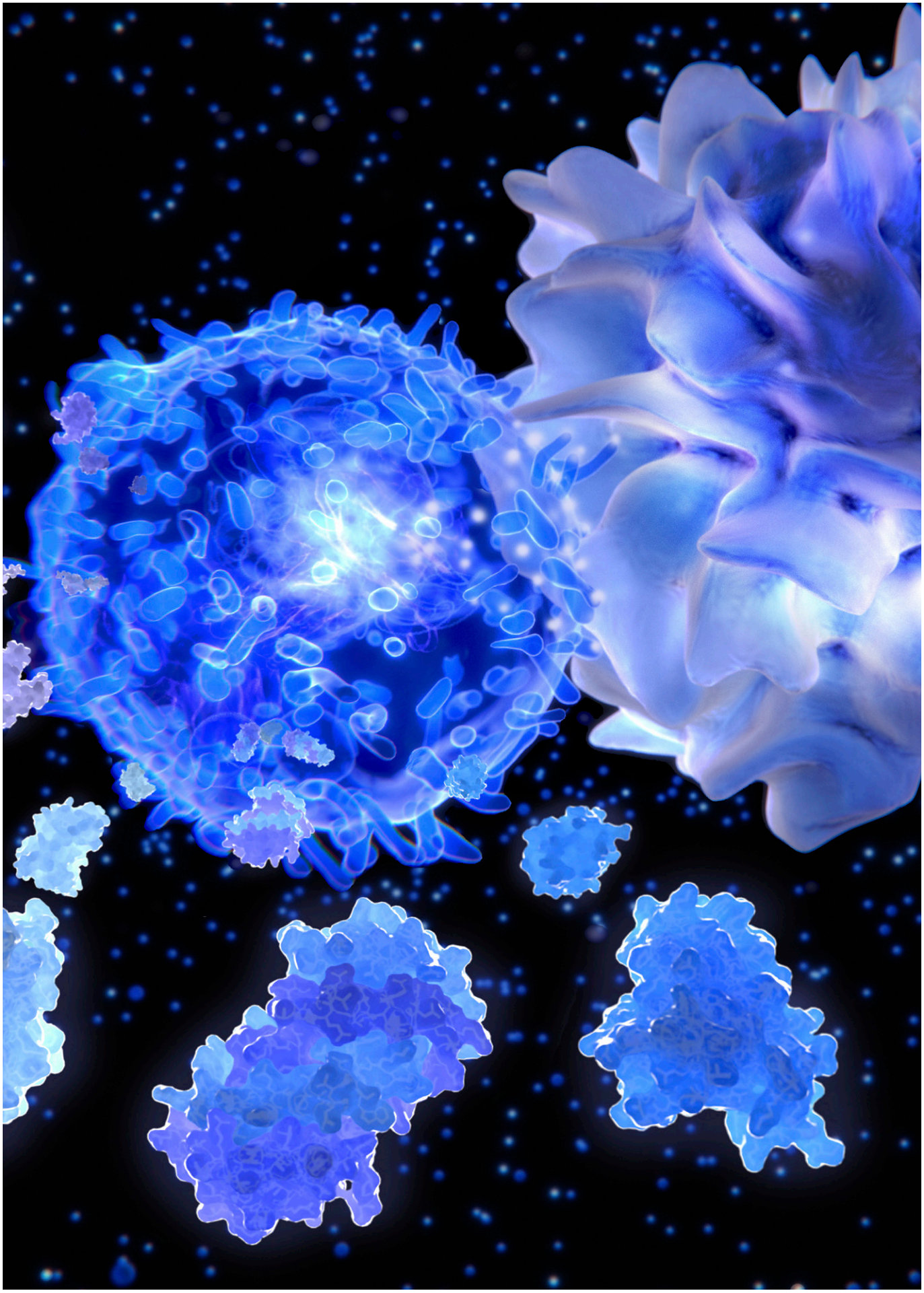
Aqilion also retains ownership stakes in three companies. One of them, Oncorena, secured funding at the end of the year for the first clinical studies of its drug candidate against advanced kidney cancer. We are extremely happy that the long-term investment that we have been an essential part of is now appreciated by others who choose to invest in the company. This constitutes an important validation of the work that has been done.

Efficiency is a keyword for our work. It guides us in the choice of what we work with, and how we work. We focus on key mechanisms in chronic inflammation where we can expect clinical efficacy of our drug candidates. Aqilion's own competences in combination with the leading research groups and companies that are our partners also make it possible for us to achieve results in an efficient way. During the year we have put a lot of effort into developing the forms of collaboration with our partners. Closer cooperation makes it possible to learn from each other more quickly, which is important, not least for a "virtual company" like Aqilion.

We look forward to an exciting and eventful 2022.

Johan Lund
Chairman of the Board and Chief Scientific Officer

> *We can conclude that the strategy change we made in 2019 has begun to yield results. There is of course some left to prove, but it is very gratifying so far. We undoubtedly have a lot to look forward to.*
>
> Johan Lund, Chairman of the Board



Aqilion's pipeline

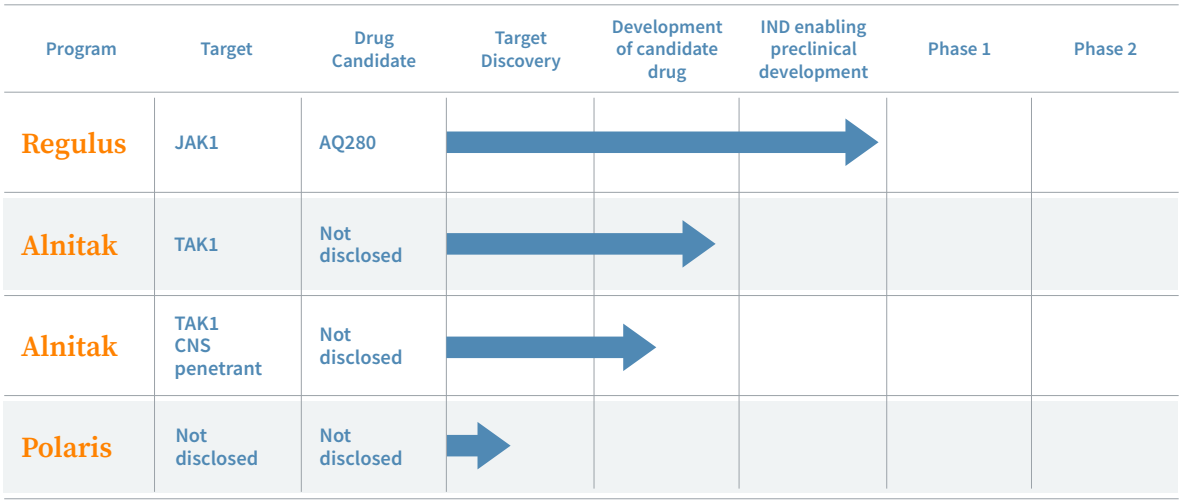
Aqilion develops early-stage ideas with the goal of delivering clinical proof-of-concept and an interesting value proposition for a buyer or partner who can carry out the ongoing clinical development program and take the drug to market. One of Aqilion's objectives is to create a company that is ready to go public, which means that the whole, Aqilion's pipeline and business model, should be clear and attractive from the perspective of the stock market. Our projects should be at the heart of the company's image, keeping stock market stakeholders in mind. These stakeholder groups specifically include current and prospective investors, new shareholders and journalists reporting on the company.

In November, we announced an addition to the company's pipeline through the acquisition of a phase-1 ready anti-inflammatory program from LEO Pharma. With this acquisition, Aqilion has taken over all rights to the development program within the field of chronic inflammation, now under the name Regulus, from LEO Pharma. We plan to begin clinical development in 2022.

In December, we decided to expand the Alnitak program by investing resources in a project that focuses specifically on compounds with the potential to treat inflammatory conditions of the central nervous system (CNS). In order to prioritize projects in the company's pipeline and to make best use of the company's leading-edge expertise, Aqilion also decided to simultaneously close the Alhena oncology project to further focus on drug targets with great potential in inflammatory diseases.

In 2021, within the framework of the Polaris project, we continued to develop our understanding of how we can affect inflammasomes, protein complexes that help to regulate the release of cytokines when cells are exposed to foreign substances. The Polaris project is in a very early phase and will continue to be run more opportunistically as a complement to the more established programs in Aqilion's pipeline.

At the end of the year, Aqilion had three innovative programs in its pipeline, all within the field of inflammatory diseases. The goal is for Aqilion to have a pipeline of innovative programs with a well-balanced risk profile, a clear focus and interesting competitive advantages that increase the potential for long-term value creation. More information about Aqilion's sustainability work can be found on page 14.



As of December 31, 2021

Our research and development programs within the field of inflammation As of December 31, 2021

Regulus

In December 2021, Aqilion acquired the Regulus project from LEO Pharma. Aqilion acquired the entire program, including knowledge, data and intangible assets behind a completely new drug candidate. The compound AQ280 is being developed to be a next-generation selective JAK1 inhibitor. JAK1 is an enzyme, a kinase, that accelerates inflammatory processes; by inhibiting its action, inflammation is suppressed. AQ280 demonstrates very good selectivity in relation to other JAK enzymes, such as JAK2. A selective compound has the potential to optimize efficacy and minimize side effects. Drugs with a similar mechanism of action have shown good clinical efficacy in autoimmune and inflammatory diseases.

Aqilion will develop AQ280 as a potential treatment for eosinophilic esophagitis (EoE), an inflammatory disease of the esophagus. To date, no drugs with this mechanism of action have been developed for EoE and there is a high unmet medical need. Aqilion will run the Regulus program in-house with the aim of starting a Phase 1 safety study in healthy volunteers in 2022, followed by a Phase 2 clinical trial in patients.

Alnitak

The goal of the Alnitak program is to develop an oral medication that specifically binds to and inhibits the TAK1 target protein. It has been shown that TAK1 (MAP3K7) acts as a master regulator of inflammatory signaling. Recent scientific publications have also shown that TAK1 serves as a central mediator of NLRP3 signaling in human cells. NLRP3 is the most studied inflammasome; dysregulated NLRP3 activation is involved in harmful inflammation and linked to many diseases. For more information about inflammasomes, see Polaris.

Aqilion has identified highly potent TAK1 inhibitors through advanced structure-based molecular design. Public domain and internal data suggest that these compounds are among the most potent known TAK1 inhibitors that have drug-like properties. The Alnitak program is based exclusively on internal innovation and is run as a wholly owned program within Aqilion. The project was launched in December 2019. In October 2021, Aqilion presented positive efficacy data from studies in a rheumatoid arthritis disease model with one of its TAK1 inhibitors. This is the first time that a drug-like substance that specifically inhibits TAK1 demonstrates favorable data in a disease model, supporting the biological hypothesis that TAK1 is a relevant target protein for the treatment of autoimmune and inflammatory diseases. In the fall of 2021, Aqilion expanded the program with a project, Alnitak CNS, which focuses specifically on development of TAK1 inhibitors intended for treatment of inflammatory and autoimmune diseases of the central nervous system (CNS).

Polaris

Among the key inflammatory processes is the formation of multiprotein complexes called inflammasomes. Inflammasomes are part of the innate immune system and play a vital role in recruiting immune cells to sites of infection and inflammation. Dysregulated inflammasome activation may promote processes that give rise to autoinflammatory, autoimmune, oncologic, metabolic and chronic diseases.
Among the inflammasomes, NLRP3 is the most studied and has gained attention from both academic researchers and pharmaceutical companies.

Aqilion has identified a novel pharmacological strategy for selectively modulating NLRP3 inflammasome signaling. The Polaris program has the potential to be first in its class with this novel mechanism of action, thus providing a clear differentiation in a highly attractive field. Polaris was launched in September 2020 and is currently in the early research phase.

> *All programs in Aqilion's pipeline follow a well-defined strategy on both biological and medical grounds, as well as patient needs.*

Board of Directors

The members of Aqilion's Board of Directors have a wide range of skills and experience to ensure the long-term development and strategic governance of the Company.

Johan Lund *Chairman since 2018*

Education: M.D., Ph.D. 1986 Karolinska Institutet; Post-doctoral studies 1987-1989 UT Southwestern Medical Center, Texas; Associate Professor 1990 Karolinska Institutet; Professor 1996 University of Bergen.
Experience and prior assignments: Dr. Johan Lund has many years of experience from executive positions in pharmaceutical research and development. He is the CEO and founder of KyNexis Medicine Development AB and the founder of MBS Pharma AB. Most recently, he was Vice President of Translational R&D at Celgene, in Cambridge, Massachusetts, USA, with responsibility for early research and development in inflammation and immunology. Previous positions include Chief Scientific Officer, Immunoscience Research Unit at Pfizer, Cambridge, Massachusetts, as well as 14 years at AstraZeneca in executive positions in Sweden and the UK as Vice President CNS & Pain Innovative Medicines Science and Vice President Respiratory and Inflammation Research. He has served as Vice President, Chief Scientific Officer for AQILION AB since March 1, 2021.
Other current assignments: Board member of Olink Proteomics AB, Genagon Therapeutics AB, NEOGAP AB, Pelago AB, KyNexis Medicine Development AB and MBS Pharma AB.
Born: 1957
Holdings: -

Roland Andersson *Board member since 2018*

Education: Medical degree 1981 at Lund University, Specialist in General Surgery 1987, Professor of Surgery at the School of Medicine, Lund University in 2000.
Experience and prior assignments: Professor Andersson's clinical work and research focuses on malignancies of the pancreas, liver and biliary tract. He also leads a translational research group with a focus on development of novel biomarker panels for diagnosis, prognosis, assessment, treatment selection and outcomes, as well as on increasing knowledge of the disease itself. He has published about 500 original articles, reviewed articles and book chapters, and supervised 30 Ph.D. students. He also has an extensive international network and has founded six companies in his role as an entrepreneur.
Other current assignments: Chairman of the Board of Reccan Diagnostics AB, Nordic Biotechnology AB and Board member of Lumito AB.
Born: 1955
Holdings: 6,434 shares.

Marie Lidgard *Board Member since 2014, Member of the Remuneration Committee since 2020*

Education: Bachelor of laws degree. Served in Stockholm District Court.
Experience and prior assignments: Marie Lidgard has more than 30 years of experience in the financial sector, i. e. as CEO of the Swedish Investment Fund Association. In recent years, she has been active as an investor and founder of several new companies and currently she sits on the Board of Directors for several companies.
Other current assignments: Senior partner at Lavindia AB. Chairman of Fundrella AB. Board member of Von Euler & Partners Kapitalförvaltning AB, Hypoteket Fondförvaltning AB, KONSTAB Film och teater AB, Dreams Securities AB, MoM Lidgard AB and Lavindia AB.
Born: 1956
Holdings: 21,715 shares through company.

Martin Olovsson *Board Member since 2019, Chairman of the Remuneration Committee since 2021*

Education: B.Sc., Business Administration, Lund University 1992.
Experience and prior assignments: Martin Olovsson is CEO of OnDosis, a medtech/healthtech company which he co-founded in 2017. Before this, Martin acquired many years of managerial experience in the pharmaceutical industry with responsibility for portfolio and product strategies, life cycle management, bridging functions such as science and marketing and ensuring commercial excellence. Martin has extensive experience from in- and out-licensing of both pharmaceuticals and technologies. Between 1992 and 2017 he held several international positions within AstraZeneca, including President of the Nordic/Baltic marketing company and Global Vice President of Inhaled Respiratory franchise.
Other current assignments: CEO of OnDosis. Board member of WntResearch AB and IP Enabler AB.
Born: 1967
Holdings: 1,500 shares.

Gunilla Savring *Board Member since 2021, Member of the Remuneration Committee since 2021*

Education: Executive MBA, EFL (Executive Foundation Lund), as well as studies in marketing and communication at Lund University.
Experience and prior assignments: Gunilla Savring has many years of experience from leading positions in management and investor relations at development and growth companies such as Axis Communications, Precise Biometrics and Clinical Laserthermia Systems within the IT, pharmaceutical and chemical technology sector. She has also experience from serving on the board of several listed companies.
Other current assignments: CEO and senior consultant in her own company. Board member of aXichem AB and Incendia AB.
Born: 1962
Holdings: -

Andreas Segerros *Board member since 2018*

Education: M.Sc. in Biotechnology and Biomaterials, Royal Institute of Technology (KTH), 1984; M.B.A. Uppsala University 1992.
Experience and prior assignments: Andreas Segerros has spent most of his career with global pharmaceutical companies. He has many years of experience from international executive positions at Pharmacia Corporation, Pharmacia & Upjohn and Ferring in research & development, marketing and business development in the US, Europe and Japan. He also has experience as a venture capitalist while working as a venture partner and partner at Sunstone Capital. He has made numerous investments in successful growth companies in the life science sector.
Other current assignments: Active as one of the founders of Eir Ventures Partners AB. Chairman of the Board of Oncorena Holding AB and Oncorena AB, Board member of Eir Ventures Partners AB and Merigen AB.
Born: 1960
Holdings: -

Management team

Aqilion is run by a team, led by the CEO, with the support of key consultants and partners. The main tasks involve exploring and evaluating new project ideas as well as leading and driving the project development process. The Management team is composed of individuals with extensive experience in the pharmaceutical industry. They have different backgrounds and areas of expertise that enable them to provide projects with both strategic and practical support. Together with Project Managers and selected specialists, the team actively works on projects from idea to exit.

The team also coordinates administration, operations and communication related to both Aqilion and the projects, which facilitates cost-efficient allocation of resources and efficient operations.

Sarah Fredriksson *Chief Executive Officer*

In current position since 2017.
Education: Ph.D. in Biochemistry in 1999 and M.Sc. in Chemistry in 1993 from the Faculty of Engineering (LTH), Lund University.
Experience and prior assignments: Sarah Fredriksson founded Genovis AB and during her time as CEO for more than 15 years, Genovis' product concept was developed and launched and the company was listed on First North, Nasdaq OMX Nordic. She has many years of experience from research and development in biotech from both academia and industry. For several years now, she has been active as an entrepreneur, CEO and board member in unlisted and listed life science companies such as Respiratorius AB (publ), Edvince AB, Genovis AB (publ), Lunds University and SwedenBIO AB.
Other current assignments: Board member of LU Holding, Faculty of Engineering (LTH).
Born: 1968
Holdings: 2,300 shares.

Susanna Dahlgren *Senior Director Project Management*

In current position since 2018.
Education: Ph.D. in Clinical Immunology from Karolinska Institutet in 1998 and M.Sc. in Microbiology from Stockholm University in 1994. PMP (Project Management Professional) certified in 2011.
Experience and prior assignments: Susanna Dahlgren has many years of experience in academic research and drug development and specializes in project management, medical affairs and scientific communication. She has previously held international management positions at AstraZeneca, ALK in Denmark and Polypeptide Group in Sweden.
Other current assignments: None
Born: 1968
Holdings: -

Carina Eldh *Chief Controlling Officer*

In current position since 2019, employed since 2011.
Education: Secondary school economics 1989, graduate in accounting 1999, certified controller 2021.
Experience and prior assignments: Carina Eldh has more than 20 years of experience in accounting, auditing and taxation and has previously held positions at KPMG and other auditing and advisory firms, the Swedish Tax Agency and Öresundskraft.
Other current assignments: None
Born: 1970
Holdings: -

Martin Johansson *Senior Director Medicinal Chemistry*

In current position since 2019.
Education: Ph.D. in Organic Chemistry 2002, Associate Professor in Organic Chemistry 2007, and Master's degree in Chemical Engineering 1997, Lund University.
Experience and prior assignments: Martin Johansson has been involved with Aqilion since 2012 as project manager for the former project company Glactone Pharma AB. He has 20 years of experience in medicinal chemistry and preclinical drug discovery and development. Previously, he has held the position of Chief Scientific Officer at Respiratorius AB and Senior Research Scientist at AstraZeneca, Discovery R&D.
Other current assignments: Board member of Selcis Biopharma AB.
Born: 1971
Holdings: -

Fredrik Lindgren *Vice President, Chief Business Officer*

In current position since 2018.
Education: Ph.D. in Chemistry, 1994 and B.Sc. in Chemistry 1989, Umeå University.
Experience and prior assignments: Fredrik Lindgren's background is in the pharmaceutical industry, with experience from key positions in areas such as business development processes at AstraZeneca and LEO Pharma. among others. Most recently he held the position of Senior Director, Head of Global Business Development, at LEO Pharma.
Other current assignments: None
Born: 1967
Holdings: -

Johan Lund *Vice President, Chief Scientific Officer*

In current position since May 2021.
Education: M.D., Ph.D. 1986 Karolinska Institutet; Post-doctoral studies 1987-1989 UT Southwestern Medical Center, Texas; Associate Professor 1990 Karolinska Institutet; Professor 1996 University of Bergen.
Experience and prior assignments: Dr. Johan Lund has many years of experience from executive positions in pharmaceutical research and development. He is the CEO and founder of KyNexis Medicine Development AB and the founder of MBS Pharma AB. Most recently, he was Vice President of Translational R&D at Celgene, in Cambridge, Massachusetts, USA, with responsibility for early research and development in inflammation and immunology. Previous positions include Chief Scientific Officer, Immunoscience Research Unit at Pfizer, Cambridge, Massachusetts, as well as 14 years at AstraZeneca in executive positions in Sweden and the UK as Vice President CNS & Pain Innovative Medicines Science and Vice President Respiratory and Inflammation Research.
Other current assignments: Board member of Olink Proteomics AB, Genagon Therapeutics AB, NEOGAP AB, Pelago AB, KyNexis Medicine Development AB and MBS Pharma AB.
Born: 1957
Holdings: -

Jan Törnell *Vice President, Chief Medical Scientist*

In current position since 2018.
Education: Medical degree, University of Gothenburg, 1985; Ph.D. in Physiology, Faculty of Medicine, Gothenburg, 1990; and Associate Professor in Physiology, 1992.
Experience and prior assignments: Jan Törnell has been involved with Aqilion/P.U.L.S. since 2012 through board positions in portfolio companies, as project manager/CEO and as an innovator. He also has many years of experience in executive positions in the pharmaceutical industry internationally. He has previously held the position of Global Vice President Strategy, Oncology & Infection and Global VP Translational Science at AstraZeneca and was Professor at the Department of Neuroscience and Physiology, Sahlgrenska Academy, University of Gothenburg.
Other current assignments: Chairman of the Board of Glactone Pharma AB, LIDDS AB (publ) and Innoext AB; Board member of Diaprost AB and Abliva AB (publ).
Born: 1960
Holdings: 1,588 shares.

Torgeir Vaage *Vice President, Chief Financial Officer*

In current position since 2020.
Education: Degree in business administration from the Norwegian School of Economics (NHH) and a Ph.D. in Business Administration from the University of California, Berkeley, USA.
Experience and prior assignments: Torgeir Vaage has more than 20 years of combined experience in the life science industry and the financial sector. In recent years, he has worked in Denmark and Norway as CFO and CEO for several small biotech companies with a focus on pharmaceuticals. Prior to that he was a senior analyst and partner at ABG Sundal Collier, senior capital analyst at Handelsbanken and management consultant at AT Kearney in Oslo.
Other current assignments: CFO of Initiator Pharma and Acesion Pharma.
Born: 1964
Holdings: -

New in the Management team

Anneli Hällgren *Senior Director Preclinical Development*
Member of the Management team since January 2022.

Board of Directors' Report

The Board of Directors and the Chief Executive Officer of AQILION AB (publ), company registration number 556623-2095, with registered office in Helsingborg, hereby present the Annual Report for the financial year January 1, 2021 to December 31, 2021. At year-end, the Group consisted of the parent company AQILION AB and its subsidiary AQILION FILIA AB. The subsidiary AQILION FILIA AB was formed in December 2020. The companies have their registered office and headquarters in Helsingborg, Skåne County, Sweden.

OPERATIONS

Aqilion is a public limited company focused on research, development and commercialization of pharmaceutical projects. The company believes that the best source for new therapies and medications involves identifying, shaping and strengthening early innovative research projects. We are looking for ideas that could potentially improve patient quality of life, while generating value for health services and society.

Aqilion identifies ideas that are based on data-driven research where we can understand with reasonable clarity the underlying biology, clinical relevance and patient benefit. We develop early-stage ideas with the goal of delivering clinical proof-of-concept and an interesting value proposition for a future partner who can carry out the ongoing clinical development and take the drug to market.

Since Aqilion does not build up a large fixed organization, but instead adapts to each project, the ability and possibility for good collaborations is another important aspect of the Aqilion model. The business model therefore relies on early involvement and close collaboration between the Aqilion team and external academic researchers, industrial partners and experts to run the project efficiently in terms of both time and budget. Each new project is initiated and run by Aqilion's team.

Aqilion operates from its headquarters in Helsingborg. The Helsingborg office handles all administration for both Aqilion and the projects. Aqilion also has an office at Medicon Village in Lund in order to have a local presence and to facilitate local operational collaborations.

Organization

Aqilion is organized to have the necessary skills and knowledge that an innovative biotech company needs. The organization consists of highly educated employees and consultants with solid experience of drug development. Aqilion's success and long-term value growth depends on high scientific expertise and industrial experience, as well as a cost-effective and flexible organization.

During the year, one new employee was recruited for a position beginning in January 2022, and consultants were contracted. It is important to attract and retain the best talent within the areas of expertise that the company needs. At the end of the year, the Aqilion team consisted of a total of five employees and three consultants with long-term contracts, for a total of eight people, including four women and four men.

Shareholder information

External communication remained at a high level during the year. The purpose of Aqilion's deliberate and consistent communication regarding progress and other events within the company and the project companies is to have an impact both nationally and internationally in order to establish a solid foundation for discussions about new projects and exit work.

Aqilion has regularly published press releases that have been published on the website, LinkedIn and in Aqilion's external newsroom on Cision, *https://news.cision.com/se/aqilion.*

During the year, the CEO or representatives from the operational team have presented Aqilion at several partnering meetings and conferences, such as Bio-Europe.

Environment, sustainability and social responsibility

Aqilion's sustainability work is to include conducting research of the highest quality that contributes to sustainable and innovative solutions to current health challenges. Our ambition is to develop innovative drugs for those patients with unmet medical needs in areas where we have the experience and expertise to successfully contribute to new and effective treatments.

We actively monitor changes in ethical issues related to new science and technologies. Ethical, social and environmental responsibility is an integral component of Aqilion's daily activities. We aim to provide a working environment that promotes health and well-being and a healthy work-life balance.

We strive to integrate economic and social sustainability at all levels of our operations, to continuously improve our processes, quality systems and working environment, and to take measures to prevent environmental impacts from our own operations.

Aqilion is a responsible employer and partner and complies with environmental, health and safety legislation, as well as other legislation relevant to the company's operations. In addition, Aqilion has internal policies to support sustainable business practices and contribute to short and long-term value creation. We only work with partners whose facilities and operations comply with relevant legislation.

Aqilion has chosen to relocate its operations to Oceanhamnen in Helsingborg in the newly built Prisma office building, which is certified to meet the standard for the Gold level of the Miljöbyggnad environmental certification system. Aqilion is not involved in any environmental disputes. No workplace accidents were reported to the Swedish Work Environment Authority in 2021.

Pipeline

As of December 31, 2021, Aqilion has three innovative programs in its pipeline that are expected to play an important role in the treatment of inflammatory diseases which currently lack effective treatment options. Regulus is a Phase-I ready anti-inflammatory program. Alnitak and Polaris are early programs in the research phase.

Key events during the financial year

March

Aqilion strengthened its team in line with the company's research strategy. The current Chairman of the company, Johan Lund, joined the Management team as Chief Scientific Officer on March 1, and mainly contributes his expertise within Aqilion's prioritized field of research, inflammation.

Aqilion strengthened the Alnitak pharmaceutical project in chronic inflammation through expanded collaboration with researchers from the School of Medical Sciences at Örebro University.

June

On June 18, the Annual General Meeting was held, at which the meeting resolved in accordance with the proposals of the Board of Directors and the Nomination Committee.

The following individuals were elected to serve on the Board until the next Annual General Meeting: Roland Andersson (reelection), Marie Lidgard (reelection), Johan Lund (reelection), Martin Olovsson (reelection), Gunilla Savring (new election) and Andreas Segerros (reelection). Johan Lund was elected to serve as Chairman of the Board.

October

Aqilion presented positive efficacy data from studies in a rheumatoid arthritis disease model with one of its TAK1 inhibitors. This was the first time that a drug-like substance that specifically inhibits TAK1 demonstrated favorable data in a disease model, supporting the biological hypothesis that TAK1 is a relevant target protein for the treatment of autoimmune and inflammatory diseases.

December

Aqilion complemented the company's pipeline through the acquisition of a phase-1 ready anti-inflammatory program from LEO Pharma. With this acquisition, Aqilion took over all rights to the program, now under the name Regulus. Aqilion plans to begin clinical development in 2022.

Aqilion decided to expand the Alnitak program by investing resources in a project focused specifically on compounds with the potential to treat inflammatory conditions of the central nervous system (CNS).

Aqilion announced that because of its prioritization of the projects in the company's pipeline, and in order to take best advantage of the company's leading-edge expertise, the company decided to close the Alhena oncology project (in the early research phase) in order to primarily focus on drug targets with great potential in inflammatory diseases.

The Aqilion team invited shareholders and partners to an information meeting. The evening included presentations of the latest news regarding the pipeline and the development of the company, as well as a tour of Aqilion's new premises in the recently built and environmentally certified Prisma office building in Oceanhamnen, Helsingborg.

Significant events after the end of the financial year

On January 19, Aqilion announced that the company had hired Anneli Hällgren as Senior Director Preclinical Development.

In January, Aqilion converted a convertible loan of SEK 5 million plus accrued interest to 15,211 class A shares in Oncorena Holding AB.

Russia's invasion of Ukraine is a tragedy, especially for all of the people who are in the war zone or were forced to flee the country. There is great uncertainty regarding the development of the situation and how it will affect the world economy, both in the short and slightly longer term. Aqilion is closely monitoring the course of events in our world and assesses that the invasion has had no direct impact on operations at the present time.

Share capital development

AQILION AB's share capital as of December 31, 2021, amounted to SEK 2,104,505.50 distributed among 4,209,011 shares. The trend for the share capital over time can be seen in the table below.

Date	Event	Number of shares	Total number of shares	Quota value per share	Increase in share capital	Total share capital	Capital contributed	Price/share
Feb. 1, 2002	Company formation	100,000	100,000	1:-	100,000	100,000.00	100,000	1
Oct. 31, 2003	Split	100,000	200,000	0.5		100,000.00		
June 3, 2004	New share issue	56,000	256,000	0.5	28,000	128,000.00	1,680,000	30
Oct. 23, 2004	New share issue	200,000	456,000	0.5	100,000	228,000.00	6,000,000	30
April 18, 2007	New share issue	84,790	540,790	0.5	42,395	270,395.00	4,239,500	50
May 30, 2007	New share issue	12,000	552,790	0.5	6,000	276,395.00	600,000	50
Sept. 11, 2008	New share issue	100,000	652,790	0.5	50,000	326,395.00	5,200,000	52
Nov. 2, 2009	New share issue	36,852	689,642	0.5	18,426	344,821.00	1,916,304	52
June 1, 2010	New share issue	770,000	1,459,642	0.5	385,000	729,821.00	40,040,000	52
July 3, 2013	New share issue	289,855	1,749,497	0.5	144,928	874,748.50	19,999,995	69
June 11, 2015	New share issue	100,000	1,849,497	0.5	50,000	924,748.50	6,900,000	69
June 9, 2016	New share issue	360,410	2,209,907	0.5	180,205	1,104,953.50	28,832,800	80
March 27, 2018	New share issue	666,368	2,876,275	0.5	333,184	1,438,137.50	99,955,200	150
June 30, 2019	New share issue	1,332,736	4,209,011	0.5	666,368	2,104,505.50	99,955,200	75

FINANCIAL OVERVIEW FOR 2021 - GROUP

REVENUE AND OPERATING PROFIT/LOSS

As of December 31, 2021, the subsidiary AQILION FILIA AB was included in the Group. Aqilion was also one of the major owners in Oncorena Holding AB and Laccure AB as of December 31, 2021. These holdings are accounted for as associates. Previously, the project companies Adenovir Pharma AB and Trophea AB were liquidated on February 15, 2021.

All operations are conducted in the parent company AQILION AB.

EARNINGS AND CASH FLOW

The Group's revenue totaled SEK 0 thousand for full-year 2021 (0).

The Group's revenue for full-year 2021 was SEK 36,911 thousand (29,937). Administrative expenses for the full year totaled SEK 7,459 thousand (8,263), including personnel costs of SEK 3,273 thousand (2,617) and premises, operating and external costs for legal advice and auditing totaling SEK 4,186 thousand (5,646).

The Group's research and development costs amounted to SEK 29,452 thousand (21,674). The increase reflects the change in Aqilion's business concept from a model of direct investment in external project companies to a biotech company conducting in-house projects that are wholly owned by Aqilion. Research and development costs include personnel costs of SEK 8,019 thousand (6,189) and external costs of SEK 21,433 thousand (15,485). External costs include development costs attributable to the Alnitak, Alhena and Polaris projects, as well as Aqilion's work in early "pre-projects."

Other operating income amounted to SEK 1,200 thousand (2,731). This income is mainly attributable to administrative services and project management that was invoiced to Laccure AB. The result from participations in joint ventures and associates was a loss of SEK 3,041 thousand (loss: 7,044), and represents Aqilion's share of the net result for Oncorena Holding AB and Laccure AB, along with an impairment charge to write down the value of the holdings in Laccure AB from SEK 865 thousand to a nominal value of SEK 1, based on the company's uncertain financial position. The consolidated operating loss was SEK 38,752 thousand (loss: 34,250).

Net financial items totaled SEK -10,951 thousand (14,811), related to the change in value of the ownership holdings in AcuCort AB. The holding in AcuCort declined in value during the year, resulting in an impairment charge of SEK 11,254 thousand. The market value as of December 31, 2021, was SEK 14,700 thousand.

The consolidated loss after tax was SEK 49,703 thousand (loss: 19,439) and earnings per share totaled SEK -11.81 (-4.62). Earnings per share are calculated by dividing comprehensive income by the number of shares at year-end.

The Group's cash flow from operating activities for full-year 2021 was SEK -34,501 thousand (-27,351). Cash flow from investing activities was SEK -6,259 thousand (-1,796). During the year, Aqilion invested SEK 1.3 million in a private placement in Laccure, and SEK 5.0 million in a convertible loan in Oncorena Holding AB. This convertible loan was converted into shares in January 2022.

Cash flow from financing activities was SEK -522 thousand (-49).

Balance sheet items and financial position

Consolidated cash and cash equivalents amounted to SEK 52.1 million (93.4). Total assets as of December 31, 2021 amounted to SEK 74.7 million (123.7).

Deferred tax assets on tax loss carryforwards for Aqilion amount to SEK 31.4 million (-25.0) and have not been recognized for reasons of prudence.

Shareholders' equity as of December 31, 2021 was SEK 70.2 million (119.9) and the Group's equity ratio was 94% (97).

AQILION AB's share capital as of December 31, 2021, amounted to SEK 2,104,505.50 distributed among 4,209,011 shares.

The Board of Directors and the Chief Executive Officer continually assess the Group's liquidity and financial resources for both the short and long term. This Annual Report has been prepared based on the assumption that the ability of the company to continue operations during the upcoming 12-month period may be conditional on additional financing during this period.

The Board is planning a rights issue for the company to raise funds for its day-to-day management, as well as development of programs and projects in the pipeline.

Consequently, given the intended rights issue, the assessment of the Board of Directors and the Chief Executive Officer is that the Group will have the necessary liquidity and cash flow for continued operation of the business during the coming 12-month period. However, should this not be the case, there is a risk that it will be necessary to revise and adapt the business plan, in which case the continued operations of the Group may be affected.

FINANCIAL OVERVIEW – Group

Statement of profit or loss (SEK thousand)	2021	2020
Other operating income	1,200	2,731
Operating expenses	-39,952	-36,981
Operating profit/loss	-38,752	-34,250
Net financial items	-10,951	14,811
Profit/loss before tax	-49,703	-19,439
Income tax	-	-
Profit/loss for the year	**-49,703**	**-19,439**
Balance sheet, SEK thousand		
Non-current assets	15,831	28,867
Current receivables	6,781	1,453
Cash and cash equivalents	52,090	93,372
Total assets	**74,702**	**123,692**
Equity	70,194	119,897
Non-current and current liabilities	4,508	3,795
Total equity and liabilities	**74,702**	**123,692**
Statement of cash flows (SEK thousand)		
Cash flow from operating activities	-34,501	-27,351
Cash flow from investing activities	-6,259	-1,796
Cash flow from financing activities	-522	-49
Cash flow for the year	**-41,282**	**-29,196**
Key performance measures		
Working capital, SEK 000	54,946	91,556
Acid test ratio, %	1,500	2,901
Equity/assets ratio, %	94	97
Debt/equity ratio, %	6	3
Share data, SEK		
Earnings per share	-11,81	-4,62
Diluted earnings per share	-11,81	-4,62
Equity per share	16,68	28,49
Dividend	0	0
Number of shares		
Shares, basic	4,209,011	4,209,011
Weighted average number of shares outstanding, diluted	4,209,011	4,209,011
Shares outstanding at end of period	4,209,011	4,209,011

RISKS

Aqilion is exposed to various types of risk that may affect the Group's performance and financial position. The risks can be divided into operational risks and financial risks, which may adversely affect the company. Such risks include:

Risks related to Aqilion and the industry
Risks related to Covid-19
Outbreaks of infectious diseases such as Covid-19, a pandemic that threatens public health, could have a negative impact on the company through delays/disruptions in operations, clinical trials, project development, absence of key personnel, travel restrictions and lockdowns/shutdowns as a result of government restrictions. This can lead to costs and delays beyond the control of the company. Aqilion has not been significantly affected to date.

Funding needs
Aqilion's research and development is capital-intensive. Consequently, the company is dependent on its ability to raise capital to fund planned activities. Delays, terminated cooperation agreements and similar situations could have a negative impact on cash flow, which along with the risk of not being able to raise additional capital, could temporarily stop clinical development and ultimately slow down Aqilion's operations, which would have a negative impact on the business.

Clinical trials
Aqilion runs a number of projects in-house that are at various stages of development. All projects must undergo clinical trials to demonstrate good safety and efficacy results before they can be commercialized.

Should the studies in one or more projects fail to demonstrate the required safety and efficacy, it may not be possible to commercialize them. Clinical trials are carried out in collaboration with consultants. Failure of such collaborative efforts could cause delays or poor results.

Legislation and permits
Changes in permit requirements or legislation could lead to delays and higher costs, as well as delaying commercialization.

Key personnel
Aqilion's key personnel and employees possess a high level of expertise and their extensive experience is important for the company's continued development. The notice period for employees is generally three months, which means that it may be difficult to replace key personnel on such short notice and, ultimately, there may be a risk to projects in terms of delays and perhaps poorer progress.

Patents
Patent protection of Aqilion's innovations is crucial. There is a risk that even if patent protection is in place, it may not provide adequate protection in the future. Should competitors circumvent, or infringe upon, the company's patents, costly litigation could result. In addition, there is a risk that a competitor may accuse Aqilion of patent infringement. Other companies' patents may also limit the use of the patents in question in future collaborations. Any negative outcome from disputes related to intellectual property rights could lead to loss of protection, prohibition from further use of the right in question, damages and high legal costs.

Protection of trade secrets and know-how
Aqilion is dependent on trade secrets and know-how that cannot be protected in the same way as other intellectual property, which can be protected by patents. Aqilion uses confidentiality agreements to protect its trade secrets and know-how, but the company is well aware that it is impossible to fully protect itself from unauthorized disclosure.

Financial risk
Financial risk refers to the negative impact on the company's financial position resulting from financial risk factors. The Board of Directors is ultimately responsible for exposure, management and monitoring of the Group's financial risks, and therefore sets the limits for exposure, management and monitoring of financial risks, which are evaluated and reviewed annually.

PARENT COMPANY

The majority of the Group's operations occur within the parent company, AQILION AB. As of December 31, 2021, the subsidiary AQILION FILIA AB was included in the Group. The previous project companies, Adenovir Pharma AB and Trophea AB, were liquidated on February 15, 2021. Aqilion is one of the major owners in Oncorena Holding AB and Laccure AB, which are accounted for as associates.

The Parent company's net sales totaled SEK 0 thousand (0) for full-year 2021. Operating expenses totaled SEK 36,940 thousand (29,494) and other operating income amounted to SEK 1,200 thousand (2,930). The parent company's operating loss for full-year 2021 was SEK 35,740 thousand (loss: 26,564).

The Parent company's net financial items totaled SEK -25,912 thousand (12,913), related to the change in value of the ownership holdings in AcuCort AB and Laccure AB.
During the year, the value of Aqilion's holdings in AcuCort fell by about SEK -9.4 (+12.8) to SEK 14.7 million (24.1) as a result of the share price trend. Moreover, the Board of Directors decided to take an impairment charge to write down the holdings in Laccure from SEK 17,421 thousand to a nominal value of SEK 1, based on the uncertainty related to Laccure's sale process and based on the company's uncertain financial position.

AQILION AB does not pay any income tax at this time and the loss for the period was SEK 61,652 thousand (loss: 13,651).

Investments in non-current financial assets totaled SEK 6,354 thousand (1,853). The Parent company's cash and bank balances as of December 31, 2021 amounted to SEK 52,065 thousand (92,950).

The Aqilion share

Aqilion had 4,209,011 shares at the end of 2021. The shares are registered in Nordiska Värdepappersregistret (Nordic Securities Depositary).

The 2021 Annual General Meeting resolved to authorize the Board of Directors to decide, on one or more occasions until the next Annual General Meeting, to issue up to 1,052,253 new shares corresponding to 25% of the existing number of shares. In 2021, the Board did not exercise this authorization and at year-end the full authorization remained in place.

Corporate governance

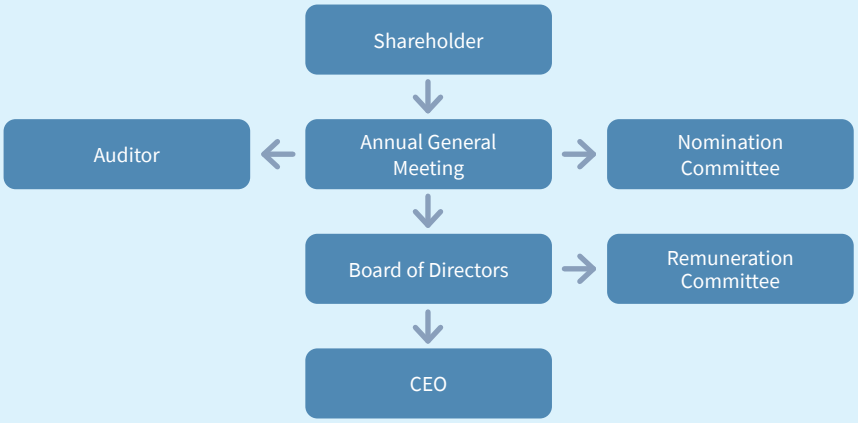
AQILION AB (publ) is a public Swedish limited liability company,
company registration number 556623-2095, with its registered office in Helsingborg.

Corporate governance refers to the rules and decision-making hierarchies that contribute to the efficient and controlled management of the operations of a company, with the aim of meeting the owners' demands for return on invested capital. Corporate governance in Sweden has traditionally been regulated by law. In addition, the industry's self-regulatory bodies have continuously presented various provisions on corporate governance.

The Swedish Code of Corporate Governance ("the Code") issued by the Swedish Corporate Governance Board is not mandatory for Aqilion, but the Board will closely follow the practices developed for the Code and intends to apply the Code in those parts that may be deemed relevant to the company and its shareholders.

The concept of corporate governance describes the decision support system by which the company is governed. Aqilion is committed to maintaining a high standard of governance through the clarity and simplicity of its management systems and governing documents. Governance of the company is based on its articles of association, the Swedish Companies Act and other applicable laws and regulations.

All shares in Aqilion carry the same voting rights, which means that the ability to exercise owner influence as an owner corresponds to each shareholder's stake in the company.



Shareholder structure

The shareholder structure according to the share register as of December 31, 2021, is shown in the table below:

Shareholder	Number of shares	Holdings in %
Longbow Finance S.A.	966,473	22.96
Länsförsäkringar Skåne	888,865	21.12
Länsförsäkringar Göteborg och Bohuslän	400,130	9.51
Aktiebolag Grenspecialisten	250,002	5.94
LMK Forward AB	250,002	5.94
Länsförsäkringar Halland	233,400	5.55
Parkander, Björn	136,580	3.24
Henry Dunkers Förvaltnings AB	109,694	2.61
Grevermond Investments Ltd.	70,736	1.68
Vikow ventures	55,084	1.31
Backsell, Lars	52,858	1.26
Swedocean AB	52,000	1.24
Mikael Lönn	44,000	1.05
Other	699,187	16.59
Total	**4,209,011**	**100.00**

2021 Annual General Meeting

The Annual General Meeting was held on June 18, 2021, in Helsingborg, where 44.58% of the number of shares and voting rights were represented. The Nomination Committee consisted of Christian Ewe (Chair), Helena Arcombe, Linnea Höglund and Malin Ruijsenaars

The Meeting resolved that the Board will consist of five members without deputies. The following individuals were elected to serve on the Board until the next Annual General Meeting: Johan Lund (reelection), Marie Lidgard (reelection), Roland Andersson (reelection), Andreas Segerros (reelection), Martin Olovsson (reelection) and Gunilla Savring (election). Johan Lund was elected to serve as Chairman of the Board.

Due to the ongoing Covid-19 pandemic, the full Board of Directors did not attend the meeting. Aqilion's CEO and the company's auditors were present at the meeting.

RESOLUTIONS

- Adoption of the presented balance sheet and statement of profit or loss for the Parent company.
- The Board of Directors and the Chief Executive Officer were discharged from liability in respect of the company for the 2021 financial year.
- The meeting resolved to pay fees to the Board of Directors in the amount of SEK 210,000 to the Chairman of the Board and SEK 90,000 for each Board member in 2021.
- The meeting re-elected Mazars AB Helsingborg with Andreas Brodström as principal auditor and Bertil Toreson as co-auditor to serve as the Company's auditor until the end of the next Annual General Meeting.
- The meeting adopted instructions for the Nomination Committee.

NOMINATION COMMITTEE

The task of the Nomination Committee is to put forward proposals regarding the election of the Chairperson of the Annual General Meeting, election of the Chairperson and other members of the Board, appointment of auditors and fees paid to the directors and the auditors. The Nomination Committee shall consist of representatives of the four largest shareholders in terms of votes as of September 30 each year before the Annual General Meeting is held. The Chair of the Board of Directors is instructed to contact shareholders as described above as soon as possible after September 30 each year. If any of the four largest shareholders in terms of voting rights chooses to waive the right to appoint a member to the Nomination Committee, or may otherwise be deemed to have waived such right, the next shareholder shall be given the opportunity to appoint a member of the Nomination Committee in turn, provided that no more than a total of ten shareholders need be consulted, unless this is required for the Nomination Committee to consist of at least three members.
It is incumbent upon the Chair of the Board to convene the Nomination Committee.

- Helena Arcombe, appointed by the shareholder Länsförsäkringar Skåne
- Christian Ewe, appointed by the shareholder LMK Forward AB
- Linnea Höglund, appointed by the shareholder Länsförsäkringar Göteborg och Bohuslän
- Katarina Berggren, appointed by the shareholder Grenspecialisten AB

Work of the Board of Directors and organization

The Board of Directors is the company's highest administrative body under the General Meeting. The Board of Directors is charged with the organization of the company and management of its operations. It is also the Board's duty to ensure that the organization in charge of accounting and the management of assets is subject to satisfactory control.

Under the Articles of Association, Aqilion's Board of Directors is to consist of a minimum of zero and a maximum of ten members, with a maximum of five deputies. Directors are elected annually at the Annual General Meeting for a one-year term up until the close of the following AGM. The AGM also appoints the Chair of the Board. The guidelines for the work of the Board of Directors are based on the rules of procedure, which also regulate the allocation of work between the Board of Directors, the Chair of the Board and the CEO. The Board of Directors held its statutory meeting on June 18, 2021. In 2021, the Board held five face-to-face meetings at which the meetings were recorded, a two-day working meeting for strategy discussion and a few telephone meetings.

During the year the Board had six directors. In 2018, the Board established a Remuneration Committee consisting of members of the Board. The members of the Remuneration Committee, until the 2021 Annual General Meeting, were Johan Lund (Chairman) and Board members Marie Lidgard and Martin Olovsson. Beginning at the 2021 Annual General Meeting, the members of the Remuneration Committee have been Martin Olofsson (Chairman) and Board members Marie Lidgard and Gunilla Savring. Other company representatives participate as needed during Board meetings as reporters or in administrative roles. The company's auditor reports annually to the Board of Directors on the audit of the accounts and operations. Remuneration to the Board of Directors was paid with a fee of SEK 210,000 to the Chairman of the Board and SEK 90,000 for each Board member in 2021. The fee is approved by the Annual General Meeting based on a recommendation prepared by the Nomination Committee.

Chief Executive Officer

The Chief Executive Officer is responsible for ensuring that operating activities are handled in accordance with the guidelines and instructions provided by the Board of Directors, as clarified in separate instructions for the CEO. The CEO shall ensure, through satisfactory control systems, that the Company complies with laws and regulations. Moreover, the CEO shall ensure that the Board receives factual, detailed and relevant information necessary for the Board to make informed decisions. In addition, the CEO pursues a continuous dialogue with the Chair of the Board and keeps the Chair informed about the performance and financial position of the company.

Auditors

The company must have two auditors with or without a deputy auditor. The appointment as auditor shall apply until the close of the General Meeting, which is held during the fourth financial year after the election of the auditor. At the 2021 Annual General Meeting, Mazars AB Helsingborg was re-elected as auditor, with Andreas Brodström as principal auditor and Bertil Toreson as co-auditor.

Principles and guidelines for remuneration of senior executives

Guidelines for remuneration of senior executives were adopted by the Annual General Meeting on June 18, 2021, and are in effect until the Annual General Meeting on June 16, 2022. The current principles and guidelines for remuneration of senior executives are presented in Note 9 on page 55 and Note 24 on page 63.

Consolidated statement of profit or loss

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	NOTE	2021	2020
SEK 000s			
Net sales		-	-
Cost of goods sold		-	-
Gross profit/loss		**0**	**0**
Research and development costs	6,7,9	-29,452	-21,674
Administrative expenses	6,7,8,9	-7,459	-8,263
Other operating income	10	1,200	2,731
Profit/loss from participations in joint ventures and associates	15	-3,041	-7,044
Operating profit/loss		**-38,752**	**-34,250**
Financial income	11	475	14,813
Financial expenses	11	-11,426	-2
Profit/loss after financial items		**-49,703**	**-19,439**
Profit/loss before tax		**-49,703**	**-19,439**
Tax on profit/loss for the year	12	0	0
PROFIT/LOSS FOR THE YEAR		**-49,703**	**-19,439**
Profit/loss for the year attributable to:			
Equity holders of the Parent company		-49,591	-19,255
Non-controlling interests		-112	-184
Average number of shares		4,209,011	4,209,011
Earnings per share, basic and diluted, SEK		-11.81	-4.62

There are no items in the Group that are recognized in other comprehensive income, for which reason comprehensive income for the year is in agreement with profit/loss for the year.

Consolidated balance sheet

CONSOLIDATED BALANCE SHEET	NOTE	Dec. 31, 2021	Dec. 31, 2020
SEK 000s			
ASSETS			
Non-current assets			
Right-of-use assets	13	1,131	1,111
Financial assets		-	
Share of equity in joint ventures and associates	15	0	1,802
Other securities held as non-current assets	16	14,700	25,954
Total non-current assets		**15,831**	**28,867**
Current assets			
Receivables from joint ventures and associates		5,367	150
Other receivables		1,258	1,071
Prepayments and accrued income	17	156	232
Cash and cash equivalents	18	52,090	93,372
Total current assets		**58,871**	**94,825**
TOTAL ASSETS		**74,702**	**123,692**
EQUITY AND LIABILITIES			
Equity	19		
Share capital		2,105	2,105
Other contributed capital		313,314	313,314
Retained earnings, including net profit/loss for the year		-245,225	-195,634
Equity attributable to shareholders of the Parent company		70,194	119,785
Non-controlling interests		0	112
Total equity		**70,194**	**119,897**
Non-current liabilities			
Lease liability	20	583	526
Total non-current liabilities		**583**	**526**
Current liabilities			
Lease liability	20	520	536
Accounts payable		1,286	984
Current tax liabilities		-	244
Other liabilities		384	411
Accrued expenses and deferred income	21	1,735	1,094
Total current liabilities		**3,925**	**3,269**
TOTAL EQUITY AND LIABILITIES		**74,702**	**123,692**

Consolidated statement of changes in equity

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

SEK 000s	Share capital	Other contributed capital	Retained earnings incl. profit/loss for the year	Equity attributable to shareholders of the Parent company	Non-controlling interests	Total equity
Amount, Jan. 1, 2020	2,105	313,314	-176,378	139,041	296	139,337
Comprehensive income for the year			-19,256	-19,256	-184	-19,440
Closing balance, December 31, 2020	**2,105**	**313,314**	**-195,634**	**119,785**	**112**	**119,897**
Amount, Jan. 1, 2021	2,105	313,314	-195,634	119,785	112	119,897
Comprehensive income for the year			-49,591	-49,591	-112	-49,703
Closing balance, December 31, 2021	**2,105**	**313,314**	**-245,225**	**70,194**	**0**	**70,194**

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS	NOTE	Dec. 31, 2021	Dec. 31, 2020
SEK 000s			
Operating activities			
Operating profit/loss		-38,752	-34,250
Interest received		475	0
Interest paid		-52	-2
Adjustment for non-cash items	23	3,484	7,044
Cash flow from operating activities before changes in working capital		**-34,845**	**-27,208**
Cash flow from changes in working capital			
Change in operating receivables		-328	-23
Change in operating liabilities		672	-120
Cash flow from operating activities		**-34,501**	**-27,351**
Investing activities			
Dividend received		88	62
Sale of non-current financial assets		7	0
Investment in joint ventures and associates		-6,354	-1,858
Cash flow from investing activities		**-6,259**	**-1,796**
Financing activities			
Amortization of lease liability	20	-522	-49
Cash flow from financing activities		**-522**	**-49**
Cash flow for the period		**-41,282**	**-29,196**
Cash flow for the period		-41,282	-29,196
Cash and cash equivalents at start of period		93,372	122,568
Cash and cash equivalents at close of period	18	**52,090**	**93,372**

Parent company statement of profit or loss

PARENT COMPANY STATEMENT OF PROFIT OR LOSS	NOTE	2021	2020
SEK 000s			
Net sales		-	-
Cost of goods sold		-	-
Gross profit/loss		**0**	**0**
Research and development costs	6,7,9	-29,452	-21,674
Administrative expenses	6,7,8,9	-7,488	-7,820
Other operating income	10	1,200	2,930
Operating profit/loss		**-35,740**	**-26,564**
Profit/loss from financial items			
Profit/loss from participations in Group companies	11	278	0
Profit/loss from participations in joint ventures and associates	11	113	0
Impairment of securities that are non-current financial assets and joint ventures & associates	11	-26,777	12 853
Other interest income and similar profit/loss items	11	476	62
Interest expense and similar profit/loss items	11	-2	-2
Total financial items		*-25,912*	*12,913*
Profit/loss after financial items		**-61,652**	**-13,651**
Profit/loss before tax		**-61,652**	**-13,651**
Tax on profit/loss for the year	12	0	0
PROFIT/LOSS FOR THE YEAR		**-61,652**	**-13,651**

There are no items in the Parent company that are recognized in other comprehensive income, for which reason comprehensive income for the year is in agreement with profit/loss for the year.

Parent company balance sheet

PARENT COMPANY BALANCE SHEET	NOTE	Dec. 31, 2021	Dec. 31, 2020
SEK 000s			
ASSETS			
Non-current assets			
Non-current financial assets			
Participations in Group companies	14	25	25
Participations in joint ventures and associates	15	23,684	39,752
Other securities held as non-current assets	16	14,700	24,056
Total non-current assets		**38,409**	**63,833**
Current assets			
Current receivables			
Receivables from associates and jointly controlled companies		5,367	150
Other receivables		1,258	1,037
Prepayments and accrued income	17	205	283
Summa kortfristiga fordringar		**6,830**	**1,469**
Cash and bank balances	18	52,065	92,950
Total current assets		**58,895**	**94,419**
TOTAL ASSETS		**97,304**	**158,252**
EQUITY AND LIABILITIES			
Equity	19		
Restricted equity			
Share capital		2,105	2,105
Statutory reserve		1,472	1,472
Total restricted equity		*3,577*	*3,577*
Unrestricted equity			
Retained earnings		151,974	165,625
Profit/loss for the year		-61,651	-13,651
Total unrestricted equity		*90,322*	*151,974*
Total equity		**93,900**	**155,551**
Current liabilities			
Accounts payable		1,286	953
Tax liability		0	244
Other liabilities		384	411
Accrued expenses and deferred income	21	1,734	1,094
Total current liabilities		**3,404**	**2,701**
TOTAL EQUITY AND LIABILITIES		**97,304**	**158,252**

Parent company statement of changes in equity

PARENT COMPANY STATEMENT OF CHANGES IN EQUITY						
SEK 000s	Share capital	Statutory reserve	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Belopp vid årets ingång 1 januari 2020	2,105	1,472	98,802	129,843	-63,020	169,202
Resolution from the Annual General Meeting						
to be carried forward			-98,802	35,782	63,020	0
Comprehensive income for the year					-13,651	-13,651
Closing balance, December 31, 2020	**2,105**	**1,472**	**0**	**165,625**	**-13,651**	**155,551**
Amount, Jan. 1, 2021	2,105	1,472	0	165,625	-13,651	155,551
Resolution from the Annual General Meeting						
to be carried forward			0	-13,651	13,651	0
Comprehensive income for the year					-61,651	-61,651
Closing balance, December 31, 2021	**2,105**	**1,472**	**0**	**151,974**	**-61,651**	**93,900**

Parent company statement of cash flows

PARENT COMPANY STATEMENT OF CASH FLOWS	NOTE	Dec. 31, 2021	Dec. 31, 2020
SEK 000s			
Operating activities			
Operating profit/loss		-35,740	-26,564
Interest received		387	0
Interest paid		-2	-2
Cash flow from operating activities before changes in working capital		**-35,355**	**-26,566**
Cash flow from changes in working capital			
Change in operating receivables		-360	-314
Change in operating liabilities		703	31
Cash flow from operating activities		**-35,012**	**-26,849**
Investing activities			
Dividend received		480	62
Investment in Group company		0	-25
Sale of participations in joint ventures and associates		0	0
Investment in joint ventures and associates		-6,353	-1,858
Investment in other securities held as non-current assets		0	0
Cash flow from investing activities		**-5,873**	**-1,821**
Financing activities			
New share issue		0	0
Issue costs		0	0
Cash flow from financing activities		**0**	**0**
Cash flow for the period		**-40,885**	**-28,670**
Cash flow for the period		-40,885	-28,670
Cash and cash equivalents at start of period		92,950	121,620
Cash and cash equivalents at close of period	18	**52,065**	**92,950**

Financial overview – Parent company

FINANCIAL OVERVIEW – Parent company	2021	2020	2019	2018
Statement of profit or loss (SEK thousand)				
Other operating income	1,200	2,930	2,910	3,612
Operating expenses	-36,940	-29,494	-20,007	-14,849
Operating profit/loss	-35,740	-26,564	-17,097	-11,237
Net financial items	-25,912	12,913	-45,923	-9,548
Profit/loss before tax	-61,651	-13,651	-63,020	-20,785
Income tax	-	-	-	-
Profit/loss for the year	-61,651	-13,651	-63,020	-20,785
Balance sheet, SEK thousand				
Non-current financial assets	43,777	63,833	49,096	75,675
Current receivables	1,462	1,469	1,155	751
Cash and cash equivalents	52,065	92,950	121,620	59,383
Total assets	97,304	158,252	171,871	135,810
Equity	93,900	155,550	169,201	132,753
Non-current and current liabilities	3,404	2,702	2,670	3,057
Total equity and liabilities	97,304	158,252	171,871	135,810
Statement of cash flows (SEK thousand)				
Cash flow from operating activities	-35,012	-26,849	-17,866	-9,621
Cash flow from investing activities	-5,873	-1,821	-19,365	-37,212
Cash flow from financing activities	0	0	99,468	104,275
Cash flow for the year	-40,885	-28,670	62,237	57,442
Key performance measures				
Working capital, SEK 000	50,123	91,718	120,105	57,078
Acid test ratio, %	1,730	3,496	4,598	1,967
Equity/assets ratio, %	97	98	98	98
Debt/equity ratio, %	4	2	2	2
Share data, SEK				
Earnings per share	-14.65	-3.24	-14.97	-7.23
Diluted earnings per share	-14.65	-3.24	-14.97	-7.23
Equity per share	22.31	36.96	40.20	46.15
Dividend	0	0	0	0
Number of shares				
Shares, basic	4,209,011	4,209,011	3,542,643	2,543,091
Weighted average number of shares out-standing, diluted	4,209,011	4,209,011	3,542,643	2,543,091
Shares outstanding at end of period	4,209,011	4,209,011	4,209,011	2,876,275

Figures for 2018 have not been restated in accordance with RFR 2, which may entail a lack of comparability.


PARTNERS

Notes

Note 1
General information

AQILION AB, with its registered office in Helsingborg, is a Swedish public limited company with company reg. no. 556623-2095, and is Parent company to the wholly owned subsidiary AQILION FILIA AB, company reg. no. 559293-2718. The company's street address is Henckels Torg 3, Helsingborg.

Aqilion has changed its strategy in recent years and now conducts research and development in-house. The company still retains shareholdings in a few project companies. Aqilion is a biotech company that focuses on developing new innovative treatments for diseases caused by chronic inflammation and dysfunctional immune reactions such as autoimmune diseases. Its mission is to identify innovations based on solid research with clear biological support that will make it possible to develop new drugs that offer both clinical relevance and patient benefit.

This Annual Report and the consolidated financial statements were approved by the Board of Directors on April 28, 2022 and will be presented for adoption at the Annual General Meeting on June 16, 2022.

Note 2
Significant accounting policies

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) and interpretations as adopted by the EU. In addition, RFR 1 Supplementary Accounting Rules for Groups have been applied.

The Parent company has prepared its Annual Report in accordance with the Swedish Annual Accounts Act and the Swedish Financial Reporting Board's recommendation RFR 2 "Accounting for Legal Entities." The recommendation entails that the Parent company applies the same accounting principles as the Group except in cases where the Swedish Annual Accounts Act or current tax rules restrict the possibility of applying IFRS. The differences between the accounting policies of the Parent company and the Group are set out under the Parent company's accounting policies below.

Basis for preparing the financial statements

The Group's functional currency is Swedish kronor (SEK), as is the reporting currency for the Parent company and the Group. Financial reports are always presented in thousands of Swedish kronor (SEK 000s), unless otherwise stated.

Assets and liabilities are recognized at historical cost, except for certain financial assets and liabilities that are measured at fair value. The balance sheet items that are classified as current assets and current liabilities are expected to be recovered and paid within 12 months. All other balance sheet items are expected to be recovered or paid at a later date.

The preparation of the financial statements in conformity with IFRS requires the Board of Directors and management to make estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. These estimates and assumptions are based on historical experience and knowledge of the industry in which Aqilion operates and appear to be reasonable under current conditions. The results of the estimates and assumptions are then used to determine the carrying amounts of assets and liabilities that are not otherwise apparent from other sources. Actual outcomes may differ from these estimates and assumptions. The estimates and assumptions are reviewed regularly, and revisions are recognized in the statement of profit or loss. Judgments made by the Board of Directors and management in the application of accounting policies under IFRS that may have a significant impact on the financial statements, as well as judgments that may result in material adjustments to financial statements in subsequent years are described in more detail in Note 4. The following accounting policies for the Group were consistently applied in all periods shown in the consolidated financial statements unless stated otherwise below.

New and amended standards applied by the Group

New and amended standards, as well as improvements that came into force in 2021, have not had any significant impact on the consolidated financial statements for the financial year.

New and amended standards and interpretations that have not yet entered into force

The new and amended standards and interpretations that have been issued but that are effective for financial years beginning after January 1, 2021 have not yet been applied by the Group. It is management's assessment that when these new standards and interpretations are applied for the first time, they will not have a material effect on the consolidated financial statements.

Consolidated accounts

Subsidiaries are the companies over which the Group has a controlling influence. The Group controls a company when it is exposed to or has the right to a variable yield from its holding in the company and has the ability to affect the yield through its influence over the company. Subsidiaries are consolidated from the date on which the controlling influence is transferred to the Group. They are deconsolidated from the date the controlling influence ceases.
The Group uses the acquisition method to recognize its business combinations. The purchase consideration for the acquisition of a subsidiary consists of the fair value of transferred assets and liabilities incurred to the previous owners of the acquired entity and the shares issued by the Group. The purchase consideration includes the fair value of all assets or liabilities arising from an agreement regarding contingent consideration.
Identifiable acquired assets as well as liabilities assumed in a business combination are measured initially at their fair values on the acquisition date. Acquisition-related costs are expensed as incurred. For each acquisition, the Group determines whether non-controlling interests in the acquiree are carried at fair value or at the non-controlling interest's proportionate share of the carrying amount of the acquiree's net identifiable assets.

Intra-Group transactions, balance sheet items, and unrealized gains and losses on transactions between Group companies are eliminated. Accounting policies of subsidiaries have been changed where necessary to ensure consistency with the policies adopted by the Group.

Non-controlling interests

Transactions with non-controlling interests that do not result in loss of control are recognized as equity transactions, i.e. as transactions with the owners in their role as owners. A change in ownership interest results in an adjustment between the carrying amounts of the controlling and non-controlling interests to reflect their relative

interests in the subsidiary. In the case of acquisitions from non-controlling interests, the difference between the fair value of the consideration paid and the actual share acquired of the carrying amount of the net assets of the subsidiary is recognized in equity. Gains and losses on disposals to non-controlling interests are also recognized in equity.

Foreign currency translation

Functional and presentation currency
Items included in the financial statements of each of the Group's entities are valued using the currency of the economic environment in which the entity mainly operates (the functional currency).
The consolidated financial statements use Swedish kronor (SEK), which is the presentation currency of the Group.

Transactions and balance sheet items
Foreign currency transactions are translated into the functional currency using the exchange rates in effect on the transaction date or the date on which the items were remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at the closing rate are recognized through profit or loss.

Foreign exchange gains and losses that relate to borrowings and cash are recognized through profit or loss as financial income or expense. All other foreign exchange gains and losses are recognized net in Other operating income or Other operating expenses in the statement of profit or loss.

Intangible assets and property, plant, and equipment

Intangible assets and property, plant, and equipment are recognized at cost less depreciation and amortization. Cost includes expenditures directly attributable to the acquisition of the asset. Additional expenses are added to the carrying amount of the asset or recognized as a separate asset only where it is likely that the future economic benefits associated with the asset will flow to the Group and the asset's cost can be measured in a reliable manner.
Expenditures for repairs and maintenance are recognized as expenses through profit or loss over the period in which they arise. The Group currently has no recognized intangible assets or property, plant and equipment other than right-of-use assets relating to leases for premises.

Research and Development
Expenditure on research aimed at gaining new scientific or technical knowledge is recognized as an expense as incurred.
Expenditure on development and testing, in which research findings or other knowledge can be applied to produce identifiable and unique drug candidates, is recognized as an intangible asset when specific criteria have been met relating to the technical feasibility of completing a drug candidate and the company has been able to identify a clear commercial interest and hence probable economic value. The criteria to be met are:

- It is technically feasible to complete the drug candidate so that it can be used.
- The company's intent is to complete the drug candidate and to use or sell it.
- It is possible to use or sell the drug candidate.
- It can be shown how the drug candidate will generate probable future economic benefit and cash flow.
- Adequate technical, financial and other resources to complete the development and to use or sell the drug candidate are available.
- The expenditure attributable to the drug candidate during its development can be reliably measured.

The period when research and development projects are expected to be registered as medicinal products is far in the future, for which reason there is a high degree of uncertainty as to when any probable future economic benefits will accrue to the company. The above criteria are normally considered to be met when development projects achieve market approval.

Directly attributable expenses, which are recognized as part of the drug candidate, include employee expenses and a reasonable proportion of indirect costs. Development costs expensed in prior periods are not recognized as an asset in the subsequent period. Capitalized development costs are recognized as intangible assets and amortized from the date the asset is available for use.

The Board regularly assesses whether to continue capitalization or whether there is a need for impairment. Decisions are made based on a value-in-use assessment which is based on the progress of the projects, the status of patents and ongoing commercial discussions applied to provide an overall picture of the possibility of out-licensing/selling the projects, as well as an estimate of the potential market value.

The Group does not have any capitalized development projects.

Leases

When new leases are signed, a right-of-use asset and a lease liability are recognized in the balance sheet.
The cost is the discounted remaining lease payments for non-cancellable lease periods. Possible extension periods are included if the Group is reasonably certain that they will be used. When discounting, the company uses marginal loan interest rates, which are currently 6.18%.
The lease may change during the lease term, resulting in a revaluation of the lease liability and the right-of-use asset.
Lease payments are split between amortization of the lease liability and payment of interest. The Group's material leases consist of contracts for the rental of office premises. The Company applies the exemption for leases where the underlying asset has a low value and for short-term leases. These leases are expensed in the period incurred.

Participations in joint ventures and associates

Joint ventures and associates are companies in which the Group has a significant but not controlling influence, which generally applies to shareholdings of between 20% and 50% of the voting rights. Investments in joint ventures and associates are recognized under the equity method. Under the equity method, the investment is initially measured at cost. The carrying amount is subsequently increased or decreased to reflect the Group's share of profit or loss and other comprehensive income after the acquisition date. Additions increase the carrying amount and dividends are recognized as a decrease in the carrying amount of the investment.

Financial assets

A financial asset is recognized in the balance sheet when the company becomes a party to the contractual provisions of the instrument.
A financial asset or part of a financial asset is derecognized from the balance sheet when the contractual rights are realized, expire or the company loses control over them.

Classification and measurement

The company's policies for classifying and measuring financial assets are based on an assessment of both the company's business model for managing financial assets, and the characteristics of the contractual cash flows from the financial asset.
Financial instruments are initially recognized at fair value including transaction costs, except for derivatives and instruments belonging to the category of financial assets which are recognized at fair value through profit or loss, which are recognized net of transaction costs.
For the financial years presented, the company has the following categories of financial instruments:

Financial assets measured at amortized cost
Here the company recognizes the assets held within a business model whose objective is to hold financial assets to collect contractual cash flows, and the contractual terms of the assets give rise to cash flows that are only payments of principal and interest on the outstanding amounts at predetermined times. Financial assets measured at amortized cost are included in current assets, except for those items with maturities of more than 12 months after the balance-sheet date, which are classified as fixed assets. After the acquisition date, the asset is measured at amortized cost less any provision for loan losses.

Expected credit losses are recognized on an ongoing basis over the holding period, normally taking into account the risk of credit loss within the next 12 months. In the event of a significant increase in credit risk, a provision is made for the credit losses expected to occur throughout the life of the asset. Aqilion applies the simplified method for calculating credit losses, which is based on historical data regarding the payment patterns and payment capacity of the counterparty. Based on historical data, expected credit losses are considered to be extremely limited.

Financial assets measured at fair value through profit or loss
The Group holds shares in companies whose value is monitored by management on an ongoing basis, for which reason these shares are recognized under financial assets at fair value through profit or loss. Here, the Group recognizes holdings in listed companies that are not joint ventures and associates. This holding has been recognized at fair value. The inputs to the fair value measurement are Level 1, i.e. quoted, unadjusted prices in active markets for identical assets and liabilities available to the company at the measurement date.

Cash and cash equivalents
Cash and cash equivalents, in both the balance sheet and the statement of cash flows, includes cash and bank balances and other current investments with maturities of less than three months from the time of acquisition.

Equity

Share capital
Ordinary shares are classified as share capital.

Other contributed capital
Consists of what has been paid in excess of the quota value in issues.

Issue costs
Transaction costs that can be directly attributed to the issue of new ordinary shares or warrants are recognized net of tax, in equity as a deduction from the issue proceeds.

Retained earnings
Include all historical net earnings after tax excluding non-controlling interest, less dividends paid.

Non-controlling interests
The shares of equity that pertain to non-controlling interest (minority shareholders), which may occur in subsidiaries.

Dividends
The dividend proposed by the Board of Directors reduces earnings available for distribution and is recognized as a liability when the Annual General Meeting has approved the dividend.

Financial liabilities

Financial liabilities measured at amortized cost
The Group only has financial liabilities that are classified and measured at amortized cost using the effective interest method. Initial recognition is at fair value, net after transaction costs. A financial liability is recognized in the balance sheet when the Group becomes a party to the contractual provisions of the instrument.
A financial liability or a part of a financial liability is derecognized from the balance sheet when the obligation in the agreement is fulfilled or otherwise extinguished.

Provisions

Provisions are recognized for legal and constructive obligations attributable to the financial year or previous financial years which, on the closing date, are either secure or probable with regard to their existence, but doubtful with regard to the amount or the time when they should be paid.

Contingent liabilities

A contingent liability is recognized when there is a possible obligation that arises from past events and whose existence is confirmed only by one or more uncertain future events, or when there is a commitment that is not recognized as a liability or provision because it is unlikely that an outflow of resources will be required.

Revenue from contracts with customers

Revenue from contracts with customers is recognized when the performance obligation is met and control of a product or service is transferred to the customer. This assessment shall be viewed from a customer's perspective considering indicators such as transfer of ownership and risks, customer acceptance, physical possession, and the right to invoice. An assessment must also be made as to whether control is transferred at a specific point in time or over time.

Services
The Group currently has limited revenue. The contract that generated revenue during the year was mainly for administrative services to Group companies and associated companies. Revenue for services is recognized over time. Transaction prices for services are represented by payments based on stage of completion. A contract asset arises when performance has been rendered and there is an unconditional right to payment, but invoicing has not yet occurred.

Recognition of public grants

Government grants are recognized at fair value as soon as there is reasonable assurance that the conditions attaching to the grant will be met and that the grant will thereby be received. Grants received to cover costs are recognized under other revenue in the same period in which the costs are incurred.

Employee benefits

Short-term employee benefits

Remuneration paid to employees as salary, bonuses, paid vacation, paid sick leave and pensions, etc., are recognized in line with the time of accrual.

Pension obligations

The Group has defined contribution pension plans. A defined-contribution plan is a pension plan under which fixed contributions are paid to a separate legal entity.

Aqilion has no further payment obligations once the fees have been paid. The fees are recognized as personnel costs as they are earned. The company's obligations in respect of contributions to defined contribution plans are recognized as an expense in profit or loss as they are earned by employees in the course of their employment with the company.

Benefits upon termination of employment

Compensation upon termination of employment is paid when an employee's employment is terminated by Aqilion prior to the normal retirement date or when an employee accepts voluntary severance in exchange for certain compensation. Aqilion recognizes severance compensation when Aqilion is demonstrably obligated either to terminate an employee pursuant to a detailed formal plan without the possibility of recall, or to provide compensation upon termination as a result of an offer made to encourage voluntary severance. Benefits payable more than 12 months after the balance sheet date are discounted to present value.

Borrowing costs

Borrowing costs are recognized in profit or loss in the period in which they arise, since there are no assets in the Group that can be subject to capitalization of interest.

Income tax

Recognition of income tax includes current tax and deferred tax. The tax is recognized through profit or loss, except where it relates to items recognized in other comprehensive income or in equity. In such cases, the tax is also recognized in other comprehensive income or in equity.

Deferred tax is recognized using the balance sheet method for all material temporary differences. A temporary difference arises when the carrying amount of an asset or liability differs from its tax assessment value.

Deferred tax is calculated by applying the tax rate that has been enacted or announced at the balance sheet date and that is expected to apply when the relevant tax asset is realized or the tax liability is settled.

Deferred tax assets are recognized to the extent it is probable that future fiscal surpluses will be available against which the temporary differences can be utilized.

Statement of cash flows

The statement of cash flows has been prepared using the indirect method, whereby net profit or loss is adjusted for the effects of transactions of a non-cash nature, and for items of income or expense associated with investing or financing cash flows. Cash and cash equivalents include cash on hand and immediately available bank balances.

Earnings per share

Calculation of earnings per share is based on consolidated profit or loss for the year attributable to Parent company shareholders and on the weighted average number of shares outstanding during the year. In the calculation of diluted earnings per share, the earnings figure and the average number of shares are adjusted to take into account the dilutive effects of warrants. There is no dilutive effect since earnings for the periods were negative.

Accounting policies of the Parent company

The Parent company applies the same accounting principles as the Group except in the respects set out below.

Classification and presentation

The Parent company's statement of profit or loss and balance sheet are presented in accordance with the schedules of the Swedish Annual Accounts Act. The difference in relation to IAS 1, Presentation of financial statements, that is applied in the preparation of the Group's financial statements mainly refers to the recognition of financial income and expenses, non-current assets and equity.

Participations in Group companies

Investments in subsidiaries are carried at cost, less any impairment losses. Cost includes acquisition-related costs and any additional consideration. When there is an indication that investments in subsidiaries decreased in value, an estimate is made of the recoverable amount. If the recoverable amount is less than the carrying amount, an impairment loss is recognized. Impairment losses are recognized in Profit/loss from participations in Group companies.

Participations in joint ventures and associates and other securities held as non-current assets

Investments in joint ventures and associates are initially recognized at cost, including any transaction expenses that are directly attributable to the acquisition of the shares. Issue proceeds and shareholder contributions are added to the cost. If the fair value is lower than the carrying amount, the shares are written down to the fair value if it can be assumed that the fall in value is permanent.

Financial instruments

The Parent company does not apply IFRS 9 except for the rules for the assessment and calculation of impairment requirements of financial assets. In the Parent company, non-current financial assets are measured at cost, less any impairment and current financial assets at the lower of cost and fair value, less sales costs.

Leases

The Parent company has chosen to exercise the exemption in respect of the application of IFRS 16 Leases, which means that all leases are recognized as a cost on a straight-line basis over the term of the lease.

Group contributions and shareholder contributions

The Parent company recognizes both received and granted Group contributions as appropriations. Shareholder contributions paid are recognized as an increase in the value of shares. An assessment is then made as to whether there is a need for impairment of the value of the shares in question.

Approved amendments to RFR 2 that have not yet entered into force

Management deems that amendments to RFR 2 that have not yet entered into force are not expected to have any material impact on the Parent company's financial statements when they are applied for the first time.

Note 3
Financial risk management

Financial risk management

The Group is exposed through its activities to various financial risks such as market risk (including currency risk, interest rate risk in cash flow and price risk), credit risk and liquidity risk.
The Group's overarching risk management policy, which was adopted by the Board of Directors, is to strive for minimal adverse effects on financial performance and position.

The information below relates to the Group, which corresponds in all material respects to the information for the Parent company.

Market risk

Currency risk
Aqilion's revenues and the majority of its costs are denominated in Swedish kronor (SEK). The company uses SEK as both its functional and reporting currency, which limits the company's exposure to currency risk at this time.

If the SEK had weakened or strengthened by 10%, with all other variables held constant, the restated profit after tax at December 31, 2021, would have been SEK 66 thousand (46) higher or lower, mainly as a result of gains and losses on the translation of current receivables and liabilities.

Interest rate risk in cash flow
Interest rate risk is the risk that the value of financial instruments will fluctuate because of changes in market interest rates. The Group currently only has interest-bearing financial assets in the form of bank deposits and interest-bearing liabilities in the form of lease liabilities.

Calculated on the basis of financial interest-bearing assets and liabilities with variable interest rates as at December 31, 2021, a one-percentage-point change in market interest rates would affect the Group's earnings by SEK 510 thousand (923).

Price risk
The Group's securities held as non-current assets are measured at fair value through profit or loss. The holding is exposed to price risk. Management monitors developments on an ongoing basis and plans to ensure that other liquidity is available for operating activities.

A change in the market value for AcuCort AB of 20% corresponds to SEK 2,940 thousand.

Credit and counterparty risk

Credit risk is the risk of one party in a transaction with a financial instrument failing to meet its obligation. The maximum exposure to credit risk on financial assets as of December 31, 2021 was SEK 73,415 thousand (120,547). Cash and cash equivalents are only placed in cash accounts or similar and the Group only uses credit institutions with a high credit rating to minimize credit risk.

The company's Investment Policy states that excess liquidity may be invested as deposits with a bank or equivalent credit institution. In addition, investments in interest-bearing securities may also be made in accordance with the guidelines specified in the Investment Policy.

Liquidity risk/financing risk

For Aqilion, liquidity risk entails a lack of sufficient cash and cash equivalents for payment of its obligations. The company's policy is to have sufficient cash and cash equivalents for at least 12 months ahead. Aqilion had liquidity amounting to SEK 52,090 thousand (93,372) as of December 31, 2021.

The maturity structure of the Group's financial liabilities is shown in the table below. The amounts are undiscounted.

Financial liabilities as of December 31, 2021

	Within 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Later than 2 years
Lease liability	149	445	606	0
Accounts payable	1,286	0	0	0
Other liabilities and accrued expenses	193	0	0	0
Total	**1,628**	**445**	**606**	**0**

Development risk

Aqilion is conducting a number of development projects with the aim of identifying drug candidates that have the potential to undergo clinical trials and, ultimately, be approved as new medications. It is not certain that Aqilion will be able to identify compounds that potential partners will consider to have an efficacy and safety profile that is sufficient to justify further development. There is a risk that projects for which collaboration agreements have been signed will have to be discontinued, thereby losing potential revenue opportunities. Aqilion's strategy is to develop projects up to the start of clinical trials and then to enter into agreements with major pharmaceutical companies that will be responsible for clinical development. Even if Aqilion succeeds in developing drug candidates, it is not certain that the company will be able to enter into agreements with commercial parties for further development, or that such agreements can be entered into on terms that are attractive to the company. There is also a risk that future commercial partners may choose to discontinue ongoing collaborations due to situations such as changing market prospects or a change in the competitive situation. Failure to establish or discontinuation of collaborations may entail loss of revenue for the company, which in turn would adversely affect the company's financial position.

Capital risk management

The Group's objective with respect to capital structure, defined as equity, is to ensure the ability of the company to continue as a going concern in order to generate returns for shareholders and benefits for other stakeholders, as well as to ensure that the capital structure is optimal with respect to the cost of capital. Dividends to shareholders, redemption of shares, issuance of new shares, or sale of assets are examples of measures that the company may use to adjust its capital structure.

Changes in the Group's capital are presented in the Consolidated statement of changes in equity.

Consolidated debt/ equity ratio	**Dec. 31, 2021**	**Dec. 31, 2020**
Total interest-bearing liabilities	1,103	1,062
Less: interest-bearing assets	**-52,090**	**-93,372**
Net debt	**- 50,987**	**-92,310**
Total equity	70,194	119,897
Net debt/equity ratio, %	**73**	**77**

Net debt
Interest-bearing liabilities less bearing assets (incl. cash and cash equivalents)

Net debt/equity ratio in percent
Net debt in relation to interest- to equity

Note 4
Critical accounting estimates and judgements

Listed below are the key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of material adjustments to the carrying values of assets and liabilities within the next financial year. The main uncertainty is in non-current financial assets.

The most significant assessments in recognition of leases are the length of the lease term and the discount rate to be used. In establishing the length of the lease, management considers all information available that provides an economic incentive to exercise an extension option, or to not exercise an option to terminate a lease. Options to extend a lease are only included in the lease's length if it is reasonably certain that the lease will be extended. Individual assessments on extensions are made regularly, lease by lease.

The Group's tax loss carryforwards amount to SEK 151,809 thousand (116,854); these have not been valued and no deferred tax asset regarding these loss carryforwards has been recognized. These tax loss carryforwards are only valued when the Group has established a level of profit that management confidently deems will result in a tax surplus. In the event that the Group had the opportunity to recognize a deferred tax asset for the entire tax loss carryforwards, earnings and equity would increase by SEK 31,273 thousand (24,072).
There is no maturity date that limits the utilization of the tax loss carryforwards.

Note 5
Segment information

The financial information reported to the chief operating decision maker, as a basis for allocating resources and assessing the Group's performance, is not broken down by operating segment.

The Group operates as a business unit. The starting point for identification of reportable segments is the internal reporting as reported to, and followed up by, the chief operating decision maker. The Group has identified the CEO as the chief operating decision maker. The internal management and reporting structure comprises only one business unit and the Group therefore has only one operating segment. The Group has individual customers who account for 10% or more of its revenues; see Note 24 for additional information.

Note 6
Operating expenses by type

Operating expenses are presented in the statement of profit or loss with a classification based on the functions "Research and development costs" and "Administrative expenses."

Group	2021	2020
Research and development costs		
Personnel costs	8,019	6,189
External costs	21,433	15,485
Total costs for research & development	**29,452**	**21,674**
Administrative expenses		
Personnel costs	3,273	2,617
External costs	4,186	5,646
Total administrative expenses	**7,459**	**8,263**
Parent company		
Research and development costs		
Personnel costs excl. share-based compensation	8,019	6,189
External costs	21,433	15,485
Total costs for research & development	**29,452**	**21,674**
Administrative expenses		
Personnel costs	3,273	2,617
External costs	4,215	5,203
Total administrative expenses	**7,488**	**7,820**

Research and development costs mainly consist of employee benefits and external costs related to clinical and preclinical research and development activities, as well as costs related to intellectual property rights.

Administrative expenses mainly relate to employee benefits and external costs related to legal advisors, financial consultants, auditors and other administrative services.

Note 7
Leases

The Group's leases that are right-of-use assets relate to office premises and apply from January 1, 2021.

Group	2021	2020
Depreciation/amortization of right-of-use assets	556	0
Interest expense for lease liabilities	52	0
The Parent company's expenses and commitments in respect of leases are set out below.		
Leases in the Parent company		
Lease payments incl. rent for premises, annual cost	650	596
Lease payments are due as follows:		
Within one year	651	865
More than one year but within five years	583	576
Later than five years	-	-
	1,234	**1,441**

The entire lease payment relates to rent for offices in Helsingborg and Lund.
The lease payment is allocated on a straight-line basis over the lease term.

Note 8
Audit fees

"Audit fees" relate to the audit of the Annual Report and accounting records, as well as the administration of the company by the Board of Directors and the Chief Executive Officer, other tasks incumbent on the company's auditor and advice or other assistance resulting from observations made during audits or the performance of such tasks. Everything else is classified as "other assignments."

Group	2021	2020
Mazars AB		
Audit assignment	126	120
Non-audit assignments	50	15
Tax consulting	0	0
Other advisory services	54	0
Total	**230**	**135**
Parent company		
Mazars AB		
Audit assignment	126	89
Non-audit assignments	50	15
Tax consulting	0	0
Other advisory services	54	0
Total	**230**	**104**

Note 9

Employee benefits and personnel information

Group	2021	2020
Employee benefits		
Salaries and benefits	5,632	5,542
Social security costs	1,773	1,606
Pension expenses – defined-contribution plans	1,417	1,360
Total	**8,822**	**8,509**

Parent company	2021	2020
Employee benefits		
Salaries and benefits	5,632	5,542
Social security costs	1,773	1,606
Pension expenses – defined-contribution plans	1,417	1,360
Total	**8,822**	**8,509**

Parent company		
Remuneration of the Board of Directors		
Board fees	623	645
Social security costs	195	184
Total	**818**	**829**
Total Parent company	**9,640**	**9,338**

Average number of employees	2021	men
Parent company, Sweden	5	2
Total	**5**	**2**

Gender balance for Board members and other senior executives	2021	men
Parent company Board of Directors	6	4
CEO and other senior executives	2	1
Boards within the Group	0	0
Total	**8**	**5**

Parent company
The Chairman of the Board received a fee of SEK 210 thousand (210) and the other Board members received SEK 90 thousand (90). The CEO received a salary of SEK 1,619 thousand (1,530) and an occupational pension premium of SEK 323 thousand (312).

Remuneration of senior executives

Remuneration of the Chief Executive Officer and other senior executives consists of basic salary and pension benefits. Participation in incentive schemes is not offered. Bonus programs are offered at the individual level based on company-wide goals, with a maximum of two monthly salaries. In 2021, no bonuses were paid. The Board of Directors resolved after the end of the financial year that a maximum bonus of 85% would be paid in 2022. Some of the Group's senior executives invoice their fees, see Note 24.

The Group only has pension insurance obligations under defined contribution plans.
The company pays fixed fees to insurance companies. Retirement age is 65.

Severance pay

In the event of the dismissal of the Chief Executive Officer, a mutual notice period of six months applies. During the period of notice, the Chief Executive Officer shall be at the disposal of the company for such duties that the CEO has previously performed or is required to perform in the capacity of Chief Executive Officer. Regardless of which of the parties gives notice, the company has the right to relieve the Chief Executive Officer from the position for all or part of the notice period.

Note 10
Other operating income

Group	2021	2020
Sales to joint ventures and associates	1,200	2,605
Other sales	0	126
Total other operating income	**1,200**	**2,731**
Parent company		
Sales to Group companies	0	245
Sales to joint ventures and associates	1,200	2,605
Other sales	0	80
Total other operating income	**1,200**	**2,930**

Note 11
Financial items

Group	2021	2020
Financial income		
Interest income	387	0
Dividend	88	62
	475	62
Financial expenses		
Interest expense	-52	-2
	-52	-2
Change in value financial assets measured at fair value through profit or loss		
Fair value gain	0	14,751
Fair value loss	-11,374	0
	-11,374	14,751
Total net financial items	**-10,951**	**14,811**
Parent company		
Profit/loss from joint ventures and associates		
Impairment	-17,421	0
	-17,421	0
Profit/loss from other securities that are non-current assets		
Impairment of securities	-9,356	0
Reversal of impairment	0	12,853
	-9,356	12,853
Other interest income and similar profit/loss items		
Interest income	391	0
Dividend	476	62
	867	62
Interest expense and similar profit/loss items		
Interest expense	-2	0
	-2	0
Total financial items	**-25,912**	**12,913**

Note 12
Tax on profit/loss for the year

Group	2021	2020
Current tax for the year	0	0
Deferred taxes	0	0
Total tax on profit/loss for the year	**0**	**0**
The differences between recognized tax expense and calculated tax expense based on the relevant tax rate are as follows:		
Profit/loss before tax	-49 703	-19 439
Income tax calculated according to the current tax rate 20.6% (21.4%)	10 239	4 160
Tax effects of:		
Reversal of impairment of financial items	5,516	3,157
Non-taxable income	18	13
Non-deductible expenses	-1	-18
Effect of deficit for which deferred tax assets have not been recognized	-15,772	-7,312
Tax on profit/loss for the year	**0**	**0**

Accumulated tax loss carryforwards for which no deferred tax asset has been recognized in the Group totaled SEK 152,201 thousand (131,225) at the end of the period, of which SEK 0 thousand (14,371) relates to the Trophea Group. These loss carryforwards were eliminated in early 2021 due to liquidation.
There is no maturity date that limits the utilization of the remaining tax loss carryforwards.
No tax has been recognized in other comprehensive income or equity.

Parent company	2021	2020
Current tax for the year	0	0
Deferred taxes	0	0
Total tax on profit/loss for the year	**0**	**0**
The differences between recognized tax expense and calculated tax expense based on the relevant tax rate are as follows:		
Profit/loss before tax	-61,651	-13,651
Income tax calculated according to the current tax rate 20.6% (21.4%)	12,700	2,812
Tax effects of:		
Reversal of impairment of financial items	5,516	2,648
Non-taxable income	-99	13
Non-deductible expenses	-1	-18
Effect of deficit for which deferred tax assets have not been recognized	-18,116	-5,455
Tax on profit/loss for the year	**0**	**0**

Accumulated tax loss carryforwards for which no deferred tax asset has been recognized in the Parent company totaled SEK 152,201 thousand (116,854) at the end of the period.
There is no maturity date that limits the utilization of the tax loss carryforwards.
No tax has been recognized in other comprehensive income or equity.

Note 13
Right-of-use assets

Group	Dec. 31, 2021	Dec. 31, 2020
Opening cost	1,111	0
Additional contracts	576	1,111
Closing accumulated cost	**1,687**	**1,111**
Opening depreciation/amortization	0	0
Depreciation/amortization for the year	-556	0
Closing accumulated depreciation/amortization	**-556**	**0**
Carrying amount	**1,131**	**1,111**

Note 14
Participations in Group companies

Parent company	Dec. 31, 2021	Dec. 31, 2020
Opening cost	13,077	13,052
Acquisitions during the year	0	25
Liquidated during the year	-13,052	0
Closing accumulated cost	25	13,077
Opening impairment	-13,052	-13,052
Liquidated during the year	13,052	0
Closing impairment	0	-13,052
Carrying amount	**25**	**25**

	Percentage	Number of shares	Carrying amount
AQILION FILIA AB, 559293-2718 -Registered office Helsingborg	100	25,000	25

The share of equity corresponds to the voting share.

Note 15
Participations in joint ventures and associates

Group	Dec. 31, 2021	Dec. 31, 2020
Opening carrying amount	1,802	6,988
Investment for the year	1,354	1,858
Adjustment liquidated companies	-115	0
Effect on profit/loss for the year	-3,041	-7,044
Carrying amount	**0**	**1,802**

	Percentage	Number of shares	Share of equity	
			2021	2020
Laccure AB, 556725-2076 - Registered office Gothenburg	27.2	217,337	0	865
Oncorena Holding AB, 556925-5192 -Registered office Helsingborg	30.7	76,265	0	937
			0	**1,802**

The voting share corresponds to the share of equity. If the share of equity is negative, 0 is recognized in carrying amount, which is the case for Oncorena Holding AB. An impairment charge was taken for the value of Laccure AB during the year based on the uncertainty related to the outcome of Laccure's sales process.

Summary of financial information for associates recognized under the equity method:

Laccure AB	2021	2020
Ownership share, %	27.2	25.9
Revenue	0	0
Profit/loss for the year	-3,259	-4,839
Aqilion's share of profit/loss for the period	**-886**	**-1,253**
Effect of rights issue	-656	-1,030
Total share of profit/loss for the year	**-1,542**	**-2,283**
Total non-current assets	1,964	2,566
Total current assets	713	1,386
Total current liabilities	-197	-614
Total net assets 100%	**2,480**	**3,338**
Aqilion's share of total net assets	**675**	**865**
Oncorena Group		
Ownership share, %	30.7	30.7
Revenue	0	0
Profit/loss for the year	-16,918	-15,538
Aqilion's share of profit/loss for the period	**-5,194**	**-4,761**
Effect of rights issue	0	0
Total share of profit/loss for the year	**-5,194**	**-4,761**
Total non-current assets	1,971	1,956
Total current assets	1,529	3,890
Total current liabilities	-2,396	-2,823
Total net assets 100%	**1,104**	**3,023**
Aqilion's share of total net assets	**-4,307**	**937**
Carrying amount under the equity method, joint ventures and associates	**0**	**1,802**
Parent company		
Participations in joint ventures and associates		
Opening cost	59,365	57,507
Investment for the year	1,354	1,858
Disposals/Impairment losses for the year	-19,613	0
Reclassification to Group company	0	0
Closing cost	**41,106**	**59,365**
Opening impairment	-19,613	-19,613
Reversal of impairment	19,613	0
Impairment losses for the year	-17,421	0
Closing cost	**-17,421**	**-19,613**
Carrying amount	**23,685**	**39,752**
Carrying amount: Laccure AB, 556725-2076	0	16,067
Oncorena Holding AB, 556925-5192	23,685	23,685

Note 16
Other securities held as non-current assets

Group	Dec. 31, 2021	Dec. 31, 2020
Opening carrying amount	25,954	11,203
Investment for the year	0	0
Change in fair value	-11,254	14,751
Carrying amount	**14,700**	**25,954**

	Percentage	Number of shares	Carrying amount
AcuCort AB, 556715-5113	16.2	5,069,066	14,700

Parent company	Dec. 31, 2021	Dec. 31, 2020
Opening cost	24,056	24,056
Investment for the year	0	0
Closing impairment	**24,056**	**24,056**
Opening impairment	0	-12,853
Reversal/impairment for the year	-9,356	12,853
Closing impairment	**-9,356**	**0**
Carrying amount	**14,700**	**24,056**

Note 17
Prepayments and accrued income

Group	Dec. 31, 2021	Dec. 31, 2020
Prepaid rent	17	39
Prepaid charges for information databases	63	144
Other items	76	49
Carrying amount	**156**	**232**

Parent company	Dec. 31, 2020	Dec. 31, 2019
Prepaid rent	81	88
Prepaid charges for information databases	63	144
Other items	61	51
Carrying amount	**205**	**283**

Note 18
Cash and cash equivalents

Group	Dec. 31, 2021	Dec. 31, 2020
Cash and cash equivalents comprise:		
Bank balances	52,090	93,372
Parent company		
Cash and cash equivalents comprise:		
Bank balances	52,090	93,372

Note 19
Equity

The number of shares is 4,209,011; each share carries one vote. The quota value is SEK 0.50 per share.

As of December 31, 2021, the registered share capital comprised 4,209,011 ordinary shares with a quota value of SEK 0.50/share; all shares carry 1 (one) vote and all shares are fully paid.
No shares are held by the Company itself or its subsidiaries.

Note 20
Lease liability

Group	Dec. 31, 2021	Dec. 31, 2020
Opening lease liability	1,062	0
Additional contracts	563	1,111
Amortization during the year, affecting cash flow	-522	-49
Closing lease liability	**1,103**	**1,062**
Of which long-term	583	526
Of which short-term	520	536

Note 21
Accrued expenses and deferred income

Group	Dec. 31, 2021	Dec. 31, 2020
Accrued wages and salaries including holiday pay and social security contributions	682	555
Accrued Board fees incl. social security contributions	506	437
Other	547	102
Total accrued expenses and deferred income	**1,735**	**1,094**
Parent company		
Accrued wages and salaries including holiday pay and social security contributions	682	555
Accrued Board fees incl. social security contributions	506	437
Other	547	102
Total accrued expenses and deferred income	**1,735**	**1,094**

Note 22
Financial instruments by category

Group	Dec. 31, 2021	Dec. 31, 2020
Financial assets measured at fair value through profit or loss		
Receivables from joint ventures and associates	5,367	150
Other securities held as non-current assets	14,700	25,954
	20 067	26 104
Financial assets measured at amortized cost	20,067	26,104
Accounts receivable	0	0
Other receivables	1,258	1,071
Cash and cash equivalents	52,090	93,372
	53,348	94,443
Total financial assets	**73,415**	**120,547**

Financial assets measured at fair value through profit or loss
Receivables recognized in joint ventures and associates, SEK 5,367 thousand, relate to a convertible loan and accrued interest paid by Oncorena Holding AB. Conversion to shares in Oncorena Holding AB occurred during the first quarter of 2022. Fair value has been determined according to Level 3.

The Group has financial assets in the form of equities that are measured at fair value through profit or loss. Fair value has been determined using the current rate at the balance sheet date, which entails a Level 1 valuation.

Financial assets measured at amortized cost
The effective interest method has been applied in the valuation of financial assets measured at amortized cost. The Group applies the simplified method for calculating expected credit losses. Under this method, expected losses during the entire term of the receivable are used as a basis for the expected loss provision. The Group currently has very limited accounts receivable and other receivables, for which reason no expected loss provision has been calculated. The carrying amount of financial assets is deemed to correspond with fair value in all material respects.

Group	Dec. 31, 2021	Dec. 31, 2020
Financial liabilities measured at amortized cost		
Accounts payable	1,286	984
Other liabilities	49	44
Accrued expenses	149	149
Total financial liabilities	**1,484**	**1,177**

The Group only has financial liabilities that are classified and measured at amortized cost using the effective interest method. The carrying amount of financial liabilities is deemed to correspond with fair value in all material respects.

Note 23
Non-cash items

Group	Dec. 31, 2021	Dec. 31, 2020
Depreciation/Amortization	556	0
Profit/loss from participations in joint ventures and associates	2,928	7,044
Profit/loss on divestment of Group company	0	0
	3,484	7,044

Note 24
Related party transactions

Remuneration to the Board and Chief Executive Officer is presented in Note 9.
Aqilion's transactions with Group companies are eliminated in the consolidated financial statements.
Aqilion's transactions with associates are set out below.
Purchases from Board members and management functions as described below have been made via invoicing from companies.

Dec. 31, 2021	Sale of services	Purchases	Liability on Dec. 31	Receivable on Dec. 31
Laccure AB	1,200	0	0	0
Johan Lund, Chairman of the Board	0	464	0	0
Management functions without employment relationship	0	869	79	0
Dec. 31, 2020				
Laccure AB	1,629	0	0	250
Oncorena Group	800	0	0	0
Adenovir Pharma AB in liquidation	176	0	0	0
Management functions without employment relationship	0	543	68	0

Remuneration for management functions relates to the company's acquisition of services that are usually performed by key personnel in managerial positions. The Board member's invoicing relates to time spent on consultations within research and development.

There have been no sales to related parties and no loans have been issued to related parties. Disclosures regarding remuneration of senior executives are presented in Note 9. The Parent company's receivable from Group companies amounts to SEK 0 thousand (0).

For the Parent company, other operating income includes SEK 0 thousand (245) in invoicing to Group companies. No purchases have been made from Group companies.

Note 25
Pledged assets and contingent liabilities

There are no pledged assets or contingent liabilities.

Note 26
Significant events after the end of the financial year

On January 19, Aqilion announced that the company had hired Anneli Hällgren as Senior Director Preclinical Development.

In January, Aqilion converted a convertible loan of SEK 5 million plus accrued interest to 15,211 class A shares in Oncorena Holding AB.

Russia's invasion of Ukraine is a tragedy, especially for all of the people who are in the war zone or were forced to flee the country. There is great uncertainty regarding the development of the situation and how it will affect the world economy, both in the short and slightly longer term. Aqilion is closely monitoring the course of events in our world and assesses that the invasion has had no direct impact on operations at the present time.

Note 27
Dividends and appropriation of profit

The Board of Directors proposes that no dividend be paid for the 2021 financial year.

The following proposal for the appropriation of profit will be presented to the Annual General Meeting on June 16, 2022:

The following unrestricted funds (SEK) are at the disposal of the Annual General Meeting:

Retained earnings	151,973,752
Profit/loss for the year	-61,650,660
	90,323,092

The Board proposes that the profits be appropriated as follows:	
Carry forward to new account	90,323,092
	90,323,092

Note 28
Approval of financial reports

The annual accounts and consolidated accounts have been approved for the Board to issue on April 28, 2022. The consolidated statement of profit or loss and statement of financial position, as well as the Parent company's balance sheet and statement of profit or loss will be presented for adoption by the Annual General Meeting to be held on June 16, 2022.

The Board of Directors and CEO hereby certify that the Annual Report has been prepared in accordance with the Annual Accounts Act and RFR 2 "Accounting for legal entities" and provides a true and fair view of the company's financial position and results, and that the administration report provides a fair overview of the development of the company's operations, position and results, as well as a description of significant risks and uncertainties that the company faces. The Board of Directors and Chief Executive Officer hereby certify that the consolidated financial statements have been prepared pursuant to the International Financial Reporting Standards (IFRS) as adopted by the EU, and provide a true and fair view of the Group's financial position and earnings, and that the administration report for the Group provides a true and fair overview of the performance of the Group's operations, financial position and earnings, and describes the significant risks and uncertainty factors that the companies in the Group face.

Assurance of the Board of Directors and the CEO

The Board of Directors and the Chief Executive Officer declare that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the Group's position and performance. The financial statements of the Parent company have been prepared in accordance with generally accepted accounting principles and give a true and fair view of the Parent company's financial position and performance.

Helsingborg, April 28, 2022

Johan Lund
Chairman of the Board

Roland Andersson
Board member

Marie Lidgard
Board member

Martin Olovsson
Board member

Gunilla Savring
Board member

Andreas Segerros
Board member

Sarah Fredriksson
CEO and President

Our Audit Report was submitted on April 28, 2022
Mazars AB

Andreas Brodström
Auditor in charge
Authorized public accountant

Bertil Toreson
Authorized public accountant

Auditor's Report

mazars

To the Annual General Meeting of AQILION AB
Corporate ID no. 556623-2095

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of AQILION AB (publ) for 2021.

In our opinion, the annual accounts and consolidated have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Parent company as of December 31, 2021 and of its financial performance and its cash flow for the year then ended in accordance with the Annual Accounts Act.
The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of December 31, 2021, and of their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and 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 Annual Meeting of shareholders adopt the statement of profit or loss 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.

Considerable uncertainty relating to the going concern assumption

Without prejudice to our statements above, we would like to draw attention to the statement in the administration report under the heading Balance sheet items and financial position. Should the planned rights issue not provide sufficient capital, the Board may be forced to revise the business plan. If the company is unable to raise sufficient funding, there is a significant uncertainty that could raise significant doubts regarding the company's ability to continue its business.

Other information than the annual accounts

The Board of Directors and the Chief Executive Officer are responsible for this other information, which is found on pages 1-31 and 68-70 in this published Annual Report. Our opinion regarding the annual accounts and consolidated accounts does not cover this information, and we make no statement of assurance regarding this other information. In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility 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 on 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 Chief Executive Officer

The Board of Directors and the Chief Executive Officer 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 and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Chief Executive Officer 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 Chief Executive Officer are responsible for the assessment of the ability of the company and the Group to continue as a going concern. They disclose, as applicable, matters related to the ability to continue as a 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 Chief Executive Officer intend to liquidate the company, 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 submit 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.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and, where applicable, the Chief Executive Officer.

- Conclude on the appropriateness of the Board of Directors' and the Chief Executive Officer's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report.
  However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

We must inform the Board of Directors of, among other matters, the planned scope and timing of the audit. We must also inform of significant audit findings during our audit, including any significant deficiencies in internal control that we identified.

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Chief Executive Officer of AQILION AB (publ) for 2021 and 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 Chief Executive Officer 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 Directors and the Chief Executive Officer

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 Chief Executive Officer shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfil 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 Chief Executive Officer 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.

As part of an audit in accordance with generally accepted auditing standards in Sweden, we exercise professional judgment and maintain professional skepticism throughout the audit.
The examination of the administration and the proposed appropriations of the company's profit or loss are based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgment with starting point in risk and materiality. This means that we focus the examination on such actions, areas and relationships that are material for the operations and where deviations and violations would have particular importance for the company's situation. We examine and test decisions undertaken, support for decisions, actions taken and other circumstances that are relevant to our opinion concerning discharge from liability. As a basis for our opinion on the Board of Directors' proposed appropriations of the company's profit or loss, we examined the Board of Directors' reasoned statement and a selection of supporting evidence in order to be able to assess whether the proposal is in accordance with the Companies Act.

Helsingborg, April 28, 2022
Mazars AB

Andreas Brodström
Auditor in charge
Authorized public accountant

Bertil Toreson
Authorized public accountant

Invitation to the 2022 Annual General Meeting

The Annual General Meeting of AQILION AB will be held at *5:00 p.m. on Thursday, June 16, 2022,* at the company's office, Henckels Torg 3 in Helsingborg.

The notice of the Annual General Meeting and the documents for resolutions on matters to be addressed at the Annual General Meeting will be mailed to shareholders by post in May.

Participation in the Annual General Meeting

Shareholders wishing to participate in the Annual General Meeting must be entered in the share register as of June 14, 2022 and must notify the company of their intention to participate no later than June 14, 2022.

Shareholders may register by e-mail carina.eldh@aqilion.com, by phone: +46-(0)70-664 94 77 weekdays between 9:00 a.m. and 5:00 p.m. or by postal mail to: AQILION AB, HETCH, Redaregatan 48, SE-252 36 Helsingborg, Sweden.

Notice of attendance must include the shareholder's name, personal or company registration number, address, daytime phone number and shareholding, as well as information about any advisors (maximum 2), proxies, or representatives.

If the shareholder is represented by proxy, a power of attorney in original form (together with the any authorization documents such as a registration certificate) must be provided to Aqilion before the Annual General Meeting.

Financial calendar

May 27, 2022, Interim Report January-March 2022

June 16, 2022, 5:00 p.m., Annual General Meeting in Helsingborg

August 25, 2022, Interim Report for January-June 2022

November 24, 2022, Interim Report for January-September 2022

February 16, 2023, Year-end Report 2022

Definitions of key performance indicators

Number of employees
Average number of employees during the financial year

Total assets
Total assets of the company

Net sales
The operating income, invoiced costs, side income and revenue adjustments of the business

Profit/loss after financial items
Profit/loss after financial income and expenses, but before taxes

Operating profit/loss
Profit/loss after depreciation/amortization and items affecting comparability, but before financial income and expenses

Equity/assets ratio (%)
Equity as a percentage of total assets

Working capital
Current assets excluding cash and cash equivalents and tax assets, less non-interest-bearing liabilities excluding tax liabilities

Acid test ratio
Total current assets excluding inventory as a percentage of current liabilities

Debt/equity ratio
Interest-bearing liabilities as a percentage of equity

Glossary

Central nervous system (CNS)
The part of the body's nervous system that consists of the brain and the spinal cord

Clinical trial
Drug testing performed on humans. A clinical trial of drugs is carried out in accordance with a trial protocol that has been determined in advance. A study may last from a few weeks up to a year or more, depending on the research question, disease, the nature of the treatment and how easy or difficult it is to recruit study participants. The results of clinical trials are an important part of the documentation required to obtain marketing authorization for medicinal products

Cytokines
When the immune system detects unwelcome intruders in the body, such as virus or bacteria, cytokines are produced to fight these intruders. Cytokines are small proteins that signal the cells to act against the virus or bacteria

Drug target
The structure or molecule which is the target of the medicinal product in the body and which the medicinal product affects in one way or another

Eosinophilic esophagitis (EoE)
EoE refers to an eosinophilic inflammation of the esophagus. The main symptom is difficulty swallowing. Both children and adults can be affected; illness is most common in people aged 20-50 years. The disease is more common in men than in women (3:1)

Healthy volunteers
All drugs must undergo animal studies before they can be given to subjects. Phase 1 clinical trials are carried out on a few healthy volunteers to see whether the drug is tolerated by humans and to get an idea about a suitable dose. This group usually does not include women of childbearing age

Inflammasome
Among the most important inflammatory processes is the formation of a protein complex known as the inflammasome. Inflammasomes are part of the innate immune system and play a vital role by helping to recruit immune cells to sites of infection and inflammation. Dysfunctional inflammasomes are involved in harmful inflammation that can become chronic in many diseases

Inflammation
In simple terms, inflammation is one of the body's defense mechanisms against harmful factors. It entails a complex reaction from blood components that arises when surrounding tissue is subjected to damage. Such damage may be caused by bacteria or viruses that have penetrated the tissue, mechanical damage to the cells, or irritating substances. Inflammation represents the effort made by the organism to remove the disruptive factors and begin the healing process. Inflammation has an acute phase and is sometimes followed by chronic inflammation, which instead of healing can contribute to a number of medical conditions, including cancer, neuroinflammation and Crohn's disease

IFRS
The International Financial Reporting Standards (IFRS) are international accounting standards for reporting financial information from companies and organizations. IFRS are regulated by the International Accounting Standards Board

JAK1
Janus kinase 1 is an enzyme that accelerates inflammatory processes; inhibiting its effect dampens inflammation

Kinases
Kinases are a group of enzymes that catalyze (accelerate) phosphorylation of proteins. Especially significant are those reactions in which the protein that is phosphorylated is an enzyme. Phosphorylation can either turn an enzyme on or off

Phase 1 clinical trial
Studies mainly of the safety and tolerability of a drug. Conducted on a limited number of healthy volunteers or patients

Phase 2 clinical trial
Studies of the safety and efficacy of a drug in clinical practice. Conducted on a large number of patients

Preclinical phase
Studies in preparation for clinical trials of drug candidates

Preclinical trial
Studies conducted in model systems; in other words, not on humans

Pre-project
Aqilion's name for exploratory studies aimed at preparing for the start of new projects

Proof-of-concept in clinical phase
Proof-of-concept demonstrates the efficacy of a drug in humans and is usually carried out in early clinical development during Phase 1 and Phase 2 trials

Research phase
Early research focuses on studying and clarifying the underlying molecular disease mechanisms and formulating drug candidates

TAK1
Transforming growth factor-β-activated kinase 1 (TAK1) is an enzyme, also known as MAP3K7. TAK1 acts as a master regulator of inflammatory signaling

Target protein
A drug target that is a protein. Proteins are substances that build up several important cellular components in the body, such as enzymes

Tolerability
How a person reacts to a medication

This Annual Report has been prepared in Swedish and translated into English. In the event of any discrepancies between the Swedish and the translation, the former shall prevail.

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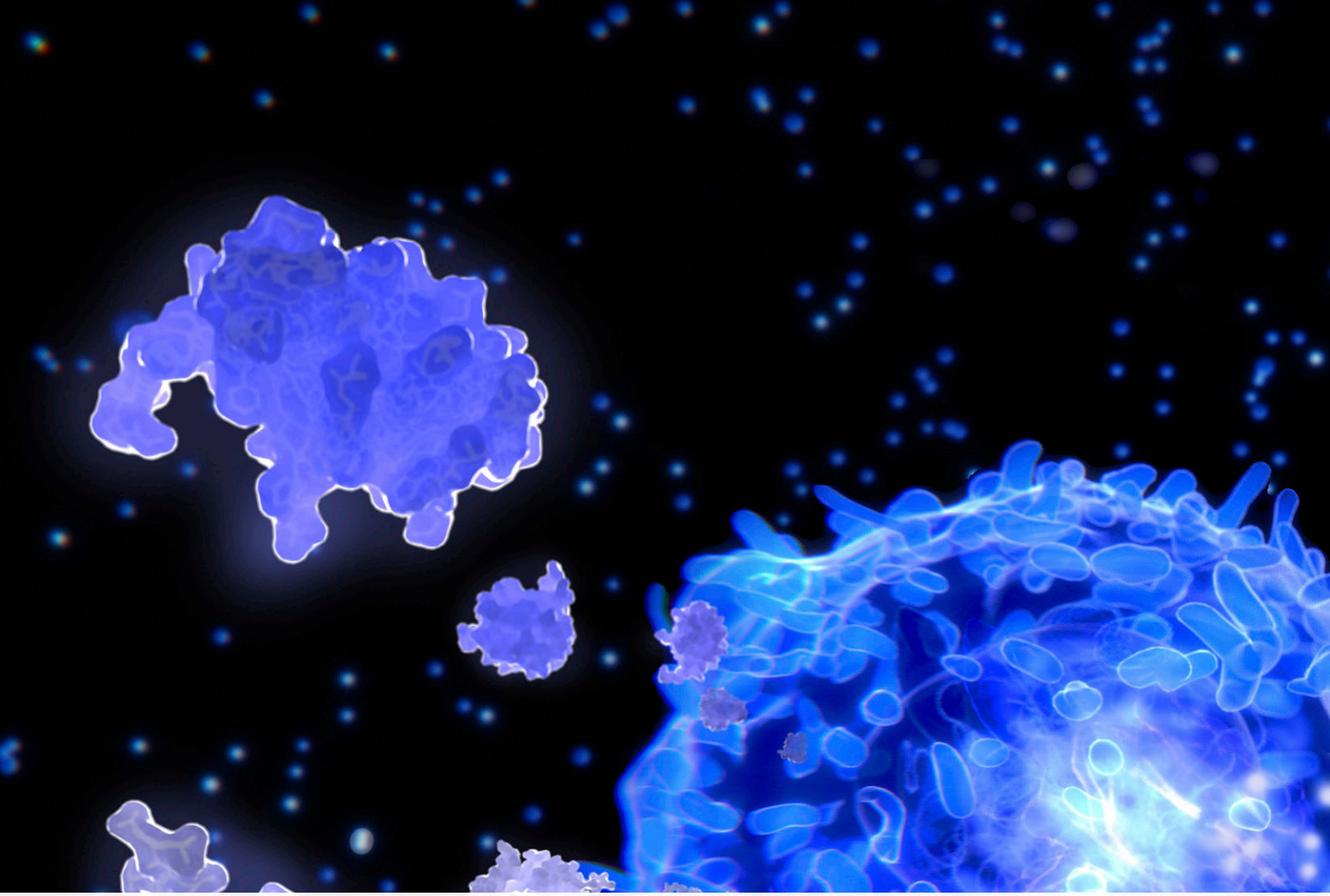

AQILION

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