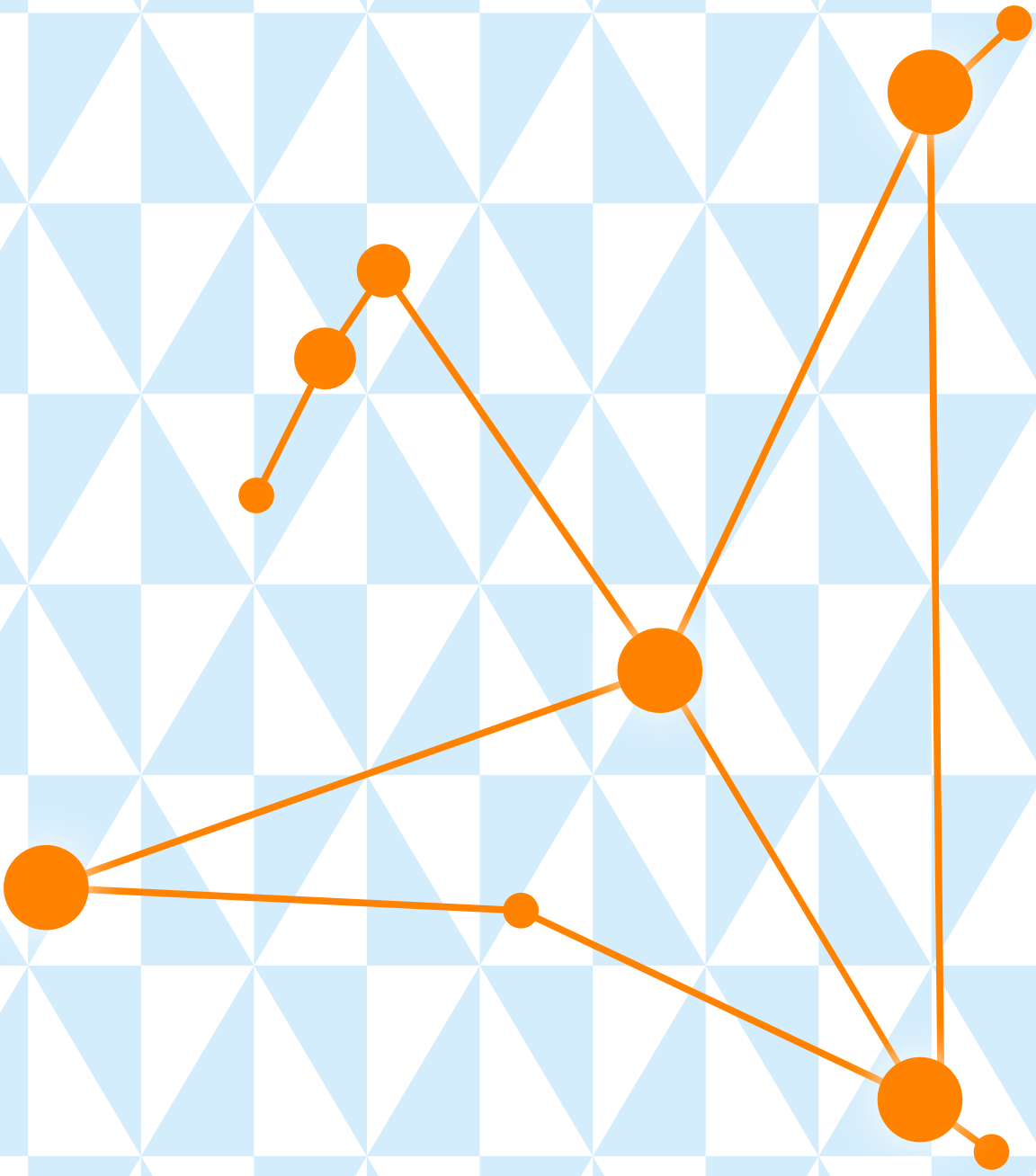

AQILION

2022 ANNUAL REPORT

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2022 Annual Report

Aqilion 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.

Aqilion's scientific basis

Aqilion's strategic goal is to become a powerhouse with the unique ability to discover exciting molecules within our selected clinical areas of chronic inflammation, autoinflammatory diseases and autoimmune diseases.

Chronic inflammation and dysfunctional immune reactions

Aqilion focuses on developing innovative new drugs that can relieve and prevent chronic inflammation.

Inflammation is a body defense mechanism against harmful factors such as bacteria, viruses and mechanical injury to cells. It is the mechanism by which the immune system detects and neutralizes harmful factors and initiates the healing process. Inflammation can be either acute or chronic.

Acute inflammation, in most cases, is of benefit to the body. When our bodies are attacked by a virus or bacteria, or if we sustain an injury, the immune system reacts quickly by causing an acute inflammation that lasts for a limited period of time – as is the case with common conditions such as influenza, pneumonia, or a skin infection. Allergic reactions are also a type of acute inflammation. Once the threat has been eliminated, the inflammation normally stops.

Chronic inflammation, however, is a slow, long-term inflammation that lasts for months or years – or even a lifetime. In such cases, something has gone wrong with the process that regulates inflammation, and instead of being a defense mechanism, the immune system becomes an enemy of the body. Chronic inflammation is an underlying cause of many serious diseases for which we currently lack effective treatment.

Chronic inflammation may result from auto-inflammation, or as a consequence of an autoimmune disease.

Autoinflammatory diseases are rooted in dysfunction of the body's innate immune system, that part of the immune system which serves as the first line of defense against pathogens such as bacteria and viruses. Examples of autoinflammatory disorders include Behcet's disease (inflammation of the blood vessels), Still's disease (a rheumatological disease) and recurrent fever syndromes.

Autoimmune diseases, on the other hand, result from dysfunction of the adaptive, or acquired, immune system. Autoimmune diseases result when the immune system produces antibodies that attack healthy cells in the body and mistakes them for pathogens. Examples of autoimmune diseases include type 1 diabetes, MS and ALS.

Autoimmune and autoinflammatory diseases are sometimes difficult to distinguish from one another, and some diseases cannot be categorized as strictly autoimmune or autoinflammatory. Psoriasis, rheumatoid arthritis and Crohn's disease are examples of diseases with characteristics of both types.

A lengthy array of factors are involved in the inflammatory process. Some of the key actors in this process include **inflammasomes**, protein complexes that are rapidly activated when cells respond to harmful and foreign substances, **cytokines**, bloodborne "messenger proteins," and **kinases**, enzymes that mediate cytokine signals and transmit them from the extracellular environment to the intracellular environment.

Aqilion leverages the latest scientific knowledge to identify innovative interventions that target malfunctioning mechanisms that cause disease rather than healing.

Regulus, the program now in clinical phase, is based on a selective inhibitor of the JAK1 kinase. The program focuses on a chronic disease called eosinophilic esophagitis (EoE), an inflammatory disease of the esophagus for which there is a great need for new treatment options.

Alnitak is based on the inhibition of a different kinase, TAK1, a key mediator of the signals that control auto-inflammation while also affecting the NLRP3 inflammasome. When activation of the inflammasome malfunctions, it can give rise to both autoinflammatory and autoimmune diseases, as well as to cancers. The hope is to provide help for patients who suffer from various diseases that have both autoimmune and inflammatory components, such as rheumatoid arthritis and MS.

Aqilion is a biotech company that focuses on developing innovative new 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, where we, with reasonable assumptions, can understand the underlying biology, clinical relevance and patient benefit.

We have experience in the entire drug development chain.

Aqilion combines procedures and knowledge 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 team and board have successfully shepherded drugs all the way from discovery to market. We run our programs in-house in close collaboration with companies that have specific expertise in drug development, known as Contract Research Organizations (CROs).

We focus on the body's messengers of inflammation

We focus on indications pertaining to chronic inflammatory diseases 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.

We develop medical innovations that attract partners

Our aim is to pursue sustainable drug discovery and to that end, we prioritize by allocating our resources to those development 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 care chain, to acquire external development projects. Our goal is to demonstrate the clinical potential and 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.

We engage in preclinical and clinical development in-house.

Aqilion develops the value in pharmaceutical projects that are in an innovative "discovery" phase – the early research phase. These early projects serve as an important strategic foundation in Aqilion's pipeline. For those projects that Aqilion runs later in the development chain, in other words 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 according to our business model, is that we will prioritize shorter development periods where value growth is greatest for a company in our situation.

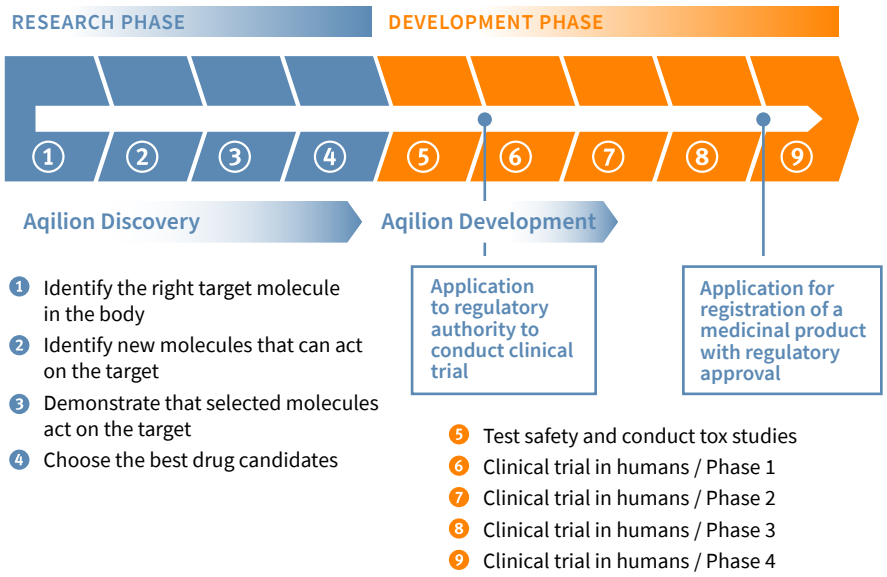


Figure 1. Aqilion's objective is to build a pipeline that mainly consists of two types of projects: Aqilion Discovery (early research) and Aqilion Development (early clinical phase). Discovery projects are driven from idea to drug candidate, while Development projects are driven through initial clinical 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 biotech or pharmaceutical company.

Aqilion acquired Regulus in January and the Phase 1 clinical trial began in August. This accomplishment is an excellent acknowledgement of our competitive efficiency. At the same time, we strengthened the team with several new skills that equip Aqilion even better for the future.

Sarah Fredriksson, CEO

2022

January

Anneli Hällgren took up the position as Head of Preclinical Development.

May

The Aqilion pipeline was expanded with the Girtab program, which with the drug candidate AQ312 focuses on chronic inflammatory bowel disease (IBD).

June

Anneli Tinnerholm took up the position as Head of Clinical Operations and project management for the Regulus program.

The British Medicines and Healthcare Products Regulatory Agency (MHRA) approved Aqilion's Phase 1 safety study with the drug candidate AQ280 (Regulus program) for chronic inflammatory diseases.

Aqilion AB completed an issue in kind to LEO Pharma corresponding to 5% of the shares in Aqilion, in accordance with the agreement on the acquisition of the Regulus program.

The Annual General Meeting elected Bertil Lindmark to serve as the new Chairman of the Board, while Roland Andersson, Marie Lidgard, Martin Olovsson, Gunilla Savring and Andreas Segerros were reelected as Board members.

August

Aqilion started a Phase 1 clinical safety study with AQ280; study participants are healthy volunteers.

September

In September Aqilion raised SEK 30.5 million after issue costs through a rights issue.

December

The Nomination Committee for the 2023 Annual General Meeting was appointed and consists of Christian Ewe, Linus Wiebe and Katarina Berggren

Perseverance and focus resulted in clinical development and breakthrough license deal

Global pharmaceutical companies often search outside their own R&D organization for innovations with the potential to improve future health care. In 2020, 45% of the projects in the pipeline of the 20 pharmaceutical companies with the largest R&D budgets were purchased from external partners, and in 2021, 66% of the entire industry's pipeline revenue was generated from such drugs, according to McKinsey.[1]. Five of the biggest blockbuster drugs were bought externally by the companies that launched them.

For almost four years, Aqilion has focused on autoimmune and autoinflammatory diseases. Our aim is to develop new drugs with the potential to treat these diseases, which are caused by the body's own immune system and are often lifelong. Developing a medication and taking it from discovery to treating patients requires substantial resources and long investment cycles. Therefore, given that Aqilion is a small biotech company, our aim is to engage in business as an innovative external R&D partner that contributes to the pipeline of the larger pharmaceutical companies.

Our approach to innovation combined with active business development laid the foundation for the license deal with Merck in early 2023. This was an affirmation of both our strategy and our business model. The aggregate of the individual knowledge, experience and willpower of my employees enabled us to confidently move forward in a timely fashion to identify the right drug target among all the possibilities. During the year, we have also demonstrated our proficiency in early clinical development. It has strengthened our team and our ability to build a pipeline of innovative programs at varying levels of maturity and risk profile. We will continue to develop these until they become sufficiently interesting and attractive to turn over to future partners.

Alnitak's potential generated external interest

Early research in the Alnitak program showed that it was possible to develop several drug candidates with good potential to become the first TAK1 inhibitor to be tested in clinical trials.

Since TAK1 is a central regulator of inflammation, it was clear to us that a drug based on the ability to inhibit TAK1 could be effective for treatment of several different chronic inflammatory diseases. Effective continued clinical development would require a very large R&D organization with solid knowledge and experience in clinical development as well as the financial resources to take advantage of the full potential of this program.

[1] McKinsey's Life Sciences Practice Article "Innovation sourcing in biopharma: Four practices to maximize success" May 2022.

Our approach to innovation combined with active business development laid the foundation for our first license deal.

Our early strategy was therefore to test whether our data and results could attract large pharmaceutical companies with the financial and operational capacity to drive further clinical development. In parallel with the technical development, we have therefore dedicated our efforts on presenting our program to potential partners. The latter half of 2022 was quite intense, with a focus specifically on business development. We are therefore thrilled that we have reached the goal of a license agreement and an exciting collaboration with Merck awaits us.

The license and collaboration agreement with Merck is extremely important for Aqilion. It acknowledges that our research focus on chronic inflammation and autoimmune diseases delivers the quality and novelty value demanded by our potential customers, the pharmaceutical companies.

The total value of the deal could amount to more than EUR 950 million in milestone payments, plus future royalties. The milestone payments include both early development milestones and sales milestones. An upfront payment of EUR 10 million was made at the time of signing of the agreement. The deal covers know-how and all intellectual property rights within both Alnitak and Alnitak CNS. The joint development effort began immediately and we are now working with the team at Merck to achieve the best possible development for the project going forward. We are eagerly looking forward to a stimulating exchange of knowledge and the results of the collaborative effort.

Clinical trials in the Regulus program

After the acquisition of the Regulus program from LEO Pharma in early 2022 we strengthened our team with a focus on early clinical development. The aim was to transfer all knowledge and materials as quickly as possible and to start clinical trials. The first Phase 1 clinical trial, ARIA-1, which began in August 2022, will continue in 2023. The primary objective is to establish the safety and tolerability of the drug candidate AQ280, a selective JAK1 inhibitor. The study is largely on schedule, with the exception of a delay at the end of 2022. We still expect a final report according to plan during the third quarter of 2023.

During the fall we mainly focused on activities that strengthen the positioning of the Regulus program in the runup to a Phase 2 clinical trial. We worked on the design of the study and preparatory activities for formulation of study drugs. We interviewed key opinion leaders with solid clinical and scientific expertise in eosinophilic esophagitis to learn more about patient needs. Following discussions with advisors, we formed a Clinical Scientific Council in the spring. In parallel, we are working on a strategy to finance our continued clinical development and to strengthen the Regulus program without diverting resources from our early research projects.

Pre-projects are a plant nursery for new drug programs

Our philosophy is that the single most important starting point for a new project is choosing the right drug target. The first piece of the puzzle is to understand which part inside the body's cells we need to reach to reduce or prevent inflammation. If we then have a solid, well-supported idea of how to create a drug molecule that can reach and act on our chosen target, that is a good starting point. Next, we want to ensure that we have access to the required technology, that we receive positive signals from potential future partners regarding our choice of drug target and that we can create an innovation that will have good patent protection.

Over the last 20 years, biologics have opened the door to entirely new and successful treatments and research has shown that gene and cell therapies, small molecules, PROTACs, peptides and RNA molecules are also effective tools in the drug development toolbox. These new technologies, combined with big data and research, artificial intelligence, machine learning and the ability for a small biotech company like Aqilion to work with contract laboratories and specialists in the global market, provide endless opportunities.

We continuously run several early research projects that we call pre-projects. We are committed to using our resources efficiently and while running the pre-projects, we evaluate whether they fit our business model and whether they have the potential to be sustainable. In 2023 we will intensify our efforts working on pre-projects in order to expand our pipeline with exciting new programs. The deal with Merck gives us financial opportunities to step up the pace of our innovative activities, as well as unique experience to bring to future projects.

A resilient and cohesive team

When we began 2022, we had two prioritized objectives: we would try to reach an early deal in the Alnitak program and we would initiate the Phase 1 clinical trial in the Regulus program. As I look back at an exciting year of intensive work, I am pleased and proud of what the Aqilion team has achieved. The focus on Aqilion as a biotech company with an innovative pipeline in chronic inflammation has now begun to deliver results. This achievement is thanks to our fantastic employees with cutting-edge expertise, along with the help of a strategically insightful Board of Directors and persevering shareholders who have shown great confidence in us.

I would like to thank you all for a fabulous and inspiring 2022 and look forward to new opportunities and challenges together at Aqilion.

Helsingborg, April 2022.

Sarah Fredriksson
CEO and President, AQILION AB

Chronic inflammation underlies high unmet medical needs

Aqilion has chosen to focus on diseases that occur when our immune system, for one reason or another, begins to attack the body's own tissues and treat them as if they were foreign and pose an outside threat. These diseases can affect almost any organ in the body, and in most cases more than one organ or organ system. Depending on the part of our immune system that triggers the reactions that initiate disease, they are called either autoimmune or autoinflammatory diseases. Research has further shown that inflammation may be one of several causes underlying many of our common diseases, such as diabetes, rheumatoid arthritis, multiple sclerosis and ulcerative colitis.

There are about 80 different autoimmune diseases and over 300 million people worldwide suffer from one of them. Most of the patients are women. People afflicted by autoimmune and autoinflammatory diseases may also ultimately be affected by sequelae such as secondary diseases. This situation often entails lifelong suffering, resulting in absence from work, reduced quality of life and shortened life expectancy.

Disease severity often varies over time, and may be characterized by a pattern of high-intensity relapses, alternating with periods of less severe symptoms. Common symptoms include fever, muscle pain, swelling, joint stiffness, pain, loss of function, diarrhea, rash, fatigue and depression.

Hopes and requirements for new drugs

The primary goal of research underlying new therapies is of course to completely cure the disease. Since to date this has proven to be quite difficult, drug development focuses on new treatments to lengthen periods of remission, the time during which patients do not experience symptoms, while simultaneously curbing symptom flare-up and reducing the number of relapses. By effectively reducing inflammation over time, the hope is also to reduce the incidence of secondary diseases.

A new drug that more or less selectively suppresses the body's immune system may also increase the risk of infections. Since this is the most common side effect within this group of drugs it also becomes necessary to measure this effect during the development of new drugs. Treatment of a chronic disease over a long period of time puts heavy demands on staying vigilant to other potential side effects at an early stage. Design and early development of new drugs is not just driven by finding a candidate molecule with maximum effect on the disease, but also requires that the given molecule minimizes the negative side effects.

A growing market

The global market for drugs used to reduce the symptoms of chronic inflammatory diseases is worth around USD 80 billion[1] and is expected to grow to a value of USD 132 billion by 2029[2]. Pharmaceuticals for the treatment of autoimmune diseases amounted to around USD 54 billion in 2021. The segment has an expected compound annual growth rate (CAGR) of 12.9% by 2028 at a value of USD 113 billion, making it the fastest growing segment.
The different types of medicines currently authorized on the market can be divided into four different categories:

- **Corticosteroids.** Strong anti-inflammatory drugs, but produce side effects when administered at high doses over long periods of time. Therefore administered either locally as an injection into joints, or as a tablet for short periods of time.
- **Drugs that reduce pain and inflammation.** Do not alter the course of disease, but alleviate symptoms; examples include ibuprofen, naproxen, nabumetone and aspirin.
- **Disease-modifying drugs that suppress the entire immune system.** Can slow disease progression when used to treat conditions such as rheumatoid arthritis and psoriasis. Examples of this type of drug include methotrexate, a cytotoxin that inhibits cell growth, which reduces inflammation.
- **Disease-modifying drugs that target inflammatory mechanisms.** Powerful anti-inflammatory effect; useful for treating a variety of autoimmune diseases. This group mainly includes biopharmaceuticals, kinase inhibitors and the drug programs on which Aqilion has chosen to focus. This is also the newest group of drugs on the market.

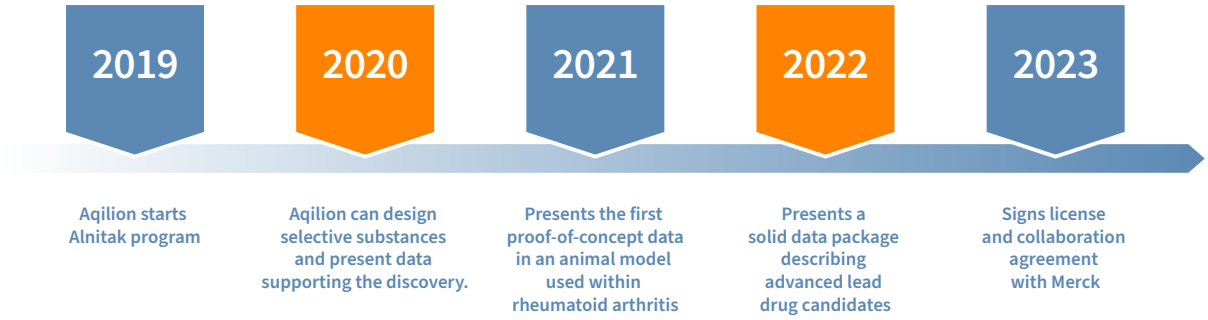
The main drivers of market growth are:

+ the increased incidence of autoimmune diseases
+ new diagnostics and better understanding of the diseases
+ research in the field, and availability of new medicines.

The limitations of the market are mainly:

- availability of new medicines in developing countries
- the high cost of treating the disease and the long development processes for new drugs
- the side effects associated with some existing treatments.

Aqilion's road to the market



The Alnitak program has great future potential for a variety of inflammatory diseases

The Alnitak program is based on an inhibitor of TAK1, which is a central mediator, that can be likened to a type of switch, for various inflammatory signals, including those leading to activation of inflammasomes and activation of many 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.

Aqilion has chosen an indirect approach to accessing the inflammasome via TAK1. In this way, the company differentiates itself from other companies working in chronic inflammation. In addition to inflammasomes, TAK1 also activates several cytokines that drive inflammation, for which reason inhibition of TAK1 results in a powerful decrease of the signals that govern the inflammatory response in the body. This broad anti-inflammatory potential paves the way for developing new therapies for several indications that currently lack treatment.

The Alnitak program began in the fall of 2019 and on February 15, 2023, Aqilion signed an exclusive license agreement and strategic research collaboration with Merck to discover, develop and commercialize small-molecule inhibitors of the TAK1 protein. Merck paid an upfront cash payment of EUR 10 million to Aqilion. Aqilion is also entitled to receive milestone payments for development and commercialization that together exceed EUR 950 million, excluding royalties on global net sales.

The collaboration is based on Aqilion's extensive experience and know-how in the discovery of selective TAK1 inhibitors together with Merck's industry-leading expertise in drug discovery and development. The research collaboration aims to develop "first-in-class" and differentiated TAK1 drugs for a wide range of autoimmune and inflammatory disease indications, including neurological diseases. In this collaboration, Aqilion will be responsible for the design and synthesis of novel small molecule TAK1 inhibitors, while Merck will lead the work in preclinical pharmacology and biology.

The agreement with Merck is completely in line with Aqilion's strategy. A project with good potential to generate a completely new drug to treat several diseases requires a partner with the capacity to take it through clinical development and onward to the market.

JAK inhibitors – a successful concept targeting inflammatory diseases

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

The first JAK inhibitor for the treatment of inflammatory diseases, Tofacitinib which inhibits JAK1, JAK2 and JAK3, was approved in 2012 and the second to be approved was Baracitinib (inhibits both JAK1 and JAK2) in 2017. The market is still relatively early in commercial development and there are candidates in the industry pipeline. Sales of drugs with JAK inhibitors for the treatment of inflammatory diseases totaled around USD 2.5 billion in 2022. The segment has an expected compound annual growth rate (CAGR) of 9.6% by 2030, when the market is estimated to reach USD 5.11 billion[3].

Regulus focuses on chronic inflammation of the esophagus

There are four different JAK kinases: JAK1, JAK2, JAK3 and TYK2. The drug candidate AQ280, which is more selective than previous JAK1 inhibitors by primarily inhibiting JAK-1, has the potential to become the best in its class. Using more selective inhibitors can reduce side effects resulting from inhibition of other JAK kinases. Consequently, AQ280 will likely cause fewer side effects than first-generation JAK1 inhibitors, which affected several different JAK kinases, but it should not be any less efficacious.

The drug candidate's 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). Aqilion is conducting a first clinical safety and tolerability study in healthy volunteers and aims to start the first clinical study, a Phase 2 clinical trial, in patients in 2024. The goal is that after Phase 2 trials, Aqilion will divest the project or continue development together with an industrial partner who can take the product onward to the market.

More about eosinophilic esophagitis

The most common complaint in EoE is difficulty swallowing. Often the patient experiences that food slides very slowly down the esophagus. In the worst of cases, the food can become completely stuck, resulting in hospitalization and sedation of the patient to remove the food. This disease results in great discomfort and reduced quality of life. The inability to swallow normally can lead to feelings of insecurity and thereby cause problems in social contexts.

EoE is currently underdiagnosed and general knowledge concerning the disease is quite limited, in part because there was no approved treatment until very recently, since the disease was only discovered in the 1990s. As awareness of the disease grows and new medications become available, the market is predicted to grow significantly over the next decade.

A population-based analysis shows that the number of new cases per year amounts to 6.6/100,000 inhabitants with a prevalence of 34.4/100,000 among adults in Europe, spread over a wide geographical distribution.
The number of diagnosed cases is increasing and a 2007 Swedish-Finnish study showed that out of 1,000 healthy volunteers examined by endoscopy, 1% had eosinophilic inflammation of the esophageal mucosa. This gives an indication of where the prevalence might be [4].

At this time, one biologic drug, Dupilumab, has been approved for treatment in the US and EU since 2022. In Europe, a local treatment with corticosteroids that was registered in 2013 is also available. Around 30% of patients do not benefit from corticosteroids, while the corresponding figure for Dupilumab is approximately 40% in initial assessments. Thus, there is strong motivation to develop new medications as the number of diagnosed cases of EoE increases and clinical trials are ongoing with both biological and small molecule drugs. Aqilion has a clear biological explanation and hypothesis for why AQ280 could potentially work well as a treatment and aims to be the first JAK1 inhibitor to treat patients with EoE.

In 2020, while no drugs were approved for EoE, corticosteroids and proton pump inhibitors were prescribed off-label at a value of around USD 150 million. The term “off-label prescription” means that a doctor prescribes a medication for an indication for which the medicine is not authorized (indications not listed in FASS).

As knowledge of EoE has increased, diagnosis of the disease has improved. Given the increased awareness of this disease through education of doctors and patients, along with the approval of the first drugs for EoE in the EU and US, the market for EoE therapies has now clearly been established. Depending on the drugs currently under development in clinical trials, the market is expected to grow significantly over the next 10 years to reach a level of around USD 2 billion by 2030 [5].

The aim of the Girtab program is to bolster the body's own inhibitors of inflammation

Ulcerative colitis (UC) is one of the two main types of inflammatory bowel disease (IBD), along with Crohn's disease (CD). Unlike CD, which can affect any part of the gastrointestinal tract, UC is typically limited to the colon. UC is a lifelong disease that has a profound emotional and social impact on afflicted patients. UC is slightly more common in women than in men and about 0.2% of the world's population suffer from UC. The number of people living with the disease (prevalence) is expected to increase by 0.8% each year. The UC market was valued at USD 7.24 billion in 2021 and is expected to reach USD 12 billion in 2027, growing at a CAGR of 8.77% from 2022 to 2027 [6].

In the Girtab program, Aqilion has chosen a drug target called AhR and the idea is that the drug candidate AQ312 affects AhR to treat the inflammation in ulcerative colitis. The strategy is to try to affect the body’s own immune system by increasing the number of cells in the gut lining that reduce inflammation. Currently, no such drug on the market has been approved for IBD. An additional advantage over existing treatments is that the drug candidate AQ312 will be released locally in the colon so as not to affect the whole body, thereby minimizing potential side effects.

Approximately

1 in 2,000

people of all ages and ethnic backgrounds are diagnosed with EoE and this is a rapidly increasing trend

EoE is about twice as common in men compared with the number of women affected.

The number of cases of EoE is rising. It is thought that allergies, especially food allergies, and various environmental factors or events in early childhood may increase the likelihood of EoE.

The majority of patients diagnosed with EoE are children, teenagers and adults under the age of 50, but it can affect people of any age.

EoE is the main cause of swallowing and eating difficulties. Patients experience episodes in which food becomes lodged in the esophagus.

Studies have shown that one third of adult EoE patients and one in seven children with EoE have been diagnosed with a psychiatric condition.

[1] Global Anti-Inflammatory Therapeutics Market – Industry Trends and Forecast to 2029_Data Bridge Market Research Sept 2022
[2] Autoimmune Disease Therapeutics Market By Drug Class (Immunosuppressants, Anti-Inflammatory Drugs, Corticosteroids, Nonsteroidal Anti-Inflammatory Drugs, And Biologics), By Distribution Channel (Hospitals, Clinics, Drug Stores, And Independent Pharmacies), And By Region - Global And Regional Industry Overview, Market Intelligence, Comprehensive Analysis, Historical Data, And Forecasts 2022 – 2028_ Zion market research, 26 July 2022.
[3] Global Janus Kinases (JAKs) Inhibitor Drugs Market – Industry Trends and Forecast to 2030, Data Bridge Market Research 2023
[4] 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
[5] Data from Global Life Science Report: EoE Deep Dive dated Jan 2022 made on behalf Aqilion and based on input from KOLs and payers estimates
[6] Ulcerative Colitis Market Forecast – Epidemiology & Pipeline Analysis 2022 - 2027

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.

Strategy

Aqilion will run an innovative yet carefully risk-adjusted pipeline of projects and divest them relatively early before or during clinical development, in order to optimize the business model and provide the conditions for achieving our goals. 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.

Overarching elements of the strategy:

- Build a pipeline with a clear focus on timing and balanced risk to proactively and prudently manage funding and cash flow over time
- Nurture and actively build contacts and networks within industry and academia to validate projects with 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 chronic inflammatory diseases.
- Be a competitive market participant 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 and commercial interest.
- Generate an attractive return on investment for our shareholders, with the objective of creating continuous and sustainable value over time.

Aqilion's target fulfillment under year

Target	Impairment	Fulfillment:
Regulus in clinical development	In August 2022 Aqilion started a Phase 1 clinical trial with drug candidate AQ280 in healthy volunteers	✓
Alnitak in preclinical development	Alnitak is ready for preclinical development. In parallel, negotiations were conducted in 2022 that culminated in a license deal with the Merck Group in January 2023.	✓
Build a pipeline that is balanced and sustainable over time	One of the overarching goals in 2022, which remains in place for 2023, was to ensure that the pipeline contains three to four discovery programs (early research phase). Aqilion constantly has several research projects and ideas under consideration to ensure that this goal is met on a somewhat longer horizon. Two projects were nominated to the pre-project phase in 2022.	–
Preparing Aqilion for a possible stock exchange listing	We have prepared the organization for a potential IPO, both administratively and through the establishment of an interesting pipeline as a biotech company, and have now achieved the goal. In November, the Aqilion share was connected to Euroclear Sweden AB, Sweden's central securities depository.	–

Objectives in 2023

- Complete Phase 1 for Regulus and prepare a Phase 2 study in patients.
- Fully fund the Phase 2 study with external funding. This funding may be via an industrial partner, external research support or a listing, or a combination of the three.
- Expand the Aqilion's pipeline with at least one early-stage discovery program.

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 innovative projects with great potential to attract biotech and pharmaceutical companies to collaborate, purchase or license the projects at an early phase.

Each new project is initiated and run by Aqilion's team. If the data generated during Aqilion's pre-project phase prove to confirm the idea behind the project, it is further developed into a pharmaceutical program. 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. The unique and innovative aspects of each project are also verified with the assistance of external experts and opinion leaders within each indication.

Aqilion's development program is the main driver of the expense side of the model. 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.

The single most important parameter for success

Choosing the right projects is the key to success for Aqilion's business model. 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.

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 research in chronic inflammation in order to identify potential projects. We also actively explore ideas by interacting with academic groups and experts with leading-edge expertise in the field of inflammation at the interface with immunology.

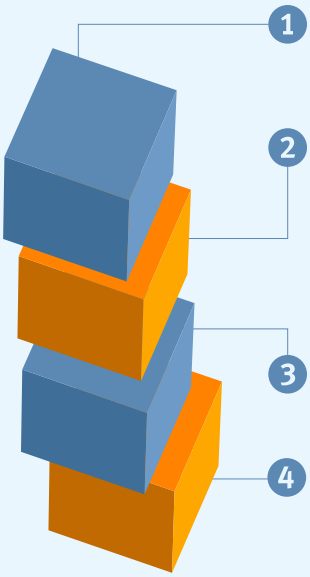
Our strategy for choosing projects is based on the biology underlying inflammation. To address the mechanisms that drive chronic inflammation, Aqilion has chosen to focus on cytokines, which act as messengers of inflammation in the body. By blocking the signal that is triggered in our cells in response 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 the project, and to create a common vision 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, strengthen the prospects for development and assessment of the project's potential for success. Not all projects cross the finish line.

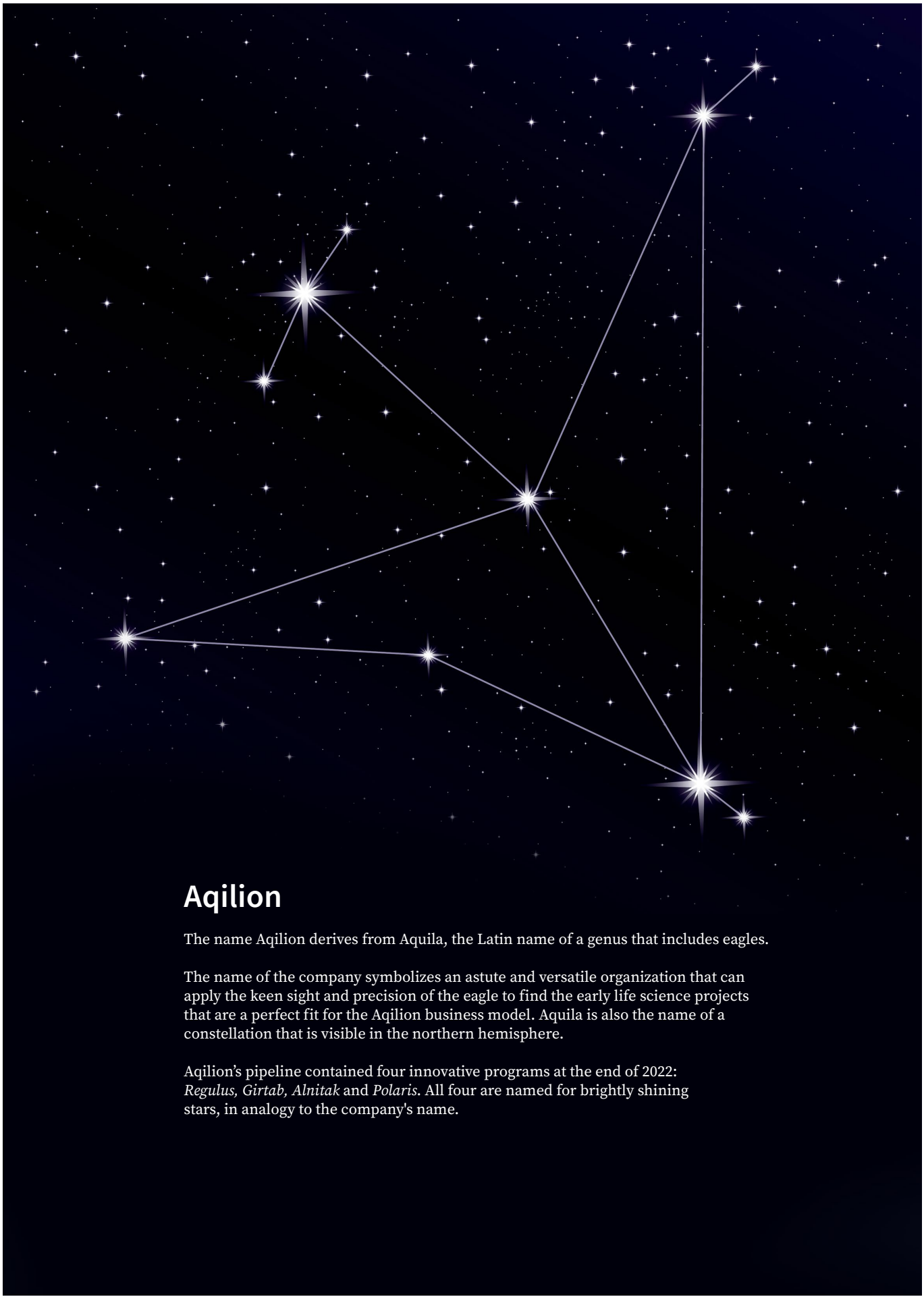
It is important for the team to have sufficient knowledge and integrity to be able to discontinue those projects that do not achieve their milestones and that will not create value for Aqilion in the long term. It is equally important to have the ability to fully leverage those projects that have good potential.

Aqilion's project criteria are based on four cornerstones:



1. We look for projects that address a defined medical need in chronic inflammation that is 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 use a strong industrial focus as a point of departure with respect to potential development partners and buyers of the company's projects. Aqilion's projects must be attractive to potential acquirers.

These four cornerstones are carefully assessed to determine whether the project can beoptimally 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 four innovative programs at the end of 2022: *Regulus, Girtab, Alnitak* and *Polaris*. All four are named for brightly shining stars, in analogy to the company's name.

Strategic objectives behind new programs

During the year, Aqilion expanded its pipeline with two new development programs: Girtab, which was nominated internally, and Regulus, which was acquired from LEO Pharma. We have also succeeded in taking the major step from preclinical to clinical development with the start of our first Phase 1 clinical trial, Regulus. All programs focus on developing innovative new treatments for chronic inflammatory diseases.

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. All programs in Aqilion's pipeline follow a well-defined strategy based on biological and medical grounds, as well as on patient needs. The overall objective is to contribute to the development and commercialization of a novel and innovative drug that will benefit both the patient and society.

Another objective 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 pharmaceutical programs should be at the heart of the company's image with the stock market's stakeholders in mind. These stakeholder groups specifically include current and prospective investors, new shareholders and journalists reporting on the company. We will build a pipeline of innovative development 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 21.

At the end of the year, Aqilion har four innovative development programs, in different phases of development, in its pipeline: Regulus, Girtab, Alnitak (Alnitak and Alnitak CNS) and Polaris. All programs focus on developing innovative new treatments for chronic inflammatory diseases for which few or no treatments are available and where there is currently a clear patient need.

The year's progress in brief

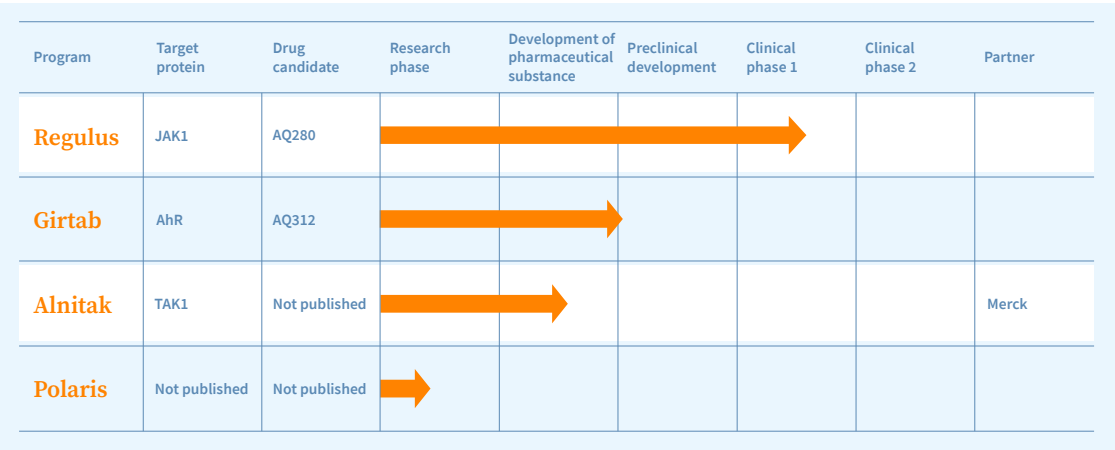
During the year, discussions were carried out to verify external interest in the Alnitak program with the aim of initiating concrete contractual discussions regarding the acquisition of or license for Alnitak. In February 2023, Aqilion and Merck signed an exclusive global license and collaboration agreement for a value of over EUR 950 million.

The goal for Alnitak is to develop an oral medication that specifically binds to and inhibits the TAK1 target protein (MAP3K7), which has been shown to serve as a master regulator of inflammatory signaling. Previous results have shown that Aqilion has developed effective and selective molecules that, in the first preclinical proof-of-concept trials, were also well-tolerated and competed well with existing drugs used for the treatment of rheumatoid arthritis (RA). Resources were also been invested in a project specifically focusing on substances with the potential to treat inflammatory conditions in the central nervous system (CNS), Alnitak CNS. All of Aqilion's knowledge, data and patents become the property of Merck. In this collaboration, Aqilion will be responsible for the design and synthesis of novel small molecule TAK1 inhibitors, while Merck will lead the work in preclinical pharmacology and biology.

In August, Aqilion started a Phase 1 safety study in 64 healthy volunteers in the Regulus program with drug candidate AQ280. The company will initially test, assess and develop AQ280 as a potential treatment for eosinophilic esophagitis (EoE). The conclusion and results of the ARIA-1 study are expected in the second quarter of 2023. The aim will then be to initiate a Phase 2a clinical trial in EoE patients.

During spring 2022, we presented a new program, Girtab, and the drug candidate AQ312 for chronic inflammatory bowel disease (IBD) was nominated for further preclinical and clinical development. AQ312 will be tested in safety studies and the development of a formulation intended for oral treatment with local action in the intestine has been initiated. Girtab is a development program from the company's research activities.

During the year the Regulus, Girtab and Alnitak programs were prioritized, for which reason activities in Polaris mainly focused on focused on understanding how different inflammasomes are activated to contribute to inflammatory conditions. The aim of the Polaris program is to develop completely new drug candidates that will have properties that inhibit activation of inflammasomes. 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.



As of December 31, 2022

Our research and development programs within the field of chronic inflammatory diseases

Regulus (JAK1 inhibitors)

In December 2021, Aqilion acquired a Phase-1 ready anti-inflammatory program, Regulus, from LEO Pharma. Aqilion acquired the entire program, including knowledge, data and intangible assets behind a completely new drug candidate. The drug candidate AQ280 is being developed to be a next-generation super-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 is developing AQ280 as a potential treatment for eosinophilic esophagitis (EoE), an inflammatory disease of the esophagus that is also known as "allergic esophagitis" and which makes it difficult to swallow. To date, no drugs with this mechanism of action have been developed for EoE and there is a great medical need.

Aqilion received regulatory approval to conduct the Phase 1 clinical trial in June 2022. The study is a Phase 1 safety study in 64 healthy volunteers with the drug candidate AQ280. The study, ARIA-1, will be conducted in the UK and began in August 2022. The conclusion and results of ARIA-1 are expected in the summer of 2023, after which the objective is to initiate a Phase 2a clinical trial in patients. Aqilion is running the Regulus program in-house.

Girtab (AhR agonist)

Aqilion has developed Girtab in-house and owns all intellectual property rights. The aim of the Girtab program is to develop a new treatment for chronic inflammatory bowel disease (IBD).

There is now a clinical drug candidate, AQ312, which will be tested in safety studies as part of a preclinical development program. In parallel, development of a dosage form intended for oral administration and having a local effect on the intestine is underway.

The active substance is a small-molecule drug candidate that exerts its action by helping the body's innate immune system to reduce inflammation in the intestines. The substance acts on the aryl hydrocarbon receptors (AhR) of the T cells that are active in the immune system.

There are extensive preclinical and clinical trials that indicate a central role for AhR signaling in inflammatory and autoimmune gastrointestinal disorders (i.e. ulcerative colitis and Crohn's disease). These findings suggest that AhR modulation is an extremely promising strategy for treatment of IBD.

The drug candidate AQ312 was proven by a seven-week study in a disease model to be efficacious with respect to both mechanism of action, by activating AhR, and through its modulating effect on the innate immune system. Treatment with AQ312 was well tolerated and met the primary endpoint of the study.

Alnitak (TAK1 inhibitor)

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 started in December 2019 and in October 2021, the first findings were reported in animal models with promising results and efficacy. In the autumn 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).

In 2022 we initiated discussions with presumptive partners for the Alnitak program. Aqilion is continuing these dialogs and the first milestone in the program is to verify interest by initiating concrete discussions regarding an agreement for the acquisition of or license to Alnitak. In February 2023, Aqilion and Merck signed an exclusive license agreement for a strategic research collaboration to discover, develop and commercialize small-molecule inhibitors of the TAK1 protein. Merck has paid an upfront cash payment of EUR 10 million to Aqilion. Aqilion is also entitled to receive milestone payments for development and commercialization that together exceed EUR 950 million, excluding royalties on global net sales.

Polaris (Unpublished mechanism)

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. Polaris 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. The program was launched in September 2020 and is currently in the early research phase.

The patent portfolio protects Aqilion's scientific advances

An active patent strategy is essential to protect the value of the scientific advances that Aqilion delivers. Aqilion works with external experts and patent agencies both to manage self-generated innovation and for the patents acquired in the Regulus program. Aqilion aims to seek broad international patent protection. After applying for patent protection nationally, for example in Sweden, we can choose to apply for patent protection in other countries within 12 months of the first European filing date, claiming priority rights from the first application. Therefore, the most common way to seek patent protection in several countries today is to file an internationalPatent Cooperation Treaty(PCT) application. A PCT application covers most countries, with the exception of certain countries in South America, the Middle East and Asia.

As of December 31, 2022, the patent portfolio covers three patent families. The patent protection for Aqilion's three patent families extends until January 10, 2038 with the possibility of extension.

The company has successfully established strong intellectual property protection for three patent families in all major geographical markets, including the US, EU, Japan and China. The first family of patents relates to substances developed under the Regulus program. The second relates to substances developed in the Girtab development program and the third to substances developed in the Alnitak program.

Patent families 2 and 3 have been filed as PCT applications and still have the potential to be granted nationally in all countries that are party to the PCT.

Trademarks

The company has registered a national trademark with number 551279 for "AQILION" in class 5 (including medical and pharmacological research).

Patent family	Countries	Status	Expiration date
Patent family 1: **Regulus**			
	EU, USA, South Africa, Algeria, Israel, Taiwan, Ukraine, Mexico and Japan	Granted	20380110
	Australia, Canada, Egypt, India, Brazil, Malaysia, Singapore, Gulf Cooperation Council and New Zealand	Application	20380110
	Hong Kong, China and South Korea	Published application	20380110
Patent family 2: **Girtab**			
	Application in PCT phase	Application	20400430
Patent family 3: **Alnitak**			
	Application in PCT phase	Application	20410630

Aqilion wants to create added value for customers, partners, 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 customers, who represent the next step in the care 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. Moreover, it is based on openness, honesty and respect for the value and dignity of each human being.
Research is central to 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, guidelines and 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 on 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.

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. We must include sustainable development as part of our business if we are to realize our business concept. To achieve the objective of a sustainable business model we have chosen to focus 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, are 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 with unmet medical needs.
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.

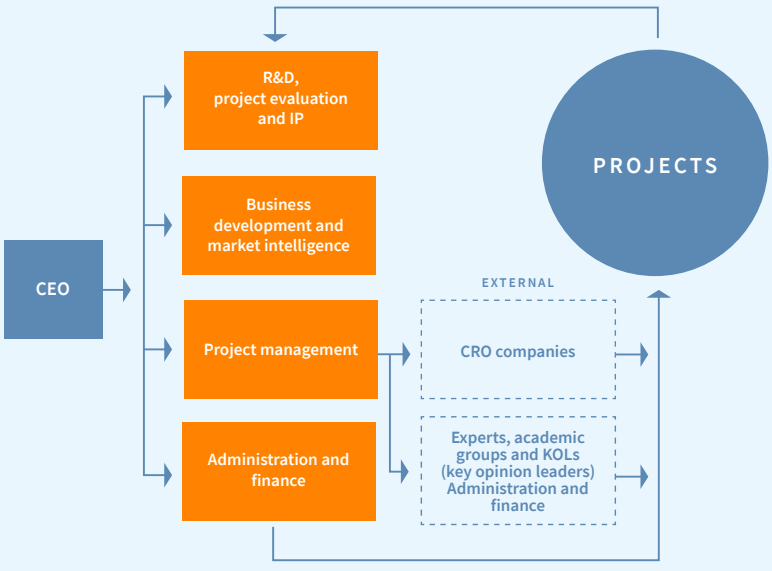
A virtual organization fosters research advances

Aqilion works as a virtual organization with a management and operational team that cooperates with 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. This form of virtual organization allows us to be more agile and flexible, based on the needs and schedules of our development programs.

Each program in our pipeline requires its own expertise and knowledge and we contract with our partners based on these needs.

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

Aqilion's operating organization



THE AQILION TEAM WORKS FROM FOUR UNITS:

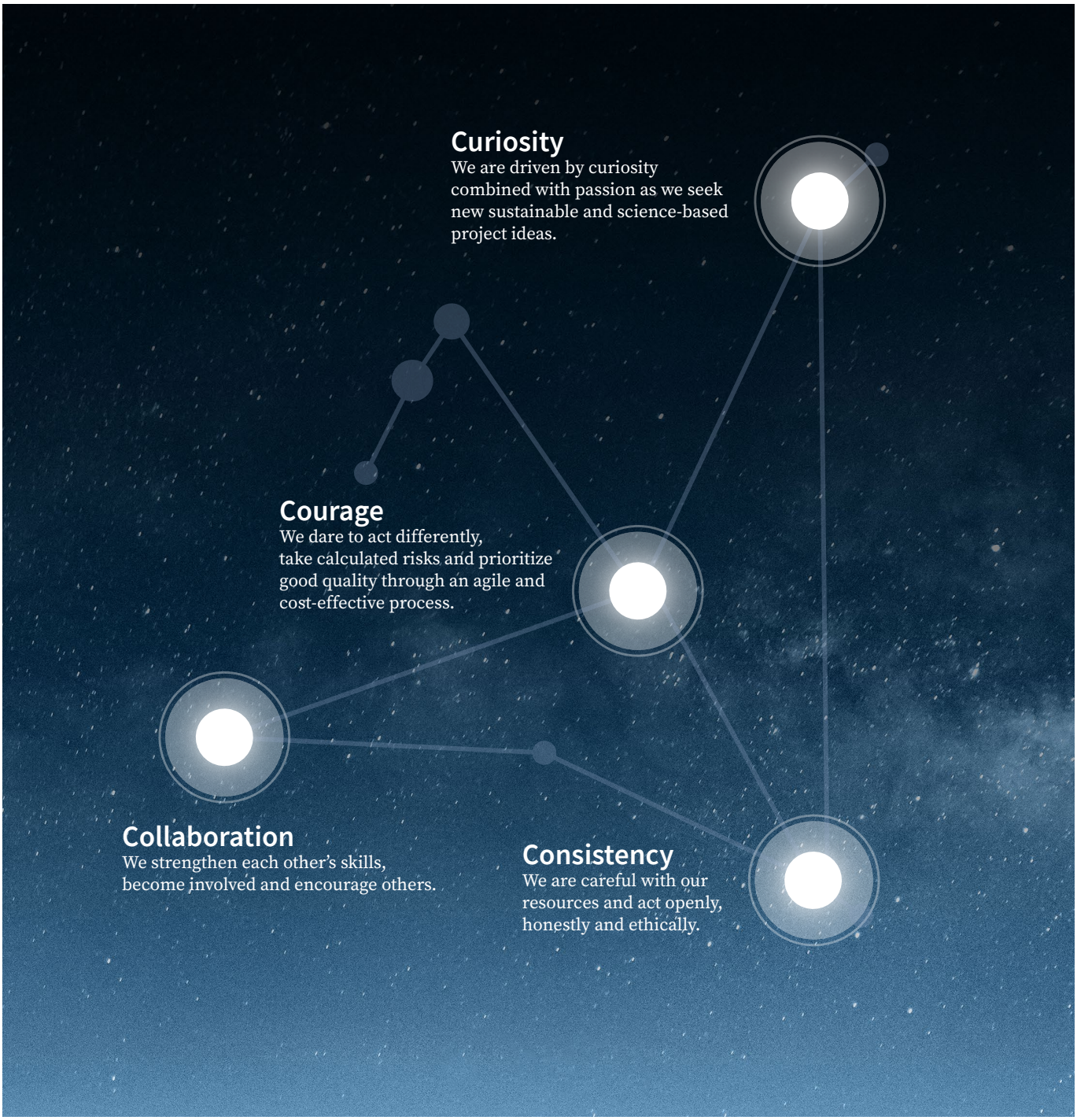
- **Research and Development, project evaluation and IP**
  Evaluation of new project ideas, research and development, as well as monitoring of Aqilion's IP rights.
- **Business development and market intelligence**
  Presents Aqilion's projects to potential partners on an ongoing basis, leads sales 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.

Employees

Our continued journey depends on the cutting-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. Aqilion's cornerstones are: curiosity, courage, cooperation and consistency.



A powerhouse for exciting molecules

Aqilion's strategic goal is to become a powerhouse with the unique ability to discover exciting molecules within our selected clinical areas of chronic inflammation, autoinflammatory diseases and autoimmune diseases. By identifying, developing and demonstrating the clinical and commercial potential of these medical innovations, we can attract industrial pharmaceutical companies with the capacity to then continue clinical development and bring the products to the market.

We are a small company, but with an extremely talented team and a unique internal selection process to identify optimal drug targets. Aqilion's approach leads to medically interesting opportunities and enables industrial users to fast-track further clinical development for several years. This is of great value to our customers – in addition to the obvious cost savings of a shorter development time, being first to market with a new treatment is a huge competitive advantage.

The potential for Aqilion to do so is based on three factors: We have in-house expertise all the way from chemistry to business development; we have an extensive network of external partners in academia and industry; and we have experience within our team that allows us to be responsive to what is important to our customers, the major pharmaceutical companies. Together, these factors lead us to the right choice of early projects.

The combination of science and business is the basis of the Aqilion's sustainable business model. We build a portfolio of innovative projects and create active revenue streams from out-licensed product candidates. In this way, we can become both self-sufficient and profitable while creating significant value – both medically and commercially.

In addition to a top-notch team, with Sarah Fredriksson as a highly experienced business leader, our Board members have deep and broad expertise, as well as a strong commitment to find Aqilion's path to the right focus, objectives and long-term success. For me personally, it is a very stimulating task to be part of this effort as Chairman of the Board. My predecessor, Johan Lund, can now dedicate his full focus to the important role of Chief Scientific Officer and leader for our molecular strategies. His solid experience guarantees a deep understanding of both biology and the needs of our industrial customers. Aqilion is heading for an exciting future!

Bertil Lindmark
Chairman of the Board

"We are a small company, but with an extremely talented team and a unique internal selection process to identify optimal drug targets.


starlab
1000
DURAN
100 ml
Made in Germany
APPROX. V
80
60
40

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.

Bertil Lindmark

Chairman of the Board
since 2022
Member of Remuneration Committee
since 2022

Education: MD, PhD 1982 at Lund University, Specialist in internal medicine and gastroenterology, 1987, Ph.D. 1991 at Lund University, Professor 2019 at the University of Gothenburg.
Other assignments: Chief Medical Officer (CMO) at Galecto Inc., board member of ALK-Abelló A/S.
Experience and previous assignments: Professor Bertil Lindmark has a long and successful career in biopharma with leading global positions at AstraZeneca and Almirall, as well as in several biotech companies. His focus on the respiratory system, immunology and cancer has contributed to global drug approvals and successful product launches.
He has also been involved in numerous IPOs, major fundraising campaigns and acquisitions.
Born: 1955
Holdings: 23,688 shares.

Marie Lidgard

Board member
since 2014

Education: Bachelor of laws degree Served in Stockholm District Court.
Other assignments: Senior partner at Lavindia AB. Board member of Fundrella AB. Board member of Von Euler och Partners Kapitalförvaltning AB, Hypoteket Fondförvaltning AB, KONSTAB Film och teater AB, MoM Lidgard AB and Lavindia AB.
Experience and previous assignments: Marie Lidgard has more than 30 years of experience in the financial sector, including as CEO of the Swedish Investment Fund Association. In recent years, she has been active as an investor and founder of many new companies and currently sits on the board of directors for several companies.
Born: 1956
Holdings: 50,671 shares through company.

Roland Andersson

Board member
since 2018

Education: Medical degree 1981 at Lund University, Specialist in general surgery 1987, Professor of surgery 2000 at Lund University
Other assignments: Chairman of the Board of Reccan Diagnostics AB, Nordic Biotechnology AB; Board member of Lumito AB.
Experience and previous assignments: Professor Roland 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 PhD students. He also has an extensive international network and has founded six companies in his role as an entrepreneur.
Born: 1955
Holdings: 40,718 shares privately and through company.

Martin Olovsson

Board member
since 2019,
Chair of the
Remuneration Committee
since 2020

Education: B.Sc., business administration, Lund University 1992
Other assignments: CEO of OnDosis AB. Board member of IP Enabler AB.
Experience and previous assignments: Martin Olovsson is the CEO of OnDosis AB, a medtech/healthtech company that he co-founded in 2017. Martin has many years of experience in the pharmaceutical industry with responsibility for portfolio and product strategies, life cycle management, collaboration between R&D and marketing, as well as commercialization. Martin has extensive experience from in- and out-licensing of both pharmaceuticals and technologies. Between 1992 and 2017 he held several international executive positions within Astra/AstraZeneca, including as President of the Nordic/Baltic marketing and sales company, as well as Vice President of the Inhaled Respiratory business area.
Born: 1967
Holdings: 21,108 shares.

Andreas Segerros

Board member
since 2018

Education: M.Sc. in biotechnology and biomaterials, Royal Institute of Technology (KTH), 1984; MBA Uppsala University 1992
Other assignments: CEO of Nicox S.A. (France). Chairman of the Board of Oncorena AB (Sweden) and Oncorena Holding AB (Sweden), DexTech Medical AB (Sweden) and Nicox Research Institute (Italy).
Experience and previous 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 and Eir Ventures. He has made numerous investments in successful growth companies in the life science sector.
Born: 1960
Holdings: -

Gunilla Savring

Board member
since 2021,
Member of
Remuneration Committee
since 2021

Education: Executive MBA, EFL (Executive Foundation Lund), as well as studies in marketing and communication at Lund University.
Other assignments: CEO and senior consultant in her own company. Board member of aXichem AB and Incendia AB.
Experience and previous assignments: Gunilla Savring has many years of experience of corporate 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 sectors. She has also experience from serving on the board of several listed companies.
Born: 1962
Holdings: 2,364 shares through company.

Aqilion is run as a team, under the leadership of the CEO and the management team, with support from key consultants and partners. The main tasks involve exploring and evaluating new project ideas and leading and driving the project development process. The team is composed of individuals with extensive experience from the pharmaceutical industry. They have different backgrounds and areas of expertise that enable them to provide strategic and practical support to both early and advanced projects. 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.

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.
Other assignments: -
Experience and previous 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.
Born: 1970
Holdings: 9,900 shares.

Anneli Hällgren
Vice president, Senior Consultant preclinical development
In current position since 2022.

Education: B.Sc. in Pharmacy and Ph.D. in Physiology from Uppsala University.
Other assignments: -
Experience and previous assignments: Anneli Hällgren has more than 25 years of experience in research and development projects in various indications and disease areas with a focus on documentation for clinical studies and market authorization applications. Her career began at AstraZeneca, where she worked as a safety pharmacologist and preclinical project manager. Since then, she has held leading positions at companies such as KaroBio, Biolipox and Melacure Therapeutics. Most recently, she has worked as a consultant in preclinical drug discovery.
Born: 1965
Holdings: 5,300 shares through company.

Sarah Fredriksson
Chief Executive Officer
In current position since 2017.

Education: PhD in Biochemistry in 1999 and MSc in Chemistry in 1993 from the Faculty of Engineering, Lund University
Other assignments: Member of the Board of Directors of the Faculty of Engineering, Lund University (LTH).
Experience and previous 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. Sarah Fredriksson has years of experience from research and development in biotech from both academia and industry. She has been active for several years as an entrepreneur, CEO and board member in unlisted and listed life science companies such as Genovis AB (publ), Edvince AB, Geccodots AB, Respiratorius AB (publ) as well as the board of Lund University and the association for the life science industry SwedenBIO AB.
Born: 1968
Holdings: 33,030 shares.

Malin Hultqvist Hopkins
Senior director, biology discovery
In current position since 2022.

Education: Master of Medicine in Pharmaceutical Bioscience at the University of Gothenburg and PhD in Medical Inflammation Research at Lund University.
Other assignments: Board member and CEO of Redoxis AB and board member for ProNoxis AB.
Experience and previous assignments: Malin Hultqvist Hopkins has more than 15 years of experience in R&D and early drug discovery. She has held several positions at Redoxis AB, including Project Leader Drug Discovery and Director of CRO Studies, and has served as CEO of the company since 2016. Redoxis offers preclinical services. Malin has extensive experience in immunology and preclinical models in inflammation and autoimmunity.
Born: 1979
Holdings: 7,950 shares through company.

Martin Johansson
Vice president, Chief Discovery Officer
In current position since 2019.

Education: PhD in Organic Chemistry, 2002, Associate Professor in Organic Chemistry and Master's degree in Chemical Engineering, 1997, Lund University.
Other assignments: Board member of Selcis Biopharma AB.
Experience and previous 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.
Born: 1971
Holdings: 21,000 shares.

Fredrik Lindgren

Vice president,
Chief Business Officer
In current position
since 2018.

Education: PhD in chemistry, 1994 and B.Sc. in chemistry 1989, Umeå University.
Other assignments: -
Experience and previous 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. Most recently he held the position of Senior Director, Head of Global Business Development, at LEO Pharma.
Born: 1967
Holdings: 26,000 shares.

Anneli Tinnerholm

Director, Clinical Operations
In current position
since 2022.

Education: Bachelor of Medical Science in Medical Biology at Linköping University and studies in clinical drug development at Uppsala University.
Other assignments: -
Experience and previous assignments: Anneli Tinnerholm has more than 10 years of clinical trial experience as a Clinical Research Associate and Clinical Trial Project Manager. She has held operational positions in the CRO companies NORMA and LINK Medical, after which she served as advisory clinical project manager at SDS Life Science, with a focus on small pharmaceutical and biotech companies. Anneli's expertise in clinical activities spans development from first in humans (FIH) to Phase I – IV clinical trials in different indications and disease areas.
Born: 1986
Holdings: 4,550 shares privately and through company.

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 PhD in business administration from the University of California, Berkeley, USA.
Other assignments: CFO of Initiator Pharma and Acesion Pharma.
Experience and previous 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.
Born: 1964
Holdings: 29,590 shares through company.

Johan Lund

Vice president,
Chief Scientific Officer
In current position
since 2021.

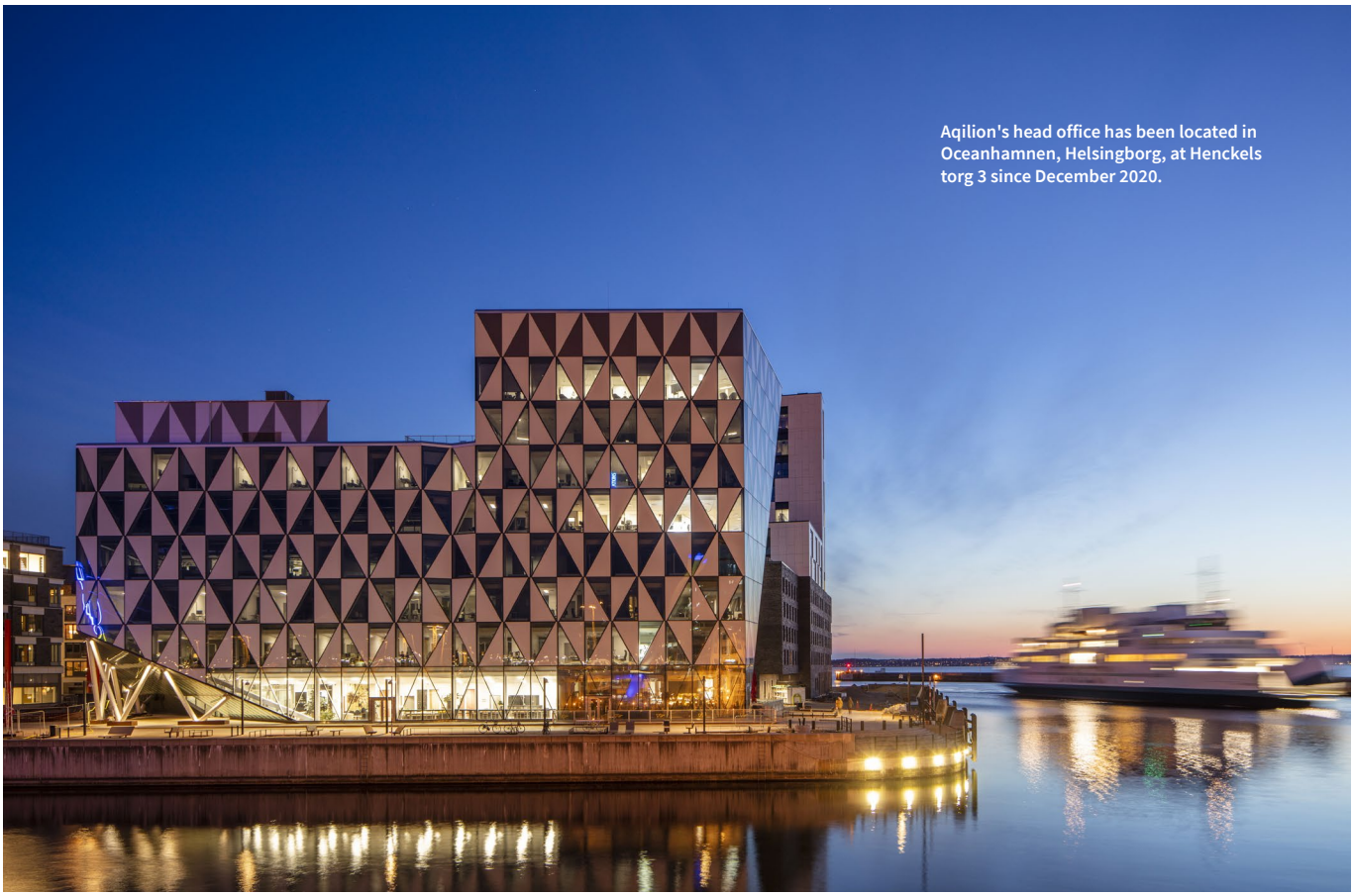
Education: MD, PhD 1986 Karolinska Institutet; Post-doctoral studies 1987-1989 UT Southwestern Medical Center, Texas; Associate Professor 1990 Karolinska Institutet; Professor 1996 University of Bergen.
Other assignments: Chairman of the Board of NEOGAP Therapeutics AB and board member of Olink Proteomics AB, Genagon Therapeutics AB, Pelago AB, LIDDS AB, Neuventis Therapeutics AB and MBS Pharma AB.
Experience and previous assignments: Dr. Johan Lund has many years of experience from executive positions in pharmaceutical research and development. He is the CEO and founder of Neuventis AB and the founder of MBS Pharma AB and KyNexis B.V. 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.
Born: 1957
Holdings: 41,160 shares through company.

Jan Törnell

Vice president,
Chief Medical Scientist
In current position
since 2018.

PhD in Physiology, Faculty of Medicine, University of Gothenburg, 1990; and Associate Professor in Physiology, 1992.
Other assignments: Chairman of the Board of Glactone Pharma AB, LIDDS AB (publ) and Innoext AB; Board member of Abliva AB (publ).
Experience and previous assignments: Jan Törnell has been involved with Aqilion/PULS 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. Previously also chairman and board member of several listed and unlisted companies.
Born: 1960
Holdings: 7,644 shares.

Our history



Aqilion's head office has been located in Oceanhamnen, Helsingborg, at Henckels torg 3 since December 2020.

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.

In August 2022, Aqilion achieved a historical milestone when the company took the major step from preclinical development to clinical Phase 1.

At the end of 2022, Aqilion's pipeline contained four development programs, in various phases, in chronic inflammatory diseases: Regulus, Girtab, Alnitak and Polaris. All four 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

In 2019, the company changed its strategy, after which Aqilion focused its activities on the company's wholly owned programs, which were subsequently conducted in-house. However, Aqilion still has large shareholdings in three previous project companies.

At the end of 2022, Aqilion was the largest shareholder in AcuCort AB (publ), 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 (publ), which was listed on the Spotlight Stock Market in 2017. AcuCort was previously managed by Aqilion (legacy PULS) and has developed Zeqmelit™. The drug is a fast-dissolving oral film containing the glucocorticoid dexamethasone, primarily for treatment of acute and severe allergic reactions. Zeqmelit™ is approved in Sweden, Denmark and Norway. The drug was previously known as ISICORT in Sweden. The registration process is underway for other prioritized markets. During the year, the commercialization team geared up and the company's approved medications are approaching market introduction.

On December 31, 2022, AQILION AB's holdings in AcuCort AB (publ) 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 23.1% of the shares in Laccure AB as of December 31, 20221231. ***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***

Administration report

The Board of Directors and the Managing Director 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, 2022 to December 31, 2022. 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 based on data-driven research from which we can reasonably understand 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.

Organization and personnel

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 discovery. 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, two employees took up newly created positions and consultants were contracted to meet the company's needs for services, support and leading-edge expertise. It is important to attract and retain the best talent within the areas that the Company needs. At the end of the year, the Aqilion team consisted of a total of six employees and four consultants with long-term contracts, for a total of ten people, including five women and five men.

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 and culture that protects the health of our employees. In 2022, the company had 100% "healthy attendance" (less than five sick days per person per year) and our target is to achieve at least 98%.

Shareholder information

The purpose of Aqilion's deliberate, relevant and transparent communication regarding progress and other events within the company and the project companies is to have an impact both domestically and abroad in order to establish a solid foundation for discussions about new projects and exit work.

Aqilion has regularly distributed press releases that have been published on the company's website, in Aqilion's external newsroom on Cision, https://news.cision.com/se/aqilion, and via social channels such as LinkedIn.

During the year, the CEO or representatives from the Aqilion team presented the company at several partnering meetings and conferences, such as BIO International Convention 2022 in San Diego, California, and BIO-Europe in Leipzig, Germany, as well as at the Nordic Life Science Days in Malmö.

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 new and effective medications.
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 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 2022.

Pipeline

During the year, Aqilion reached a very important milestone as the company succeeded in taking the major step from preclinical to clinical Phase 1. At the end of the year, the company had four innovative development programs, in different phases of development, in its pipeline: Regulus, Girtab, Alnitak (Alnitak and Alnitak CNS) and Polaris. All programs focus on developing novel and innovative treatments for chronic inflammatory diseases for which few or no treatments are available and where there is currently a clear patient need.

Key events during the financial year

January

Anneli Hällgren took up the position as Head of Preclinical Development.

May

Aqilion expanded its pipeline with Girtab, an innovative program with the drug candidate AQ312 in the field of chronic inflammatory bowel disease (IBD).

June

Anneli Tinnerholm took up the position as Head of Clinical Operations and project management for the company's Regulus program.

The British Medicines and Healthcare Products Regulatory Agency (MHRA) approved the company's Phase 1 clinical trial with its drug candidate AQ280 for chronic inflammatory diseases.

Aqilion AB completed an issue in kind of 221,527 shares to LEO Pharma A/S, corresponding to 5% of the shares in AQILION AB (publ) after the issue in kind, in accordance with the agreement on the acquisition of the Regulus program.

The Annual General Meeting on June 16 elected Bertil Lindmark to serve as the new Chairman of the Board. Roland Andersson, Marie Lidgard, Martin Olovsson, Gunilla Savring and Andreas Segerros were reelected as Board members.

August

Aqilion started a Phase 1 safety study with the drug candidate AQ280 (Regulus program) for chronic inflammatory diseases

In August/September, Aqilion raised SEK 30.5 million after issue costs through a rights issue.

December

The Nomination Committee for the 2023 Annual General Meeting has been appointed and consists of the following members: Christian Ewe, Linus Wiebe and Katarina Berggren.

Significant events after the end of the financial year

February 2023

Aqilion signs a preclinical license and strategic research agreement with Merck.

Under the terms of the agreement, Merck will make an advance payment of EUR 10 million in cash to Aqilion. Aqilion is also entitled to receive potential milestone payments for development and commercialization that together exceed EUR 950 million, as well as royalties on future global net sales.

March 2023

Aqilion announced the formation of a Scientific Advisory Board with three key appointments: Dr. Luc Michel Biedermann, Professor Albert J Bredenoord and Professor Evan S. Dellon. The Scientific Advisory Board will work closely with Aqilion's management in the development of the company's Regulus program in preparation for planning Phase 2 trials in patients with the inflammatory disease Eosinophilic Esophagitis (EoE).

Aqilion raised SEK 20.1 million through conversion of outstanding warrants of series T01. The number of shares in the company after the conversion of the options amounts to 6,860,166 shares and the share capital amounts to SEK 3,430,083.

Events in the wider world

Aqilion is closely monitoring developments with respect to the coronavirus outbreak and the Covid-19 pandemic. The impact of global measures against COVID-19 and prioritization of healthcare resources on timelines for current and planned clinical activities remains uncertain. Clinical activities may be delayed, with potential consequences for opportunities to fund the company's operations.

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, 2022, amounted to SEK 3,025,145 distributed among 6,050,145 shares. The trend for the share capital over time can be seen in the table below. There are 809,876 warrants of series T01 issued to the owners who subscribed to the new issue of "UNITS" in September 2022. All 809,876 warrants were converted to shares in March 2023.

Date	Event	Number of shares	Total number of shares	Quota value per share	Increase in share capital	Total share capital	Capital contributed	Price/share
2002-02-01	Company formation	100,000	100,000	1:-	100,000	100,000	100,000	1
2003-10-31	Split	100,000	200,000	0.5		100,000		
2004-06-03	New share issue	56,000	256,000	0.5	28,000	128,000	1,680,000	30
2004-10-23	New share issue	200,000	456,000	0.5	100,000	228,000	6,000,000	30
2007-04-18	New share issue	84,790	540,790	0.5	42,395	270,395	4,239,500	50
2007-05-30	New share issue	12,000	552,790	0.5	6,000	276,395	600,000	50
Sept. 11, 2008	New share issue	100,000	652,790	0.5	50,000	326,395	5,200,000	52
Nov. 2, 2009	New share issue	36,852	689,642	0.5	18,426	344,821	1,916,304	52
June 1, 2010	New share issue	770,000	1,459,642	0.5	385,000	729,821	40,040,000	52
July 3, 2013	New share issue	289,855	1,749,497	0.5	144,927.50	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
2021-06-14	Issue in kind	221,527	4,430,538	0.5	110,763.50	2,215,269	-	-
2022-09-05	New share issue	1,619,752	6,050,290	0.5	809,876.00	3,025,145	30,775,288	19

FINANCIAL OVERVIEW FOR 2022 - GROUP

REVENUE AND OPERATING PROFIT/LOSS

As of December 31, 2022, the subsidiary AQILION FILIA AB was included in the Group. All operations are conducted in the parent company AQILION AB.

During the second quarter of 2022, ownership in Oncorena Holding AB and Laccure AB was reclassified from Associates to Securities held as non-current assets since Aqilion no longer had a controlling influence. As a result of this change, beginning with the second quarter of 2022, Aqilion no longer includes its share of earnings in these companies.

EARNINGS AND CASH FLOW

The Group's revenue totaled SEK 0 thousand for full-year 2022 (0). The Group's revenue for full-year 2022 was SEK 59,834 thousand (36,911). Administrative expenses for the full year totaled SEK 8,616 thousand (7,459), including personnel costs of SEK 3,691 thousand (3,273) and premises, operating and external costs for legal advice and auditing totaling SEK 4,925 thousand (4,186).

The Group's research and development costs amounted to SEK 51,218 thousand (29,452). The increase mainly reflects the acquisition of Aqilion's Regulus program from LEO Pharma in late 2021/early 2022. During the year, the project has developed into a clinical development program, which has entailed an increase in the number of employees and increased external research and development costs. Research and development costs include personnel costs of SEK 10,234 thousand (8,019) and external costs of SEK 40,984 thousand (21,433). External costs include development costs attributable to the Regulus, Girtab, Alnitak, and Polaris projects, as well as Aqilion's work in early "pre-projects."

The profit from participations in joint ventures and associates was SEK 7,327 thousand (loss: 3,041). During the year, holdings in Oncorena Holding AB and Laccure AB were reclassified from Associates to Securities held as non-current assets. The reason for the change is that Aqilion has reduced its holdings in these companies and no longer has a controlling influence in either of them. As a result of this reclassification, beginning with the second quarter Aqilion no longer includes its share of earnings in Oncorena Holding AB and Laccure AB in the consolidated accounts.

The consolidated operating loss was SEK 52,507 thousand (loss: 38,752).

Net financial items totaled SEK -4,755 thousand (-10,951), 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 4,942 thousand. The market value as of December 31, 2022, was SEK 9,758 thousand.

The consolidated loss after tax was SEK 57,362 thousand (loss: 49,703) and earnings per share totaled SEK -11.82 (-11.81). 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 2022 was SEK -51,593 thousand (-34,501). Cash flow from investing activities was SEK -4,531 thousand (-6,259). In 2021, Aqilion invested SEK 5.4 million in a convertible loan in Oncorena Holding AB. This convertible loan was converted into shares in January 2022. In 2022, Aqilion invested in intangible assets in the acquisition of the Regulus program from LEO Pharma A/S.

Cash flow from financing activities was SEK 30,133 thousand (-522), which is a result of the rights issue carried out by the parent company that raised SEK 30,711 after issue costs for the company.

Balance sheet items and financial position

Consolidated cash and cash equivalents amounted to SEK 26.1 thousand (52.1). Total assets as of December 31, 2022 amounted to SEK 64.0 million (74.7).

Deferred tax assets on tax loss carryforwards for Aqilion amount to SEK 42.1 million (31.4) and have not been recognized for reasons of prudence.

Shareholders' equity as of December 31, 2022 was SEK 52.4 million (70.2) and the Group's equity ratio was 82% (94).

AQILION AB's share capital as of December 31, 2022, amounted to SEK 3,025,145 distributed among 6,050,290 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. 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.

FINANCIAL OVERVIEW – Group

Statement of profit or loss (SEK thousand)	2022	2021
Other operating income	-	1,200
Operating expenses	-59,834	-39,952
Operating profit/loss	-52,507	-38,752
Net financial items	-4,855	-10,951
Profit/loss before tax	-57,362	-49,703
Income tax	-	-
Profit/loss for the year	**-57,362**	**-49,703**
Balance sheet, SEK thousand		
Non-current assets	36,515	15,831
Current receivables	1,368	6,781
Cash and cash equivalents	26,099	52,090
Total assets	**63,982**	**74,702**
Equity	52,448	70,194
Non-current and current liabilities	11,534	4,508
Total equity and liabilities	**63,982**	**74,702**
Statement of cash flows (SEK thousand)		
Cash flow from operating activities	-51,593	-34,501
Cash flow from investing activities	-4,531	-6,259
Cash flow from financing activities	30,133	-522
Cash flow for the year	**-25,991**	**-41,282**
Key performance indicators		
Working capital, SEK 000	15,933	54,946
Acid test ratio, %	238	1,500
Equity/assets ratio, %	82	94
Debt/equity ratio, %	22	6
Share data, SEK		
Earnings per share	-11.82	-11.81
Diluted earnings per share	-11.82	-11.81
Equity per share	8.67	16.68
Dividend	0	0
Number of shares		
Shares, basic	6,050,290	4,209,011
Average number of shares owutstanding, diluted	4,854,648	4,209,011
Shares outstanding at end of period	6,050,290	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 that 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, 2022, the subsidiary AQILION FILIA AB was included in the Group.

During the second quarter of 2022, ownership in Oncorena Holding AB and Laccure AB was reclassified from Associates to Securities held as non-current assets since Aqilion no longer had a controlling influence. As a result of this change, beginning with the second quarter of 2022, Aqilion no longer includes its share of earnings in these companies.

The parent company's net sales totaled SEK 0 thousand (0) for full-year 2022. Operating expenses totaled SEK 59,902 thousand (36,940) and other operating income amounted to SEK 0 thousand (1,200). The parent company's operating loss for full-year 2022 was SEK 59,902 thousand (loss: 35,740). The parent company's net financial items totaled SEK -21,164 thousand (-25,912), related to the change in value of the ownership holdings in AcuCort AB and Oncorena AB.

During the year, the value of Aqilion's holdings in AcuCort fell by about SEK -4.9 million (-9.4) to SEK 9.8 million (14.7) as a result of the share price trend. During the first quarter of 2022, Oncorena Holding AB carried out a rights issue in which Aqilion decided not to participate. As a result, Aqilion's ownership stake dropped from 31% to 20.7%. Since Aqilion's current strategy is to focus its activities and resources to the company's wholly owned programs that are run under its own auspices, and since Aqilion is no longer considered to have a controlling influence over Oncorena Holding AB, the previous holding in shares in associates have been reclassified and will now be recognized as securities held as non-current assets. Aqilion's Board of Directors decided to recognize an impairment loss of SEK 16,357 thousand to reduce the carrying amount of the company's shares in Oncorena Holding AB. This impairment charge is primarily motivated by the issue carried out in Oncorena Holding AB in January 2022. After the impairment charge the carrying amount in the parent company is the same as the value in the consolidated balance sheet.

AQILION AB does not pay any income tax at this time and the loss for the period was SEK 81,066 thousand (loss: 61,652). Investments in non-current financial assets totaled SEK 0 thousand (6,354). The parent company's cash and bank balances as of December 31, 2022 amounted to SEK 26,074 thousand (52,065).

The Aqilion share

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.

On June 14, 2022, the Board of Directors resolved to carry out an issue in kind aimed at LEO Pharma A/S for om 221,527 shares in AQILION AB, corresponding to 5% of shares in Aqilion after the completed issue in kind. The issued shares are a partial payment for taking over the Regulus program, which was decided in December 2021 and the payment was triggered when Aqilion received approval of its Clinical Trial Application (CTA) for a Phase 1 clinical trial. After the issue in kind in June 2022, the number of shares was 4,430,538.

The 2022 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.

During the third quarter of 2022, AQILION AB (publ) carried out a rights issue with the support of the authorization from the Annual General Meeting 2022. As a result, the company raised SEK 30.5 million after issue costs. The rights issue was held as an issue of units. Each unit contains four (4) shares and two (2) warrants of the subscription series TO1. In addition to the initial issue, the company may, subject to full exercise of share warrants of series TO1, raise an additional amount of approximately SEK 20.2 million. The subscription period for the warrants will be in February/March 2023.

Fåhraeus Start Up and Growth Fund and LMK Forward, along with Grenspecialisten, Nocroc Ventures and Mikael Lönn, acted as lead investors in the issue, which was 90% subscribed based on priority via subscription rights.

AQILION AB (publ) had 6,050,290 shares at the end of 2022. The shares are registered in Euroclear. At the end of the period there were 117 shareholders.

SIGNIFICANT AGREEMENTS

In December 2021, Aqilion acquired all rights to the Regulus program from LEO Pharma, which developed the project from early internal research. Under the terms of the deal, Aqilion made an upfront payment consisting of a combination of cash and shares. On June 14, 2022, the Board of Directors therefore resolved to carry out an issue in kind aimed at LEO Pharma A/S for 221,527 shares in AQILION AB, corresponding to 5% of shares in Aqilion after the completed issue in kind. The issued shares are a partial payment for taking over the Regulus program, which was decided in December 2021 and the payment was triggered when Aqilion received approval of its Clinical Trial Application (CTA) for a Phase 1 clinical trial. LEO Pharma is therefore a shareholder in Aqilion. Moreover, Aqilion will make additional payments, which will be generated either from product sales or through revenue from outlicensing.

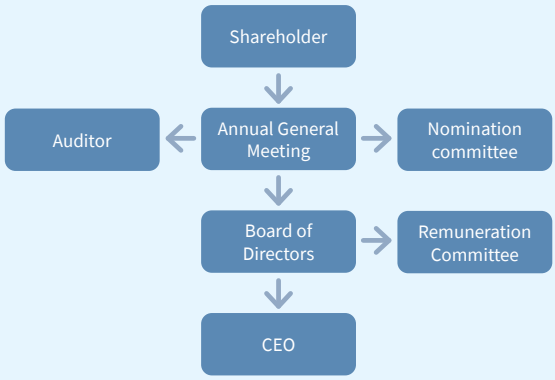
AQILION AB (publ) is a public Swedish limited liability company, company registration number 556623-2095, with its registered office in Helsingborg.

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, 2022, is shown in the table below:

Shareholder	Number of shares	Holdings in %
LMK Forward AB	1,021,314	16.9
Fåhraeus Startup & Growth AB	981,312	16.2
Longbow Finance S.A.	966,473	16.0
Länsförsäkringar Göteborg och Bohuslän	400,130	6.6
Aktiebolag Grenspecialisten	361,114	6.0
Länsförsäkringar Halland	233,400	3.9
Nocroc Venture AB	226,865	3.7
LEO Pharma A/S	221,527	3.7
Parkander, Björn	136,580	2.3
Henry Dunkers Förvaltnings AB	109,694	1.8
Total ten largest shareholders	**4,658,409**	**77.0**
Other shareholders	1,391,881	23.0
Total	**6,050,290**	**100.0**

2022 ANNUAL GENERAL MEETING

The Annual General Meeting was held on June 16, 2022, in Helsingborg, where 43.8% of the number of shares and voting rights were represented.

The Nomination Committee consisted of Christian Ewe (chair), Helena Arcombe, Linnea Höglund and Katarina Berggren.

RESOLUTIONS

Adoption of the income statement and balance sheet, as well as appropriation of profit or loss
The Annual General Meeting adopted the income statement and balance sheet for the 2021 financial year as presented in the annual report. The meeting resolved that the entire amount at the disposal of the meeting should be carried forward.

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

Discharge from liability
The Annual General Meeting discharged the members of the Board of Directors and the CEO from liability for the 2021 financial year.

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

The Chairman of the meeting thanked Johan Lund for his meritorious work as Chairman of Aqilion, as Johan's role as Chief Scientific Officer of the company had increased and he therefore declined reelection.

Determination of fees for the Board of Directors and the auditors
The Annual General Meeting resolved to pay fees until the close of the next Annual General Meeting in the amount of SEK 210,000 to the Chairman of the Board and SEK 90,000 for each Director of the Board who is not employed by the company. Remuneration to the auditor will be paid on approved account.

Election of auditor
Mazars AB Helsingborg with authorized public accountant Andreas Brodström and Bertil Toreson as co-auditor were reelected to serve until the next Annual General Meeting.

Adoption of principles for appointing the Nomination Committee and the task of the Nomination Committee
The Annual General Meeting resolved in accordance with the Board's proposal. The resolution on instructions for the Nomination Committee shall be in effect until such time that the Annual General Meeting decides otherwise.

Resolution to amend the Articles of Association
The Annual General Meeting resolved in accordance with the Board's proposal.

Resolution that Aqilion shall become a CSD-registered company
The Annual General Meeting resolved in accordance with the Board's proposal that the company shall become a CSD-registered company and that the company shall be affiliated with Euroclear as central securities depository.

Resolution on authorization
The Annual General Meeting resolved in accordance with the Board's proposal to authorize the Board of Directors to resolve on a rights issue of shares.

The Annual General Meeting resolved in accordance with the Board's proposal to authorize the Board to resolve on the issue of shares, convertibles and/or warrants.

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 Chairman of the Board of Directors is instructed to contact shareholders as described above as soon as possible after 30 September each year.

If any of the four largest shareholders in terms of votes chooses to waive its right to appoint a member of the nomination committee, or otherwise may be considered to have waived such right, the next shareholder in turn shall be given the opportunity to appoint a member of the nomination committee.
More than a total of ten shareholders need not be consulted, unless this is required for the nomination committee to consist of at least three members.

It is incumbent upon the Chairman of the Board to convene the Nomination Committee. The members of the Nomination Committee for the 2023 Annual General Meeting are as follows:
- Christian Ewe, appointed by the shareholder LMK Forward AB
- Linus Wiebe, Chairman of the Board, appointed by the shareholder
  Fåhraeus Start Up and Growth Fund AB
- 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 ten 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 Chairman 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 Chairman of the Board and the CEO.

The Board of Directors held its statutory meeting on June 16, 2022. In 2022, 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. Martin Olovsson (chair) and members Bertil Lindmark and Gunilla Savring have been serving on the Remuneration Committee and will do so until the 2023 Annual General Meeting. 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 2022/2023.

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 Chairman 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 2022 Annual General Meeting, Mazars Audit Office in 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 May 20, 2021, and are in effect until the 2024 Annual General Meeting. The current principles and guidelines for remuneration of senior executives are presented in note 9 on page 55 and note 24 on page 64.

CONSOLIDATED STATEMENT OF PROFIT OR LOSS	NOTE	2022	2021
SEK 000s			
Net sales		-	-
Cost of goods sold		-	-
Gross profit/loss		**0**	**0**
Research and development costs	6,7,9	-51,218	-29,452
Administrative expenses	6,7,8,9	-8,616	-7,459
Other operating income	10	0	1,200
Profit/loss from participations in joint ventures and associates	16	7,327	-3,041
Operating profit/loss		**-52,507**	**-38,752**
Financial income	11	136	475
Financial expenses	11	-4,991	-11,426
Profit/loss after financial items		**-57,362**	**-49,703**
Profit/loss before tax		**-57,362**	**-49,703**
Tax on profit/loss for the year	12	0	0
PROFIT/LOSS FOR THE YEAR		**-57,362**	**-49,703**
Profit/loss for the year attributable to:			
Equity holders of the Parent Company		-57,362	-49,591
Non-controlling interests		0	-112
Earnings per share, basic and diluted, SEK		-11.82	-11.81
Number of shares outstanding		6,050,290	4,209,011
Number of shares outstanding, diluted		6,050,290	4,209,011
Average number of shares		4,854,648	4,209,011

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, 2022	Dec. 31, 2021
SEK 000s			
ASSETS			
Non-current assets			
Intangible assets	13	13,488	0
Right-of-use assets	14	575	1,131
Financial assets			
Share of equity in joint ventures and associates	16	0	0
Other securities held as non-current assets	17	22,452	14,700
Total non-current assets		**36,515**	**15,831**
Current assets			
Receivables from joint ventures and associates		0	5,367
Other receivables		1,093	1,258
Prepayments and accrued income	18	275	156
Cash and cash equivalents	19	26,099	52,090
Total current assets		**27,467**	**58,871**
TOTAL ASSETS		**63,982**	**74,702**
EQUITY AND LIABILITIES			
Equity	20		
Share capital		3,025	2,105
Other contributed capital		352,010	313,314
Retained earnings, including net profit/loss for the year		-302,587	-245,225
Equity attributable to shareholders of the parent company		52,448	70,194
Total equity		**52,448**	**70,194**
Non-current liabilities			
Lease liability	21	-	583
Total non-current liabilities		**0**	**583**
Current liabilities			
Lease liability	21	525	520
Accounts payable		2,173	1,286
Current tax liabilities		-	-
Other liabilities		330	384
Accrued expenses and deferred income	22	8,506	1,735
Total current liabilities		**11,534**	**3,925**
TOTAL EQUITY AND LIABILITIES		**63,982**	**74,702**

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, beginning of year January 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**
Amount, beginning of year January 1, 2022	2,105	313,314	-245,225	70,194	0	70,194
Issue in kind	110	8,795		8,905		8,905
New share issue	810	29,965	0	30,775	0	30,775
Issue costs		-64		-64		-64
Comprehensive income for the year			-57,362	-57,362	0	-57,362
Closing balance December 31, 2022	**3,025**	**352,010**	**-302,587**	**52,448**	**0**	**52,448**

Consolidated statement of cash flows

CONSOLIDATED STATEMENT OF CASH FLOWS			
SEK 000s	NOTE	Dec. 31, 2022	Dec. 31, 2021
Operating activities			
Operating profit/loss		-52,507	-38,752
Interest received		84	475
Interest paid		-48	-52
Adjustment for non-cash items	24	-6,771	3,484
Income tax paid		0	0
Cash flow from operating activities before changes in working capital		**-59,242**	**-34,845**
Cash flow from changes in working capital			
Change in operating receivables		45	-328
Change in operating liabilities		7,604	672
Cash flow from operating activities		**-51,593**	**-34,501**
Investing activities			
Dividend received		52	88
Sale of non-current financial assets		0	7
Investment in intangible assets		-4,583	0
Investment in joint ventures and associates		0	-6,354
Investments in other financial holdings		0	0
Cash flow from investing activities		**-4,531**	**-6,259**
Financing activities			
New share issue		30,775	0
Issue costs		-64	0
Amortization of lease liability	21	-578	-522
Cash flow from financing activities		**30,133**	**-522**
Cash flow for the period		**-25,991**	**-41,282**
Cash flow for the period		-25,991	-41,282
Cash and cash equivalents at start of period		52,090	93,372
Cash and cash equivalents at close of period	19	**26,099**	**52,090**

PARENT COMPANY STATEMENT OF PROFIT OR LOSS	NOTE	2022	2021
SEK 000s			
Net sales		-	-
Cost of goods sold		-	-
Gross profit/loss		**0**	**0**
Research and development costs	6,7,9	-51,218	-29,452
Administrative expenses	6,7,8,9	-8,684	-7,488
Other operating income	10	0	1,200
Operating profit/loss		**-59,902**	**-35,740**
Profit/loss from financial items			
Profit/loss from participations in Group companies	11	0	278
Profit/loss from participations in joint ventures and associates	11	0	113
Impairment of securities that are non-current financial assets and joint ventures & associates	11	-21,300	-26,777
Other interest income and similar profit/loss items	11	136	476
Interest expense and similar profit/loss items	11	0	-2
Total financial items		*-21,164*	*-25,912*
Profit/loss after financial items		**-81,066**	**-61,652**
Profit/loss before tax		**-81,066**	**-61,652**
Tax on profit/loss for the year	12	0	0
PROFIT/LOSS FOR THE YEAR		**-81,066**	**-61,652**

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, 2022	Dec. 31, 2021
SEK 000s			
ASSETS			
Non-current assets			
Intangible assets			
Intangible assets	13	13,488	0
Non-current financial assets			
Participations in Group companies	15	25	25
Participations in joint ventures and associates	16	0	23,684
Other securities held as non-current assets	17	22,452	14,700
Total non-current assets		**35,965**	**38,409**
Current assets			
Current receivables			
Receivables from associates and jointly controlled companies		0	5,367
Other receivables		814	1,258
Prepayments and accrued income	18	327	205
Total current receivables		**1,141**	**6,830**
Cash and bank balances	19	26,074	52,065
Total current assets		**27,215**	**58,895**
TOTAL ASSETS		**63,180**	**97,304**
EQUITY AND LIABILITIES			
Equity	20		
Restricted equity			
Share capital		3,025	2,105
Statutory reserve		1,472	1,472
Total restricted equity		*4,497*	*3,577*
Unrestricted equity			
Share premium reserve		38,696	0
Retained earnings		90,323	151,974
Profit/loss for the year		*-81,066*	*-61,651*
Total unrestricted equity		*47,953*	*90,323*
Total equity		**52,450**	**93,900**
Current liabilities			
Accounts payable		2,173	1,286
Other liabilities		329	384
Accrued expenses and deferred income	22	8,228	1,734
Total current liabilities		**10,730**	**3,404**
TOTAL EQUITY AND LIABILITIES		**63,180**	**97,304**

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
Amount beginning of year, January 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**
Amount beginning of year, January 1, 2022	2,105	1,472	0	151,974	-61,651	93,900
Issue in kind	110		8,795			8,905
New share issue	810		29,965			30,775
Issue costs			-64			-64
Resolution from the Annual General Meeting						
to be carried forward			0	-61,651	61,651	0
Comprehensive income for the year					-81,066	-81,066
Closing balance, December 31, 2022	**3,025**	**1,472**	**38,696**	**90,323**	**-81,066**	**52,450**

Parent company statement of cash flows

PARENT COMPANY STATEMENT OF CASH FLOWS	NOTE	Dec. 31, 2022	Dec. 31, 2021
SEK 000s			
Operating activities			
Operating profit/loss		-59,902	-35,740
Interest received		84	387
Interest paid		0	-2
Cash flow from operating activities before changes in working capital		**-59,818**	**-35,355**
Cash flow from changes in working capital			
Change in operating receivables		321	-360
Change in operating liabilities		7,326	703
Cash flow from operating activities		**-52,171**	**-35,012**
Investing activities			
Dividend received		52	480
Investment in intangible assets		-4,583	0
Investment in joint ventures and associates		0	-6,353
Cash flow from investing activities		**-4,531**	**-5,873**
Financing activities			
New share issue		30,775	0
Issue costs		-64	0
Cash flow from financing activities		**30,711**	**0**
Cash flow for the period		**-25,991**	**-40,885**
Cash flow for the period		-25,991	-40,885
Cash and bank balances at start of period		52,065	92,950
Cash and bank balances at close of period	19	**26,074**	**52,065**

FINANCIAL OVERVIEW – parent company	2022	2021	2020	2019
Statement of profit or loss (SEK thousand)				
Other operating income	0	1,200	2,930	2,910
Operating expenses	-59,902	-36,940	-29,494	-20,007
Operating profit/loss	-59,902	-35,740	-26,564	-17,097
Net financial items	-21,164	-25,912	12,913	-45,923
Profit/loss before tax	-81,066	-61,651	-13,651	-63,020
Income tax	-	-	-	-
Profit/loss for the year	-81,066	-61,651	-13,651	-63,020
Balance sheet, SEK thousand				
Intangible assets	13,488	0	0	0
Non-current financial assets	22,477	43,777	63,833	49,096
Current receivables	1,141	1,462	1,469	1,155
Cash and bank balances	26,074	52,065	92,950	121,620
Total assets	63,180	97,304	158,252	171,871
Equity	52,450	93,900	155,550	169,201
Non-current and current liabilities	10,730	3,404	2,702	2,670
Total equity and liabilities	63,180	97,304	158,252	171,871
Statement of cash flows (SEK thousand)				
Cash flow from operating activities	-52,171	-35,012	-26,849	-17,866
Cash flow from investing activities	-4,531	-5,873	-1,821	-19,365
Cash flow from financing activities	30,711	0	0	99,468
Cash flow for the year	-25,991	-40,885	-28,670	62,237
Key performance indicators				
Working capital, SEK 000	16,485	50,123	91,718	120,105
Acid test ratio, %	254	1,730	3,496	4,598
Equity/assets ratio, %	83	97	98	98
Debt/equity ratio	0.20	0.04	0.02	0.02
Share data, SEK				
Earnings per share	-16.69	-14.65	-3.24	-14.97
Diluted earnings per share	-16.69	-14.65	-3.24	-14.97
Equity per share	8.67	22.31	36.96	40.20
Dividend	0	0	0	0
Number of shares				
Shares, basic	6,050,290	4,209,011	4,209,011	3,542,643
Average number of shares outstanding, diluted	4,858,539	4,209,011	4,209,011	3,542,643
Shares outstanding at end of period	6,050,290	4,209,011	4,209,011	4,209,011

Notes

Note 1
General information

AQILION AB (publ), with its registered office in Helsingborg, is a Swedish private 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 mailing address is Henckels Torg 3, 252 36 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 innovative new 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 May 3, 2023 and will be presented for adoption at the Annual General Meeting on June 1, 2023.

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 2022, 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, 2022 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
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 is accounted for by adjusting the carrying amounts of the controlling and non-controlling interests to reflect changes in their relative holdings 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, cash and cash equivalents 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

The Group's intangible assets consist in their entirety of an acquired development project. Intangible assets acquired separately are recognized at cost less accumulated amortization and any accumulated impairment losses. Amortization is calculated on a straight-line basis over the estimated useful life of the asset. Estimated useful lives and depreciation/amortization methods are reviewed if there is an indication that these have changed from the estimate at the previous balance sheet date. The effect of any changes in estimates and assumptions is recognized prospectively. The acquired development project is not yet amortized as development is not completed.
The development project is subject to impairment testing at least once a year. No impairment has been identified.

Property, plant and equipment

The Group's property, plant and equipment consist entirely of right-of-use assets relating to premises, which are depreciated over the term of the lease.

Research and Development
Expenditure on research aimed at gaining new scientific or technical knowledge is recognized as an expense as incurred.

Expenditures 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 currently has no capitalized development expenditure.

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 6.2%.

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.

Share in the associate's profit or loss after tax is recognized as "Profit/loss from after tax from shares in associates and joint ventures" in the consolidated statement of profit or loss.

Changes in holdings
If additional shares are acquired in an entity that is an associate both before and after the acquisition, the shares owned before the acquisition are not revalued. If shares in an associate are disposed of so that a controlling influence no longer exists, all shares are regarded as disposed of and the gain or loss on disposal is recognized in the consolidated income statement. If shares remain after disposal, they are recognized at fair value with the fair value at the time of sale as the cost.

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
Other securities held as non-current assets are measured at fair value through profit or loss. Holdings in listed companies are measured at fair value in Level 1; the valuation is based on quoted market prices on the balance sheet date.

Unlisted securities holdings are measured at fair value in Level 3 of the valuation hierarchy. This means that several key inputs are not based on observable market information.

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.

The Group currently has no revenue.

Services
The Group currently has limited revenue. The contract that generated revenue during the previous 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 consolidated 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 expensed 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, which 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 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, 2022, would have been SEK 158 thousand (66) higher or lower, mainly as a result of gains and losses on the translation of current receivables and liabilities.

Interest rate risk
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, 2022, a one-percentage-point change in market interest rates would affect the Group's earnings by SEK 256 thousand (510).

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 1,952 thousand (2,940).

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, 2022 was SEK 51,598 thousand (73,415). 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 26,099 thousand (52,090) as of December 31, 2022.
To strengthen the company's liquidity, Aqilion carried out a rights issue in July 2022 with priority for existing owners to ensure continued development of the company's pipeline. The rights issue was held as an issue of units and raised about SEK 30.5 million for the company after issue costs. Each unit contained four (4) shares and two (2) warrants of the subscription series TO1.

In March 2023, Aqilion raised SEK 20.1 million through conversion of the outstanding warrants of series T01. The issue proceeds combined with the upfront payment of EUR 10 million when signing the license agreement with Merck provide Aqilion with good prospects for continuing to run the business according to the current business plan.

The maturity structure of the Group's financial liabilities is shown below. Amounts are nominal.

Financial liabilities due for payment as of December 31, 2022:

	Within 3 months	Between 3 months and 1 year	Between 1 year and 2 years	Later than 2 years
Lease liability	157	418	0	0
Accounts payable	2,173	0	0	0
Other liabilities and accrued expenses	6,166	2,670	0	0
Total	**8,501**	**3,156**	**0**	**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 cooperation 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 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, 2022**	**Dec. 31, 2021**
Total interest-bearing liabilities	525	1,103
Less: interest-bearing assets	-26,099	-52,090
Net debt	**-25,574**	**-50,987**
Total equity	52,448	70,194
Net debt/equity ratio, %	**-49%**	**-73%**

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

Net debt/equity ratio in percent
Net debt in relation to 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 Group's securities held as non-current assets are measured at fair value, SEK 22,452 thousand, in the consolidated balance sheet. Listed holdings are measured at the quoted price on the balance sheet date (Level 1), unlisted holdings are measured at fair value in Level 3, which means that several key inputs are not based on observable market information. Inadequate and/or incorrect assumptions may affect the valuation of these holdings.

The Group's tax loss carryforwards amount to SEK 204,289 thousand (151,809); 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 42,084 thousand (31,273). 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.

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	2022	2021
Research and development costs		
Personnel costs	10,234	8,019
External costs	40,984	21,433
Total costs for research & development	**51,218**	**29,452**
Administrative expenses		
Personnel costs	3,691	3,273
External costs	4,925	4,186
Total administrative expenses	**8,616**	**7,459**
Parent company		
Research and development costs		
Personnel costs excl. share-based compensation	10,234	8,019
External costs	40,984	21,433
Total costs for research & development	**51,218**	**29,452**
Administrative expenses		
Personnel costs	3,691	3,273
External costs	4,993	4,215
Total administrative expenses	**8,684**	**7,488**

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, 2022.

Group	2022	2021
Depreciation/amortization of right-of-use assets	556	556
Interest expense for lease liabilities	48	52

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	742	650
Lease payments are due as follows:		
Within one year	525	651
More than one year but within five years	0	583
Later than five years	-	-
Total lease payments	**525**	**1,234**

The entire lease payment relates to rent for offices in Helsingborg.
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	2022	2021
Mazars AB		
Audit assignment	171	126
Non-audit assignments	54	50
Tax consulting	0	0
Other advisory services	0	54
Total	**225**	**230**
Parent company		
Mazars AB		
Audit assignment	171	126
Non-audit assignments	54	50
Tax consulting	0	0
Other advisory services	0	54
Total	**225**	**230**

Note 9

Employee benefits and personnel information

Group and parent company	2022	2021
Employee benefits		
Salaries and benefits	8,264	5,632
Social security costs	1,306	1,773
Pension expenses – defined-contribution plans	1,147	1,417
Total Group	**10,717**	**8,822**

Parent company	2022	2021
Remuneration of the Board of Directors		
Board fees	660	623
Social security costs	169	195
Total	**829**	**818**
Total parent company	**10,221**	**9,640**

Average number of employees	2022	men
Parent company, Sweden	6	2
Total	**6**	**2**

Gender balance for Board members and other senior executives	2022	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

Board fees

The Chairman of the Board received a fee of SEK 210 thousand (210) and the other Board members received SEK 90 thousand (90).

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. Some of the Group's senior executives invoice their fees, see note 25.

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

Remuneration of senior executives

Name	Fixed compensation		Variable compensation				
	Base salary	Other	Bonus	Warrant program	Pension premium	Total compensation	Percentage fixed compensation
Sarah Fredriksson, CEO	1,844,000	0	218,000	0	332,000	2,394,000	77%
Total 2022	1,844,000	9,600	218,000	0	332,000	2,394,000	77%
Total 2021	1,619,000	6,600	225,000	0	323,000	2,173,600	75%

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	2022	2021
Sales to joint ventures and associates	0	1,200
Other sales	0	0
Total other operating income	**0**	**1,200**
Parent company		
Sales to Group Companies	0	0
Sales to joint ventures and associates	0	1,200
Other sales	0	0
Total other operating income	**0**	**1,200**

Note 11
Financial items

Group	2022	2021
Financial income		
Interest income	84	387
Dividend	52	88
	136	475
Financial expenses		
Interest expense	-48	-52
	-48	-52
Change in value financial assets measured at fair value through profit or loss		
Fair value gain	0	0
Fair value loss	-4,943	-11,374
	-4,943	-11,374
Total net financial items	**-4,855**	**-10,951**
Parent company		
Profit/loss from joint ventures and associates		
Impairment	0	-17,421
	0	-17,421
Profit/loss from other securities that are non-current assets		
Impairment of securities	-21,300	-9,356
	-21,300	-9,356
Other interest income and similar profit/loss items		
Interest income	84	391
Dividend	52	476
	136	867
Interest expense and similar profit/loss items		
Interest expense	0	-2
	0	-2
Total financial items	**-21,164**	**-25,912**

Note 12
Tax on profit/loss for the year

Group	2022	2021
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	-57,362	-49,703
Income tax calculated according to the current tax rate, 20.6%	11,817	10,239
Tax effects of:		
Reversal of impairment of financial items	-1,096	5,516
Non-taxable income	89	18
Non-deductible expenses	-1	-1
Effect of deficit for which deferred tax assets have not been recognized	-10,809	-15,772
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 204,289 thousand (152,201) at the end of the period.

There is no maturity date that limits the utilization of tax loss carryforwards. No tax has been recognized in other comprehensive income or equity.

Parent company	2022	2021
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	-81,066	-61,651
Income tax calculated according to the current tax rate, 20.6%	16,700	12,700
Tax effects of:		
Reversal of impairment of financial items	-4,466	5,516
Non-taxable income	89	-99
Non-deductible expenses	-1	-1
Effect of deficit for which deferred tax assets have not been recognized	-12,322	-18,116
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 211,951 thousand (152,201) at the end of the period. There is no maturity date that limits the utilization of tax loss carryforwards. No tax has been recognized in other comprehensive income or equity.

Note 13

Intangible assets

Group	Dec. 31, 2022	Dec. 31, 2021
Opening cost	0	0
Acquisition av development project	13,488	0
Closing accumulated cost	**13,488**	**0**

The Group's intangible assets consist in their entirety of the Regulus project, which was purchased in 2022 for a total of SEK 13,488 thousand through a cash payment of USD 0.5 million, corresponding to SEK 4,583 thousand, and a payment in shares of SEK 8,905 thousand via an issue in kind of 221,527 shares at a share price of SEK 40.20 per share.

The development is not yet completed, for which reason amortization has not begun. The project was tested for impairment at the balance sheet date.

Note 14

Right-of-use assets

Group	Dec. 31, 2022	Dec. 31, 2021
Opening cost	1,687	1,111
Additional contracts	0	576
Closing accumulated cost	**1,687**	**1,687**
Opening depreciation/amortization	-556	0
Depreciation/amortization for the year	-556	-556
Closing accumulated depreciation/amortization	**-1,112**	**-556**
Carrying amount	**575**	**1,131**

Note 15

Participations in Group companies

Parent company	Dec. 31, 2022	Dec. 31, 2021
Opening cost	25	13,077
Acquisitions during the year	0	0
Liquidated during the year	0	-13,052
Closing accumulated cost	**25**	**25**
Opening impairment	0	-13,052
Liquidated during the year	0	13,052
Closing impairment	**0**	**0**
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 16
Participations in joint ventures and associates

Group	Dec. 31, 2022	Dec. 31, 2021
Share of equity in joint ventures and associates		
Opening carrying amount	0	1,802
Investment for the year	0	1,354
Adjustment for liquidated companies	0	-115
Effect on profit/loss for the year	7,327	-3,041
Reclassification to Other securities held as non-current assets for the year	-7,327	0
Carrying amount	**0**	**0**

Effect on profit/loss for the year includes capital gains totaling SEK 8,522 thousand. The reason for these gains is that because the Group did not participate in new issues in Oncorena Holding, its stake in the associate decreased from 31% to 20.7% and these shares are recognized as divested.

	Percentage	Number of shares	Share of equity	
			2022	2021
Laccure AB, 556725-2076 - Registered office Gothenburg	23.1%	217,337	-	0
Oncorena Holding AB, 556925-5192 -Registered office Helsingborg	20.7%	91,476	-	0

The voting share corresponds to the share of equity. If the share of equity is negative, 0 is recognized in the carrying amount, which is the case for Oncorena Holding AB.

During the first quarter of 2022, Oncorena Holding AB carried out a rights issue in which Aqilion decided not to participate. As a result, Aqilion's ownership stake dropped from 31% to 20.7%. Since Aqilion's current strategy is to focus its activities and resources to the company's wholly owned programs that are run under its own auspices, and since Aqilion is no longer considered to have a controlling influence over Oncorena Holding AB, the previous holding in shares in associates have been reclassified and will now be recognized as securities held as non-current assets.

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

Laccure AB	2022	2021
Ownership share, %	23.1	27.2
Revenue	-	0
Profit/loss for the year	-	-3,259
Aqilion's share of profit/loss for the period	**-**	**-886**
Effect of rights issue	-	-656
Total share of profit/loss for the year	**-**	**-1,542**
Total non-current assets	-	1,964
Total current assets	-	713
Total current liabilities	-	-197
Total net assets 100%	**0**	**2,480**
Aqilion's share of total net assets	**0**	**675**
Oncorena Group		
Ownership share, %	20.7	30.7
Revenue	-	0
Profit/loss for the year	-	-16,918
Aqilion's share of profit/loss for the period	**-**	**-5,194**
Effect of rights issue	-	0
Total share of profit/loss for the year	**-**	**-5,194**
Total non-current assets		1,971
Total current assets	-	1,529
Total current liabilities	-	-2,396
Total net assets 100%	**-**	**1,104**
Aqilion's share of total net assets	**-**	**-4,307**
Carrying amount under the equity method, joint ventures and associates	**-**	**0**
Parent company		
Participations in joint ventures and associates		
Opening cost	41,106	59,365
Investment for the year	0	1,354
Disposals/Impairment losses for the year	0	-19,613
Reclassification to Group company securities held as non-current assets	-41,106	0
Closing cost	**0**	**41,106**
Opening impairment	-17,421	-19,613
Reversal of impairment	0	19,613
Impairment losses/reclassifications for the year securities held as non-current assets	17,421	-17,421
Closing impairment	**0**	**-17,421**
Carrying amount	**0**	**23,685**
Carrying amount: Laccure AB, 556725-2076	0	0
Oncorena Holding AB, 556925-5192	0	23,685

Note 17
Other securities held as non-current assets

Group	Dec. 31, 2022	Dec. 31, 2021
Opening carrying amount	14,700	25,954
Investment for the year	5,367	0
Reclassification for the year from participations in joint ventures and associates	7,327	0
Change in fair values (AcuCort)	-4,942	-11,254
Carrying amount	**22,452**	**14,700**

	Percentage	Number of shares	Carrying amount	Fair value Dec. 31, 2022
AcuCort AB, 556715-5113	16.2	5,069,066	9,758	9,758
Laccure AB, 556725-2076	23.1	217,337	0	0
Oncorena Holding AB, 556925-5192	20.7	91,476	12,694	12,694

Parent company	Dec. 31, 2022	Dec. 31, 2021
Opening cost	24,056	24,056
Investment for the year	5,367	0
Reclassification for the year from participations in joint ventures and associates	41,106	0
Closing cost	**70,529**	**24,056**
Opening impairment	-9,356	0
Reclassification for the year from participations in joint ventures and associates	-17,421	0
Impairment loss for the year	-21,300	-9,356
Closing impairment	**-48,077**	**-9,356**
Carrying amount	**22,452**	**14,700**

An impairment charge for the value of Oncorena Holding AB of SEK 12,694 million was taken in the parent company, which also corresponds to the value in the Group. The reason is partly that Oncorena is in an early stage of development and partly, even though Oncorena is an unlisted company, the index of similar companies has fallen sharply in recent times.

Note 18
Prepayments and accrued income

Group	Dec. 31, 2022	Dec. 31, 2021
Prepaid rent	55	17
Prepaid charges for information databases	195	63
Other items	25	76
Carrying amount	**275**	**156**
Parent company		
Prepaid rent	55	81
Prepaid charges for information databases	195	63
Other items	77	61
Carrying amount	**327**	**205**

Note 19
Cash and cash equivalents

Group	Dec. 31, 2022	Dec. 31, 2021
Cash and cash equivalents comprise:		
Bank balances	26,099	52,090
Parent company		
Cash and cash equivalents comprise:		
Bank balances	26,074	52,065

Note 20
Equity

The number of shares is 6,050,290; each share carries one vote. The quota value is SEK 0.50 per share.

As of December 31, 2022, the registered share capital comprised 6,050,290 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 21
Lease liability

Group	Dec. 31, 2022	Dec. 31, 2021
Opening lease liability	1,103	1,062
Additional contracts	0	563
Amortization during the year, affecting cash flow	-578	-522
Closing lease liability	**525**	**1,103**
Of which long-term	0	583
Of which short-term	525	520

Note 22
Accrued expenses and deferred income

Group	Dec. 31, 2022	Dec. 31, 2021
Accrued wages and salaries including holiday pay and social security contributions	698	682
Accrued Board fees incl. social security contributions	506	506
Accrued costs in an ongoing clinical trial	5,530	0
Accrued preliminary team bonus	1,369	0
Other	403	546
Total accrued expenses and deferred income	**8,506**	**1,734**
Parent company		
Accrued wages and salaries including holiday pay and social security contributions	698	682
Accrued Board fees incl. social security contributions	506	506
Accrued costs in an ongoing clinical trial	5,530	0
Accrued preliminary team bonus	1,369	0
Other	125	547
Total accrued expenses and deferred income	**8,228**	**1,735**

Note 23
Financial instruments by category

Group	Dec. 31, 2022	Dec. 31, 2021
Financial assets measured at fair value through profit or loss		
Receivables from joint ventures and associates	0	5,367
Other securities held as non-current assets	22,452	14,700
	22,452	20,067
Financial assets measured at amortized cost		
Accounts receivable	0	0
Other receivables	1,093	1,258
Cash and cash equivalents	26,099	52,090
	27,192	53,348
Total financial assets	**49,644**	**73,415**

Financial assets measured at fair value through profit or loss
The Group's other securities held as non-current assets are measured at fair value through profit or loss. Holdings in listed companies are measured at fair value in Level 1; the valuation is based on quoted
market prices on the balance sheet date.

Unlisted securities holdings are measured at fair value in Level 3 of the valuation hierarchy. This means that several key inputs are not based on observable market information.

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, 2022	Dec. 31, 2021
Financial liabilities measured at amortized cost		
Accounts payable	2,173	1,286
Other liabilities	330	49
Accrued expenses	8,506	149
Total financial liabilities	**11,009**	**1,484**

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 24
Non-cash items

Group	Dec. 31, 2022	Dec. 31, 2021
Depreciation/Amortization	556	556
Profit/loss from participations in joint ventures and associates	-7,327	2,928
Profit/loss on divestment of Group company	0	0
	-6,771	3,484

Note 25
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, related parties and remuneration to key personnel are set out below. Purchases from board members and management functions as described below have been made via invoicing from companies.

Dec. 31, 2022	Sale of services	Purchase of services	Liability on Dec. 31	Receivable on Dec. 31
Laccure AB	0	0	0	0
Johan Lund, Chairman of the Board until June 16, 2022	0	650	0	0
Management functions without employment relationship	0	2,078	84	0
Dec. 31, 2021				
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

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 (0) in invoicing to Group companies. No purchases have been made from Group companies.

Note 26
Pledged assets and contingent liabilities

There are no pledged assets or contingent liabilities.

Note 27
Significant events after the end of the financial year

February 2023
Aqilion signs a preclinical license and strategic research agreement with Merck. Under the terms of the agreement, Merck will make an advance payment of EUR 10 million in cash to Aqilion. Aqilion is also entitled to receive potential milestone payments for development and commercialization that together exceed EUR 950 million, as well as royalties on future global net sales.

The bonus reserved for the team in the annual accounts, SEK 1,369 thousand, was paid in February.

March 2023
Aqilion announced the formation of a Scientific Advisory Board with three key appointments: Dr. Luc Michel Biedermann, Professor Albert J Bredenoord and Professor Evan S. Dellon. The Scientific Advisory Board will work closely with Aqilion's management in the development of the company's Regulus program in preparation for planning Phase 2 trials in patients with the inflammatory disease Eosinophilic Esophagitis (EoE).

Aqilion raised SEK 20.1 million through conversion of outstanding warrants of series TO1. The number of shares in the company after the conversion of the options amounts to 6,860,166 shares and share capital amounts to SEK 3,430,083.

Note 28
Dividends and appropriation of profit

The following proposal for the appropriation of profit will be presented to the Annual General Meeting on June 1, 2023:

The following unrestricted funds (SEK) are at the disposal of the Annual General Meeting:	
Share premium reserve	38,760,034
Retained earnings	90,323,092
Profit/loss for the year	-81,066,379
	48,016,747

The Board proposes that the profits be appropriated as follows:	
Carry forward to new account	48,016,747
	48,016,747

Note 29
Approval of financial reports

The annual accounts and consolidated accounts were approved for the Board to issue on May 3, 2023. 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 1, 2023.

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 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.

Helsingborg May 3, 2023

Bertil Lindmark
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
Chief Executive Officer

Our Audit Report was submitted on May 3, 2023
Mazars AB

Andreas Brodström
Principal auditor
Authorized public accountant

Bertil Toresson
Authorized public accountant

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 2022.

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, 2022 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, 2022, 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.

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 for 2022 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, May 3, 2023
Mazars AB

Andreas Brodström
Auditor in charge
Authorized public accountant

Bertil Toreson
Authorized public accountant

mazars

Invitation to the 2023 Annual General Meeting

The Annual General Meeting of AQILION AB will be held at *5:00 p.m. on Thursday, June 1, 2023,* 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. The information will also be posted on the company's website and announced in the newspapers Post och Inrikes Tidningar and Dagens Industri.

Participation in the Annual General Meeting

Shareholders wishing to participate in the Annual General Meeting must be entered in the share register as of May 24, 2023 and must notify the company of their intention to participate no later than May 30, 2023.

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 two), 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 26, 2023, interim report January-March 2023

June 1, 2023, 5:00 p.m., Annual General Meeting in Helsingborg

August 25, 2023, interim report for January-June 2023

November 9, 2023, interim report for January-September 2023

February 15, 2024, year-end report 2023

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

AhR Aryl Hydrocarbon Receptor, a protein that regulates expression of certain genes.

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

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.

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).

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

Phase 1 safety study Studies mainly of the safety and tolerability of a drug. Conducted on a limited number of healthy volunteers.

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

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

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.

IBD Inflammatory Bowel Disease (IBD) is an autoimmune inflammatory disease of the intestines and is a collective term for ulcerative colitis and Crohn's disease, as well as what is known as "unclassified colitis." Common to the diseases is that they are characterized by the body's immune system attacking its own intestinal mucosa, which causes chronic inflammation.

Inflammasome Among the most important inflammatory processes is the formation of a protein complex called 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.

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.

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.

MHRA The British Medicines and Healthcare Products Regulatory Agency (MHRA).

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.

PCT Application Patent Cooperation Treaty, international patent application. A PCT application covers most countries, with the exception of certain countries in South America, the Middle East and Asia.

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.

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.

Tolerability How a person reacts to a medication.

Tox study Common name for safety and toxicology study. A drug to be evaluated in humans in a clinical trial must first be tested in non-clinical trials with respect to its efficacy (pharmacology) and safety (safety pharmacology and toxicology)

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