COMBIGENE'S VISION IS TO PROVIDE PATIENTS AFFECTED BY SEVERE LIFE-ALTERING DISEASES WITH THE PROSPECT OF A BETTER LIFE THROUGH NOVEL GENE THERAPIES

"The year 2020 was a very good year for CombiGene with significant value-creating milestones in our projects. During the year, we also were successful in financing the company through three new issues and a total of three series of warrants."

Jan Nilsson, CEO of CombiGene AB (publ)

2020 Annual Report and Consolidated Financial Statements for

CombiGene AB (publ)

Org nr: 556403-3818

CombiGene

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Corporate identity number: 556403-3818

Contents

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CombiGene´s project CGT2 is supported by the Eurostars Programme.Project ID: 114714

Important events 2020

CG01

- Establishment of a state-of-the-art production platform.
- Development of the assays needed for quality control in the production of CG01.
- Large-scale production of CG01 material for the final preclinical studies.
- Initiation of the development of optimized dosing and injection strategy for the clinical studies.
- Successful completion of three preclinical studies: tropism, learning and memory and pharmacokinetics.

CGT2

- The design of expression plasmids that are starting material for the gene therapy vectors CombiGene intends to develop for the treatment of partial lipodystrophy.
- Submission of a priority patent application.
- In vitro studies.
- Start of the first in vivo study to measure the level of protein expression from the different drug candidates and in which tissue and cell types protein are expressed by the synthetic vectors.
- First selection of potential drug candidates.

Financing

- Completion of three new issues that, including warrants, have contributed approximately SEK 89 million to the company before issue costs.
- A third payment from Horizon 2020 of EUR 130,000 for CombiGene's epilepsy project CG01.

Other

- On June 29, 2020, CombiGene AB held its Annual General Meeting in Lund. The Annual General Meeting resolved on all proposed matters in accordance with the proposal of the Board of Directors and the Nomination Committee. Bert Junno, Jan Nilsson, Jonas Ekblom and Per Lundin were elected as new board members. Peter Nilsson was re-elected as a board member. Bert Junno was elected new Chairman of the Board.

Key events after the end of the year

- Recruitment of coworkers with expertise in production, quality control and clinical trials.
- Response from the Swedish and UK pharmaceutical authorities confirming CombiGene's plan for CG01's final preclinical studies.
- CombiGene's lipodystrophy project receives EUR 882 500 in development grants from the EU Eurostars program.
- The material from the first large-scale production of CG01 approved for use in the final parts of the preclinical program.
- The CG01 project initiates the final preclinical biodistribution and toxicology studies.
- CombiGene carries out a fully guaranteed rights issue of approximately SEK 75 million.

Comments from the CEO

The year 2020 was a very good year for CombiGene with significant value-creating milestones in our projects. During the year, we also were successful in financing the company through three new issues and a total of three series of warrants. In total, the issues and warrants provided the company with approximately SEK 89 million before issue costs. During the year, we also intensified our communication with the stock market through a variety of activities. When summing up 2020, I feel great pride in what we have achieved so far and great enthusiasm and energy for 2021 which I expect will be just as productive and successful as 2020.

CG01 advances towards first in human study

In 2020, our epilepsy project CG01 took several significant steps forward through the establishment of a large-scale production platform together with our international partners Viralgen, Cobra and CGT Catapult and through the completion of three preclinical studies, all of which delivered positive results. In 2021, the focus will be on the final parts of the preclinical program – in particular the studies in toxicology and biodistribution – with the ambition to start the first in human study in 2022.

State-of-the-art production platform.
During the year, we established a quality-assured and scalable production process and during the autumn we produced the first large-scale batch, which will be used in our preclinical studies in toxicology and biodistribution. This material was released in accordance with our specifications in March 2021, which means that we have now started the final parts of the preclinical program. In 2021, we will also produce GMP material as part of our preparations for the first human study. The fact that CombiGene as a small biotech company has successfully established this production platform is a clear demonstration of the expertise that exists within the company.

Positive study results.
During the year, we conducted three preclinical studies with results that corroborate our working hypothesis regarding the drug candidate CG01. All in all, the results of this year's preclinical studies verify our understanding of how CG01 works and provide positive answers to questions that the authorities have asked us.

Final preclinical studies.
In 2021, we will have a clear focus on the final parts of CG01's preclinical program, not least the important biodistribution and toxicology studies. After receiving confirmatory responses to our study plan from the Swedish and UK regulatory authorities and the release of the CG01 material, we started the final parts of the preclinical program in March 2021.

On the way to clinical trials.
Following the progress made in 2020 and with the planned activities for 2021, we are now preparing to start the clinical program in 2022 with the first study in humans. Preparations for this very important phase of the CG01 project have been going on for a long time and cover a wide range of aspects. We have an ongoing dialogue with key players such as potential clinical partners, potential industrial partners and regulatory authorities. We are also working on completing the design of the first clinical study in humans, which includes contacts with a number of international experts. As an additional part of the preparation for this clinical study, we will produce CG01 material approved for clinical use in 2022, known as GMP material. During the end of 2020 and the beginning of 2021, we also strengthened our organization with expertise in production, quality control and clinical trials through new recruits.

The lipodystrophy project moving toward the important concept verification study

Our lipodystrophy project CGT2 has also developed well during the year. We have applied for patent protection for the vectors being developed within the project, paving the way for global patent protection. This will be important in the further development and commercialization of the project. During the end of 2020, we started work on identifying the most promising drug candidate and plan to initiate the important concept verification study in 2021.

Successful financing of CombiGene

For a young biotech company like CombiGene, financing is on the agenda to drive the company towards new value-creating milestones and something that company management and the Board of Directors work on continuously.
The company develops advanced biological drugs classified as Advanced Therapy Medicinal Products

(ATMP), specifically virus vector-based gene therapy. Manufacturing this type of product is very complex and requires major investments compared to traditional pharmaceuticals. This also applies to the production and validation of CG01 for clinical trials. We therefore have a higher capital requirement for the start of a first clinical trial as compared with more traditional biotech companies.

In 2020, we carried out a rights issue and two directed issues that, including a very high utilization rate of three series of warrants, provided the company with approximately SEK 89 million before issue costs.

In the spring of 2021, we carried out a fully guaranteed rights issue that provided the company with approximately SEK 75 million before issue costs.

CombiGene is also actively working to provide the company with alternative capital. In March 2018, Horizon 2020 – the EU framework program for research and development – announced that it is investing EUR 3.36 million in our epilepsy project CG01. With the third Horizon 2020 installment paid out in autumn 2020, the EU program has so far committed EUR 2.85 million to the CG01 project. In addition, at the beginning of 2021, the EU's Eurostars program announced that they are investing a total of EUR 882,500 in development grants in our lipodystrophy project CGT2.

In addition to the resources allocated to our projects, the EU's investment in our projects is a significant mark of quality.

Limited effects of the COVID-19 pandemic

The immediate effects of the COVID-19 pandemic on CombiGene's operations have so far been limited. During the year, we continued our work as before, but used digital technology to minimize the number of social contacts. We do not currently expect any material delays in any of our projects due to the ongoing pandemic.

Prospects

If we look at our two projects in a slightly longer perspective, the picture becomes even more interesting. The epilepsy project CG01, with a conservative estimate, has the potential to treat up to 10,000 patients a year, which means that we estimate the annual value of this market at up to USD 1,500 million. Our CGT2 project is being developed for the treatment of the rare disease lipodystrophy. Our assessment is that this project is well placed to obtain orphan drug status at a later stage, which entails great advantages in terms of time and cost during the development period, extensive market exclusivity, and often also attractive pricing once the drug has been approved.

In other words, the future of CombiGene becomes more and more exciting as our projects advance and the more value-creating milestones we reach.

Finally, I would like to thank all shareholders who invested in CombiGene during the year. Your support and trust are invaluable prerequisites for us to continue to develop the company at the pace and direction we want.

Jan Nilsson
CEO

Advances in CG01 bring the project ever closer to clinical studies

In 2020, CG01 was positioned for the final preclinical studies and CombiGene has now started preparatory work for the clinical development program scheduled to start in 2022. The first clinical trial is likely to be the single most decisive activity in the company's history.

CombiGene's epilepsy project CG01 advanced well and at a high pace in 2020. During the year, the company established a state-of-the-art production platform, conducted three preclinical studies with positive results and signed agreements on the development of an optimized drug administration. CG01 is thus well positioned for the final preclinical studies.

Successful development of production platform

The most significant progress in 2020 was the development of the production platform established during the year. CombiGene now has a production process with the capacity to deliver materials not only to the final preclinical studies and the upcoming clinical program, the production can also be easily scaled up to meet future commercial demand. Having the same production process all the way to the market is of great importance in the regulatory process and facilitates the final approval of CG01. Given that production and production capacity pose significant challenges in all gene therapy projects, it is very positive that, after very intensive work, the company has all parts of the production process in place. The production process can be divided into three main parts: starting materials, quality assurance and manufacturing.

In 2020, CombiGene decided to use a suspension-based production method that can meet future commercial requirements for large volumes. At the beginning of September 2020, contracts to produce CG01 were signed with the Spanish manufacturer Viralgen and not even a month later production of the first batch of CG01 began. The analysis of the material from this first production was completed at the beginning of 2021 and the material is now released for use in this year's preclinical studies.

Master cell banks ensure the quality of plasmids

The starting material for the production of CG01 consists of three different plasmids (circular DNA molecules) of which one plasmid is the carrier of the DNA encoding of CG01's active substances neuropeptide Y and its receptor Y2. Together with Cobra Biologics, CombiGene produced so-called master cell banks in 2020 that ensure that the quality of the plasmids is exactly the same for each production run. The master cell banks are thus a cornerstone of the quality assurance of CG01.

Analytical methods integrated into the manufacturing process

The next step in the work to ensure the quality of the production of CG01 was to develop the general and specific analytical methods needed for the production process. This work was completed in 2020 in collaboration with the UK organization CGT Catapult.

Positive results from this year's preclinical studies

All preclinical studies conducted during the year yielded results that verified the company's understanding of how CG01 works in several important areas.

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The tropism study. The brain is made up of neurons and glial cells. A unique feature of viruses and thus also virus vectors is that they have so-called tropism, which means that they selectively infect certain types of cells. The tropism study conducted by CombiGene in 2020 shows that CG01 is absorbed only by the neurons in the hippocampus and not by the glial cells. This knowledge verifies the understanding of how CG01 works and also provides positive answers to questions asked by the authorities.

The learning and memory study. During the year, CombiGene also conducted a learning and memory study. The outcome of the study is very satisfactory as it shows that the active substances encoded in CG01 do not have a significant negative impact on learning or memory. Neuropeptide Y, one of the substances encoded in CG01, is associated with several physiological processes, including memory and learning ability. CombiGene had therefore been asked by the FDA and the Swedish Medical Products Agency if CG01 has any impact on these functions. The study conducted shows that an increased expression of CG01 does not have a negative impact on memory or learning.

The pharmacokinetics study. Perhaps the most important study of the year was the pharmacokinetics study. This study clearly shows that the expression (presence) of neuropeptide Y (NPY) and its receptor Y2 increases markedly already one week after injection of CG01 and then rises over the next two weeks to reach a plateau after three weeks. It was particularly important that the level achieved after three weeks was stable throughout the duration of the study, i.e. six months. This provides further evidence that an injection of CG01 should have effect for many years in humans. A rule of thumb is that six months in the experimental model CombiGene used in this study can correspond to up to 15 years in humans.

Optimization of dosing and injection

During the final quarter of the year, CombiGene signed an agreement with UK-based Neurochase for the development of optimized dosing and injection of CG01 for the clinical studies. The fact that CombiGene, together with Neurochase, has now begun work to develop a reproducible method to be able to inject CG01 in a very precise volume to a very precise area of the brain is another important milestone in this project.

The global market for the drug candidate CG01 is estimated at USD 750-1,500 million annually

Epilepsy is a major global problem. Estimates show that 0.6 to 0.8% of the world's population suffers from the disease. In 2016, there were 5.7 million diagnosed epilepsy patients in the traditional drug markets in the US, France, Italy, Spain, Germany, the UK and Japan. About a third of these patients do not respond to traditional medical treatment. Of these, about 60 per cent have a focal epilepsy, i.e. an epilepsy in which the attack originates in a well-defined area of the brain. It is this latter group of epileptics that CombiGene intends to help with its drug candidate CG01.

Huge potential for CombiGene

Each year, approximately 47,000 drug-resistant patients with focal epilepsy are estimated to be added to the traditional drug markets and China. CombiGene estimates that it is realistic that 10-20 percent of these patients could be treated with the company's drug candidate CG01. Assuming, for example, that the cost of therapy per patient is somewhere between USD 134,000 and USD 200,000 (which compared to approved gene therapy drugs is low), it generates sales between USD 750 million and USD 1.5 million annually.

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The lipodystrophy project is being prepared for concept verification study

CGT2, CombiGene's project to develop a gene therapy treatment for partial lipodystrophy, is in preclinical development. Lipodystrophy is a rare disease characterized by altered fat distribution on the body. Patients suffer from body fat atrophy. In the absence of normal body fat, various organs begin to accumulate fat, leading on to serious metabolic complications, including extreme insulin resistance, hypertriglyceridemia (elevated values of blood fat triglyceride) and liver steatosis (fatty liver).

Since CombiGene licensed the project from Lipigon in 2019, the pace of the project has accelerated, and the project is now approaching the important concept verification study. In 2020, several important steps were taken on the way to the implementation of this study. During the first quarter, the expression plasmids that make up the starting material for the gene therapy vectors that CombiGene will develop were designed. At the beginning of the year, resources in the project were strengthened by the appointment of a research position at Stockholm University.

Further preparations for the future is the priority patent application filed in August for the vectors being developed within the project. The patent application paves the way for global patent protection for CGT2.

In 2020, a number of gene therapy vectors were first tested in vitro (i.e. tests with liver cells) and work then continued with the project's first in vivo study as a first selection of the drug candidates. In this study, the level of protein expression from the different vectors in different tissues and cell types was analyzed. The next step in the selection process is to initiate another in vivo study in which we measure the effect of the different candidates on fatty liver disease, which is the condition that the CGT2 project primarily intends to treat in partial lipodystrophy.

The ambition is to start the important concept verification study in 2021. In the long term, CombiGene intends to submit an application for orphan drug status, which provides significant benefits in terms of lower costs, shorter development time, extensive market exclusivity and access to regular consultations with pharmaceutical authorities.

The total market for the lipodystrophy project CGT2 is estimated at USD 700-1450 million

With the lipodystrophy project, which was inlicensed from Lipigon Pharmaceuticals AB in the autumn of 2019, CombiGene has expanded the business to include metabolic diseases. The initial goal of the project is to develop a gene therapy treatment for partial lipodystrophy, a very rare disease that today completely lacks adequate treatment. The project is at an early stage of development.

Partial lipodystrophy is a very rare disease that currently lacks effective treatment options. It is estimated that there are currently around 500 patients in the US and 300 patients in the EU and that the patient population is expected to grow by just under four per cent a year. Assuming that CGT2 will treat between 25 and 50 percent of patients and that the treatment per patient is USD 1.5 million in the U.S. and USD 1.3 million in Europe, the total sales potential will be between $700 million and $1,450 million.

There is another group of patients with lipodystrophy who lack a substance called leptin. This group of patients will initially not be treated with CGT2, but there is currently a pharmaceutical treatment costing USD 850,000 in the US per year per patient, which indicates that there is a high willingness to pay for this type of disease.

eurostars™ CombiGene´s project CGT2 is supported by the Eurostars Programme.Project ID: 114714

Strategy

Gene therapy is one of the most dynamic areas in today's drug development. At the end of 2020, 423 clinical studies were underway, of which 72 were in Phase III, the last clinical phase prior to market approval. The focus of the clinical studies is on oncological diseases, cardiovascular diseases and diseases related to the central nervous system. Investments in gene therapy increased by 70 percent in 2020. It is in this dynamic landscape that CombiGene operates.

The great interest in gene therapy from both researchers and investors is explained by the unique benefits that gene therapy offers. Firstly, gene therapy has the potential to treat diseases that today lack adequate therapies. Secondly, gene therapy can offer long-lasting, possibly lifelong efficacy, through one or a few treatment sessions, whereas traditional medicines that often have to be taken several times a day for life.

Gene therapy revolutionizes drug development

The fact that gene therapy is one of the most interesting areas in drug development is also confirmed by the successes of recent years in the US and the EU. On August 30, 2017, the U.S. Food and Drug Administration (FDA) for the first time approved a gene therapy drug for the U.S. market. At the end of 2019, there were four products approved for both the US and the EU. In addition, there are another three products approved in the EU and one in the US. The FDA has also demonstrated a great deal of faith in gene therapy by simplifying the regulatory framework for this type of drug. CombiGene estimates that the number of approved gene therapies will increase rapidly over the next few years to become an established treatment option in a number of areas.

Development of research assets in collaboration with external researchers

Large pharmaceutical companies conduct both research and development, which means that these companies have all the expertise and resources necessary to develop a product from idea to market. CombiGene is an innovation focused development company that does not conduct research on its own but brings research assets into the company through collaborations with external researchers. The benefits of this type of cooperation are significant for both parties. CombiGene gets access to first-class research from academia without being burdened by resource-intensive research costs. The academic researchers, in turn, gain access to CombiGene's extensive expertise in drug development and project management, as well as financial resources that enable preclinical and clinical development.

Excellence and experience

CombiGene has gradually built a team of highly knowledgeable and experienced professionals with a long and solid experience from the international pharmaceutical industry and biotech arena as well as good knowledge in all aspects of gene therapy such as preclinical and clinical development, production and science. The combination of experience and cutting-edge expertise means that CombiGene has the ability, together with a network of selected partners, to develop breakthrough gene therapies for epilepsy and lipodystrophy effectively.

Method development and preclinical studies in collaboration with leading international actors

In order to use the company's resources as efficiently as possible, CombiGene conducts the development of manufacturing methods and conducting preclinical and clinical studies in collaboration with leading external actors in each area. In this way, the company can at any given time choose the most suitable partner and thus run the projects as efficiently and successfully as possible.

Commercialization in collaboration with leading pharmaceutical companies

CombiGene's ambition is to take its own drug candidates through preclinical development until initial human studies. Drug candidates for commonly occurring diseases will be commercialized through strategic partnerships and CombiGene has been conducting extensive business development work for several years to build long-term relationships with interesting international pharmaceutical companies. For pharmaceuticals aimed at limited patient populations, CombiGene may establish its own sales channels.

What is gene therapy?

Gene therapy aims to modify or alter the expression of a gene or to change the biological properties of living cells for therapeutic use.

Gene therapy is a technique that modifies a person's genes to treat or cure diseases such as cancer, genetic diseases and infectious diseases.

Gene therapies can work with several mechanisms:

- Replace a disease-causing gene with a correct copy of the gene.
- Inactivate a disease-causing gene that is not working properly.
- Introduce a new or modified gene into the body to help treat a disease.

There are a variety of gene therapy products, including:

- **Plasmid DNA:** Circular DNA molecules can be genetically engineered to bring therapeutic genes into human cells.
- **Virus Vectors:** Viruses have a natural ability to deliver genetic material to cells, and therefore some gene therapy products are derived from viruses. Once viruses have been modified to remove their ability to cause infectious diseases, these modified viruses can be used as vectors (vehicles) to carry therapeutic genes in human cells.
- **Bacterial Vectors:** Bacteria can be modified to prevent them from causing infectious diseases and then used as vectors (vehicles) to carry therapeutic genes in human tissues.
- **Human gene editing technology:** The goal of gene editing is to disrupt harmful genes or to repair mutated genes.
- **Patient-based cellular gene therapy products:** Cells are removed from the patient, genetically modified (often using a viral vector), and then returned to the patient.

Share capital development

Year	Event	Quotient value	Change in number of shares	Change in share capital	Total number of shares	Total share capital
1990	Company registration	100,00	500	50 000	500	50 000
1997	Bonus issue	100,00	500	50 000	1 000	100 000
2010	New issue	100,00	26	2 600	1 026	102 600
2013	New issue	100,00	410	41 000	1 436	143 600
2014	Bonus issue	100,00	4 308	430 800	5 744	574 400
2014	New issue	100,00	300	30 000	6 044	604 400
2014	Split 1 000:1	0,10	6 037 956	0	6 044 000	604 400
2014	New issue	0,10	2 800 000	280 000	8 844 000	884 400
2015	New issue	0,10	2 500 000	250 000	11 344 000	1 134 400
2015	New issue	0,10	37 970	3 797	11 381 970	1 138 197
2016	New issue	0,10	419 620	41 962	11 801 590	1 180 159
2017	New issue	0,10	4 720 637	472 064	16 522 230	1 652 223
2018	New issue	0,10	675 596	67 560	17 197 836	1 719 783
2018	New issue	0,10	34 395 650	3 439 565	51 593 476	5 159 348
2019	New issue	0,10	12 130 360	1 213 036	63 723 836	6 372 384
2019	New issue	0,10	7 060	706	63 730 896	6 373 090
2019	New issue	0,10	1 322 751	132 275	65 053 647	6 505 365
2020	New issue	0,10	52 568 360	5 256 836	117 622 007	11 762 201
2020	New issue	0,10	8 000 000	800 000	125 622 007	12 562 201
2020	New issue	0,10	21 588 125	2 158 813	147 210 132	14 721 013
2020	New issue	0,10	29 450 679	2 945 068	176 660 811	17 666 081
2020	New issue	0,10	1 561 365	156 137	178 222 176	17 822 218
2020	New issue	0,10	29 466 723	2 946 672	207 688 899	20 768 890
2020	New issue	0,10	21 588 125	2 158 813	229 277 024	22 927 702
At year-end		**0,10**			**229 277 024**	**22 927 702**

One share in CombiGene AB has a quotient value of SEK 0.10 (0.10). The total number of shares is 229 277 024 (65 053 647) and the share capital amounts to SEK 22 927 702 (6 505 365). All shares have equal voting rights.

Key terms

Figures in Tsek	2020 Jan–Dec	2019 Jan–Dec
Earnings per share, before dilution	-0,17	-0,31
Earnings per share, after dilution SEK	-0,17	-0,31
Shareholders' equity per share, SEK	0,31	0,31
Equity/assets ratio, %	89,95	46,34
Average number of shares, before dilution	178 780 152	57 543 838
Average number of shares, after dilution	178 780 152	57 543 838
Total outstanding shares	229 277 024	65 053 647

Administration Report

Financial reporting is in Swedish kronor.

Operations

The company will develop and commercialize gene therapy for treatment of neurological and psychiatric disorders, and carry out other activities compatible therewith. The company's registered head office is in Lund, Sweden.

Multi-year overview*, Group, TSEK	2020	2019	2018	2017	2016
Net sales	0	0	8	3 000	0
Income after net financial items	-29 551	-17 929	-13 146	-8 958	-8 666
Balance sheet total	79 414	43 818	35 116	8 139	4 889
Equity/assets ratio (%)	90	46	58	80	83
Earnings per share	-0,17	-0,31	-0,25	-0,54	-0,74
Shareholders' equity per share	0,31	0,31	0,39	0,39	0,35

Multi-year overview*, Parent Company, TSEK	2020	2019	2018	2017	2016
Net sales	0	0	0	3 000	0
Profit/loss after financial items	-29 551	-15 091	-13 127	-8 963	-6 469
Balance sheet total	79 414	45 241	35 120	8 124	4 884
Equity/assets ratio (%)	91	47	58	80	84

**For definitions of key terms, see the accompanying notes.*

Group

The Group's legal structure consists of the Parent Company CombiGene AB (publ) Corp. ID. No. 556403-3818, whose operations include group-wide functions and ownership and management of 100% of holdings in the subsidiaries CombiGene Personal AB, Corp. ID. No. 559052-2735, CombiGene UK Ltd Corp. ID. No. 11215912, and Panion Animal Health AB, Corp. ID. No.559018-4171.

CombiGene AB (publ) is listed on Nasdaq First North Growth Market.

The share

CombiGene's share was listed on Spotlight in 2015. On 19 December 2018 Nasdaq approved CombiGene's application for listing on Nasdaq First North Stockholm. The share name is Combigene, the share is traded under the symbol COMBI and the ISIN code is SE0006504593.

Significant events during 2020

- Establishment of a state-of-the-art production platform.
- Development of the assays needed for quality control in the production of CG01.
- Large-scale production of CG01 material for the final preclinical studies.
- Initiation of the development of optimized dosing and injection strategy for the clinical studies.
- Successful completion of three preclinical studies: tropism, learning and memory and pharmacokinetics.
- For the project CGT2, the design of expression plasmids that are starting material for the gene therapy vectors CombiGene intends to develop for the treatment of partial lipodystrophy.
- Submission of a priority patent application.
- In vitro studies.
- Start of the first in vivo study to measure the level of protein expression from the different drug candidates and in which tissue and cell types protein are expressed by the synthetic vectors.
- First selection of potential drug candidates.
- In September, the redemption procedure was completed of shares and warrants in Panion Animal Health AB and CombiGene owns 100% of the shares Panion.
- Completion of three new issues that, including warrants, have contributed approximately SEK 89 million to the company before issue costs.
- A third payment from Horizon 2020 of EUR 130,000 for CombiGene's epilepsy project CG01.

Expected future development

For the CG01 project, the focus in 2021 will be on the final parts of the preclinical programme – in particular the studies in toxicology and biodistribution – with the ambition to start the first human study in 2022.

For CGT2, in 2020 work began on identifying the most promising drug candidate and it is planned to initiate the important concept verification study in 2021.

Significant events after the end of the reporting period

- Recruitment of persons with expertise in production, quality and clinical trial.
- Response from the Swedish and UK pharmaceutical authorities confirming CombiGene's plan for CG01's final preclinical studies.
- CombiGene's lipodystrophy project receives EUR 882 500 in development grants from the EU Eurostars programme.
- The material from the first large-scale production of CG01 approved for use in the final parts of the preclinical program.
- The CG01 project begins the final preclinical biodistribution and toxicologystudies.
- The company carries out a fully guaranteed rights issue of approximately SEK 75 million.

Financial risk management

The financial risks can primarily be divided into the following categories: market risk (including currency and interest rate risk), credit risk and liquidity risk.

Currency risk

The currency exposures to which the company is exposed are mainly in relation to the euro and the USD. Currently, net exposure in each currency is limited, so the company does not have a policy to hedge the exposure. During the period, exchange rate fluctuations have had only a marginal impact on earnings.

The Group's total exchange rate difference amounts to SEK 333 thousand (-107) and is recognized in operating profit.

Interest rate risk

The Group's interest rate risk is mainly linked to bank balances, which at the balance sheet date amounted to SEK 49 thousand (15).

Price risk

The Group is not exposed to any price risk.

Credit risk

The Group is not exposed to any price risk.

Liquidity risk

The company works continuously with its liquidity. The Board of Directors' assessment is that the issues carried out during the year together with the rights issue carried out in spring 2021 constitute sufficient capital to run the business in 2021.

Change in shareholders' equity, Group

Figures in Tsek	Share capital	Other capital contribution	Accumulated profit/loss	Non-controlling interests	Total shareholders' equity
Balance brought forward	**6 505 365**	**68 941 281**	**-56 982 109**	**1 840 237**	**20 304 774**
Acquisition without controlling interest			-1 434 982	-1 671 586	-3 106 568
Issue	16 422 337	74 103 123			90 525 460
Issuing expenses		-6 739 583			-6 739 583
Profit/loss for the year			-29 382 779	-168 651	-29 551 430
Amount at year-end	**22 927 702**	**136 304 821**	**-87 799 870**	**0**	**71 432 653**

Change in shareholders' equity, Parent Company

	Share capital	Statutory reserve	Reserve for development expenses	Share premium reserve	Accumulated profit/loss including profit/loss for the year	Total shareholders' equity
Amount at the start of the period	**6 505 365**	**3 500**	**507 500**	**49 255 365**	**-34 787 461**	**21 484 269**
Development costs for the year			104 349		-104 349	0
Issue	16 422 337			74 103 123		90 525 460
Issuing expenses				-6 739 583		-6 739 583
Profit/loss for the year					-29 712 283	-29 712 283
Amount at year-end	**22 927 702**	**3 500**	**611 849**	**116 618 905**	**-64 604 093**	**75 557 863**

Ownership

Below is the Company's shareholders with at least five percent of the shares and votes as of December 30, 2020

Name	Number of shares and votes	Number of shares and votes in %
Jan Ivar Nordqvist	13 728 583	5,99
Other	215 548 441	94,01
Total	**229 277 024**	**100,00**

Allocation of profit/loss

Proposed appropriations of the parent company's profit/loss

For adoption by the Annual General Meeting	
loss brought forward	116 618 905
share premium reserve	-34 891 810
loss for the year	-29 712 283
	52 014 812
The Board proposes that be carried forward.	52 014 812
	52 014 812

Income statement

		Group		Parent Company	
		2020-01-01	2019-01-01	2020-01-01	2019-01-01
	Note	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Operating revenue, etc.					
Net sales		0	0	0	0
Other operating revenues	3	12 029 164	15 729 966	12 029 164	15 729 966
Total operating revenue		**12 029 164**	**15 729 966**	**12 029 164**	**15 729 966**
Operating expenses					
Other external expenses	4	-29 639 919	-25 263 338	-29 135 532	-23 731 885
Other operating expenses		-868 717	-826 612	-868 543	-825 381
Personnel expenses	5	-7 185 053	-6 165 412	-7 185 053	-6 063 562
Write-downs at year-end		-2 494 828	-1 166 164	-200 000	-18 750
Total operating expenses		**-40 188 517**	**-33 421 526**	**-37 389 128**	**-30 639 578**
Operating profit/loss		**-28 159 353**	**-17 691 560**	**-25 359 964**	**-14 909 612**
Profit from financial items					
Profit from shares in group		0	0	-3 442 242	0
Other interest income and similar profit/loss items	6	5	0	5	29 643
Interest expenses and similar profit/loss items		-1 392 082	-237 043	-910 082	-210 737
		-1 392 077	-237 043	-4 352 319	-181 094
Profit/loss after financial items		**-29 551 430**	**-17 928 603**	**-29 712 283**	**-15 090 706**
Tax on profit for the year	7	0	0	0	0
Profit/loss for the year		**-29 551 430**	**-17 928 603**	**-29 712 283**	**-15 090 706**
Attributable to:					
Parent Company shareholders		-29 382 779	-17 602 260		
Non-controlling interests		-168 651	-326 343		

Balance sheet

		Group		Parent Company	
FIXED ASSETS	*Note*	**2020-12-31**	**2019-12-31**	**2020-12-31**	**2019-12-31**
Intangible assets					
Patent	*8*	1 758 349	1 654 000	1 758 349	1 654 000
Goodwill	*9*	19 506 051	21 800 880	0	0
Licences	*10*	2 781 250	1 481 250	2 781 250	1 481 250
		24 045 650	24 936 130	4 539 599	3 135 250
Financial assets					
Participations in group companies	*11*	0	0	23 174 870	23 462 644
		0	0	23 174 870	23 462 644
Total fixed assets		**24 045 650**	**24 936 130**	**27 714 469**	**26 597 894**
Current receivables					
Inventory		823 796	0	823 796	0
Accounts receivable		16 049	0	16 049	0
Receivables in group companies		0	0	625 857	52 260
Other receivables		942 265	500 390	900 427	415 710
Prepaid expenses and accrued income	*12*	4 690 536	3 215 968	4 690 536	3 215 968
		6 472 646	3 716 358	7 056 665	3 683 938
Cash and bank balances					
Cash and bank balances	*13*	48 895 244	15 165 906	48 702 616	14 959 404
		48 895 244	15 165 906	48 702 616	14 959 404
Total current assets		**55 367 890**	**18 882 264**	**55 759 281**	**18 643 342**
TOTAL ASSETS		**79 413 540**	**43 818 394**	**83 473 750**	**45 241 236**

Balance sheet

		Group		Parent Company	
SHAREHOLDERS' EQUITY AND LIABILITIES	*Note*	**2020-12-31**	**2019-12-31**	**2020-12-31**	**2019-12-31**
Share capital	14	22 927 702	6 505 365		
Other capital contribution		136 304 821	68 941 281		
Other shareholders' equity including profit/loss for the year		-87 799 870	-56 982 109		
Total shareholders' equity attributable to parent company shareholders		**71 432 653**	**18 464 537**		
Minority interest		0	1 840 237		
Total shareholders' equity		**71 432 653**	**20 304 774**		
Restricted equity, Parent Company					
Share capital	14			22 927 702	6 505 365
Statutory reserve				3 500	3 500
Reserve for development expenses				611 849	507 500
				23 543 051	7 016 365
Non-restricted equity					
Profit or loss brought forward				-34 891 810	-19 696 755
Share premium reserve				116 618 905	49 255 365
Profit/loss for the year				-29 712 283	-15 090 706
				52 014 812	14 467 904
Total shareholders' equity				**75 557 863**	**21 484 269**
Current liabilities					
Liabilities to credit institutions	15	0	7 000 000	0	7 000 000
Accounts payable, trade		2 995 095	2 134 771	2 995 095	2 077 306
Liabilities to group companies		0	0	0	705 811
Tax liability		17 720	46 488	17 720	46 488
Other liabilities		264 531	223 081	249 531	208 082
Accrued expenses and prepaid income	16	4 703 541	14 109 280	4 653 541	13 719 280
Total current liabilities		**7 980 887**	**23 513 620**	**7 915 887**	**23 756 967**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**79 413 540**	**43 818 394**	**83 473 750**	**45 241 236**

Cash flow statement

	Note	Group 2020-12-31	Group 2019-12-31	Parent Company 2020-12-31	Parent Company 2019-12-31
Operating activities					
Operating profit/loss		-28 159 353	-17 691 560	-25 359 964	-14 909 612
Adjustment for non-cash items, etc.					
-Depreciation		2 494 828	1 166 164	200 000	18 750
Interest received		5	0	5	29 643
Interest paid		-1 392 082	-237 043	-910 082	-210 737
Total		**-27 056 602**	**-16 762 439**	**-26 070 041**	**-15 071 956**
Cash flow from operating activities before working capital changes		**-27 056 602**	**-16 762 439**	**-26 070 041**	**-15 071 956**
Cash flow from working capital changes					
Decrease(+)/increase(-) in receivables		-2 756 289	-1 584 084	-3 372 728	-2 009 711
Decrease(+)/increase(-) in current liabilities		-8 532 747	-3 258 155	-8 841 080	2 111 041
Cash flow from operating activities		**-38 345 638**	**-21 604 678**	**-38 283 849**	**-14 970 626**
Investing activities					
Investments in intangible assets		-104 348	0	-104 348	0
Investment in subsidiaries		-3 106 552	-1 521 474	-3 154 468	-8 705 678
Cash flow from investing activities		**-3 210 900**	**-1 521 474**	**-3 258 816**	**-8 705 678**
Financing activities					
New borrowings		0	7 000 000	0	7 000 000
Repayment of loans		-7 000 000	0	-7 000 000	0
New issue for the year		82 285 877	-392 716	82 285 877	11 123
Acquisition from holding without controlling interest		0	-119 937	0	0
Cash flow from financing activities		**75 285 877**	**6 487 347**	**75 285 877**	**7 011 123**
CASH FLOW		**33 729 339**	**-16 638 805**	**33 743 212**	**-16 665 181**
Liquid assets					
Change in liquid assets		33 729 339	-16 638 805	33 743 212	-16 665 181
Liquid assets at the start of the reporting period		15 165 905	31 804 710	14 959 404	31 624 585
Liquid assets at the end of the reporting period		**48 895 244**	**15 165 905**	**48 702 616**	**14 959 404**

Supplementary disclosures

GENERAL DISCLOSURES

Note 1 Accounting principles

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's General Recommendations BFNAR 2012:1 (K3) Annual Accounts and Consolidated Accounts. Accounting principles are unchanged compared with those applied in the previous year's annual report.

REPORTING CURRENCY

Financial reporting is in Swedish kronor unless otherwise stated.

VALUATION PRINCIPLES

Receivables
Receivables are stated at the amount expected to be paid.

Receivables and liabilities in foreign currencies
Receivables and liabilities in foreign currencies are restated at balance date rate. Differences between acquisition value and value on balance-sheet date are recognized in profit or loss. Receivables and liabilities in foreign currencies that are hedged are restated at the forward rate.
Other assets, provisions and liabilities
Other assets, provisions and liabilities are measured at acquisition value unless otherwise stated below.

Proprietary intangible assets
Development expenses are recognized as intangible assets according to the activation mod el when the following criteria are met:

- It is technically and financially possible to complete the asset,
- there is an intention to sell, and conditions for selling, the asset,
- it is probable that the asset will generate revenue or lead to cost savings,
- the expenses can be calculated reliably.

The acquisition value of an internally generated intangible asset consists of the costs that are directly attributable to resources necessary for creating, developing and completing the asset, such that it can be used in the manner intended by the company's management. Internally generated assets are depreciated from the time they are first used.

Financial instruments
Financial as sets and liabilities are recognized according to the acquisition value method. Financial assets in the form of securities are recognized at acquisition value, which includes transaction expenses that are directly attributable to the acquisition. Securities held as fixed assets and ownership interest in other companies for which the fair value is less than the book value are written down to fair value if the impairment can be assumed to be a long-term impairment. Current investments are recognized at either their book value or sale value, whichever is lower.

Long-term receivables and long-term liabilities are recognized at amortized cost, which corresponds to the present value of future payments less the effective rate as calculated at the time of acquisition. Current receivables and derivative instruments, which are not part of a hedging programme which is reported according to hedge accounting principles, are recognized at either their acquisition value or sale value, whichever is lower.

Current liabilities, which can be expected to be settled within 12 months, are recognized at nominal value.

Depreciation
Concessions, patents, licences, goodwill, trademarks and sim ilar rights: 10 years.

Patents have not been depreciated, since the assets have not been taken into use.

CombiGene acquired a licence in 2019 for development of a treatment for lipodystrophy. The licence is reported at acquisition cost with deductions for depreciation according to plan over the estimated useful life of the asset. The company's management has determined the estimated useful life to be 10 years, since the licence agreement with Lipigon is exclusive for CombiGene for the first 10 years. Thereafter, the agreement will continue as a non-exclusive licensing agreement.

Goodwill is depreciated over 10 years, based on the assumption that the acquisition to which the asset is attributable is of long-term strategic importance.

Goodwill
Goodwill represents the excess of the cost of an acquisition, any holdings with non-controlling interest and the fair value of previous holdings on the date of acquisition, over the fair value of identifiable acquired net assets. Goodwill on acquisition of subsidiaries is recognized as intangible assets. Goodwill on acquisition of associated companies is included in the value of holdings in associated companies and the write-down requirement is reviewed as a part of the value of the the total holding. Goodwill is reviewed annually to identify any impairment and recognized at acquisition value less accumulated impairment losses.

Write-downs
For activated development expenses not yet taken into use and assets for which there is an indication that the value of the asset has decreased, the write-down requirement is reviewed. lf the asset has a recoverable value that is lower than the book value, it is written down to the recoverable value. The recoverable value is defined as the higher of the market value or the value in use.
The value in use is defined as the present value of anticipated future payments generated by the asset. Write-downs are reported in the income statement.

Incometax
Current tax is the tax expense for the current financial year, referring to the taxable profit for the year and any portion of income tax from previous financial years which has not yet been reported. Current tax is recognized based on the effective tax rate and tax provisions applicable on the balance-sheet date.

Deferred tax is income tax on taxable profit referring to future financial years, arising as a result of transactions or events which have already taken place.

Deferred tax is calculated on temporary differences. A temporary difference exists where there is a difference between the reported values of assets and liabilities and these items' values for tax purposes. No provisions are made for deferred tax on temporary differences attributable to participations in subsidiaries or joint ventures, as the company is able to determine that date on which the temporary differences are reversed, and such a reversal is not expected to take place in the foreseeable future. Differences which originate from the initial recognition of goodwill or the initial recognition of an asset or liability do not constitute temporary differences unless the related transaction is a business acquisition or affects tax or the reported results.

Deferred tax assets on loss carry-forwards and other future tax credits are reported in so far as it is probable that these can be utilized against future taxable profits.

The parent company and Group's combined business Lasses amount to MSEK 126,1, all attributable to operations in Sweden. The nominal value of tax assets amounts to MSEK 26 at a tax rate of 20.6%. The parent company's combined business Lasses amount to MSEK 98,2, all attributable to operations in Sweden. The nominal value of tax assets amounts to MSEK 20.0 at a tax rate of 20.6%. No part of this receivable has been classified as an asset in the balance sheet, since the company and group still and within budgets carry future development costs that exceed budgeted revenues. Tax assets will be recorded as assets in the balance sheet when the company/Group reports stable profits. Deferred tax liabilities attributable to untaxed reserves are not recognised separately; untaxed reserves are recognised at gross amounts in the balance sheet.

RELATED-PARTY TRANSACTIONS

Regarding the Company's Board members, there are no transactions other than those reported in Note 5.

EMPLOYEE COMPENSATION - PENSION CONTRIBUTIONS

The group's post-employment benefits consist of defined-contribution pension plans. In the defined contribution plans, the company pays fixed contributions to a separate legal entity. When these have been paid, the company has no additional obligations.

CONSOLIDATED ACCOUNTS

Subsidiaries
Subsidiaries are companies in which the parent company directly or indirectly has more than 50% of the voting rights or otherwise exercises a controlling interest. A controlling interest means the right to govern a company's financial and operating strategies with a view to deriving economic benefits. Business combinations are accounted for using the economic unit approach. This means that the acquisition analysis is prepared on the date the acquirer obtains a controlling interest. From this date, the acquirer and the acquired entity are treated as a reporting unit.

The application of the economic unit approach also means that all assets (including goodwill) and liabilities, as well as revenue and expenses, are included in their entirety, even for part-owned subsidiaries.

The acquisition value for subsidiaries is calculated as the sum of fair value of assets on the date of acquisition with additions for expenses which are directly attributable to the acquisition and any additional purchase price. The acquisition analysis establishes the fair value, with some exceptions, on the acquisition date of acquired identifiable assets and assumed liabilities, as well as minority interests. Minority inte rests are measured at fair value on the acquisition date. From the acquisition date, the acquired company's revenue and expenses, identifiable assets and liabilities and any goodwill or negative goodwill arising are included in the consolidated accounts.

Elimination of transactions between Group companies and associates
lntra-Group receivables and liabilities, income and expenses and unrealised gains or losses arising on transactions between Group companies, are eliminated in their entirety. Unrealised gains arising on transactions with associates are eliminated in proportion to the Group's interests in the company. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no indication of any impairment.

CASH FLOW STATEMENT

The cash flow statement is prepared according to the indirect method. Liquid assets are cash and bank balances

Note 2 Significant estimates and assessments

The company management makes estimates and assumptions about the future. The actual outcome of estimates made for accounting purposes, by definition, seldom correspond to these estimates and assessments. The estimates and assumptions which entail risk of significant revision of reported values of assets and liabilities mainly refer to the value of the companies fixed assets.

Assessments are made each year to determine if there is any indication that the value of assets is lower than the reported value. If there is an indication that the value of an asset is lower than the reported value, the recoverable value is calculated as the lower of either the asset's present value less selling expenses or the value in use.

INFORMATION ON INDIVIDUAL ITEMS

Note 3 Other operating revenues

	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Contribution received, Vinnova	68 708	30 800	68 708	30 800
Contribution received, Horizon	10 731 491	14 955 221	10 731 491	14 955 221
Exchange-rate gains attributable to operations	1 201 527	743 945	1 201 527	743 945
Other revenue	27 438	0	27 438	0
	12 029 164	15 729 966	12 029 164	15 729 966

The grant from Horizon 2020 is paid in advance in relation to the project's budgeted costs. In autumn 2020 a third installment of approximately EUR 0,1 million was received. In total, the Company has received approximately EUR 2.9 million. Contribution revenue is recognized in line with the reprocessing. As of 2020-12-31, a total of approximately EUR 2.8 million has been recognized as revenue. In total, the Horizon 2020 grant amounts to EUR 3.36 million.

Note 4 Fees and remuneration to auditors

	Group		Parent Company	
	2020	2019	2020	2019
Audit engagement				
Exset Revision Hässleholm AB	0	184 712	0	179 637
Mazars AB	180 600	8 816	156 600	0
	180 600	193 528	156 600	179 637

Audit engagement refers to the auditors' work concerning the statutory audit.

Note 5 Personnel

	Group		Parent Company	
Average number of employees	**2020**	**2019**	**2020**	**2019**
Men	1	1	1	1
Women	3	3	2	2
	4	4	3	3

	2020		2019	
	Women	**Men**	**Women**	**Men**
Senior executives	0	5	2	3
CEO and other senior executives	3	1	3	1
	3	6	5	4

	Group		Parent Company	
Salaries, remuneration, etc.*	**2020**	**2019**	**2020**	**2019**
Salaries and remuneration				
Board of Directors and CEO	3 786 063	3 963 759	3 076 313	3 151 162
Social security contributions	372 004	396 219	372 004	396 219
(of which pension expenses)	(0)	(0)	(0)	(0)
	4 158 067	4 359 978	3 448 317	3 547 381
Other employees	2 088 318	1 979 171	2 088 318	1 979 171
Social security contributions	641 362	687 009	641 352	687 009
(of which pension expenses)	(256 643)	(207 434)	(256 643)	(207 434)
	2 729 680	2 666 180	2 729 670	2 666 180
Board and other employees	6 887 747	7 026 158	6 177 987	6 213 561

** Salaries, remuneration, social security contributions and pension expenses have been paid in the above-stated amounts.*

Note 5 Personnel (cont.)

Specification of salaries and remuneration to senior executives during 2020

		Salaries and other remuneration	Benefits	Pension	Total
Peter Nilsson	Board member	177 700	0	0	177 700
Jan Nilsson	CEO/Board member	2 255 314	0	0	2 255 314
Arne Ferstad	Board member	556 015	0	0	556 015
Susana Ayesa Alvarez	Board member	114 400	0	0	114 400
Lars Thunberg	Board member	115 510	0	0	115 510
Hilde Furberg	Board member	118 609	0	0	118 609
Anja Holm	CEO, Panion	709 750	0	0	709 750
Other employees		1 125 641	0	0	1 125 641
		5 172 939	0	0	5 172 939

Of the above remuneration to the board and CEO, SEK 1 158 774 refers to remuneration that has been invoiced and reported as Other external expenses.

Specification of salaries and remuneration to senior executives during 2019

		Salaries and other remuneration	Benefits	Pension	Total
Arne Ferstad	Chairman	596 591	0	0	596 591
Morten Albrechtsen	Board member	54 700	0	0	54 700
Susana Ayesa Alvarez	Board member	120 700	0	0	120 700
Peter Nilsson	Board member	120 700	0	0	120 700
Lars Thunberg	Board member	168 297	0	0	168 297
Hilde Furberg	Board member	66 000	0	0	66 000
Jan Nilsson	CEO	2 071 771	0	0	2 071 771
Anja Holm	CEO Panion	765 000	0	0	765 000
Övriga anställda		858 505	0	0	858 505
		4 822 264	0	0	4 822 264

Of the above remuneration to the board and CEO, SEK 1 244 788 refers to remuneration that has been invoiced and reported as Other external expenses.

Note 6 Other interest income and similar profit/loss items

	Group		Parent Company	
	2020	2019	2020	2019
Interest	5	0	5	0
Group interest	0	0	0	29 643
	5	0	5	29 643

Note 7 Tax on profit for the year

Group	2020	2019
Reconciliation of reported tax		
Profit before tax	-29 551 430	-17 928 603
Tax expense 21,4%	6 324 006	3 836 721
Tax effect of:		
Non-deductible expenses	-8 916	-8 076
Non-taxable income	1	0
Deductions for expenses not included in reported profit/loss	1 442 271	0
Effect of unused tax losses	-7 757 362	-3 828 645
	0	0
Effect of unused tax losses at year-end	126 172 214	89 922 859

Parent Company	2020	2019
Reconciliation of reported tax		
Profit before tax	-29 712 283	-15 090 706
Tax expense 21,4%	6 358 429	3 229 411
Tax effect of:		
Non-deductible expenses	-8 916	-7 646
Nedskrivning av andelar i företag	-736 640	0
Non-taxable income	1	0
Deductions for expenses not included in reported profit/loss	1 442 271	0
Effect of unused tax losses	-7 055 145	-3 221 765
	0	0
Effect of unused tax losses at year-end	98 205 892	65 237 926

Note 8 Intangible assets – Patents

	Group		Parent Company	
Patent	**2020-12-31**	**2019-12-31**	**2020-12-31**	**2019-12-31**
Accumulated acquisition value at the start of the period	1 654 000	1 654 000	1 654 000	1 654 000
Acquisitions	104 349	0	104 349	0
Accumulated acquisition value at year-end	1 758 349	1 654 000	1 758 349	1 654 000
Incoming and outgoing accumulated depreciation	0	0	0	0
Reported value at year-end	1 758 349	1 654 000	1 758 349	1 654 000

Note 9 Intangible assets – Goodwill

	Group	
Goodwill	**2020-12-31**	**2019-12-31**
Acquisition value at the start of the year	22 948 294	0
Acquisitions	0	22 948 294
Accumulated acquisition value at the start of the period	22 948 294	22 948 294
Accumulated write-downs at the start of the period	-1 147 414	0
Write-downs at year-end	-2 294 829	-1 147 414
Accumulated acquisition value at year-end	-3 442 243	-1 147 414
Carrying amount at year-end	19 506 051	21 800 880

Note 10 Intangible assets – Licences

	Group		Parent Company	
Licences	**2020-12-31**	**2019-12-31**	**2020-12-31**	**2019-12-31**
Accumulated acquisition value at the start of the period	1 500 000	0	1 500 000	0
Acquisitions	1 500 000	1 500 000	1 500 000	1 500 000
Accumulated acquisition value at year-end	3 000 000	1 500 000	3 000 000	1 500 000
Accumulated write-downs at the start of the period	-18 750	0	-18 750	0
Write-downs at year-end	-200 000	-18 750	-200 000	-18 750
Accumulated acquisition value at year-end	-218 750	-18 750	-218 750	-18 750
Reported value at year-end	2 781 250	1 481 250	2 781 250	1 481 250

Note 11 Participations in group companies

Parent Company	Seat		2020-12-31	2019-12-31
Company		Total/Cap.	Reported value	Reported value
Corporate ID number		share %		
CombiGene Personal AB	Lund			
Corp. ID No. 559052-2735		100	166 262	166 262
CombiGene UK Ltd	England, Wales			
Corp. ID No. 11215912		100	1 122	1 122
Panion Animal Health AB	Lund			
Corp. ID No. 559018-4171		100	23 007 486	23 295 260
			23 174 870	23 462 644

	2020-12-31	2019-12-31
Accumulated acquisition value at the start of the period	23 565 713	270 453
Acquisitions for the year	3 154 468	23 295 260
Accumulated acquisition value at year-end	26 720 181	23 565 713
Accumulated write-downs at the start of the period	-103 069	-103 069
Change for the year	-3 442 242	0
Accumulated write-downs at year-end	-3 545 311	-103 069
Reported value	23 174 870	23 462 644

Impairment has been made in order for the value of the item to harmonize with the value of the associated goodwill item at Group level.

Information concerning shareholders' equity including profit/loss for the year	Shareholders' equity	Profit/loss for the year
CombiGene Personal AB	152 969	-5 831
CombiGene UK Ltd	69 174	-21 977
Panion Animal Health AB	1 559 814	-1 210 838

Note 12 Prepaid expenses

	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Leasing	38 735	11 475	38 735	11 475
Insurance	153 752	76 500	153 752	76 500
Other expenses	4 498 049	3 127 993	4 498 049	3 127 993
Total	4 690 536	3 215 968	4 690 536	3 215 968

Note 13 Pledged assets

	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Pledged liquidity account regarding redemption procedure in Panion	0	2 000 000	0	2 000 000
	0	2 000 000	0	2 000 000

Note 14 Disclosure of share capital

Date	Event	Quotient value	Change in number of shares	Change in share capital	Total number of shares	Total share capital
1990	Company registration	100,00	500	50 000	500	50 000
1997	Bonus issue	100,00	500	50 000	1 000	100 000
2010	New issue	100,00	26	2 600	1 026	102 600
2013	New issue	100,00	410	41 000	1 436	143 600
2014	Bonus issue	100,00	4 308	430 800	5 744	574 400
2014	New issue	100,00	300	30 000	6 044	604 400
2014	Split 1 000:1	0,10	6 037 956	0	6 044 000	604 400
2014	New issue	0,10	2 800 000	280 000	8 844 000	884 400
2015	New issue	0,10	2 500 000	250 000	11 344 000	1 134 400
2015	New issue	0,10	37 970	3 797	11 381 970	1 138 197
2016	New issue	0,10	419 620	41 962	11 801 590	1 180 159
2017	New issue	0,10	4 720 637	472 064	16 522 230	1 652 223
2018	New issue	0,10	675 596	67 560	17 197 836	1 719 783
2018	New issue	0,10	34 395 650	3 439 565	51 593 476	5 159 348
2019	New issue	0,10	12 130 360	1 213 036	63 723 836	6 372 384
2019	New issue	0,10	7 060	706	63 730 896	6 373 090
2019	New issue	0,10	1 322 751	132 275	65 053 647	6 505 365
2020	New issue	0,10	52 568 360	5 256 836	117 622 007	11 762 201
2020	New issue	0,10	8 000 000	800 000	125 622 007	12 562 201
2020	New issue	0,10	21 588 125	2 158 813	147 210 132	14 721 013
2020	New issue	0,10	29 450 679	2 945 068	176 660 811	17 666 081
2020	New issue	0,10	1 561 365	156 137	178 222 176	17 822 218
2020	New issue	0,10	29 466 723	2 946 672	207 688 899	20 768 890
2020	New issue	0,10	21 588 125	2 158 813	229 277 024	22 927 702
At year-end		**0,10**			**229 277 024**	**22 927 702**

One share in CombiGene AB has a quotient value of SEK 0.10 (0.10). The total number of shares is 229 277 024 (65 053 647) and the share capital amounts to SEK 22 927 702 (6 505 365). All shares have equal voting rights.

Note 15 Liabilities to credit institutions

	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Amortization within 1 year	0	7 000 000	0	7 000 000
Amortization within 2 to 5 years	0	0	0	0
Amortization after 5 years	0	0	0	0
	0	7 000 000	0	7 000 000

Note 16 Accrued expenses and prepaid income

	Group		Parent Company	
	2020-12-31	2019-12-31	2020-12-31	2019-12-31
Personnel expenses	932 458	393 660	932 458	393 659
Contribution received, EU grant Horizon	683 440	10 019 384	683 440	10 019 384
Fees	3 087 643	3 696 237	3 037 643	3 306 237
	4 703 541	14 109 281	4 653 541	13 719 280

Note 17 Significant events after the end of the reporting period

In March 2021, the company carried out a fully guaranteed rights issue of approximately SEK 75 million.

EU's Eurostar program, aimed at SMEs wishing to cooperate in research and development projects, has allocated a total of EUR 882,500 in development funding to the CGT2 project.

Note 18 Definition of key terms

Equity/assets ratio
Adjusted equity as a percentage of total assets.

Return on equity
Income after net financial items as a percentage of average adjusted equity.

Signatures

Lund, April 29 2021

Bert Junno *Chairman*	Peter Nilsson *Board member*	Jan Nilsson *Board member and CEO*
Jonas Ekblom *Board member*	Per Lundin *Board member*	

Our audit report has been submitted April 29 2021

Anders O Persson
Authorized public accountant

Audit report

To the Annual General Meeting of CombiGene AB, corp. ID no 556403-3818

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts for CombiGene AB (publ) for the 2020 financial year. The annual accounts of the company are included on pages 14-32 of this document.

In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the company and the group as of 31 December 2020 and of their financial performance and cash flows for the year in accordance with the Annual Accounts Act. The Administration Report is consistent with other parts of the annual accounts and consolidated accounts.

We therefore recommend that the annual meeting of shareholders adopts the income statement and balance sheet for the 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

The audit of the annual accounts and the consolidated accounts for the year 2019 has been performed by another auditor who has submitted an audit report as of June 8, 2020 with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Other information than the annual accounts and consolidated accounts

The Board and CEO are responsible for other information in addition to that given in the annual accounts and consolidated accounts. The other information is stated on pages 1-13 and 35-44 (but does not include the annual accounts, consolidated accounts or our audit report concerning the latter).

Our opinion concerning the annual accounts and consolidated accounts does not cover this information and we do not express any form of assurance conclusion regarding this other information.

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is 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 concerning 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 CEO

The Board of Directors and the CEO 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. The Board of Directors and the CEO 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 CEO are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to 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 CEO intend to liquidate the company, to 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 as a whole are free from material misstatement, whether due to fraud or error, and to issue 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 ISA 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 ISA, we exercise professional judgement and maintain professional scepticism 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 our 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 the CEO.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and

consolidat ed 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 auditors' 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 our 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 and consolidated 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, we have also audited the administration of the Board of Directors and the CEO of CombiGene AB (publ) for the year 2020 and the proposed appropriations of the company's profitor 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 CEO be discharged from liability for the financial year.

Basis for Opinions

We conducted our 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 CEO

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 company'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 CEO 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 handlethe 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 CEO 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 judgement and maintain professional scepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional judgement 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 assessed whether the proposal is in accordance with the Companies Act.

Landskrona, 29 April 2021

Mazars AB

Anders O Persson

Authorized Auditor

Board of directors, senior executives and auditors

Board of Directors

Name	Position	Year of birth	Elected to the board	Shareholding (number of shares)
Bert Junno	Chairman of the Board	1966	2020	0
Peter Nilsson	Board member	1970	2014	1 376 002
Jan Nilsson	Board member	1949	2020	755 520
Jonas Ekblom	Board member	1965	2020	0
Per Lundin	Board member	1983	2020	30 612

According to CombiGene's Articles of Association, the board shall consist of at least three and at most six board members, and at most one deputy. The company's board of directors currently consists of five board members and no deputy. The board of directors has its registered office in the city of Lund.The board members are elected for the period ending at the conclusion of the annual general meeting for 2021.

Bert Junno (born 1966)

Position and year of election: Chairman, elected 2020.

Professional experience: Bert has previous management and board level experience from several European and US based companies in fields of electronics, biotech and IT. He is a co-founder of several life science companies including WntResearch AB, Galecto Biotech AB, Gabather AB, Aptahem AB and Cyxone AB. Bert Junno holds a Ph.D. in Semiconductor Physics and Technology and a M.Sc. in Physics from Lund University.

Other current board assignments:

Company	Position
Cyxone AB (publ)	Chairman of the Board
Accequa AB	Board member
Accequa GmbH	Board member

Direct and indirect holdings in CombiGene: No shares.

Direct and indirect holdings in CombiGene after new issue 31 March: No shares.

Peter Nilsson (born 1970)

Position and year of election: Board member, elected 2014.

Professional experience: Peter has a long background in finance and is currently working as a CFO with a focus on strategic and business development in the Rotorbulk Group, also known as Finja. Previously, Peter was a partner and business area manager at Mazars SET Revisionsbyrå AB. As an auditor, Peter has worked with both owner-managed and public companies, and has conducted exchange audits prior to listing on the NGM stock exchange. He was also director of Corporate Finance at Mazars, focusing on acquisitions and due diligence.Peter received his M.Sc. in Business Administration and Economics from Lund University and was a certified public auditor.

Other current board assignments:

Company	Position
PN Finanskonsult AB	Board member

Direct and indirect holdings in CombiGene: 1 376 002 shares.

Direct and indirect holdings in CombiGene after new issue 31 March: 1 376 002 shares and 222 222 BTA.

Jan Nilsson (born 1949)

Position and year of election: Board member, elected 2020.

Professional experience: Jan has an MA from the University of Gothenburg and an MBA from Uppsala University. Jan was appointed CEO of CombiGene on 1 October 2016. He has long-standing experience from large pharmaceutical companies and biotech firms. He has also been active in several different areas in the pharmaceutical industry such as pharmaceuticals development and thelaunch, sales and marketing of established international brands. He also has a solid management background, having served as CEO of both private and public-sector companies.

Other current board assignments:

Company	Position
CanImGuide Therapeutics AB	Board member
CarryGenes Therapeutics AB	Board member
Urbicum Ledningskonsult AB	Board member
Immodulate Pharma AB	Board member

Direct and indirect holdings in CombiGene: 755 520 shares.

Direct and indirect holdings in CombiGene after new issue 31 March: 755 520 shares and 344 480 BTA.

Jonas Ekblom (born 1965)

Position and year of election: Board member, elected 2020.

Professional experience: Jonas has worked over 25 years in the life science sector. He is currently the CEO of Promore Pharma and has previously held senior and executive roles in biotech companies in Sweden, US and Switzerland including Pharmacia, Biovitrum, Sequenom and Invitrogen and BOWS Pharmaceuticals SA. He is an Associate Professor in Pharmacology at Uppsala University, has a B.Sci. in Chemistry from Stockholm University, a Ph.D. in Experimental Neurology from Uppsala University, and post-doctoral studies from University of Southern California, School of Pharmacy in LA. He has also received professional training in strategic planning and business management. Jonas has published more than 60 articles in peer-reviewed journals.

Other current board assignments:

Company	Position
World 5 Ventures	Board member
Pergamum AB	Board member
EffRx Pharmaceuticals SA	Chairman of the Board

Direct and indirect holdings in CombiGene: No shares.

Direct and indirect holdings in CombiGene after new issue 31 March: No shares.

Per Lundin (born 1983)

Position and year of election: Board member, elected 2020.

Professional experience: Per has over 10 years of experience in advising, founding and leading biotech companies, leveraging his deep expertise across corporate strategy, scientific leadership, legal &intellectual property and business development. Per is co-founder and COO of UK-based Evox Therapeutics. Prior to founding Evox, Per co-founded and served as CEO of IsletOne Therapeutics, a cell therapy company spun out of the Karolinska Institute. Previously, Per managed a European business development channel for Thomson Reuters IP & Science and before that qualified as a European Patent Attorney, starting out in the biotech practice of one of the largest European IP lawfirms. He started his career as a research scientist with the Australian biotech company Apollo Life Sciences, working on nanoparticle drug delivery. Per earned his Ph.D. at the Karolinska Institute, holds an MSc in Biotechnology Engineering, and an MScBA from Stockholm University School of Business.

Other current board assignments:

Company	Position
JDRF UK	Board member

Direct and indirect holdings in CombiGene: 30 612 shares.

Direct and indirect holdings in CombiGene after new issue 31 March: 30 612 shares and 88 888 BTA.

Senior executives

Name	Position	Year of birth	Elected to the board	Shareholding (number of shares)
Jan Nilsson	CEO	1949	2019	755 520

Jan Nilsson (born 1949)

Position and year of election: CEO, elected 2016.

Professional experience: Jan has an MA from the University of Gothenburg and an MBA from Uppsala University. Jan was appointed CEO of CombiGene on 1 October 2016. He has long-standing experience from large pharmaceutical companies and biotech firms. He has also been active in several different areas in the pharmaceutical industry such as pharmaceuticals development and thelaunch, sales and marketing of established international brands. He also has a solid management background, having served as CEO of both private and public-sector companies.

Other current board assignments:

Company	Position
CanImGuide Therapeutics AB	Board member
CarryGenes Therapeutics AB	Board member
Urbicum Ledningskonsult AB	Board member
Immodulate Pharma AB	Board member

Direct and indirect holdings in CombiGene: 755 520 shares.

Direct and indirect holdings in CombiGene after new issue 31 March: 755 520 shares and 344 480 BTA.

Name	Position	Year of birth	Elected to the board	Shareholding (number of shares)
Karin Agerman	Chief Research and Development Officer	1973	2018	0

Karin Agerman (Född 1973)

Position and year of election: Chief Research and Development Officer since 2018.

Professional experience: Karin has a PhD in molecular neurobiology from Karolinska Institutet and an MBA from the University of Stockholm. Karin has more than fifteen years of experience in the international pharmaceutical industry and the start-up arena in Sweden. She has worked for such companies as AstraZeneca, Merck and Uppsala BIO, and has been active in a number of senior positions. Areas in which she has been active include preclinical development, marketing and financing. Her contact network is broad in both industry and academia, as well as in the sphere of Swedish government agencies.

Other current board assignments: None

Direct and indirect holdings in CombiGene: No shares.

Direct and indirect holdings in CombiGene after new issue 31 March: No shares.

Name	Position	Year of birth	Elected to the board	Shareholding (number of shares)
Louise Aspenberg	CFO	1976	2020	0

Louise Aspenberg (born 1976)

Position and year of election: CFO, elected 2020.

Professional experience: Louise has completed the International Economics Programme at Örebro University. Louise is an experienced financial manager with broad experience from financial and economic tasks. Louise has worked at Relation & Brand, which during the years 2006-2013 was listed on Aktietorget (now Spotlight Stock Market). Louise has a solid knowledge in consolidated financial statements and financial reporting for public companies.

Other current board assignments: None

Direct and indirect holdings in CombiGene: No shares.

Direct and indirect holdings in CombiGene after new issue 31 March: No shares.

Other information concerning the board of directors and senior executives

There are no conflicts of interest between CombiGene and any board member or senior executive.

There are no family ties between board members and/or senior executives of CombiGene.

Board members and senior executives may be contacted via the address given at the end of this document.

Auditor

Anders O Persson (born 1976) is elected auditor. Mazars AB, Box 4211, 203 13 Malmö, Sweden. Anders is a certified public accountant and member of FAR, the professional association of accountants in Sweden.

Scientific founders

David Woldbye (born 1963)

David is Associate Professor at the University of Copenhagen, where, among other things, he leads his own research group at the Laboratory of Neural Plasticity, Department of Neuroscience. He was the first to demonstrate that NPY has an anti-epileptic effect in vivo, and has published a large number of scientific papers on this subject and related research areas. David is founder of the Danish start-up company RetiPharma, which works with the development of treatments for eye diseases.

Direct and indirect holdings in CombiGene:
297 630 shares.

Merab Kokaia (born 1956)

Merab is Professor of Neurophysiology and heads the Epilepsy Centre, Lund University Faculty of Medicine. In addition to his research collaboration with David Woldbye, concerning NPY and epilepsy, Merab has also led breakthrough studies concerning optogenetics and neurotrophins in the context of epilepsy. He also contributed to the scientific discoveries and patented inventions upon which the companies NeuroVive Pharmaceutical AB (publ) and MaasBiolab in the USA were established

Direct and indirect holdings in CombiGene:
510 000 shares.

Ownership and corporate governance

Legislation

CombiGene adheres to the Swedish Companies Act and follows the regulations stipulated in the company's Articles of Association; please refer to the section "Articles of Association".

Swedish Corporate Governance Code

Shares in CombiGene are listed on Nasdaq First North; therefore, compliance with the Swedish Corporate Governance Code ("the Code") is not obligatory for CombiGene. However, the board will carefully follow the practices that have evolved with respect to the Code and intends to apply those aspects of the Code which are relevant for CombiGene and its shareholders.

Annual General Meeting

Shareholders exercise their right to vote on matters concerning CombiGene at the annual general meeting. Shareholders who are registered in the share register as per the record day and have duly registered for attendance at the annual general meeting are entitled to exercise all of their voting rights. Shareholders who are represented by proxy must issue a written, dated proxy for the representative. The Annual General Meeting must be held within 6 months of the close of the financial year.

Items on the agenda of the annual general meeting include: adoption of the income statement and balance sheet; proposed appropriations of the company's profit or loss; resolutions regarding discharge of the members of the board and the CEO from liability; election of board members, chairman and auditors; resolutions regarding remuneration to the board and auditors, and other matters brought before the meeting in accordance with the Swedish Companies Act or the Articles of Association. Extraordinary general meetings are held when the board, and in some cases, shareholders, believe that reason exists to hold an extraordinary general meeting under the terms of the Swedish Companies Act.

Annual General Meeting 2020

The annual general meeting of 29 June 2020 adopted the board's resolution that the board be granted authorization to decide, before the next annual general meeting, on a new issues of shares, with or without deviation from the shareholders' preferential rights. The number of shares that may be issued under the authorization is not limited in any other way than by the limits for the share capital and number of shares, as set forth from time to time in the registered articles of association. In conjunction with resolutions regarding share issues without deviation from the shareholders' preferential rights, the subscription price shall be on market terms at the time of the adoption of the issue resolution.

With the support of this authorization, the Board decided on 18 February 2020 to carry out a rights issue of units, consisting of shares and warrants (TO3 and TO4). Through the rights issue, the share capital in CombiGene increased by SEK 5,256,836 through a new issue of 52,568,360 shares. After the issue, the share capital in the company amounted to SEK 11,762,200.70, while the number of shares amounted to 117,622,007.

The Board decided, with the support of the Annual General Meeting's authorization, to carry out a directed issue of units consisting of shares and warrants (TO4) to Modelio Equity AB (publ) ("Modelio") and Oscar Molse. In the directed share issue, 8,000,000 shares were issued, which increased the total number of shares and votes from 117,622,007 to 125,622,007, after registration of both issues. The share capital increased by SEK 800,000 from SEK 11,762,200.70 to SEK 12,562,200.70, after registration of both issues.

On August 4, 2020, the Board of Directors resolved to carry out a directed share issue of 21,588,125 units, each unit consisting of one share and one warrant of series TO5 to the Dutch investment firm NYIP, Nyenburgh Holding BV, a leading Dutch life-science investor. The new share issue increased the share capital in CombiGene by SEK 2,158,812.5 to SEK 14,721,013.2 and increased the number of shares in the Company by 21,588,125 shares to 147,210,132 shares.

On August 31, 2020, the period for exercise of warrants of series TO3 for subscription of shares ended. Via exercise of warrants the number of shares in CombiGene increased by 29,450,679 shares, from 147,210,132 shares to 176,660,811 shares and the share capital increased by SEK 2,945,067.9, from SEK 14,721,013.2 to SEK 17,666,081.10

The board resolved, pursuant to the authorization of the Annual General Meeting, to carry out a directed share issue of 1,561,365 shares to Lipigon Pharmaceuticals AB under the terms of the license agreement that CombiGene has entered into with Lipigon. The issue was carried out on September 16, 2020 to make the second interim payment to Lipigon under the license agreement. Through the issue, the number of shares increased by 1,561,365 to 178,222,176 shares.

On November 30, 2020, the period for exercise of warrants of series TO4 and TO5 for subscription of shares ended. The subscription meant that the number of shares in CombiGene increased by 51,054,848 shares, from 178,222,176 shares to 229,277,024 shares and that the share capital increased by SEK 5,105,484.80, from SEK 17,822,217.60 to SEK 22,927,702.40.

Other information

None of the company's board members or the CEO have entered into any agreement entailing limitation of the right of senior executives to transfer securities to in CombiGene. None of the company's board members or the CEO have entered into any agreement with major shareholders, customers, suppliers or other parties entailing agreement on the election of senior executives to the board of CombiGene or of the appointment of the CEO. There are no agreements as to post-employment benefits. There are no circumstances which would entail potential conflict of interest in relation to the engagement of senior executives in CombiGene.

Glossary

AED
Anti-Epileptic Drug.

Clinical phase I
Phase I refers to the first instance of testing of a candidate drug on humans. Phase I trials are often conducted with a small group of healthy volunteer trial subjects to determine the safety and dosage of an as yet non-approved treatment method.

Clinical phase II
Phase II trials refer to a pharmaceutical product under development that is administered to a small group of patients to study the safety, dosage and efficacy.

Clinical phase III
Phase III studies include a sufficient number of patients to meet regulatory prerequisites for approval. The aim is to determine the statistical significance with respect to the effect of a new candidate drug, without major side effects and under carefully controlled real-world conditions. The new drug is sometimes compared with an established treatment, such as an approved drug.

Clinical studies
Research studies that explore whether a new, as yet non-approved, drug, medical strategy, treatment, or device is safe and effective for humans.

GMP
A Good Manufacturing Practice (GMP) is a system for ensuring that pharmaceutical products are consistently produced and controlled according to quality standards. Permits for GMP are granted by the Food and Drug Administration in the country in question and the process is characterized by extremely rigid and high demands on quality in all respects.

In vitro
A term used in biomedical science to describe a biological process made to occur in a laboratory vessel or other controlled experimental environment rather than within a living organism.

In vivo
A term used in biomedical science to describe an experimental biological process, and observations thereof, made to occur within a living organism.

Neuropeptide
Neuropeptides are small, protein-like molecules (peptides) that are used by neurons to communicate with each other.

NPY
Neuropeptide Y, a neurotransmitter that is widely distributed in the central nervous systems of animals and humans.

Proof of concept
Documented evidence that a potential product or method has the intended effect.

Viral vector
Viral vectors are tools that are used to deliver genetic material to cells. Examples of viral vectors are lentivirus, adeno-associated virus (AAV), retrovirus and adenovirus. AAV vectors are non-hazardous viruses that can infect human cells without causing disease and can be used to deliver genetic material into human cells.

CombiGene – The gene therapy explorer

With one project nearing the clinical-study phase and one project in an early preclinical phase, CombiGene is the leading Nordic gene-therapy company. Gene therapy has seen rapid development in recent years, with a number of approved therapies and several major corporate deals. During this period we've built up a unique position with respect to knowledge within this field in the Nordic region. The company's expertise covers all central areas of the gene therapy field: viral vectors, preclinical studies including biodistribution and toxicity studies, development of GMP-classed manufacturing methods, upscaling of production volumes and regulatory strategy.

Few areas of pharmaceutical development are exciting and promising as gene therapy and, in many respects, CombiGene is at the very forefront of development. During our work with the CG01 epilepsy project, on a nearly daily basis, we have won new ground, gained new insights and expanded our knowledge. You might say that we are on an expedition, exploring the fantastic possibilities of gene therapy. We are now continuing our voyage of discovery with another exciting project – the CGT2 lipodystrophy project. Even here, we we expect to create new and valuable knowledge as we carry this project forward.

And that's why we've chosen to call ourselves the gene therapy explorer.

CombiGene

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