toleranzia

Annual report 2024

Org.nr. 556877-2866 | www.toleranzia.se | Arvid Wallgrens backe 20, 413 46 Göteborg

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ABOUT TOLERANZIA AB (PUBL)

Toleranzia AB (556877-2866) is a Swedish biotechnology Company listed on Nasdaq First North. The Company develops drugs that harness the power of the immune system to treat autoimmune orphan diseases. The drugs, which target the cause of the disease, can alleviate or cure the disease and not, like current treatments, just reduce the symptoms. They have the potential to be the first long-acting or curative treatments that act specifically on the underlying cause of the autoimmune disease they are developed for. Toleranzia's main focus is the autoimmune nerve and muscle disease myasthenia gravis, for which the Company is developing the drug candidate TOL2. In addition, Toleranzia is working on the autoimmune blood vessel disease ANCA vasculitis, for which the Company is developing the drug candidate TOL3. For both diseases there is a high unmet medical need and a large market potential. Toleranzia was founded by researchers at the University of Gothenburg. The Company is based at the Biotech Center in Gothenburg. For further information, please visit: www.toleranzia.com.

ABOUT MYASTHENIA GRAVIS

In myasthenia gravis, the immune system attacks the acetylcholine receptors in the body's muscles. These receptors are proteins that relay nerve signals to the muscles. When they are attacked, the transmission of electrical impulses is disrupted, leading to severe muscle weakness. Patients' symptoms often begin insidiously, but over time a range of problems develop that severely affect patients' daily lives. They may have difficulties with chewing, swallowing, and breathing, making any kind of physical activity increasingly difficult. Reduced ability to control the muscles that regulate bowel and bladder movements is perceived as a major social handicap and, in the case of severe breathing problems, the condition can be life-threatening. Around 200,000 people in the EU and US are currently living with the disease, which mainly affects women and usually starts at the age of 20-40. The available treatments have limited efficacy and are associated with side effects that negatively affect patients' quality of life.

ABOUT ANCA VASCULITIS

ANCA vasculitis is a rare disease that occurs when the body's immune system mistakenly attacks a protein in white blood cells. This leads to the activation of the white blood cells, causing extensive inflammation of the blood vessels. This in turn can cause serious damage to the kidneys, lungs and other vital organs. Symptoms vary depending on which organs are most damaged. Patients can suffer from severe kidney failure and respiratory problems. In Europe and the United States, around 115 000 people are currently living with the disease, which, like myasthenia gravis, has no effective and safe treatment.

SUMMARY OF SELECTED FINANCIAL DATA

- Operating expenses amounted to KSEK 41,397 (59,158)
- Operating profit (EBIT) amounted to KSEK -10,248 (-7,891)
- Net result for the year amounted to KSEK -9,436 (-7,459)
- The Board will not propose a dividend

A WORD FROM THE CEO

As we enter 2024, I am pleased to reflect on a year of significant progress and strategic milestones for Toleranzia. Our commitment and dedication have brought us closer to our vision of developing innovative, life-changing treatments for patients with autoimmune diseases, with a particular focus on our lead drug candidate, TOL2, for myasthenia gravis.

Important regulatory achievements

In the first quarter, we reached an important milestone by successfully completing the GLP regulatory toxicology study of TOL2. The results showed that TOL2 was well tolerated even at high doses, with no adverse events observed during treatment or follow-up. These positive results provided strong support to move forward into clinical development.

With this momentum behind us, we participated in a scientific advisory meeting with Germany's Paul Ehrlich Institute (PEI) in January. Their feedback was positive overall on our development plan and the design of our planned Phase I/IIa clinical trial. This support, together with earlier positive feedback from regulatory authorities in Sweden and Denmark, strengthened our clinical strategy.

Clinical trial application

During the second and third quarters, we finalized the clinical trial application for TOL2. All preclinical studies were completed, and data were compiled for submission. A particularly important step in the process was a unique preclinical study in May, where TOL2 was exposed to blood samples from myasthenia gravis patients. The study confirmed that TOL2 neither induced inflammatory immune activation nor negatively affected blood cells, further strengthening its safety profile.

In October, we took a major step forward by submitting the clinical trial application for TOL2 to the European Medicines Agency (EMA). In February, we were delighted to announce that the trial application had been approved in Sweden and Germany. The clinical trial will be a double-blind, randomized, placebo-controlled, first-in-human (FIH) Phase I/IIa trial in patients with generalized myasthenia gravis, receiving single or multiple doses of increasing amounts of TOL2 to assess its safety, tolerability and preliminary efficacy.

Capital injection

To support our progress, we raised capital in October through the exercise of TO4 warrants, raising approximately SEK 37 million with a participation rate of approximately 85%. The capital has provided a good financial basis for carrying out several necessary pre-clinical activities required before we can start the Phase I/IIa clinical trial of TOL2. To complete the remaining preparations, we estimate that the company will need capital injections shortly. As a clinical trial should not be initiated before full funding is secured, further not insignificant capital injections will be needed.

Looking ahead

Operationally, intensive work is now underway in two main areas. First, we are finalizing the formulation of the previously produced GMP batch of drug substance into a lyophilized drug product. This work, which is ongoing in collaboration with our contract manufacturer, will provide the data required for regulatory authorities to grant final non-conditional approval to start the clinical trial. Second, we are putting a lot of focus on planning to ensure smooth logistics for the handling, transportation and analysis of patient samples from clinics participating in the trial.

We continue to work diligently to initiate the clinical trial of TOL2 and to explore its promising potential to change the treatment landscape for patients with myasthenia gravis.

Charlotte Fribert
Chief Executive Officer

MANAGEMENT REPORT

The Board of Directors and the CEO of Toleranzia AB (publ), 556877-2866, hereby submit their annual report for 2024.

Information on activities

The Company is engaged in advanced drug development and aims, together with global pharmaceutical partners, to develop and commercialize drugs for the treatment of autoimmune diseases. The Company is based in the municipality of Gothenburg, Västra Götaland County.

Company structure and shareholdings

Toleranzia does not have any subsidiaries. Flerie Invest AB owns more than 50% of the shares, which means that Toleranzia is a subsidiary of Flerie Invest AB. The Company owns no own shares.

Significant events during the financial year

First quarter

- The pivotal GLP toxicology study of TOL2 was successfully completed and provided full support for the submission of a clinical trial application in patients with myasthenia gravis
- The scientific advisory meeting with the German Medicines Agency Paul Ehrlich Institut was completed and provided broad support for the company's planned Phase I/IIa clinical trial of TOL2

Second quarter

- A loan commitment of SEK 20 million was obtained from Flerie Invest AB
- A safety study of TOL2 in blood samples from patients with myasthenia gravis was successfully completed

Third quarter

- A clinical CRO was contracted for the phase I/IIa trial of TOL2
- Ann-Sofie Taube was appointed CFO on an interim basis
- Subscription commitments were received for the exercise of warrants of series TO4 corresponding to approximately 71.14 percent

Fourth quarter

- A clinical trial application for the drug candidate TOL2 was submitted to the EMA
- The company received approximately SEK 37 million through the warrants of series TO4
- A new Certified Adviser was appointed (Svensk Kapitalmarknadsgranskning AB)
- The composition of the Nomination Committee for the 2025 Annual General Meeting was announced

Significant events after the end of the financial year

- Toleranzia updated on the process for the Company's clinical trial application
- Toleranzia's clinical trial application for TOL2 was approved in Sweden and Germany but rejected in Denmark
- Toleranzia decided to apply for a scientific advice meeting with the Danish Medicines Agency
- Toleranzia and Flerie AB entered into a merger plan to delist Toleranzia
- The board of directors of Toleranzia unanimously recommended the shareholders of Toleranzia to vote in favor of the implementation of the proposed merger between Toleranzia and Flerie AB

- Toleranzia called an Extraordinary General Meeting on May 7, 2025
- Toleranzia entered into a conditional loan agreement with Flerie AB including a credit facility of SEK 20 million provided that the merger plan is approved at the extraordinary general meeting on May 7, 2025

Turnover and results

The Company is a research and development company and had no net turnover in 2024.

Other operating income of KSEK 1,123 (489) during the period consisted mainly of grants from Vinnova, KSEK 1,044 (142), and currency gains, KSEK 66 (343).

The Company's operating expenses amounted to KSEK 41,397 (59,158) for the period, of which KSEK 6,776 (5,589) relates to personnel costs.

The operating result (EBIT) for the period amounted to KSEK -10,248 (-7,891) and result for the year amounted to KSEK -9,436 (-7,459).

Financial position, investments, and liquidity

Cash and cash equivalents amounted to KSEK 13,777 (18,304) and interest-bearing loans to KSEK 0 (850) as of December 31, 2024.

The Company has a continuous focus on cash flow. The Board of Directors and management work continuously to ensure long-term and sustainable financing of ongoing and planned development projects and assess that there are several possible options for securing financing.

In the fall of 2024, the Company carried out a new share issue through the redemption of subscription rights, which provided the Company with capital and liquid assets of approximately SEK 36.9 million, before issue costs. The Company will shortly need additional capital to prepare and conduct the planned clinical phase I/IIa trial. Initially, the conditional loan facility that the Company has signed with the main owner Flerie AB may enable the Company to fully carry out the clinical preparation activities, while the implementation of the clinical trial requires additional capital. See also the Financial risk section.

Cash flow from operating activities in 2024 amounted to KSEK -10,281 (-6,323). During 2024, the Company invested KSEK 30,026 (50,778) in intangible assets (TOL2).

The equity ratio at the end of the period was 97% (96%).

Multi-year overview

Amounts in KSEK	*2024-12-31*	*2023-12-31*	*2022-12-31*	*2021-12-31*	*2020-12-31*
Profit/loss after financial items	- 9 436	- 7 459	- 8 456	- 6 249	- 4 894
Total assets	186 474	160 427	125 632	132 230	72 576
Equity/assets ratio (%)	97	96	95	97	94

Personnel

Toleranzia is a development Company where committed employees with solid experience and cutting-edge expertise are a prerequisite for commercial success and for achieving the Company's vision. The Company had 10 full-time equivalent employees or contracted consultants as of December 31, 2024.

The average number of employees in 2024 amounted to 7 (7).

Environmental impact
The Company does not conduct any activities requiring notification under the Environmental Code.

FUTURE DEVELOPMENTS, RISKS AND UNCERTAINTIES

Future developments
The company's business focus is on the development of drugs for the long-acting or curative treatment of autoimmune orphan diseases. Over the next two years, a major focus will be on TOL2, which is being developed for the neuromuscular disease myasthenia gravis. In parallel, the company is developing another drug candidate, TOL3, for the blood vessel disease ANCA vasculitis.

Following the approval of Toleranzia's investigational application for TOL2 in Sweden and Germany, the Company is now working intensively to finalize the formulation of the previously produced GMP batch of TOL2 drug substance into a final lyophilized TOL2 drug product, with excellent stability, shelf life and handling properties. Production, which was successfully transferred and implemented at our contract manufacturer in 2024, is now in its final stage. Under the contract, approximately 3000 finished pharmaceutical packages of sterile, freeze-dried, GMP quality TOL2 will be produced. Toleranzia will then perform release testing and provide data to the EMA for their review and final approval, in accordance with the terms of the trial application approval. The finished drug packages will then be distributed to the clinical centers that will participate in Toleranzia's clinical trials.

The clinical trial of TOL2, which is the first to be conducted in humans, is a double-blind, randomized, placebo-controlled, first-in-human (FIH) Phase I/IIa trial. The aim is to evaluate the safety, tolerability and preliminary efficacy of single or multiple doses of increasing amounts of TOL2 in patients with myasthenia gravis. At least 24 participants are planned to be enrolled in the trial. With the positive regulatory responses in Sweden and Germany and the remaining work to fulfill the conditional requirements, recruitment of the first patients in the trial is expected to start in Q3. Already committed clinical centers in Sweden and Germany together provide an adequate base to conduct the multicenter trial. However, work is ongoing to include additional centers in Germany to ensure good patient recruitment and optimized timeframes.

The company's transition from preclinical to clinical development phase involves extensive work with several critical steps that Toleranzia is implementing in collaboration with our clinical CRO. This includes the identification and qualification of hospitals and research centers with experience in early clinical studies, as well as operational implementation, patient recruitment and data management at the selected trial centers. In addition, it includes the development of a risk mitigation plan to address potential unforeseen events and the implementation of adverse event reporting systems to relevant authorities. Overall, the work aims to ensure that Toleranzia's clinical development of TOL2 complies with strict regulatory requirements while prioritizing patient safety. The main goal of the clinical trial is to optimize the collection of robust and clinically relevant data, to strengthen our understanding of the safety and efficacy of the drug candidate while maximizing the value of the significant investment and future development opportunities.

Toleranzia's business model involves establishing partnerships with global pharmaceutical partners for continued clinical development and commercialization of the Company's proprietary drug candidates. Through continuous business intelligence and participation in the most important scientific conferences, the Company continues to present its technology to potential partners and ensure that the business is at the absolute forefront of the treatment of autoimmune diseases. The Company has established dialog with a number of potential partners and continues to drive business development activities towards the establishment of strong strategic partnerships.

Patents and other protection

Toleranzia has commercial protection in the form of orphan designation status for the Company's drug candidate TOL2 from both the EMA in Europe and the FDA in the United States, which strengthens Toleranzia's protection in both markets through market exclusivity. Upon commercialization, orphan drugs receive market exclusivity for 10 years in the European market and 7 years in the US market.

The Company has two pending patent applications - one to protect the manufacturing process of TOL2 and one to protect the treatment of autoimmune diseases with tolerogens in combination with other immunomodulatory agents, strengthening the Company's tolerogenic platform.

The Company also considers the prospects of establishing strong intellectual property protection for TOL3 to be good. The intention is to create both product patents and orphan drug status for TOL3 in both the EU and the US.

Financial risk

Toleranzia is a development company and has not yet generated any revenues. The company is in a very intensive phase with several ongoing pre-clinical activities prior to the start of the clinical phase I/IIa study of the drug candidate TOL2 for the treatment of myasthenia gravis. In order to complete the remaining preparations, a capital injection to the Company is required shortly. Furthermore, as a clinical trial should not be initiated before full funding is secured, additional - and not insignificant - capital injections will be needed.

The Board of Directors has evaluated several possible financing options and notes that, in the current market situation, it is challenging to raise capital in a listed environment. There is therefore a significant risk that the necessary capital cannot be obtained.

Toleranzia has received a merger offer from Flerie AB and the Board of Directors has, in light of the above, unanimously recommended the shareholders of Toleranzia to vote in favor of a merger with Flerie AB in accordance with the offer presented. Thomas Eldered, who is a member of the board of directors of Flerie and Toleranzia respectively, has not participated in the handling of matters relating to the merger or the preparation of the merger plan in Toleranzia's board of directors.

Toleranzia has also entered into a conditional loan agreement with Flerie AB including a credit facility of SEK 20 million. The agreement enters into force on May 7, 2025 and runs until September 15, 2025, provided that the merger plan is approved at Toleranzia's extraordinary general meeting on May 7, 2025.

In the event that the merger plan is approved at the Extraordinary General Meeting, the credit facility can ensure the Company's continued operational capacity and enable the Company to complete its clinic preparation activities until the completion of the merger while strengthening the Company's ability to secure long-term financing. Upon completion of the merger, Flerie will absorb Toleranzia, whereupon a combined company will be formed: New Flerie. After the completion of the merger, Toleranzia's operations will be transferred to a new subsidiary of Flerie Invest: New Toleranzia. The operation of the business of New Toleranzia will be the responsibility of Flerie Invest.

In the event that the merger plan is not approved at the Extraordinary General Meeting, there is significant uncertainty regarding the Company's future financing and continued ability to operate, which could have serious consequences for the Company's future development, financial results and financial position and ultimately adversely affect the Company's market value.

Operational risks

Toleranzia works continuously to identify and manage business-related risks. There are risks in all phases, both in preclinical, clinical and registration phases, which may mean that the Company's products do not result in commercial forms of treatment, which entails a risk that revenues will be completely or partially absent. The Company's risk factors are described without claiming to be comprehensive in the Company's prospectus, which was issued in connection with the rights issue in 2023 and which is available on the Company's website.

Employees

Toleranzia's key personnel, especially those in management and the Board of Directors, have extensive expertise and long experience in the Company's field of activity. Thus, the Company's future growth and success are highly dependent on the experience, knowledge and commitment of the Company's management, board of directors and other key people. The loss of one or more key individuals or difficulties in recruiting new key individuals could have negative consequences for the Company's operations and results.

Ongoing unrest in the world

There is general uncertainty in the market caused by ongoing unrest in the world. Until now, the uncertainty has not affected the Company's operations and is not expected to affect operations in the coming months.

THE SHARE

Toleranzia's shares are traded on Nasdaq First North in Stockholm with the ticker TOL. The shares have ISIN code SE0007438577 and the number of shares on December 31, 2024 was 270,962,006. The share capital amounted to SEK 33,870,251 as of December 31, 2024.

The Company has one class of shares, each share having a quota value of SEK 0.125 (SEK 0.125) and carrying equal rights to participate in the Company's assets and profits.

Svensk Kapitalmarknadsgranskning AB is the Company's Certified Adviser and can be reached at: ca@skmg.se.

LARGEST OWNERS BY CAPITAL AND VOTES PER 2024-12-31

Flerie Invest AB	66.3%
Avanza Pension Insurance Company	2.7%
Nordnet Pensionsförsäkring AB	1.8%
Navcap AB	1.4%
S&B Christensen AB	0.8%

DIVIDENDS

The Board of Directors and the Managing Director propose that no dividend be paid for the financial year 2024.

EQUITY CAPITAL

Amounts in KSEK	*Share capital*	*Fund for Dev. Costs*	*Share premium*	*Retained results*	*Annual result*
Opening balance	**24 634**	**138 819**	**184 394**	**-186 870**	**-7 459**
Rights issue	9 236	-	27 709	-	-
Issue costs	-	-	- 954	-	-
Transfer previous year result	-	-	-	- 7 459	7 459
Transfer within equity	-	29 938	-	- 29 938	-
Profit/loss for the year	-	-	-	-	- 9 436
Closing balance	**33 870**	**168 757**	**211 149**	**-224 267**	**-9 436**

There are no outstanding warrant programs as of the balance sheet date.

ANNUAL GENERAL MEETING

The Annual General Meeting of the Company will be held on June 5, 2025. The time and place of the Annual General Meeting will be stated in the notice, which will be published via Post & Inrikes Tidningar and on the Company's website.

The Board of Directors proposes no dividend for the year.

FINANCIAL CALENDAR

The financial calendar is updated regularly and is available on the Company's website www.toleranzia.com.

PROPOSED TREATMENT OF THE COMPANY'S PROFIT OR LOSS

The Board of Directors and the Managing Director propose that the accumulated loss, SEK 22,554,685, be dealt with as follows:

Following earnings are at the disposal of the AGM (SEK):	
Share premium fund	211 148 625
Retained earnings	-224 266 836
Net profit/loss for the year	-9 436 474
Kronor	**-22 554 685**
The Board proposes that the profits be appropriatedso that the following amount can be carried forward	-22 554 685
Kronor	**-22 554 685**

For the Company's results and position in general, please refer to the following income statements and balance sheets with accompanying notes.

INCOME STATEMENT

Amounts in KSEK	*Note*		*2024-01-01 2024-12-31*	*2023-01-01 2023-12-31*
Own work capitalized	*7,8*		30 026	50 778
Other operating income	*2*		1 123	489
			31 149	**51 267**
Operating expenses				
Other external expenses	*5*	-	34 170	-52 733
Personnel expenses	*3*	-	6 776	-5 589
Depreciation/Write-down of tangible and intangible assets	*7,8,9*	-	60	-25
Other operating expenses	*4*	-	390	-810
Operating profit/loss		**-**	**10 248**	**-7 891**
Profit/loss from financial items				
Interest income and similar income items			1 172	528
Interest expenses and similar income items		-	361	-95
Profit/loss after financial items		**-**	**9 436**	**-7 459**
Profit/loss before tax		**-**	**9 436**	**-7 459**
Tax on profit (loss) for the year	*6*		-	-
Profit/loss for the year		**-**	**9 436**	**-7 459**

BALANCE SHEET

Amounts in KSEK	*Note*	*2024-12-31*	*2023-12-31*
ASSETS			
Non-current assets			
Intangible assets			
Capitalized expenditure for development work	*7*	170 582	140 644
Patent	*8*	157	68
		170 738	**140 712**
Tangible assets			
Equipment, tools, fixtures and fittings	*9*	216	66
		216	**66**
Total non-current assets		**170 954**	**140 778**
Current assets			
Short term receivables			
Account receivables		16	5
Current tax receivables		86	138
Other current receivables		868	863
Prepayments and accrued income		773	339
		1 742	**1 345**
Liquid assets		13 777	18 304
Total current assets		**15 520**	**19 649**
TOTAL ASSETS		**186 474**	**160 427**

Amounts in KSEK	*Note*	*2024-12-31*	*2023-12-31*
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital		33 870	24 634
Fund for development expenditure		168 757	138 819
		202 628	**163 453**
Accumulated deficit			
Share premium fund		211 149	184 394
Retained earnings		-224 267	-186 870
Profit/loss for the year		-9 436	-7 459
		-22 555	**-9 935**
Total equity		**180 073**	**153 518**
Non-current liabilities			
Other non-current financial liabilities	*10*	0	850
		0	**850**
Current liabilities			
Accounts payable		4 285	4 563
Other current liabilities		310	173
Accrued expenses and prepaid income	*11*	1 806	1 323
		6 401	**6 059**
TOTAL EQUITY AND LIABILITIES		**186 474**	**160 427**

CASH FLOW STATEMENT

Amounts in KSEK	*Note*	*2024-01-01 2024-12-31*	*2023-01-01 2023-12-31*
The operating activities			
Result after financial items	*13*	- 9 436	- 7 459
Adjustment for items not included in the cashflow			
Depreciation etc.		- 790	25
Cashflow from the operating activities before changes in working capital		**- 10 226**	**- 7 433**
Cash flow from changes in working capital			
Increase(-)/Decrease (+) in current assets		- 397	325
Increase(+)/Decrease (-) in current liabilities		343	785
Cashflow from the operating activities		**- 10 281**	**- 6 323**
Investment activities			
Acquisitions in intangible fixed assets		- 30 026	- 50 778
Acquisitions in tangible fixed assets		- 211	-
Cashflow from investment activities		**- 30 237**	**- 50 778**
Financing activities			
Issue of exercised warrants		36 946	-
New share issue		-	43 378
Fund raising costs		- 954	- 1 910
Borrowings		14 000	-
Repayment of debt		- 14 000	-
Cashflow from financing activities		**35 991**	**41 468**
This year´s cashflow		**- 4 527**	**- 15 633**
Cash and cash equivalents at the beginning of the year		**18 304**	**33 937**
Cash and cash equivalents at the end of the year	*14*	**13 777**	**18 304**

Preliminary F-taxes were paid during the year in the amount of KSEK 86.0 (81.5).

NOTES

Note 1 Accounting principles

Amounts in KSEK unless otherwise stated

General accounting principles

The annual report has been prepared in accordance with the Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual Report and Consolidated Accounts (K3).

Accounting policies are unchanged from the previous year.

Registered office of the Company

Toleranzia AB operates as a limited company and has its registered office in Gothenburg. The head office address is Arvid Wallgrens backe 20, Gothenburg, where the Board of Directors also has its seat.

Valuation principles, etc.

Assets, provisions and liabilities have been valued at cost unless otherwise stated below.

Intangible fixed assets

Research and development expenditure

The capitalization model is applied in accounting for development expenditure. This means that expenditure incurred during the development phase is recognized as an asset when all the following conditions are met:

- It is technically feasible to complete the intangible asset so that it can be used or sold.
- The intention is to complete the intangible asset and to use or sell it.
- Conditions exist for using or selling the intangible asset.
- It is probable that the intangible asset will generate future economic benefits.
- the necessary and adequate technical, financial and other resources are available to complete the development and to use or sell the intangible asset
- The expenditure attributable to the intangible asset can be measured reliably.

Other intangible assets

Other intangible assets acquired by the entity are stated at cost less accumulated amortization and impairment losses.

Depreciation and amortization

Depreciation is calculated using the straight-line method over the estimated useful life of the asset. Depreciation is recognized as an expense in the income statement. No amortization has been made during the year. Depreciation will take place when the products are ready for commercialization.

Tangible fixed assets

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes the purchase price and expenditure directly attributable to the acquisition. Property, plant and equipment is recognized as an asset in the balance sheet when, on the basis of available information, it is probable that the future economic benefits associated with ownership will flow to the entity and the cost of the asset can be measured reliably.

Incremental expenditure

Subsequent expenditure is added to the cost of the asset to the extent that its performance improves

from the level at which it was originally acquired. All other subsequent expenditure is recognized as an expense in the period in which it is incurred.

Depreciation and amortization

Depreciation is provided on a straight-line basis over the estimated useful life of the asset as it reflects the expected consumption of the asset's future economic benefits. Depreciation is recognized as an expense in the income statement.

Intangible fixed assets	*Year*
Capitalized development costs	10

Tangible fixed assets	*Year*
Equipment, tools and installations	5

Impairment losses - tangible and intangible assets

At the balance sheet date, an assessment is made as to whether there is any indication that an asset's value is less than its carrying amount. If such an indication exists, the asset's recoverable amount is calculated.

The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. In calculating value in use, the present value of the future cash flows expected to arise from the use of the asset in the ordinary course of business and on disposal or retirement is estimated. The discount rate used is pre-tax and reflects market assessments of the time value of money and the risks specific to the asset. A previous impairment loss is reversed only if the reasons that led to the calculation of the recoverable amount at the time of the last impairment loss have changed.

Receivables

Receivables are recognized at the amount expected to be paid after individual assessment.

Revenues

The inflow of economic benefits that the entity has received or will receive on its own account is recognized as revenue. Revenue is measured at the fair value of the consideration received or receivable.

Foreign currency

Monetary items denominated in foreign currency are translated at the closing rate. Non-monetary items are not translated but are recorded at the exchange rate at the date of acquisition.

Public contributions

A government grant that is not conditional on future performance is recognized as revenue when the conditions for receiving the grant are met.

A government grant that is conditional on future performance is recognized as revenue when the performance takes place. If the grant has been received before the conditions for recognizing it as revenue have been met, the grant is recognized as a liability.

A government grant relating to the acquisition of a fixed asset is recognized as a reduction in the cost of the asset.

Note 2 Other operating income

Amounts in KSEK	*2024-01-01 2024-12-31*	*2023-01-01 2023-12-31*
Exchange operating rate gains on receivables/liabilities	66	343
Received grants	1 044	142
Other income	13	4
Total	**1 123**	**489**

Note 3 Employee and personnel costs

	2024-01-01 2024-12-31	*2023-01-01 2023-12-31*
Average number of employees women	3	3
Average number of employees men	4	4
Total	**7**	**7**

Note 4 Other operating expenses

	2024-01-01 2024-12-31	*2023-01-01 2023-12-31*
Exchange operating rate losses on receivables/liabilities	390	810
Total	**390**	**810**

Note 5 Operational leasing

Amounts in KSEK	*2024-01-01 2024-12-31*	*2023-01-01 2023-12-31*
Premisis rent	872	894
Total	**872**	**894**

Future years' rental costs regarding premises are estimated to amount to approximately KSEK 1,104 (986) annually.

Not 6 Tax on profit (loss) for the year

Amounts in KSEK	*2024-01-01 2024-12-31*	*2023-01-01 2023-12-31*
Current tax for the year	-	-
Total	**-**	**-**

Total unutilized tax loss carryforwards amount to MSEK 87.9 (77.5) on the balance sheet date.

Note 7 Capitalized expenditure for development work

Amounts in KSEK	*2024-12-31*	*2023-12-31*
Accumulated acquisition values		
-Beginning of the year	140 644	92 455
-Capitalized during the year	29 938	50 778
-Capitalization financed by contributions	-	- 2 589
Accounted values at the end of the year	**170 582**	**140 644**

The acquisition cost has been reduced by public grants received in connection with the investment.

Note 8 Patents

Amounts in KSEK	*2024-12-31*	*2023-12-31*
Accumulated acquisition values		
- Beginning of the year	2 617	2 617
-Capitalized during the year	88	-
-Capitalization financed by contributions	- 24	- 24
-Write-down	- 2 525	- 2 525
Accounted values at the end of the year	**157**	**68**

The acquisition cost has been reduced by public grants received in connection with the investment.

Note 9 Property, plant and equipment

Amounts in KSEK	*2024-12-31*	*2023-12-31*
Accumulated acquisition values		
- Beginning of the year	262	262
- New acquisitions	211	-
Accumulated depreciation		
-Beginning of the year	- 196	- 171
-This year´s depreciation	- 60	- 25
Accounted values at the end of the year	**216**	**66**

Note 10 Other long-term liabilities

Amounts in KSEK	*2024-12-31*	*2023-12-31*
Västra Götalandsregionen/Tillväxtverket	-	850
Total	**-**	**850**

The loan from the Västra Götaland Region is a conditional loan without an amortization schedule. The lender has written off the loan during 2024.

Note 11 Accrued expenses and deferred income

Amounts in KSEK	*2024-12-31*	*2023-12-31*
-Personnel costs	1 296	1 108
-Other interim liabilities	510	215
Total	**1 806**	**1 323**

Note 12 Pledged assets and contingent liabilities

Amounts in KSEK	*2024-12-31*	*2023-12-31*
Pledged assets and collateral, company mortgage	250	250
Contingent liabilities	None	None

Note 13 Interest paid and dividends received

	2024-01-01 2024-12-31	*2023-01-01 2023-12-31*
Interest received	322	528
Interest paid	361	95

Note 14 Liquid funds

Amounts in KSEK	*2024-01-01*	*2023-01-01*
Following sub-components are included in cash and cash equivalents:		
Bank balance	13 777	18 304
Total	**13 777**	**18 304**

Note 15 Significant events after the end of the financial year

- Toleranzia updated on the process for the Company's clinical trial application
- Toleranzia's clinical trial application for TOL2 was approved in Sweden and Germany but rejected in Denmark
- Toleranzia decided to apply for a scientific advice meeting with the Danish Medicines Agency
- Toleranzia and Flerie AB entered into a merger plan to delist Toleranzia
- The board of directors of Toleranzia unanimously recommended the shareholders of Toleranzia to vote in favor of the implementation of the proposed merger between Toleranzia and Flerie AB
- Toleranzia called an Extraordinary General Meeting on May 7, 2025

Toleranzia entered into a conditional loan agreement with Flerie AB including a credit facility of SEK 20 million provided that the merger plan is approved at the extraordinary general meeting on May 7, 2025

Note 16 Definitions of key figures

Balance sheet total: Total assets
Solidity: Total equity incl. equity share of untaxed reserves / Total assets

SIGNATURES

Gothenburg on

Ann-Charlotte Rosendahl
Chairman of the Board of Directors

Charlotte Fribert
Chief Executive Officer

Thomas Eldered
Member of the Board of Directors

Maarten Kraan
Member of the Board of Directors

Eva Lindgren
Member of the Board of Directors

Jan Mattsson
Member of the Board of Directors

Kristian Sandberg
Member of the Board of Directors

Our audit report was submitted on
Ernst & Young AB

Linda Sallander
Authorized Auditor

Shape the future
with confidence

Auditor's report

To the general meeting of the shareholders of Toleranzia AB, corporate identity number 556877-2866

Report on the annual accounts

Opinions

We have audited the annual accounts of Toleranzia AB for the year 2024, apart from the additional information on pages 2 – 3. The company's annual accounts are included on pages 4-18.

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 Toleranzia AB as of 31 December 2024 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts.

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

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 Toleranzia AB 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.

Significant uncertainty regarding going concern

We would like to draw attention to the information in the management report, which states that the company is dependent on liquidity from an upcoming merger with Flerie AB (publ) for the continued operation for the remainder of the year, i.e., 12 months after the balance sheet date, to be secured. In the event that the merger is not completed, this may pose a risk factor regarding the company's future operations. These circumstances indicate that there are significant uncertainties that may lead to significant doubt on the company's ability to continue as going concern. Our opinion not modified in respect of this matter.

Other information apart from the annual report

It is the board of directors and the CEO who are responsible for the other information. The other information can be found on pages 2 – 3. It is the board of directors and the CEO who are responsible for this other information.
Our statement regarding the annual accounts does not cover this information, and we make no statement regarding this other information. In connection with our audit of the annual accounts, it is our responsibility to read the information identified above and consider whether the information is materially inconsistent with the annual accounts. In this review, we also consider the knowledge we have otherwise obtained during the audit and assess whether the information appears to contain material misstatements.
If we, based on the work performed regarding this information, conclude that the other information contains a material misstatement, we are obliged to report this. 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 that they give a fair presentation in accordance with the Annual Accounts Act. 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 that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts, The Board of Directors and the Managing Director are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is however not applied if the Board of Directors and the 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 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 based on these annual 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, 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. 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 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

or, if such disclosures are inadequate, to modify our opinion about the annual 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 the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts, including the disclosures, and whether the annual accounts represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the Managing Director of Toleranzia AB for the year 2024 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 Toleranzia 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 type of operations, size and risks place on the size of the company's equity, consolidation requirements, liquidity and position in general.

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's 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 skepticism 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.

Gothenburg 22nd of April 2025
Ernst & Young AB

Linda Sallander
Authorized Public Accountant