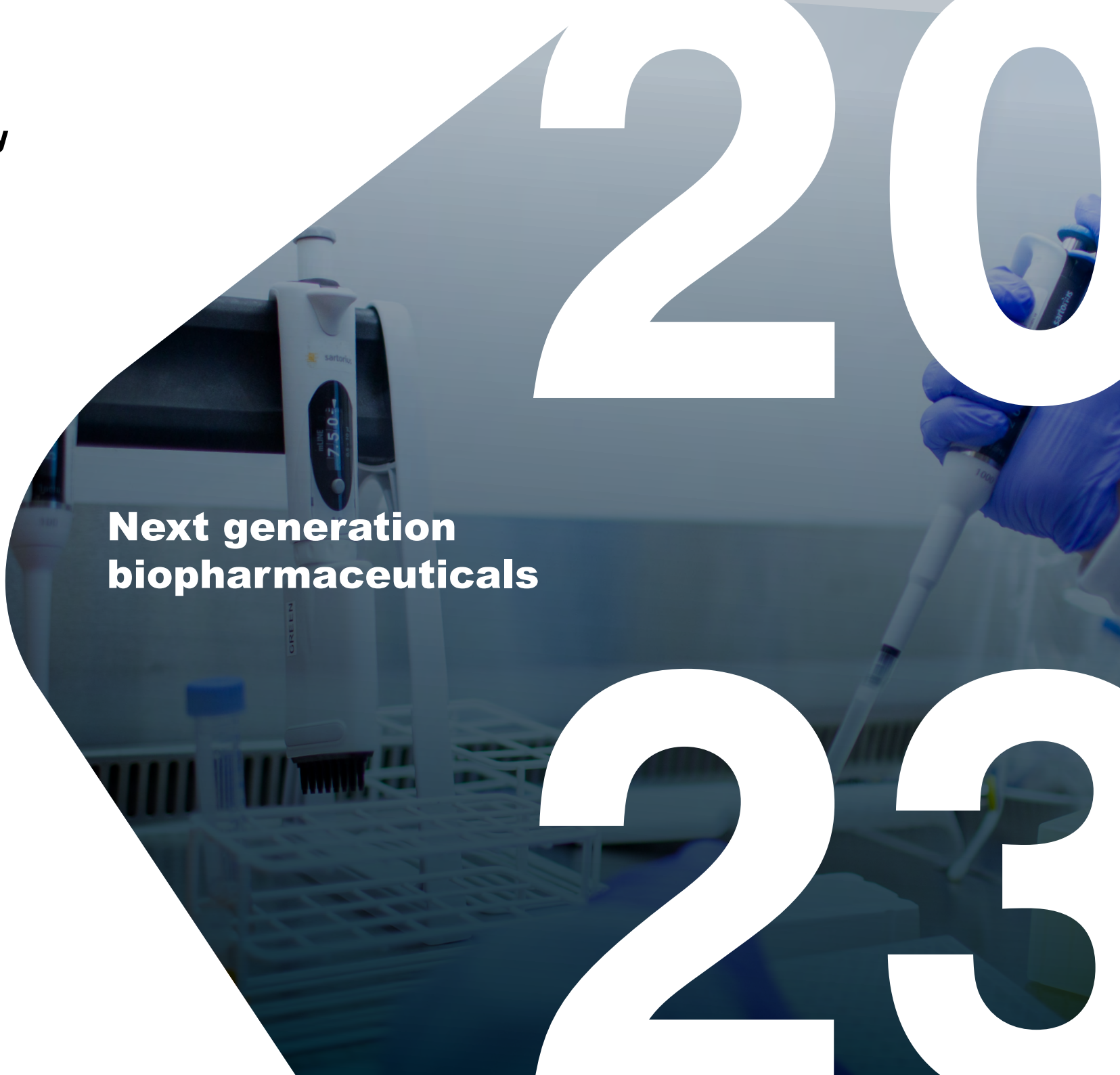

Next generation biopharmaceuticals

2023

Affibody Medical AB

ANNUAL REPORT 2023

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"We look forward to a news-packed 2024 where we expect multiple clinical readouts with izokibep, initiation of clinical trials in other partnered programs and continued progress in our radiopharmaceutical projects."

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About Affibody

The company's broad pipeline utilizes the strengths of our proprietary technology platform and strategically focuses on indications and targets where our technology can offer a competitive advantage based on scientific understanding.

Affibody is a Swedish biotechnology company developing next generation biologics based on the company's unique proprietary technology platform. Affibody® molecules are a novel drug class of small therapeutic proteins with characteristics which may offer substantial advantages over monoclonal antibodies (mAbs) and antibody fragments.

Affibody aims to improve the lives of patients with serious diseases. We focus on indications and target proteins where our technology platform offers us a competitive advantage and where there is a high unmet medical need in well-defined patient populations. We run pre-clinical and clinical development programs in immunology and oncology.

In immunology, several clinical studies are underway together with our partners ACELYRIN and Rallybio - with izokibep in IL-17 mediated diseases and with RLYB116 in complement mediated diseases.

The clinical results with izokibep have validated the potential of the platform to generate miniaturized multispecific protein drugs that address unmet medical needs.

In asthma, we are developing a drug candidate targeting TSLP, a cytokine shown to play a central role in the underlying inflammatory processes in moderate and severe asthma. The drug candidate has properties that offer the potential to develop into a long-acting inhaled treatment with efficacy superior to other compounds in its class. In addition, Affibody is collaborating with Chiesi to discover and develop novel Affibody® molecules as innovative treatments for respiratory diseases.

In fibrotic diseases, Affibody's partner Antaros is developing a new PET tracer, ATH001, to probe the presence of platelet-related growth factor receptor beta (PDGFRβ), which is a marker of ongoing fibrogenesis in tissue. This PET diagnostic program complements our therapeutic programs in immunology.

In oncology, we have demonstrated that Affibody® molecules can effectively target HER2-expressing tumors in patients with metastatic disease. Supported by our advanced imaging diagnostic, we are developing a radiation based targeted precision drug for patients who no longer respond to existing treatments.

To complement Affibody's proprietary radiopharmaceutical development, Affibody's partner GE Healthcare is also developing a PET imaging candidate, GE-226, with a view to improve the diagnosis of HER2-positive cancers. GE-226 is a Fluorine-18-labeled Affibody® molecule that binds to HER2.

Affibody is continuously employing its technology platform across immunology and oncology indications with the aim of running enough discovery projects to enable at least one and potentially two candidate drug (CD) selections per year. Affibody will continue to apply its expertise in selectively advancing clinical programs and assessing market opportunities based on each project's indication and partnership potential.

Affibody is continuing to build a broad pipeline using its technology platform

Immunology

- **Izokibep**
  - Psoriatic arthritis
  - Hidradenitis suppurativa
  - Uveitis
  - Axial spondyloarthritis
  - Psoriasis
- **RLYB116/RLYB114**
  - Complement mediated diseases
  - Ophthalmic diseases
- **ABY-062**
  - Asthma
- **Chiesi**
  - Respiratory diseases
- **ATH001 (PET diagnostic)**
  - Fibrotic diseases
- **Discovery projects**
  - Non-public proprietary projects

Oncology

- **ABY-025 (PET diagnostic)**
  - Metastatic breast cancer
  - Gastric or gastroesophageal junction cancer
- **GE-226 (PET diagnostic)**
  - Metastatic breast cancer
- **ABY-271 (Radiotherapeutic)**
  - Metastatic breast cancer
  - Gastric or gastroesophageal junction cancer
- **Discovery projects**
  - Non-public proprietary projects

The year in brief

January
- ABY-025: First HER2-low cancer patients enrolled in Phase 2 PET imaging study.

March
- Affibody and Chiesi entered a discovery collaboration.
- Izokibep: First results from open label Phase 2b trial in hidradenitis suppurativa presented.
- Peter Zerhouni joined as Chief Business Officer (CBO).

April
- Izokibep: Positive long-term results in psoriatic arthritis presented.

May
- SEK 111.5 million in loan received from shareholders.

June
- ABY-025: First ten HER2-low cancer patients dosed in a Phase 2 PET imaging study.

August
- ABY-025: Positive PET imaging data from Phase 2 study presented.

September
- Izokibep: Primary endpoint not met in Phase 2b study in hidradenitis suppurativa.

October
- Peter Zerhouni appointed as CFO and CBO.

November
- Izokibep: Affibody received a milestone payment of USD 15 million.
- Izokibep: Clinical trial execution errors in Phase 2b/3 psoriatic arthritis study announced by ACELYRIN.

December
- RLYB116: Phase 1 MAD data announced by Rallybio.

Significant events after the end of the financial year

March
- Izokibep: Primary endpoint met with high statistical significance in Phase 2b/3 psoriatic arthritis study and positive long-term data from Phase 2b hidradenitis suppurativa study announced.
- ABY-025: First patients with gastroesophageal cancer enrolled in Phase 2 PET imaging study.

Significant events

First HER2-low patients enrolled in Phase 2 basket trial using Affibody's PET imaging agent ABY-025.

4 January. Affibody announced that the first patients were dosed in our Phase 2 clinical basket study of the PET imaging agent ABY-025 at the beginning of the year. The aim of the trial, which is part of Affibody's radiopharmaceutical program, is to investigate ABY-025 for non-invasive quantification of HER2 status in solid tumors by PET/CT for selection and monitoring of treatments in patients with gastroesophageal cancer or breast cancer.

Affibody and Chiesi Group entered a collaboration to develop and commercialize innovative treatments for respiratory diseases.

7 March. Affibody announced a collaboration with the multinational pharma company Chiesi. The collaboration is based on a licensing agreement to develop and commercialize innovative treatments for respiratory diseases using Affibody's proprietary technology. Chiesi will fund all discovery, development, and subsequent commercialization activities worldwide while Affibody is eligible to receive royalties and milestone payments subject to certain development and commercialization milestones. Affibody has additionally retained the option to co-promote in the Nordic region. This is an important strategic step into inhalation medicine, which reinforces the competitiveness of our technology.

Top-line 12-week open label results announced from a Phase 2b trial of izokibep in patients with moderate-to-severe hidradenitis suppurativa.

18 March. Affibody announced that 12-week open-label data from a Phase 2b trial of izokibep in patients with moderate-to-severe hidradenitis suppurativa (HS) were presented at the 2023 American Academy of Dermatology Annual Meeting (AAD). The trial evaluated the clinical response and safety of izokibep administered via subcutaneous injections in 30 patients. Results showed that treatment with izokibep led to higher orders of Hidradenitis Suppurativa Clinical Responses (HiSCR), including a HiSCR100 response in 33% of the patients at 12 weeks.

Peter Zerhouni was employed as CBO, Chief Business Officer.

30 March. Affibody announced that the leadership team had been strengthened with the addition of Peter Zerhouni as Chief Business Officer to prepare for the business opportunities that come with our portfolio moving into later stages of development. He will be responsible for business and corporate development, areas in which he has substantial experience from previous senior positions in companies such as BioArctic, InDex Pharmaceuticals, and Diamyd Medical.

Positive long-term results with izokibep in psoriatic arthritis were presented by our partner ACELYRIN.

11 April. Affibody's partner ACELYRIN announced positive data from a 46-week-long Phase 2 study with izokibep in patients with psoriatic arthritis (PsA). Results from the study show high levels of response across disease manifestations such as joint pain, psoriasis, and enthesitis. It was also demonstrated that the statistically significant symptom improvement shown after 16-weeks of treatment with izokibep, as presented at the EULAR Congress in June 2022, was maintained after 46 weeks.

Affibody received loans from shareholders of SEK 111.5 M.

23 May. To support further development activities of the product portfolio, the Board of Directors resolved to offer shareholders in Affibody to make funds available through a loan pro rata to their shareholding per May 12, 2023. Affibody received aggregated shareholder loans of SEK 111.5 million, whereof the main shareholder contributed SEK 110 million.

First ten HER2-low patients were dosed in a Phase 2 trial using Affibody's PET imaging agent ABY-025.

30 June. Affibody announced that the first ten HER2-low patients had been dosed in a Phase 2 trial using Affibody's PET imaging agent, ABY-025. The aim of the trial, which is part of Affibody's radiopharmaceutical program, is to investigate ABY-025 for non-invasive quantification of HER2 status in solid tumors by PET/CT for selection and monitoring of treatments in patients with gastroesophageal cancer or breast cancer. Preliminary results from the first ten patients indicate ABY-025 uptake in cancer lesions in all patients with HER2-low metastatic breast cancer. Interestingly, clear HER2-signals were noted in lesions from two patients with tumor biopsies that were HER2 negative (HER2 0). This suggests that our radiotherapeutic candidate ABY-271 may be expanded also to patients with HER2-low cancers. The results also highlight the potential value of ABY-025 as an imaging agent to identify patients that may be treated with HER2-targeted drugs.

Data demonstrating that Affibody's PET imaging agent ABY-025 can be used to predict therapeutic response were presented at EANM.

30 August. Affibody announced that positive data from a clinical Phase 2 study of ABY-025, which is part of Affibody's radiopharmaceutical program, were to be presented at the Annual Congress of the European Association of Nuclear Medicine, in Vienna, Austria (EANM) in September 2023. The results demonstrated ABY-025's ability to robustly quantify HER2 expression levels and to monitor therapy response. The data were presented during a session for top-rated abstracts.

Affibody's partner ACELYRIN announced top-line results from placebo-controlled clinical trial of izokibep for moderate-to-severe hidradenitis suppurativa.

11 September. Affibody's partner ACELYRIN announced that the primary endpoint of HiSCR75 was not met in part B of the clinical Phase 2b trial which is the first trial evaluating izokibep as a potential treatment for hidradenitis suppurativa (HS). Further analyses demonstrated statistical significance in favor of izokibep over placebo – both when applying sensitivity analyses on the full dataset and in the pre-specified interim analysis.

Peter Zerhouni assumed the position as CFO, Chief Financial Officer.

3 October. Affibody announced that Peter Zerhouni had been appointed as CFO, a position that will be combined with his role as Chief Business Officer (CBO). Peter Zerhouni has vast experience from leading positions in biotech companies, both within financing and preparation for commercialization.

First milestone payment of USD 15 M was received in the collaboration with ACELYRIN.

13 November. Affibody received USD 15 million as the first milestone payment in the izokibep collaboration with ACELYRIN.

ACELYRIN identified clinical trial execution errors in the ongoing Phase 2b/3 study in psoriatic arthritis that is conducted by a third-party contract research organization.

27 November. Affibody's partner ACELYRIN announced they had identified clinical trial execution errors in the ongoing Phase 2b/3 study in psoriatic arthritis (PsA) and based on this they will commission an independent review. Importantly, there is no risk to patient safety and the study arms receiving the highest dose (160mg QW) and placebo do not seem to be impacted.

Affibody's partner Rallybio announced Phase 1 MAD data for RLYB116, which is developed for complement-mediated diseases.

20 December. Affibody's licensee Rallybio Corporation (Rallybio) announced preliminary Phase 1 multiple ascending dose (MAD) data for RLYB116, an innovative, long-acting, subcutaneously injected inhibitor of complement component 5 (C5), based on the Affibody® platform, in development for patients with complement-mediated diseases.

After the period:

Affibody's partner ACELYRIN announced positive top-line results for izokibep in psoriatic arthritis and long-term clinical benefits in hidradenitis suppurativa.

11 March, 2024. Affibody's partner ACELYRIN announced that the global Phase 2b/3 clinical trial of izokibep in psoriatic arthritis (PsA) met its primary endpoint with high statistical significance. Positive long-term data from the Phase 2b clinical trial in hidradenitis suppurativa (HS) were also announced.

First gastroesophageal cancer patients enrolled in Phase 2 basket trial using Affibody's PET imaging agent ABY-025.

26 March, 2024. Affibody announced that the first patients with gastro-esophageal cancer have been dosed in a Phase 2 clinical basket study of the PET imaging agent ABY-025 for non-invasive quantification of HER2-status in solid tumors. The high affinity and rapid clearance of ABY-025 from blood and normal tissue allows HER2 assessment within hours.

Financial key figures

(SEK K)	2023	2022
Net sales	191,799	226,648
Operating result	-112,586	-143,970
Net result for the year	-131,831	-161,750
Cash flow	89,657	-113,554
Cash and cash equivalents	126,156	45,246
Equity ratio %	0.0%	0.0%
R&D costs/operating expenses, %	73.3%	71.3%

CEO comment

Looking ahead, one of the key steps we will take as an organization in the coming years is to build our commercialization footprint

”Overall, 2023 was a strong year for Affibody – among other things we received USD 15 million as the first milestone payment in the izokibep collaboration with ACELYRIN”

Overall, 2023 was a strong year for Affibody – among other things we received USD 15 million as the first milestone payment in the izokibep collaboration with ACELYRIN.

Looking ahead, one of the key steps we will take as an organization in the coming years is to build our commercialization footprint. This is driven by our retained right to commercialize izokibep in the Nordics. The first milestone payment marked the starting point of our work to prepare for a potential launch of the product in our home market. We are firm believers in the competitiveness of izokibep, which this March was bolstered when the global Phase 2b/3 clinical trial of izokibep in psoriatic arthritis (PsA) met its primary endpoint. Positive long-term data from the Phase 2b clinical trial in hidradenitis suppurativa (HS) were also announced. Izokibep continues with strong momentum, and we look forward to additional readouts from ongoing late-stage trials during the year, as well as the initiation of further Phase 3 studies.

We have also made significant progress in our radiopharmaceutical program, where our PET tracer ABY-025 has proven utility for diagnostic purposes in HER2-low cancers and our radiotherapy candidate ABY-271 is advancing towards the clinic. In March 2023, we initiated a strategic collaboration with Chiesi to discover and develop novel Affibody® molecules for respiratory diseases.

Strong data support the potential of izokibep

During the year, two publications on izokibep have been published in peer-reviewed scientific journals - one in mAbs that outlines the preclinical development and the first clinical study of izokibep, and one in the British Journal of Dermatology (BJD) on the Phase 2 study in patients with moderate-to-severe plaque psoriasis, including long-term treatment over three years. The results not only show that izokibep is well-tolerated and efficacious but also validate the Affibody® platform for long-term dosing. Altogether, the data places izokibep among the very frontrunners of next generation IL-17 inhibitors, paving the way for the use in hard-to-treat disease manifestations.

In March 2024, the primary endpoint of ACR50 at week 16 was met with high statistical significance in the ongoing Phase 2b/3 PsA study. Robust responses were also achieved for several other clinically relevant endpoints. No new safety signals were observed and the profile of izokibep continues to be competitive. This is a major achievement for the development of izokibep and a Phase 3 study that will be registrational is due to start on the back of these positive results.

In September 2023, our development partner ACELYRIN announced that the primary endpoint of HiSCR75 at 16 weeks was not met in the Phase 2b HS study. This was surprising to us, and the negative results appear to be caused by responder discontinuations and a marked increase in placebo rates arising in the latter part of the study. A post-hoc sensitivity analysis on the full dataset as well as a pre-specified interim analysis demonstrated statistical significance in favor of izokibep over placebo at 16 weeks. Our conclusion is therefore that the reasons for not meeting the primary endpoint were study-specific and not related to izokibep. We were further strengthened in this assumption by the long-term 32-week data from the study, announced in March 2024. These results demonstrated that continued treatment with izokibep led to further clinical improvements over time with maintained favorable safety profile. Importantly, deep and consistent responses were also observed for placebo patients switching to active treatment. We continue to see great opportunities for izokibep in HS and top-line results from the first of two registrational Phase 3 trials in HS are expected later this year.

Significant progress in our radiopharmaceutical program
During the year, we initiated a Phase 2 trial, in collaboration with experts at the Karolinska Institutet, where HER2-low cancer patients were dosed with Affibody's diagnostic PET imaging agent, ABY-025. Preliminary results from the first patients indicated ABY-025 uptake in cancer lesions in all patients with HER2-low cancer, suggesting that the agent can identify treatment eligible patients over a large HER2 range. Based on these promising results, the indication space for our radiotherapeutic candidate ABY-271 now also includes patients with HER2-low cancers. We believe that our radiotherapy program holds great commercial potential since the interest from the pharmaceutical industry in the field is rapidly growing. This is illustrated by several large deals made lately, three examples being Eli Lilly's acquisition of Point Biopharma Global for USD 1.4 billion, Bristol Myers Squibb's acquisition of RayzeBio for USD 4.1 billion and AstraZeneca's acquisition of Fusion Pharmaceuticals for USD 2.4 billion.

Positive Phase 1 data for RLYB116
Just before year-end, Affibody's partner Rallybio presented positive Phase 1 data for RLYB116, an inhibitor of complement component 5 (C5) in development for patients with complement-mediated diseases. As the next step, Rallybio stated that they will prioritize investments in the RLYB116 manufacturing process before proceeding to Phase 2. Rallybio expects to provide an update on the development plan for RLYB116 in the second half of 2024.

Best partner in innovation and collaboration
At Chiesi's Partnership Day in November 2023, Affibody was recognized as Chiesi's best partner in innovation and collaboration as a result of our flexibility and open-mindedness in finding solutions that benefit our collaboration, which was initiated in the spring of 2023. This recognition is a reward for the excellent work our research and development organization performs on a day-to-day basis together with our partners.

An eventful year ahead
We look forward to a news-packed 2024 where we expect multiple clinical readouts with izokibep, initiation of clinical trials in other partnered programs and continued progress in our radiopharmaceutical projects. We are also excited about the work to establish Nordic commercial capabilities in preparation for a potential market launch of izokibep.

David Bejker
CEO

"We have also made significant progress in our radiopharmaceutical program where our PET tracer ABY-025 has proven utility for diagnostic purposes in HER2-low cancers and our radiotherapy candidate ABY-271 is advancing towards the clinic."

A broad pipeline based on the Affibody® technology with multiple clinical assets

Drug candidate	Partner(s)	Mechanism of action	Indication	Discovery	Preclinical	Phase 1	Phase 2	Phase 3
IMMUNOLOGY								
Rheumatology, dermatology, and ophthalmology								
Izokibep	ACELYRIN, INMAGENE BORDERLESS INNOVATION	IL-17 inhibitor	SpA[1] (PsA and axSpA)[2], HS[3], Uveitis[4], PSO[5], additional indications					
Autoimmune and ophthalmology								
RLYB116	Rallybio	C5-inhibitor	Complement mediated diseases					
RLYB114		C5-inhibitor	Ophthalmic disease					
Respiratory								
ABY-062		Inhaled TSLP-inhibitor	Type 1 & Type 2 Asthma					
Undisclosed	Chiesi	Undisclosed	Respiratory diseases					
Fibrogenesis								
ATH001	Antaros Medical	PDGFRβ PET diagnostic	Fibrotic diseases					
Undisclosed immunology								
Non-public projects								
ONCOLOGY								
Radiopharmaceuticals								
ABY-025		HER2 PET diagnostic	mBC[6], Gastric/GEJ[8], and other cancer forms					
GE-226	GE HealthCare	HER2 PET diagnostic	mBC[6]					
ABY-271		HER2 radiotherapeutic	mBC[6], Gastric/GEJ[8], and other cancer forms					
Undisclosed oncology								
Non-public projects								

Note: 1) Spondyloarthritis, 2) Moderate-to-severe psoriatic arthritis and moderate-to-severe axial spondyloarthritis, 3) Hidradenitis suppurativa, 4) Non-infectious non-anterior uveitis, 5) Moderate-to severe psoriasis, 6) Metastatic breast cancer, 7) Gastric or gastroesophageal junction cancer.

Our projects in immunology

Izokibep – clinical efficacy in multiple autoimmune diseases

Izokibep is being developed together with our partners ACELYRIN and Inmagene Biopharmaceuticals as a best-in-class treatment for several autoimmune diseases which arise when the patient's immune system starts attacking healthy tissue in the body. Izokibep addresses autoimmune diseases that are driven by the protein IL-17. Izokibep has a unique ability to reach the affected tissues, where it binds IL-17 selectively and with high affinity – 10 to 100 times stronger than the current leading IL-17 inhibiting antibody drugs.

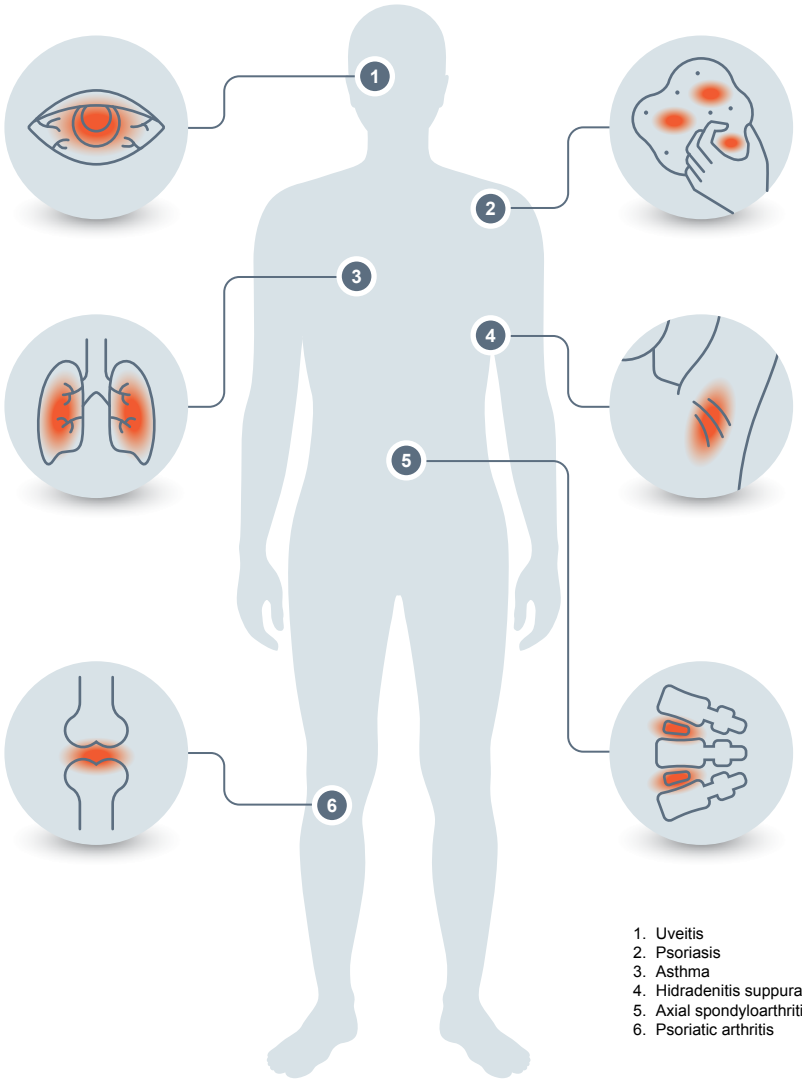
The development program for izokibep, which has generated compelling efficacy and safety data, has been progressively extended to multiple indications – a good example of the company's ability to balance the risks inherent in drug development. Izokibep has already been studied in more than 1,000 patients, in some for as long as three years.

Izokibep in psoriatic arthritis

Psoriatic arthritis (PsA) occurs in patients with psoriasis whose condition develops to include inflammation of the joints. Such patients are currently treated with NSAIDs or immunosuppressive drugs such as TNF and JAK inhibitors.

In March 2024, ACELYRIN reported positive top-line results for izokibep in a Phase 2b/3 clinical study in patients with PsA. The study is a global, double-blind, placebo-controlled, trial comprising 351 patients. The primary endpoint of ACR50 at 16 weeks versus placebo was met with high statistical significance. Robust clinical responses were also achieved for ACR70, PASI100, as well as composite endpoints ACR50/PASI100 and Minimal Disease Activity. Izokibep was well-tolerated with a favorable safety profile consistent with previous experience and the IL-17 class. The study is continuing up to 52 weeks. ACELYRIN expects this Phase 2b/3 trial to be the first of two registrational trials in PsA. A confirmatory Phase 3 study with izokibep in PsA is expected to start during 2024.

PROJECT OVERVIEW



1. Uveitis
2. Psoriasis
3. Asthma
4. Hidradenitis suppurativa
5. Axial spondyloarthritis
6. Psoriatic arthritis

In a previous Phase 2 double-blind, placebo-controlled, 16-week study comprising 135 patients, izokibep showed a higher efficacy than that which has been reported in studies with current standard treatments, as well as a favorable tolerability profile. In-depth analyses investigating the clinical benefit of treatment with izokibep showed substantial improvements in key manifestations, including arthritis, psoriasis, enthesitis, dactylitis, and nail psoriasis. Improvements were also found across all studied patient reported symptom categories, including pain, sleep disturbance, physical function, and coping. The treatment with izokibep continued for up to 46 weeks with continued and marked improvements in key manifestations of disease. Izokibep was generally well-tolerated – in line with previous trials with izokibep.

Izokibep in hidradenitis suppurativa

Hidradenitis suppurativa (HS) is a chronic inflammatory disease that affects hair follicles in skin areas with a high concentration of sweat glands. The disease produces recurrent painful varicose ulcers, mainly in the armpits, groin, and the area around the anus. The treatment consists mainly of analgesics, antibiotics, and, in severe cases, surgery and/or biologics.

Izokibep is currently being evaluated in a Phase 3 study comprising approximately 250 patients suffering from HS. Topline data are expected in the second half of 2024. ACELYRIN plans an additional Phase 3 trial in HS of approximately 400 patients to address FDA guidance on size of safety database.

Open-label (Part A) results from a previous Phase 2b HS study demonstrated that a third of patients achieved complete reduction of symptoms already after 12 weeks.

In September 2023, our development partner ACELYRIN announced that the primary endpoint of HiSCR75 at 16 weeks was not met in the placebo-controlled part of the Phase 2b study (Part B). Responder discontinuations and a marked increase in placebo rates during the latter part of the study were factors that had a negative impact on the statistical analysis of the primary endpoint. However, a post-hoc sensitivity analysis on the full dataset as well as a pre-specified interim analysis demonstrated statistical significance in favor of izokibep over placebo at 16 weeks.

Long-term 32-week data from an open label extension of the study demonstrated that continued treatment with izokibep led to further clinical improvements over time with maintained favorable safety profile. Patients who switched from placebo to izokibep at week 16 achieved a similar speed and magnitude of response, as those who began treatment with izokibep at baseline.

The totality of these Phase 2b results suggests that the reason for not meeting the primary endpoint was not related to the study drug, izokibep.

Izokibep in uveitis

Uveitis is a rare inflammatory disease that primarily affects the uvea of the eye. It is one of the most common medical causes of blindness. The only approved treatment today is the TNF inhibitor adalimumab (Humira), a drug that has proven ineffective in parts of the patient population – thus creating a large need for efficacious and safe treatment options.

Izokibep is currently being evaluated in a Phase 2b/3 clinical study in patients with non-infectious intermediate uveitis, posterior uveitis, and panuveitis. Topline data are expected in the second half of 2024.

Izokibep in axial spondyloarthritis

Axial spondyloarthritis (axSpA) is an autoimmune disease that affects the spine, as well as joints in other parts of the body. It usually presents before the age of 45 and can lead to severe pain and reduced mobility. Current treatments consist of NSAIDs or immunosuppressive drugs such as TNF and JAK inhibitors. Izokibep is planned to be evaluated in a Phase 3 program in axSpA.

Izokibep in psoriasis

Psoriasis is an autoimmune disease characterized by thickened, reddened, and clearly defined patches in the skin around the knee and elbow joints, on the scalp, or on other parts of the body. The standard treatment of the disease consists of topical treatments and UV-radiation therapy. However, in severe psoriasis, systemic immunosuppressive drugs are used, which may cause adverse effects over time.

Izokibep has been evaluated in a double-blind, placebo-controlled Phase 2 study over 52 weeks in 108 patients diagnosed with moderate to severe psoriasis. The treatment results indicated a competitive efficacy and safety profile. The majority of the reported side effects were minor and resolved during the length of the treatment. The study was extended, and three-year data confirmed the safety, tolerability, and treatment efficacy of izokibep in the patient group that participated in the extension. The study was published in the British Journal of Dermatology (BJD) in September 2023.

Collaboration with Rallybio to address complement mediated diseases

Affibody's licensee Rallybio, a US-based biotech company, is developing the drug candidate RLYB116 which acts by inhibiting the activation of complement factor 5 (C5) in the complement cascade, which is part of the immune system. When erroneously triggered, the complement system may give rise to severe diseases, such as paroxysmal nocturnal hemoglobinuria (PNH), atypical hemolytic uremic syndrome (aHUS), generalized myasthenia gravis, and neuromyelitis optica.

Rallybio has presented positive results from a Phase 1 single ascending dose (SAD) study in healthy subjects. The results showed that a single 100 mg subcutaneous dose induced a more than 99% reduction in free C5 and was generally well-tolerated.

In December 2023, Rallybio announced preliminary Phase 1 multiple ascending dose (MAD) data for RLYB116. Results from the 100 mg cohort demonstrated a sustained reduction of greater than 93% in free C5 with low volume weekly subcutaneous dosing. RLYB116 administered as a 100 mg once-a-week dose was observed to be generally well tolerated. The most common adverse event (AE) in the cohort was injection site reaction. All AEs in the cohort were mild in severity.

As the next step, Rallybio stated that it will prioritize investments in the RLYB116 manufacturing process before proceeding to Phase 2. Rallybio expects to provide an update on the development plan for RLYB116 in the second half of 2024.

Rallybio, together with EyePoint Pharmaceuticals, are evaluating delivery of C5 inhibitor using EyePoint's Durasert® technology for sustained intraocular delivery, with the initial focus on geographic atrophy, an advanced form of age-related macular degeneration that leads to irreversible vision loss. Rallybio and EyePoint expect to provide an update on this project in the first half of 2024.

ABY-062 – a potential gamechanger in inhalation treatment of asthma

Unlike antibody drugs, which must be given as an injection or infusion, Affibody® molecules can be developed for inhalation. This offers major advantages in the treatment of lung diseases. Affibody is developing the drug candidate ABY-062, which inhibits the protein TSLP – a key factor in the inflammatory process that causes and exacerbates asthma. Preclinical data show that inhaled ABY-062 is absorbed into the respiratory tract at concentrations that are expected to be clinically efficacious. The drug candidate is currently in preclinical development.

Collaboration with Chiesi to address respiratory diseases

Affibody and Chiesi have a collaboration to discover and develop novel Affibody® molecules as innovative treatments for respiratory diseases.

Collaboration with Antaros to address fibrotic diseases

Affibody's licensee Antaros is developing an Affibody®-based PET tracer, ATH001, to probe the presence of platelet-related growth factor receptor beta (PDGFRβ), which is a marker of ongoing fibrogenesis in tissue. ATH001 shows strong promise as a non-invasive tool for imaging fibrogenesis and may provide valuable insights into the search for new treatments for fibrotic diseases.

In 2023, Antaros announced that they initiated a collaboration with Takeda to evaluate ATH001 in fibrosis/fibrogenesis linked to metabolic dysfunction-associated steatohepatitis (MASH; previously called non-alcoholic steatohepatitis or NASH) and two additional fibrotic indications.

ATH001 is currently in preclinical development and Antaros plans to initiate clinical studies in 2024.

Discovery projects in immunology

Affibody is continuously employing its technology platform across immunology and oncology indications with the aim of running enough discovery projects to enable at least one and potentially two candidate drug (CD) selections per year. Affibody will continue to apply its expertise in selectively advancing clinical programs and assessing market opportunities based on each project's indication and partnership potential.

How does our radiotherapy work?

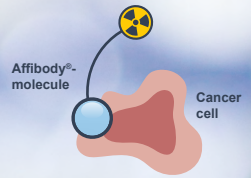
1

Radioactively labeled Affibody® molecules

Radioactive agents can be attached to Affibody® molecules due to their unique stability and flexibility.

2

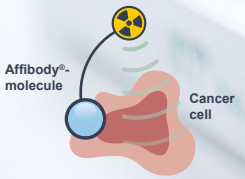
Affibody® molecule seeks out cancer cells



The Affibody® molecule effectively finds its target antigen on a cancer cell.

3

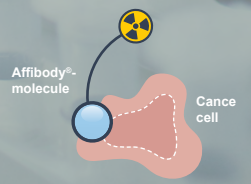
Radioactive agent irradiates cancer cells



The radioactive agent exerts its action by emitting high-energy radiation to irradiate the cancer cell.

4

Cancer cells die due to cellular damage



The cell dies or is destroyed by the immune system

Our projects in oncology

Affibody® molecules can be attached to radioactive agents. This makes it possible to tailor targeting molecules that, within minutes of being injected into the body, find and bind to a selected surface protein on tumor cells, where they remain for an extended period of time, allowing the radioactive agent to emit its radiation with high precision.

As an added effect, the treatment causes antigen release from the irradiated tumor cells, helping the body's immune system to raise an immune response to these tumor antigens to detect and kill surviving cancer cells. This mechanism opens interesting possibilities for combination therapies with immuno-oncology drugs.

ABY-025 and GE-226

ABY-025 is a Gallium-68-labeled PET tracer candidate that aims to enable non-invasive and cost-effective PET imaging diagnosis of HER2 expression in cancer patients. HER2 is a receptor protein overexpressed in several different cancer forms, e.g., breast cancer and gastric or gastroesophageal junction cancer.

Affibody is collaborating with esteemed academic institutions to explore the clinical utility of ABY-025. Phase 2 results with ABY-025 indicate that the compound can be used both to detect HER2 expression and monitor therapy response.

In recent years, the interest has increased in treating patients with low HER2 expression and Affibody has successfully shown that it is possible to identify patients with low HER2 expression with ABY-025. Results from a clinical trial demonstrating this have been published in the Journal of Nuclear Medicine (JNM).

To enable a broad market uptake and address the two most important radioisotopes used for PET imaging, Gallium-68 and Fluorine-18, Affibody is collaborating with GE Healthcare, one of the world's largest medtech companies. GE Healthcare has successfully completed a clinical study in metastatic breast cancer patients and is planning additional clinical studies with GE-226, a Fluorine-18-labeled PET tracer candidate based on the same HER2 targeting Affibody® molecule as ABY-025.

ABY-271

ABY-271 is a radiotherapeutic candidate aimed at tumor cells that express HER2, regardless of their position in the body. The project builds on previous clinical research insights from the development of ABY-025, showing that the candidate substance can bind to HER2 independently of the tumor origin. ABY-271 emits cytotoxic beta radiation, exerting irreversible damage to the cancer cells upon binding.

The drug candidate is currently in preclinical development.

Discovery projects in oncology

Affibody is continuously employing its technology platform across immunology and oncology indications with the aim of running enough discovery projects to enable at least one and potentially two candidate drug (CD) selections per year. Affibody will continue to apply its expertise in selectively advancing clinical programs and assessing market opportunities based on each project's indication and partnership potential.

Our partners

Affibody has a proven track record of developing candidate drugs targeting severe diseases based on its proprietary technology platform. To fully unlock the potential of the platform, Affibody seeks partnerships with leading companies that excel in their therapeutic areas.

ACELYRIN

In 2021, Affibody partnered with ACELYRIN for the development of the company's most advanced drug candidate, izokibep, for development in several autoimmune diseases where the protein IL-17A plays a foundational role.

Per the development and commercialization agreements, ACELYRIN holds worldwide rights to izokibep, except for development and commercialization rights held by Inmagene Biopharmaceuticals in selected Asian countries, including China, Hong Kong, South Korea, and Taiwan, but excluding Japan. Affibody holds commercialization rights in the Nordic countries.

INMAGENE
BORDERLESS INNOVATION

In 2020, Affibody partnered with Inmagene Biopharmaceuticals for the development of the company's most advanced drug candidate, izokibep, in several autoimmune diseases where the protein IL-17A plays a foundational role.

Inmagene holds development and commercialization rights in selected Asian countries, including China, Hong Kong, South Korea, and Taiwan, but excluding Japan.

Rallybio

Affibody's licensee Rallybio is a US-based biotechnology company founded by industrialists from the global biopharma company Alexion. The company develops therapies aimed at severe and rare diseases in hematology, immuno-inflammation, maternal fetal health, and metabolic disorders. RLYB116 is aimed at treating rare complement mediated diseases.

In 2023, Affibody and Chiesi partnered for the development of innovative treatments for respiratory diseases. The agreement expands Chiesi's comprehensive R&D program in respiratory diseases with high unmet medical needs. Affibody has retained the option to co-promote in the Nordic region.

In 2019, Affibody and GE Healthcare initiated a collaboration to develop and commercialize an Affibody®-based PET imaging tracer with a view to improving the diagnosis of HER2-positive cancers.

In 2021, Affibody and Antaros entered into a license agreement to develop novel PET imaging tracers to support drug development decisions, with an initial focus on unmet needs in inflammation, fibrosis, and immunology.

In 2023, Antaros announced that they are collaborating with Takeda to evaluate ATH001 in fibrosis/fibrogenesis linked to metabolic dysfunction-associated steatohepatitis (MASH, previously called non-alcoholic steatohepatitis or NASH) and two additional fibrotic indications.

Technology platform

Affibody is developing the next generation of biologics based on the company's proprietary technology platform. Affibody focuses on target proteins and indications where the platform has the potential to generate drug candidates with significant competitive advantages over conventional monoclonal antibodies. The technology platform has been validated in clinical trials.

How it works

Affibody® molecules are a novel class of antibody mimetics with characteristics surpassing monoclonal antibodies (mAbs) and antibody fragments. The company has created a large library consisting of more than ten billion Affibody® molecules, all with unique binding sites, from which binders to given targets are selected. Affibody® molecules are only 6 kDa in size. The inherent properties of Affibody® molecules allow more efficacious blocking by using multi-specific constructs as shown in clinical trials in autoimmunity indications.

Affibody's technology platform offers several key advantages over current approaches, including:

High dose per injection volume

Small size allows for a superior subcutaneous formulation, with, typically, a ten-fold higher dose per injection volume compared to monoclonal antibodies.

Alternative administration routes

Small size combined with robustness also allows for the evaluation of alternative routes of administration, such as inhalation.

High and long-lasting efficacy

Based on the technology platform, it is easy to design multispecific molecules that either have the ability to bind to more than one site on the target protein or bind to two or more different target proteins to provide improved efficacy. At the same time, the molecules bind to albumin, which results in a prolonged circulation time in the body.

Strong patents protect our innovations

An active patent strategy is a precondition for protecting the value of the scientific advances that Affibody delivers. The company has successfully established strong intellectual property protection for its drug candidates in all major geographical markets including the US, the EU, Japan, and other countries.

Our patent portfolio

As of December 31, 2023, Affibody's patent portfolio encompassed 34 patent families, with patents granted in key markets within 28 of these families. An overview and categorization of the company's patent families as of December 31, 2023, are shown in the figure to the right.

The breadth of our intellectual property provides the company with a strong position when negotiating with prospective partners.

Our patent strategy

Concurrent with the scientific advances made in Affibody's research and development activities, the company regularly submits patent applications to ensure intellectual property and secure potential future earnings.

Our patent longevity

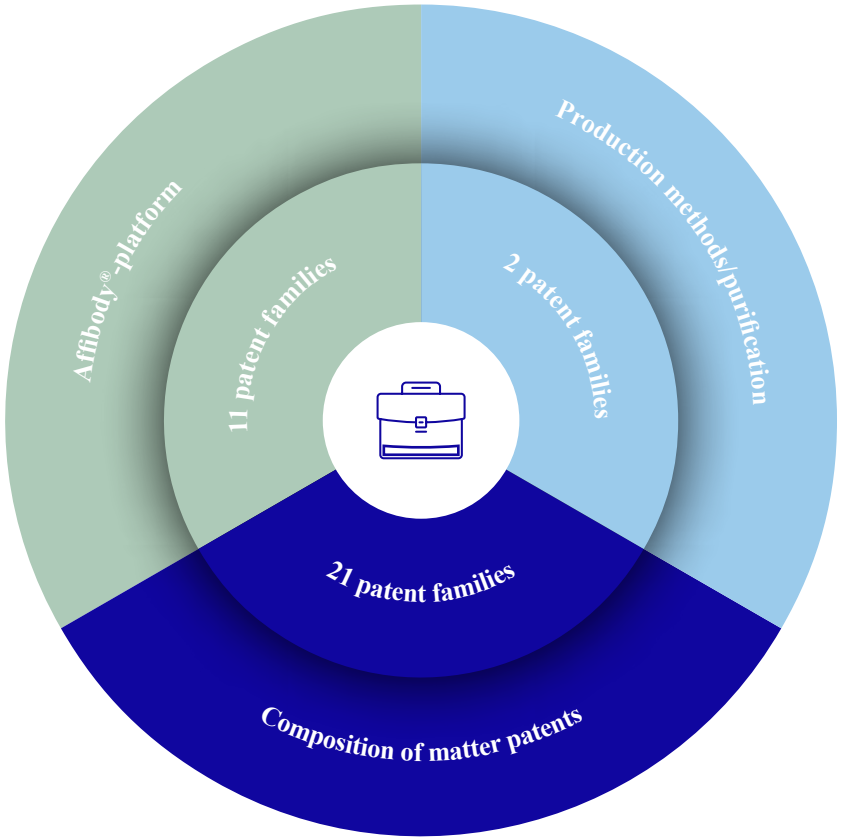
Affibody's patents and patent applications provide intellectual property protection into the 2040's.

Company trademarks

Affibody	"Affibody" is registered in the US, EU, Japan, Australia, China, Republic of Korea, Switzerland, and United Kingdom, with a pending application in Canada.
Albumod	"Albumod" is registered in the US, EU, Japan, China, and United Kingdom.
Company logotype	The Affibody logotype is registered in the EU and Australia, with pending applications in the US, Japan, Canada, China, Republic of Korea, Switzerland, and United Kingdom.

Patent portfolio overview

(Type of patent and number of patent families)



A large and expanding market

Affibody® molecules have the potential to offer improved treatments of several immunology and oncology indications. Affibody has established several partnerships for the development and commercialization of its innovations with international pharmaceutical companies.

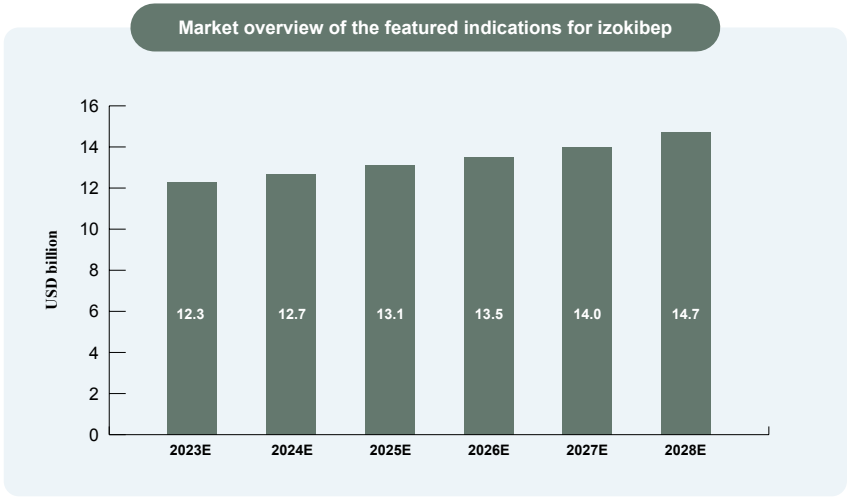
Affibody is actively pursuing a range of projects directed towards immunology and oncology. These market segments have historically shown steady growth and accounted for a market value of approximately USD 300 billion globally in 2022, according to GlobalData.

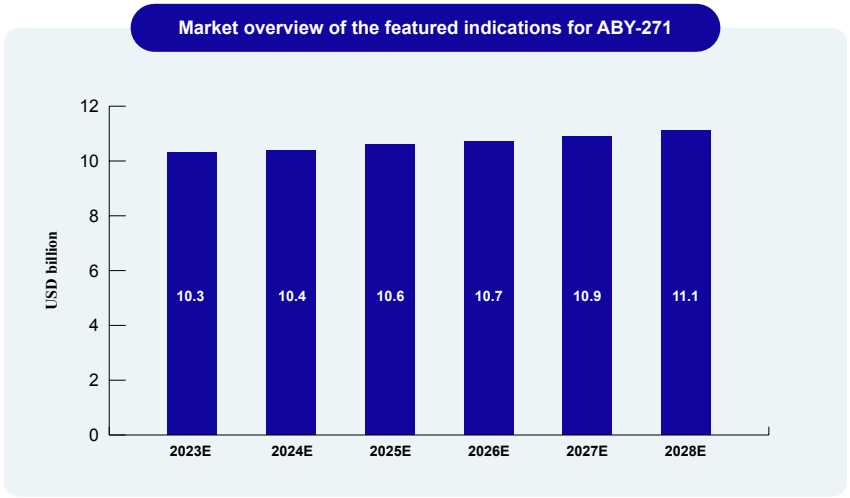
Market overview for featured immunology indications

Izokibep is being developed as a best-in-class treatment for IL-17 mediated diseases. Currently there are ongoing late-stage clinical studies in psoriatic arthritis, hidradenitis suppurativa, and uveitis. A additional Phase 3 program in axSpA is planned. The total market value for treatments of these diseases is estimated to reach approximately USD 15 billion in 2028, at an average annual growth rate of 3.5 percent.

Market overview for featured oncology indications

Affibody is developing novel targeted radiopharmaceuticals. Affibody's radiotherapeutic candidate drug, ABY-271, exhibits high affinity to HER2, a receptor protein overexpressed in several different cancer forms, e.g., breast cancer and gastric or gastroesophageal junction cancer. The total market value for the HER2-positive segment of these two cancer forms is estimated to reach approximately USD 11 billion in 2028, at an average annual growth rate of 1.6 percent.





Market size, USD billion
Source: GlobalData

93 – Number of Affibody employees at the end of the year

Of which had a doctoral degree

Whereof female

Employees

Affibody strives to attract the most talented and committed professionals in our field of activity. We aspire to offer our employees an environment where they thrive and feel encouraged to play their part in the advanced and rapid development of drug candidates that have the potential to help patients with unmet medical needs.

Employee engagement and a high level of expertise are critical success factors for Affibody. One metric of our competence is the high level of academic excellence in the company – 55 percent of our employees have a PhD and 41 percent have other academic qualifications. The company had 93 employees at the end of 2023, 68 percent of whom were women. The management team at the end of 2023 consisted of five employees, whereof one woman.

Affibody's company culture is defined by our core values: ***Caring, Ambitious,*** and ***Goal-oriented,*** and we encourage all our employees to foster those core values. We care about our employees, and we want everyone to enjoy coming to work every day. We empower each individual and create conditions for everyone to fully contribute with their skills, to evolve and to grow in their work, and be respected for who they are.

Affibody follows and respects the rules of the labor market and applies the collective agreement between the employer organization Innovation and Chemical Industries (IKEM) and the trade unions; Sveriges Ingenjörer, Ledarna, Naturvetarna, and Unionen. Affibody offers competitive salaries and benefits, and individual salary settings that are adapted to the local labor market.

Sustainability

Sustainability is an integrated part of Affibody's operations. We actively strive to reduce the company's impact on the environment, adhere to ethical guidelines, safeguard the well-being of our employees, and maintain a good and safe working environment. By enhancing sustainability in our daily operations, we decrease our long-term climate and environmental impact while increasing social sustainability.

Affibody aims to improve the lives of patients with serious diseases, and as a pharmaceutical development company, Affibody and its employees navigate a complex landscape with various obligations and regulations to follow.

Environmental responsibility

The company actively works to promote sustainability and reduce the overall environmental footprint of our operations. Affibody has limited emissions from its laboratories and continually strives to minimize the use of substances that may be harmful to the environment and human health. Our overarching goal is to ensure that our environmental impact is kept to a minimum.

Recycling and the management of natural resources are crucial for Affibody. An essential part of our work is to evaluate early in the value chain the possibility of replacing harmful substances with less damaging alternatives. By proactively assessing and acting on opportunities to reduce our negative impact, we aim for a more sustainable and environmentally friendly operation. We also seek continuous improvement in our use of chemical substances and resources. Sorting waste is implemented wherever possible, and hazardous and biological waste is collected in labeled containers managed by external specialized service providers for destruction. Our work in this area is described in our local safety regulations, which also refer to our risk assessments and Standard Operating Procedures (SOPs) for e.g. hazardous substances and recycling and waste management, among other things.

Affibody's operations support four of the goals outlined in Agenda 2030:

Good health and well-being (goal 3) permeate the entire purpose of our business as a drug development company.

Gender equality (goal 5) is crucial for the company's development and social sustainability.

Decent work and economic growth (goal 8) are values we prioritize daily and are essential for continued success.

Responsible consumption and production (goal 12) is an area where we strive to integrate sustainability issues to reduce the environmental footprint of our operations.

Employee engagement is a critical success factor for Affibody

Affibody has, since 2021, been using Winningtemp, an engagement platform aimed at influencing and contributing to a workplace characterized by well-being and development for all employees.

Affibody leases premises from Akademiska Hus, one of Sweden's largest property companies. A significant portion of our energy consumption is related to these leased premises and the services provided by our landlord. Akademiska Hus has a clear goal to reduce energy consumption in its operations – by 2025, the amount of delivered energy, including their customers' operational energy, should be halved compared to the year 2000. Affibody supports this initiative and works continuously on measures to reduce our energy consumption.

Affibody uses genetically modified microorganisms (GMOs) in its research and development work. Such activities require notification, and the company has reported this to the Swedish Work Environment Authority. The company also holds wholesale permits as well as import and export permits for materials and samples needed in its operations.

By acting proactively and improving our working methods, we not only reduce our impact on the environment, but also create better conditions for meeting future environmental legislation and societal requirements.

Social responsibility

Affibody follows and respects labor market rules and applies the collective bargaining agreement between the employers' organization Innovations- och Kemiindustrierna (IKEM) and the trade unions; Sveriges Ingenjörer, Ledarna, Naturvetarna, and Unionen. There is a local union club at Affibody, representing members affiliated with any of the unions within Saco, the trade union organization for Sweden's academics. Employees are also represented in Affibody's board by two employee representatives.

Employee engagement is a critical success factor for Affibody. We care about our employees and want everyone to look forward to coming to work every day. We aim to empower each employee, providing conditions for development and the opportunity to contribute fully with their skills. We also want our employees to grow in their work and be respected. Affibody respects diversity and the personal dignity of employees. Discrimination or harassment is not tolerated. All employees should be treated according to their abilities, qualifications, experiences, approach, job performance, and potential in relation to the requirements of the position. This applies to all employment decisions, including recruitment, promotion, compensation, benefits, training, and termination.

Affibody acknowledges and supports applicable regulations regarding the protection of internationally proclaimed human rights, freedom of association, and the right to collective bargaining.

Affibody strives to ensure a healthy and safe working environment and takes appropriate measures to prevent work-related accidents and illnesses. We work systematically and actively with a set of guidelines and processes that are regularly reviewed and communicated to all employees. Affibody's work environment policy is intended to regulate the work environment to achieve a healthy working environment and ensure an active work environment management with committed managers and employees. The work environment policy is also intended to guide our efforts to meet the authorities' requirements for systematic work environment management. The systematic work environment management is ensured by a safety committee, consisting of employee-elected safety representatives, the laboratory manager, HR, and a representative from the executive management.

Affibody has, since 2021, been using Winningtemp, an engagement platform aimed at influencing and contributing to a workplace characterized by well-being and development for all employees. A set of questions is sent out every week, and the results are monitored and regularly followed up at various levels. The questions focus on employees' experiences regarding well-being, work situation, equality, respect, discrimination, and harassment. The results of this measurement and other key figures, such as sick leave, are continuously monitored by the executive management and the board. Since starting to use Winningtemp, we have had a high response rate. For most of the time, the response rate has been over 90 percent, and it has never been below 85 percent. We have consistently compared favorably against Winningtemp's index, i.e., all users within Winningtemp. In 2023, our average temperature was 8.0 on a scale 0-10, which was 0.4

above the index. It is also worth noting that Affibody has low sick leave, 1.76 percent in 2022 and 1.48 percent in 2023, indicating that the systematic work environment management gives results.

Governance

Affibody strives to maintain an open business climate and high ethical standards. In our operations, we prioritize safety and respect for all individuals affected by our activities.

To facilitate decisions affecting the company's results and position, Affibody has adopted a code of conduct, and every employee must act within this framework. Affibody's Code of Conduct and Ethics (CoCE) is a framework for our values and what Affibody considers responsible, appropriate, and sustainable behavior. The document is reviewed and updated annually, and all employees must annually certify in writing that they have read, understood, and consent to follow the code. The CoCE is intended to guide the organization in contributing to Affibody's sustainable development. It emphasizes that compliance with applicable laws and relevant regulations is a fundamental duty and an essential part of each employee's responsibility when acting on behalf of Affibody. The CoCE is to be applied in all aspects of Affibody's operations to respect human rights and promote fair employment conditions, secure working conditions, sustainability, environmental responsibility, and high ethical business standards.

Patient safety and quality

Patient safety is the highest priority for Affibody, and it is crucial that we meet the regulatory requirements in all relevant activities within pharmaceutical development. Our quality system and standard procedures are designed to protect patient safety and ensure the quality of our products.

Ethical conduct of clinical trials

Medical advancements are built on research that ultimately must include studies involving people. Affibody's medical research follows the Helsinki Declaration, which comprises ethical principles for medical research involving people, including research on identifiable human material and data.

Ethical handling of experimental animals

Animal experiments are a necessary part of medical research, partly to determine the effect of a substance on an organism and partly because regulatory frameworks require that a substance must be evaluated in animals before being given to humans. Affibody's policy for the use of experimental animals ensures ethical treatment of animals and the use of the minimum number of animals necessary.

Anti-corruption / Anti-bribery

Affibody will work against corruption in all its forms, including extortion and bribery, in its operations. The company is committed to following all applicable laws, relevant regulations, and industry codes, including those established by regional and local industry organizations, in interaction with healthcare professionals.

All types of procurement activities will follow all applicable laws, relevant statutes, and related regulations in all markets where we operate.

We will comply with all applicable laws and relevant regulations in the export and import of products, materials, machinery, technology, and other items.

Competition rules

Antitrust and competition laws exist to ensure open and fair competition. Affibody's current risk for anticompetitive collaboration is low because our current revenues come from licensing agreements around a limited number of our pipeline products. Antitrust is part of the company's annual risk assessment to see if the risk profile changes.

Information management

Affibody respects confidential information from third parties and will not obtain or disclose such information through illegal or unethical means.

We follow all applicable laws and relevant regulations on the protection of personal data. Personal information is information that can be used to identify a specific individual by name, date of birth, or other description contained in that information. It may include information about employees, patients, clinical subjects, physicians, employees of customers, and others.

Whistleblowing

Since 2021, an independent whistleblower service has been established and is managed by WhistleB, https://whistleb.com. The whistleblower service can be used to provide information if there is a concern that something is not in line with our values and ethical principles and could

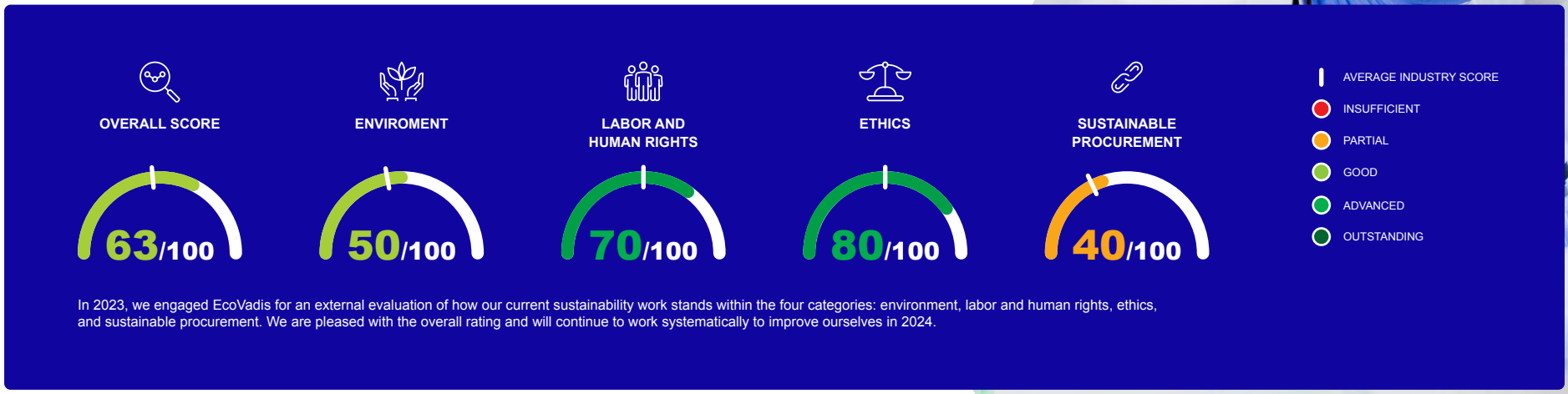
seriously affect our organization or a person's life or health. The communication channel is encrypted and password-protected, and all messages are treated confidentially.

External evaluation of our sustainability work

Since 2022, Affibody has engaged EcoVadis, one of the world's most trusted providers of sustainability assessments for companies. EcoVadis' rating covers a broad range of non-financial management systems, including environmental aspects, working conditions and human rights, ethics, and sustainable procurement.

Affibody qualified for a bronze medal, which is awarded those organizations that were ranked within the 65th to the 85th percentile in an evaluation conducted in 2023. Affibody's result yielded an overall score of 63 (61) out of 100. This places Affibody in the 81st percentile among companies assessed by EcoVadis in the past 12 months. The percentile rank is calculated across all companies in all industries, not per industry. The results from the evaluation provide guidance on strengths and areas for improvement that we will use to continue to enhance ourselves.

We view Affibody's improvement of the overall score during the year as evidence of our successful sustainability work. We drive continuous improvements in our environmental impact, social impact, and corporate governance, just as we engage in continuously improving our operations.



In 2023, we engaged EcoVadis for an external evaluation of how our current sustainability work stands within the four categories: environment, labor and human rights, ethics, and sustainable procurement. We are pleased with the overall rating and will continue to work systematically to improve ourselves in 2024.

The Affibody share

Ownership structure

Affibody Medical AB had 123 shareholders as of the balance sheet date. The largest single shareholder was Duba AB, a company within the Investor AB sphere, which owned 77.6 percent of the shares. Affibody's Articles of Association do not contain any restrictions on the number of votes each shareholder can cast at a general meeting. To the best of the Board's knowledge, there are no shareholders' agreements or equivalents that further regulate the rights and obligations of shareholders.

The share and the share capital

Affibody Medical AB has only one class of shares. At the end of 2023, the total number of outstanding shares was 24,486, 948. All shares carry equal rights to the company's assets, and any eventual surplus, in the event of liquidation. The quotient value of the shares is SEK 5. The company's share was unlisted at the time of submission of this annual report. As of 31 December 2023, the share capital amounted to SEK 122,434,740 divided into 24,486,948 shares.

Dividends and dividend policy

The Board's current intention is to use any potential future profits of the company to fund the continued development and expansion of the business. The Board therefore does not intend to propose any dividend in the foreseeable future.

Development of share capital and number of shares

		Change		Total		
Year	Transaktion	Change in the number of shares	Change in share capital	Total share capital	Total number of shares	Quota value (SEK)
2006	Inception	1,000	100,000	100,000	1,000	100
2006	Share consolidation	-999	-	100,000	1	100,000
2006	Share split	22,579,706	-	100,000	22,579,707	0.00443
2007	New share issue	3,314,534	14,679.26	114,679.26	25,894,241	0.00443
2007	New share issue	3,457,113	15,310.70	129,989.96	29,351,354	0.00443
2007	New share issue	637,318	2,822.53	132,812.49	29,988,672	0.00443
2007	Fund issue	-	7,364,355.51	7,497,168.00	29,988,672	0.25
2008	Warrants	10,407	2,601.75	7,499,769.75	29,999,079	0.25
2009	New share issue	43,650,000	10,912,500.00	18,412,269.75	73,649,079	0.25
2010	New share issue	29,209,324	7,302,331.00	25,714,600.75	102,858,403	0.25
2011	Conversion	107,960,988	26,990,247.00	52,704,847.75	210,819,391	0.25
2013	New share issue	9	2.25	52,704,850.00	210,819,400	0.25
2013	Share consolidation	-200,278,430	-	52,704,850.00	10,540,970	5.00
2014	Warrants	38,984	194,920	52,899,770.00	10,579,954	5.00
2016	New share issue	2,750,787	13,753,935	66,653,705.00	13,330,741	5.00
2016	Warrants	206,250	1,031,250	67,684,955.00	13,536,991	5.00
2017/18	New share issue	3,691,905	18,459,525	86,144,480.00	17,228,896	5.00
2019	New share issue	2,650,598	13,252,990	99,397,470.00	19,879,494	5.00
2023	New share issue	4,607,454	23,037,270	122,434,740.00	24,486,948	5.00
				122,434,740.00	**24,486,948**	**5.00**

Vision

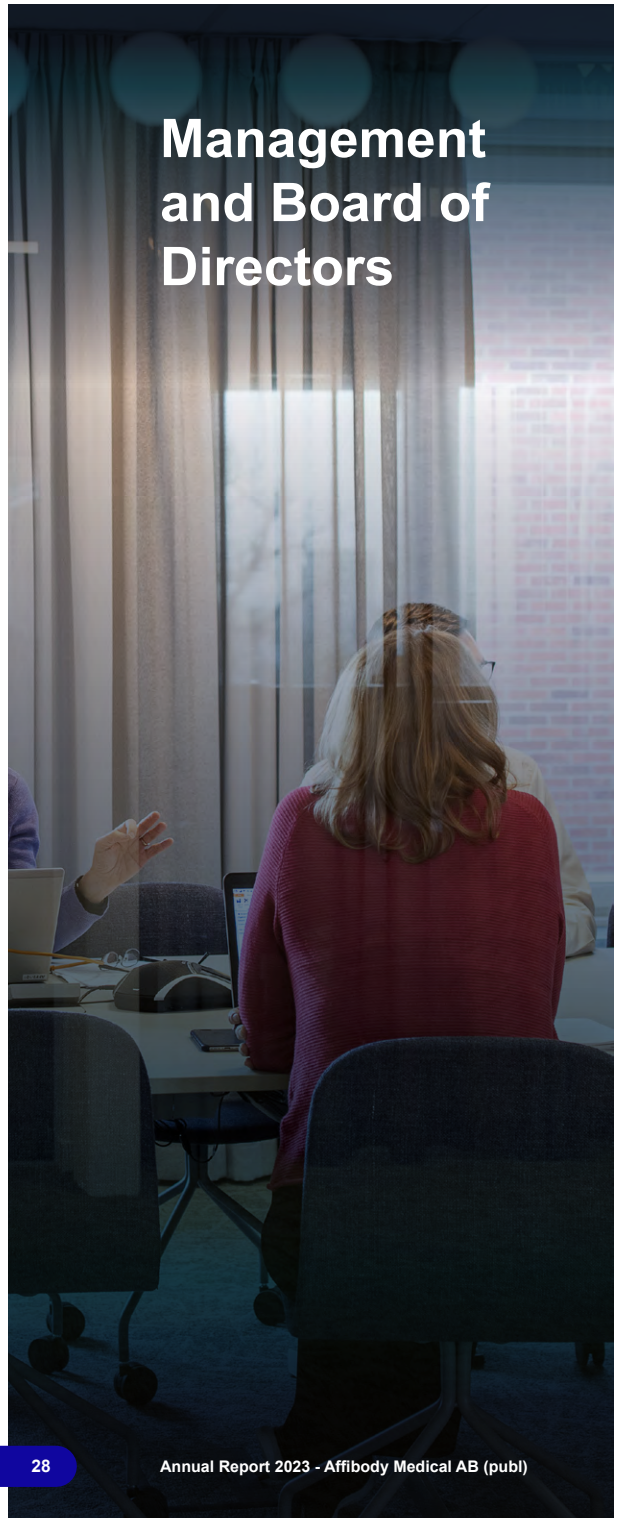
Affibody's vision is to build a sustainable Swedish biotechnology company with global reach by developing and commercializing innovative drugs based on the company's unique patented technology platform, and so improve the lives of patients suffering from serious diseases.

Mission

Our mission is to address medical needs with pioneering treatments that can improve the lives of patients. We do this by being a science-driven company with the technological leadership and expertise to take drug candidates all the way from the laboratory to clinical use. We have a long-term commitment to developing and commercializing novel drugs based on our innovative technology platform. We also strive to continuously generate shareholder value in a sustainable way and to consolidate our position as a highly valued employer and partner.

Strategy

Our strategy is to build an integrated biotech company with expertise in research, development, manufacturing, and commercialization. Each of the molecules in the company's extensive pipeline is based on the strengths of our differentiated proprietary platform and strategically focuses on indications where our technology offers a significant competitive advantage. Throughout our research and development, our strategy is to have a clear product vision focusing on medical needs, while balancing scientific, regulatory, and commercial risks. We ensure a continuous inflow of ideas and potential projects through close collaboration with an extensive network of reputable researchers and clinicians as we operate an efficient research and development process focused on our core competencies. In order to expand our capacity and maximize the value of our technology, we pursue extensive collaboration with the pharmaceutical industry and academic community.



Management and Board of Directors

Management

David Bejker

President and CEO

Employed since 2008.
Born: 1975

David Bejker has an extensive background in the biotechnology industry, both as investor and business developer. He has previous experience from the venture capital firm HealthCap. He is Board Director at Affibody AB, Amylonix AB, Disruptive Pharma Holding AB, Abliva AB, and Abliva Incentive AB. David holds a MSc degree in Business Administration from the Stockholm School of Economics, where he was awarded the Karl-Adam Bonnier Scholarship to Darden Graduate Business School, Charlotteville, Virginia.

Holding per 2023-12-31: 43,000 shares (including related natural parties) and 200,000 options.

Fredrik Frejd

Chief Scientific Officer

Employed since 2002.
Born: 1973

Fredrik Frejd has over 20 years of experience in biomedical research with expertise in tumor biology, biotechnological phage display, and therapeutic protein technique with antibody fragments, as well as artificial scaffold proteins. Fredrik is an adjunct Professor at the Department of Cancer Precision Medicine at Uppsala University. He is a Board Director of Mergus development AB, Akiram Therapeutics AB, Immuneed AB, and Deputy Board Director of Amylonix AB. Fredrik is also a member of Technische Universität Dresden Center for Molecular Bioengineering's scientific council.

Holding per 2023-12-31: 29,446 shares (including related natural parties) and 75,000 options.

Nikolai Brun

Chief Medical Officer

Employed since 2021.
Born: 1966

Nikolai Brun has 20 years of experience in the life science industry, including deep expertise in clinical drug development, regulatory affairs, and medical affairs. Previous to his position at Affibody, he held the position of Chief Medical Officer at the Danish Medical Agency. Additionally, he has held leading positions at Novo Nordisk, Genmab, and Genzyme. Nikolai holds a medical degree and a PhD from the University of Copenhagen.

Holding per 2023-12-31: 75,000 options.

Karin Nord

SVP Research Operations

Employed since 2000.
Born: 1969

Karin Nord is one of Affibody's co-founders and was one of the company's first employees. She received her PhD, which included pioneering research on Affibody® molecules, from KTH Royal Institute of Technology, Stockholm, in 1999. Additionally, she holds has an MSc in chemistry from Karlstad University. Karin was the main author of the first scientific article concerning Affibody® molecules, which was published in Nature Biotechnology in 1997.

Holding per 2023-12-31: 67,805 shares (including related natural parties) and 75,000 options.

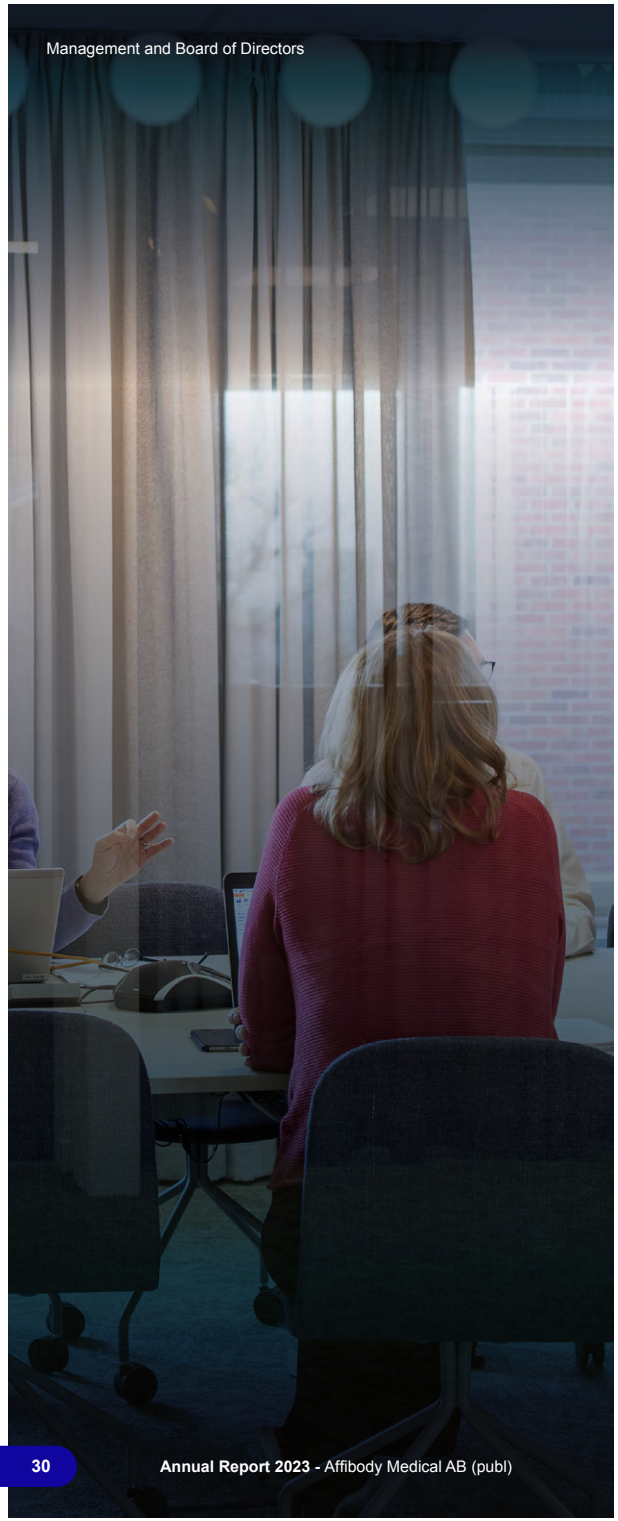
Peter Zerhouni

Chief Financial Officer and Chief Business Officer (CBO)

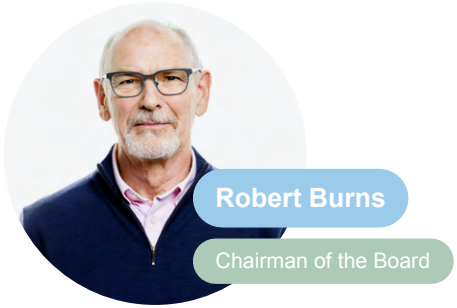
Employed since 2023.
Born: 1972

Peter Zerhouni has more than 15 years of experience from executive positions in listed biotechnology companies in clinical development stage. He has previously been Chief Executive Officer of InDex Pharmaceuticals and Diamyd Medical. Peter holds a MSc degree in biology as well as a BSc degree in business administration and economics from Lund University, and he has also studied at University of California at Berkeley.

Holding per 2023-12-31: 75,000 options.



Board of Directors



Robert Burns

Chairman of the Board

Elected in: 2017
Born: 1947
Independent in relation to major shareholders: Yes

Robert Burns is a Board Director of Circio (formerly Targovax) and has been CEO of three companies active in research and development of antibodies (Celldex, Affitech, and 4-Antibody AG). Previously, he has been Chairman of Haemostatix, up until the successful divestment to Ergomed. Robert has previously held leading positions in commercial operations and business development at Ludwig Cancer Research, Oxford Glycosciences, British Biotechnology, Applied bioTechnology, and Corning Incorporated. Robert holds a PhD in chemistry from the University of Birmingham.

Board Committee: Chairman of the Remuneration Committee and member of the Audit Committee.

Holding per 2023-12-31: 30,338 shares and 40,000 options.

Mathias Uhlén

Board Director

Elected in: 1998 (Affibody AB).
Born: 1954
Independent in relation to major shareholders: Yes

Mathias Uhlén is one of the co-founders of Affibody and Professor in biotechnology at KTH Royal School of Technology and Guest Professor at the Karolinska Institute. He is the Program Director of the Human Protein Atlas (HPA) project, which is financed by the Knut and Alice Wallenberg foundation. Mathias is Chairman of the Board of ScandiBio Therapeutics AB, ScandiEdge Therapeutics AB, MU Bioteknik AB, Antibodypedia AB, Atlas Intressenter AB, A05 Diagnostics AB and ProteomEdge AB and Board Director of Atlas Antibodies AB.

Holding per 2023-12-31: 905,719 shares (including related companies) and 40,000 options.

Jonathan Knowles

Board Director

Elected in: 2011
Born: 1947
Independent in relation to major shareholders: Yes

Jonathan Knowles is a Visiting Professor in Personalized Health at the Finnish Institute for Molecular Medicine at the University of Helsinki and a Visiting Professor at the University of Oxford. He is currently a board member of Caris Life Sciences, a major US based cancer diagnostics company, Board Director of Immunophotonics Inc. an innovative immune oncology company and Chairman of Faron Pharmaceuticals Oy's Scientific Advisory Board. He was the founding chairman of the Innovative Medicines Initiative, one of the largest public private partnerships in the world, and founding chairman of Genomics England Access Committee. He is the former Head of Group Research of the Roche Group and full member of the Roche Group executive committee. Additionally, Jonathan was a Board Director of Genentech, USA, for twelve years, and of Chugai Pharmaceuticals, Japan, for seven years.

Holding per 2023-12-31: 17,305 shares and 40,000 options.

Jakob Lindberg

Board Director

Elected in: 2011
Born: 1972
Independent in relation to major shareholders: Yes

Jakob Lindberg is Chief Scientific Officer of Oncopeptides and Board Director of Camurus. He was previously a board member at Atlas Antibodies, Alligator Bioscience, and Oncopeptides. Jakob started his career as an analyst at Merrill Lynch in London and then became a consultant with McKinsey, followed by a period as CEO and co-founder of Cellectricon. Jakob holds a licentiate of medical science in molecular immunology and a MSc degree from the Karolinska Institute, as well as a BA in economics and administration from Stockholm University.

Board Committee: member of the Remuneration Committee.

Holding per 2023-12-31: 40,000 options.

José Suárez

Board Director

Elected in: 2020
Born: 1969
Independent in relation to major shareholders: No

José Suárez is a Senior Advisor at Patricia Industries. He has more than 20 years of experience in venture capital and private equity and was Manager at Investor Growth Capital, focusing on infrastructure technologies ranging from semiconductors to hardware systems and software. He is a Board Director of Exagrid Corporation and has previously served on the boards of Acquia Inc., AgJunction Inc., BlueArc Inc., eSilicon Corporation, and Trilliant Networks Inc., among others. José holds a bachelor's degree in Asian Studies from Dartmouth College.

Board Committee: member of the Audit Committee and Remuneration Committee.

Holding per 2023-12-31: No holdings.

Gillian M Cannon

Board Director

Elected in: 2019
Born: 1963
Independent in relation to major shareholders: Yes

Gillian M Cannon is currently Head of Commercial Innovation at Roivant Sciences, and President of Castle Tech Consulting. She has over 30 years of experience in the pharmaceutical industry and has been in leadership roles at multiple prominent global pharmaceutical companies in a wide range of areas. Most recently, she served as President of North American Operations for UCB Inc., a Belgium based bio-pharmaceutical company. Gillian serves as a Board Director for Edinburgh Innovations, Corcept Therapeutics Inc., Our Future Health and Xenon Pharmaceuticals. She is also a member of the Advisory Board for Lumanity and Veritas Data Research, and a member of the Advisory Circle for Newcastle University. She holds a PhD in Health Administration, an MBA (concentration in marketing), and an undergraduate degree in Biochemistry. She is also a lecturer in the Drug Discovery Masters program at Drexel University in Philadelphia, USA.

Holding per 2023-12-31: 40,000 options.

Camilla Sønderby

Board Director

Elected in: 2021
Born: 1972
Independent in relation to major shareholders: Yes

Camilla Sønderby is currently Board Director at F2G, member of the Novo Advisory Group for Novo Holdings, and Industrial Advisor for EQT. She has more than 20 years' international biopharma leadership experience. Most recently from Takeda, where she headed global portfolio commercialization and global commercial excellence and was a member of the executive committee. Also, Camilla has held various senior operational and strategic positions at Shire, Abbott (now AbbVie), Roche and Schering-Plough, covering Europe, USA, and Asia. In addition to working with pharma commercialization, portfolio strategy and collaborating closely with R&D, she has extensive general management and transformation experience. Camilla began her career as management consultant at McKinsey & Co focused on the healthcare industry.

Holding per 2023-12-31: 40,000 options.

Anders Martin-Löf

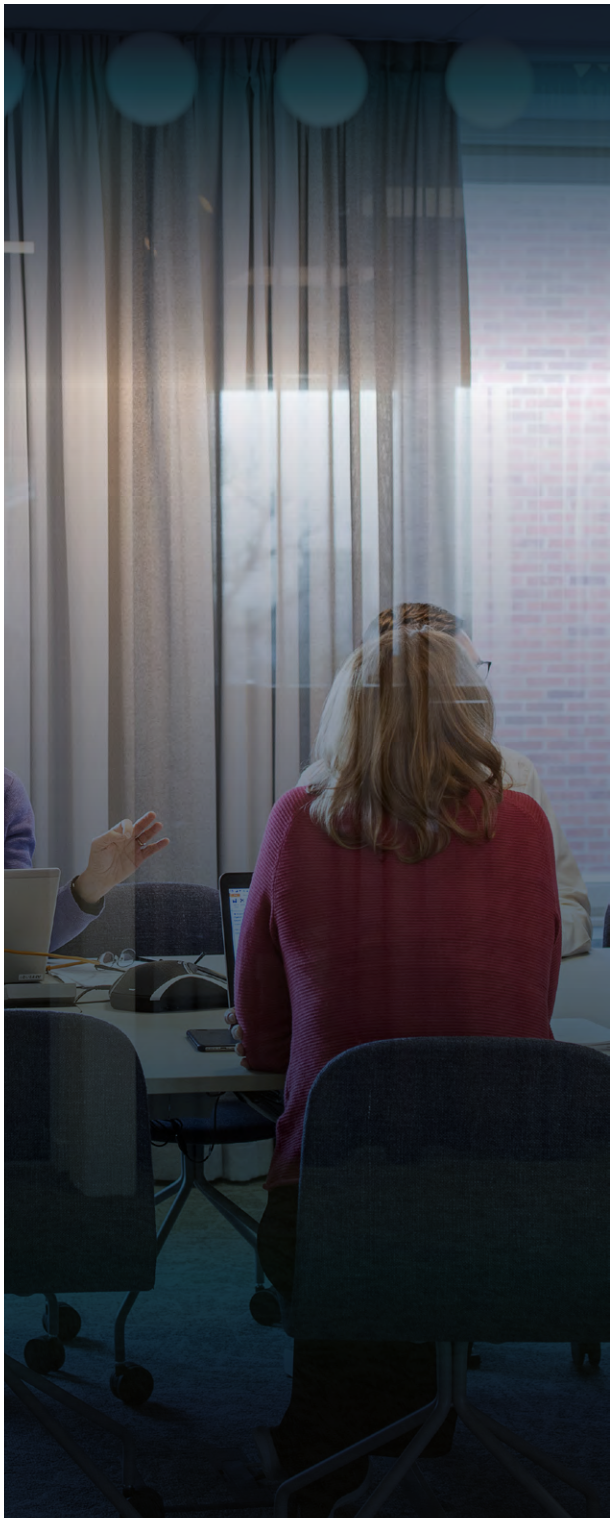
Board Director

Elected in: 2021
Born: 1971
Independent in relation to major shareholders: Yes

Anders Martin-Löf is is a Board Director of Cantargia. He has extensive experience as CFO in companies listed on the Stockholm stock exchange and is the CFO of BioArctic AB. He has previously been CFO at Oncopeptides, Wilson Therapeutics, and RaySearch Laboratories. He has also been Head of Investor Relations and held various positions in business development at Swedish Orphan Biovitrum. Anders holds an MSc in Engineering Physics from the Royal Institute of Technology, and a BSc in Business Administration and Economics from Stockholm University.

Board committee: Chairman of the Audit Committee.

Holding per 2023-12-31: 40,000 options.



Board of Directors

Employee Representatives

Michael Monaghan

Board Director

Elected in: 2022
Born: 1985
Independent in relation to major shareholders: Yes

Michael Monaghan serves on the Board of Directors as an employee representative. He is currently employed as Business Controller at Affibody AB. He has previous experience in controlling, demand planning, and financial analysis as Finance Manager and Analyst at the Nordic affiliates of Abbott Laboratories, Abbvie, and Mylan. Michael has also worked as R&D Controller and in the R&D department as Portfolio Manager at Swedish Orphan Biovitrum (Sobi). Michael received a BA in Business Administration and German from Towson University.

Holding per 2023-12-31: 5,000 options.

Anna Maria Sandén

Board Director

Elected in: 2022
Born: 1968
Independent in relation to major shareholders: Yes

Anna Maria Sandén serves serves on the Board of Directors as an employee representative. She is currently employed as Head of Process Development at Affibody AB. She has previous experience as Senior Scientific Expert within tech transfers, process validations and regulated commercial production of biologics at the Swedish affiliates of Pfizer and Octapharma, Further, Anna Maria has experience of process development at Biovitrum and the Centre for Cell Therapy at Karolinska Hospital. She holds an MSc in Chemical Engineering and a PhD in Biotechnology from the KTH Royal Institute of Technology, Stockholm..

Holding per 2023-12-31: 10,000 options.

Remuneration report

Introduction

This report describes how the guidelines for executive remuneration of Affibody Medical AB (publ), adopted by the annual general meeting held on 23 May 2023, were implemented in 2023. The report also provides information on remuneration to the CEO and a summary of the company's outstanding stock-related incentive plans. The report has been prepared in accordance with the Swedish Companies Act and the Remuneration Rules issued by the Swedish Corporate Governance Board. Further information on executive remuneration is available in note 8 and 9. Information on the work of the remuneration committee in 2023 is set out in the corporate governance report. Remuneration of the Board of Directors is not covered by this report. Such remuneration is resolved annually by the Annual General Meeting and disclosed in note 8.

Developments and results for 2023

The CEO summarizes the company's overall performance and results in the CEO's statement on pages 8-9 in the annual report.

The company's remuneration guidelines; scope, purpose and deviations

Affibody develops the next generation of biopharmaceuticals with the goal of improving the lives of patients with serious diseases. The company focuses on target proteins and indications where the unique technology platform gives the company an advantage and where there is a large medical need in well-defined patient populations. The company runs preclinical and clinical development programs in immunology and oncology. The company's strategy is to build an integrated biotechnology company with expertise in research, development, manufacturing, and commercialization. Each of the molecules in the company's comprehensive development program builds on the strengths of the differentiated, proprietary platform and focuses on indication areas where the technology offers a significant competitive advantage. In the company's research and development, the strategy is to have a clear product vision that focuses on medical needs, while at the same time the company balances scientific, regulatory, and commercial risks with a focus on target proteins and indications where the platform's strengths best can be utilized. The company ensures a continuous flow of ideas and potential projects by working closely with an extensive network of reputable researchers and clinicians, while operating an efficient research and development process that focuses on core competencies. In order to expand the company's capacity and maximize the value of the technology, the company conducts extensive collaborations both with the pharmaceutical industry and academia.

A prerequisite for the successful implementation of the company's business strategy and safeguarding of its long-term interests, including its sustainability, is that the company can recruit and retain qualified personnel. To this end, the company must offer competitive remuneration. The company's remuneration guidelines enable the company to offer executives a competitive remuneration.

Pursuant to the remuneration guidelines, executive remuneration shall be on market terms and may consist of the following components: fixed remuneration, variable

Total remuneration to executives in 2023 (SEK K)

	Fixed remuneration		Variable remuneration					
Name of executive (position)	Base salary[1]	Other benefits[2]	One-year[3]	Multi-year[4]	Extraordinary items	Pension Expense[5]	Total remuneration	Portion of fixed and variable remuneration
David Bejker (CEO)	3,206	9	367	960	0	677	5,219	74,6 % / 25,4 %

1. Base salary includes holiday debt
2. Other benefits consist of healthcare benefits
3. One-year variable remuneration consists of bonuses attributable to achieved business objectives 2022 and which were paid out in 2023
4. Costs of share-related remuneration
5. Pension benefits, which in their entirety refer to base salary and are determined by premiums, have been fully reported as fixed remuneration

remuneration, pension benefits and other benefits. The variable remuneration shall be based on the Board's assessment of the achievement of the company's business objectives, as determined by the Board, and shall be calculated as a percentage of the achievement of the business objectives multiplied by the maximum bonus.

The guidelines for executive remuneration are found in notes 8 and 9 in the annual report. During 2023, the company has complied with the applicable remuneration guidelines adopted by the general meeting. No deviations from the guidelines have been made and no derogations from the decision-making process that, according to the guidelines, must be applied to determine the remuneration have been made. No deviations from the guidelines have been made due to special reasons. The company has not requested repayment of any remuneration. In addition to remuneration covered by the remuneration guidelines, the annual general meetings of the company have resolved to implement long-term stock-related incentive plans.

Share-based remuneration

The company has two employee stock option programs: ESOP 2021/2028 and ESOP 2022/2029 and a closed synthetic shares and options program.

ESOP 2021/2028

A resolution was passed at the Annual General Meeting on 30 June 2021, to introduce an employee stock option plan. The Employee Stock Option Program ESOP 2021/2028 will run from 2021 until 2028. The plan initially included a maximum of 1,500,000 employee stock options and is aimed at the Board, CEO, executive management team, and key employees. Each employee stock option entitles the holder to acquire one new share in Affibody Medical for a subscription price of SEK 56.40.

Employee stock options have been subscribed by the CEO, amounting to 200,000, and by Board members for a total of 280,000.

During 2022, 295,000 employee stock options have been cancelled and these will consequently no longer be used for share subscriptions, but be replaced by ESOP 2022/2029 as described below. During the year, 85,000 employee stock options were forfeited due to termination by the option holder and no options have been allotted. As per today, the number of outstanding employee stock options amounts to 1,080,000 and assuming that all the employee stock options are fully exercised, the company's share capital will increase with SEK 5,400,000.

The employee stock options are vested at a rate of one third per year and will be fully vested after three years from the date the option agreement is signed, provided that the option holder's employment with the company has not been terminated as of the respective vesting date. The employee stock options will also be fully vested if the company is subject to a takeover bid which is accepted by shareholders representing more than 90 percent of the company's share capital, if this involves the option holder's employment being significantly changed due to the takeover bid. The employee stock options are non-transferrable.

Unless the company's Board decides to grant the right to exercise options prematurely, the employee stock options may be exercised no sooner than three years after the participant has signed the option agreement and no later than 30 June 2028. In the event of termination of employment, provided that this is not a termination or dismissal due to an option holder not fulfilling the obligations under the employment contract, laws or regulations, the employee may retain the vested employee stock options.

Assuming that all the outstanding employee stock options as of today are fully exercised, ESOP 2021/2028 will result in an increase in the number of shares in the Company from 24,486,948 to 25,566,948 shares. This will cause a dilution effect equivalent to a maximum of around 4.2 percent of the share capital and votes in the company if all employee stock options are fully exercised within the framework of ESOP 2021/2028. The dilution effect calculation is based on the number of shares and votes to be issued divided by the total number of shares and votes in the company after the options are exercised, without taking ESOP 2022/2029 into account.

No other changes to the employee stock option program have taken place during the year.

ESOP 2022/2029

A resolution was passed at the Annual General Meeting on 19 May 2022 to introduce an employee stock option program. The Employee Stock Option Program ESOP 2022/2029 will run from 2022 until 2029. The plan includes a maximum of 295,000 employee stock options and is aimed at the executive management team and key employees. Each employee stock option entitles the holder to acquire one new share in Affibody Medical for a subscription price determined by the Board from time to time. The redemption price shall not fall below 120% of the market value of the company's share at the time of allotment. If the company's share is not subject to general trading at the time of allotment, the market value shall be based on an external valuation that is not older than six (6) months. If the company's share is subject to general trading at the time of allotment, the market value shall be deemed to correspond to the volume weighted average price (VWAP) calculated over a period of ten (10) trading days prior to the allotment decision. If all options are exercised for subscription of shares, the company's share capital will increase by SEK 1,475,000.

The employee stock options are vested at a rate of one third per year and will be fully vested after three years from the date the option agreement is signed, provided that the option holder's employment with the Company has not been terminated as of the respective vesting date. The employee stock options will also be fully vested if the Company is subject to a takeover bid which is accepted by shareholders representing more than 90 percent of the Company's share capital, if this involves the option holder's employment being significantly changed due to the takeover bid. The employee stock options are non-transferrable.

Unless the company's Board decides to grant the right to exercise options prematurely, the employee stock options may be exercised no sooner than three years after the participant has signed the option agreement and no later than 30 June 2029. In the event of termination of employment, provided that this is not a termination or dismissal due to an option holder not fulfilling the obligations under the employment contract, laws or regulations, the employee may retain the vested employee stock options.

During the year, 85,000 employee stock options were awarded to employees. During the year, 5,000 employee stock options were forfeited due to termination by the option holder.

Assuming that all the outstanding employee stock options as of today are fully exercised, ESOP 2022/2029 will result in an increase in the number of shares in the Company from 24,486,948 to 24,781,948 shares. This will cause a dilution effect equivalent to a maximum of around 1.2 percent of the share capital and votes in the company if all employee stock options are fully exercised within the framework of ESOP 2022/2029. The dilution effect calculation is based on the number of shares and votes to be issued divided by the total number of shares and votes in the company after the options are exercised, without taking ESOP 2021/2028 into account. Assuming that all the employee stock options in both ESOP 2021/2028 and ESOP 2022/2029 are fully exercised, the number of shares in the company will increase from 24,486,948 shares to 25,861,948 shares. This will cause a dilution effect equivalent to a maximum of around 5.3 percent of the share capital and votes in the company. The dilution effect calculation is based on the number of shares and votes to be issued divided by the total number of shares and votes in the company after the options are exercised.

Synthetic shares and options (MPP2017/2023)

In December 2017, employees and Board members were offered shares in a synthetic incentive program. The program offered subscription of synthetic shares and/or subscription of a unit consisting of two synthetic shares and two synthetic options where each instrument corresponds to one share. The program had a duration term of six years and provided the opportunity for an annual exit as of year three. Subscriptions could take place throughout the entire term of the program, and subscriptions in December 2017 were restricted to 60 percent of total individual allocation. A total of 28,948 synthetic stocks and 26,798 synthetic options, corresponding to approximately 0.3 percent of the registered number of shares, were subscribed for as of December 31, 2017.

Employee stock option programs

					Information regarding the reported financial year					
					Opening balance		During the year		Closing balance	
Name of executive (position)	1. Name of program	2. Allotment date	3. Vesting date	4. Exercise period[1]	5. Exercise price (SEK)	6. Employee stock options held at beginning of year	7. Employee stock options awarded	8. Vested Employee stock options	9. Vested Employee stock options	10. Employee stock options awarded and unvested
David Bejker (CEO)	Employee stock option program 2021/2028	2021-09-01 2021-09-01 2021-09-01	2022-08-31 2023-08-31 2024-08-31	2024-09-01--2028-06-30 2024-09-01--2028-06-30 2024-09-01--2028-06-30	56,40	200,000	0	66,667	133,333	66,667

1. 1/3 of the options can be vested per year and can be exercised no earlier than 3 years after the allotment.

Members of the Board subscribed for 15,602 synthetic shares and 15,602 synthetic options, no subscription was made by the CEO and other senior executives. The underlying subscription price for both the synthetic share and the synthetic option amounted to SEK 54, and for the options this price increased by 4 percent annually. The fair value calculated at the time of allotment was paid by the employee in connection with the subscription. The option class with a five-year term had a price of SEK 15.10 and the option class with a six-year term had a price of SEK 16.40. The price for each unit (of two synthetic shares and two synthetic options) amounted to SEK 139.50. In February 2022, the program was terminated prematurely, and synthetic shares and options were redeemed for a paid amount of a total of SEK 1.5 M, of which SEK 0.6 M was for board members.

Variable remuneration

Senior executives shall be offered short-term incentives on market terms and based on the senior executive's responsibility, role, competence, and position. The variable remuneration shall be based on the Board's assessment of the achievement of Affibody's business objectives, as determined by the Board, for the financial year and shall be calculated as a percentage of the achievement of the business objectives multiplied by the maximum bonus. The bonus program shall promote the company's business strategy, long-term interests, and sustainability by linking senior executives' remuneration to the business goals. The business goals and the achievement of the business goals are determined by the Board every financial year. The measurement period for the business objectives should generally be based on a period of approximately twelve months. The extent to which the business objectives have been achieved must be evaluated and determined by the Board after the end of the measurement period.

At the annual evaluation, the Remuneration Committee or, where applicable, the Board, may adjust the objectives and/or remuneration taking into account both positive and negative extraordinary events, reorganizations and structural changes.

The maximum percentage of variable remuneration to the CEO is limited to an amount corresponding to 40 percent of the fixed annual remuneration. Variable remuneration can be paid either as a salary or as a one-off payment of pension premiums. Payment in the form of a one-off pension premium payment is subject to adjustment, so that the total cost for the company is neutral.

During the year, the criteria for variable remuneration to the CEO have been linked to operational objectives regarding, among other things, financing, strategy, employees and success in the ongoing development projects. The table below shows the outcome of the CEO's fulfillment of the criteria for variable remuneration.

Performance of the CEO during the reported financial year, variable cash remuneration

Name of executive (position)	Description of the criteria related to the remuneration component	Relative weighting of the performance criteria	a) Measured performance in total and b) actual award/ remuneration outcome*
David Bejker (CEO)	Financing	45%	a) 35%, b) 367 SEK K
	Strategy, organization and personnel	10%	
	Izokibep (IL-17)	15%	
	ABY-251 (HER2)	15%	
	ABY-062 (TSLP)	10%	
	Discovery assets	5%	

* Refers to bonus for year 2022 which was paid during 2023

Comparative information on the change of remuneration and company performance

Change of remuneration and company performance over the last three reported financial years (SEK K)

	2021 vs 2020		2022 vs 2021		2023 vs 2022	
Remuneration to the CEO	4,246	31.2%	5,146	21.2%	5,220	1.4%
The company group's operating profit	-147,230	31.5%	-143,970	2.2%	-131,831	8.4%
Average remuneration based on the number of full-time equivalent employees* in the group	994	14.1%	1,009	1.6%	1,114	10.4%

* Including members of the company group's executive management

The revenues in the Affibody group consist mainly of remuneration from license and research agreements, for example milestone payments. Due to the nature of the business, there can be large fluctuations between revenues and operating profit for different periods as revenues from milestone remuneration are reported at the time when the performance commitments are met.

Administration report

The board and CEO hereby submit the annual report and consolidated financial statements for the financial year January 1, 2023, to December 31, 2023, for Affibody Medical AB (publ) (556714-5601). Figures in parentheses refer to the previous year. All amounts are expressed in thousands of Swedish kronor (SEK K) unless otherwise stated. Affibody Medical AB (publ) has its registered office in Stockholm, Sweden.

Description of the business

Affibody is a Swedish biotechnology company developing next generation biologics based on the company's unique proprietary technology platform. Affibody® molecules are a novel drug class of small therapeutic proteins with characteristics which may offer substantial advantages over monoclonal antibodies (mAbs) and antibody fragments. Our strategy is to build an integrated biotech company with expertise in research, development, manufacturing, and commercialization. Affibody's vision is to build a sustainable Swedish biotechnology company with global reach by developing and commercializing innovative drugs based on the company's unique patented technology platform, and so improve the lives of patients suffering from serious diseases. Affibody was founded in 1998 by researchers at the KTH Royal Institute of Technology and Karolinska Institutet. The company's headquarters are in Solna. The parent company responsible for preparing Affibody's consolidated financial statements is Investor AB (556013-8298), which is based in Stockholm.

Development programs

Affibody currently has several out-licensed projects, of which, izokibep is the company's most advanced candidate drug. Izokibep is being developed in several autoimmune diseases with our partners ACELYRIN and Inmagene Biopharmaceuticals. Affibody's licensee Rallybio is developing RLYB116 in complement mediated diseases. During 2023 Affibody started a collaboration with Chiesi to develop innovative treatments for respiratory diseases. In fibrotic diseases, Affibody's partner Antaros is developing a new diagnostic PET imaging candidate. Furthermore, Affibody and GE Healthcare have a collaboration to develop and commercialize a PET imaging candidate with a view to improve the diagnosis of HER2-positive cancers. In addition to the above, the company has several own projects in the areas of immunology and oncology and overall, a broad pipeline with several projects in clinical development.

Significant events during the financial year

- First HER2-low patients enrolled in Phase 2 basket trial using Affibody's PET imaging agent ABY-025.
- Affibody and Chiesi Group entered a collaboration to develop and commercialize innovative treatments for respiratory diseases.
- Top-line 12-week open label results announced from a Phase 2b trial of izokibep in patients with moderate-to-severe hidradenitis suppurativa.
- Peter Zerhouni was employed as CBO, Chief Business Officer.
- Positive long-term results with izokibep in psoriatic arthritis were presented by our partner ACELYRIN.
- Affibody received loans from shareholders of SEK 111.5 M.
- First ten HER2-low patients were dosed in a Phase 2 trial using Affibody's PET imaging agent ABY-025.
- Data demonstrating that Affibody's PET imaging agent ABY-025 can be used to predict therapeutic response were presented at EANM.
- Affibody's partner ACELYRIN announced top-line results from placebo-controlled clinical trial of izokibep for moderate-to-severe hidradenitis suppurativa.
- Peter Zerhouni assumed the position as CFO, Chief Financial Officer.
- First milestone payment of USD 15.0 M was received in the collaboration with ACELYRIN.
- ACELYRIN identified clinical trial execution errors in the ongoing Phase 2b/3 study in psoriatic arthritis that is conducted by a third-party contract research organization.
- Affibody's partner Rallybio announced Phase 1 MAD data for RLYB116 which is developed for complement-mediated diseases.

Other

- The annual general meeting on May 23, 2023 reelected Robert Burns, Gillian Cannon, Jonathan Knowles, Jakob Lindberg, José Suaréz, Mathias Uhlén, Camilla Sønderby and Anders Martin-Löf as board members.
- Michael Monaghan and Anna Maria Sandén, remain board employee representatives.

The group's results

Revenue and gross profit

The group's net sales in 2023 amounted to SEK 191.8 M (226.6). Net sales during 2023 mainly consists of a milestone payment from ACELYRIN of SEK 163.8 M, services performed by Affibody's employees under the agreements with ACELYRIN for the development of izokibep, Chiesi for the development of treatments for respiratory diseases, licensing revenue from other collaborations and sales of products for protein purification. Net sales during 2022 mainly consist of revenues from the agreements with ACELYRIN, Inmagene Biopharmaceuticals and GE Healthcare. The company's mix of revenues from services in connection with research and development collaborations; and licenses, including signing fees, milestone payments and royalties; varies depending on the terms of, and the performance obligations within each license and collaboration agreement, and in which phase a collaboration is.

The cost of goods and services sold amounted to SEK 25.7 M (172.2). The gross profit amounted to SEK 166.1 M (54.5).

The slightly lower net sales and the higher gross profit are mainly due to the received milestone payment from ACELYRIN, and lower service revenue from the agreement with ACELYRIN which also entails lower cost of goods and services sold. The cost of services sold primarily reflects time spent by Affibody's employees for research and development work in the izokibep collaboration as well as the research collaboration with Chiesi.

SEK 58.7 M in irrevocable payments from Chiesi have been recognized as prepaid income during 2023. This will be recognized as revenue on the date when control of the licensed asset is transferred to the counterparty, which occurs at the transition between the research phase and the development phase, or when Affibody no longer has any obligations. For more information see note 5.

Operating expenses and operating result

Total operating costs amounted to SEK 278.7 M (198.4). The costs consisted mainly of research and development costs of SEK 204.2 M (141.4). The increase for the full year 2023 is due to resources employed in the izokibep transition which were billed to ACELYRIN during 2022 and therefore were accounted for as cost of services sold. During 2023 a larger part of the research resources has been used for internal projects and therefore not been billed to partners and instead booked as research and development costs. Marketing and sales costs amounted to SEK 6.8 M (4.1). Administrative costs amounted to SEK 56.9 M (55.2). Depreciation of fixed assets, included in operating costs, amounted to SEK 18.2 M (19.8). Other operating income/ operating expenses consisted of exchange rate effects which amounted to SEK 10.8 M (-2.3).

The operating result amounted to SEK -112.6 M (-144.0).

Financial net

Financial income amounted to SEK 0.7 M (0.0). Financial costs amounted to SEK 17.1 M (17.8). Interest costs amounted to SEK 12.5 M (13.3), for more information, see notes 6 and 21. Interest costs for lease liabilities amounted to SEK 4.5 M (4.5).

Tax and loss for the period

The loss before tax amounted to SEK -128.9 M (-161.7). The loss after tax amounted to SEK -131.8 M (-161.7). The tax reported is withholding tax paid in Italy for license payments received from Chiesi. The company reports no deferred tax for the group's unused loss carry-forwards. See note 15.

Cash flow and investments

Cash flow from operating activities, before changes in working capital, amounted to SEK -86.1 M (-125.1). The higher cash flow is mainly due to the received milestone payment from ACELYRIN. The figures include non-cash items of SEK 27.6 M (16.8), mainly related to accrued interest expenses for shareholder and convertible loans, exchange rate effects in cash and cash equivalents, indexation of leasing of premises and costs deriving from the ESOP programs.

Cash flow from operating activities amounted to SEK -5.1 M (-99.4). The higher cash flow during 2023 is explained by milestone payment from ACELYRIN and prepaid license payments of SEK 55.8 M from Chiesi (after withholding tax) and the reduction of transition activities for izokibep during 2023, which required less working capital.

Cash flow from investment activities amounted to SEK -4.4 M (-5.8). The purchases during 2023 consists of laboratory equipment.

The cash flow from financing activities amounted to SEK 99.2 M (-8.4). During 2023 shareholder loans of SEK 111.5 M were received, convertible loans including accrued interest, were converted into shares with SEK 215.8 M and repayment of convertible loans of SEK 3.2 M was carried out. In addition, amortization of lease liabilities amounted to SEK 9.1 M. During 2022 the synthetic shares and options program MPP 2017/2023 was closed and paid with SEK 1.5 M and lease liabilities were amortized with SEK 6.9 M. Total cash flow amounted to SEK 89.7 M (-113.6).

Cash and cash equivalents

On December 31, 2023, cash and cash equivalents amounted to SEK 126.2 M (45.2).

Equity

Equity for the group amounted to SEK -68.1 M (-157.1) as of December 31, 2023. Equity increased by SEK 215.8 M due to conversion of convertible loans, including interest, into shares. Equity decreased by SEK 131.8 M due to the negative result after tax for the 2023 financial year. Affibody introduced an employee stock option program in September 2021 (ESOP 2021/2028) and ESOP 2022/2029 was introduced in November 2022. The option premium for the employee stock option programs amounts to SEK 5.0 M (4.7). Equity for the group is negative. The equity is intact for both legal entities in the group as of December 31, 2023. To secure the equity in the subsidiary Affibody AB, the parent company has provided unconditional shareholder contributions of SEK 105.0 M (25.0).

Debts and receivables

Current receivables amounted to SEK 22.4 M (35.9). The decrease is explained by the izokibep transition to ACELYRIN during 2022, which resulted in lower accrued income and accounts receivables. Non-current liabilities amounted to SEK 168.3 M (59.6) the increase is due to received shareholder loans and accrued interest of SEK

Five-year review for the group

(SEK K)	2023	2022	2021	2020	2019
Income statement					
Net sales	191,799	226,648	284,712	121,078	309,048
Operating result	-112,586	-143,970	-147,230	-214,908	44,782
Net result for the year	-131,831	-161,750	-160,836	-220,276	44,631
Balance sheet					
Liquid funds	126,156	45,246	153,245	135,878	374,767
Total assets	223,830	162,992	371,336	280,664	517,900
Equity at the end of the year	-68,136	-157,128	-32	145,944	366,220
Cash flow statement					
Cash flow	89,657	-113,554	8,385	-230,858	283,807
Key ratios*					
Equity ratio, %	0.0%	0.0%	0.0%	52.0%	70.7%
R&D costs/Total operating costs %	73.3%	71.3%	91.4%	89.1%	90.2%
Average number of employees	90	91	83	72	52
of whom in research and development	86	87	79	70	50

*For more information see page 97.

117.0 M. The fair value of social security contributions arising from the two employee stock option programs has been recognized as a non-current liability of SEK 0.3 M (5.1). Current liabilities amounted to SEK 123.7 M (260.5). The decrease is mainly due to conversion of convertible loans to shares of SEK 215.8 M and received prepaid revenue after deducted withholding tax of SEK 55.8 M from Chiesi.

Investments, tangible and intangible assets

Investments in tangible assets amounted to SEK 4.4 M (2.6). The purchases consist mainly of laboratory equipment.

Financing

The board continuously monitors and evaluates the company's funding needs and financial position given continuous development, outlicensing activities, and existing strategic partnerships. The board acknowledges that further funding (equity, debt, grants and/or revenue from new and existing collaborations) will be required to finance the company's long-term strategy, which includes commercialization. Accordingly, active work is ongoing regarding both business development and equity and debt financing to secure the company's long-term financing.

For more information see note 31.

Sharebased incentive programs

Employee stock option programs

At the annual general meeting on June 30, 2021, the decision was taken to introduce the 2021/2028 employee stock option program, which included a maximum of 1,500,000 employee stock options. The employee stock options are issued to the program participants free of charge. Each employee stock option shall entitle the holder to acquire one new share in the company at an exercise price of SEK 56.40. In February 2022 the remaining unutilized 295,000 options were voided to be used in ESOP 2022/2029. The stock options may, unless the Board of Directors resolves on a right of subscription prior thereto, be exercised no earlier than three (3) years after the participant signed the option agreement relating to the employee stock options, and no later than June 30, 2028. A total of 1,080,000 options have been issued to employees and seven (7) board members as of December 31, 2023.

At the annual general meeting on May 19, 2022, the employee stock option program 2022/2029 was introduced. The program comprises not more than 295,000 stock options. The employee stock options are issued free of charge to the program participants. Each employee stock option shall entitle the holder to acquire one new share in the company at an exercise price determined by the Board of Directors from time to time. The exercise price shall not be less than 120 percent of the market value of the company's share at the time of allotment. The stock options may, unless the Board of Directors resolves on a right of subscription prior thereto, be exercised no earlier than three (3) years after the participant signed the option agreement relating to the employee stock options, and no later than June 30, 2029. A total of 160,000 options have been issued to employees as of December 31, 2023.

For more information about the incentive programs, see note 9.

Shareholder and convertible loans

The parent company has during the period June to September 2023, received shareholder loans of SEK 111.5 M. The accrued interest of the loans amounted to SEK 5.6 M as of December 31, 2023. The loans are convertible into shares in the company in the event of an IPO or a next significant financing round. At conversion, the number of shares whose fair value corresponds to the capital amount and earned interest is issued. If such a transaction has not taken place before the end of the loan period, June 1, 2026, the principal amount and interest will be settled in cash, unless an extension is agreed upon, see note 21.

Convertible loans obtained in 2021 including accrued interest have been converted into shares equivalent to SEK 215.8 M and SEK 3.2 M of the convertible loans have been repaid. See note 21.

Transactions in foreign currencies

Affibody's revenue consists primarily of revenues from services in connection with research and development collaborations, and licenses, including signing fees, milestone payments and royalties. These are normally denominated in foreign currencies (primarily USD and EUR). The group's external development costs are largely denominated in foreign currencies (primarily GBP and EUR).

Parent company

The parent company primarily conducts operations in management, administration, and financing. Affibody Medical AB's revenue during the financial year amounted to SEK 18.6 M (16.8). The revenue consists of management fee paid by Affibody AB. The cost of services sold amounted to SEK 14.2 M (15.2). Costs, primarily linked to administrative activities, amounted to SEK 18.5 M (24.1). Losses for the year were SEK -26.7 M (-35.8). The decreased losses can be explained by lower consultancy costs. As of December 31, 2023, cash and cash equivalents amounted to SEK 8.0 M (5.8) and equity to SEK 855.8 M (661.8).

Outlook for 2024

The cash at hand is not sufficient to fund the company's operations for the next twelve-month period. The company, however, anticipates receiving payments from existing collaborations which together with cash at hand will finance the operations for the next twelve-month period. If the anticipated payments are later, or lower, than expected, the company may seek additional financing and adapt the pace of ongoing activities to enable the operations to continue for the next twelve-month period.

The costs of developing izokibep are largely financed by the existing agreements relating to izokibep. The costs of research and development that the company will pay for itself pertain to its own development projects, primarily ABY-271 and ABY-062.

Other information

Patents

The company considers itself to have a strong intellectual property position with regard to the possibilities of protecting Affibody® molecules, with patents granted for the basic technology. In 2008, 2011, and 2014, Affibody submitted applications intended to protect Affibody® molecules and the Albumod® platforms, which gives the company protection into the 2030s. To further strengthen its intellectual property position, the company is applying for a patent for newly developed Affibody® molecules in order to protect Affibody's intellectual property rights for specific applications. Such specific patent applications (composition of matter) for new Affibody® molecules aim to provide both exclusivity and protection for products under development. As of December 31, 2023, Affibody's patent portfolio encompassed 34 patent families, with patents granted in key markets within 28 of these families. Affibody also has several patent applications pending.

Environmental information

The company maintains ongoing dialogue with the Swedish Medical Products Agency and other relevant authorities in matters of permits, safety and the handling of hazardous substances. Affibody has the right to purchase pure alcohol for research purposes, in that the Swedish Tax Agency has approved Affibody as a tax-exempt consumer. In addition, the Swedish Medical Products Agency has permitted Affibody to use pharmaceutical products, while the

Swedish Work Environment Authority has been informed of Affibody's use of genetically modified microorganisms (GMM) in its operations. The GMMs used are all established models in the industry.

Employees
In 2023, the average number of employees was 90 (91), all of whom are in Sweden. Salaries and remuneration, including social security contributions, amounted to SEK 125.2 M (122.5).

Salaries and benefits
Good employment conditions are one of the prerequisites for recruiting and retaining competent employees. Wages must be set on an individual basis, be differentiated, and be set on the basis of agreed wage criteria. The board determines the remuneration of the CEO and other senior executives on the basis of terms proposed by the remuneration committee. Remuneration to senior executives consists of a salary, bonus and share-based remuneration. The company management consists of five people, including the CEO. From Affibody's side, the maximum notice period shall be twelve months, or such longer time as required by mandatory collective bargaining agreement provisions, law, or other regulations. The notice period from the CEO's side shall be a minimum of six months.

Diversity and gender equality
Of the average number of employees in 2023, 33 percent were men and 67 percent were women.

Work environment
Affibody strives to comply with all work environment related laws and regulations. Consequently, systematic work environment efforts are integrated into day-to-day operations. The CEO has the formal responsibility for the work environment, all managers share the responsibility of the continuous and systematic management of work environment through written confirmations of allocation of work environment related tasks. No workplace accidents were reported to the Swedish Work Environment Authority in 2023. Affibody complies with and respects the rules of the labor market and applies collective bargaining agreements for industrial companies between IKEM - Innovation and Chemical Industries in Sweden and the trade associations Unionen, the Swedish Association of Graduate Engineers, Ledarna and Naturvetarna. Affibody is working with a pulse survey tool to continuously monitor and follow up on engagement, work situation and wellbeing. Since 2021 there is also an external channel to report whistleblowing cases.

Shares and shareholders
The company's shares are unlisted. As of the balance sheet date, Affibody Medical AB had 123 shareholders. At the same date, the registered share capital amounted to SEK 122,434,740 distributed among 24,486,948 shares of one and the same share class. All shares have a quotient value of SEK 5. All shares carry an equal right to the company's assets and any surplus in the event of a liquidation. The largest individual owner at the balance sheet date was Duba AB (Investor AB), holding 77.6 percent of the votes and capital. Affibody's articles of association do not contain any restrictions on how many votes each shareholder may cast at a general meeting. As far as the board is aware, there are no shareholder agreements or equivalent that regulate shareholders' rights and obligations.

The board's current intention is to use any future profits in the company to finance the continued development and expansion of the business. Consequently, the board does not intend to propose any dividend in the foreseeable future.

Important events after the end of the financial year
- Affibody's partner ACELYRIN announced positive top-line results for izokibep in psoriatic arthritis and long-term clinical benefits in hidradenitis suppurativa.
- First gastroesophageal cancer patients enrolled in Phase 2 basket trial using Affibody's PET imaging agent ABY-025.

Risks and uncertainties
All business operations involve risks. Affibody is exposed to operational, financial, and other risks in its operations. The research and development of new drugs and the regulations regarding this are complex and can change over time. Below is a summary of the main business-related risks. The risks are not ranked.

Drug development and clinical studies
Drug development is a resource-intensive and time-consuming activity that requires a lot of work in the form of research and development, including lengthy and costly clinical studies and procedures to obtain regulatory approvals before a final product can be marketed. It is difficult to predict the outcomes and results of clinical studies and there is a risk that the results from the company's ongoing and future clinical studies will not support further clinical development and/or lead to the company's product candidates obtaining regulatory approval. The company's ability to generate future revenues from product sales depends on one or more of its product candidates successfully completing the various phases of clinical development and thereby receiving such regulatory approval.

Commercialization of products and candidates

The company's strategy and business model is to develop product candidates based on the company's proprietary platform, Affibody® molecules. No therapeutic product based on the company's platform has received regulatory approval or been commercialized. There is a risk that side effects or other safety issues could be attributed to the platform itself and not to the individual product candidate. The company's ability to successfully commercialize its product candidates will depend in part on whether the technology is accepted by the regulatory authorities and the market, and whether they are considered to be as good or better than existing treatment options.

Sales and marketing of biopharmaceutical products

It is important that it is possible for the company's platform and drug candidates to be successfully commercialized in order to safeguard the company's future development, profitability and financial position. Significant resources and investments will be required to complete the clinical development, in particular the large-scale pivotal studies, the process of regulatory approval and the potential marketing of the company's product candidates. The company has never marketed a product candidate and currently has no infrastructure for sales or marketing nor experience in the sale or marketing of biopharmaceutical products. There is a risk that the company will not succeed in concluding the necessary license and collaboration agreements, or that new collaboration agreements will be more expensive and/or take longer than the company expects.

Competitive platform and product candidates

The pharmaceutical industry is exposed to competition and there are existing products as well as products under development that can compete with the company's product candidates. The company's sales and ability to generate revenue in the future depend on the platform and the company's product candidates being deemed attractive and competitive compared to other available technologies and products.

Dependence on external suppliers

The company is and will be dependent on external suppliers and service providers, including independent clinical trial organizations and external contract research organizations, in order to conduct its clinical studies and to monitor and manage data from its clinical programs. If the external contract research organizations and clinical trial organizations hired by the company do not fulfil their agreed commitments or do not meet expected deadlines, or if the quality and precision of the clinical data obtained are adversely affected by non-compliance with study protocols or legal requirements or for other reasons, the company's clinical trials will have to be extended, delayed or suspended. This may lead to increased costs for the company and have a negative impact on the company's ability to obtain regulatory approval for, or successfully commercialize, its product candidates.

No infrastructure for manufacturing

The company does not currently have, and does not plan to build, any of its own manufacturing infrastructure or capacity to manufacture the product candidates to be used in the company's clinical studies or for commercial use. Consequently, the company relies on, and expects to continue to rely on, contract manufacturers for the manufacture and supply of the company's product candidates to be used in clinical trials and for commercial use. There is a risk that the company will not succeed in finding suppliers of acceptable quality that can produce the required volumes at a reasonable cost, which may have a significant adverse impact on the company's ability to develop and commercialize its product candidates.

Financial risks and going concern

The company has no approved products on the market and therefore receives no revenue from product sales, which means that the company must finance its operations in other ways.

At present, the main source of revenue consists of licensing payments and service revenue in accordance with the licensing and collaboration agreements with the company's partners. The company does not therefore have a continuous revenue stream and revenues are generated irregularly in connection with the signing of licensing and collaboration agreements and when milestones are reached under the terms of these agreements. If the collaboration agreements are terminated by either of the parties, with or without a special reason, this may adversely affect the company's financial results and position.

There is a risk that the company may not receive sufficient capital to finance its product development, planned clinical studies and future commercialization activities. This may lead to a delay or disruption in product development or to the company having to conduct its operations at a slower pace than desired, which could result in commercialization and future revenues being delayed or failing to materialize.

All companies in the group use the Swedish krona (SEK) as their functional currency. The group receives most of the payments and some expenses in foreign currencies, such as the US dollar, the euro and the British pound. The company receives potential milestone and royalty payments

under the terms of licensing and collaboration agreements in currencies other than SEK. The company also expects that a significant portion of potential future revenue from product sales will be generated abroad, especially in the US and other EU countries. Currency movements can lead to higher-than-expected costs for services related to clinical trials or contract manufacturing. Such movements can also reduce the value of future licensing revenue and affect the profitability of the company's products. In turn, this may have a significant impact on the company's results, cash flow and financial position.

The financial risks to which the company is exposed and how these are managed are described in more detail in note 3.

The board continuously monitors and evaluates the company's funding needs and financial position given continuous development, outlicensing activities, and existing strategic partnerships. The cash at hand is not sufficient to fund the company's operations for the next twelve-month period. The company, however, anticipates receiving payments from existing collaborations which together with cash at hand will finance the operations for the next twelve-month period. If the anticipated payments are later, or lower, than expected, the company may seek additional financing and adapt the pace of ongoing activities to enable the operations to continue for the next twelve-month period. Accordingly, the annual report is prepared on the basis of a going concern assumption.

For information about going concern, see note 31.

Proposed appropriation of profits

The following funds are available to the annual general meeting: SEK

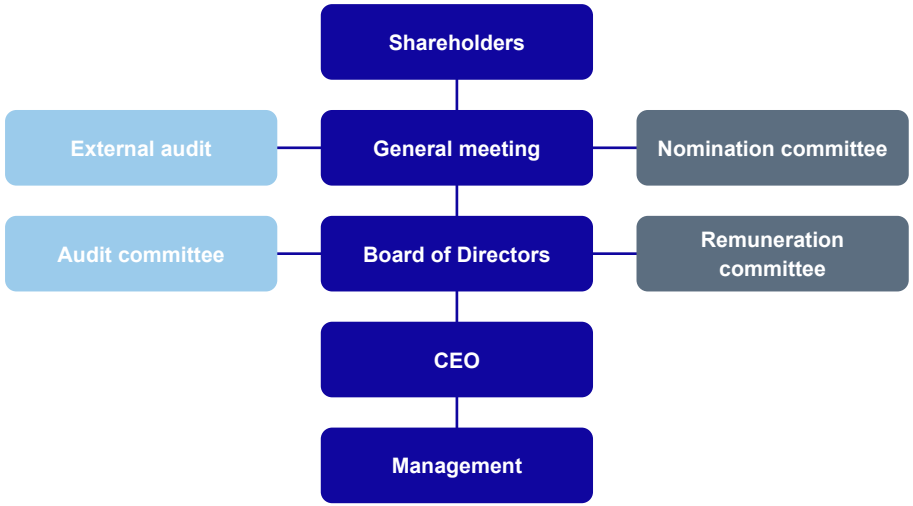
Share premium reserve:	862,899,290
Result brought forward:	-102,758,115
Net result for the year:	-26,737,733
Total:	**733,403,443**

The board proposes that the available funds of SEK 733,403,443 be carried forward.

Corporate governance report

Affibody Medical AB (publ) (”Affibody” or the ”company”) is a Swedish public limited company. The shares in the company are not listed on any marketplace, but the company has voluntarily chosen to comply with the Swedish Corporate Governance Code (the “Code”). Affibody’s corporate governance is subject, in addition to the Code, to the Swedish Companies Act regarding corporate governance reports, the company’s Articles of Association and other applicable rules and recommendations and internal governing documents. The internal governing documents consist primarily of the rules of procedure for the Board, rules of procedure for the Board committees, instructions for the CEO, the CEO’s responsibility for financial reporting to the Board, financial and internal control policy and information- and insider policy. Affibody also has a number of policy documents and manuals containing rules and recommendations. These include principles and provide guidance in the company’s operation and for its employees.

The figure below provides an overview of the company’s corporate governance structure.



Compliance with the Swedish Code of Corporate Governance

As stated above, Affibody has voluntarily chosen to comply with the Code. During 2023, the company has made the following deviations from the Code’s rules and for the reasons stated below:

1. General meeting

1.1) The date for the Annual General Meeting 2024 was provided on the company’s website in connection with the third quarterly report. However, no information was provided about the location of the Annual General Meeting due to the fact that the location of the Annual General Meeting had not yet been determined.

1.2) At the Annual General Meeting 2023, no one from the Board nor the company’s auditor attended. The reason for this decision was to avoid unnecessary international travel as several members are resident abroad.

Shareholders

As of 31 December 2023, the company’s share capital amounted to SEK 122,434,740 divided into 24,486,948 shares. The quota value per share is SEK 5. The company holds none of its own shares.

As of 31 December 2023, Duba AB is the only shareholder with a holding in Affibody that represents at least one-tenth of the number of votes in the company. By the end of the year, Duba AB’s holding corresponds to 77.56 percent of the shares and votes in the company (last year 72.71 percent).

General meeting

The shareholders’ influence in the company is exercised at the Annual General Meeting, or at an Extraordinary General Meeting. Each shareholder who, on the record day of the general meeting, is listed in the register of shareholders maintained by Euroclear Sweden AB and registered in a securities register or in a central securities depository account, has the right to participate, in person or through an authorized representative.

The general meeting may decide on all matters relating to the company and which do not, according to the Swedish Companies Act or the Articles of Association, expressly fall under the exclusive competence of another corporate body.

The Annual General Meeting must be held within six months of the end of the financial year. The chairman of the meeting is proposed by the Nomination Committee and elected by the general meeting. At the general meeting the shareholders exercise their voting rights in key issues such as election of Board members and auditors, adoption of the income statement and balance sheet, allocation of the company's profits and discharging members of the Board and the CEO from liability. The general meeting also resolves on the fees for the Board members and auditors. At the meeting there is an opportunity for shareholders to ask questions to the Board, management, and auditors.

Each share entitles a shareholder to one vote. Affibody's Articles of Association contains no restrictions on how many votes each shareholder may cast at a general meeting.

An Extraordinary General Meeting may be convened by the Board when the Board considers that there are reasons to hold a general meeting before the next Annual General Meeting. The Board must also convene an Extraordinary General Meeting when an auditor or shareholder who holds more than ten percent of the shares in the company requests in writing that a general meeting be held to deal with a specific matter.

The notice of general meetings must be published in the official Swedish gazette (Sw: Post- och Inrikes Tidningar) and made available on the company's website. At the time of the notice of the meeting, an announcement of the convening of the meeting is to be published in the Swedish national daily newspaper, Svenska Dagbladet. Notice of Annual General Meetings and any Extraordinary General Meetings convened to address amendments to the Articles of Association must be issued not earlier than six weeks and not later than four weeks prior to the meeting. Notice of other Extraordinary General Meetings is issued not earlier than six weeks and not later than two weeks prior to the meeting.

Annual General Meeting 2023

In addition to the usual items at Annual General Meetings, the Annual General Meeting on May 23, 2023 adopted the following resolutions:

- to re-elect the Board members Robert Burns, Gillian M. Cannon, Jonathan Knowles, Jakob Lindberg, Anders Martin-Löf, José F. Suárez, Camilla Sønderby and Mathias Uhlén. To re-elect Robert Burns as chairperson of the Board.
- to elect the auditing company Ernst & Young AB as auditor.
- to adopt new guidelines for remuneration to senior executives, and
- to authorize the Board to, on one or several occasions during the period up to the next Annual General Meeting, increase the company's share capital through issues of new shares, convertible instruments and/or warrants, with or without deviating from the shareholder's preferential rights, and with or without provisions on payment by non-cash consideration and/ or by way of set-off or other provisions. The purpose of the authorization and the reason to propose that the Board shall be authorized to resolve on issues with deviation from the shareholders' pre-emption rights is to give the Board flexibility in the work of ensuring that the company shall be able to raise capital to finance the operations and to enable continued expansion both organically and through acquisitions of companies and businesses, alternatively to enable a broadening of the ownership of the company with one or several owners of strategic importance to the company. An issue in accordance with this authorization shall be on market conditions. The Board shall be entitled to decide on additional terms and conditions for issues under this authorization and who shall be entitled to subscribe for the shares, warrants and/or convertible instruments. If the Board deems it appropriate to facilitate the delivery of shares in connection with an issue in accordance with this authorization, the issue may also take place at a subscription price which correspond to the quota value of the shares (provided that the company ensures through relevant agreements that market compensation is received for the issued shares).

Annual General Meeting 2024

Affibody's Annual General Meeting 2024 will be held on Thursday May 16, 2024, at 14:00. The general meeting will be held at the company's premises, Scheeles väg 2, Solna.

The Nomination Committee

The Nomination Committee shall prepare and submit proposals for elections and resolutions at the company's general meeting. The Annual General Meeting on May 19, 2022 resolved to adopt instructions for the work of the Nomination Committee, to be applied until amended by the general meeting.

The Nomination Committee in Affibody shall consist of three members. The chairperson of the Board shall contact the three largest shareholders in terms of voting power according to Euroclear Sweden AB's transcription of the share register as of September 30, each of them appointing a member of the Nomination Committee. If any of the three largest shareholders does not wish to appoint a member of the Nomination Committee the fourth largest shareholder should be asked and so forth, until the Nomination Committee consists of three members. The composition of the Nomination Committee shall be announced on the Company's website no later than six months prior to the next Annual General Meeting. The term of office of the appointed Nomination Committee shall run until a new Nomination Committee has been appointed.

If a member leaves the Nomination Committee before its work is completed and the Nomination Committee finds that there is a need for replacing this member, the Nomination Committee shall appoint a new member in accordance with the principles described above but based on Euroclear Sweden AB's transcription of the share register as soon as possible after the member left the Nomination Committee. Any change in the composition of the Nomination Committee shall be announced immediately.

The Nomination Committee shall prepare and present proposals regarding the following items for the Annual General Meeting:

- Election of chairperson of the meeting,
- Resolution on the number of Board members and auditors,
- Resolution on the fees and other remuneration to the Board of Directors and, if applicable, its committees, divided between the chairperson and other members,
- Resolution on the fees to the auditors,
- Election of Board members and chairperson of the Board,
- Election of auditors, and
- As applicable, proposal for principles for the composition and instructions regarding work of the Nomination Committee in preparation for the Annual General Meeting.

The Nomination Committee shall perform the tasks assigned to the Nomination Committee in accordance with the Code and duly consider the Code while performing its assignment.

The Nomination Committee appoints the chairperson of the committee. The chairperson of the Board or another Board member shall not be the chairperson of the Nomination Committee.

The Nomination Committee shall meet as often as is necessary for the Nomination Committee to fulfil its duties, but at least once per year. Notices convening meetings are issued by the chairperson of the Nomination Committee. If a member requests that the Nomination Committee be convened, the request shall be complied with. The chairperson of the Board may participate at the Nomination Committee's meetings.

The Nomination Committee is quorate if at least two members are present. Resolutions of the Nomination Committee shall be adopted by a simple majority of the members present or, in the event of a tied vote, the chairperson shall have the casting vote.

Minutes shall be kept at the Nomination Committee's meetings.

No remuneration shall be paid to the members of the Nomination Committee. However, any necessary and reasonable expenses incurred in connection with the Nomination Committee's work shall be borne by the company.

The company's Nomination Committee for the Annual General Meeting 2024 and for the period until a new Nomination Committee is appointed was announced on November 8, 2023. As a result of the death of one of the members, the composition of the Nomination Committee has since changed, which was announced on March 19, 2024. The Nomination Committee assesses that it is not necessary to replace the member since the work of the Nomination Committee is already well underway. After the change the Nomination Committee consists of Malte St Cyr Ohm (appointed by Duba AB) and Mathias Uhlén (own shares). Malte St Cyr Ohm is the chairperson of the Nomination Committee.

Shareholders who wish to get in touch with the Nomination Committee can do so by letter to: The Nomination Committee, Affibody Medical AB, Scheeles väg 2, 171 65 Solna, or by e-mail to: malte.stcyrohm@investorab.com.

The Board

The tasks of the Board

The Board is the company's highest decision-making body after the shareholders' meeting. According to the Swedish Companies Act, the Board is responsible for the company's administration and organization, which means that the Board's responsibilities include establishing overall goals and strategies, verifying compliance with laws and regulations, ensuring that routines and systems are in place to evaluate performance in relation to set targets, evaluating the company's results and financial position on an ongoing basis, and evaluating operational management. The Board is also responsible for ensuring that the annual report and interim reports are prepared at the appropriate times. The Board also appoints the company's CEO.

An important aspect of the Board's work is to verify that the accounting records, management of funds and financial position are satisfactory. According to the Code, the Board is to evaluate its work annually using a structured and systematic process with the aim of developing the Board's working methods and efficiency.

Composition of the Board

According to Affibody's Articles of Association, the Board shall consist of not less than three and not more than nine members, with not more than three deputies. The Articles of Association contain no provisions relating to the appointment and dismissal of Board members. The members are normally elected annually at the Annual

General Meeting for the time up until the end of the next Annual General Meeting, but Board members may be elected during the year at an Extraordinary General Meeting.

The Annual General Meeting on May 23, 2023 elected eight members of the Board without deputies (see above, section Annual General Meeting 2023). The Board also includes two employee representatives, Anna Maria Sandén and Michael Monaghan, who have been appointed by the local union club in accordance with the Board Representation (Private Sector Employees) Act. The Board consequently amounts to ten members without deputies.

The members of the Board, including year of birth, main education and work experience, assignments in the company and other significant assignments as well as own or related parties' holdings of shares or other financial instruments in the company are described in more detail on pages 28-33 of the annual report.

Chairperson of the Board

According to the Code, the chairperson of the Board is to be elected by the Annual General Meeting and have special responsibility for leading the work of the Board, ensuring that the Board's work is well-organized and conducted efficiently. The chairperson is also responsible for ensuring that the Board fulfills its statutory obligations and that the Board's work is evaluated on a regular basis. In addition to overseeing the work of the Board, the chairperson's duties include monitoring the company's development and ensuring that any matters not scheduled to be addressed are taken up as needed. The chairperson is also to participate in important external contacts, represent the Board in matters concerning ownership and consult with the company's CEO on strategic issues.

The Board's work

The Board follows written procedures that are revised annually and adopted at the statutory board meeting each year. These Rules of Procedure establish, among other things, board practices, functions and the division of tasks and responsibilities between the Board members and the CEO. At the statutory board meeting, the Board adopts the Instruction to the CEO which also covers an instruction for financial reporting. The Rules of Procedure are based on the instruction to the CEO and on the principles established by the Board on the division of tasks and responsibilities between the CEO, the Board, the chairperson of the Board and various committees. The Board's Rules of Procedure and the instruction to the CEO are revised and updated annually.

The Board holds meetings according to a set schedule. In addition to these meetings, further board meetings may be convened to address issues that cannot be deferred until an ordinary board meeting. In addition to the board meetings, the chairperson and the CEO have an ongoing dialogue on the management of the company.

Committees of the Board

Audit committee

The company's Audit Committee consists of Anders Martin-Löf (chairperson), Robert Burns and José F. Suarez. The Audit Committee's main duties consist of overseeing the company's financial statements and audit and verifying the effectiveness of the company's internal control and risk management. The Audit Committee is to stay informed about the audit of the annual accounts and consolidated financial statements, oversee management of related-party transactions, review and oversee the auditor's impartiality and independence, paying particular attention if the auditor provides the company with services other than audit services, and assist in preparations to procure audit services and in connection with decisions at shareholders' meetings on the election of auditors.

The Audit Committee's responsibilities include conferring annually on the auditors' proposals regarding the scope of and methods for the audit, consulting with executive management and auditors on compliance with laws and regulations in financial matters, examining in advance any proposed amendments to the accounting principles and adjustments to any accounting documents that impact financial reporting, and monitoring auditor remuneration.

Remuneration Committee

The company has a Remuneration Committee consisting of Robert Burns (chairperson), José F. Suarez and Jakob Lindberg. The Remuneration Committee is to prepare proposals for decisions by the Board on remuneration principles, compensation and other employment terms for the company's senior executives and on any decision to deviate from the guidelines. The Remuneration Committee is also tasked with reviewing and evaluating the company's variable remuneration program for senior executives, compliance with executive management compensation guidelines adopted by the Annual General Meeting, and the company's current remuneration levels and structures. Proposals for these guidelines are prepared at least every four years and submitted by the Board to the Annual General Meeting. The guidelines are to apply until new guidelines are adopted by the Annual General Meeting. The Remuneration Committee presents reports to the Board on an ongoing basis. Neither the company's CEO nor other senior executives participate in board decisions or deliberations on remuneration-related matters if their own remuneration is to be discussed.

Activities of the Board of Directors in 2023

In 2023, the Board held eight recorded meetings, of which three of the meetings have been held by circulation. The individual Board members' participation at these meetings is reported in the table below. All meetings during the year have followed an approved agenda, which, together with documentation for the items on the agenda, have been provided to the members ahead of the board meetings.

At each regular board meeting, there is a review of, among other things, the current business situation, results and financial position, as well as the outlook for the rest of the year. The CEO and the CFO attend board meetings. Members of the company's management team can be co-opted to individual meetings or parts of them. At each board meeting, reports on the work of the committees are usually also processed by the chairperson of the respective committee.

In 2023, the Board's work has largely focused on matters relating to the company's strategic orientation, future commercial ventures, financing issues and external reporting.

In 2023, the Audit Committee has had five recorded meetings and the Remuneration Committee has had three recorded meetings, of which one of the meetings have been held by circulation, during the same period.

Remuneration to the members of the Board

Remuneration to Board members elected by the shareholders' meeting is decided by the shareholders' meeting. At the Annual General Meeting on May 23, 2023, it was resolved that the Board's remuneration for the time until the next Annual General Meeting shall amount to SEK 500,000 to the chairperson and SEK 250,000 to each of the other directors. In addition, it was resolved that a fee of SEK 100,000 shall be paid to the chairperson of the Audit Committee. No remuneration will be paid to José F. Suárez.

Evaluation of the Board's work

The Board, in accordance with the Board's Rules of Procedure, is to evaluate its work on a regular basis through, open discussions in the Board, and through an annual board evaluation. During the fall of 2023, the annual evaluation of the Board's work was carried out through review and board discussion of the annual board survey followed by individual conversations between the chairperson of the Nomination Committee and individual members of the Board as well as between the full Nomination Committee and the chairperson of the Board. These conversations took place with previous

			Independent of		Attendance (total number of meetings)		
Name	**Position**	**Board member since**	**The company and executive management**	**Major shareholders**	**Board meetings**	**Audit Committee**	**Remuneration Committee**
Robert Burns	Chair of the Board	Chair of the Board since 2017	Yes	Yes	8/8	5/5	2/2
Gillian M. Cannon	Board member	Board member since 2019	Yes	Yes	8/8		
Jonathan Knowles	Board member	Board member since 2011	Yes	Yes	5/8		
Jakob Lindberg	Board member	Board member since 2011	Yes	Yes	7/8		2/2
Anders Martin-Löf	Board member	Board member since 2021	Yes	Yes	6/8	5/5	
José F. Suárez	Board member	Board member since 2020	Yes	No	8/8	5/5	2/2
Camilla Sønderby	Board member	Board member since 2021	Yes	Yes	8/8		
Mathias Uhlén	Board member	Board member since 1998	Yes	Yes	7/8		
Anna Maria Sandén	Board member, employee representative	Board member since 2022	No	Yes	8/8		
Michael Monaghan	Board member, employee representative	Board member since 2022	No	Yes	8/8		
Total number of board and committee meetings					**8**	**5**	**2**

evaluations and the company's situation as a starting point. The results were consistently positive and form the basis for the Nomination Committee's work in monitoring the Board's performance.

CEO and Executive Management

The tasks of the CEO and Executive Management

The CEO reports to the Board and is responsible for ongoing administration of the company's day-to-day operations. The division of tasks and responsibilities between the Board and the CEO is stipulated in the Rules of Procedure for the Board and in the instructions for the CEO. The CEO is to act in accordance with the decisions taken by the shareholders' meeting and the Board, and in the best interests of the shareholders.

The CEO is also to take any steps necessary to ensure that the company's accounting procedures are in compliance with legal requirements, that the company's funds are managed satisfactorily and that the company follows all other applicable laws and guidelines. The CEO's area of responsibility thus includes verifying that the company has adequate internal control and routines for ensuring that established principles for internal control and financial reporting are applied. Although the CEO is responsible for the company's internal organizational structure, the CEO is to seek the Board's approval in the case of more significant organizational changes. The CEO is also to issue and maintain instructions for delegating tasks to the company's senior executives, and to enter into or terminate employment contracts and other employment terms. Approval from the chairperson of the Board is, however, required in matters relating to senior executives.

The CEO is responsible for managing the company's day-do-day operations in accordance with the Board's instructions and guidelines. The CEO is to keep the Board continually informed about the progress of the company's operations, sales, profits and financial position, liquidity and credit status, and about important corporate events and all other events, circumstances or conditions that may be deemed of significant importance for the company's shareholders. The CEO is also responsible for the implementation of the strategy approved by the Board, and for proposing other strategies and operational measures to the Board.

Ongoing preparation of reports on the company's financial situation and compiling information from management to present at board meetings are also responsibilities of the CEO. The CEO is required to attend board meetings unless the chairperson has informed the CEO that attendance is not required. At the board meetings, the CEO presents reports and provides the Board with all necessary background information and documentation, both ahead of and between board meetings. The CEO is required to attend all shareholders' meetings, including the Annual General Meeting and any extraordinary shareholders' meetings.

The company's executive management team consists of the CEO of the parent company David Bejker, the CFO and CBO Peter Zerhouni, the SVP Research Operations Karin Nord, the CMO Nikolai Brun and the CSO Fredrik Frejd. The executive management team meets on a regular basis during the year to review the group's results and the market and business environment. At executive management team meetings decisions are taken on strategic and operational issues within the Board's established frameworks. Once a year a more comprehensive meeting takes place at which more detailed business plans are made, and goals and targets are formulated for the group and the company.

The CEO and the executive management team, including year of birth, main education and work experience, assignments in the company and other significant assignments as well as own or related parties' holdings of shares or other financial instruments in the company are described in more detail on pages 28-29 of the annual report.

Remuneration for the CEO and other senior executives

Remuneration for senior executives consists of a fixed base salary, variable remuneration, share-related compensation, pension contributions and other benefits. For the 2023 financial year, remuneration was paid to the CEO and other senior executives as presented in the table below. All amounts are presented in SEK K.

SEK K	CEO	Other senior executives	Total
Fixed salary	3,206	11,687	14,893
Variable remuneration	367	913	1,280
Other benefits	9	35	44
Share-related compensation	960	1,049	2,009
Pension	677	2,998	3,675
Total	**5,219**	**16,682**	**21,901**

Guidelines for remuneration of senior executives

According to the Swedish Companies Act, the shareholders' meeting shall, in companies whose shares are listed on a regulated market, adopt guidelines for remuneration to the CEO and other senior executives. The Annual General Meeting held on 23 May 2023 resolved to adopt the following guidelines.

General

Guidelines for remuneration and other employment terms for management primarily imply that the company should offer its senior executives market remuneration, that the remuneration shall be subject to consultation by a dedicated Remuneration Committee within the Board, that the associated criteria shall constitute the senior executive's responsibilities, role, competence, and position. Remuneration to senior executives is decided by the Board excluding any Board members affiliated to the company and its management.

As a guiding principle the remuneration should promote the company's business strategy, long-term interests, and sustainability by linking the remuneration to senior executives to the corporate goals. The corporate goals and the attainment of the corporate goals are decided by the Board each financial year. The Board is of the opinion that by linking remuneration to corporate goals that are derived from the company's long-term strategy alignment between management and key stakeholders is achieved.

What is stipulated for Affibody Medical AB also applies to other group companies, where applicable.

The guidelines shall be applied to new agreements, or amendments to existing agreements, reached between senior executives after the guidelines have been adopted and until new or revised guidelines are determined.

Basic principle

Salary and other remuneration shall be on market terms and shall be structured so that Affibody can attract and retain competent senior executives. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

Fixed remuneration

Senior executives shall be offered fixed remuneration that is on market terms and based on the senior executive's responsibilities, role, competence, and position. Fixed remuneration shall be subject to annual review by the Remuneration Committee.

Variable remuneration

Short-term incentive (Bonus plan)

Senior executives shall be offered a short-term incentive that is on market terms and based on the senior executive's responsibilities, role, competence, and position. The variable remuneration shall be based on the Board's assessment of the fulfilment of Affibody's corporate goals, as decided by the Board, for the financial year and will be calculated as the percentage of corporate goal attainment multiplied by the maximum bonus.

The bonus plan should promote the company's business strategy, long-term interests, and sustainability by linking the remuneration to senior executives to the corporate goals. The corporate goals and the attainment of the corporate goals are decided by the Board each financial year.

The measurement period for the corporate goals is generally based on a period of approximately 12 months. The extent to which the corporate goals have been satisfied shall be evaluated/determined by the Board when the measurement period has ended.

At the annual review, the Remuneration Committee, or when applicable, the Board, may adjust the targets and/or the remuneration with regards to both positive and negative extraordinary events, reorganizations, and structural changes.

The maximum amount of variable remuneration is capped at an amount corresponding to 40% of the fixed annual compensation for the CEO and 33% of the fixed annual compensation for the other senior executives.

Variable compensation may either be paid as salary or as a lump-sum pension premium. Payment as a lump-sum pension premium is subject to indexation so the total cost for Affibody is neutral.

Long-term incentive

The Board shall, before every Annual General Meeting, consider whether additional share or share price related incentive programs shall be proposed to the general meeting to ensure that the long-term incentive is on market terms and structured so that Affibody can attract and retain competent senior executives.

It is the general meeting that resolves upon such incentive programs. Incentive programs shall promote long-term value growth. New share issues and transfers of securities resolved upon by the general meeting in accordance with the rules of Chapter 16 of the Swedish Companies Act are not covered by the guidelines to the extent the Annual General Meeting has taken, or will take, such decisions.

Pension and benefits

Senior executives are entitled to market-based pension solutions in accordance with collective bargaining agreements and in line with Affibody's pension policy. The preferred pension plan design is defined contribution. If the operating environment requires the establishment of a defined benefit pension plan under mandatory collective agreement provisions, law, or other regulations, such a plan may be established. The defined benefit level should in such cases be limited to the mandatory level.

Variable cash remuneration shall not entitle to pension payments, unless required by mandatory collective bargaining agreement provisions. Salary waivers may be utilized to increase pension provisions through lump-sum pension premiums, providing the total cost for Affibody is neutral.

The pension premiums or allowance for pension shall amount to not more than 40 per cent of the member's pensionable salary, which may include a capped level of the variable pay to the extent required by mandatory collective bargaining agreement provisions.

Executives who are expatriates to or from Sweden may receive additional remuneration and other benefits, such as a support package including relocation and tax filing support as well as tax equalization, to the extent reasonable considering the special circumstances associated with the expat arrangement, considering, to the extent possible, the overall purpose of these guidelines. Such benefits may not in total exceed 20 per cent of the annual gross fixed base salary.

Other benefits may include, for example, life insurance, health insurance, and medical insurance. Premiums and other costs relating to such benefits shall be based on market practice and mandatory collective bargaining agreement provisions but amount to no more than 20 per cent of the annual gross fixed base salary.

Termination of employment

From Affibody's side, the maximum notice period shall be twelve months, or such longer time as required by mandatory collective agreement provisions, law, or other regulations. The notice period from the CEO's side shall be a minimum of six months, and from other senior executives' side, shall be a minimum of six months, or such longer time as required under mandatory collective agreement provisions, law, or other regulations. The company shall not have any severance payment provisions.

The preparation and decision making of the Board

The Board has established a Remuneration Committee. The Remuneration Committee's tasks include preparing the Board's decision to propose guidelines for executive remuneration and any decision to deviate from the guidelines.

The Board shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. The guidelines shall be in force until new guidelines are adopted by the Annual General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the senior executives, the application of the guidelines for executive remuneration, as well as the current remuneration structures and compensation levels in the company. The CEO and other members of the executive management do not participate in the Board's processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Deviation from the guidelines

The Board may temporarily resolve to deviate from these guidelines, in whole or in part, if in a specific case there is special cause motivating the deviation and a deviation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board's resolutions in remuneration-related matters. This includes any resolutions to deviate from these guidelines.

Audit and control

External auditor

The auditor examines the consolidated financial statements, the annual report for the parent company and subsidiaries, accounting records and the administration of the company by the Board and the CEO. After each financial year the auditor is to submit an audit report for the company and an audit report for the group to the Annual General Meeting.

According to the company's Articles of Association, the company is to have not less than one and not more than two auditors, with or without not more than two deputy auditors. The company currently has no deputy auditors. The company's auditor is Ernst & Young AB which was re-elected as the audit firm at the Annual General Meeting in 2023 for the period until the 2024 Annual General Meeting with Anna Svanberg as auditor-in-charge. The auditor-in-charge is a member of FAR, the institute for the accountancy profession in Sweden. The office address of Ernst & Young AB is Hamngatan 26, SE-111 47, Stockholm, Sweden.

The external audit has been performed in accordance with international auditing standards and generally accepted auditing standards in Sweden. The auditor is to participate

in at least one board meeting a year and on that occasion is to review the audit for the year and engage in discussion with the Board members. No member of the executive management team, including the CEO, is to attend this meeting.

Resolutions on remuneration for the auditor are made by the general meeting, following a proposal from the Nomination Committee. The Annual General Meeting on 23 May 2023, resolved that the auditor's fees should be against approved invoice.

For 2023 and 2022, remuneration has been paid according to the table below.

SEK K	2023	2022
EY; Ernst & Young AB		
Audit assignments	1,954	2,160
Auditary business beyond the audit assignment	1,166	1,815
Tax advice	-	-
Other advisory services	-	256
Total	**3,120**	**4,231**

Authorizations

The Annual General Meeting which was held on May 23, 2023 resolved to authorize the Board to, on one or several occasions during the period up to the next Annual General Meeting, increase the company's share capital through issues of new shares, convertible instruments and/or warrants, with or without deviating from the shareholder's preferential rights, and with or without provisions on payment by non-cash consideration and/or by way of set-off or other provisions. The purpose of the authorization and the reason to propose that the Board shall be authorized to resolve on issues with deviation from the shareholders' pre-emption rights is to give the Board flexibility in the work of ensuring that the company shall be able to raise capital to finance the operations and to enable continued expansion both organically and through acquisitions of companies and businesses, alternatively to enable a broadening of the ownership of the company with one or several owners of strategic importance to the company. An issue in accordance with this authorization shall be on market conditions. The Board shall be entitled to decide on additional terms and conditions for issues under this authorization and who shall be entitled to subscribe for the shares, warrants and/or convertible instruments. If the Board deems it appropriate to facilitate the delivery of shares in connection with an issue in accordance with this authorization, the issue may also take place at a subscription price which correspond to the quota value of the shares (provided that the company ensures through relevant agreements that market compensation is received for the issued shares).

Internal audit and control

The Board's responsibility for internal control is regulated in the Swedish Companies Act and the Annual Accounts Act – which contain requirements that information about the most important elements of the company's system for internal control and risk management in connection with the financial reporting must be included in the corporate governance report every year – as well as the Code. The Board must, among other things, ensure that the company has good internal control and formalized routines that ensure that established principles for financial reporting and internal control are complied with and that there are appropriate systems for monitoring and controlling the company's operations and the risks that the company and its operations are associated with.

The overall purpose of internal control is to ensure to a reasonable degree that the company's operating strategies and goals are monitored, and that the owners' investments are protected. The internal control procedures are also to ensure that external financial reporting is, with reasonable certainty, reliable and prepared in accordance with generally accepted accounting practices, and that applicable laws and regulations are complied with.

Affibody does not have a special review function (internal audit). The Board annually evaluates the need for such a function. The assessment is that Affibody's internal control is well-functioning and satisfactory in its current form, and that the company's size and type of business currently do not justify an internal audit.

The internal control consists primarily of the following four components:

- Ensuring that a satisfactory control environment exists
- Performance of reliable risk assessment
- Establishment of control structures and control activities
- Effective communication and monitoring of information

These components are described below in the sections *"Control environment"*, *"Control activities", "Monitoring and follow-up"* and *"Information and communication"*.

Control environment

The control environment forms the basis for internal control. The control environment creates the culture in which the company operates and defines norms and guidelines for business activity. The control environment consists in practice of documented guidelines, manuals and instructions that are communicated throughout the organization.

The Board has overall responsibility for Affibody's internal control processes and for establishing a control environment consisting of written policies, guidelines and instructions on which decisions can be based and that provide support to management and other employees of the company. For the purpose of maintaining good internal control, the Board has adopted several governing documents. These include the Rules of Procedure for the Board, the Rules of Procedure for the Audit Committee, the Instructions for the CEO, the CEO's responsibility for financial reporting to the Board, the Articles of Association, the Financial and Internal Control Policy and the Information and Insider Policy. The company also has a financial handbook containing principles, guidelines and descriptions of processes for accounting and financial reporting. The parent company prepares and updates instructions and guidelines for financial reporting on an ongoing basis to ensure that established principles for financial reporting and internal control are observed and developed. The Audit Committee maintains regular contact with the company's auditors.

Control activities

Control activities are aimed primarily at identifying errors in financial reporting at an early stage, managing any risks identified, ensuring compliance with laws and regulations, and preventing, identifying and correcting errors and deviations within the framework of financial reporting or other key processes within the company. Control activities consist of specifically identified controls and measures to be taken within the framework of each operational process. Control activities exist at both the overall and detailed levels, and are performed both manually and automatically. Governing documents have been prepared for areas such as accounting, monitoring and follow-up, and risk management policies. There is also a Code of Conduct and routines for the year-end accounts. The company has a financial manual which documents, among other things, routines, policies and instructions for financial reporting, and ongoing work on financial matters. The financial department is responsible for compliance with instructions and guidelines. For more significant decisions, for example those relating to investments, acquisitions and important contracts, there are clearly defined lines of authority and decision processes in place.

Decision procedures including authorization instructions are defined, for example, for investments and contract signing. Where applicable, established automatic controls are applied, in particular in relation to financial reporting. Several control activities are integrated into the company's key processes, such as revenue recognition, investments, supplier contracts and purchasing.

A clear division of roles and responsibilities is stipulated in the Rules of Procedures for the Board and the Instructions for the CEO. The Board is assigned overall responsibility for internal control, while the CEO is responsible for procedures, control measures and routines that are established for day-do-day operations. The system for which the CEO is responsible includes guidelines, role descriptions and frequent reporting to the Board. A security routine ensures that access to various IT systems is restricted based on powers and authority.

Routines have been designed to manage and mitigate significant risks associated with financial reporting that are identified in the risk analysis. Financial statements are compiled on an ongoing basis. The executive management team continually reviews outcomes in relation to plans and targets. Profits and cash flow for the period and deviations from the budget are to be reported. Any budget deviations and other reports are to be analyzed and commented on by the executive management team. Reports are reviewed and followed up in cooperation with team leaders and project managers at meetings that are held regularly. This procedure ensures that any material fluctuations and deviations are followed up, which in turn minimizes the risk of errors in financial reporting.

There is an additional risk of inaccuracies in financial reporting in the preparation of the year-end accounts and annual reports as the processes contain multiple elements that involve assessments and estimates. Important control activities include external verification, such as bank account statements, ensuring that reporting structures based on standardized templates are efficient and correct, and that important items in the income statement and balance sheet are analyzed and commented on.

For many years, the day-by-day accounting and payroll has been outsourced to an external partner.

Monitoring and follow-up

The company monitors the efficiency and appropriateness of the company's internal control processes by evaluating the internal control environment and control activities. The company's compliance with applicable policies and governing documents is evaluated annually by the Board's Audit Committee and Remuneration Committee, and by the executive management team. The results of these evaluations are compiled and reported to the Board and the Audit Committee annually. The company's financial situation is discussed at each board meeting. Before the annual report and interim reports are published the Board reviews the financial statements. The group's internal

control is reviewed annually by the external auditors who are in contact on an ongoing basis with the executive management team and also report their findings directly to the Board.

The CEO is responsible for ensuring that the Board receives regular reports on the progress of the company's operations, including development of the company's profits and financial position, and information on important events, such as research results and important contracts. The CEO also reports on these matters at each ordinary board meeting.

The Code of Conduct adopted by the company contains guidelines regarding personal privacy, corporate privacy, responsibility to the company, colleagues and the community, and verification of compliance. The Code of Conduct sets out norms for actions in the workplace and business environment and applies throughout the company. The Code of Conduct also describes the company's expectations of its business partners and others who act on behalf of the company.

Information and communication

The most important governing documents regarding financial reporting are updated continually and communicated to relevant employees via the company's intranet, memoranda and regularly held meetings etc. Information channels are established to communicate information to relevant employees within the organization as efficiently as possible. The company is continually working on improving and developing the flow of information and the channels used. The company also has an Information and Insider Policy for both internal and external communication. Internal communication channels are there to help ensure the completeness and accuracy of financial reporting. The guidelines for external communication are aimed at ensuring that the company meets high standards in providing accurate information to shareholders. The company aims to ensure that communication is characterized by transparency, accuracy, relevance, reliability and clarity. Through a uniform strategy for external communication the risk of false information, misunderstandings and rumors is reduced.

All employees and Board members within Affibody are to follow the Information and Insider Policy that applies to both verbal and written information. To create awareness among the employees about the manuals and policies that apply, the information is made available to all of those to whom it concerns. The CEO is responsible for ensuring that all external information, such as the annual report, press releases and interim reports, is of good quality. The annual report is made available on the website and shareholders can receive a hard copy of it upon request.

Ahead of each board meeting the Board receives a report package that includes the full closing accounts for the group and a detailed analysis of outcomes for all profit components. The profit components are also analyzed against the budget and compared to outcomes from past year.

Financial statements for the group

Consolidated income statement

(SEK K)	Note	Jan - Dec 2023	Jan - Dec 2022
Net sales	5	191,799	226,648
Cost of goods and services sold		-25,692	-172,193
Gross profit		**166,107**	**54,455**
Operating costs	6-13		
Research and development costs		-204,158	-141,434
Marketing and sales costs		-6,796	-4,128
Administrative costs		-56,908	-55,164
Other operating expenses		-13,757	-
Other operating income		2 926	2,300
Total operating costs		**-278,694**	**-198,426**
Operating result		**-112,586**	**-143,970**
Net financial items	14		
Interest income and similar profit or loss items		741	43
Interest expenses and similar profit or loss items		-17,060	-17,822
Total net financial items		**-16,318**	**-17,779**
Profit/loss after net financial items		**-128,905**	**-161,750**
Income tax	15	-2 926	-
Net result for the year		**-131 831**	**-161,750**

Consolidated statement of comprehensive income

Net result for the year	**-131,831**	**-161,750**
Other comprehensive income	**-**	**-**
Comprehensive income for the year	**-131,831**	**-161,750**

The result and comprehensive income for the year are wholly attributable to parent company shareholders.

Consolidated balance sheet

(SEK K)	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Property, plant and equipment			
Right-of-use assets	20	56,526	59,429
Property, plant and equipment	16	12,906	16,541
Total non-current assets		**69,432**	**75,970**
Financial assets			
Deposit	28	5,845	5,845
Participations in unlisted companies	6	0	0
Total financial assets		**5,845**	**5,845**
Total non-current assets		**75,277**	**81,815**
Current assets			
Accounts receivable	17	1,652	15,458
Other current receivables		14,138	7,869
Prepaid expenses and accrued income	18	6,606	12,605
Cash and cash equivalents	19	126,156	45,246
Total current assets		**148,553**	**81,178**
TOTAL ASSETS		**223,830**	**162,992**

(SEK K)	Note	31/12/2023	31/12/2022
EQUITY AND LIABILITIES			
Equity			
Share capital	22	122,435	99,397
Other contributed capital		1,226,432	1,028,646
Accumulated result, including result for the period		-1,417,003	-1,285,172
Total equity		**-68,136**	**-157,128**
Non-current liabilities			
Shareholder loans	6,19,21	117,067	-
Lease liability	19,20	50,927	54,525
Other provisions	23	289	5,065
Other liabilities	24	-	-
Total non-current liabilities		**168,282**	**59,590**
Current liabilities			
Convertible loans	6,19,21	-	212,069
Accounts payable	19	13,483	5,176
Other provisions	23	6,298	-
Other liabilities		4,031	7,022
Lease liability	19,20	9,638	8,162
Accrued expenses and deferred income	19,25	90,234	28,102
Total current liabilities		**123,684**	**260 ,531**
TOTAL EQUITY AND LIABILITIES		**223,830**	**162,992**

Consolidated statement of changes in equity

(SEK K)	Share capital	Other contributed capital	Result brought forward including net result for the year	Total
Opening balance as of January 1, 2022	**99,397**	**1,023,993**	**-1,123,422**	**-32**
Comprehensive income				
Net result for the year	-	-	-161,750	-161,750
Total comprehensive income	**99,397**	**1,023,993**	**-1,285,172**	**-161,782**
Share-based remuneration	-	4,654	-	4,654
Closing balance as of December 31, 2022	**99,397**	**1,028,646**	**1,285,172**	**-157,128**

(SEK K)	Share capital	Other contributed capital	Result brought forward including net result for the year	Total
Opening balance as of January 1, 2023	**99,397**	**1,028,646**	**1,285,172**	**-157,128**
Comprehensive income				
Net result for the year	-	-	-131,831	-131,831
Total comprehensive income	**99,397**	**1,028,646**	**-1,417,003**	**-288,959**
New share issue	23,037	192,788	-	215,825
Share-based remuneration	-	4,998	-	4,998
Closing balance as of December 31, 2023	**122,435**	**1,226,432**	**-1,417,003**	**-68,136**

Equity is wholly attributable to parent company shareholders.

Consolidated cash flow statement

(SEK K)	Note	Jan - Dec 2023	Jan - Dec 2022
Operating activities			
Profit/loss after net financial items		-128,905	-161,750
Adjustments for items not included in cash flow			
Depreciation/amortization	13	18,159	19,825
Other non-cash flow items	26	27,566	16,798
Income tax paid	15	-2,926	-
		-86,106	**-125,126**
Cash flow from operating activities before changes in working capital		**-86,106**	**-125,126**
Cash flow from changes in working capital			
Increase/decrease in operating receivables		13,534	86,309
Increase/decrease in operating liabilities		67,449	-60,577
Cash flow from operating activities		**-5,123**	**-99,395**
Investing activities			
Investments in property, plant and equipment	16	-4,446	-5,789
Cash flow from investing activities		**-4,446**	**-5,789**
Financing activities	6,21		
Shareholder loans		111,514	-
Repayment of convertible loans		-3,237	-
Share-related payment	24	-	-1,452
Amortization of lease liability		-9,051	-6,918
Cash flow from financing activities		**99,225**	**-8,370**
Cash flow for the period		**89,657**	**-113,554**
Cash and cash equivalents at the start of the period		**45,246**	**153,245**
Change in cash and cash equivalents		89,657	-113,554
Exchange rate difference in cash and cash equivalents		-8,746	5,555
Cash and cash equivalents at the end of the period		**126,156**	**45,246**

For interest received and paid, see note 14.

Financial statements for the parent company

Parent Company income statement

(SEK K)	Note	Jan - Dec 2023	Jan - Dec 2022
Net sales	5	18,600	16,800
Cost of services sold	12	-14,235	-15,206
Gross profit		**4,365**	**1,594**
Operating costs	6-13		
Administrative costs		-18,545	-24,054
Total operating costs		**-18,545**	**-24,054**
Operating result		**-14,180**	**-22,460**
Net financial items	14		
Interest income and similar profit or loss items		22	2
Interest expenses and similar profit or loss items		-12,580	-13,335
Total net financial items		**-12,559**	**-13,333**
Profit/loss after net financial items		**-26,739**	**-35,793**
Income tax	15	-	-
Net result for the year		**-26,739**	**-35,793**

Parent Company statement of comprehensive income

Net result for the year	**-26,739**	**-35,793**
Other comprehensive income	**-**	**-**
Comprehensive income for the year	**-26,739**	**-35,793**

Parent Company balance sheet

(SEK K)	Note	31/12/2023	31/12/2022
ASSETS			
Non-current assets			
Financial assets			
Deposit	28	5,845	5,845
Participations in group companies	27	973,827	866,053
Total non-current assets		**979,672**	**871,898**
Current assets			
Other current receivables		1,921	1,569
Prepaid expenses and accrued income	18	3,841	3,625
Total other current receivables		**5,763**	**5,195**
Cash and cash equivalents		**8,048**	**5,818**
Total current assets		**13,811**	**11,013**
TOTAL ASSETS		**993,483**	**882,911**

(SEK K)	Note	31/12/2023	31/12/2022
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	22	112,435	99,397
Total restricted equity		**112,435**	**99,397**
Non-restricted equity			
Share premium reserve		862,899	665,114
Result brought forward		-102,759	-66,966
Net result for the year		-26,739	-35,793
Total non-restricted equity		**733,403**	**562,355**
Total equity		**855,838**	**661,753**
Provisions			
Other provisions	23	2,758	2,238
Total provisions		**2,758**	**2,238**
Non-current liabilities			
Shareholder loans	21	117,067	-
Other liabilities	24	-	-
Total non-current liabilities		**117,067**	**-**
Current liabilities			
Convertible loans	21	-	212,069
Accounts payable		4,925	62
Liabilities to group companies		10,032	-
Other liabilities		819	1,056
Accrued expenses and deferred income	25	2,043	5,733
Total current liabilities		**17,819**	**218,920**
TOTAL EQUITY AND LIABILITIES		**993,483**	**882,911**

Parent Company statement of changes in equity

	RESTRICTED EQUITY		NON-RESTRICTED EQUITY		
(SEK K)	Share capital	Share premium reserve	Result brought forward	Net result for the year	Total equity
Equity, opening balance as of January 1, 2022	**99,397**	**660,460**	**-45,109**	**-21,857**	**692,890**
Net result for the year	-	-	-	-35,793	-35,793
Total comprehensive income	**99,397**	**660,460**	**-45,109**	**-57,650**	**657,097**
Loss brought forward in 2021	**-**	**-**	-21,857	21,857	**-**
Share-based remuneration	**-**	4,654	-	**-**	**4,654**
Equity, closing balance as of December 31, 2022	**99,397**	**665,114**	**-66,966**	**-35,793**	**661,753**

	RESTRICTED EQUITY		NON-RESTRICTED EQUITY		
(SEK K)	Share capital	Share premium reserve	Result brought forward	Net result for the year	Total equity
Equity, opening balance as of January 1, 2023	**99,397**	**665,114**	**-66,966**	**-35,793**	**661,753**
Net result for the year	-	-	-	-26,739	-26,739
Total comprehensive income	**99,397**	**665,114**	**-66,966**	**-62,532**	**635,014**
Loss brought forward in 2022	**-**	**-**	**-35,793**	**35,793**	**-**
New share issue	23,037	192,788	-	**-**	**215,825**
Share-based remuneration	**-**	4,998	-	**-**	**4,998**
Equity, closing balance as of December 31, 2023	**122,435**	**862,899**	**-102,759**	**-26,739**	**855,838**

Cash flow statement for the Parent Company

(SEK K)	Note	Jan - Dec 2023	Jan - Dec 2022
Operating activities			
Profit/loss after net financial items		-26,739	-35,793
Adjustments for items not included in cash flow			
Non-cash flow items	26	15,292	17,508
Cash flow from operating activities before changes in working capital		**-11,446**	**-18,285**
Cash flow from changes in working capital			
Increase/decrease in operating receivables		-568	-266
Increase/decrease in operating liabilities		10,968	-6,982
Cash flow from operating activities		**-1,046**	**-25,534**
Investing activities			
Unconditional shareholder contribution	27	-105,000	-25,000
Cash flow from investing activities		**-105,000**	**-25,000**
Financing activities	6,21		
Shareholder loans		111,514	-
Repayment of convertible loans		-3,237	-
Share-related payment	24	-	-1,452
Cash flow from financing activities		**108,276**	**-1,452**
Cash flow for the period		**2,230**	**-51,986**
Cash and cash equivalents at the start of the period		**5,818**	**57,804**
Exchange rate difference in cash and cash equivalents		-	-
Liquid funds at the end of the period		**8,048**	**5,818**

For interest received and paid, see note 14.

Notes

Note 1 – General information

Affibody Medical AB (corporate identity number 556714-5601) is a public limited company with its registered office in Stockholm, Sweden. The group's primary activities are described in the administration report. "Affibody" and "the company" refer to Affibody Medical AB, where applicable with subsidiaries, depending on the context. Affibody Medical AB's annual report and consolidated financial statements for the financial year January 1, 2023 to December 31, 2023 have been approved for presentation in accordance with a board decision on April 18, 2024.

Note 2 - Accounting and valuation policies

Bases for preparing the accounts

Affibody's consolidated financial statements are based on historical acquisition costs, apart from synthetic shares and options, social security contributions in the employee option programs and participations in unlisted companies, which are valued at their fair value. All amounts are in SEK thousand (SEK K) unless otherwise stated.

Statement of compliance with applicable regulations

The consolidated financial statements have been prepared in accordance with the International Financial Reporting Standards (IFRS) adopted by the EU. The consolidated financial statements have also been prepared in accordance with Swedish law through the application of the Swedish Financial Reporting Board's RFR 1 (Supplementary Accounting Rules for Groups). The parent company applies the same accounting policies as the group, except in the cases specified below in the section "Parent company accounting policies".

Alternative key performance indicators

The group applies the guidelines for alternative key figures issued by ESMA. Alternative key figures refer to financial measures of historical or future earnings development, financial position, financial result or cash flows that are not defined or specified in the applicable rules for financial reporting and that are central to the understanding and evaluation of Affibody's operations.

New and amended standards applicable from 2023

Changes have taken place in IAS 1 Presentation of Financial Statemetns and associated IFRS, Practice Statement 2. The changes affect the requirements of how to present disclosures regarding accounting principles.'Significant' accounting principles has been replaced with 'material information about' accounting principles.

An accounting principle is essential if:

- the accounting is complex and the information is required for the reader to understand the financial statements,
- there are several different options that are allowed under IFRS,
- the group has applied exemptions or relief rules,
- the information, together with other available information in the financial statements, can reasonably be expected to influence the reader's decision.

Information about accounting principles may be material, even if the amounts are immaterial, depending on the nature of the transaction, other events or conditions.

The amendments to IAS 1 came into force for financial years beginning on or after 1 January 2023. The amendments in IFRS Practice Statement 2 do not contain an effective date or transition requirements. The group has therefore revised the accounting principles in accordance with IAS 1.

Changes have taken place in IAS 12 Income Taxes and implies that the group have to disclose the deferred tax assets and deferred tax liabilities for right-of-use assets and leasing liabilities.

But, the group have not assigned any value in the balance sheet due to the tax receivables from right-of-use assets and lease liabilities. The group has the right to offset the claim against the liability according to IAS 12 and the tax claim exceeds the tax liability. The group does not report this tax claim because Affibody's assessment is that it is not likely that Affibody will generate sufficient taxable surplus attributable to the same tax authority and tax subject during the same periods as deductions are made in the return. For more information, see note 15. The change is applied retroactively for fiscal years beginning on or after January 1, 2023.

None of the other new and amended standards and interpretations to be applied from 1 January 2023 and disclosure requirements from the IASB have any significant impact on the group's or parent company's financial statements.

Future amendments to accounting policies

There are no published changes to IFRS and IFRIC with future application that are deemed to have any significant impact on the group's or parent company's financial statements.

Consolidated financial statements

The consolidated financial statements include the parent company and its subsidiaries. The acquisition method is used to report the group's business acquisitions. All intra-group receivables and liabilities, income and expenses and gains or losses that arise in transactions between companies covered

by the consolidated financial statements are eliminated in their entirety.

Translation of receivables and liabilities in foreign currencies

Functional currency and reporting currency

Items in the financial statements for the various group units are measured in the currency used in the economic environment in which the respective company primarily operates (the functional currency). The parent company's functional currency and reporting currency is the Swedish krona. The group's reporting currency is the Swedish krona.

Transactions in foreign currencies

All companies in the group have the Swedish krona, SEK, as their functional currency. Transactions in foreign currency are converted to SEK at the exchange rate valid on the day of the transaction. On the balance sheet date, monetary receivables and liabilities expressed in foreign currencies are converted to the exchange rate prevailing on the balance sheet date. All exchange rate differences are applied to the result and reported as other operating income/operating expenses.

Segment reporting

An operating segment is a part of an enterprise that carries on activities from which it can generate revenues and incur costs and for which stand-alone financial information is available. Affibody has a broad product portfolio based on Affibody's technology platform. The future drug candidates are divided into two different product groups, immunology and oncology. Within the product groups, there are several different programs for drug candidates. The external and internal reports that are presented to Affibody's CEO, who is the group's CEO and the group's chief operating decision maker, and which form the basis for the distribution of resources and assessment of the group's results, are not divided between the various drug candidates or product groups. Thus, the product groups or drug candidates do not meet the requirements to be considered segments.

Revenue

The group reports income from outlicensing, signing fees, milestone payments, royalties, sales of immaterial rights, performance of services related to research and development collaborations and product sales. Furthermore, the group receives grants and government aid. Income, contributions and government support are reported in accordance with the description below.

Licenses including signing fees and milestone payments

The group's revenue from outlicensing is recognized as revenue on the date when control of the licensed asset is transferred to the counterparty. Different terms due to performance obligations in collaboration agreements will sometimes have the effect that cash flow from a license revenue and recognized revenue occur at different periods. Regulatory milestone payments are recognized as revenue when the contractual event has occurred.

Royalties

Royalty remuneration is recognized as income in accordance with the agreement when the underlying royalty-based sale takes place.

Sale of immaterial rights

The sale of intellectual property rights is recognized on the date on which the recipient takes control of the object.

Services related to research and development collaborations

Fees received for research services are recognized as revenue over time as the services are supplied. This is normally done on the basis of the agreement.

Product sales

Revenue, excluding VAT and other taxes, is recognized at the time the customer takes control of the product, which usually takes place in connection with delivery.

Services related to research and development collaborations

Fees received for research services are recognized as revenue over time as the services are supplied. This is normally done on the basis of the agreement.

Public funding

Government aid and grants are recognized when the company meets the terms associated with the aid or grants and it can be determined with certainty that the grants will be received. Grants received are reported in the balance sheet as prepaid income and are reported as a cost reduction in the period when the cost to which the grant refers is reported. Government aid in the form of reduced employer contributions has been reported as a cost reduction, see note 7.

Tangible fixed assets

Tangible fixed assets are reported at acquisition value after deductions for accumulated depreciation and impairment losses. The acquisition value consists of the purchase price and costs directly attributable to putting the asset into use. The acquisition value with deductions for assessed residual value at the end of the useful period is written off linearly over the useful period.

The book values of the non-current assets are tested for impairment when events or changes in circumstances indicate that the book value is less than the recoverable amount. The assets' residual values and useful lives are tested on each balance sheet date and adjusted when necessary. Gains and

losses from disposals are established through a comparison between sales revenue and the carrying amount and are recognized as other operating revenue and other operating costs in the income statement.

Research and development costs

Costs for research are expensed in the period in which they arise. Intangible assets attributable to development expenditure or a separate development project are recognized only if the expenditure for this project can be measured reliably, if the product or process is technically feasible to complete and profitable to commercialize, if future economic benefits are probable and if the group intends, and has sufficient resources, to complete the development and either use or sell the asset. In practice, this means that the expenditure is not capitalized until the relevant authority/ institution has given its approval. Once a development project has gained approval, the costs are capitalized as product and market rights going forward. Research and development expenditure that does not meet these accounting criteria in accordance with IAS 38 is expensed as incurred. To date, the group has expensed all development expenditure, as the above criteria for capitalization have not been met.

Reversal of impairment

Impairment losses are reversed if a later increase in the recoverable amount can objectively be attributed to an event that occurs after the impairment loss is made. An impairment loss is only reversed to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that the asset would have had if no impairment loss had been made.

Financial instruments

A financial instrument is recognized in the financial statements on the date the group, in accordance with an agreement, enjoys the contractual rights to the instrument's cash flow. A financial asset is removed from the financial statements when the contractual rights to the cash flow expire. A financial liability is removed from the financial statements only when it is extinguished. Financial instruments recognized in the financial statements include accounts receivable, accrued income and liquid funds on the asset side. Financial liabilities consist of accounts payable, convertible loans, shareholder loans, accrued expenses, other liabilities and other non-current liabilities. Financial instruments are classified into different categories depending on the purpose for which the instrument has been acquired. The classification is determined at the time of acquisition. When a financial asset or liability is recognized for the first time, it is measured at fair value plus, in the case of a financial asset or liability that does not fall into the category of financial assets or liabilities measured at fair value through comprehensive income, transaction costs directly attributable to the acquisition or issue of the financial asset or liability. Subsequent valuation is determined by how the instrument has been classified.

Financial assets valued at fair value

Shares in unlisted companies are reported at fair value. In 2021, the group acquired 10% of the shares in an unlisted company. Changes in fair value are evaluated in connection with the annual accounts and reported in the result, see note 6.

Financial assets measured at amortized cost

Financial assets classified as measured at amortized cost are initially measured at fair value plus transaction costs. Accounts receivables are initially recognized at fair value, which usually corresponds to the invoiced value. The receivables are linked to the group's deliveries of goods and services. If payment is expected within one year, they are classified as current assets, while receivables with a term of more than one year are recognized as non-current assets. Loan receivables and accounts receivable are initially recognized at fair value and subsequently at amortized cost by applying the effective interest rate method, less any expected credit losses. Assets classified at amortized cost are held according to the business model to collect contractual cash flows that consist only of payments of capital and interest on the outstanding capital. Expected credit losses have been judged to be insignificant, except from account receivables, as the company's financial assets essentially consist of bank balances in banks with high credit ratings.

Financial liabilities measured at amortized cost

This category includes interest-bearing and non-interest-bearing financial liabilities, except for synthetic shares and options. These are measured at amortized cost. Non-current liabilities have a remaining maturity of more than one year, while liabilities with shorter maturities are recognized as current. Accounts payable are classified as current liabilities if they fall due for payment within one year. Accounts payable with maturities of more than one year are recognized as non-current liabilities. Financial liabilities are initially recognized at fair value and subsequently at amortized cost by applying the effective interest rate method. Borrowing costs burden the result for the period to which they relate. Costs arising from raising loans are distributed over the term of the loan on the basis of the recognized liability via the effective interest rate.

Impairment of financial instruments

The group's financial assets (accounts receivable and cash and cash equivalents) are covered by impairment for expected credit losses. Impairment for credit losses pursuant to IFRS 9 is forward-looking and a loss provision is made when there is an exposure to credit risk, usually at the point of initial recognition. The simplified model is applied to accounts receivable. A loss reserve is recognized in the simplified model for the expected remaining term of the receivable or asset and is based on historical customer losses combined with forward-looking factors. The financial assets are

recognized in the balance sheet at their amortized cost (i.e., net of gross value and loss provision). Changes in the loss provision are recognized in the income statement.

Synthetic shares and options

Synthetic shares and options give rise to an obligation toward the holder (the employee), which is measured at fair value. Fair value is initially calculated at the time of allotment and paid by the employee at this time. It is subsequently revalued at every balance sheet date and upon settlement. All changes to the fair value of the liability are recognized in the net result for the year as a financial cost. The fair value of the synthetic options is calculated using the Black-Scholes pricing model.

Convertible bonds

The parent company issued convertible loans to shareholders in 2021 with a maturity date of June 30, 2023. The convertible loan consists of an interest-bearing liability and a conversion option for accounting purposes. The conversion option was recognized in equity. The initial fair value of the liability component of the convertible loan was calculated using the market interest rate on the issue date for a similar non-convertible financial instrument. After initial recognition, the liability was recognized at the amortized cost until it was converted or matures. The remainder of the liquidity was allocated to the conversion option and recognized net after tax in equity and was not revalued. The part of the debt, including accrued interest, which during 2023 has been converted into new shares has been transferred to equity. The shareholders who did not choose to convert debt and accrued interest into shares have received repayment of their claim on the due date. See note 21.

Shareholder loans

The parent company has received a shareholder loan in 2023. All shareholders have been offered to participate in the loan pro-rata based on their ownership. The terms of the loan include a mandatory conversion to shares in the event that Affibody carries out a next financing round or an IPO. According to the group's assessment, the terms and interest rate are market-based. The interest is capitalized until the loan is redeemed for shares or alternatively repaid in cash. The repayment date is June 1, 2026 or a later date determined by the lender and confirmed by Affibody. The shareholder loan has been classified as a financial liability in its entirety, no part of the loan has thus been classified as equity or a derivative, see note 21.

Share-related payment

The parent company has issued employee stock options to its staff. The employee stock options are offered free of charge, which means that the participants receive a benefit equivalent to the market value.

The market value at allotment is calculated using the Black-Scholes pricing model. The benefit and associated social security contributions are recognized as an employee benefit expense on the basis of vested options. The vesting period is three years. The cost of the benefit is recognized with a corresponding increase in equity. In the event of the employee stock options being exercised in the future, the parent company will receive a payment corresponding to the redemption price, whereby new shares will be issued and the redemption payment will be recognized as an increase in equity.

Provisions

Provisions are recognized in the balance sheet when the group has a legal or informal obligation due to an event that has occurred and it is probable that an outflow of resources associated with economic benefits will be required to meet the obligation and the amount can be calculated reliably. Provisions have been reported for social security contributions due to share-related compensation, see note 9, incentive program.

Remuneration to employees

Short-term remuneration to employees such as salary, social security contributions, holiday pay and bonuses are expensed in the period during which the employees perform the services.

Pensions and other commitments relating to post-employment benefits

The group's pension plan consists of a defined-contribution plan. Under the plan, fixed payments are made to a separate external unit, after which the group has no legal or formal obligations. Premiums paid are recognized as a cost, as the services are performed by the employees.

Leases

When an agreement is entered into, the group assesses whether the agreement constitutes, or includes, a lease. The group has a lease agreement on premises that are classified as right-of-use assets. The group is only a lessee.

Right-of-use assets

The group recognizes right-of-use assets in the statement of financial position on the start date of the lease (i.e. the date the underlying asset becomes available for use). Right-of-use assets are recognized at the acquisition cost, less accumulated depreciation and any impairment, and adjusted for revaluations of the lease liability. The acquisition cost of right-of-use assets includes the initial value recognized for the related lease liability, initial direct expenses and any advance

payments made on or before the start date of the lease less any incentives received. Right-of-use assets are depreciated on a straight-line basis over the term of the lease.

Lease liabilities

On the start date of a lease, the group recognizes a lease liability corresponding to the present value of the lease payments (discounted at the lessee's incremental borrowing rate) to be paid over the term of the lease. The leasing liability is valued at the present value of the leasing fees that have not been paid at the time.

The group uses an implicit interest rate of 6.5% to calculate the present value of lease payments. After the start date of a lease, the lease liability increases to reflect the interest on the lease liability and decreases as the lease fees are paid.

The application of practical exemptions

The group applies the practical exemptions regarding short-term leases and leases where the underlying asset is low in value. Short-term leases are defined as leases with an initial term of 12 months or less after taking into account any options to extend the lease. Leases where the underlying asset is low in value mainly consists of leases for IT equipment. Lease payments for short-term leases and leases where the underlying asset is low in value are expensed on a straight-line basis over the term of the lease.

Income tax

Income tax comprises current tax and deferred tax. Income tax is recognized in the income statement except when the underlying transaction is recognized in other comprehensive income or directly against equity. Current tax is tax to be paid or received for the current year. Deferred tax is recognized in accordance with the balance sheet method, which means that deferred tax is calculated for all temporary differences identified on the balance sheet date, i.e. between the tax base of the assets or liabilities on the one hand and their carrying amounts on the other. Deferred tax assets are also recognized in the balance sheet for unutilized loss carry forwards.

Deferred tax assets are only recognized to the extent that there are convincing reasons that future taxable profits will be available and against which the temporary differences or unused loss carry forwards can be utilized. The group has not assigned a value in the balance sheet due to the loss carry forwards as these are not considered likely to be utilized against future taxable profits.

Cash flow statement

The cash flow analysis is prepared according to the indirect method. The reported cash flow includes only transactions that entailed inflows or outflows.

Parent company accounting policies

The Swedish Financial Reporting Board's recommendation RF2, Accounting for Legal Entities, has been applied in the preparation of the parent company's financial statements. The parent company applies the same accounting policies as the group, except in the cases specified below.

Presentation formats

The profit and loss account and balance sheet follow the presentation form of the Annual Accounts Act. The cash flow analysis follows the group's presentation form. Report on changes in equity follows the group's layout but contains the columns specified in ÅRL. Which means that there are differences in names in terms of equity compared to the consolidated accounts.

Participations in group companies

Participations in group companies are recognized at their acquisition cost less any impairment. The acquisition cost includes acquisition-related expenses and any additional purchase prices paid. When there is an indication that the value of participations in subsidiaries has declined, an assessment is made of the recoverable amount. If it is less than the carrying amount, an impairment loss is made. Impairment losses are recognized in the item "Result from participations in group companies".

Leases

Leasing fees are reported as an expense on a straight-line basis over the leasing period, and right of use and leasing liabilities are not included in the parent company's balance sheet. Leases are identified on the assumption that an agreement constitutes, or includes, a lease if it transfers the right to decide on the use of an identified asset for a specified period in exchange for compensation.

Note 3 - Financial risk management

Financial risks refer to negative changes in Affibody group's earnings and cash flow due to changes in exchange rates, liquidity, credit risks, financing risks and interest rate levels. Financial risks are managed in accordance with the finance policy established by the board and administered by the finance department. In addition to what is described below regarding foreign currency risk and refinancing risk, no significant financial risks are currently deemed to exist. The group did not use any financial hedging instruments in 2023 and 2022.

Translation of foreign currencies

Functional currency and presentation currency

The different units in the group have the local currency as their functional currency, and the local currency is defined

as the currency used in the primary economic environment in which each unit primarily operates. The consolidated financial statements are presented in Swedish kronor (SEK), which is the parent company's functional currency and the group's presentation currency. Since both the functional currency and reporting currency are SEK, there is no conversion risk between functional currency and reporting currency. All amounts are, unless otherwise stated, rounded to the nearest thousand kronor (SEK K).

Currency risk - transaction exposure

Transaction exposure is the risk that changes in exchange rates for sales and purchases in a foreign currency will affect the group's earnings and the valuation of assets and liabilities. Affibody's sales are mostly made in a foreign currency in the form of licensing and research revenue. Changes in exchange rates have a greater impact on revenue than on expenses. In order to avoid transaction costs when translating, incoming flows in each foreign currency were used to pay transactions in that same currency. Surpluses in foreign currencies are translated into the functional currency using the exchange rates on the transaction date.

Affibody is exposed to risk when translating receivables and liabilities in foreign currencies, which have been translated at the rate on the balance sheet date. Realized and unrealized capital gains and losses are reported in operating result.

Liquidity risks

Liquidity risk refers to the risk of not being able to fulfill payment commitments when they fall due. At the end of 2023, Affibody's net cash was SEK 126.2 M (45.2). Liquidity risk is managed through ongoing liquidity planning. Placement of excess liquidity shall be made without significatnt liquidity risk. The cash at hand is not sufficient to fund the company's operations for the next twelve-month period. However, the company expects to receive payments from existing partnerships which, together with liquid funds, can finance the business during the coming twelve-month period. For further information, see note 31.

Credit risk

Credit risk is linked partly to sales and partly to liquidity management. In the event of a sale, there is a risk that customers will not fulfill their payment obligations. Liquidity management poses a risk that the counterparty will not fulfill its payment obligations. The company currently has a limited number of customers, which means that there is a certain concentration of customer credit. Cash and cash equivalents consist of bank balances. The company assesses whether a receivable poses an increased credit risk based on the payment being delayed or other factors indicating a reduced ability to pay. Accounts receivable are impaired with regard to the customers' ability to pay in a first step. For accounts receivable that are not written down in accordance with the first step, any write-down is based on the model for expected credit losses (Expected Credit Loss, ECL). When accounts receivable are small and there are no indications of credit losses, ECL is normally expected to be immaterial. The actual ECL assessments depend on who the customers are, the size of the claim amount, remaining credit terms and Affibody's knowledge of the customer's financial situation.

Interest rate risk

Interest rate risk refers to the group's exposure to changes in interest rates related to bank balances and loans. As the group's interest-bearing assets primarily relate to bank balances, the group's operating cash flow is essentially independent of changes in market interest rates. The group has long-term interest-bearing liabilities at a fixed interest rate.

Exposure by currency

Currency	Share of revenue 2023 %	Share of costs 2023 %	Average rate 2023	Average rate 2022	Closing rate 2023	Closing rate 2022
USD	91.3	2.4	10.6128	10.1245	10.0416	10.4371
EUR	-	12.7	11.4765	10.6317	11.0960	11.1283
GBP	-	9.4	13.1979	12.4669	12.7680	12.5811

The group's risk exposure in foreign currencies at the end of the reporting period, expressed in Swedish kronor, is shown in the table below:

Currency	USD 2023	USD 2022	EUR 2023	EUR 2022	GBP 2023	GBP 2022	SEK 2023	SEK 2022	Total 2023	Total 2022
Accounts receivable	1,652	15,458	-	-	-	-	-	-	1,652	15,458
Cash and cash equivalents	91,769	3,621	2,700	3,095	488	682	31,199	37,848	126,156	45,246
Accounts payable	-191	-454	-1,610	-379	-185	-143	-11,497	-4,199	-13,483	-5,176
Net exposure	**93,230**	**18,625**	**1,090**	**2,716**	**303**	**539**	**19,702**	**33,649**	**114,325**	**55,528**

A change of 10% in SEK compared to Affibody's exposure to net flows in USD, EUR, and GBP would affect results by approximately SEK 9,462 K (2,188).
The resulting effect would be divided as follows: SEK 9,323 K (1,862) related to USD, SEK 109 K (272) related to EUR and SEK 30 K (54) related to GBP.

Note 4 - Important estimates and assumptions for accounting purposes

The group makes estimates and assumptions regarding the future. The estimates for accounting purposes that result from this will, by definition, rarely correspond to the actual result. The consolidated accounts include estimates and assumptions that may involve a risk of material adjustments to the carrying amounts of assets and liabilities in relation to the valuation of synthetic shares and options attributable to the group's incentive program. The valuation of accrued social security contributions for employee stock options have been made based on estimates and assumptions about future values.

Note 5 - Revenue

The company's mix of revenues from services in connection with research and development collaborations; and licenses, including signing fees, milestone payments and royalties; varies depending on the terms of, and the performance obligations within each license and collaboration agreement, and in which phase a collaboration is. Assessments of, for example, when a performance obligation is met, or when control of a licensed asset transfers to the counterparty of an agreement, determine when payments from a research collaboration are recognized as income.

On March 2, 2023, Affibody entered into a licensing and collaboration agreement with Chiesi to develop and commercialize innovative treatments for respiratory diseases. Affibody has retained co-promotional rights in the Nordic countries. SEK 58.7 M in irrevocable payments have been recognized as prepaid income during 2023. This will be recognized as revenue on the date when control of the licensed asset is transferred to the counterparty, which, in this case, occurs at the transition between the research phase and the development phase, or when Affibody no longer has any obligations. Services provided during research phase have been recognized as income over time when the services were performed.

On August 9, 2021, Affibody entered into a licensing and collaboration agreement with ACELYRIN to develop and commercialize izokibep. Under the terms of the agreement, ACELYRIN has obtained worldwide rights to izokibep, except for the development and commercialization rights already granted by Affibody to Affibody's partner Inmagene in selected Asian countries. Furthermore, Affibody retains the commercialization rights in the Nordic countries. Revenue received from ACELYRIN during 2023 consists of a milestone payment of SEK 163.8 M (0.0) for the development of izokibep. Income for services related to the transition of development and other research and development work provided by Affibody employees is recognized as revenue over time when the services are performed.

Licensing revenue from other collaborations amounted to SEK 2.2 M (2.8) and income from sales of product for research use and protein purification amounted to SEK 6.0 M (0.2).

Income for services provided in connection with license and collaboration agreements amounted to SEK 19.7 M (223.7).

Breakdown of the group's net sales (SEK K)	**2023**	**2022**
Revenue by type		
Product sales	6,039	151
Services	19,685	223,711
Licenses	166,075	2,785
Total	**191,799**	**226,648**
Revenue by geographic market		
Europe and the rest of the world	15,097	2,919
Asia	-	3,930
US	176,703	219,799
Total	**191,799**	**226,648**
Revenue by timing of revenue recognition		
Transferred on a date	172,114	223,711
Transferred over time	19,685	2,937
Total	**191,799**	**226,648**

The remaining performance obligations as of December 31, 2023 amount to SEK 58.7 M (0.7) and include prepaid income from Chiesi reported as contractual liabilities.

Contract balances (SEK K)	**2023**	**2022**
Prepaid income	58,726	671
Total	**58,726**	**671**

Note 6 - Related party information

The parent company responsible for preparing Affibody's consolidated financial statements is Investor AB (556013-8298), which is based in Stockholm. Transactions with related parties take place on market terms. During the period, remuneration was paid to the group's senior executives in accordance with current policies.

Between June to September 2023, the parent company received a loan from its largest shareholder Duba AB of SEK 110.0 M and SEK 1.5 M from other shareholders. Accrued interest on the shareholder loans amounted to SEK 5.6 M as of December 31, 2023. The loan includes a mandatory conversion in case Affibody completes a next significant financing round or an IPO. At conversion the number of shares is settled with an amount covering the principal and interest accrued as of settlement. The share price will be based on the share price in the financing round or the IPO. If there is no such transaction before the repayment date, June 1, 2026, the principal amount, and the accrued interest will be settled in cash unless the lenders determine, and Affibody confirms, a later date. For more information see note 21.

SEK 105.0 M of the received shareholder loans have been transferred to Affibody AB as an unconditional shareholder contribution.

Affibody AB has lent SEK 10.0 M to the parent company.

During 2021 the parent company received convertible loans in a total of SEK 201.5 M from Duba AB and SEK 6.1 M from other shareholders. The loans matured on July 30, 2023, to their nominal amount. The shareholders decided to convert convertibles into shares of a nominal amount including interest of SEK 215.8 M and SEK 3.2 M of the convertible loans were repaid in cash on July 30, 2023.

The parent company has invoiced management fees of SEK 18.6 M (16.8) and provided an unconditional shareholder contribution of SEK 105.0 M (25.0) to Affibody AB.

In 2020, Affibody AB sold an intellectual property right to Amylonix AB, corporate ID number 559148-1170, where payment was made via a non-cash issue in the form of shares in Amylonix AB, which corresponded to 10% of total shares in the company. The shares were valued in connection with preparing the annual financial statements and written down to SEK 0 in 2021. The same assessment applies for both 2022 and 2023, The company's income statement is still showing losses and have no new approved patent applications therefore the valuation of the shares remains at SEK 0.

For more information of remuneration to senior executives and the board, see note 8. Beyond this, no transactions have taken place with related parties.

Note 7 - Employee and staff costs

Average number of employees	2023 Number of employees	2023 Of whom women	2022 Number of employees	2022 Of whom women
Total number of employees	90	60	91	61
Company management	6	2	5	2
Board of directors	10	3	10	3

Wages and salaries, other remuneration and social security expenses (SEK K)	2023	2022
Group		
Wages, salaries and other remuneration	83,310	74,407
Social security contributions as per laws and agreements*	20,751	26,537
Pension costs	16,093	16,925
Share based renumeration	4,998	4,654
Total	**125,152**	**122,523**
- of which to board and senior executives	***30,142***	***29,611***

* Government aid in the form of reduced employer contributions has been reported as a cost reduction by SEK 11,221 K (5,647).

Wages and salaries, other remuneration and social security expenses (SEK K)	2023	2022
Parent company		
Wages, salaries and other remunerations	7,800	7,330
Social security contributions as per laws and agreements	2,973	4,318
Pension costs	1,178	1,340
Share based renumeration	2,224	2,198
Total	**14,175**	**15,186**

Pensions

The group has met all its pension obligations to employees in accordance with collective agreements. The pension plans within the group consist of defined-contribution plans, meaning that there is no legal or informal obligation to pay additional amounts.

Incentive programs

Information regarding share-based remuneration can be found in notes 8, 9 and 24.

Note 8 - Remuneration to the board, CEO and company management

The chair of the board and board members receive remuneration in accordance with a decision at the annual general meeting. In 2022, fees to board members were paid in accordance with the specification below. The board determines the remuneration of the CEO and other senior executives on the basis of terms proposed by the remuneration committee. The remuneration consists of salary, bonus, pension and participation in incentive programs. The company management consists of five people, including the CEO. The distribution of salary and bonus is based on each employee's responsibilities and authority.

Terms for the CEO and other members of company management

Remuneration consists of salary, bonus and share-based remuneration. The bonus shall be market-based and based on the achievement of performance targets. The maximum percentage is limited for the CEO to an amount corresponding to 40 percent of the fixed annual compensation for the CEO and 33 percent of the fixed annual compensation for other senior executives. The notice period for senior executives is a maximum of twelve months upon termination of the Company and six months upon termination of the employee, unless a longer period is required by the current collective agreement, laws or other regulations. If the employment of the company's CEO is terminated by the company, a notice period of at least six months applies.

2023 - Remuneration and other benefits during the year

(SEK K)	Salary & board fees	Bonus	Other remuneration and benefits	Pensions	Share-related payment	Total
David Bejker (CEO)	3,206	367	9	677	960	5,219
Other members of company management (5)	11,687	913	35	2,998	1,049	16,682
Board of directors						
Robert Burns, chair	500	-	-	-	158	658
Gillian Cannon	250	-	-	-	158	408
José Suaréz	-	-	-	-	-	-
Jonathan Knowles	250	-	-	-	158	408
Jakob Lindberg	250	-	-	-	158	408
Mathias Uhlén	250	-	-	-	158	408
Anders Martin-Löf	350	-	-	-	158	508
Camilla Sønderby	250	-	-	-	158	408
Total	**16,993**	**1,280**	**44**	**3,675**	**3,118**	**25,107**

Pensions

Within the group, there are only defined-contribution pension plans. A defined-contribution pension plan means that the group pays contributions to a separate legal entity and the risk of changes in value until the funds are paid out is borne by the employee.

The group thus has no further obligations after the fees are paid. The pension costs for defined-contribution pension plans are charged to profit and loss as the employees perform their services.

Share-based remuneration

There are currently two long-term incentive programs that was offered to all personnel, including senior executives and the board. The goal is to create a long-term commitment in the company. Participants have been granted options free of charge that are earned over a period of three years.

Gender distribution

The company's board consisted of three women and seven men. During the major part of 2023, the company management consisted of two women and four men. As of December 31, 2023 the company management consists of one woman and four men.

2022 - Remuneration and other benefits during the year

(SEK K)	Salary & board fees	Bonus	Other remuneration and benefits	Pensions	Share-related payment	Total
David Bejker (CEO)	3,274	325	3	752	792	5,146
Other members of company management (4)	9,473	549	20	2,712	1,188	13,942
Board of directors						
Robert Burns, chair	500	-	-	-	158	658
Gillian Cannon	250	-	-	-	158	408
José Suaréz	-	-	-	-	-	-
Jonathan Knowles	250	-	-	-	158	408
Jakob Lindberg	250	-	-	-	158	408
Mathias Uhlén	250	-	-	-	158	408
Anders Martin-Löf	322	-	-	-	158	480
Camilla Sønderby	230	-	-	-	158	388
Total	**14,799**	**874**	**23**	**3,464**	**3,086**	**22,246**

Note 9 - Incentive programs

The purpose of the company´s share-based incentive programs is to promote the group's long-term interests by motivating and rewarding the company's board of directors, senior executives, and other co-workers in line with the interest of the shareholders. Affibody Medical currently has two active programs which encompass the company's management, some board members and staff.

Synthetic shares and options

In December 2017, employees and board members were invited to subscribe for shares in a synthetic incentive program. The program offered participants the chance to subscribe for synthetic shares and/or subscribe for a unit consisting of two synthetic shares and two synthetic options where each instrument corresponds to one share. The program had a term of up to six years and provided the opportunity for an annual exit as of year three. The options were valued using the Black-Scholes pricing model. In February 2022 the program was closed and the effect of the redemption of synthetic options and shares has been recognized as a financial cost and has affected results by SEK 1.5 M.

Employee stock option program 2021/2028

At the annual general meeting on June 30, 2021, the decision was taken to introduce the 2021/2028 employee stock option program, which includes a maximum of 1,500,000 employee stock options. The employee stock options are issued to the program participants free of charge. Each employee stock option shall entitle the holder to acquire one new share in the company at an exercise price of SEK 56.40. The employee stock options may, unless the Board of Directors resolves on a right of subscription prior thereto, be exercised no earlier than three years after the participant has signed the option agreement regarding the employee stock options and no later than June 30, 2028. Issued employee stock options do not constitute securities and may not be transferred, pledged or otherwise disposed of by the holder. The options are linked to the participant's employment in the company.

In February 2022 the remaining unutilized 295,000 options were redeemed to be used in the new stock option program ESOP 2022/2029. As of December 31, 2023, a total of 1,080,000 options have been subscribed for by employees and seven board members. Upon full utilization of the employee stock options, the share capital increases by SEK 5,400,000 through the issue of 1,080,000 shares, which would correspond to dilution of 4.2 percent upon full utilization.

Employee stock option program 2022/2029

On May 19, 2022, the AGM resolved on the introduction of an employee stock option program 2022/2029. The program comprises not more than 295,000 stock options. The employee stock options are issued to the program participants free of charge. Each employee stock option shall entitle the holder to acquire one new share in the company at an exercise price determined by the Board of Directors from time to time. The exercise price shall not be less than 120% of the market value of the company's share at the time of allotment. The employee stock options may, unless the Board of Directors resolves on a right of subscription prior thereto, be exercised no earlier than three (3) years after the participant signed the option agreement relating to the employee stock options, and no later than June 30, 2029. Issued employee stock options do not constitute securities and may not be transferred, pledged, or otherwise disposed of by the holder. The stock options are tied to the participant's employment in the company.

On December 31, 2023, 160,000 options of the total 295,000 options have been issued. Upon full utilization of the employee stock options, the share capital increases by SEK 1,475,000, which would correspond to dilution of 1.2 percent upon full utilization of all 295,000 stock options.

Total cost for incentive programs

The cost for both employee stock options amounted to SEK 5.0 M for 2023. The corresponding portion is recognized as share-based remuneration in equity. Related provisions for social security contributions are recognized as a non-current liability and total SEK 1.5 M.

The vesting period is three years, which means that only vested employee stock options are entered as a cost during the period. The fair value of the social security contributions is revalued on an ongoing basis using the Black-Scholes option pricing model.

The total cost of the option programs for each balance sheet date and the number of employee stock options issued at the end of each balance sheet date are stated below. "Total cost" refers to the costs of the option program that have been recognized in the income statement, including social security contributions. "Accumulated number outstanding" refers to the total number of employee stock options that have been allotted to employees and not been forfeited, and "accumulated number vested" refers to the number of employee stock options that have been vested as of the respective balance sheet date.

Summary of the group's total cost for incentive programs

(SEK K)	2023	2022
Revaluation of fair value of synthetic shares and options	-	23
Share-based remuneration	4,998	4,654
Provision for social security contributions employee stock option programs	1,522	4,365
Total	**6,519**	**9,041**

Summary of provisions for social security contributions for share-based remuneration

	Group		Parent company	
Non-current provisions	2023	2022	2023	2022
Social security contributions for share-based remuneration				
Amount at the start of the year	5,065	700	2,238	263
Provisions for the year	1,522	4,365	521	1,975
Total non-current provisions	**6,587**	**5,065**	**2,758**	**2,238**

Changes in, and holdings of, employee stock options and synthetic shares and options on the balance sheet date are shown below for the board members and other employees.

	Synthetic shares and options		
Holder	Number outstanding on Dec. 31, 2021	Exercised	Number outstanding on Dec. 31, 2022
Robert Burns, Chair of the Board	7,000	-7,000	0
Jonathan Knowles, Board Member	8,602	-8,602	0
Other employees	23,142	-23,142	0
Total	**38,744**	**-38,744**	**0**

	Incentive program ESOP 2021/2028				
Holder	Number outstanding on Dec. 31, 2022	Allotted	Forfeited	Vested	Number outstanding on Dec. 31, 2023
David Bejker, CEO	200,000	-	-	66,67%	200,000
Rober Burns, Chair of the Board	40,000	-	-	66,67%	40,000
Gillian Cannon, Board Member	40,000	-	-	66,67%	40,000
Mathias Uhlén, Board Member	40,000	-	-	66,67%	40,000
Jonathan Knowles, Board Member	40,000	-	-	66,67%	40,000
Jakob Lindberg, Board Member	40,000	-	-	66,67%	40,000
Anders Martin-Löf, Board Member	40,000	-	-	66,67%	40,000
Camilla Sønderby, Board Member	40,000	-	-	66,67%	40,000
Anna Maria Sandén, Board Member, employee representative	5,000	-	-	66,67%	5,000
Executive management	300,000	-	-75,000	66,67%	225,000
Other employees	380,000	-	-10,000	66,67%	370,000
Total	**1 ,165,000**	**-**	**-85,000**	**66,67%**	**1,080,000**

	Incentive program ESOP 2022/2029				
Holder	**Number outstanding Dec. 31, 2022**	**Allotted**	**Forfeited**	**Vested**	**Number outstanding on Dec. 31, 2023**
Anna Maria Sandén, Board Member, employee representative	5,000	-	-	33,33%	5,000
Michael Monaghan, Board Member, employee representative	5,000	-	-	33,33%	5,000
Executive management	-	75,000	-	-	75,000
Other employees	70,000	10,000	-5,000	28,89%	75,000
Total	**80,000**	**85,000**	**-5,000**	**15,62%**	**160,000**

Calculation of the fair value of the incentive programs

The fair value of the synthetic shares and options and social security contributions in respect of employee stock options is calculated according to a sum-of-the-parts valuation of the company's stock based on a risk-adjusted present value computation of estimated future cash flows. The options are valued using the Black-Scholes pricing model. The valuation model takes into account the redemption price, the term of the option, the share price on the allotment date, expected volatility in the share price and risk-free interest for the term of the option.

	Allotment day	**Maturity date**	**Fair value upon issue of the option program, SEK**	**Exercise price**	**Volatility**	**Risk-free interest rate**	**No. of shares covered by option programs at December 31, 2023**	**Vested**
ESOP 2021/2028	2021-09-01	2028-06-30	47,00	56,40	60%	3,07%	1,080,000	66,67%
ESOP 2022/2029	2022-11-01	2029-06-30	67,88	81,50	60%	2,27%	75,000	33,66%
ESOP 2022/2029	2023-07-01	2029-06-30	93,75	112,50	60%	2,08%	80,000	0,00%
							1,240,000	

Note 10 - Fees to auditors

Group (SEK K)	2023	2022
Ernst & Young		
- audit engagement	1,954	2,160
- audit activities in addition to audit engagement	1,166	1,815
- tax consultancy	-	-
- other services	-	256
Total	**3,120**	**4,231**

Parent company (SEK K)	2023	2022
Ernst & Young		
- audit engagement	1,600	1,930
- audit activities in addition to audit engagement	870	1,815
- tax consultancy	-	-
- other services	-	256
Total	**2,470**	**4,001**

Note 11 - Other revenues and other expenses

Other revenue consists in its entirety of realised and unrealised exchange rate differences.

Other revenue (SEK K)	2023	2022
Exchange rate losses	-13,757	-
Exchange rate gains	2,906	2,195
Other revenue	20	105
Total	**-10,831**	**2,300**

Exchange rate differences affecting the operating result

Group (SEK K)	2023	2022
Exchange rate differences affecting the operating result	-10,851	2,195
Total	**-10,851**	**2,195**

Parent company (SEK K)	2023	2022
Exchange rate differences affecting the operating result	14	-
Total	**14**	**-**

Note 12 - Costs by type of cost

Group (SEK K)	2023	2022
Cost of goods and services sold	25,692	172,193
Raw materials and consumables, etc.	65,870	2,992
Employee costs	125,152	122,523
Other external costs	58,755	55,389
Depreciation/amortization and impairment	18,086	19,825
Other operating expenses (exchange rate differences affecting the operating result)	-	-
Total	**293,555**	**372,918**

Parent company (SEK K)	2023	2022
Raw materials and consumables, etc.	-	-
Employee costs	14,175	15,186
Other external costs	18,592	24,074
Depreciation/amortization and impairment	-	-
Other operating costs, etc.	-	-
Total	**32,767**	**39,260**

Note 13 - Depreciation/amortization and impairment

Depreciation and impairment of property, plant and equipment are included in the income statement under administration and research and development costs as follows:

Group (SEK K)	2023	2022
Administration	**3,424**	**4,093**
Property, plant and equipment	1,496	2,097
- of which right-of-use assets	1,928	1,996
Research and development	**14,735**	**15,732**
Property, plant and equipment	6,256	6,453
- of which right-of-use assets	8,479	9,279
Total depreciation	**18,159**	**19,825**

The acquisition cost of the assets less the estimated residual value at the end of their useful life is depreciated on a straight-line basis over the estimated useful life.

Estimated useful life for property, plant and equipment (SEK K)	2023	2022
Laboratory equipment	5 years	5 years
Office equipment	5 years	5 years
IT equipment	5 years	5 years
Improvement of others' real estate	10 years	10 years

Note 14 - Result from financial items

Group (SEK K)	2023	2022
Financial income		
Interest income, bank	650	43
Other financial income	91	-
Total	**741**	**43**
Financial costs		
Interest expense, lease liabilities	-4,492	-4,487
Interest expense, convertible loan Duba AB, non-cash flow item	-12,282	-12,919
Other financial costs, non-cash flow item	-266	-416
Other financial costs	-20	-
Total	**-17,060**	**-17,822**
Net financial income/cost	**-16,318**	**-17,779**

Parent company (SEK K)	2023	2022
Other interest income and similar profit and loss items		
Interest income, bank	1	2
Other financial income	21	-
Total	**22**	**2**
Other interest expenses and similar profit and loss items		
Interest expense, convertible loan Duba AB, non-cash flow item	-12,282	-12,919
Other financial costs, non-cash flow item	-298	-416
Total	**-12,580**	**-13,335**
Net financial income/cost	**-12,559**	**-13,333**

Note 15 - Tax

Group (SEK K)	2023	2022
Current tax for the year	-2,926	-
Deferred tax expense relating to temporary differences	-	-
Income tax expense	**- 2,926**	**-**

Reconciliation of effective tax rate	2023	2022
Net result for the year before tax	-128,905	-161,750
Tax according to the current tax rate 20.6 %	26,554	33,320
Tax effect attributable to non-deductible expenses	-248	-76
Tax effect on non-taxable income	19	-
Tax effect on non-deductible interest	-2,556	-2,746
Withholding tax on prepaid income	-2.926	-
Effect of deficit for which deferred tax has not been reported	-23,769	-30,498
Income tax expense	**-2,926**	**0**

Parent company (SEK K)	2023	2022
Net result for the year before tax	-26,738	-35,793
Tax according to the current tax rate 20.6 %	5,508	7,373
Tax effect on non-deductible expenses	-39	-2
Tax effect on non-taxable income	4	-
Tax effect of non-deductible interest	-2,556	-2,746
Effect of deficit for which deferred tax has not been reported	-2,917	-4,625
Income tax expense	**0**	**0**

The group's losses carry forward has not been assigned any value in the balance sheet as these are not considered likely to be utilized against future taxable profits.

The group does not report tax receivables from right-of-use assets and lease liabilities because Affibody's assessment is that it is not likely that Affibody will generate sufficient taxable surplus attributable to the same tax authority and tax subject during the same periods as deductions are made in the income tax return.

Information regarding deferred tax receivables and tax liabilities due to right-of-use assets and lease liabilities.	Group 2023		
	Assets	**Liabilities**	**Net**
Right-of-use assets	-	11,644	-11,644
Lease liabilities	12,476	-	12,476
Total	**12,476**	**11,644**	**832**

	Group 2022		
	Assets	**Liabilities**	**Net**
Right-of-use assets	-	12,242	-12,242
Lease liabilities	12,913	-	12,913
Total	**12,913**	**12,242**	**671**

Affibody, whose ultimate parent company is Investor AB, is covered by the new legislation for Pillar Two which has been drawn up by the OECD and adopted in Sweden. The legislation has entered into force on December 31, 2023. The company has a deficit, which is why additional tax will not be relevant for the company.

Information of the group´s losses carried forward	2023	2022
Affibody AB	821,585	724,163
Affibody Medical AB	126, 332	112,172
Totalt	**947,917**	**836,335**

Tax effect of the group´s losses carried forward that are unlimited in time:	2023	2022
Affibody AB	169,247	149,178
Affibody Medical AB	26,024	23,107
Totalt	**195,271**	**172,285**

Non-deductible interest expenses due to Affibody Medical that are not included in the tax losses carry forward above and that are limited in time* amounts to:	2023	2022
Non-deductible interest expenses	12,410	13,334
Tax effect of non-deductible interest expenses	2,556	2,747

* Tax losses due to non-decuctible intererest expenses need to be used within six years.

Note 16 - Property, plant and equipment

Laboratory, office, and IT equipment (SEK K)	2023	2022
Opening acquisition cost, January 1	47,787	45,169
Acquisitions	4,373	2,617
Divestments	-	-
Closing acquisition cost, December 31	**52,160**	**47,787**
Opening depreciation, January 1	-32,300	-23,907
Depreciation for the year	-7,844	-8,393
Divestments	-	-
Closing depreciation, December 31	**-40,144**	**-32,300**
Carrying amount, December 31	**12,015**	**15,486**

Installations (SEK K)	2023	2022
Opening acquisition cost, January 1	11,042	11,042
Acquisitions	-	-
Divestments	-	-
Closing acquisition cost, December 31	**11,042**	**11,042**
Opening depreciation, January 1	-11,042	-11,037
Depreciation for the year	-	-5
Divestments	-	-
Closing depreciation, December 31	**-11,042**	**-11,042**
Carrying amount, December 31	**-**	**-**

Improvement of others' real estate (SEK K)	2023	2022
Opening acquisition cost, January 1	1,716	1,649
Acquisitions	-	67
Divestments	-	-
Closing acquisition cost, December 31	**1,716**	**1,716**
Opening depreciation, January 1	-662	-510
Depreciation for the year	-164	-153
Divestments	-	-
Closing depreciation, December 31	**-826**	**-662**
Carrying amount, December 31	**890**	**1,054**

Total carrying amount, December 31: Property, plant and equipment	**12,906**	**16,541**

Estimated useful life for property, plant and equipment (SEK K)	2023	2022
Laboratory equipment	5 years	5 years
Office equipment	5 years	5 years
IT equipment	5 years	5 years
Improvement of others' real estate*	10 years	10 years

* Improvements to others' real estate consist of expenses for the renovation of office and laboratory premises, which are depreciated over the term of the lease, which is 10 years from April 2019.

Note 17 - Accounts receivable and other receivables

On December 31, 2023 the accounts receivable amounted to SEK 1.7 M (15.5). During the year, the company did not make provisions for expected customer losses. On December 31, 2023, accounts receivable amounting to SEK 0.4 M (8.5) were past-due. The group's revenue derives from a limited number of customers, which entails a customer concentration in outstanding accounts receivable.

Accounts receivable and other receivables

Group (SEK K)	**2023**	**2022**
Accounts receivable	1,652	15,458
Provision for doubtful receivables	-	-
Accounts receivable - net	**1,652**	**15,458**

Accounts receivable past-due

Group (SEK K)	**2023**	**2022**
Due 1-30 days	253	8,447
Due 31-90 days	154	-
Due 91-180 days	-	-
Due more than 180 days	11	-
	418	**8,447**

Amount recognized, by currency, for accounts receivable and other receivables

Group (SEK K)	**2023**	**2022**
SEK	-	-
USD	1,652	15,458
EUR	-	-
Other currencies	-	-
	1,652	**15,458**

The payment terms for the group's accounts receivables are usually 30 to 90 days

Note 18 - Prepaid expenses and accrued income

Group (SEK K)	**2023**	**2022**
Accrued income*	1,170	7,813
Prepaid project costs	5,436	4,792
Total	**6,606**	**12,605**

Parent company (SEK K)	**2023**	**2022**
Prepaid rent	3,824	3,565
Other items	17	60
Total	**3,841**	**3,625**

* Accrued income during 2022 refers to compensation for work done on Acelyrin's behalf in connection with the licensing of the rights for izokibep.

Note 19 - Financial assets and liabilities

Financial instruments by category are recognized in the table below:

Group 2023 (SEK K)

Financial assets	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Total carrying amount
Participations in unlisted companies*				
Accounts receivable	1,652	-	-	1,652
Accrued income	1,170	-	-	1,170
Cash and cash equivalents	126,156	-	-	126,156
Total assets	**128,978**	**0**	**0**	**128,978**
Financial liabilities				
Shareholder loans	-	117,067	-	117,067
Accounts payable	-	13,483	-	13,483
Lease liability	-	60,565	-	60,565
Accrued expenses	-	21,624	-	21,624
Total liabilities	**0**	**212,739**	**0**	**212,739**

Group 2022 (SEK K)

Financial assets	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Total carrying amount
Participations in unlisted companies*	-	-	-	0
Accounts receivable	15,458	-	-	15,458
Accrued income	7,813	-	-	7,813
Liquid funds	45,246	-	-	45,246
Total assets	**68,517**	**0**	**0**	**68,517**
Financial liabilities				
Convertible loans	-	212,069	-	212,069
Accounts payable	-	5,176	-	5,176
Lease liability	-	62,687	-	62,687
Accrued expenses	-	22,377	-	22,377
Total liabilities	**0**	**302,309**	**0**	**302,309**

IFRS 13 Valuation at fair value contains a valuation hierarchy regarding input data for the valuations. This valuation hierarchy consists of three levels:
Level 1: Listed prices (unadjusted) in active markets for identical assets or liabilities that the company has access to at the time of valuation.
Level 2: Input data, other than the quoted prices included in Level 1, which are directly or indirectly observable for the asset or liability. This may also refer to input data other than quoted prices that are observable for the asset or liability, such as interest rates, yield curves, volatility and multiples.
Level 3: Unobservable input data for the asset or liability. At this level, assumptions that market participants would use in pricing the asset or liability, including risk assumptions, must be taken into account. For all items above, in addition to other long-term liabilities, the book value is an approximation of the fair value, so these items are not allocated to levels according to the valuation hierarchy.
The convertible loan is initially valued according to an estimated market interest rate, which is judged to correspond to the current market interest rate whereby the carrying amount is essentially judged to correspond to fair value.
*Valuation at fair value within level 3. See note 6 for further information.

Note 20 - Leases

The group divides its lease agreements into two classes of right-of-use assets: premises and equipment. Total cash flow due to the lease agreements was SEK 12,368 K (13,847). The table below presents the closing balances for right-of-use assets and lease liabilities, as well as the changes during the year:

	Right-of-use assets			
(SEK K)	**Premises**	**Equipment**	**Total**	**Lease liability**
Opening balance as of January 1, 2022	**67,308**	**291**	**67,599**	**69,605**
Additional leases	-	-	-	-
Depreciation of right-of-use assets	-11,087	-188	-11,275	-
Terminated leases	-	-	-	-
Revaluation of leases	2,331	-	2,331	-
Index enumeration	773	-	773	**759**
Interest expenses for lease liabilities	-	-	-	**4,487**
Total lease fees	-	-	-	**-12,163**
Closing balance as of December 31, 2022	**59,325**	**103**	**59,429**	**62,687**

	Right-of-use assets			
(SEK K)	**Premises**	**Equipment**	**Total**	**Lease liability**
Opening balance as of January 1, 2023	**59,325**	**103**	**59,428**	**62,688**
Additional leases	-	-	-	-
Depreciation of right-of-use assets	-9,975	-103	-10,078	-
Terminated leases	-	-	-	-
Revaluation of leases	-	-	-	-
Index enumeration	7,175	-	7,175	**7,175**
Interest expenses for lease liabilities	-	-	-	**4,492**
Total lease fees	-	-	-	**-13,789**
Closing balance as of December 31, 2023	**56,525**	**-**	**56,525**	**60,565**

The amounts attributable to leases recognized in the income statement during the year are presented below:

(SEK K)	**Group 2023**	**Group 2022**
Depreciation of right-of-use assets	-10,078	-11,275
Interest expenses for lease liabilities	-4,492	-4,487
Costs related to short-term leases	-	-
Costs for leases where the underlying asset is low in value	-205	-58
Impact of terminated leases on result	-	-
Total costs attributable to leasing activities	**-14,775**	**-15,820**

Maturity analysis of the group's lease liabilities

Group (SEK K)	**31/12/2023**	**31/12/2022**
Less than 12 months	13,525	12,214
1 to 5 years	54,299	48,933
More than 5 years	5,454	19,389
Total	**73,277**	**80,536**

Maturity analysis of the parent company's lease commitments

Parent company (SEK K)	**31/12/2023**	**31/12/2022**
Less than 12 months	13,525	12,214
1 to 5 years	54,299	48,933
More than 5 years	5,454	19,389
Total	**73,277**	**80,536**

Note 21 - Shareholder and convertible loans

Between June to September 2023, the parent company received loans of SEK 111.5 M from the shareholders. Accrued interest on the shareholder loans amounted to SEK 5.6 M as of December 31, 2023. The loan includes a mandatory conversion in case Affibody completes a next significant financing round or an IPO. At conversion the number of shares is settled with an amount covering the principal and interest accrued as of settlement. The share price will be based on the share price in the financing round or the IPO. If there is no such transaction before the repayment date, June 1, 2026, the principal amount, and the accrued interest will be settled in cash unless the lenders determine, and Affibody confirms, a later date. Since there is no fixed conversion rate, but conversion is made to a variable number of shares, the convertible loan does not contain an equity component. Nor is it deemed to contain any embedded derivatives that need to be separated. The loan is therefore reported in its entirety as debt at amortized cost.

In July 2021, the parent company received convertible loans of SEK 207.6 M. The loans matured on July 30, 2023, to their nominal amount. The shareholders decided to convert convertibles into shares of a nominal amount including interest of SEK 215.8 M and SEK 3.2 M of the convertible loans were repaid in cash on July 30, 2023.

The conversion price was SEK 47. The estimated market interest rate was 6.5% at the time of issue. The convertible loans were reported as a compound financial instrument divided into a debt component and an equity component. The equity component was reported as other contributed capital.

Maturity analysis of the group's convertible loans

Group (SEK K)	**31/12/2023**	**31/12/2022**
Less than 12 months	-	212,069
1 to 5 years	117,067	-
More than 5 years	-	-
Total	**117,067**	**212,069**

Maturity analysis of the parent company's convertible loans

Parent company (SEK K)	**31/12/2023**	**31/12/2022**
Less than 12 months	-	212,069
1 to 5 years	117,067	-
More than 5 years	-	-
Total	**117,067**	**212,069**

Note 22 - Share capital

As of December 31, 2023 the registered share capital amounted to SEK 122,434,740 distributed among 24,486,948 shares. Affibody Medical AB has only one class of share. All shares give equal voting rights and are entitled to equal parts of distributable profits. The quotient value amounts to SEK 5. For further information, see page 26.

	Shares	Share capital
As of January 1, 2023	19,879,494	99,397,470
New share issue	4,607,454	23,037,270
As of December 31, 2023	**24,486,948**	**122,434,740**

Note 23 - Provisions

The provisions are attributable to social security contributions for share-based remuneration in the incentive programs ESOP 2021/2028 and ESOP 2022/2029. The provision is revalued according to the Black-Scholes pricing model on each reporting date, based on a calculation of the expected social security contributions to be paid when the options are exercised.

Group (SEK K)	2023	2022
Social security contributions in the ESOP programs	6,587	5,065
Total	**6,587**	**5,065**

Parent company (SEK K)	2023	2022
Social security contributions in the ESOP programs	2,758	2,238
Total	**2,758**	**2,238**

Note 24 - Other non-current liabilities

As of December 31, 2023 Affibody has other non-current liabilities of SEK 0 (0). The liabilities were attributable to liabilities to employees in relation to the synthetic share and option program subscribed to in December 2017. In February 2022 the synthetic shares and option program was closed. For further information, see note 9.

Group (SEK K)	2023	2022
As of January 1	**-**	**1,428**
Revaluation during the year	-	24
Amounts utilized during the year	-	-1,452
As of December 31	**-**	**-**

Note 25 - Accrued expenses

Group (SEK K)	2023	2022
Prepaid revenues*	58,726	-
Staff-related liabilities	9,885	5,725
Accrued project costs	1,972	5,033
Other accrued expenses	19,652	17,343
Total	**90,234**	**28,102**

Parent company (SEK K)	2023	2022
Staff-related liabilities	1,499	864
Other	544	4,869
Total	**2,043**	**5,733**

*The group's revenue will be recognized as revenue on the date when control of the licensed asset is transferred to the counterparty. For further information see note 5.

Note 26 - Other non-cash flow items

Group (SEK K)	2023	2022
Accrued interest on loans from Duba AB and other shareholders	12,547	13,311
Exchange rate differences, liquid funds	8,746	-5,555
Employee benefit expenses ESOP programs	4,998	4,654
Provision for social security contributions ESOP programs	1,522	4,365
Revaluation of synthetic shares and options	-	23
Other non-cash flow items	-246	-
Total	**27,566**	**16,798**

Parent company (SEK K)	2023	2022
Accrued interest on loans from Duba AB and other shareholders	12,547	13,311
Employee benefit expenses ESOP programs	2,224	2,198
Revaluation of synthetic shares and options	-	24
Provision for social security contributions ESOP programs	521	1,975
Total	**15,292**	**17,508**

			Non-cash flow items			
Reconciliation of changes in liabilities attributable to financing activities	2023-01-01	Cash flow	Change in lease agreements	Conversion to shares	Accrued interest	2023-12-31
Shareholder loans	0	111,514	-	-	5,553	117,067
Convertible loans	212,069	-3,237	-	-215,825	6,993	0
Lease agreements	62,687	-9,051	6,929	-	-	60,565
Total	**274,756**	**99,225**	**6,929**	**-215,825**	**12,547**	**177,632**

			Non-cash flow items			
Reconciliation of changes in liabilities attributable to financing activities	2022-01-01	Cash flow	Change in lease agreements	Conversion to shares	Accrued interest	2022-12-31
Convertible loans	198,758	-	-	-	13,311	212,069
Lease agreements	69,605	-6,918	-	-	-	62,687
Total	**268,363**	**-6,918**	**-**	**-**	**13,311**	**274,756**

Note 27 - Participation in group companies

Parent company (SEK K)	2023	2022
Opening balance	866,053	838,597
Shareholders' contribution	105,000	25,000
Share-related remuneration, subsidiaries	2,774	2,456
Closing book value	**973,827**	**866,053**

Group companies	% equity	% votes	Number of shares
Affibody AB	100%	100%	1,000

Information about group companies	Corporate identity number	Registered office
Affibody AB	556665-6913	Stockholm

Note 28 - Pledged assets and contingent liabilities

Group (SEK K)	2023	2022
Pledged assets	5,845	5,845
Contingent liabilities	-	-

Parent company (SEK K)	2023	2022
Pledged assets	5,845	5,845
Contingent liabilities	-	-

Pledged assets provided for both the group and the parent company refer to deposits attributable to rental agreements.

Note 29 - Proposed appropriation of profits

The following funds are available to the annual general meeting: SEK

Share premium reserve:	862,899,290
Result brought forward:	-102,758,115
Net result for the year:	-26,737,733
Total:	**733,403,443**

The board propose that the available funds of SEK 733,403,443 be carried forward.

Note 30 - Significant events after the end of 2023

- Affibody's partner ACELYRIN announced positive top-line results for izokibep in psoriatic arthritis and long-term clinical benefits in hidradenitis suppurativa.
- First gastroesophageal cancer patients enrolled in Phase 2 basket trial using Affibody's PET imaging agent ABY-025.

Note 31 - Going concern

The board continuously monitors and evaluates the company's funding needs and financial position given continuous development, outlicensing activities, and existing strategic partnerships.The cash at hand is not sufficient to fund the company's operations for the next twelve-month period. If financing is not sufficiently obtained there is a significant risk concerning the company's ability to continue as a going concern. The company, however, anticipates receiving payments from existing collaborations which together with cash at hand will finance the operations for the next twelve-month period. If the anticipated payments are later, or lower, than expected, the company may seek additional financing and adapt the pace of ongoing activities to enable the operations to continue for the next twelve-month period. Accordingly, the annual report is prepared on the basis of a going concern assumption.

The board acknowledges that further funding (equity, debt, grants and/or revenue from new and existing collaborations) will be required to finance the company's long-term strategy which includes commercialization. Accordingly, active work is ongoing regarding both business development and equity and debt financing to secure the company's long-term financing.

Signatures of the board and CEO

The board and CEO certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the group's position and results. The annual accounts have been prepared in accordance with generally accepted accounting principles and provide a true and fair view of the financial position and results of the parent company. The administration report for the group and the parent company provides a true and fair view of the development of the group's and the parent company's operations, financial position and results and describes the significant risks and uncertainties facing the parent company and the companies included in the group. The income statement and balance sheets will be submitted to the annual general meeting on May 16, 2024 for approval.

Stockholm, at the day of our electronical signature

Robert Burns
Chair of the Board

Gillian Cannon
Board Member

Jonathan Knowles
Board Member

Jakob Lindberg
Board Member

José Suárez
Board Member

Mathias Uhlén
Board Member

Camilla Sønderby
Board Member

Anders Martin-Löf
Board Member

Michael Monaghan
Board Member, employee representative

Anna Maria Sandén
Board Member, employee representative

David Bejker
Chief Executive Officer (CEO)

Our auditor's report was submitted the day of our electronical signature

Ernst & Young AB

Anna Svanberg
Authorized public accountant

Auditor's report

To the general meeting of the shareholders of Affibody Medical AB, corporate identity number 556714–5601

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Affibody Medical AB except for the corporate governance statement of pages 46-56 for the year 2023 (the financial year 2023-01-01 – 2023-12-31). The annual accounts and consolidated accounts of the company are included on pages 39-92 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2023 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2023 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinion does not cover the corporate governance statement on pages 46-56. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the parent company and the group.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Material Uncertainty Related to Going Concern

We draw attention to the Director's report, Note 3 and Note 31 in the financial statements, where it is stated that the Company's current cash and cash equivalents is not deemed to finance planned business operations fully over the coming twelve months and if financing is not sufficiently obtained there is a significant risk concerning the company's ability to continue as going concern. These events or conditions, along with other matters as set forth in the report, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as going concern. Our opinion is not modified in respect of this matter.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-38 and 96-99. The Board of Directors and the Managing Director are responsible for this other information.

Our opinion on the annual accounts and consolidated accounts does not cover this other 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 Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of the annual accounts and consolidated accounts and that they give a fair presentation in accordance with the Annual Accounts Act and, concerning the consolidated accounts, in accordance with IFRS as adopted by the EU. The Board of Directors and the Managing Director 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 Managing Director are responsible for the assessment of the company's and the group'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 Managing Director intend to liquidate the company, to cease operations, or has no realistic alternative but to do so.

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to 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 ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Managing Director.
- 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 consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of 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 and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Affibody Medical AB for the year 2023 (the financial year 2023-01-01 – 2023-12-31) and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors is responsible for the proposal for appropriations of the company's profit or loss. At the proposal of a dividend, this includes an assessment of whether the dividend is justifiable considering the requirements which the company's and the group's type of operations, size and risks place on the size of the parent company's and the group's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner. The Managing Director shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

- has undertaken any action or been guilty of any omission which can give rise to liability to the company, or
- in any other way has acted in contravention of the Companies Act, the Annual Accounts Act or the Articles of Association.

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 46-56 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

Stockholm, the day of our electronical signature
Ernst & Young AB

Anna Svanberg
Authorized Public Accountant

Annual general meeting

Annual general meeting 2024

The annual general meeting of Affibody Medical AB will be held on Thursday May 16, 2024, at 14:00, at the company's premises, Scheeles Väg 2, Solna.

Right to participate

Shareholders whose shares are registered in the name of a nominee must, to exercise the right to vote and participate in the general meeting, register their shares in their own name (so-called voting rights registration) so that the shareholder is included in the share register kept by Euroclear Sweden on Tuesday May 7, 2024. Voting registration requested by shareholders in such time that the registration has been completed by the nominee no later than Friday May 10, 2024, will be considered in the preparation of the share register. This means that such shareholders must advise their nominees of this request well in advance of this date.

Further, in order to participate at the general meeting, shareholders must also notify their intention to participate to the company no later than Friday May 10, 2024. Notification shall be done in writing by letter addressed to Affibody Medical AB (publ), Scheeles väg 2, 171 65 Solna, by phone +46 8 59 88 38 00, or by e-mail to peter.zerhouni@affibody.se. The notification shall include the shareholder's name, address, telephone number, e-mail address, social security or corporate identity numbers and the number of shares held. Shareholders or proxies may bring up to two advisors to the general meeting, but only if the shareholders have notified the number of advisors to the company as set out above.

Shareholders who wish to exercise their voting right through a proxy, must issue a dated and signed power of attorney to the proxy. The validity of the power of attorney may not exceed a period of five years from its issuance. If the power of attorney is issued by a legal entity, a copy of the certificate of registration or equivalent authorization documents for the legal entity shall be attached. The company provides a form of power of attorney at request and the form is also available at the company's website, www.affibody.se.

Calendar for 2024

- Interim report Q1 2024 April 30, 2024
- Interim report Q2 2024 August 30, 2024
- Interim report Q3 2024 November 21, 2024

The annual report can be downloaded in pdf format from www.affibody.se, as can previous annual reports and press releases.

For further information, please contact:

David Bejker, President and CEO, david.bejker@affibody.se
Peter Zerhouni, CFO and CBO, peter.zerhouni@affibody.se

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Corporate ID number 556714-5601

Definitions of key ratios

The company has chosen to adhere to the ESMA's guidelines for alternative key ratios and to present these key ratios in the report as the company considers them important in order to give the reader additional information and an understanding of the company's financial position and development.

Net sales
The company's revenue from product sales, services and licenses during the period.

Operating result
Profit/loss for the period before financial items and tax.

Equity at the end of the period
The group's equity at the end of the period.

Equity ratio, %
Equity as a percentage of the balance sheet total. Used to measure what percentage of the assets is financed through equity at the end of the period.

Cash flow
Cash flow for the period.

Cash and cash equivalents
Liquid funds comprise cash at financial institutions and are recognized at their nominal amount.

R&D costs, %
R&D costs divided by total operating costs. Shows the proportion of the company's costs attributable to the company's core business.

Average number of employees
The average number of employees during the period.

(SEK K)	Jan - Dec 2023	Jan - Dec 2022
Net sales	191,799	226,648
Operating result*	-112,586	-143,970
Net result for the year	-131,831	-161,750
Equity at the end of the period	-68,136	-157,128
Equity ratio*		
Equity	-68,136	-157,128
Balance sheet total	223,830	162,992
Equity ratio, %	0.0%	0.0%
Cash flow	89,657	-113,554
Liquid funds	126,156	45,246
R&D costs*		
Research and development costs	-204,158	-141,434
Total operating costs	-278,694	-198,426
R&D costs/Total operating costs %	73.3%	71.3%
Average number of employees	90	91

*Alternative key ratios in accordance with the ESMA
Operating result
Equity ratio
R&D costs

Glossary

Administration route
The way in which a drug is administered to the body, for example via a tablet or a subcutaneous injection.

Affibody® molecules
A new class of drug that has the same selectivity and efficacy as monoclonal antibodies. They differ markedly from natural antibodies in that they are much smaller in size and have a more compact structure. Affibody® molecules also do not activate the body's immune system via Fc gamma receptors.

Affinity
The strength of the binding of a drug candidate to its target protein, such as a receptor or signaling molecule.

Antigen
Substances that are recognized by the immune system and induce an immune reaction.

Biologics
Substances produced by a living organism used in the prevention, diagnosis, or treatment of a disease. Biologics include antibodies, interleukins, and vaccines.

Complement system
Part of the immune system that, among other things, fights disease-causing microorganisms (such as bacteria and parasites).

Complement component 5 (C5)
An important protein in the complement cascade system.

Complement mediated disease
Pathological disruption in a part of the innate immune system.

Dactylitis
Inflammation in the joints of a small extremity (toe or finger).

Double-blind study
See "Randomized and double-blind study".

Enthesitis
Inflammation of the insertion sites of tendons and/or ligaments into the bone.

Extension study
Studies that allow for patients participating in a clinical trial to move over into a subsequent related study to continue to observe and measure long-term safety, tolerability, and/or effectiveness of the drug candidate.

Fibrotic diseases
A common mechanism in fibrotic diseases, regardless of which organs are involved, is excessive accumulation of collagen-rich scar tissue. In severe forms of fibrosis, uncontrolled accumulation of scar tissue leads to organ failure and death.

HER2
Human Epidermal Growth Factor Receptor 2 (HER2) is a growth factor receptor that is overexpressed in some cancer forms, such as breast, ovarian, and stomach cancers.

HER2 expression
Overexpression of HER2 is present in approximately 15 percent of breast cancer cases. The definition most commonly used is immunohistochemistry (IHC) 2+/3+ or in situ hybridization (ISH) positive.

HER2-low breast cancer has been found to be a separate entity, accounting for about 50 percent of breast cancer cases. The definition most commonly used is IHC 1+/2+ or ISH negative.

Interleukin 17 (IL-17)
Interleukins (IL) are a group of signaling molecules (cytokines) that are secreted by white blood cells and thus play an important role in the immune system. Interleukin 17 (IL-17) often occurs at elevated levels in inflammatory conditions.

Immunosuppressive
Drug treatments that exert an inhibiting effect on the immune system's propensity to activate.

MAD study (multiple ascending dose)
A Phase 1 clinical study to investigate the evaluate the pharmacokinetics and pharmacodynamics, as well as safety and tolerability, of a novel drug candidate. In these studies, healthy participants are given several doses, in sequential groups, up until a predetermined level.

Metastatic
Cancer cells that have migrated from their primary tumor site and integrated with a new tissue location.

Monoclonal antibodies
Antibodies produced by a single clone of cells.

Multispecific
The property of Affibody® molecules to interact with several specific antigens on a target molecule.

Open label study
A type of study in which both the health providers and the patients are aware of the drug or treatment being given.

Phase 1 study
Early study in a clinical research program performed in a small number of individuals in order to show that the substance is safe to administer to humans and to investigate the pharmacokinetics and pharmacodynamics of the substance.

Phase 2 study
Clinical study performed in a group of patients suffering from a disease in order to study how effective the drug is in treating the disease. Phase II studies usually also include dose studies in which the future dose of the drug to be given to patients is examined.

Phase 3 study (pivotal study / registrational study)
Clinical study performed in a large group of patients in order to definitively define the use of the drug for the treatment of the addressed disease. The patient group should, as far as possible, imitate the population in which the finished drug is then to be used. The drug candidate is usually compared against an accepted standard treatment and/or placebo.

Phase 4 study (post-market study)
Post-marketing study concerning diagnostic, therapeutic, or prophylactic drugs, devices, or techniques that have been approved for general sale. These studies are conducted to obtain supplementary data about the safety and efficacy of a product.

Placebo-controlled study
Research study in which some of the study participants receive an inactive preparation. Conducted to produce a relevant control group and to counteract the reporting of unintentional false positive results or exaggerated safety findings.

Positron emission tomography (PET)
A medical imaging technique where small amounts of radioactive markers are used. A special camera and computer are used to record the emitted radiation to determine its location and create a three-dimensional image that can be used to locate a tumor, for example.

Radiopharmaceutical
Radiopharmaceuticals are a group of pharmaceutical drugs containing radioactive isotopes and can be used as diagnostic and therapeutic agents.

Randomized and double-blind study
Research study in which the studied drug candidate, or placebo, is randomly assigned to study participants (randomized), and where neither the study director nor the study participants receive information about who has received treatment with the drug candidate (double-blind).

SAD study (single ascending dose)
A Phase 1 clinical study to evaluate the safety and tolerability of a novel drug candidate. In these studies, healthy participants are given single doses, in sequential groups, until the maximum tolerated dose level is identified.

Selectivity
The propensity of a drug candidate to bind to a particular target structure.

Subcutaneous formulation
Preparation for the administration of a drug under the skin.

Tolerability
The extent of side effects that are considered acceptable, by the patient or from a medical ethics perspective, to endure in connection with a drug treatment.

TSLP
Thymic stromal lymphopoietin, a cytokine produced by cells that, among other functions, maintain the structural integrity of tissues.

Uvea
The vascularized coat of the eyeball as well as the iris, which maintain critical processes for the function of the eye.

Affibody Medical AB (publ)

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