NANOLOGICA

ANNUAL REPORT 2023

CONTENT

This is a copy of the official original version of Nanologica's Annual Report 2023, which is prepared in Swedish in the European Single Electronic Format (ESEF). See https://nanologica.com/finansiella-rapporter/.
This report in English is a translation of the original report in Swedish. In case of any discrepancies, the report in Swedish has precedence.

VISION

Better and cheaper medicine
to a larger number of patients.

MISSION

Through our purification products and expertise in chromatography, we strive to lower the manufacturing costs for medicines such as insulin and GLP-1 analogues, and thereby contribute to more patients worldwide getting access to vital treatments for diabetes och obesity.

ABOUT NANOLOGICA

Nanologica is a Swedish life science tools company that provides consumables to pharmaceutical manufacturers. With a foundation in materials science and nanotechnology, the company has developed an expertise in chromatography. A proprietary production method enables the company to precisely control the shape, size, porosity, and surface properties of silica particles, which provides opportunities to create first-class chromatography products.

Nanologica's products are used to purify pharmaceuticals during production using a technique called preparative chromatography. Nanologica's silica-based purification media for preparative chromatography, NLAB Saga®, is especially developed for the purification of peptide drugs, such as insulin and GLP-1 analogues.

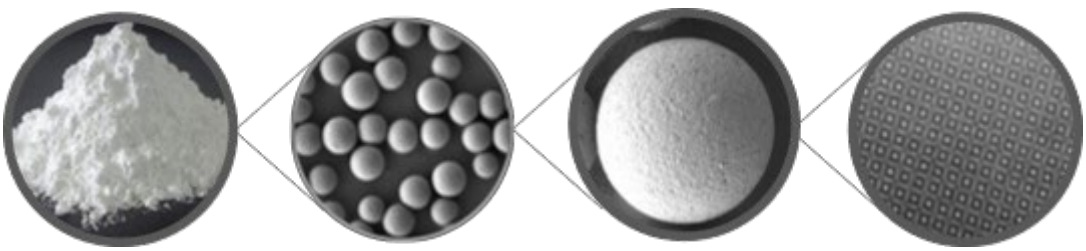
Due to effective purification and a long lifetime for NLAB Saga®, it can increase productivity and reduce costs for pharmaceutical manufacturers.

Nanologica's mission is to increase access to cost-effective drugs through its purification products, and thereby enable more patients around the world access to life-saving treatments for diabetes and obesity, for example.

Nanologica has a pilot plant at the headquarters in Södertälje. This is where research and development of new products, customer support in the form of application support and method development takes place, as well as production of silica on a smaller scale. For large-scale production, the company works together with partners. Large-scale production of silica takes place at a contract manufacturer in the UK in a GMP-certified factory with multi-ton scale capacity.

Nanologica's goal is to establish a fast-growing, sustainable, and profitable preparative chromatography business on a global market.

The company's share (NICA) has been listed on Nasdaq Stockholm's main market since 2022.



Nanologica's main product consists of micrometer-sized spherical silica particles. Silica is visible to the naked eye as a fine white powder. In a scanning electron microscope, individual particles can be seen, as well as the nanometer sized pores of the particles. Silica acts as a purification media in the manufacture of pharmaceuticals such as insulin and GLP-1 analogues.

2023 IN NUMBERS

- Net sales amounted to TSEK 1,443 (1,555). TSEK 380 consisted of sales of media for preparative chromatography and 1,053 consisted of sales of analytical columns for chromatography.
- Operating loss amounted to TSEK -69,963 (-50,850). Operating loss was charged with write-downs of tangible and intangible assets in both of the company's business areas of TSEK 14,523.
- Loss after tax amounted to TSEK -75,157 (-55,231).
- Earnings per share before and after dilution were SEK -2.08 (-1.84).
- Cash and cash equivalents at the end of the year amounted to TSEK 10,054 (70,322).
- The number of employees at the end of the year was 16 (20), of which 10 in chromatography and 6 in business support. The number of consultants and project employees amounted to the equivalent of 2.5 full-time positions, in chromatography.
- The share price at the end of the year was SEK 10.40 (10.00). The number of shareholders as of 31 December 2023 was 2,376 (2,398).

Key figures for the group (TSEK if nothing else is stated)	2023	2022
Net sales	1 443	1 555
Operating profit/loss *	-69 963	-50 850
Profit/loss before income tax	-75 157	-55 231
Cash flow from operating activities	-35 848	-45 219
Cash and cash equivalents at the end of the year	10 054	70 322
Equity at the end of the year	-1 898	73 158
Average number of shares during the year	36 146 142	30 024 392
Number of shares at the end of the year	36 146 142	36 146 142
Earnings per share (before and after dilution), SEK [1]	-2,08	-1,84
Equity per share, SEK [1] *	-0,05	2,02
Equity/assets ratio, % *	-2	47
Average number of employees, translated into FTEs	17	18
Number of employees at the end of the year, translated into FTEs	16	20

** Alternative performance measures are defined in note 38.*
[1] As the group reports a negative result, the number of shares is not adjusted with dilution for issued warrants. For more information, see the consolidated equity report.

SIGNIFICANT EVENTS 2023

Q1

- Nanologica's silica-based purification media for preparative chromatography, NLAB Saga®, met quality requirements in **May** and was approved for delivery to customers.
- Operations in the drug development business area were down-prioritized in **May** in favor of the chromatography business area.

Q2

- In **June**, NLAB Saga® was delivered for use for the first time in the production of diabetes drugs at a customer in Latin America.
- In **October**, Nanologica delivered silica to one of the world's largest insulin manufacturers for evaluation in production.

Q3

- In **November**, Nanologica expanded its product portfolio of purifying media for preparative chromatography and received an order worth approximately MSEK 3.6 from a pharmaceutical manufacturer in Asia.
- In **December**, silica intended for sampling was delivered free to customers in China.

Q4

- *In **January**, Nanologica delivered silica to a customer in China at a value of TSEK 930 .*
- *In **January**, Nanologica's board of directors resolved to carry out a fully guaranteed rights issue, which after issue costs is expected to provide the company with approximately MSEK 40 in cash proceeds and set-off of loans of approximately MSEK 6. The resolution was subject to approval by an Extraordinary General Meeting.*

2024

- *In **February**, Nanologica made its first delivery of the non-silica-based product NLAB Siv™ to a customer in Asia at a value of over MSEK 4.*

COMMENT FROM THE CEO

2023 has been marked by geopolitical tensions and macroeconomic uncertainty. Like most others, Nanologica has been affected by this and we have had to prioritize our resources. On the other hand, we operate in a market segment that is virtually insensitive to economic cycles. We expect a commercial breakthrough in the near future and have a clear growth strategy for how we can capitalize on the strong market growth that exists in drugs for the treatment of diabetes and obesity.

In 2023, Ozempic, semaglutide, and GLP-1 analogues were on everyone's lips. The ongoing development in the field, not only with semaglutide, leads us to believe that these drugs will be among the most important drug classes in the coming decade. Several drugs have been market launched and we see a large activity with over 120 candidates in the pipeline. Obesity is expected to be a strong market driver, but studies are also underway in indications such as cardiovascular disease, Alzheimer's, NASH, and sleep apnea.


CEO
Andreas Bhagwani

Common to the vast majority of these drug candidates is that they need preparative chromatography to be purified. This will drive an increase of the market for silica-based purification media. The positive view we had of the market a year ago has thus been reinforced.

In China, there is a strong focus on GLP-1 analogues and especially semaglutide as the patent for semaglutide expires in 2026. When biosimilars to semaglutide are developed, we believe that there will be a greater focus on drug costs. This suggests that interest in a purification media that can reduce the production cost of this type of drug will increase. At the same time, tensions between China and the rest of the world have not had an impact on our segment, but we do not consider it unlikely that this could have a

negative impact on the view of all foreign suppliers.

In parallel, the need for insulin and insulin analogues continues to increase as the number of patients with diabetes increases globally. The number of doses of drugs needs to increase significantly to meet the future patient need, and our assessment is that volume growth will primarily take place among Indian producers.

Overall, the market trend is very favorable for the type of purification products that Nanologica provides – even more so than just a year ago.

After we in May approved our silica-based purification media NLAB Saga®, we have started commercialization during the year. By working closely with customers in the development of their processes, our strategy is to build strong references through satisfied customers and take a market position characterized by high product quality and superior application support. The first deliveries to customers were made in 2023 and in 2024 we expect significant recurring sales.

When we are out working with customers, we see that there is a need for better products in more areas of chromatography. In parallel with the production and commercialization of NLAB Saga®, we are therefore working to broaden the product portfolio with additional purification products and services – through own development and through collaborations. This way we can offer customers additional cost-saving workflows, completely in line with our vision of working for better and cheaper medicines for more patients. At the same time, it significantly increases the size of our addressable market.

In November, we sold our first non-silica-based chromatography product, NLAB Siv™. NLAB Siv™ is a purification media that is used for the purification of a different type of molecules than peptides. Although silica-based products will continue to be Nanologica's main area in the future, we will continue to develop complementary products and services for chromatography to meet our customers' needs.

To create the best conditions for success in preparative chromatography, we decided in May to focus the company's operations on chromatography, where we are on the verge of a commercial breakthrough. The drug development business area was then down-prioritized and by the end of the year discontinued altogether. As a result, the management team and workforce have been adapted, which reduces the company's costs.

To strengthen our financial position and secure capital to be able to make an impression on the market for preparative chromatography, we recently carried out a rights issue. The rights issue enables continued optimizations in production and investments in sales and marketing, with the goal of creating a positive operating cash flow and reaching profitability.

As a producer of consumables for pharmaceutical companies, Nanologica is well positioned to capitalize on the strong market growth for drugs for the treatment of diabetes and obesity.

It has taken significantly more time and resources than any of us thought to get to the position we are in today. However, as a producer of consumables for pharmaceutical companies, Nanologica is well positioned to capitalize on the very strong growth we see in our market.

Södertälje in March
Andreas Bhagwani, CEO

FIVE REASONS TO INVEST IN NANOLOGICA

By developing chromatography products that enable pharmaceutical manufacturers to streamline production and lower their production costs, Nanologica not only strives to create value for its shareholders, but also to contribute to more patients having access to adequate treatments.

1 Fast-growing addressable market	Nanologica supplies consumables for pharmaceutical manufacturers on a global and growing market for the purification of protein and peptide drugs, such as insulin and GLP-1 analogues. The market is insensitive to economic fluctuations and the growth is driven by both an increased prevalence of diabetes and obesity, and the launch of new drugs for these diseases.
2 Oligopoly market with capacity shortage	The market for high-quality silica for chromatography is an oligopoly market with a few producers, where only one produces the same type of high-quality silica as Nanologica. The growth of the underlying markets has resulted in a lack of supply capacity in the manufacture of high-quality silica.
3 High-quality products	Nanologica's silica-based purification media is especially developed for purification of insulin and peptides and has been successfully tested by several customers. The products purify effectively and last a long time, which means that they can increase productivity and lower production costs for pharmaceutical manufacturers.
4 Near-term market traction and a clear growth strategy	The company expects a commercial breakthrough in near time and will build strong references through high quality, reliable delivery times, and superior application support. By broadening the product portfolio with complementary product to the same customer base, the addressable market will increase significantly, and customers will be tied closer to Nanologica.
5 Enabling vital medicines for more patients	By providing high-quality silica, Nanologica contributes to lowered costs and increased productivity at pharmaceutical manufacturers, enabling more people around the world access to vital treatments for diabetes and obesity at affordable prices.

STRATEGY

Nanologica shall be a driving force in reducing the cost for manufacturing peptides in general and diabetes drugs in particular.

Nanologica's core competence lies in developing and manufacturing porous silica particles, which the company has used to develop products and expertise in chromatography.

Nanologica focuses its operations on preparative chromatography, which is a technique for purifying pharmaceutical substances in pharmaceutical manufacturing. The strategy is to establish a fast-growing, sustainable, and profitable business by providing purification media, offering customers application support and method development, and developing customized products.

The company operates in a growing market driven by an increased demand for insulin and other diabetes drugs, an increased use of drugs for the treatment of obesity (GLP-1 analogues and similar drugs), and a general shift from small molecule drugs to peptide drugs. The market is to be regarded as an oligopoly market and Nanologica is one of few suppliers in the world that produces silica-based purification media suitable for the purification of insulin and other peptide drugs.

As a producer of input goods for pharmaceutical companies, Nanologica is well positioned to capitalize on the strong market growth in pharmaceuticals for the treatment of diabetes and obesity.

Nanologica primarily targets manufacturers of insulin and peptide drugs that require a chemically and mechanically stable silica in purification processes, where the company's silica has clear advantages over competitors. By working closely with customers in the development of their processes, the strategy is to build strong references through satisfied customers and take a market position characterized by high quality, reliable delivery times, and superior application support.

Commercialization of the company's silica-based purification media is expected to generate significant recurring sales. In parallel, the company's strategy is to broaden the product portfolio with additional purification products and services – through in-house development and through collaborations. This creates opportunities to offer customers additional cost-saving workflows, which also significantly increases the size of the company's addressable market.

For large-scale production, Nanologica has chosen to work with partners. The company's silica for preparative chromatography is manufactured in ton scale at a contract manufacturer, according to Nanologica's method. Product development and production on a smaller scale takes place at the headquarters in Södertälje.

Sales are conducted directly and together with partners in all major markets – India, China, the US, and Europe.

Consumables to pharmaceutical manufacturers

Global oligopoly market

Purification of insulin and GLP-1 analogues

High product quality and superior application support

Target 2024: Sales in preparative chromatography of MSEK 100

BUSINESS AREA CHROMATOGRAPHY

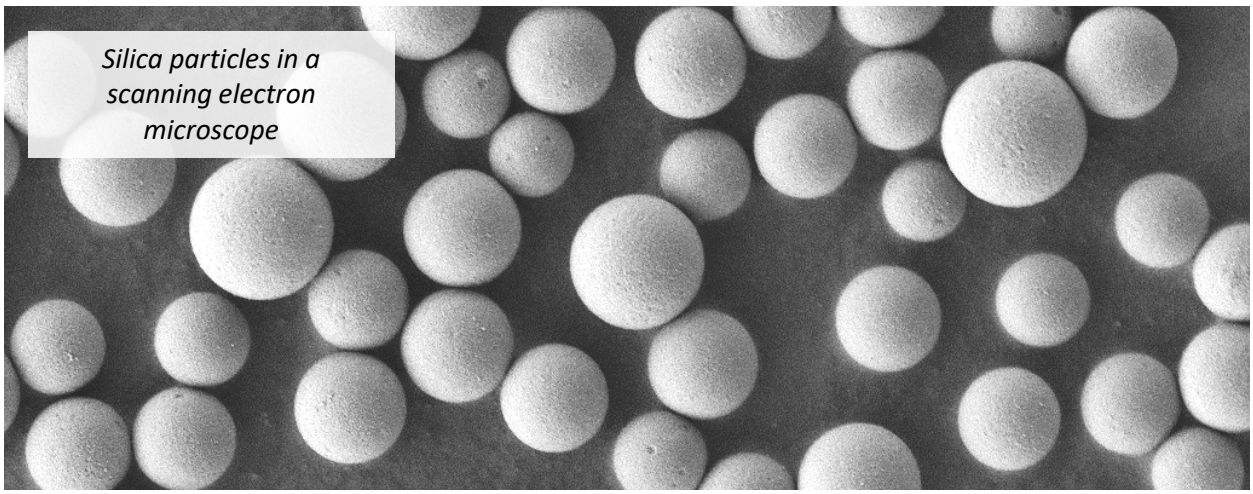
Nanologica provides chromatography purification products that enable pharmaceutical manufacturers to reduce their production costs.

Nanologica's main focus in the chromatography business area is on HPLC (high-performance liquid chromatography) on an industrial scale. Liquid chromatography is a separation method based on differential migration of substances in a solution through a column. In an HPLC system, there is a mobile phase (moving phase, liquid) and a stationary phase (solid phase, e.g. silica). The task of the mobile phase is to transport the sample to be analyzed or purified through the system, and the task of the stationary phase is to interact with the different substances in the sample.

Inside the column, the substances in the sample are separated from each other depending on how strong the interaction is with the stationary phase, and thus the substances are slowed down to different degrees. This means that they migrate through the column at different paces and therefore come out of the column at different times.

HPLC is a well-established purification method that was introduced more than 50 years ago and is today used in the production of many different types of pharmaceuticals.

Thanks to a proprietary manufacturing process, Nanologica is able to provide silica-based HPLC purification products with high performance as well as chemical and mechanical stability. This means that the purification process can be streamlined, and that the purification product lasts for a long time, which results in lower production costs for customers. The ambition is to work towards more patients having access to insulin and other peptide-based drugs, such as GLP-1 analogues, by reducing the manufacturing costs for these drugs.



Silica particles in a scanning electron microscope

PREPARATIVE CHROMATOGRAPHY

Preparative chromatography is used as a purification process in the production of peptide drugs.

Purification media (e.g. silica) is packed into preparative columns that can hold up to hundreds of kilograms.

ANALYTICAL CHROMATOGRAPHY

Analytical chromatography is used as an analytical method in the pharmaceutical and food industries, among others, to find out which substances are present in a solution and in what concentration.

For this, analytical columns containing a few grams of silica are used. Analytical chromatography is also used for evaluation of media before the customer selects the material (purification media) for preparative chromatography.

NLAB Saga® - silica-based media for preparative chromatography

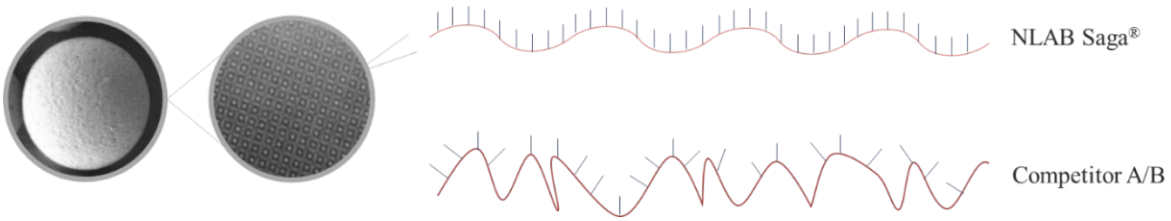
Nanologica's silica-based purification media NLAB Saga® has been developed to meet the requirements of industrial purification, especially to suit purification processes for insulin and other peptides. NLAB Saga® has been tested and evaluated with excellent results by several customers in terms of quality, performance, and durability.

The lifespan and performance of silica in preparative HPLC is largely determined by the mechanical and chemical stability of silica. Here, Nanologica is one of the few suppliers in the world that has a silica that is sufficiently mechanically and chemically stable to withstand the processes and conditions that prevail in, for example, insulin purification.

If processes are run at a low pH value, ligands (functional groups on the surface of the silica particle) can be hydrolyzed, which affects surface properties and results in lower separation capacity. A high pH can cause the silica matrix itself to dissolve, resulting in a loss of performance of the product.

Thanks to Nanologica's proprietary manufacturing process, a smooth surface of the silica particle is achieved. This means that the surface can be adequately covered by evenly distributed ligands, which gives the silica a high separation capacity and protects the silica surface from exposure to, for example, lye used in the purification process and which is highly destructive to the silica. This results in a product with high and reproducible performance as well as a long lifetime.

The performance of NLAB Saga® performance enables the purification process to be streamlined and the silica's durability allows it to be used in more purification cycles. Both of these parameters result in pharmaceutical manufacturers being able to make significant savings through lower production costs. Cost reduction is an important driver for pharmaceutical manufacturers, as this purification step can account for as much as 25 percent of the total production cost[1], for example in the production of insulin.



A smooth surface of the silica particle enables a high coverage of ligands and a large available surface area, leading to high and reproducible performance.

[1] Calculated as cost of silica, solvents, equipment, and labor.

The market for silica media for preparative chromatography

The need for silica for preparative chromatography is largely driven by an increased need for insulin, GLP-1 analogues and other peptide drugs. Both the well-established insulin manufacturing and the fast-growing peptide drug segment, which includes GLP-1 analogues and other incretin mimetics, use preparative chromatography in the final stage of manufacturing to achieve the purity required for the drug. Using a chemically and mechanically stable product such as Nanologica's NLAB Saga® can mean significant cost savings for the producer when purifying these types of drugs.

To date, there is no alternative purification method to silica-based preparative chromatography that can achieve the purity required for peptide drugs, even though the method has been around for more than 40 years. This suggests that silica-based preparative chromatography will be the gold standard[2] for the foreseeable future.

Since the introduction of insulin for the treatment of diabetes a century ago, more than 80 peptide drugs have reached the market for a wide range of diseases including diabetes, obesity, cancer, multiple sclerosis, osteoporosis, HIV, and chronic pain. Peptide-based drugs are in more than 400 clinical trials and there are currently more than 200 approved peptide drugs worldwide.

The market for silica media for preparative chromatography has grown steadily over the past 30 years. Nanologica estimates that the market will grow even faster over the next 20 years. The two primary drivers of future growth are the number of patients with diabetes treated with insulin, insulin analogues, or GLP-1 analogues, along with the number of patients with obesity who will be treated with GLP-1 analogues and similar incretin mimetics. In 2023, it has primarily been the manufacturers of GLP-1 analogues and similar drugs that have announced sharp volume increases.

Insulin

The increasing prevalence of diabetes globally, especially in low- and middle-income countries, is a strong driver behind a rapidly growing demand for peptide-based drugs.

Globally, more than 535 million people live with diabetes, of which 4 out of 5 live in low- or middle-income countries. The number of patients with diabetes is expected to increase to 784 million by 2045, with the increase occurring mainly in India, China, Pakistan, Bangladesh, and Indonesia.[3] This trend is mainly driven by an increasing and ageing population, an increased proportion of overweight people, changes in lifestyle and improved diagnostics.

Treatment of patients with insulin-requiring diabetes is mainly done with recombinant human insulin. More than 60 million patients with type 2 diabetes currently need to be treated with insulin. Only about half of these are estimated to receive the insulin they need, often as a result of human insulin being expensive and that the country's healthcare system does not pay for it.[4,5] While the cost of diabetes treatment in high-income countries is mostly included in the public insurance system, many patients in low- and middle-income countries have to pay themselves without the support of insurance systems.[6]

The number of patients with diabetes who need to be treated with insulin is expected to increase by about 45 percent by 2045.[7]

[2] Generally accepted as the best available method.

[3,5] International Diabetes Federation. IDF Diabetes Atlas, 10th edn. Brussels, Belgium: 2021. https://www.diabetesatlas.org

[4,7] Keeping the 100-year-old promise: making insulin access universal. Geneva: World Health Organization; 2021

[6] David Beran et al. A Global perspective on the issue of access to insulin, Diabetologica, 64, 954-962, 2021.

GLP-1 analogues and other incretin mimetics

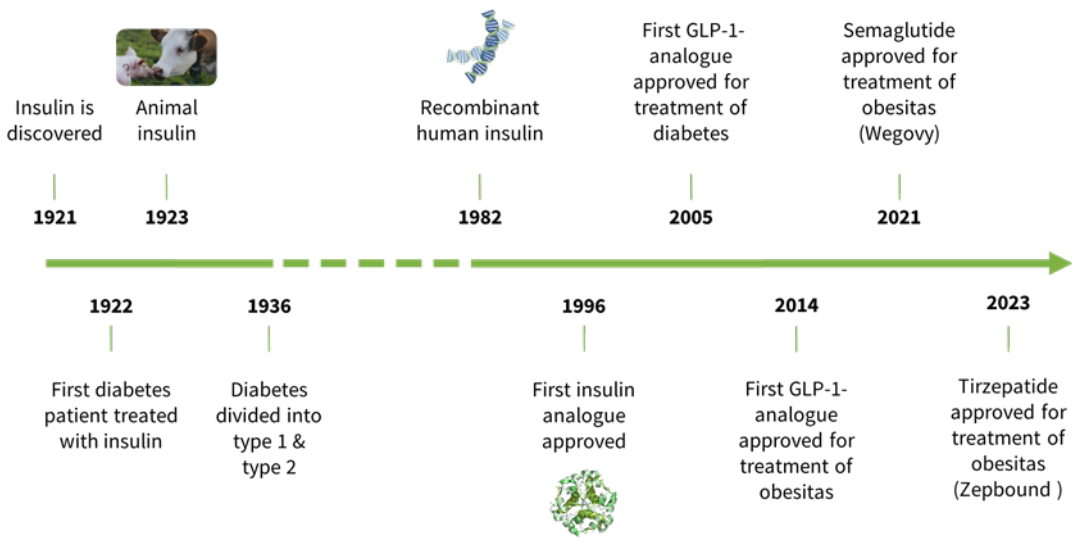
Previously, there have been limited treatment options for obesity. Treatment options have included lifestyle treatment (diet and physical activity), moderately effective drugs (e.g. Orlistat) and bariatric surgery (e.g. gastric bypass).

A second-generation incretin mimetics with GLP-1 analogues such as semaglutide and liraglutide, which was previously only used for the treatment of diabetes, has in recent years been approved for the treatment of obesity in the US and the EU, among other countries. At the end of 2023, also Tirzepatide was approved for the treatment of obesity after previously only being approved for the treatment of diabetes. Tirzepatide is the first drug in a third-generation incretin mimetics and is a dual GIP and GLP-1 receptor agonist.

Approval of these drugs is expected in additional geographies and studies with additional GLP-1 analogues and other incretin mimetics for the treatment of obesity are ongoing. A trend in this market is, in addition to the increasing prevalence of diabetes, also the increasing prevalence of obesity.

The number of patients in the world with obesity (BMI [8] ≥30kg/m²) was estimated to be around 988 million in 2020 and is expected to grow to nearly 2 billion by 2035. The number of patients with obesity or overweight (BMI ≥25kg/m²) is expected to reach nearly 4 billion globally by 2035, at an estimated cost to the healthcare system of approximately USD 4 trillion annually.[9]

Another trend is the increased launch and approval of new products in these drug classes, partly for the treatment of diabetes and obesity, but also for other indications. Obesity is expected to be a strong driver of the market, but studies are also ongoing in indications such as cardiovascular diseases, Alzheimer's, NASH, and sleep apnea. This is likely to lead to further increased use of GLP-1 analogues and similar drugs.



The development of treatment for diabetes and obesity.

[8] Body Mass Index, a measurement of weight in relation to length.

[9] World Obesity Atlas 2023

Stakeholders

The market for insulin is currently completely dominated by the three players Novo Nordisk, Eli Lilly and Sanofi, and the market for GLP-1 analogues is dominated primarily by Novo Nordisk and Eli Lilly.

The fact that the demand for insulin is higher than the manufacturing capacity has contributed to the final price of insulin being driven up. The combination of a complex manufacturing process with volume-sensitive manufacturing costs and so-called *evergreening*[10] of patents protecting these medicines has created high barriers that make the market segment less attractive for producers of biosimilars.

The WHO has defined several measures to increase the availability and lower the price of human insulin and insulin analogues. These include increased transparency in the pharmaceutical market, policies and regulations to prevent unreasonably high prices for medicines, forcing healthcare providers to promote the medicines with the lowest prices, and simplifying the approval process for biosimilars to encourage more players to enter the market[11].

Companies that manufacture biosimilars do not have to go through the same kind of costly research required for an originator medicine, allowing them to maintain a lower, more competitive price. This also means that production volumes can quickly become very large.

Several patents in the field of insulin and insulin analogue have recently expired and a number of patents will expire in the coming years. The same applies to GLP-1 analogues, where, for example, the patent for semaglutide expires in China in 2026. It is primarily countries in Asia, such as China and India, that are quick to bring biosimilars to the

Patent expiration year per region	Type of molecule	USA	China	Japan	Europé
Diabetes					
Humaninsulin	Insulin	Expired	Expired	Expired	Expired
NovoNorm®	Insulinsecretagog	Expired	Expired	Expired	Expired
Victoza®	GLP-1 analogue (liraglutide)	Expired	Expired	Expired	Expired
Tresiba®	Long-acting insulin analogue	2029	2024	2027	2028
Ryzodeg®	Long-acting insulin analogue	2029	2024	2024	2028
Xultophy®	Combined insulin analogue and GLP-1 analogue	2029	2024	2024	2028
Fiasp®	Short-acting insulin analogue	2030	2030	2030	2030
Ozempic®	GLP-1 analogue (semaglutide)	2032	2026	2031	2031
Rybelsus®	GLP-1 analogue (semaglutide)	2032	2026	2031	2031
Mounjaro®	GIP- and GLP-1 analogue (tirzepatide)	*Anticipated expiration 2039*			
Obesitas					
Saxenda®	GLP-1 analogue (liraglutide)	Expired	Expired	Expired	Expired
Wegovy®	GLP-1 analogue (semaglutide)	2032	2026	2031	2031
Zepbound®	GIP- and GLP-1 analogue (tirzepatide)	*Anticipated expiration 2039*			

Selected patent expiration years for insulin, insulin analogues and GLP-1 analogues

[10] Strategy used to prolong a patent's lifetime. A small change is made in the reference drug resulting in a "new" drug and a new protection time.

[11] Keeping the 100-year-old promise: making insulin access universal. Geneva: World Health Organization; 2021.; International Diabetes Federation. IDF Diabetes Atlas, 10th edn. Brussels, Belgium: 2021. https://www.diabetesatlas.org

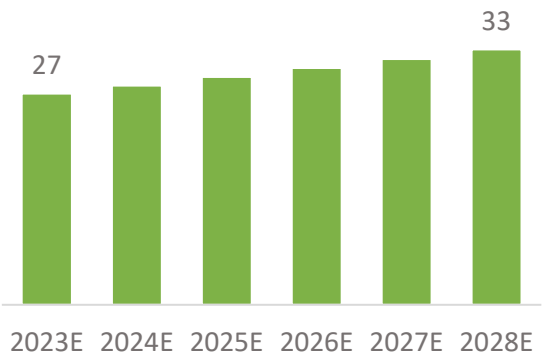
market, and strong growth is expected to take place here. Healthcare and authorities in Europe and the US have also become aware of the cost savings that can be made by replacing original medicines with biosimilars, and several initiatives are being taken to increase the prescription of biosimilars.

Nanologica believes that as more biosimilar producers enter the market, the prices for these drugs will decrease, which will likely lead to an even stronger focus on cost savings in the production process for these drugs.

Market size

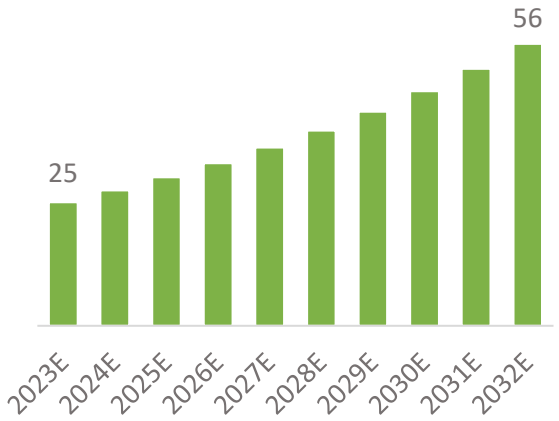
The market for silica for preparative chromatography on an industrial scale is largely driven by the markets for insulin as well as GLP-1 analogues and other incretin drugs.

The market for insulin has had stable growth for a long time and is expected to continue to grow in the future.[12] The global human insulin market is projected to go from USD 27 billion in 2023 to USD 33 billion in 2028, corresponding to an average annual growth rate of approximately 4 percent.[13]



Estimated insulin market growth 2023–2028, BUSD.

The global GLP-1 analogue market is expected to go from USD 25 billion in 2023 to USD 56 billion in 2032, corresponding to a compound annual growth rate of approximately 10 percent.[14] The total market for obesity drugs is difficult to assess as it is a new market, but is estimated to grow to as much as USD 100 billion by 2027 [15].



Estimated growth of the market for GLP-1 analogues 2023–2032, BUSD.

However, what drives the market for silica for preparative chromatography is not the value of the markets for insulin or other peptide drugs, but the number of doses of drugs produced. Nanologica believes that increased demand for insulin and biosimilars to insulin, as well as other peptide drugs such as GLP-1 analogues and similar incretin mimetics, will lead to a sharp increase in the market for preparative silica – a market that is already suffering from capacity problems. In particular, the demand for the type of high-quality silica that Nanologica produces is expected to increase.[16]

Nanologica estimates that the global market for silica-based chromatography media for the

[12] Basu S, Yudkin JS, Kehlenbrink S, Davies JI, Wild SH, Lipska KJ, et al. Estimation of global insulin use for type 2 diabetes, 2018-30: a microsimulation analysis. Lancet Diabetes Endocrinol. 2019; January;7(1):25–33.10.1016/S2213-8587(18)30303-6PMID:30470520.

[13] Mordor Intelligence

[14] Eurostat Trust for America's Health

[15] IQVIA Forecast Link, IQVIA Institute, November 2022

[16] The estimation is based on dialogues with customers, potential customers, competitors, chromatography advisors, and data from open sources

manufacture of insulin and other peptide drugs amounted to USD 80 million in 2023. The company estimates that this market will grow to at least USD 120 million by 2030.

Competitors

There are only a handful of large-scale producers of high-purity spherical silica particles in the world, which is why the market for silica for preparative chromatography is to be regarded as an oligopoly market. The competition in silica as a purifying media in the insulin and peptide area consists primarily of the product/brand Kromasil (owned by the international company Nouryon), Osaka Soda, and YMC.

Recently, some new players have appeared in the Asian markets, such as NanoMicro in China, which makes it clear that there is a need for additional suppliers of silica for preparative chromatography. Producing high-purity spherical silica particles for preparative chromatography is a complex process and developing and establishing large-scale production of such silica takes a long time, which means that the barriers to entry for new entrants are high.

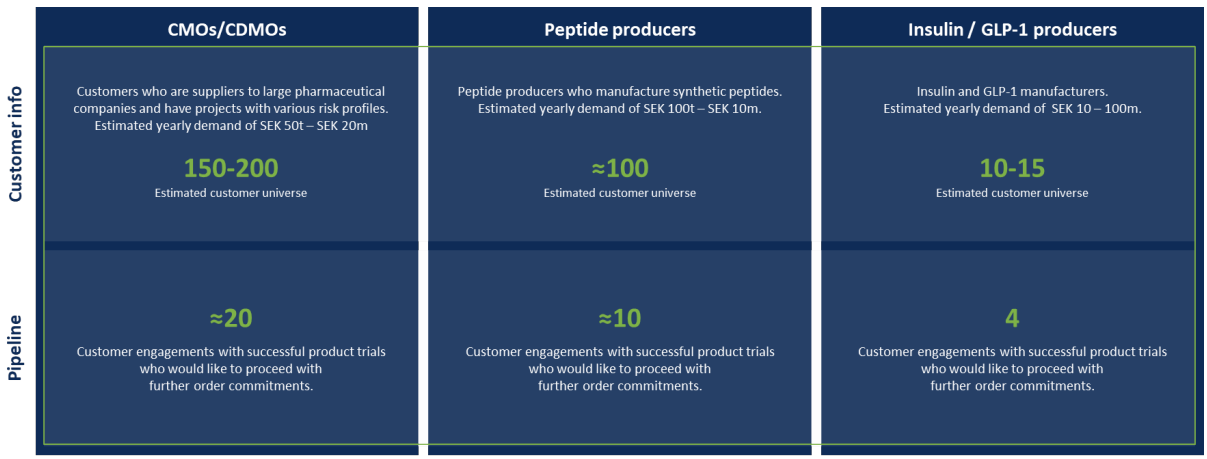
Customers and sales

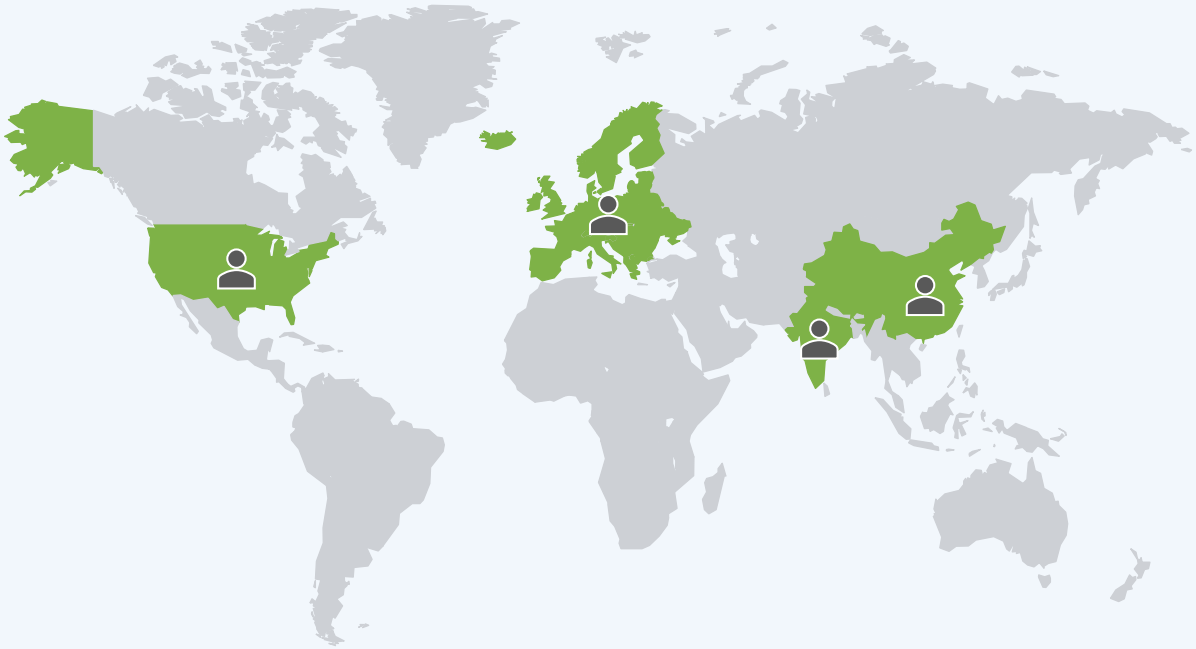
Nanologica is primarily aimed at customers who need a high-quality silica with high mechanical and chemical stability. These consist of major pharmaceutical companies that have their own production of insulin and/or GLP-1 analogues, manufacturers of peptides, and contract manufacturers (CMO/CDMO).

The company has been working with these types of customers since 2016 and a number of customers have successfully evaluated Nanologica's silica in different steps. The process starts with the customer evaluating the material in an analytical column (a few grams of silica) and gradually increasing to evaluation in full production scale (up to hundreds of kilograms). The sales process is long as this evaluation usually takes between 3 months up to 1.5 years.

In 2022, Nanologica's silica-based media for preparative chromatography, NLAB Saga®, was launched on all world markets – India, the US, Europe, and China – and marketing of the product has since continued. During the second half of 2022, the company received several orders, including an order for full-scale evaluation from one of the world's largest insulin manufacturers.

In 2023, Nanologica took important steps forward; silica for preparative chromatography from the company's large-scale production facility met the company’s quality requirements and was approved for delivery to customers, after which the first deliveries to customers were made. NLAB Saga® was also used for the first time in the production of diabetes drugs at a customer in 2023.





Nanologica has local sales representative and/or partners on all major markets.

Thanks to the high quality of NLAB Saga® the company's commercial potential in preparative chromatography is considered to be significant. During the launch, there has been great interest in Nanologica and the product NLAB Saga®, which confirms the company's thesis that there is a high demand for this type of product quality and a need for additional suppliers of high-quality silica for the purification of peptide drugs. The fact that Nanologica received several orders even before the company had proven its delivery capacity indicates good demand in the market now and for the foreseeable future.

At the headquarters in Södertälje, Nanologica has an application laboratory with the aim of supporting customers with applications, method development and problem solving. In general, there is an ongoing generational shift in the field of chromatography, where a lot of knowledge and experience disappears as an older generation retires and a younger generation with limited experience takes over. Access to an application laboratory therefore adds value to the customer offering by allowing Nanologica to assist with expertise in chromatography, which enables stronger customer relationships.

Nanologica has its own sales organization that covers all major markets. The organization, which includes dedicated sales representatives for India, China, the US, and Europe, is led by a Senior Vice President Chromatography.

Production of NLAB Saga®

Nanologica produces silica on a kilo scale at its pilot plant in Södertälje. In March 2018, Nanologica entered into a collaboration agreement with the British contract manufacturer Sterling Pharma Solutions (Sterling), a well-established manufacturer of substances, materials, and products for customers in the pharmaceutical industry.

The collaboration means that Nanologica, through an embedded leasing agreement, has invested in a production line with ton-scale capacity at Sterling's factory. The factory is GMP certified, which gives a stamp of quality and makes Nanologica unique in preparative chromatography. Nanologica is also one of the few companies in the industry that has its own production of silica, which provides a great competitive advantage as all important properties of silica can be tailored and controlled carefully.

Deliveries of larger volumes from the factory started in 2023 and volumes are expected to increase gradually as production stabilizes.

NLAB Siv™

At the end of 2023, Nanologica launched a non-silica-based purification media, NLAB Siv™, with the aim of expanding the product portfolio and broadening the offering to customers, thereby increasing the company's addressable market. NLAB Siv™ is used in preparative chromatography for purification of molecules other than peptides.

NLAB Siv™ has been developed together with a customer who has a number of launched pharmaceutical products, and manufacturing of NLAB Siv™ takes place at a manufacturing partner. The product has been developed for several years together with the customer and evaluation of smaller quantities has been carried out during the development period. A first order of approximately MSEK 4 for evaluation on production scale was taken at the end of 2023 and delivered in early 2024.

During 2023, the business was classified as business development.

SVEA® for analytical chromatography

Nanologica produces pre-packaged analytical columns under the brand name SVEA® for analysis in the pharmaceutical and food industries. Analytical columns are also an important tool for the evaluation of silica materials before the customer chooses the material (purification media) for preparative chromatography.

Since the start of large-scale production of silica, analytical chromatography has developed into a supporting business for the company and a springboard for preparative chromatography.

BUSINESS AREA DRUG DEVELOPMENT

Drug development operations were discontinued at the end of the year.

In drug development, Nanologica has developed a drug delivery platform. The technology is based on placing drug molecules inside the pores of nanoporous amorphous silica particles, NAPs™, which act as carrier particles to deliver drug substances to the lung. Formulation with NAP™ aims to improve the solubility and bioavailability of a drug substance, as well as protect substances from degradation. The drug-loaded particles can then be formulated as a powder for inhalation. After the drug substance has been released into the lung, the carrier particles are dissolved and eliminated. The goal has been to provide a platform technology that enables improved or completely new treatments for patients with severe lung diseases.

In 2023, the development of platform technology reached a point where further development is very resource intensive. At that time, drug development operations were down-prioritized in favor of chromatography, and at the end of the year, operations were discontinued completely. However, ongoing external collaborations based on the company's technology platform and patents will continue. The costs for these collaborations are limited.

The discontinuation of operations in the business area is expected to result in a cost reduction of approximately TSEK 7,500 on an annual basis, excluding external costs for materials, analyses and investigations. In connection with the discontinuation of operations, development costs related to the company's internal development projects in the business area were written down by TSEK 4,738. The patent portfolio remains intact with a book value at the end of the year of TSEK 1,332.

SUSTAINABILITY AND PEOPLE

Nanologica strives towards providing more patients with adequate medical treatments. By developing our core business and working towards our vision – better and cheaper medicines for more patients – we have the opportunity to contribute to several of the UN's global sustainability goals. When we are successful in what we do, more people can have access to medicines, while we at the same time can contribute to a more sustainable industry. Thus, we have a direct impact on both people and the environment.

With this comes the requirement for a well-defined and responsible behavior in all of the company's activities. Nanologica aims to establish a framework for the company's sustainability work over the next few years, in order to raise sustainability higher on the company's agenda and in preparation for the new sustainability directives and reporting requirements that will be introduced in the coming years. Our ambition is to maximize our positive footprint and minimize the negative impact on the world around us.

To build a sustainability strategy for the business, our starting point is in the UN's 17 global sustainability goals. By identifying the goals that have a clear connection to our business and to which we are able to contribute, we can create value for our customers, employees, owners, and to the society at large.

Over the next 20 years, the prevalence of diabetes and obesity are predicted to increase sharply, and as a result, the need for insulin and other drugs. In the manufacture of most diabetes and obesity drugs, high-quality silica is needed to purify the finished drug. By providing a silica that purifies effectively and lasts a long time, Nanologica can lower the cost of manufacturing these drugs, which can make them available to more patients in need. Nanologica's products for preparative chromatography can thus contribute to ***reducing the mortality from non-communicable diseases*** through increased access to vital drugs for patients with diabetes and obesity.

Streamlining the purification process in the manufacture of insulin and other peptide-based drugs can contribute to a reduction in the use of solvents in the production of these drugs. In this way, Nanologica's silica for preparative chromatography can contribute to a more sustainable industry, with a ***more efficient use of resources and industrial processes.***

To manufacture silica for preparative chromatography, Nanologica utilizes a production facility that ranks in the 93rd percentile of the EcoVadis sustainability ranking.[17] The plant has a strong focus on ***responsible management of chemicals and waste***, where, for example, wastewater is treated at a biological treatment plant on site, hybrid waste is handled through anaerobic digestion, and solvent waste is recycled and reused.[18] Nanologica's own production facility in Södertälje also recycles certain organic solvents, such as benzyl alcohol.

Gender equality is high on Nanologica's agenda. The company offers equal opportunities for employment, promotion, salary and other benefits for men and women, as well as equal opportunities for leadership for men and ***women at all decision-making levels*** including the management team and the board of directors. The company actively takes gender including the management team and the board of directors. The company actively takes gender equality into account when appointing new positions and applies salaries based on experience and competence.

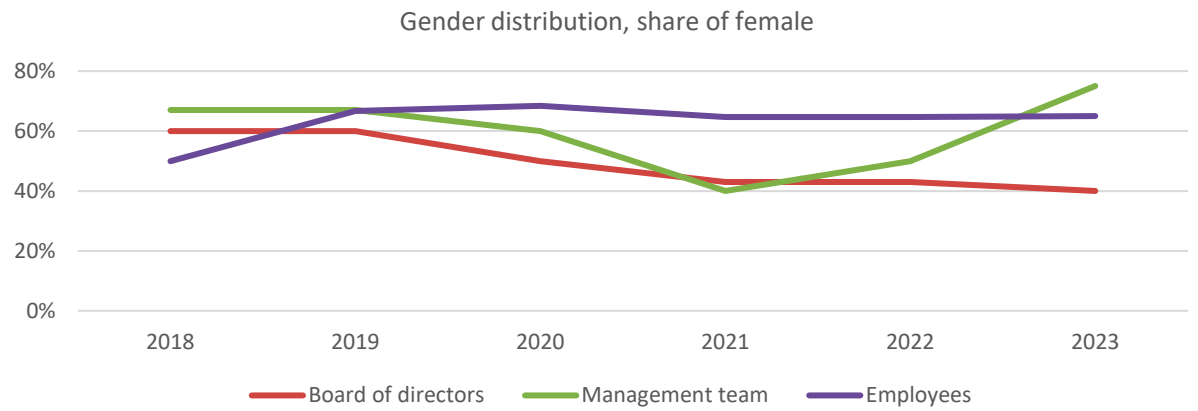
Policies

Nanologica has a number of policies that are directly linked to the sustainability perspective and that support the company's work in sustainability. The internal *Code of Conduct* describes ethical principles and provides instructions for how employees should act and conduct business in a responsible manner. The purpose of the Code of Conduct is to promote a well-organized, respectful and cooperative environment, as well as to combat corruption, conflicts of interest and unethical behavior. All employees annually sign that the Code of Conduct must be followed.

With the support of the *HR policy*, Nanologica works actively with diversity and equality issues, working conditions and work environment, skills development, a fair recruitment process and salary setting, as well as zero tolerance for all types of harassment and discrimination. Linked to the HR policy, a *whistleblower policy* was introduced in 2021 and in 2022 a whistleblower function was implemented with the aim of increasing security, ensuring independence, and avoiding conflict of interest situations within the company.

[17] The percentile ranking ranking is calculated for all EcoVadis assessed companies in all industries and Sterling Pharma Solutions holds the EcoVadis Platinum ranking (top 1 percent of companies).

[18] https://www.sterlingpharmasolutions.com/sustainability/



The proportion of women on Nanologica's board, management team and total number of employees at the end of each year.

The company also has an *environmental policy* that works for a more efficient use of resources, more clean and environmentally friendly technologies and processes, minimizing the climate impact of travel and raising awareness of environmental issues among all employees.

People

Nanologica's culture is built on the company's core values: collaboration, curiosity and courage. Employees are encouraged to take initiative and personal responsibility, to think innovatively and to work together to solve challenges. The core values guide the organization in what needs to be done to achieve the company's vision and they are actively used in the daily work.

Equality and equal treatment are a matter of course for Nanologica. During the year, the company was ranked 3rd out of 361 listed companies in the Allbright report's green list[19] regarding the proportion of women in leadership positions. The company strives for diversity in all parts of the organization, from the board of directors, to the management team and employees. Diversity is a competitive advantage and a success factor for the company, and being able to utilize different perspectives, experiences and ideas leads to a more innovative competitive and productive organization. A multifaceted workforce also reflects the international market in which Nanologica operates.

The safety of employees is crucial, and a safe and healthy working environment is essential for Nanologica. Security checks are carried out regularly in both the laboratory and office environments. A review of safety procedures and safety training is carried out regularly for all employees according to plan.

Nanologica works continuously to promote employee health and work-life balance. The company provides wellness grants to all employees and carries out activities with the aim of encouraging movement, personal development and general well-being.

As Nanologica grows, there is a strong focus on meeting the business' future skills needs, and part of the company's strategy focuses on attracting and retaining qualified employees in each area. The company strives to carry out structured recruitment processes to ensure that competent and skilled employees are hired. Having the right people in the right places at the right time increases the chances of success, competitiveness and ultimately stability, long-term sustainability, and profitability for the company.

[19] https://static1.squarespace.com/static/5501a836e4b0472e6124f984/t/649986934bd4f56b4ada33d4/1687783064403/Allbrightrapporten_2023.pdf

PATENTS AND TRADEMARKS

Nanologica's patents mainly relate to the field of drug development, while the performance of the company's chromatography products is a result of trade secrets that Nanologica has refrained from patenting.

Nanologica's patents mainly relate to the drug development business area. The patents protect technologies, properties, and applications for the company's drug delivery platform as well as specific processes and manufacturing methods for producing silica particles.

In the chromatography business area, products are trademarked, while know-how regarding the production process of the company's silica constitutes an important barrier and a competitive advantage over competitors. By refraining from patenting the production process, it is considered that this competitive advantage can be preserved for a longer period of time than if the process is made public in a patent application or a patent.

In accordance with the company's IP policy, Nanologica continuously revises the commercial values of its patents and trademarks. Only patents and trademarks that are deemed to be of commercial value, or deemed to have potential future value, are maintained.

At the end of 2023, the company had three patent families (*Lung delivery*, *Empty particles* and *Stem cells*) with 47 granted patents and several patent applications in the national review phase.

The company has nine registered trademarks in several geographic markets.

THE SHARE AND OWNERS

Nanologica's share is listed on Nasdaq Stockholm Main Market since 29 March 2022 and is part of the Small Cap segment. Before that, the share was traded on Spotlight Stock Market where the company was listed in 2015.

The share is traded through banks and stockbrokers under the ticker NICA. The ISIN code is SE0005454873. The number of outstanding shares at year-end amounted to 36,146,142.

Owners

On December 31, 2023, the number of shareholders was 2,376 (2,398). The largest shareholder, Flerie Invest AB, held 41.2 percent of the total number of shares, followed by Swedbank Robur Microcap with 6.4 percent and CEO Andreas Bhagwani through Vega Bianca AB with 5.6 percent. In total, the ten largest shareholders held 69.7 percent of the total number of shares.

At the end of the year, Nanologica's board of directors, management team and employees together owned 47.4 percent of the shares.

Registered owners per 31 December 2023	Shares, number	Share %
Flerie Invest AB	14,901,635	41.2
Swedbank Robur Microcap	2,299,989	6.4
Vega Bianca AB	2,017,264	5.6
Konstakademien	1,742,000	4.8
Avanza Pension	1,481,187	4.1
Fredrik Palmstierna	599,679	1.7
Niklas Sjöblom	553,999	1.5
SEB Life International Assurance	529,446	1.5
Kronprinsessan Lovisas fören för barnasjukvård	524,974	1.5
Andre Oscar o Anna Wallenbergs stiftelse	512,000	1.4
The ten largest owners	**25,162,173**	**69.7**
Other owners (2 366)	**10,983,969**	**30.3**
Total	**36,146,142**	**100.0**

** Flerie Invest AB is owned by Nanologica's board member Thomas Eldered.*

*** Vega Bianca AB is owned by Nanologica's CEO Andreas Bhagwani.*

Share capital

As of 31 December 2023, the share capital in Nanologica AB amounted to approximately SEK 14,820,923 divided into 36,146,142 shares, each with a quota value of approximately SEK 0.41. For the development of the share capital, see note 26.

Dividend

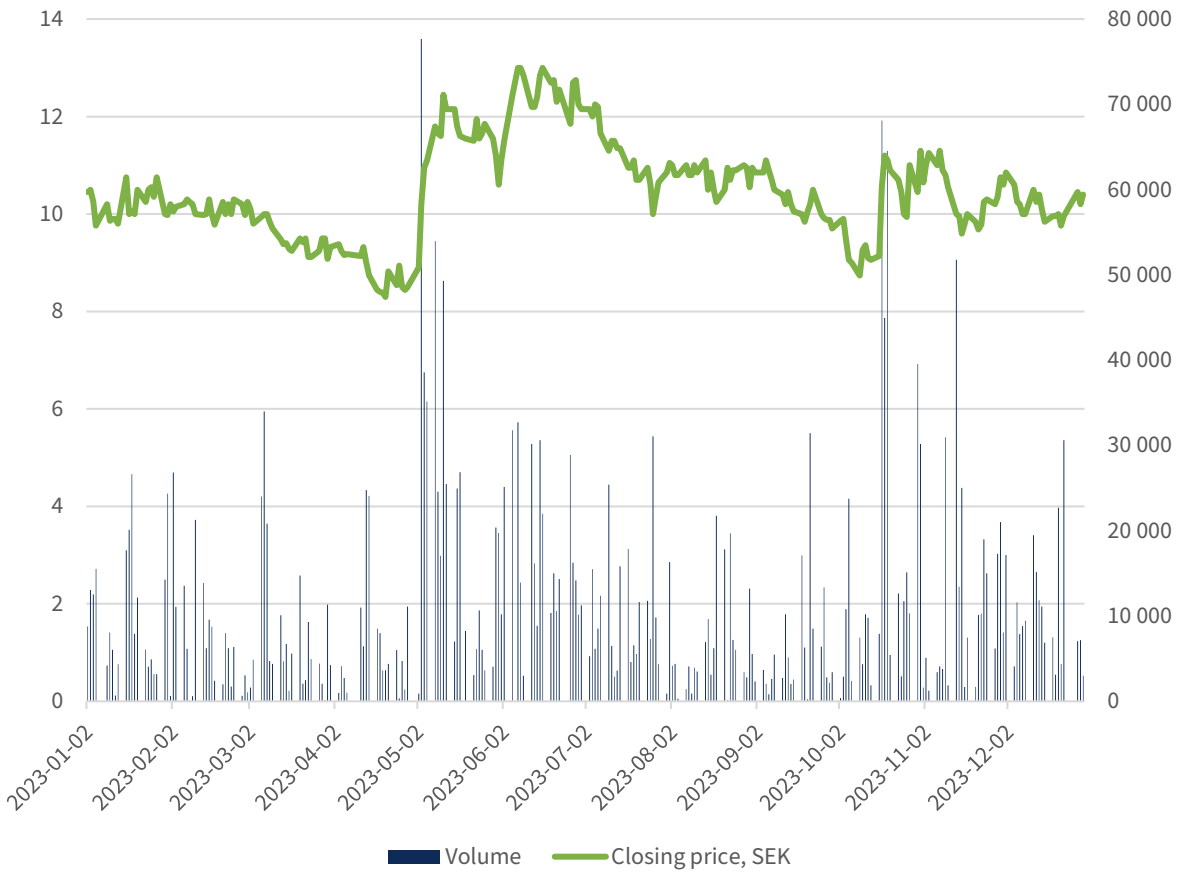
The board of directors and the CEO proposes no dividend for the fiscal year 2023-01-01 – 2023-12-31.

Development of the share during 2023

At the end of 2023, the share price was SEK 10.40. The share's highest price in 2023 of SEK 13.00 was recorded on June 16 and the share's lowest price in 2023 of SEK 8.30 was recorded on April 20.

During the year, the share price rose by 4 percent, from SEK 10.00 to SEK 10.40.

Share price development 2023



Graph of share price performance: Closing price, SEK (green line) and volume, number of shares (blue bars).

Share-based incentive programs

At the end of the year, there were two active share-based incentive programs (*Program 2021/24 for the management team and employees* and *Program 2023/26 for the management team and employees*).

In Program 2021/24, all of the total 800,000 warrants have been subscribed. Each warrant entitles the holder to subscribe for one share in the company at a subscription price corresponding to SEK 45 during the period 1 April 2024 to 1 July 2024. Based on the current number of shares, the dilution effect will be a maximum of 1.8 percent if all warrants within the program are exercised.

In Program 2023/26, 180,000 of the total 245,000 warrants have been subscribed. Each warrant entitles the holder to subscribe for one share in the company at a subscription price corresponding to SEK 30 during the period 1 August 2026 to 30 November 2026. Based on the current number of shares, the dilution effect will be a maximum of 0.6 percent if all warrants within the program are exercised.

The purpose of the incentive programs is to encourage a broad shareholding among Nanologica's employees, to attract and retain qualified employees, and to increase employee motivation. Share-based and share price-based incentive programs shall, if applicable, be resolved by the Annual General Meeting.

For more information about share-based incentive programs, see note 25 in Nanologica's annual report for 2023.

Rights issue 2024

On 30 January 2024, Nanologica's board of directors resolved, with subsequent approval by a general meeting on 22 February 2024, to carry out a fully guaranteed rights issue of MSEK 54.2. The purpose of the rights issue is to strengthen the company's financial position, as well as to finance investments in the preparative chromatography business area.

The proceeds from the rights issue are mainly intended to be used for (i) securing working capital for at least 12 months ahead, (ii) investments in production equipment in order to optimize production speed, production efficiency and production economy, and (iii) investments in sales, marketing and application support, with the goal of creating a positive operating cash flow and achieving profitability.

The issue was subscribed to 100 percent, of which 31.5 percent were subscribed for by underwriters. The company received approximately MSEK 40 in cash and cash equivalents after issue costs. In addition, the company offset approximately MSEK 6.2 of outstanding loans from Flerie Invest AB against shares in the issue.

After registration of the rights issue with the Swedish Companies Registration Office, the number of shares in the company will increase by 8 032 476 shares to a total of 44 178 618 shares. The company’s share capital will not increase following the resolution of the extraordinary general meeting on 22 February 2024 to reduce the share capital with an amount corresponding to the amount with which the share capital would have increased following the rights issue.

Information

Important events and financial reports are published in press releases and on the company's website www.nanologica.com, where they are also kept available. Through the subscription service on the website, it is possible to subscribe to Nanologica's financial reports and press releases via e-mail. The website also contains general company information, other news, video presentations and information about corporate governance.

Nanologica's communication shall be characterized by speed, reliability, and transparency. To be reliable, the information must be relevant and accurate, which means, among other things, that Nanologica refrains from

speculating on future developments or hypothetical events, as well as commenting on rumors.

Any questions can be directed to ir@nanologica.com and will be answered as soon as possible

Annual General Meeting

Nanologica's Annual General Meeting 2024 is planned to be held in Stockholm on Thursday, 16 May 2024. All AGM documents, including notices, are published on the company's website. More information about the Annual General Meeting will be provided in the notice convening the Annual General Meeting.

Financial calendar 2024

Interim report Q1 2024	26 Apr 2024
Interim report Q2 2024	5 Jul 2024
Interim report Q3 2024	25 Oct 2024
Year-end report 2024	7 Feb 2025

Andreas Bhagwani, CEO

BOARD OF DIRECTORS REPORT

The board of directors and CEO of Nanologica AB (publ), 556664–5023, hereby submit the annual report for the financial year 2023.

General information

The parent company Nanologica AB is a limited liability company with its registered office in Stockholm. The address of the head office is Forskargatan 20 G, SE-151 36 Södertälje, Sweden. The group's main business is production and sales of silica-based chromatography products.

Group structure

Nanologica AB has four subsidiaries: Nanghavi AB, Nanologica Black AB, Nanologica Yellow AB and Nlab Bioscience SA. Nanologica Bioscience SA is in the process of being wound up. In 2023, Nanologica Australia Ltd was liquidated. Other subsidiaries are dormant at the time of publication of the report.

Nature and focus of operations

Nanologica is a Swedish life science tools company that provides consumables to pharmaceutical companies. With a foundation in materials science and nanotechnology, the company has developed products and expertise in chromatography, an analysis and purification technology, which constitutes the company's main business area. Nanologica's chromatography products are used to purify pharmaceuticals during production using a purification technique called preparative chromatography. The company's silica-based purification media, NLAB Saga®, is specially developed for the purification of peptide drugs, such as insulin and GLP-1 analogues.

A proprietary production method allows the company to precisely control the shape, size, porosity and surface properties of silica particles, which provides opportunities to create high-quality chromatography products. Thanks to their effective purification and being long-lasting, products can increase productivity and reduce costs for pharmaceutical manufacturers.

In the company's other business area, Drug Development, Nanologica is developing a drug delivery platform. The technology is based on drug molecules being placed inside the pores of nanoporous amorphous silica particles that act as carrier particles to deliver drug substances to the lung. The aim is to improve the solubility and bioavailability of a drug substance, as well as protect substances from degradation, with the goal of providing a platform technology that enables improved or completely new treatments for patients with severe lung diseases.

Development of operations 2023

During the year, the company's main focus has been on large-scale production of silica. Disturbances in production during the first part of the year were resolved and production has continued. These disruptions, together with the fact that the company has carried out rigorous quality controls of the silica during the year, meant that the first deliveries to customers took place later than planned.

In May, products from the company's first commercial campaign of silica were quality approved, which led to deliveries to customers

being able to begin. During the year, NLAB Saga® was used for the first time in the production of diabetes drugs at a customer. In October, the first large delivery was made to an insulin manufacturer for evaluation on a production scale. At the end of the year, additional deliveries were made against previously received orders.

In parallel with the upscaling of silica production, the company has, at the request of and in collaboration with a customer, worked to develop chromatography media that is not silica-based. The aim is to expand the product portfolio and broaden the offering to customers, thereby increasing the company's addressable market. At the end of 2023, an order of MSEK 3.6 for the first non-silica-based purification media, NLAB Siv™, was received from a customer for production-scale testing. This business expansion is considered in 2023 as business development.

In Drug Development, the development of the platform technology reached a point in the spring of 2023 where further development is considered to be very resource intensive. At that time, drug development operations were down-prioritized in favor of chromatography, which means that continued development was held back. At the end of the year, operations in the business area were discontinued and development costs related to the development of the platform technology were written down. However, the ongoing external collaborations that the company has based on the company's technology platform and patents will continue. For these collaborations, the company has limited costs.

Significant events after the end of the financial year

- In January, Nanologica delivered silica to a customer in China to a value of TSEK 930.
- Resolution to carry out a fully guaranteed rights issue which, after issue costs, provided the company with approximately MSEK 40 in cash proceeds in addition to set-off of loans of approximately MSEK 6.
- In February, Nanologica made its first delivery of the non-silica-based product NLAB Siv™ to a customer in Asia at a value of over MSEK 4.

Employees

At the end of the year, the number of permanent employees was 16 (20), of which 10 in chromatography and 6 in business support. 11 (11) are women and 5 (9) are men. The average number of employees in 2023 was 17 (18).

In order to run an efficient business with a cost-effective organization, consultants, advisors and project employees are engaged for specific assignments and tasks in areas of expertise that the company lacks or only periodically needs. As of December 31, 2023, the number of consultants and project employees amounted to the equivalent of 2.5 (0.5) full-time equivalents.

External factors

The war in Ukraine, together with geopolitical tensions in other parts of the world, has characterized 2023. Nanologica does not conduct any operations linked to Ukraine or Russia and the war has not had any direct impact on the company during the year. However, the high level of uncertainty surrounding the impact of the geopolitical situation on the global economy and supply chain may have an impact in the longer term. From time to time during the year, an indirect impact has been noticed in the form of longer delivery times for specific components and shortages of chemicals. The company makes the assessment that this had little impact on earnings, financial position or cash flow in 2023 in relation to other factors, such as equipment problems that led to delayed deliveries to customers.

Energy prices and inflation do not significantly affect the company in the current production campaign, where the large-scale production of silica is proceeding according to agreement. If high energy prices and high inflation persist for a longer period of time, this may have an impact on the renegotiation of, for example, production

agreements, which may affect costs and profitability.

The company's current loans run at fixed interest rates, which means that the costs for these are not affected by higher interest rates during the term of the loans. Regarding fluctuations in exchange rates, the company's production and commitments are mainly in British pounds and sales mainly in US dollars. Nanologica has not currently hedged any exchange rates.

Climate change poses a major risk to humanity from a global perspective, with financial risks as a

result. At present, however, Nanologica believes that climate risks do not have or will have a significant impact on the company's financial development in the near future.

The company's management team works continuously to identify, evaluate, and manage external factors that have an impact on operational activities.

Financial overview

Consolidated net sales for the year increased to TSEK 1,443 (1,555). Net sales are mainly related to sales of analytical columns.

Compared to previous years, the revenue structure has changed from mainly consisting of project-generated revenue from collaborative projects to solely consisting of revenue from the sale of goods, which the company believes will continue to be the case in the future.

Operating costs for the year amounted to TSEK -77,209 (-55,665). The higher costs for 2023 compared to the previous year are mainly attributable to write-downs of development costs of TSEK -4,738 related to the Drug Development business area as a result of the discontinuation of operations, as well as write-downs of prepaid costs for the production of silica of TSEK -9,785, as well as increased costs for raw materials due to higher production of silica.

Operating loss for the year amounted to TSEK -69,963 (-50,850). Operating loss was negatively impacted by the above-mentioned write-downs. Operating loss includes depreciation related to large-scale production, which amounted to TSEK -8,878. The comparative figure for the full year includes non-recurring costs for listing the company on Nasdaq's main market amounting to TSEK 1,400, as well as write-downs of inventory amounting to TSEK 1,002.

Loss after tax amounted to TSEK -75,157 (-55,231).

Development costs and patent costs are continuously capitalized as they arise. At the end of the year, capitalized development expenses amounted to TSEK 21,809 (14,724). The increase is mainly related to development of large-scale production of silica. The book value of right-of-use assets amounted to TSEK 12,009 (18,547), mainly relating to dedicated equipment at the contract manufacturer Sterling Pharma Solutions for large-scale production of silica.

Prepaid production costs amounted to TSEK 22,982 on the balance sheet date, compared to TSEK 41,623 at the beginning of the year. This relates to advances to Sterling Pharma Solutions for the production of the first ton-scale campaign of Nanologica's silica. According to the terms of the agreement, Nanologica pays running costs during production, which are then deducted against finished products. A first payment for the start of production was made in June 2020, after which payments have been made on an ongoing basis, which has generated a prepaid cost. When selling products from this campaign, the production cost will already have been taken and will not have a negative impact on cash flow. The agreement is an order and a refund can only be made if the supplier grossly abuses its commitment, show deficiencies in quality, in production or if they are unable to fulfill their commitment. The company has no right to a refund in the event of decreased demand for any reason. At the end of the year, prepaid production expenses were written down by TSEK 9,785

related to lost material in connection with the scale-up of silica production.

The patent portfolio amounted to TSEK 1,332 compared to TSEK 1,407 at the beginning of the year, where the majority relates to patents and patent applications within Drug Development. The book value of tangible fixed assets amounted to TSEK 3,749 (3,181) on the balance sheet date.

The company currently pays no tax due to negative result.

Financial position and liquidity

To date, operations have mainly been financed through equity, Swedish and international research grants, credit facility agreements, and corporate loans.

Total cash flow amounted to TSEK -60,286 (59,335). Cash flow from operating activities amounted to TSEK -35,848 (-45,219). Cash flow from operating activities has been positively affected, compared to last year, mainly due to lower costs as a result of the down-prioritization of the Drug Development business area.

Cash flow from investing activities amounted to TSEK -20,353 (-7,142). Investments mainly relate to development costs at the contract manufacturer Sterling Pharma Solutions. Cash flow from financing activities amounted to TSEK -4,086 (111,697).

As per 31 December 2023, cash and cash equivalents amounted to TSEK 10,054 TSEK (70,322). During the first quarter of 2024, a rights issue was carried out which, after issue costs, provided the company with approximately MSEK 40 in cash proceeds in addition to offsetting loans of approximately MSEK 6. The group's reported equity amounted to TSEK -1,898 on the balance sheet date, compared to TSEK 73,158 at the beginning of the year. The parent company's reported equity amounted to TSEK -6,940 on the balance sheet date, compared to TSEK 68,840 at the beginning of the year. Including the rights issue carried out in the first quarter of 2024, equity is restored for both the group and the parent company.

The company estimates that sales of products will gradually increase in 2024 and since the majority of production is prepaid, virtually all sales will have a positive impact on cash flow. This means that the company's negative cash flows are expected to slow down and turn positive during the year.

Taking into account expected revenues and the completion of the rights issue, the overall assessment of management and the board of directors is that the existing working capital is sufficient to run the company in the coming twelve-month period.

Corporate governance

The company's governance is described in the corporate governance report, which can be found on pages 36-51. The corporate governance report is also available as a stand-alone extract from this annual report on the company's website https://nanologica.com/corporate-governance-reports/.

Remuneration to senior executives

Remuneration to senior executives is reported in the remuneration report which is available on the company's website https://nanologica.com/remuneration/. The guidelines for remuneration are described in note 8.

Future prospects

This report contains forward-looking statements. Actual outcomes may differ from these statements. Internal and external factors can affect Nanologica's results.

During 2024, sales in the field of chromatography are expected to constitute the majority of revenues. The company considers it reasonable to reach sales in preparative chromatography exceeding MSEK 100 in 2024.

Multi-year overview

Amounts in TSEK if nothing else is stated	2023	2022	2021	2020
Statement of comprehensive income				
Net sales	1 443	1 555	12 914	16 135
Total operating expenses	-77 209	-55 665	-54 199	-39 601
Operating profit before depreciation and amortization (EBITDA) *	-50 598	-38 988	-30 226	-13 899
Operating profit/loss (EBIT) *	-69 963	-50 850	-40 689	-19 571
Operating margin,% *	neg	neg	neg	neg
Total financial investments	-5 194	-4 381	-4 140	-2 627
Profit/loss before income tax	-75 157	-55 231	-44 829	-22 199
Tax	0	0	0	0
Total comprehensive profit/loss for the period attributable to owners of parent company	-75 157	-55 231	-44 829	-22 199
Consolidated balance sheet				
Total fixed assets	38 899	37 859	41 512	45 180
Total current assets, excluding cash and cash equivalents	28 476	46 333	45 816	34 801
Cash and cash equivalents	10 054	70 322	10 987	66 364
Total equity	-1 898	73 158	51 596	92 966
Total long-term liabilities	67 465	67 841	32 222	35 645
Total current liabilities	11 863	13 515	14 498	17 735
Consolidated statement of cash flow				
Cash flow from operating activities	-35 848	-45 219	-46 493	-43 340
Cash flow from investing activities	-20 353	-7 142	-7 249	-6 523
Cash flow from financing activities	-4 086	111 697	-1 639	115 052
Total cash flow for actual period	-60 286	59 335	-55 381	65 189
Other Key Figures				
Equity/assets ratio, % *	-2	47	52	64
Number of employees at the end of the period	16	20	17	19
Average number of employees during the period	17	18	19	19
Average number of employees and consultants during the period	20	20	20	20
Data per share				
Earnings per share before and after dilution, SEK	-2,08	-1,84	-1,60	-0,93
Equity per share (before dilution), SEK *	-0,05	2,02	1,83	3,35
Cash flow from operating activities per share, SEK	-0,99	-1,51	-1,66	-1,81
Share price at the end of the period, SEK	10,0	10,0	13,7	13,4
Number of shares before dilution on average during the period	36 146 142	30 024 392	27 995 090	23 888 809
Number of shares before dilution at the end of the period	36 146 142	36 146 142	28 165 826	27 776 850
Number of warrants at the end of the period	980 000	800 000	1 719 949	1 336 875

**Alternative key figures not defined by IFRS. For definition, refer to note 38.*

Proposal for appropriation of loss

Profit/loss at the disposal of the annual general meeting:	Amounts in TSEK
Share premium reserve	308 295 156
Loss brought forward	-254 924 107
Loss for the year	-75 880 232
Total	-22 509 183
The board of directors proposes that non-restricted equity be carried forward	
Total	-22 509 183

With regards to earnings and position in general, reference is made to the subsequent income statement and balance sheet with accompanying notes.

CORPORATE GOVERNANCE REPORT

A WORD FROM THE CHAIRMAN OF THE BOARD

Gisela Sitbon,
Chairman of the board

A transformational year with focus on production

2023 was an intense and exciting year for Nanologica with significant progress and interesting news in both production and sales. At the same time, geopolitical tensions and a turbulent macroeconomy have continued to require rapid reaction and innovation. I am impressed by how Nanologica's employees have handled the challenges and managed to find ways to continue building and developing a scalable and long-term sustainable business.

Nanologica's transformation journey has now taken off for real. During the year, we continued to take measures to further future-proof the business. We down-prioritized the Drug Development business area to fully focus on preparative chromatography. We added resources in Södertälje and strengthened the organization with industrial expertise at our production line in the UK. All in order to optimize and increase production capacity. At the end of 2023, we were also able to supply silica to one of the world's largest insulin manufacturers.

A stable and efficient manufacturing process on a large scale is crucial to be able to achieve Nanologica's full potential in our field of high-quality silica for the purification of protein and peptide pharmaceuticals, and to ensure our future position.

The increasing number of patients with metabolic

diseases, the lack of treatment capacity and the fact that it is unevenly distributed in the world, are currently the most important healthcare trends for Nanologica. To capture the business opportunities around these critical trends, our strategy is focused on two distinct therapeutic areas, diabetes and obesity. Our vision, to make drugs available to more patients through Nanologica's products, remains unchanged.

We are now looking forward to increasing the sales rate in 2024 and being able to report significant revenues from sales of preparative silica products. In parallel, we have also, to a limited extent, begun to evaluate additional potential products in the chromatography area in order to broaden our product offering and thus expand Nanologica's addressable market. We will continue to think and plan for the long term. With focus on quality. Which starts with efficiency and good management in your own operations.

When I look to the future, I feel a great sense of optimism. The board of directors, together with the management of Nanologica, has now taken the next step to fulfill the strategy and plan that we set in 2020; to develop Nanologica into a manufacturing company that can also take full responsibility for commercializing its products globally. The opportunity to be part of the solution to some of the toughest global health challenges, diabetes and obesity, is more concrete than ever and creates a great commitment in the organization. We are committed to building a strong position globally and to delivering profitable growth over time.

On behalf of the board of directors, I would like to extend a big thank you to our CEO Andreas Bhagwani and all of Nanologica's fantastic employees for their efforts during the year. I would also like to thank my fellow board members for their good and constructive cooperation. A special thank you to our shareholders, without you we would not have been able to get to where we are now, nor to where we are going!

Uppsala in March 2024
Gisela Sitbon, Chairman of the board

Corporate governance model

Nanologica AB, corporate identity number 556664–5023, is a Swedish limited liability company with head office in Södertälje, Sweden. Since March 29, 2022, the company is listed on Nasdaq Stockholm Main Market (Nasdaq) and belongs to the Small Cap segment. The company has previously been listed on Spotlight Stock Market since October 30, 2015.

Corporate governance in Nanologica is in accordance with Swedish law, rules and regulations for Nasdaq, the Swedish Code of Corporate Governance (the Code), as well as internal instructions and guidelines. Corporate governance is divided into external and internal governance documents.

External governance documents

The external governance documents constitute the framework for corporate governance. These include the Swedish Companies Act, the Swedish Annual Accounts Act, the Spotlight Stock Market Issuer Rules, and the Code.

Nanologica reports the following deviation from the Code:

- The basis for the decision for the company's ongoing option program 2021/2024 differs in one respect from what according to the Swedish Corporate Governance Board's rules regarding remuneration to senior executives and on incentive programs ('The Remuneration Rules') is to be considered as good practice on the stock market. The vesting period for the option program 2021/2024 (in this context the period from the acquisition of the option until a share may be acquired under the option) is less than the Remuneration Rules' general rule of three years.

  The decision-making basis does not contain any specific justification for why the vesting period is less than three years, which is not compatible with the Remuneration Rules. In order for the design of the program to nevertheless be compatible with the Remuneration Rules, Nanologica has ensured that all option holders in the option program in connection with the conclusion of the transfer document have undertaken to the company not to exercise the options for subscription of shares until 1 April 2024 at the earliest. This contractual commitment thus means that the options can only be exercised by option holders at the end of the option program's vesting period

- The basis for the decision for the company's ongoing option program 2023/2026 differs in one respect from what according to the Swedish Corporate Governance Board's rules regarding remuneration to senior executives and on incentive programs ('The Remuneration Rules') is to be considered as good practice on the stock market. The vesting period for the option program 2023/2026 (in this context the period from the acquisition of the option until a share may be acquired under the option) is less than the Remuneration Rules' general rule of three years.

  The decision-making basis does not contain any specific justification for why the vesting period is less than three years, which is not compatible with the Remuneration Rules. In order for the design of the program to nevertheless be compatible with the Remuneration Rules, Nanologica has ensured that all option holders in the option program in connection with the conclusion of the transfer document have undertaken to the company not to exercise the options for subscription of shares until 1 August 2026 at the earliest. This contractual commitment thus means that the options can only be exercised by option holders at the end of the option program's vesting period.

No other deviations from the Code occurred during the year.

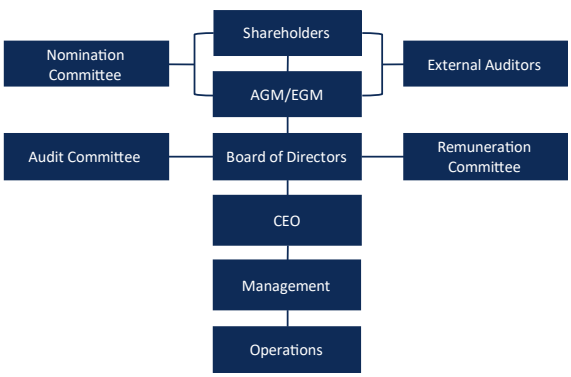
The company was not subject to any decision of the Nasdaq disciplinary board or any statement by the Swedish Securities Council during 2023.

Internal governance documents

Internal governance documents are primarily constituted of the articles of association, internal instructions, policies, and guidelines. Examples of internal instructions and guidelines include the board of directors' rules of procedure, formal work plans for the committees, and instructions for the CEO. In addition, there are several policies and guidelines containing internal rules, recommend-dations, and principles, which provide the company and its employees with guidance within the framework of the company's operations.

Nanologica aims for a high standard through clarity and simplicity in its management system and governing documents. In the company's governance model, the shareholders are the ultimate decision makers regarding the group's governance through their election of the board of directors at the annual general meeting. In turn, the board of directors is responsible for ensuring that corporate governance complies with applicable laws as well as other external and internal governance documents.

The governance, management, and control of Nanologica is divided among the shareholders through the annual general meeting, the board of directors, the CEO, and the auditors in accordance with the Swedish Companies Act and the articles of association. Increased transparency provides good insight into the company's activities, which contributes to effective governance.



Division of governance, management, and control of Nanologica.

Shareholders

On 31 December 2023, Nanologica's share capital amounted to approximately SEK 14,820,923 and the number of shares amounted to 36,146,142 with a quota value of approximately SEK 0.41. There is one class of shares, and all shares have equal voting rights as well as a share in the company's assets and earnings. The share register is maintained electronically by Euroclear Sweden AB. According to this, the number of shareholders at year-end was 2,376 (2,398) and the ten largest shareholders together owned 69.7 percent of the total number of shares. As of 31 December 2023, Flerie Invest AB owned more than thirty percent of the shares in the company.

There are no restrictions on the transfer of shares or restrictions on casting votes at general meetings. To the best of the company's knowledge, there are no agreements between owners that limit the transferability of shares.

For more information about Nanologica's share, see the section on the share and shareholders on pages 27–30, or visit www.nanologica.com.

Annual General Meeting

At the general meetings, which are the highest decisioning organ of the company, the shareholders exercise their voting rights. Any shareholder who, on the record date of the annual general meeting, is entered in the share register maintained by Euroclear Sweden AB and who notifies his or her participation in accordance with what is stated in the notice is entitled to participate, in person or by proxy. The meeting may decide on all matters relating to the company that do not, according to the Swedish Companies Act or the articles of association, expressly fall under the exclusive competence of another company body. The meeting may, for example, decide on an increase or decrease in the share capital, amendment of the articles of association and that the company shall go into liquidation. Regarding new issues of shares, convertibles, or options, in addition to the opportunity to decide on this, the meeting has the possibility to delegate

to the board of directors to make issue resolutions.

Each shareholder, regardless of the size of the shareholding, has the right to have a particular matter addressed at a general meeting. Shareholders who wish to exercise this right must make a written request to the board of directors. Such a request shall normally be received by the board of directors in such a time that the matter can be included in the notice convening the general meeting.

The annual general meeting is held annually within six months of the end of the financial year. The Code stipulates that the chairman of the board, together with the quorum of the board of directors and the CEO, shall attend the general meeting. The chairman of the meeting shall be nominated by the nomination committee and elected by the meeting. The tasks of the annual general meeting include electing the company's board of directors and auditors, adopting the balance sheet and income statement, resolutions on appropriations of profit or loss in accordance with the adopted balance sheet, and resolutions on discharge from liability for board members and the CEO. The meeting also resolves on the fees to be paid to the board members and the company's auditors, as well as principles for the composition and work of the nomination committee.

Extraordinary general meetings may be convened by the board of directors when the board of directors considers that there are grounds to hold a general meeting before the next annual general meeting. The board of directors shall also convene an extraordinary general meeting when the company’s auditor or a shareholder holding more than ten percent of the shares, in writing requests that a general meeting be held to deal with a specific matter. According to the articles of association, notice of general meeting shall be made through advertising in *Post- och Inrikes Tidningar* and by keeping the notice available on the company's website. Information that the notice has been issued shall be advertised in Svenska Dagbladet. Notice of the annual general meeting and extraordinary general meeting shall be made in accordance with the rules set out in the Swedish Companies Act. Shareholders who wish to participate in the negotiations at a general meeting shall, in addition to the conditions for participation as set out in the Swedish Companies Act, also notify the company of their participation at the meeting no later than the date specified in the notice convening the meeting. The day may not be Sunday, other public holiday, Saturday, Midsummer's Eve, Christmas Eve or New Year's Eve and not fall earlier than the fifth weekday before the meeting.

Annual General Meeting 2023

The annual general meeting 2023 was held on 4 May 2023. At the annual general meeting, 54.5 percent of the total votes were represented. Mårten Steen was elected chairman of the meeting. At the meeting, the following resolutions were made:

- Adoption of the income statement and balance sheet for the company and the group for the financial year 2022, and resolution on distribution of loss
- Discharge of the board members and the CEO from liability for the 2022 financial year
- Re-election of the board members Gisela Sitbon (chairman), Mattias Bengtsson, Thomas Eldered, Anders Rabbe and Lena Torlegård. Previous board members Eva Byröd and Tomas Kramar declined re-election.
- Re-election of BDO as auditors, with Niclas Nordström as auditor in charge
- Remuneration to the board of directors and auditors
- Adoption of principles for the appointment of members of the nomination committee and instructions for the nomination committee for the annual general meeting 2024
- Adoption of guidelines for remuneration to senior executives
- Approval of the remuneration report for the financial year 2022

- Delegations of rights to issue shares at the maximum of twenty (20) percent of the total share capital in the company after the rights issue
- Resolution on a share-based incentive program for the company's CEO, management and employees
- Adoption of articles of association

Complete minutes and information from the AGM are available on www.nanologica.com.

Annual General Meeting 2024

The annual general meeting 2024 is planned to be held in Stockholm on 16 May. Notice of the meeting will be published on the company's website www.nanologica.com where minutes from the meeting will also be published after the meeting.

Nomination committee

The nomination committee for the annual general meeting 2023 has been appointed in accordance with the Code and the principles adopted by the 2022 annual general meeting regarding the nomination committee. The nomination committee consists of Carl-Johan Spak (Flerie Invest AB, chairman), Lennart Francke (Swedbank Robur Microcap) and Kalle Olby (Vega Bianca AB). These members are representatives of the three largest shareholders or ownership groups as of September 30, 2023. The nomination committee together represents 53.3 percent of the voting rights for all voting shares in the company as of September 30, 2023.

The nomination committee's task is to prepare and submit proposals for the election of the chairman and other board members, board fees and fees for committee work, election of auditors (if applicable) and auditor's fees (if applicable) as well as proposals for principles that shall apply to the composition and work of the nomination committee for the next annual general meeting. The proposals shall be published no later than in connection with the notice convening the annual general meeting 2024.

When preparing proposals for the annual general meeting, the nomination committee shall comply with the provisions of the Code. When preparing the proposal regarding the election of board members and chairman of the board, the nomination committee shall apply item 4.1 of the Code as a diversity policy. In connection with its duties, the nomination committee shall otherwise perform the tasks that, according to the Code, are the responsibility of the nomination committee. The nomination committee shall meet as often as necessary for the nomination committee to be able to fulfill its duties, but at least once a year. No remuneration shall be paid to the members for their work in the nomination committee.

External auditors

The external audit of the accounts of the parent company and the group, as well as of the management by the board of directors and the CEO, is carried out in accordance with generally accepted accounting standards in Sweden. The auditor participates in at least one board meeting per year and leads a discussion with the board of directors without the CEO or any other senior executive present.

The auditor's reporting to the owners takes place at the annual general meeting through the auditor's report. The auditor's report shall include a statement on whether the annual report has been prepared in accordance with the applicable Annual Accounts Act. The statement shall in particular specify whether the annual report gives a true and fair view of the company's results and position and whether the annual report is compatible with the other parts of the annual report. The auditor shall also report whether a board member or the managing director has taken any action or is guilty of any negligence that may result in liability.

According to Nanologica's articles of association, the company must have an authorized public accountant or an authorized public accounting

firm as its external auditor. As from the AGM 2020, the auditing firm BDO AB has been the auditor with the authorized public accountant Niclas Nordström as the auditor in charge. For information about fees paid to the auditors, please refer to note 7 of the 2023 annual report.

The board of directors

The tasks of the board

The board of directors is the company's second highest decision-making body after the annual general meeting. The board of directors bears the ultimate responsibility for the organization and management of the company's operations, which shall be conducted in the interests of the company and all shareholders. Some of the board's main tasks are to manage strategic issues regarding the operations, financing, establishments, growth, earnings, and financial position, and to continuously evaluate the company's financial situation. The board of directors shall also ensure that there are effective systems for monitoring and controlling the operations and ensure that the company's provision of information is characterized by transparency and contains accurate, relevant and reliable information.

Composition of the board of directors

According to the articles of association, the board of directors shall consist of at least three and not more than nine members with a maximum of three deputies. The current board of directors consists of seven members without deputies. The members are normally elected annually at the annual general meeting for the period until the end of the next annual general meeting.

Chairman of the board

The chairman's main tasks are to lead the board's work and to ensure that this work is carried out efficiently and that the board fulfills its obligations and commitments. In its role, the chairman of the board shall, among other things, create the best possible conditions for the board's work and ensure that the board receives satisfactory information and decision support for its work. The chairman of the board shall also be responsible for contacts with shareholders in ownership matters and for conveying the views of the owners to the board of directors.

Working methods of the board of directors

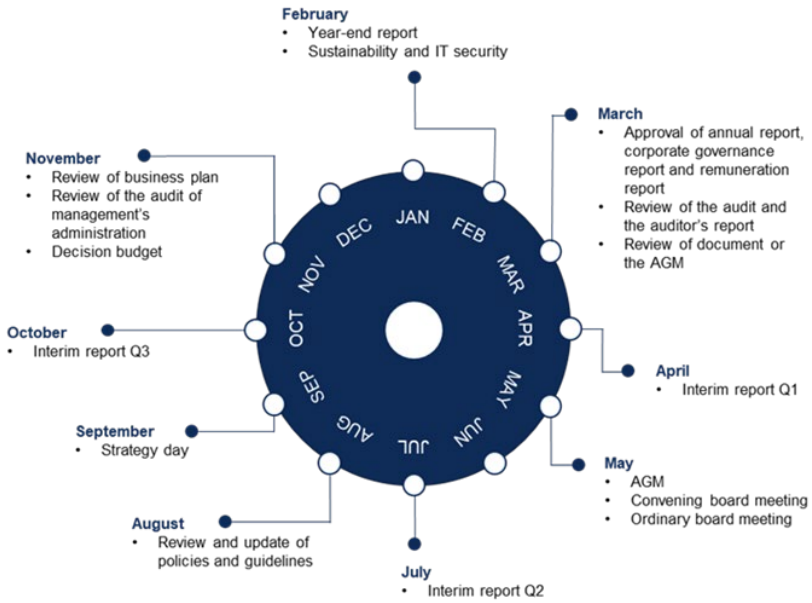
The board of directors follows written rules of procedure that are reviewed annually and adopted at the inaugural board meeting held in connection with the annual general meeting. The rules of procedure regulate, among other things, the board's working methods, duties and meeting arrangements, the duties of the chairman of the board, the order of decision-making within the company, and the division of duties between the board of directors and the CEO. Instructions for the CEO, certification instructions and instructions for financial reporting are also determined in connection with the inaugural board meeting.

The board of directors meet according to an annual schedule and on an annual cycle established by the board of directors at the inaugural board meeting in connection with the annual general meeting. If necessary, extraordinary decisions are made through extraordinary board meetings, such as any decisions on acquisitions or divestments, investment decisions, financing decisions and decisions on structural or organizational issues.

CEO Andreas Bhagwani and CFO Eva Osterman are present at all board meetings, except on occasions when the board of directors has an individual reconciliation, when the CEO is evaluated by the board of directors, or when the board meets with the company's auditor without the presence of the company's management. Eva Osterman serves as secretary of the board. Other senior executives participate in connection with specific issues.

Board of directors 2023

In 2023, Nanologica’s board of directors consisted of: Gisela Sitbon (chairman), Mattias Bengtsson, Thomas Eldered, Anders Rabbe and Lena Torlegård. Eva Byröd and Tomas Kramar resigned from the board at the annual general meeting 2023 after having declined re-election. For more



The board of directors meets and works according to an annual cycle adopted by the board at the statutory board meeting in conjunction with the Annual General Meeting.

information about the board, see pages 45–46 or visit www.nanologica.com.

The work of the board of directors 2023

The board has a number of scheduled meetings during the year with standing decision points and specific decisions for each meeting, summarized in the image below. Additional meetings may be held for other issues that arise during the year.

During 2023, the board held 6 board meetings. The board of directors also made decisions per capsulam at 2 occasions to approve interim reports. Attendance, remuneration and independence of the directors are shown below.

Evaluation of the board's work

According to the Code, the board of directors shall evaluate its work annually using a systematic and structured process in order to develop the board's working methods and efficiency. The board's work has been evaluated by the board members anonymously answering a number of questions about the board's operations. The results of the evaluation have been compiled and reported both orally and in writing (anonymized) to the board

			Independent in relation to		Remuneration [1]				Attendance [2]		
Board member	Position	Instated	Company and management	Large share-holders	Fee	Audit committee	Remuneration committee	Totalt	Board meetings	Audit committee	Remuneration committee
Gisela Sitbon	Chairman	2012	Yes	Yes	295 000	-	25 000	320 000	8/8	-	5/5
Mattias Bengtsson	Board member	2019	No[3]	Yes	172 500	15 000	7 500	195 000	8/8	2/3	3/3
Lena Torlegård	Board member	2014	Yes	Yes	172 500	50 000	-	222 500	8/8	5/5	-
Anders Rabbe	Board member	2020	Yes	Yes	172 500	15 000	7 500	195 000	8/8	1/2	2/2
Thomas Eldered	Board member	2021	Yes	No	172 500	30 000	-	202 500	8/8	3/5	-
Eva Byröd	Styrelseledamot	2017	Ja	Ja	85 000	-	-	85 000	3/3	-	-
Tomas Kramar	Styrelseledamot	2020	Ja	Ja	85 000	-	7 500	92 500	3/3	-	2/2

1) Fees resolved by the AGM on 2 June 2022 (period Jan-May 2023) and 16 May 2023 (period June-Dec 2023).
2) Total number of meetings, excluding per capsulam meetings. Attendance compared to total number of meetings.
3) Mattias Bengtsson, through his own company MaBeRo AB, has an agreement with Nanologica regarding consulting services in chromatography.

members and to the nomination committee.

Board committees

Nanologica's board of directors has two committees – an audit committee and a remuneration committee – which are described in more detail below. Minutes are kept at all committee meetings and the minutes are reported in connection with board meetings.

Audit committee

The audit committee is appointed by the board of directors and consisted at the end of the year of Lena Torlegård (chairman), Thomas Eldered and Anders Rabbe. The audit committee's primary task is to support the board of directors in its work to fulfill its responsibility for financial reporting including accounting, internal control, internal audits, and risk management.

The audit committee also has regular contact with the company's auditor and remains informed and active in decisions related to financial issues, risks, interim reports and annual reports, as well as internal control. The audit committee is responsible for reviewing and evaluating the auditor's work and shall assist in the preparation of proposals for the annual general meeting's resolution on the election of auditors. The chairman of the audit committee shall report on what has been discussed during the committee's meetings at board meetings.

Remuneration committee

The remuneration committee is appointed by the board of directors and consisted at the end of the year of Gisela Sitbon (chairman) and Mattias Bengtsson. The primary task of the remuneration committee is to prepare the board's decisions on matters relating to remuneration principles, including the preparation of proposals for the annual general meeting's resolution on remuneration to the CEO, principles for remuneration and other terms of employment for the management team, as well as follow-up and evaluation of variable remuneration and long-term incentive programs.

CEO and management

The CEO is appointed by the board of directors and is responsible for the day-to-day management in accordance with the board's guidelines and instructions. The CEO is responsible for keeping the board of directors informed about the company's development and for reporting material deviations from established business plans and events that have a major impact on the company's development or operations. The CEO is also responsible for producing relevant decision-making documents for the board of directors, for example regarding establishments, investments, and other strategic issues. The CEO attends and reports at all board meetings, except on occasions when the CEO is evaluated by the board of directors and when the board of directors meets with the company's auditor without the presence of the company's management. The CEO, Andreas Bhagwani, appoints the other members of the executive management.

At the end of the year, the company's management consisted of Andreas Bhagwani (Chief Executive Officer), Eva Osterman (Chief Financial Officer), Anna-Karin Renström (Chief Operating Officer) and Katarina Alenäs (SVP Chromatography). For more information on the management team, see pages 47–48.
Guidelines for remuneration to the CEO and other senior executives were resolved by the 2023 annual general meeting and are described in note 8. The application of these guidelines is described in the remuneration report for 2023, which is published on the company's website.

BOARD OF DIRECTORS

Gisela Sitbon (1958)
Board member since 2012, Chairman since 2014

Education: PhD in Medical Sciences from Karolinska Institute in Solna

Main experience: Gisela Sitbon has over 25 years of experience from the life science industry, of which more than ten years in senior positions (including CEO) at Professional Genetics Laboratory AB and five years as section manager at Karo Bio AB.

Other assignments: Chairman of the board of Gradientech AB, Emplicure AB, Amplicon AB and Emplipharm AB. Board member of Uppsala Universitet Invest AB, Annexin Pharmaceuticals AB, Encare AB and Sitbon Bioscience Partner Zenz AB.

Total shareholdings (own and related parties): 26,666 shares through the company Sitbon Bioscience Partner Zenz AB.

Independent of the company and the company's management: Yes

Independence to the main owners: Yes

Mattias Bengtsson (1969)
Board member since 2019

Education: Master of Science in Chemical Engineering at Chalmers University of Technology, MBA from the School of Business, Economics and Law in Gothenburg

Main experience: Mattias Bengtsson has more than 20 years of experience from the chemical and life science industry. He has held senior positions within AkzoNobel, more specifically in industrial purification of pharmaceuticals, for example as General Manager Kromasil and Fine Chemicals, Global Sales and Marketing Manager, Manufacturing Manager and Product Category Manager. In addition, Mattias has held several positions in process chemistry at AstraZeneca in Södertälje.

Other assignments: Business Unit Manager BioMedical & Research AddLife AB. Chairman of the board of Bergman Labora AB, LabRobot Products AB and Biolin Scientific AB, and board member of BioNordika (Sweden) AB, MaBeRo Consulting AB, LabVent Control AS, Holm&Halby AS and EuroClone Spa.

Total shareholdings (own and related parties): 13,000 shares.

Independent of the company and the company's management: No

Independence to the main owners: Yes

Thomas Eldered (1960)
Board member since 2021

Education: Master of Science in Industrial Economics, Linköping University of Technology

Main experience: Thomas Eldered is co-founder of Recipharm AB where he also worked as CEO between 2008–2021. Prior to that, Thomas was Vice President of Recip AB and Factory Manager for Pharmacia. Thomas has also held various assignments as chairman of the board, board member or deputy board member in companies primarily in the life science sector.

Other assignments: Chairman of the board of Flerie Invest AB, Amarna Therapeutics BV, Prokarium Ltd and North X Biologics AB. Board member of Chromafora AB, Buzzard Pharmaceuticals AB, Sixera Pharma AB, Bohus Biotech AB, Kahr Medical Ltd, Flerie Förvaltning AB, Cordivest AB, Pingvinen Penningplacering AB, Xintela AB (publ), Toleranzia AB (publ) and Flerie Participation AB.

Total shareholdings (own and related parties): 14,901,635 shares through Flerie Invest AB.

Independent of the company and the company's management: Yes

Independence to the main owners: No

Anders Rabbe (1970)
Board member since 2020

Education: Bachelor's Degree in Business and Administration with emphasis in Economics from Webster University, Geneva.

Main experience: Anders Rabbe has been CEO of several companies in the biotechnology and financial sector, including Isofol Medical (publ) and WntResearch AB (publ).

Other assignments: CEO of Mindforce Game Lab AB. Partner and board member of Investmentaktiebolaget Akkumula, Albonja AB and Epicyt Pharma AB, and deputy board member of Malira AB.

Total shareholding (own and related parties): 13,333 shares

Independent of the company and the company's management: Yes

Independence to the main owners: Yes

Lena Torlegård (1963)
Board member since 2014

Education: Bachelor of Science in Business Administration from Stockholm School of Economics

Main experience: Lena Torlegård has over 20 years of experience as a communications consultant for a large number of companies, including companies in the life science industry. Lena works through Lena Torlegård AB as an independent advisor in financial and corporate communication with several customers in the life science sector.

Other assignments: Chairman of the board in CoDesign Sweden AB and board member of Lena Torlegård AB.

Total shareholding (own and related parties): 7,652 shares

Independent of the company and the company's management: Yes

Independence to the main owners: Yes

MANAGEMENT TEAM

Andreas Bhagwani (1975)
Chief Executive Officer since 2011

Education: EMBA from Stockholm School of Economics, studies in agronomy, Swedish University of Agricultural Sciences in Uppsala

Main experience: Andreas Bhagwani is the co-founder of several companies, most recently Sigrid Therapeutics AB (treatment for obesity) and Atrogi AB (diabetes). Andreas has worked as a management consultant for more than 10 years, with sales and leadership as a focus. In addition to the companies above, he is the co-founder of Kichisaga Leadership, GenderTimer and HIGS.

Other assignments: Board member and owner of Vega Bianca AB. CEO and borad member of Nanologica Black AB, Nanologica Yellow AB and Nanghavi AB, deputy board member and owner of Kichisaga Leadership AB. Holder of the individual firm Baraza Konsult.

Total shareholdings (own and related parties): 2,017,264 shares through the company Vega Bianca AB. 200,000 options (of series 2021/2024) and 75,000 options (of series 2023/2026).

Eva Osterman (1971)
Chief Financial Officer since 2017

Education: Master of Science in Business Administration and Economics from Uppsala University

Main experience: Eva Osterman has many years of experience from the finance side of major companies Lantmännen and PwC, where Eva has worked with, among other things, business controlling, financial controlling, reporting and internal audit. She also has many years of experience from major international groups in the pharmaceutical industry, such as AstraZeneca.

Other assignments: Board member of Nanghavi Chromatography Solutions Pvt Ltd, deputy board member of Nanghavi AB Nanologica Black AB, Nanologica Yellow AB and Nanghavi AB. Auditor of Rangsta Båtklubb.

Total shareholdings (own and related parties): 51,283 shares. 150,000 options (of the series 2021/2024) and 40,000 options (of series 2023/2026).

Anna-Karin Renström (1964)
Chief Operating Officer since 2019

Education: Master of Science in Industrial Economics from Linköping Linköping University of Technology, Executive Management Program, Stockholm School of Economics, Styrelsekraft via ALMI

Main experience: Anna-Karin Renström was CEO of Telge Inköp for 10 years before joining Nanologica. She was also chairman of the board of Telge Kraft AB and board member of Telge Nät AB. Previously she has held various positions in purchasing and finance at AstraZeneca.

Other assignments: Board member of Avia Pharma Holding AB and AKRR Konsult AB. Procurement consultant through AKRR Konsult AB.

Total shareholdings (own and related parties): 48,483 shares.

Katarina Alenäs (1970)
SVP Chromatography since 2022

Education: Master of Science in Chemical Engineering at Lund University, Bachelor of Science in Pharmaceutical Sciences at the University of Greenwich.

Main experience: Katarina Alenäs has extensive experience from the life science industry and comes most recently from 10 years with senior positions at Agilent Technologies in business development and sales, as well as 7 years as CEO of Agilent Sweden. Katarina has previously been product manager Shimadzu HPLC/LCMS and has worked as a product and method developer for Kromasil's silica-based packaging media for preparative chromatography.

Other assignments: Board member of Biotech i Kungsbacka AB.

Total shareholdings (own and related parties): 120,000 options (of the series 2021/2024) and 10,000 options (of the series 2023/2026).

INTERNAL CONTROL

The purpose of internal control regarding financial reporting is to ensure that the financial reporting is reliable and that the financial statements are prepared in accordance with generally accepted accounting principles and otherwise comply with applicable laws and regulations that apply to stock market companies.

In accordance with the Swedish Companies Act and the Swedish Code of Corporate Governance (the Code), the board of directors is ultimately responsible for structuring the company's organization so that financial reporting, administration, and operations are monitored and controlled satisfactorily. The board of directors shall, among other things, ensure that Nanologica has adequate internal control and formal procedures that ensure that established principles for financial reporting and internal control are followed and that there are appropriate systems for monitoring and controlling the company's operations as well as the risks associated with the company and its operations. In addition to the board of directors, the internal control processes are carried out by the audit committee, the CEO, senior executives, and other employees. The division of responsibilities between the board of directors, audit committees, the CEO and management is set out in established rules of procedure and instructions. The audit committee shall support the board of directors in its work to fulfil its responsibility for financial reporting, including accounting, internal control, and risk management.

The overall purpose of internal control is to ensure, to a reasonable extent, that the business strategies, objectives, and defined risks are monitored and that the owners' investments are protected. Furthermore, internal control shall ensure, with reasonable certainty, that the external financial reporting is reliable and prepared in accordance with generally accepted accounting principles in Sweden, that applicable laws and regulations are followed and that the requirements imposed on listed companies are met.

Nanologica's CEO is ultimately responsible for overseeing that the work on the internal control is carried out in accordance with the form decided by the board of directors. Nanologica's finance department, led by the CFO, leads the group's work with internal control regarding financial reporting.

Since 2019, internal control has been conducted in accordance with the internationally accepted internal control framework issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), which mainly covers the following five areas: control environment, risk assessment, control activities, information and communication, and monitoring and follow-up. These areas are described in more detail below.

Control environment

The control environment forms the basis for internal control of financial reporting. It is important to clearly define and communicate decision-making paths, authority, and responsibilities in the organization, and that governing documents in the form of internal policies, guidelines and manuals are made available.

The board of directors has the overall responsibility for the company's processes for internal control and for establishing a control environment consisting of written policies, guidelines and instructions that serve as a basis for decision-making and support for management and other employees. The CEO is responsible for the preparation of the documents. The board of directors has established rules of procedure that

regulate the board's responsibilities and how the board's work in committees shall take place. Within the board of directors, an audit committee has been established, the task of which is to ensure that established principles for financial reporting and internal control are complied with and further developed, as well as to maintain ongoing relations with the company's auditors and to review and monitor the auditor's impartiality and independence.

To maintain good internal control, the board of directors has adopted a number of steering documents. These include the following governing documents and policies in which governing documents for accounting and financial reporting are areas that are particularly important for ensuring full and accurate reporting and disclosure:

- Rules of procedure for the board of directors including instructions for the board's committee
- CEO instruction
- Instructions for financial reporting
- Code of Conduct
- Authorization instruction
- Financial policy
- Risk and internal control policy
- Information and insider policy
- Whistleblower policy

The financial handbook is another important steering document that describes processes and routines for the accounting function. In addition to the internal control described above, there is also internal activity-specific control of data regarding production and development, as well as quality control systems, including systematic monitoring and evaluation of the company's research and manufacturing work and products.

All policies and procedures as well as the financial handbook are available on the company's intranet.

Risk assessment

The board of directors is responsible for identifying and managing significant financial risks and risks of errors in financial reporting. This includes identifying areas of financial reporting with an increased risk of material errors and designing control systems to prevent and detect these errors. The company management identifies points in financial reporting and in administrative flows that are specifically relevant and subject to routine testing. The financial risks are regularly managed, assessed, and reported to the audit committee and the board of directors.

Control activities

The control activities aim to ensure that the financial reporting is accurate and complete and are based on the group's requirements for internal control regarding the financial reporting. Nanologica's control structure consists of an organization with clear roles that facilitate an efficient and appropriate division of responsibilities, as well as specific control activities to detect or prevent risks of errors in reporting. Control activities include, for example, account reconciliations and balance sheet specifications, approval of bank transactions and cooperation agreements, proxy and certificate instructions, and accounting and valuation principles. Random checks are also carried out on a regular basis. The board of directors continuously monitors the development of operations through monthly report packages containing detailed financial information, the CEO's comments on the business, as well as results and financial position. Furthermore, the board of directors approves all external financial reports prior to publication.

Information and communication

The company has established information and communication channels regarding risks and internal controls that enable reporting and feedback from operations to the board and management and that help ensure that the right business decisions are made. Governing documents in the form of policies, financial manuals, guidelines (and manuals relating to

financial reporting) are communicated primarily on the company's intranet. Particularly important policies are communicated annually to all affected employees. The financial manual is expanded as needed and is routinely updated. Internal communication on financial reporting and follow-up takes place mainly in the accounting function. Issues related to financial reporting are also discussed at meetings where relevant working groups meet.

To ensure that external information is accurate and complete, the board of directors has established an information and insider policy that specifies what should be communicated externally, by whom, and in what way the information is to be made public. The company's financial reporting complies with the laws and regulations that apply in Sweden and, in the case of the subsidiaries, the local rules in each country where operations are conducted. Information to shareholders and other stakeholders is provided through the annual report, interim reports, and press releases.

Monitoring and follow-up

The board of directors' monitoring and follow-up of internal control regarding financial reporting is primarily handled through the audit committee. The observations and potential areas for improvement regarding internal control identified in the external audit are reviewed by the audit committee together with the external auditors and the CFO.

The CEO ensures that the board and the company management are regularly informed about how the business is conducted. Internal control work supports the board of directors and company management in their work to assess and evaluate significant risk areas in financial reporting and to design initiatives and follow-up measures in selected areas.

Follow-up that the controls are efficient and relevant is done at several levels, by the board, by the management, and by the employees. The tests are carried out, among other things, through process review, random checks, and verification that documents are signed by the competent authorities. These checks are carried out both on a regular basis, such as in financial statements, as event-based checks such as when purchasing, and as random testing such as random sampling.

The board of directors has assessed that the need for a special audit function (internal audit) is currently not justified. The need for a separate internal audit function is reassessed annually. The board of directors currently considers that the monitoring, documentation and review of the company's internal control that is currently carried out by the board of directors and the audit committee is adequate in relation to the scope of operations and existing internal control structures.

The company's external auditors review the financial year in full.

RISKS AND UNCERTAINTIES

The company makes assumptions, assessments and estimates that affect the content of the financial statements. Actual outcomes may differ from these assessments and estimates, also described in the accounting policies. The goal of the group's risk management is to identify, prevent, measure, control and limit the risks in the business. Significant risks are the same for the parent company and the group.

The risks in Nanologica's operations include strategic risks related to, among other things, the company's operations, industry, as well as legal and regulatory risks, such as financing upscaling projects, commercialization, dependence on partners, research, trademarks, patents, and external requirements, as well as operational risks such as production risks and price changes on raw materials and inputs. These risks may have a material adverse impact on the entity's operations, earnings, and financial position.

Production risk

Nanologica has production facilities in Södertälje and at the contract manufacturer Sterling Pharma Solutions Ltd. in the UK. The company does not have its own large-scale manufacturing, which means that the company is dependent on an external contract manufacturer for the production of the amount of silica needed to meet the demand that arises in relation to the implementation of the company's projects and supply agreements.

In addition, there are certain specific associated risks to the company's production of silica, such as (i) problems with the manufacturing process, (ii) equipment problems, and (iii) shortage of raw materials. There is also a risk that Sterling Pharma Solutions does not deliver on time or in accordance with the quality requirements set out in the manufacturing agreement or applicable laws and regulations. Furthermore, costs may be incurred and prices may increase, which is beyond the company's control. The company intends to make investments in production equipment in order to increase production speed, production efficiency and production economy. There is a risk of delays in the delivery and installation of new production equipment, which may lead to the optimization of these parameters not taking place at the pace planned by the company.

All of these risks can lead to production-related delays, interruptions and/or significantly higher costs, which in turn can lead to delays for the company's customers and ultimately lead to financial risks if the company's products cannot be sold at the pace and extent that the company wants.

Estimated probability of the risk occurring: High.

Product development and commercialization

In 2022, Nanologica launched silica-based products for preparative chromatography on the commercial market. Nanologica is continuously working to develop its offering to customers and at the end of 2023, the first non-silica-based products for chromatography were also sold in order to expand the product portfolio and broaden the offering to customers. It is of material importance for Nanologica's future profitability and financial position that the products developed by the company in the chromatography business area are successfully commercialized.

To include materials for preparative chromatography in industrial production is a complex process in the pharmaceutical industry, and potential customers who manufacture pharmaceuticals place high demands on product quality, delivery capacity, competence and long-term perspectives from their suppliers. When it comes to the projects where Nanologica and its customers carry out testing of new products, there

is a risk that the products will not be commercially successful. Different customers have different test methods and conditions, which means that Nanologica's products can perform more or less well in tests. It is only when the company is at a stage where the majority of customers regularly order products that the technical and business-critical risk decreases and the commercial potential of the company's products increases.

There is therefore a specific risk that Nanologica will continue to invest in chromatography products with good test results, but that these investments will later prove to be unprofitable.

Estimated probability of the risk occurring: Medium.

Financing and capital requirements

Nanologica has historically generated negative results and the company's cash flows from operating activities have not been sufficient to meet the company's total annual capital needs. The generated cash flow is expected to remain negative until Nanologica achieves significant sales of existing or new products that the company can market.

Nanologica has historically generated negative results and the company's cash flows from operating activities have not been sufficient to meet the company's total annual capital needs. The generated cash flow is expected to remain negative until Nanologica achieves significant sales of existing or new products that the company can market. Credit financing may contain restrictive conditions on the use of capital, which may hamper the company's flexibility and operations. There is a risk that the company will not be able to raise the necessary capital to implement a current business plan, or alternatively that such a capital raise can only take place on unfavorable terms. In the event that Nanologica is unable to raise the necessary capital, the company's development, manufacturing and sales activities as well as cash flow/liquidity may be adversely affected, which may force the company to limit or discontinue planned marketing, development and investment activities until sufficient capital has been secured.

The company is also exposed to other financial and legal risks such as currency risks, disputes and legal proceedings, insufficient insurance coverage and that all or part of the accumulated tax loss is lost or becomes subject to time-limited savings rules.

Estimated probability of the risk occurring: Medium.

Dependence on qualified personnel

Nanologica can be regarded as a small organization, measured in terms of turnover as well as the number of employees and otherwise committed people. The company's success is highly dependent on the extensive expertise and experience of senior executives and key employees. The work of these individuals is considered to be of great importance for the company's continued operational and financial development. There is a risk that one or more key employees choose to terminate their employment, which may delay or cause interruptions in various development projects, production or commercialization of the company's products.

Estimated probability of the risk occurring: High.

Growth risks

A sudden and sharp increase in demand for the company's products may occur. Such increased demand may require significant business expansion, ultimately through increased production capacity, personnel and the development of new internal processes, which is expected to place high demands on the company's management and employees. In addition, Nanologica would also need to adjust the operational and financial capacity within the company based on the increased capacity load. In the event that the company does not meet the above-mentioned need for change in a satisfactory manner, the company risks losing business, for

example in the form of prospective customers choosing competing products instead. This in itself can affect the return on the company's marketing investments and thus have a negative impact on the company's sales development, sales and earnings.

Estimated probability of the risk occurring: Medium.

Competition and competing technologies

Nanologica's competitiveness is highly dependent on the company's ability to be at the forefront of a product offering that is in line with the current demand in the market. Research and development in competing companies as well as changes in industries that benefit from the company's products may make the company's products obsolete or less in demand. There is a risk that Nanologica, with its current size and current financial resources, does not have sufficient capacity to sustainably compete and that competitors develop products that are more efficient, affordable, qualitative and/or useful than what the company can offer. In addition, competitors may have greater financial resources, higher production and distribution capacities, and better conditions in general for developing and achieving commercial success with their competing products.

Estimated probability of the risk occurring: Low.

Patents, intellectual property rights and trade secrets

Nanologica's knowledge in the manufacture of silica particles with certain predetermined structures is based on many years of research and development. The technology is an integral part of the company's ability to differentiate itself from competitors and offer added value to customers.

The ability to protect intellectual property rights within Nanologica's operations is of great importance and an important prerequisite for achieving success as these may constitute significant assets in the future. As of December 31, 2023, Nanologica had a patent portfolio of 47 patents within three patent families covering methods, processes and combinations that include both drugs and products. The company's patents mainly relate to the area of drug development, while the performance of the company's product in chromatography is a result of trade secrets that the company has refrained from patenting. Nanologica is thus dependent on non-patented trade secrets.

There is a risk that the existing and/or future patent portfolio as well as other intellectual property rights held by Nanologica do not provide the company with adequate commercial protection. Even if a patent has been granted, there is a risk that the scope of protection is insufficient, and that competitors or similar technologies may circumvent the patent. Furthermore, there is a risk that it will not be possible to maintain granted patents or that they will be limited.

If the company does not obtain a patent for its technologies and products, if the patent is revoked (e.g. through the discovery of prior art), or if the business secrets of know-how constituted by the production process cannot be preserved, third parties who possess the necessary know-how may use the technology or product without compensation to the company. In the event that patent applications are rejected, the company may be left without intellectual property protection in whole or in part with respect to technology and product innovations. These risks are considered to be of great importance for the company's future development.

In addition, there is a risk that third parties may infringe on the company's patents. Such attempts may mean that Nanologica may be forced to initiate legal proceedings associated with considerable costs, in order to avert patent

infringements and defend its patent protection. There is also a risk that the outcome of the process will lead to Nanologica's patent protection being reduced or terminated.

Estimated probability of the IP risks described above occurring: Low.

Regulatory risk

Nanologica is active in the field of life science, which is surrounded by extensive and constantly changing regulations for, for example, clinical development, manufacturing and marketing of products, and it is of the utmost importance for the company's operations that the company complies with applicable laws and regulations. The company's measures to ensure compliance with applicable regulations and requirements for permits may be insufficient as the company lacks internal regulatory competence and there is thus a risk that the company does not meet all applicable requirements. Regulations and requirements that apply to the company's operations may change over time and this may mean that the company must take extensive measures to ensure compliance with applicable regulations. There is also a risk that the company will not be able to meet the changed requirements.

Estimated probability of the regulatory risks described above occurring: Low.

Dependence on partners

Nanologica is, and is expected to continue to be, dependent on collaborations in connection with product development and out-licensing/partnerships for sales of the company's products in both existing and new markets. There is a risk that one or more of Nanologica's partners does not fulfill the agreed collaboration with the company, or that this does not take place under conditions that favor the company and that Nanologica in such a situation cannot replace such supplier or partner in a timely manner in a qualitatively or financially satisfactory manner.

Several of Nanologica's partners are located outside Sweden. The geographical distance can lead to reduced opportunities for Nanologica to monitor and follow up on how the collaboration develops. In addition, political and economic uncertainties in such countries could have a negative impact on the company.

Estimated probability of the risk occurring: Medium.

Share-related risks

For several years, Nanologica has had a negative cash flow, and it is likely that the company will need additional capital to finance its operations, especially in the drug development business area, which requires significant investments before it is expected to generate larger revenues. Nanologica may need to raise additional financing through new share issues, equity-linked securities or convertible debentures, which may result in a dilution of existing shareholders' stake in the company.

As a result of the company's ownership structure, where Nanologica's three largest shareholders hold more than 50 percent of the shares and votes, there is a risk that investors will not be able to exercise any influence at all or that the interests of major shareholders are not in line with those of the company or other shareholders. Such major shareholders would be able to exercise significant influence over Nanologica in a way that would not best serve the interests of the other shareholders.

The development of Nanologica's share price is dependent on a number of factors, some of which are company-specific, such as the development of sales in preparative chromatography and ongoing expansion, and others are tied to the stock market as a whole and may not necessarily be related to the company's underlying value. Potential investors should take into account that an investment in the company's shares is associated with risk and that the shares may both increase

and decrease in value. The company also plans to invest its financial resources in development and in building a commercial organization. At present, the company has no intention of paying dividends to shareholders in the near future.

Estimated probability of the risks related to the share occurring: Medium.

Climate risks

Climate change poses a major risk to humanity from a global perspective. Examples of physical climate risks include extreme weather that can make components and raw materials more inaccessible and lead to higher energy prices. Transition risks consist of risks arising from changes in legislation, changes in demand for products and services, changes in customer behavior, or other structural changes that take place with the aim of transitioning to a climate-neutral economy. Increased demands from investors for an increased focus on sustainability for companies may also be significant factors. In addition, environmental policy decisions may affect the company in the form of increased taxes or necessary investments. At present, Nanologica assesses that climate risks do not have or will have a significant impact on the company's financial development in the near future.

Estimated probability of the risk occurring: Low.

Risk management

Nanologica continuously works with risk assessment and management in order to prevent and limit events that may adversely affect the business. Risk analysis and a risk management plan are carried out on an ongoing basis for individual projects as well as for the company as a whole. Possible events and scenarios that could negatively affect the company's operations are compiled and valued in a risk matrix. Linked to the risk matrix and each individual risk, risk mitigation measures are described in order to counteract, limit, control and manage the risk.

The company's management team continuously works to identify, evaluate and limit risks in the operational operations. The management team reviews the current risk matrix on a monthly basis to ensure adequate risk management. On an annual basis, the company's risks are discussed and evaluated by the board of directors, where the audit committee is responsible for preparing the basis.

NANOLOGICA

FINANCIAL REPORTS AND NOTES

CONTENT FINANCIAL REPORTS AND NOTES

FINANCIAL REPORTS FOR THE GROUP

FINANCIAL REPORTS FOR THE PARENT COMPANY

NOTES FOR THE GROUP'S FINANCIAL REPORTS

NOTES FOR THE PARENT COMPANY'S FINANCIAL REPORTS

OTHER

CONSOLIDATED INCOME STATEMENT

Amounts in TSEK	Note	2023 Jan - Dec	2022 Jan - Dec
Net sales	4,5	1 443	1 555
Change in inventories of products in progress, finished goods and work in progress	21	2 080	-1 276
Capitalized work for own use		3 229	4 272
Other operating income	6	494	265
Operating expenses			
Raw materials and consumables		-6 828	-1 316
Other external costs	7	-13 111	-14 142
Staff costs	8	-27 393	-27 375
Depreciation and amortization of tangible, intangible and right-of-use assets*	9	-19 365	-11 862
Write-downs of other current assets**	9	-9 785	0
Other operating expenses	10	-727	-971
Total operating expenses	4	-77 209	-55 665
Operating profit/loss		**-69 963**	**-50 850**
Financial items			
Valuation of financial assets at actual value	11	0	630
Financial income	12	516	41
Financial costs	13	-5 710	-5 053
Total financial items		-5 194	-4 381
Profit/loss after financial items		**-75 157**	**-55 231**
Profit/loss before income tax		**-75 157**	**-55 231**
Income tax	14	0	0
Profit/loss for the period attributable to owners of parent company		**-75 157**	**-55 231**

**Includes write-downs of development costs of TSEK 4,738 related to the company's completed internal development projects in the drug development business area.*
***Refers to write-downs of TSEK 9,785 of material lost during the scale-up of silica production.*

CONSOLIDATED REPORT OF COMPREHENSIVE INCOME

Amounts in TSEK	Note	2023 Jan - Dec	2022 Jan - Dec
Profit/loss for the period attributable to owners of parent company		**-75 157**	**-55 231**
Other comprehensive income		0	0
Total comprehensive profit/loss for the period attributable to owners of parent company		**-75 157**	**-55 231**
Earnings per share attributable to shareholders of the parent company, basic and diluted SEK	15	-2,08	-1,84
Average number of shares during the period		36 146 142	30 024 392
Number of shares at the end of the period		36 146 142	36 146 142

CONSOLIDATED BALANCE SHEET

Amounts in TSEK	Note	2023 Dec 31	2022 Dec 31
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized expenditure for research and development and similar	16	21 809	14 724
Concessions, patents, licenses, trademarks and similar rights	17	1 332	1 407
Tangible fixed assets	18	3 749	3 181
Right-of-use assets	19	12 009	18 547
Total fixed assets		**38 899**	**37 859**
Current assets			
Inventories	21	2 973	1 170
Accounts receivable	22	473	770
Other receivables		660	864
Prepaid expenses and accrued income	23	24 370	43 529
Cash and cash equivalents	24	10 054	70 322
Total current assets		**38 530**	**116 654**
TOTAL ASSETS	20	**77 429**	**154 513**
EQUITY AND LIABILITIES			
Equity	25		
Share capital including ongoing issues	26	14 821	14 821
Additional paid-in capital		308 295	308 195
Profit/loss brought forward from actual period		-325 014	-249 858
Total equity attributable to parent company shareholders		**-1 898**	**73 158**
Total equity		**-1 898**	**73 158**
Liabilities			
Long-term liabilities			
Lease liabilities	19	136	666
Provisions	28	572	574
Other long-term liabilities	27	66 757	66 601
Total long-term liabilities		**67 465**	**67 841**
Current liabilities			
Liabilities to credit institutions	27	0	1 333
Advance payment from customers	29	0	427
Accounts payable		4 914	2 263
Lease liabilities	19	530	2 693
Other current liabilities		1 504	1 768
Accrued expenses and deferred income	30	4 915	5 030
Total current liabilities		**11 863**	**13 515**
Total liabilities	20	**79 328**	**81 356**
TOTAL EQUITY AND LIABILITIES		**77 429**	**154 514**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Amounts in TSEK	Share capital	Ongoing rights issues	Additional paid-in capital	Retained earnings incl. profit/loss from actual period	Total equity
Equity January 1, 2022	**11 549**	**0**	**234 674**	**-194 627**	**51 596**
Profit/loss for the year				-55 231	-55 231
Other comprehensive income				0	0
Total comprehensive income for the year	**0**	**0**	**0**	**-55 231**	**-55 231**
Transactions with shareholders					
Rights issue	3 272		76 531		79 803
Issue costs			-3 010		-3 010
Total transactions with shareholders	**3 272**	**0**	**73 521**	**0**	**76 793**
Equity December 31, 2022	**14 821**	**0**	**308 195**	**-249 858**	**73 158**

The equity is entirely attributable to the parent company's shareholders.

Equity January 1, 2023	**14 821**	**0**	**308 195**	**-249 858**	**73 158**
Profit/loss for the year				-75 157	-75 157
Other comprehensive income				0	0
Total comprehensive income for the year	**0**	**0**	**0**	**-75 157**	**-75 157**
Transactions with shareholders					
Rights issue			0		0
Premiums for issued/repurchased warrants			100		100
Issue costs			0		0
Total transactions with shareholders	**0**	**0**	**100**	**0**	**100**
Equity December 31, 2023	**14 821**	**0**	**308 295**	**-325 015**	**-1 898**

The equity is entirely attributable to the parent company's shareholders.

CONSOLIDATED CASH FLOW STATEMENT

Amounts in TSEK	Note	2022 Jan - Dec	2022 Jan - Dec
OPERATING ACTIVITIES			
Operating profit/loss	4	-69 963	-50 850
Adjustment for items not affecting cash flow	31	18 959	12 350
Write-down of other current assets	9	9 785	0
Interest received		464	43
Interest paid		-4 201	-6 055
Income tax paid		0	0
Cash flow from operating activities before changes in working capital		**-44 955**	**-44 511**
Increase (-) / decrease (+) of inventories		-1 803	1 239
Increase (-) / decrease (+) of operating receivables		8 667	-1 829
Increase (+) / decrease (-) of operating liabilities		2 244	-117
Cash flow from operating activities		**-35 848**	**-45 219**
INVESTING ACTIVITIES			
Investments in intangible assets		-19 224	-6 959
Investments in tangible fixed assets		-1 756	-1 599
Compensation for sold tangible assets		627	72
Compensation for divested financial assets		0	1 344
Cash flow from investing activities		**-20 353**	**-7 142**
FINANCING ACTIVITIES			
Rights issue		0	79 803
Premiums for issued/repurchased warrants		100	0
Transaction costs		0	-3 011
New loans	32	0	50 000
Amortization of lease liabilities	32	-2 873	-2 735
Amortization of financial loans	32	-1 313	-12 360
Cash flow from financing activities		**-4 086**	**111 697**
Total cash flow for the year		**-60 286**	**59 335**
Cash and cash equivalents, opening balance		70 322	10 987
Exchange rate difference in cash and cash equivalents		18	-1
Cash and cash equivalents, closing balance	24	**10 054**	**70 322**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 ACCOUNTING PRINCIPLES

The main accounting principles applied in the preparation of these consolidated financial statements are set out below. These principles have been applied consistently for all years presented, unless otherwise stated.

General

This annual report covers the Swedish parent company Nanologica AB (publ), corporate identity number 556664–5023, and its subsidiaries. The parent company is a limited liability company registered in and with its registered office in Stockholm, Sweden. The address of the head office is Forskargatan 20 G, 151 36 Södertälje. The main operations of the group are the production and sales of silica-based products for chromatography.

Fiscal year

The financial statements for the fiscal year 1 January to 31 December 2023 include financial information for the parent company and its subsidiaries (collectively referred to as the "group" and separately "group companies"). The annual accounts and consolidated accounts have been approved for publication on 22 March 2024 in accordance with a board decision on 21 March 2024. The group's and the parent company's income statement and balance sheet will be subject to adoption at the annual general meeting on 16 May 2024.

Disclosures regarding changes in the group structure

Note M8 provides an overview of the Nanologica group and a specification of all group companies. During the year, the subsidiary Nanologica Australia Ltd has been liquidated. No other changes in the structure or operations of each group company changed.

Compliance with legislation and accounting standards

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB) as well as interpretative statements by the International Financial Reporting Interpretations Committee (IFRIC) adopted by the European Commission for application in the EU, with additional requirements in the Annual Accounts Act. The standards and interpretative statements applied are those that were in force and adopted by the EU on January 1st, 2022. Furthermore, the Board for Financial Reporting's recommendation RFR 1, Supplementary accounting rules for groups, has been applied.

With respect to new standards and amendments to existing standards that become effective for fiscal years beginning after 1 January 2023, the group assesses that these changes will not have a material effect on the financial statements.

Guidelines for alternative performance measures

In accordance with the European Securities and Markets Authority (ESMA) guidelines on alternative performance measures, additional information on the use of alternative performance measures, including explanations of use and derivation of alternative performance measures from the most directly reconcilable IFRS items in the financial statements, have been included in the financial statements.

Alternative performance measures presented in the financial statements should not be considered as a substitute for terms and concepts in accordance with IFRS and need not be comparable to similar performance measures of other companies.

Main activities

The group's operations consist primarily of the manufacture, marketing, and sales of silica-based products for chromatography. The most important markets are countries in Asia, but also Europe and the USA.

Basis for accounting

Assets and liabilities are reported at historical cost except for certain financial assets and liabilities that are measured at fair value in accordance with the accounting principles set out below. All amounts are, unless otherwise stated, rounded to the nearest thousand Swedish crowns. The preparation of the financial statements in accordance with IFRS requires management to make certain critical estimates and assumptions that affect the carrying amounts of assets, liabilities, income, and expenses.

The estimates and assumptions are based on past experience and a number of other factors that can be assumed to be reasonable under the current circumstances. The results of these estimates and assumptions are then used to assess carrying values of assets and liabilities that cannot be easily determined from other sources. Actual outcomes may differ from these estimates and assumptions. The estimates and assumptions are reviewed regularly. Changes in estimates are recorded in the period in which the change is made if the change has affected only that period. If the changes also relate to future periods, these are reported both in the period in which the change is made and in future periods.

Note 2 contains a description of the assessments made in the application of IFRS that have a significant impact on the financial statements and the estimates that may result in material adjustments in the following year's financial statements. Unless otherwise stated below, stated accounting principles for the group have been applied consistently to all periods presented in the group's financial statements.

Segment information

An operating segment is a part of a group that conducts operations from which it can generate revenue and incur costs and for which independent financial information is available. The group's division into operating segments is in line with the internal reports that the group's highest executive decision-makers use to monitor operations and allocate resources between operating segments. The CEO is the group's highest executive decision-maker. In Nanologica, it is therefore the reports that the CEO receives on the results in different parts of the group that form the basis for the segment information.

The operating segments have been identified in accordance with the guidelines in IFRS 8 paragraphs 5–10. Within the group, two operating segments have been identified:

- Chromatography
- Drug Development

The division has been made with the intention of finding a sustainable structure taking into account the current organization, operating model and initiatives initiated related to the group's direction. For each business area, various group-wide business and investment strategies have been developed. Chromatography has developed a manufacturing methodology that became fully operational in 2023 and which is budgeted for a profit surplus during 2024. The development in the Drug Development business area has during the year been held back and at the end of the year the internal operations within the business

area were discontinued. The business area did not generate any revenue during 2023. Items on the income statement that are not allocated to segments relate to corporate governance including the board of directors and costs related to the company's share being market listed.

The business' highest decision-makers primarily use external net sales, gross profit, and operating profit to assess the development of the operating segments. Net financial items and income tax are not allocated to the segments, as this is handled at a central level. Fixed assets are allocated to segments. Otherwise, no division of assets and liabilities between segments is made and therefore no disaggregated information is provided on this. Note 4 presents information relating to each reporting segment (business segment).

Classification

Fixed assets consist of assets that are expected to be recovered or settled later than twelve months from the balance sheet date. Current assets consist of amounts that are expected to be recovered or settled within twelve months of the balance sheet date. Long-term liabilities consist of amounts that the group at the balance sheet date has an unconditional right to choose to pay later than twelve months after the end of the reporting period. If the group has no such right at the balance sheet date, or if the debt is expected to be settled within a normal operating cycle, the amount of the debt is recognized as short-term liability.

Consolidation principles

Group structure

All formed and acquired companies are wholly owned, directly by Nanologica AB (publ) and are consolidated from the date on which controlling interest is transferred.

Subsidiary

The consolidated financial statements include the financial information for Nanologica AB (publ) and all subsidiaries. Subsidiaries are all companies that Nanologica AB (publ) controls directly or indirectly. Control is achieved when the group has responsibility for and the right to its variable return through its involvement in the company, as well as the ability to influence this return through its influence over the company. All subsidiaries are consolidated from the date Nanologica AB (publ) acquires controlling interest. In cases where the group acquires subsidiaries, the acquisition method for accounting for business combinations is applied.

The group companies cease to be consolidated from the date on which control ceases. When the group ceases to have a controlling interest, any remaining holdings are revalued at fair value at the time when controlling interest ceases, which is recognized as a change in the value of the income statement.

An overview of all consolidated group companies for Nanologica AB (publ) can be found in Note M8.

Transactions eliminated during consolidation

Intercompany transactions, balance sheet items, income and expenses arising from transactions between group companies are eliminated. Profits and losses resulting from intra-group transactions recognized as assets are also eliminated.

Foreign currency

Functional and reporting currency

Items in the respective group companies' financial information are reported in functional currency in the

primary economic environment in which operations are conducted. The functional currency of foreign units is generally the local currency. The parent company's functional currency is Swedish kronor (SEK), which is also the reporting currency for the parent company. The consolidated financial statements are presented in SEK. Assets and liabilities are translated at the rate of the balance sheet date. Income and expenses are translated at the average exchange rate for the year.

Transactions and balance sheet items

Transactions in foreign currency are translated into functional currency at the exchange rates in force on the date of the transaction or the date of revaluation. Currency differences arising in connection with the settlement of such transactions, or when translating exchange rates for monetary assets and liabilities in foreign currencies at the balance sheet date, are recognized in the income statement within operating profit.

Currency differences on cash and cash equivalents and liabilities are reported in the income statement under financial income and financial expenses, respectively.

The group has no loans in foreign currencies and does not apply any hedge accounting for foreign exchange profits and losses related to borrowings.

Accounting for foreign operations

The income statements and balance sheets of all group companies that have a functional currency other than the non-cash currency are translated into the reporting currency as follows:

- The assets and liabilities on the respective balance sheets are translated at the closing rate.
- Income and expenses in the respective income statements are translated at average exchange rates unless this average rate is an unreasonable approximation of the cumulative effect of the rates in force on the transaction date; In such a case, income and expenses are translated at the rate of the transaction date.
- All exchange differences that arise are reported in other comprehensive income.

Basis for accounting

The group has consistently applied the following accounting principles to all periods reported in this consolidated financial statement. Below is a summary of the significant accounting principles and definitions, which are described in more detail on the following pages:

Revenue and Expense Accounting

I Net sales

Revenue from agreements with customers

The group reports revenue from sales of goods and distribution agreements. Revenue recognition is carried out in accordance with the five-step model specified in IFRS 15.

Sales of goods

The sales of goods include income from the supply of goods after deduction of discounts and the like, excluding value added tax and after the elimination of intercompany sales. Net sales are recognized when a group company has delivered goods to a customer, the economic benefits and risks associated with the goods have materially passed to the customer, and when payment of associated receivables is available with reasonable certainty.

Any advances from customers are indebted and deducted as revenue is deducted.

Distribution agreements

These agreements usually consist of a number of components (products in the form of silica, sales rights, marketing services and materials). Since customers cannot benefit from each specific component separately or with other resources available to the customer, the agreements as a whole have been deemed to constitute a performance commitment.

Any advances from customers are indebted and deducted as revenue is deducted.

II Changes in inventory

Changes in the value of inventories, both purchased externally and internally accrued, cost spent for goods including, where appropriate, write-down of inventories according to the principle of minimum value (cost and net realizable value at the balance sheet date). See more in note 2 regarding calculation of manufacturing costs and valuation of inventories.

III Capitalized expenditure for development work and similar work

Nanologica AB runs several development projects that are expensed on an ongoing basis. Where projects meet the requirements of IAS 38, these expenses are capitalized on their own in the income statement. See more in note 2 regarding valuation of intangible assets.

IV Other income

Other income includes foreign exchange profits, capital gains (profit) on disposals of right-of-use assets, tangible and intangible fixed assets, as well as government subsidies and grants.

Capital gains on disposals are determined by comparing the selling price with the reported amount and are recognized at the disposal of the asset under Other income in the income statement.

Grants received and grants for measures that support liquidity, affect the company's cash flow and compensate for costs, and that affect the company's cash flows and/or earnings are recognized when all conditions for grant have been or will be met. Income from government subsidies and grants that are not

subject to future performance requirements is recognized as income when the conditions for receiving the grant have been met and the economic benefits associated with the transaction are likely to accrue to the company, and the income can be reliably calculated. Income from government subsidies and grants associated with requirements for future performance is recognized as income when the performance is carried out and the economic benefits associated with the transaction are likely to accrue to the company and the income can be reliably calculated.

Public contributions are valued at the fair value of the asset received by the company. Grants received before the conditions for recognizing the grant as income have been met are recognized as liabilities.

V Raw materials and consumables

Raw materials for production, purchases from subcontractors from production, analyzes and other costs that are directly linked to reported income.

VI Other external expenses

Refers to the company's other external costs including external costs for research and development.

VII Staff costs / remuneration of employees

Employee benefits such as wages and social security costs, holidays, and paid sick leave are reported as employees perform services.

Employee commitments are secured through defined contribution pension plans. Defined contribution pension plans are those plans in which the company's obligation is limited to the contributions the company has undertaken to pay. In such a case, the size of the employee's pension depends on the contributions paid by the company to the plan or to an insurance company and the return on capital that the contributions provide. Accordingly, it is the employee who bears the current risk and investment risk. The company's obligations regarding contributions to defined contribution plans are recognized as an expense in profit for the year at the rate at which they are earned by employees performing services for the company for a period of time.

Termination benefits

Severance pay is paid when an employment relationship ends before the normal time or when an employee accepts voluntary dismissal in exchange for special remuneration. Costs associated with employee layoffs are recognized as a provision if it results from an entity's decision to terminate an employee's employment prior to the normal time or an employee's decision to accept an offer of voluntary termination in exchange for compensation.

Share-based benefits

The group does not apply any share-based compensation. Incentive programs (purchase of warrants) for employees, senior executives and board members are made at market price. Based on the terms of the option programs, see page 96, the premium on the warrant is determined using the Black-Scholes model.

VIII Depreciation/amortization and write-down of tangible assets, intangible assets, and right-of-use assets

The company uses straight-line depreciation on all of the company's depreciable assets.

An impairment test is carried out as soon as there is an indication that the reported value of the asset exceeds its economic value.

IX Other operating expenses

Other operating expenses include foreign exchange losses, capital gains (losses) on disposals of right-of-use assets, tangible and intangible fixed assets.

Capital gains on disposals are determined by comparing the selling price with the reported amount and are recognized at the disposal of the asset under the other income in the income statement.

X Valuation of financial items at fair value

Financial assets measured at fair value via the income statement refer to the group's eventual holdings in market-listed shares. All changes in the value of these items are recorded directly in the income statement. Valuation has been made through IFRS 13's valuation hierarchy, level 1 (quoted prices in active markets for identical assets and liabilities).

XI Financial income and expenses

Interest income and interest expenses on third-party loans are recognized in the profit and loss account when they are incurred according to the effective interest method, which also means that the cost of one-off loan arrangement expenses is accrued over the term of the loan. Interest income and cash and bank expenses, respectively, are recognized in the income statement when they arise under other financial income and expenses at amortized cost, respectively.

Cash and cash equivalents denominated in foreign currency are converted into functional currencies at the exchange rate on the balance sheet date. Any currency differences are recognized under financial income. Liabilities denominated in foreign currency are converted into functional currencies at the exchange rate in force at the balance sheet date. Any currency differences are recorded under financial expenses.

XII Tax

Income tax for the period consists of current and deferred tax and is recognized in the income statement. Corporate tax is calculated on profit before tax in the income statement, taking into account non-deductible expenses, non-taxable gains and losses, temporary differences resulting from current local tax legislation, as well as other factors affecting the tax rate, such as changes in valuation reserves, adjustments to tax positions and changes in tax legislation, such as changes or decisions on changes in tax rates.

The current tax expense is calculated using the tax rates and tax rules decided or announced at the balance sheet date in the countries where the company's subsidiaries and associated companies operate and generate taxable earnings.

Deferred tax is recognized, using the balance sheet method, on all temporary differences arising between the tax base of assets and liabilities and their carrying amounts in the consolidated financial statements. Deferred income tax is calculated using tax rates that have been decided or announced at the balance sheet date and that are expected to apply when the relevant deferred tax asset is realized, or the deferred tax liability is settled.

Deferred tax assets on loss deductions are recognized to the extent that it is very likely to be tax surpluses

available, against which the deficits can be used.

Deferred taxes relating to temporary differences in holdings in subsidiaries are not recognized as the parent company can in all cases control the timing of the reversal of the temporary differences and it is not considered likely that such a reversal will occur in the foreseeable future.

Deferred tax assets and liabilities are set off when there is a legal right of set-off for current tax assets and liabilities and when the deferred tax assets and liabilities relate to taxes levied by the same tax authority and relate to either the same taxable entity or different taxable entities where there is an intention to settle the balances through net payments.

Positions taken in tax returns regarding situations where applicable tax rules are subject to interpretation are regularly evaluated. Any provisions are made based on the amounts expected to be paid to the respective tax authorities.

Deferred tax is not discounted.

XIII Earnings per share

The calculation of earnings per share is based on the group's profit for the year attributable to the parent company's shareholders and on the weighted average number of shares outstanding during the year. During reported periods, there were no potential ordinary shares that could give rise to dilutive effects, as outstanding options (with the right to subscribe for ordinary shares) are not included in the basis for calculating earnings per share in cases where the company reports a negative result.

Principles for the Valuation of Assets and Liabilities

General

Assets and liabilities are initially accounted for, unless otherwise stated, at the amounts for which they were acquired or that have incurred.

XIV Intangible assets

Estimated economic useful lives of intangible assets:

- Patent 5 years
- Balanced expenditure on development works 5 years

Depreciation method

For all intangible assets, the straight-line depreciation method is used.

Acquisition through internal reprocessing – balanced expenditure on development work

Product development work is divided into a research phase and a development phase. All expenses arising from the company's research phase are recognized as expenses when they are incurred. All development expenses are recognized as an asset if all of the following conditions are met:

- It is technically possible to complete the intangible fixed asset so that it can be used or sold
- The group’s intention is to complete the asset

- There are prerequisites for using it or selling the asset
- The asset is expected to generate future economic benefits
- There are the necessary and adequate technical, financial, and other resources to complete and complete
- Expenses can be calculated reliably

Directly attributable expenses that are balanced include expenses for staff, remuneration for development services received, as well as direct materials.

After initial recognition, internally generated intangible fixed assets are recognized at cost less accumulated depreciation and any accumulated impairment losses. Depreciation begins when the asset can be used. Capitalized expenses are depreciated linearly over an estimated useful life of 5 years.

Reassessment of useful lives

Estimated useful lives and depreciation methods are reassessed if there is an indication that these have changed compared to the estimate at the previous balance sheet date. The impact of any changes in estimates and judgments is presented in a forward-looking manner. Depreciation begins when the asset can be used.

Removal from the balance sheet

An intangible fixed asset is removed from the balance sheet upon disposal or divestment or when no future economic benefits are expected from the use or disposal/divestment of the asset. The profit or loss arising from the removal of an intangible fixed asset from the balance sheet is the difference between what may have been received, less direct selling expenses, and the reported amount of the asset. This is recognized in the income statement as other operating income or expense.

XV Tangible assets

Tangible assets are reported at historical cost less accumulated depreciation and any impairment losses. The cost consists of the purchase price, directly attributable expenditure for putting the asset in place, and estimated dismantling and disposal expenses. Additional expenditure that meets the asset criterion is included in the reported amount of the asset. Expenditure on current maintenance and repairs is recognized as an expense when incurred.

Depreciation of tangible assets is made on a straight-line basis over the estimated useful life of the asset. Depreciation begins when the asset can be put into use. The group's tangible assets consist of equipment, tools, and installations and the estimated useful life of these amounts to 5–10 years.

Subsidies and grants relating to investments in tangible assets are deducted from the historical cost of the related asset and are reflected in the income statement as part of depreciation.

Capital gains and losses on the disposal of a tangible asset are recognized as other operating income and other operating expenses, respectively.

Impairment of intangible and tangible assets

At each balance sheet date, the company analyzes the reported values of tangible and intangible assets to determine whether there is any indication that these assets have decreased in value. If this is the case, the

recoverable amount of the asset is calculated in order to determine the value of a possible impairment loss. When it is not possible to calculate the recoverable amount of an individual asset, the company calculates the recoverable amount of the cash-generating unit to which the asset belongs. An impairment test is also carried out annually on balanced expenses for development works that have not yet been completed.

Recoverable amount is the higher of fair value less selling expenses, and value in use. Fair value less selling expenses is the price that the company expects to be able to obtain in a sale less such costs that are directly attributable to the sale. When calculating value in use, future cash flow is discounted to present value by a pre-tax discount rate that reflects the current market assessment of the time value of money and the risks associated with the asset.

At each balance sheet date, the company makes an assessment of whether previous impairments are no longer justified. If this is the case, the impairment is partially or fully reversed. A reversal of an impairment loss is recognized directly in the income statement.

XVI Right-of-use assets

Leases in which the group is the lessee

The group has leases for premises and production equipment. The group recognizes all leases (with some exceptions listed below) in the financial position statement as a lease liability for the obligation to pay future fixed lease payments and a right-of-use asset as an expression of the right to use an underlying asset. The lease liability is measured at amortized cost using the effective interest method, which is why lease payments are divided between the amortization of the lease debt and the cost of interest. Lease liabilities are recognized as the present value of remaining lease payments in the financial condition statement and include the following lease payments:

- Fixed fees
- Variable lease payments that depend on an index or price, initially valued using the index or price at the commencement date
- Amounts expected to be paid by the lessee under residual value guarantees or when using a purchase option

Lease payments that will be made for reasonably secure extension options are also included in the valuation of the debt. To calculate the lease debt, the lease payments are discounted with the implicit interest rate of the lease. If this interest rate cannot be easily determined, the marginal loan rate of the lessee is used.

The right-of-use asset is valued at cost and is accounted for in an amount equal to the amount at which the lease liability was originally valued after adjusting for deferred lease payments and initial direct expenses, as well as expenses to restore the asset to the condition prescribed by the terms of the lease. Rights-of-use assets are written off linearly in subsequent periods over the shorter of the useful life and lease term. If the group is reasonably certain to exercise a call option, the right to exercise is written off over the useful life of the underlying asset.

The group has chosen not to report in the financial position statement leases for which the underlying asset is of low value or with a lease term (including an extension period that the group is reasonably certain to be expected to use) of less than 12 months. The group recognizes lease payments covered by the exemption rules as a lease cost on a straight-line basis over the lease term. The group has chosen to apply the practical solution that gives a lessee the option of choosing not to separate leasing components from non-leasing

components for premises leases and instead to account for each leasing component and non-leasing component as a single leasing component.

The group has identified that part of a supplier agreement, a service and contract manufacturing agreement, constitutes a lease. The agreement contains explicitly identified assets that cannot be used by the supplier other than to manufacture Nanologica's products. The supplier does not have the right to replace the equipment and use other assets to produce the products. In addition, the group has an option to buy out the assets at the end of the agreement which is likely to be exercised. The equipment is recognized as a right-of-use asset in the group. As the group has already paid the supplier for the equipment, no leasing liability is recorded in the balance sheet linked to this asset.

XVII Inventories

Reported inventories consist of raw materials and consumables, semi-finished products and work-in-progress products, as well as finished goods inventories. Inventories are valued at the lower of the cost of acquisition and net realizable value. The cost is determined using the FIFO (first in, first out) method.

The cost corresponds to the value of the expenses required to acquire or manufacture the goods and to get them to the right place and condition for their intended use. The cost of semi-finished and work-in-progress products as well as finished goods includes materials, labor costs, other direct costs, as well as a fair share of fixed manufacturing overheads (based on normal capacity utilization) and variable manufacturing overheads (based on actual production during the period). When calculating, standard values are used that are updated semi-annually or earlier in cases where production changes so that the estimated manufacturing cost is affected.

Net realizable value is the estimated selling price in the ordinary course of business less directly attributable variable selling expenses and costs for the completion of the products. Write-downs, additions, and releases related to the provisions for obsolete inventory are recognized in the income statement under changes in inventories.

XVIII Financial instruments

The group's financial instruments consist of:

- Accounts receivable
- Short-term investments
- Cash and cash equivalents
- Amounts owed to credit institutions
- Other long-term financial liabilities (loans)
- Other financial short-term liabilities (loans)
- Accounts payable

The group does not have any derivatives and hedge accounting does not occur.

XIX Financial assets

Recognition and initial valuation

Accounts receivables and issued debt securities are initially recognized as they arise. All other financial assets and financial liabilities are initially recognized in connection with the group's conclusion of an agreement on

the instrument. A financial asset (if it is not an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs directly attributable to its acquisition or issue, for items that are not recognized at fair value through the income statement (FVTPL). An accounts receivable without a significant financing component is initially recognized at the transaction price.

A financial asset is valued at zero and is lifted from the balance sheet when the contractual rights to the cash flows from the asset cease or when the contractual rights to the cash flows are transferred through a transaction, in which the economic benefits and risks associated with ownership of it are transferred. Any remaining or emerging interests in such transferred financial assets are accounted for as a separate asset or liability.

The group's reported financial assets consist mainly of accounts receivable and cash and cash equivalents and to a lesser extent of other receivables. All these non-derivative financial assets are accounted for at amortized cost.

Subsequent valuation and profit or loss, accounting principle

– Financial assets measured at fair value via the income statement (FVTPL)

These assets consist of marketable shares. Net gains and losses, including any income or dividends, are recognized in the income statement.

- Financial assets at amortized cost

These consist of accounts receivable, other receivables and cash and cash equivalents. These assets are measured at amortized cost using the effective interest rate method. Depreciation costs are reduced by write-downs. Interest income, foreign exchange gains and losses and impairment losses are recognized in the income statement. Any gain or loss on depreciation is recognized in the income statement.

Impairment of financial assets

Impairment requirements for accounts receivable are recognized based on the simplified approach using the expected credit losses for the entire remaining life of the contracts. The group has relatively few accounts receivable, and assessment is made individually for each account receivable. The credit risk is assessed as low.

XX Financial liabilities

Financial liabilities are classified and measured as liabilities valued at amortized cost.

Financial liabilities include the following items:

- Bank loans and other loans are initially carried at fair value less transaction costs directly attributable to the instrument's issue. These interest-bearing liabilities are then measured at amortized cost using the effective interest rate method, which ensures that interest expense is calculated based on a fixed interest rate on the carrying amount of the liability on the balance sheet. The reported annual percentage rate includes initial transaction costs and any premiums payable upon redemption, as well as interest or coupon paid while the debt is outstanding. Loans are classified as short-term liabilities unless the group has an unconditional right to defer payment of the debt for at least 12 months after the balance sheet date, when they are instead classified as long-term liabilities.

A financial liability is measured at zero and lifted from the accounts when its contractual obligations have been fulfilled, cancelled, or expired.

Transaction costs arising from the establishment of credit facilities are recognized to the extent that it is likely that part or all of the loan will be used. If this is the case, transaction costs are recognized when the credit is used. If it is likely that part or all of the credit will be used, borrowing costs are recognized as a deferred expense and offset against short-term liabilities over the contract period to which the credit relates, using the effective interest rate method.

- Accounts payable are payment obligations for goods or services that have been acquired from suppliers in the course of the day-to-day operations. Accounts payable are classified as current liabilities if they mature within one year. If payment is expected to be made later than 12 months after the balance sheet date, the liability is recognized as a long-term liability. Accounts payable are initially recognized at fair value and then at amortized cost using the effective interest rate method.

XXI Cash and cash equivalents

Cash and cash equivalents consist of cash and immediately available balances in banks. Cash and cash equivalents are invested in banks with a high credit rating, which is why any credit losses are considered negligible.

XXII Equity

Common shares are classified as equity. The purchase price paid for or in connection with the acquisition, sale and/or issue of new shares is recognized in equity, net of tax. Trading expenses attributable to equity transactions are recognized as a deduction from equity.

XXIII Provisions

Provisions are recognized when the group has an existing legal or constructive obligation at the balance sheet date as a result of an event that has occurred, and it is likely that an outflow of financial resources will be required to settle the obligation and that a reliable estimate of the amount can be made.

If there are several similar commitments, the probability of whether an outflow of financial resources will be required is determined by treating the group of commitments as a whole. A provision is recognized even if there is little likelihood of an outflow of financial resources in respect of a particular item in this group of commitments.

Initial recognition, subsequent increase and dissolution of a provision are recognized in the income statement.

Provisions are valued at the present value of the expenses deemed necessary to settle the obligation, calculated on the basis of a pre-tax interest rate that reflects current market assessments of the time value of money and the risks associated with the obligation. The increase in the provision due to the passage of time is recognized as other external financial expenses in the income statement.

If the expenses to settle an obligation are expected to be recovered from third parties and this is virtually safe, the recovery is recognized as an asset in the balance sheet.

XXIV Contingent assets

The group discloses contingent assets as a result of events that have occurred, the occurrence of which will only be confirmed by the occurrence or absence of one or more uncertain future events, which are not entirely within the company's control.

XXV Contingent liabilities

The group discloses contingent liabilities if there is a possible commitment that is confirmed only by several uncertain future events, and it is unlikely that an outflow of resources is required or that the size of the commitment cannot be calculated with sufficient certainty.

XXVI Cash flow statement

The cash flow statement is prepared according to the indirect method. This means that operating profit is adjusted for transactions that did not result in cash receipts or disbursements during the period, as well as for any income and expenses related to the cash flows of investment or financing activities.

NOTE 2 SIGNIFICANT ACCOUNTING ASSESSMENTS AND ASSUMPTIONS

When preparing financial statements, the group management makes assessments and assumptions that affect the reported amounts of assets and liabilities, turnover and expenses, as well as disclosures of contingent liabilities at the time of the financial statements. The assessments and assumptions that involve a significant risk of material adjustments to the reported values of assets and liabilities in the following financial year as well as are critical for judgments in the application of the group's accounting policies are discussed below. Reported assessments and assumptions are considered reasonable under the current circumstances.

Group management and the audit committee have discussed the development and selection of, as well as the disclosure of, the group's critical accounting principles and assessments. The assessments and assumptions made in applying the group's accounting principles are described below.

Intangible assets

The group conducts development activities. An intangible asset arising from development, so-called capitalized expenses for development work and similar work, should only be included as an asset in the balance sheet if all the conditions of IAS 38 are met. The principle is described in more detail in Note 1. For each development project, the group's management team continuously considers whether there are conditions for the finished product to provide economic benefits through increased revenues or lower costs, or whether there is technical competence and financial resources to complete the asset so that it will be available for use or sale and thus generate likely future economic benefits.

As of 31 December 2023, it was assessed that there was a need for write-downs of development costs related to internal development projects in the drug development business area amounting to TSEK 4,738 and development costs related to lost material during the upscaling of silica production amounting to TSEK 9,785. For intangible assets that have not yet been put into use, the need for impairment is tested at each reporting period, according to the principle described in Note 1.

The largest item relates to the company's expenditure to enable silica production on a large scale. The investments relate to external expenses, primarily to contract manufacturers, as well as internal expenses

for own employees. Large parts of the investments relate to expenses for test production and initial efficiency improvements. When assessing the recoverable amount, the company's future revenue, production capacity and manufacturing cost have been taken into account. The company sees a high demand for its products, upcoming sales with good profitability, and a growing manufacturing capacity. This is the basis for the recoverable amount exceeding the reported amount. The company applies a straight-line depreciation over 5 years.

Leasing

The company has different types of leasing, partly operational leasing and partly acquired right-of-use assets. Operational leasing includes, for example, rent for premises and IT equipment, and within the right-of-use assets is the equipment that the company has at the contract manufacturer Sterling, where Nanologica has a repurchase option in the event that the collaboration is terminated prematurely. The right-of-use asset is valued at cost and is accounted for in an amount equal to the amount at which the lease liability was originally valued after adjusting for deferred lease payments and initial direct expenses, as well as expenses to restore the asset to the condition prescribed by the terms of the lease. Right-of-use assets are written off linearly in subsequent periods over the shorter of the useful life and lease term. If the group is reasonably certain to exercise a call option, the right to exercise is written off over the useful life of the underlying asset.

Calculation of manufacturing costs and valuation of inventories

Manufacturing of the company's products largely takes place at contract manufacturers, and payments are made during the production period. Accounting for purchase costs and inventory takes place in connection with the material being completed according to order and delivered to the company. Nanologica has invested in dedicated production equipment used in manufacturing. Depreciation of this is expensed on a straight-line basis and is also included in the calculation of the acquisition cost of manufactured goods.

Manufacturing on a smaller scale takes place under the company's own auspices. Production takes place in several stages where the cost of each step is recorded in the acquisition cost. Costs are calculated based on the use of raw materials and semi-finished products, with mark-ups for own work and the use of assets at the respective manufacturing stages. The mark-up is made with standard values for each manufacturing step based on a normal production volume.

Inventories are measured at the lower of cost and net realizable value. Materials that are assessed to have no demand are left without value. The same applies to raw materials and semi-finished products that can only be finished into a non-demanded product.

Loss deductions

The group's loss deductions have not been valued and are not recognized as deferred tax assets. Loss deductions are valued only when the group has established a level of earnings that management confidently believes will lead to tax surpluses.

Recognition of revenue

The group recognizes revenue from sales of goods and distribution agreements. Revenue recognition is carried out in accordance with the five-step model specified in IFRS 15.

NOTE 3 FINANCIAL RISKS

The group's operations are exposed to various financial risks such as financial market risk (including currency risk, interest rate risk, cash flow interest rate risk and price risk), credit risk and liquidity risk. The group's overall risk management focuses on managing uncertainty in the financial markets and strives to minimize possible adverse effects on the group's financial results. Financial risks and transactions are managed centrally by the parent company through the group's CFO and CEO in accordance with policies established by the board of directors. The main market and financial risks are described below.

Currency risk

Currency risk may affect earnings and financial position due to currency fluctuations.

Nanologica has trading and production in different currencies and is therefore subject to risks related to fluctuating exchange rates. A large part of the company's costs is in British Pounds (GBP), which means that costs may increase in cases where SEK decreases in value in relation to GBP. The majority of the company's revenue is currently in USD, which means that revenues may decrease in cases where SEK decreases in value in relation to USD. If the company's projects proceed according to plan, it is likely that exposure to exchange rate fluctuations will increase in the future. In accordance with the company's financial policy, no hedging instruments are currently used, which means that fluctuating exchange rates can have a material impact on the company's earnings, cash flow and financial position. See also Note 36 for sensitivity analysis of currency risk.

The group has no loans in foreign currency and is therefore not exposed to any currency risk regarding loans.

Interest rate risk

The group is exposed to interest rate risk on interest-bearing long-term and short-term liabilities. The group has had two types of loans: from banks and credit institutions, and from private investors. On the balance sheet day, the group only had loans from private investors. 100 percent of the total loans on the balance sheet day are at fixed interest rate. The interest rate risk is therefore considered to be relatively low. The interest rates and maturities of the loans are set out in note 27.

The group has assets in cash and cash equivalents in the bank that are affected as a result of changes in interest rates. The majority of the financial assets of the bank are without interest and therefore the risk is low.

Credit risk

The group has a limited credit exposure to customers, including outstanding receivables. Prior to the conclusion of an agreement, the group's customers are subject to credit checks, in which information about the customers' financial position is obtained. Other factors are also taken into account in the overall assessment. Credit terms for customers are determined individually and the customers' financial position is monitored and tested on an ongoing basis. Follow-up of accounts receivable takes place on an ongoing basis with control of overdue customer invoices. As the company has and will also have a limited number of customers, there is a concentration risk.

Bad debt losses relating to expected credit losses from accounts receivable are recognized taking into account various possible scenarios that may result in the group not being able to receive the amount due under original payment terms. Indicators that an accounts receivable can be considered uncertain are

whether the client is experiencing significant financial difficulties, whether there is a likelihood that the debtor will go bankrupt or undergo financial restructuring, or that payment is a non-payment or delayed (more than 30 days). The amount of the bad debt loss is the difference between the reported amount of the asset and the present value of the estimated future cash flow, discounted by the original annual percentage rate of charge. The reported amount of the asset is reduced by the use of a bad debt account, and the loss is recorded in the income statement under other external costs.

If a loss is definitive, it is written off against the bad debts account.

Liquidity risk

Liquidity risk is the risk that exists if the company fails to meet its payments due to insufficient liquidity and/or difficulty in obtaining credit from external creditors. The group continuously monitors the sources and size of the group's cash flows and current liquidity and makes rolling forecasts to ensure that there is sufficient liquidity to meet operating activities. This follow-up is reported to the board where the outcome and forecast are compared with the budget that is produced and approved by the board each year.

Liquidity risk is estimated to be medium-low in the short term (1-1.5 years) and medium-low in the medium term (1.5-3 years). See also note 37.

Capital management

The group's goal regarding the capital structure is to ensure financing of the company's development and business plan so that it can generate returns to shareholders and benefits for other stakeholders, and to maintain an optimal capital structure that minimizes capital costs. The company's current operations are to a large extent in a both risky and capital-intensive period, and an effective risk assessment combine the group's business opportunities and results with the shareholders' and other stakeholders' demands for sustainable profitability, stable long-term value development and control. Parts of the group yield ability can partially be depending on the quality and value of generated research result. The value and quality of R&D activities are continuously evaluated by company management and the board of directors.

External risks

- The war in Ukraine had no direct impact on Nanologica during the year. The company does not conduct any business linked to Ukraine or Russia. However, the high level of uncertainty surrounding the impact of the geopolitical situation on the global economy and global supply chain, may have an impact in the longer term. An indirect impact was from time to time during the year noticed in longer delivery times for specific components and shortage of chemicals. The company assesses that this had little impact on earnings, financial position or cash flow in 2023 in relation to other factors, such as equipment problems, that led to delayed deliveries to customers.

- Energy prices and inflation do not affect the company significantly in the current production campaign as the large-scale production of the company's silica runs according to agreement. If high energy prices and high inflation persist for a longer period of time, this may have effects when renegotiation, for example, production agreements, which may affect the cost picture and profitability.

- The company's current loans run at fixed interest rates which means that the cost for these is not affected by a higher interest rate situation during the term of the loans. Regarding fluctuations in

exchange rates, the company has manufacturing and commitments mainly in British pounds and sales mainly in US dollars. Nanologica has not currently secured any exchange rates.

- Climate change poses a major risk to humanity from a global perspective, with financial risks as a consequence. At present, however, Nanologica assesses that climate risks do not have or will in the near future have a material impact on the company's financial development.

Increased financial uncertainty as a result of external factors may make it more difficult to sell the company's products to new customers, and also impair the availability of financing that the company may be dependent on to carry out development projects according to the company's business plan. In the event of unfavorable market conditions, financing opportunities for the company may deteriorate, which may lead to the company being forced to limit or cancel planned marketing, development and investment until sufficient financing has been secured.

NOTE 4 SEGMENT REPORTING

See Note 1, segment reporting section page 65–66.

During 2023, Nanologica consisted of two commercial segments and a business support function. In the Chromatography segment, manufacturing, marketing, and sales of silica-based products for chromatography takes place, and in the Drug Development segment (in the table referred to as DD), research and development of pharmaceuticals using silica particles takes place. Items on the income statement that are not allocated to segments relate to corporate governance including the board of directors and costs related to the company's share being market listed.

	Group			
2023 Jan - Dec (TSEK)	Chroma	DD	Corp Function	Total
Net sales	1 443	0	0	1 443
Raw materials, consumables and change in inventories	-4 719	-23	-5	-4 748
Gross profit	**-3 276**	**-23**	**-5**	**-3 305**
Other operating items	-21 319	-4 871	-11 320	-37 509
Depreciation	-9 648	-2 314	-2 664	-14 626
Write-down	-9 785	-4 738	0	-14 523
Operating profit/loss	**-44 028**	**-11 946**	**-13 989**	**-69 963**
Financial income	0	0	516	516
Financial costs	0	0	-5 710	-5 710
Profit/loss after financial items	**-44 028**	**-11 946**	**-19 184**	**-75 157**
Total fixed assets	**37 395**	**1 332**	**172**	**38 899**
- whereof Sweden	4 825	1 332	172	6 329
- whereof Great Britan	32 570	0	0	32 570

	Group			
2022 Jan - Dec (TSEK)	Chroma	DD	Corp Function	Total
Net sales	1 555	0	0	1 555
Raw materials, consumables and change in inventories	-2 528	-64	0	-2 592
Gross profit	**-973**	**-64**	**0**	**-1 037**
Other operating items	-22 683	-11 003	-16 127	-49 813
Operating profit/loss	**-23 656**	**-11 067**	**-16 127**	**-50 850**
Financial items valued at fair value			630	630
Financial income			41	41
Financial costs			-5 053	-5 053
Profit/loss after financial items	**-23 656**	**-11 067**	**-20 508**	**-55 231**
Total fixed assets	**26 897**	**7 421**	**3 541**	**37 859**
- whereof Sweden	11 661	7 421	3 541	22 623
- whereof Great Britan	15 236	0	0	15 236

NOTE 5 DISTRIBUTION OF INCOME

See Note 1(I) for accounting principles.

Nanologica's distribution of revenues for sales of goods and provision of services at a specific time and over time divided per geographic market and reported separately for major customers. All revenue is at a specific time.

Fulfillment of performance commitment

During 2023, Nanologica fulfilled a performance commitment against an agreement. The commitment relates to the sale of goods in which the company has received an advance payment, but where the customer had not yet called off the total quantity of goods (against a fixed price list). At the end of the year, the fulfillment of the performance commitment had been made. See also Note 29 on contractual liabilities.

Composition of net sales, per segment and region (TSEK)	2023 Jan - Dec	2022 Jan - Dec
Chromatography	1 443	1 555
Sweden	*0*	*0*
China	*654*	*699*
India	*188*	*128*
USA	*0*	*276*
Rest of the World	*601*	*452*
Drug development	0	0
Sweden	*0*	*0*
Rest of the World	*0*	*0*
Corp functions	0	0
Rest of the World	*0*	*0*
Total net sales	**1 443**	**1 555**

Composition of net sales, large customers (TSEK)	2022 Jan - Dec	2022 Jan - Dec
Customer C - Chromatography	*654*	*699*
Customer C (%)	*42%*	*45%*
Customer D - Chromatography	225	393
Customer D (%)	*14%*	*25%*
Customer D - Chromatography	188	128
Customer D (%)	*12%*	*8%*
Others	*375*	*335*
Others (%)	*24%*	*22%*
	1 443	**1 555**

NOTE 6 OTHER INCOME

See note 1 (IV) for accounting principles.

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
EU grants for finalized project	0	0
Grants for sick-leave costs	0	7
Operational foreign exchange gains	302	249
Profit on sold fixed assets	0	9
Other items	192	0
Total	**494**	**265**

NOTE 7 AUDITOR FEES

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
BDO	565	837
Audit fee	*565*	*519*
Tax consultation services	*0*	*0*
Other services	*0*	*318*
Total	**565**	**837**

For both financial years 2023 and 2022, BDO has been appointed the auditor for the group. The audit fee relates to:

- review of the consolidated financial statements
- review of the statutory financial statements of the parent company and group companies
- review of the management of the parent company by the board of directors and the CEO
- procedures for the auditor's opinion on guidelines for remuneration to senior executives in accordance with Chapter 8. Section 54 of the Swedish Companies Act (2005:551)
- procedures for the auditor's report on compliance with the Regulation on a European Single Electronic Reporting Format (ESEF).

NOTE 8 STAFF COSTS AND AVERAGE NUMBER OF EMPLOYEES

See note 1 (VII) for accounting principles.

Average number of employees	2023 Jan - Dec		2022 Jan - Dec
Sweden	17	61%	18
Total	**17**	**61%**	**18**

Gender distribution among senior executives	2023 Dec 31	2022 Dec 31
Share of women on the balance day		
Board of directors	40%	43%
CEO and other senior executives	60%	50%

Staff costs for the board of directors, CEO, senior executives and other staff (TSEK)	2023 Jan - Dec	2022 Jan - Dec
Board of directors, CEO and other senior executives		
Salaries and other remunerations	10 878	11 265
Social security expenses	3 618	3 762
Pension costs	1 238	1 208
Total	**15 734**	**16 235**
Other employees		
Salaries and other remunerations	8 158	8 113
Social security expenses	2 376	2 099
Pension costs	633	606
Total	**11 168**	**10 818**

Remuneration and terms of employment of employees

In the preparation of the board of director's proposal for these remuneration guidelines, salary and terms of employment for the company's employees have been taken into account in that information about employees' total remuneration, the components of the remuneration and the remuneration's increase and rate of increase over time, formed part of the remuneration committee's and the board's basis for decision when evaluating the reasonableness of the guidelines and the limitations resulting from them. The remuneration committee, together with the CEO, ensures that discrimination is counteracted also from a remuneration perspective and promotes equal opportunities and rights regardless of gender, ethnicity, transgender identity, religion, disability, sexual orientation or age.

Pensions

In the group there are only defined contribution pension plans.

Guidelines for remuneration to senior executives

According to the Swedish Companies Act, the Annual General Meeting shall resolve on guidelines for remuneration to senior executives in public limited liability companies admitted to trading on a regulated market. Proposals for guidelines are prepared by the remuneration committee and present the proposal for resolution at the annual general meeting, at least every four years. The board of directors' discussions of and decisions on remuneration-related matters are made without the presence of the CEO or other members of the executive management, to the extent that they are affected by the issues.

The annual general meeting 2023 has resolved to adopt guidelines for remuneration to senior executives as

described below. These guidelines cover the company management of Nanologica and the company's board members to the extent that remuneration other than those resolved by the annual general meeting is paid to board members.

A successful implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability, requires that the company can recruit and retain qualified employees, in several cases specialists in specific areas. This requires that the company can offer competitive total remuneration. The total remuneration shall be market-based and competitive and be in relation to responsibilities and powers.

Fixed salary and variable remuneration

The fixed salary consists of fixed cash salary and is reviewed annually. The fixed salary reflects the requirements placed on the position regarding competence, responsibility, complexity and how the position is expected to contribute to achieving the business goals. Furthermore, the fixed salary shall be individual and differentiated and reflect predetermined and achieved performance targets.

In addition to fixed salary, the CEO and other members of the executive management may, in accordance with a separate agreement, receive variable remuneration in the event of fulfilment of predetermined criteria. The variable remuneration shall be based on the result of predetermined and measurable criteria, which in turn shall be designed to contribute to an increased value for the company. Any variable remuneration consists of annual variable cash remuneration and may not exceed 50 percent of the fixed annual salary for the CEO and 30 percent for other senior executives.

Other benefits and pensions

For the CEO, pension benefits, including health insurance, are defined contribution and premiums shall not exceed 20 percent of the fixed annual salary. For other members of the company's management, pension benefits, including health insurance, are defined contribution unless the executive is covered by a defined benefit pension in accordance with mandatory collective agreement provisions.

Premiums for defined contribution pensions shall not exceed 30 income base amounts annually. Variable cash remuneration shall not be pensionable.

Other benefits, which may include car benefit, travel benefit and health insurance, are market-based and constitute a limited part of the total compensation. Premiums and other costs arising from such benefits may amount to a maximum of 10 percent of the fixed annual salary.

Remuneration to the CEO

The company's CEO has a fixed monthly salary of TSEK 150 plus payment of pension premiums of approximately TSEK 22. In addition, the CEO may receive a variable remuneration in the form of bonus. However, according to the remuneration guideline, the variable remuneration shall not exceed half (0.5) annual salary. In 2023, Nanologica's CEO received a fixed remuneration of TSEK 1,793, paid pension premiums of TSEK 254, and a non-pensionable variable remuneration of TSEK 567. Moreover, the CEO received car benefit amounting to TSEK 38 and health insurance amounting to TSEK 8 during 2023.

Remuneration to senior executives

Senior executives refer to the CEO and the management team, which at the end of the year consisted of a total of six persons. Remuneration to senior executives consists of basic salary, variable remuneration,

pension provisions and other benefits. For the financial year 2023, remuneration was paid to the CEO and senior executives in accordance with what is stated in the table in note 8.

Termination and severance pay

For the CEO, a notice period of 6 months applies in the event of termination by the CEO. In the event of termination by the company, a notice period of 12 months applies. In the event of termination by the company, variable remuneration is paid that has been earned, but which has not yet been received by the company at the time of termination of work. Such remuneration shall be paid to the CEO no later than at the time of termination of employment. Otherwise, normal remunerations according to the employment agreement are paid during the termination period. Notice periods for other senior executives normally amount to 3 to 6 months. In the event of termination by the company, the notice period of a maximum of 6 months applies. No severance pay is agreed with senior executives.

Consultant fees to board members

Board members are only entitled to receive such fees as have been resolved by the general meeting. Board members may in special cases be reimbursed for services in their respective area of expertise or competence provided that the service performed is outside what can be considered as a customary assignment as a board member. For these services (including services performed through a wholly owned company by a board member), a market-based fee shall be paid provided that such services contribute to the implementation of the company's business strategy and the safeguarding of the company's long-term interests, including its sustainability. Such consulting fees for each board member may not exceed the annual board fee and shall be regulated in a consulting agreement approved by the board of directors (but in accordance with the Swedish Companies Act's conflict of interest rules).

The board of directors

According to the resolution of the annual general meeting on 4 May 2023, board fees are paid for the period until the next annual general meeting has been held of TSEK 300 TSEK (290 TSEK) to the chairman and TSEK 175 (170 TSEK) each to other members. It was also resolved that fees of TSEK 50 to the chairman of the audit committee and TSEK 30 TSEK each to the other members of the audit committee shall be paid, and fees of TSEK 25 to the chairman of the remuneration committee and TSEK 15 to each member of the remuneration committee shall be paid.

Remuneration and other benefits 2023	Basic salary/ Board fee	Variable remuneration	Other remuneration	Pension costs	Total
Chairman of the board, Gisela Sitbon	320 000				320 000
Board member, Lena Torlegård	222 500				222 500
Board member, Eva Byröd	85 000				85 000
Board member, Mattias Bengtsson	195 000				195 000
Board member, Anders Rabbe	195 000				195 000
Board member, Tomas Kramar	92 500				92 500
Board member, Thomas Eldered	202 500				202 500
Chief Executive Officer	1 793 077	567 000	46 172	253 980	2 660 229
Other senior executives (3 positions)*	6 339 579	811 920	7 299	984 116	8 142 914
Total	**9 445 156**	**1 378 920**	**53 471**	**1 238 096**	**12 115 643**

** At the end of the year, "other senior executives" consisted of 3 persons (in addition to the CEO).*

Variable remuneration for the financial year 2023 refers to an expensed bonus, which has been paid in 2024.

Remuneration and other benefits 2022	Basic salary/ Board fee	Variable remuneration	Other remuneration	Pension costs	Total
Chairman of the board, Gisela Sitbon	0				0
Board member, Lena Torlegård	0				0
Board member, Eva Byröd	0				0
Board member, Mattias Bengtsson	0				0
Board member, Anders Rabbe	Grundlön/				0
Board member, Tomas Kramar	Styrelsearvode				0
Board member, Thomas Eldered	294 167				294 167
Chief Executive Officer	207 500	0	0	0	207 500
Other senior executives (5 positions)*	157 500	0		0	157 500
Total	**659 167**	**0**	**0**	**0**	**659 167**

** At the end of the year, "other senior executives" consisted of 5 persons (in addition to the CEO).*

Variable remuneration for the financial year 2022 refers to an expensed bonus, which has been paid in 2022 and 2023.

Incentive programs

Share-based and share price-based incentive programs shall, if applicable, be resolved by the annual general meeting. Current incentive programs are described on page 29, and in note 25 of Nanologica's Annual Report for 2023.

NOTE 9 DEPRECIATION/AMORTIZATION OF TANGIBLE AND INTANGIBLE ASSETS AND RIGHT-OF-USE ASSETS

See note 1 (VIII) for accounting principles.

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
Depreciation of capitalized expenditure for research and development and similar	-7 301	-4 139
Depreciation patents	-560	-549
Depreciation of equipment, tools, fixtures and fittings	-444	-637
Depreciation of right-of-use assets	-6 320	-6 537
Write-down of immateial assets	-4 738	0
Total	**-19 365**	**-11 862**

In connection with the termination of operations in the drug development business area at year-end, development costs related to the company's internal development projects in the business area were written down by TSEK 4,738

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
Write-down of other current assets	-9 785	0
Total	**-9 785**	**0**

At the end of the year, prepaid production expenses were written down by TSEK 9,785 as a result of material being lost in connection with the scale-up of silica production. The company estimates the recoverable amount to be TSEK 0.

NOTE 10 OTHER OPERATING EXPENSES

See note 1 (X) för accounting principles.

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
Exchange rate losses on operating receivables/liabilities	-470	-473
Loss from disposal of fixed assets	-257	-498
Total	**-727**	**-971**

NOTE 11 VALUATION OF FINANCIAL ASSETS AT FAIR VALUE

See note 1 (IX) för accounting principles.

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
Change in value of short-term securities	0	630
Total	**0**	**630**

NOTE 12 FINANCIAL INCOME

See note 1 (XI) för accounting principles.

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
Assets valued at fair value via the income statement		
Change in exchange rates for financial assets	52	-1
Assets valued at accrued acquisition value		
Interest income	464	42
Total	**516**	**41**

NOTE 13 FINANCIAL COSTS

See note 1 (XI) för accounting principles.

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
Liabilities valued at accrued acquistion value		
Change in exchange rates for liabilities	2	-44
Interest expenses, loans	-5 630	-4 815
Interest expenses, leasing contracts	-82	-194
Total	**-5 710**	**-5 053**

NOTE 14 INCOME TAX

See note 1 (XII) för accounting principles.

	2023 jan - dec		2022 jan - dec	
Redovisad skatt (TSEK)	Skatteunderlag	Skatteeffekt	Skatteunderlag	Skatteeffekt
Aktuell och redovisad skatt	**0**	**0**	**0**	**0**
Avstämning av effektiv skattesats				
Resultat före skatt / skatt enligt gällande skattesats (20,6%)	-75 157	15 482	-55 231	11 378
Ej avdragsgilla kostnader	-57	12	65	-13
Underskott för vilken inte någon uppskjuten skattefordran redovisats	75 214	-15 494	55 167	-11 364
Redovisat skatteunderlag / skattekostnad	**0**	**0**	**0**	**0**
Belopp redovisade direkt mot eget kapital				
Skattemässigt avdragsgilla emissionskostnader	0	0	-3 010	620
Underskott för vilken inte någon uppskjuten skattefordran redovisats	0	0	3 010	-620
Redovisat skatteunderlag / skattekostnad	**0**	**0**	**0**	**0**
Totalt underskott för vilken inte någon uppskjuten skattefordran redovisats	**75 214**	**-15 494**	**58 177**	**-11 984**
Belopp redovisade som temporära skillnader				
Värdering finansiella poster till verkligt värde	169	-35	-513	106
Resultat sålda finansiella tillgångar	0	0	590	-121
Förändring/kvittning mot underkottsavdrag	-169	35	-76	16
Redovisat skatteunderlag / skattekostnad	**0**	**0**	**0**	**0**

There are tax deficit deductions for which deferred tax assets have not been recognized in the balance sheet, or income statement (amounts are shown in the table below). The deferred tax assets are not limited in time. Deferred tax assets have not been recognized for these items as the company cannot prove with certainty that these can be used within the next few years.

	2023 Jan - Dec		2022 Jan - Dec	
Taxable loss carry-forward (TSEK)	Tax base	Tax effect	Tax base	Tax effect
Opening balance	261 664	53 903	203 563	41 934
Effect of changed tax rate	0	0	0	0
Loss deduction for the year	75 044	15 459	58 101	11 969
Total loss carry-forwards	**336 708**	**69 362**	**261 664**	**53 903**

NOTE 15 EARNINGS PER SHARE

See note 1 (XIII) för accounting principles.

Earnings per share before and after dilution	2023 Jan - Dec	2022 Jan - Dec
Profit/loss for the year attributable to shareholders of the parent company (TSEK)	-75 157	-55 231
Average number of outstanding ordinary shares	36 146 142	30 024 392
Earnings per share before and after dilution (SEK)	**-2,08**	**-1,84**

NOTE 16 CAPITALIZED EXPENSES FOR DEVELOPMENT WORK AND SIMILAR WORK

See note 1 (XIV) for accounting principles and note 2 for significant accounting assessments and assumptions.

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Accumulated acquisition values		
Opening balance	38 303	31 740
Capitalized expenses for the year	18 539	6 563
Disposal of finished projects	-8 325	0
Closing balance	**48 516**	**38 303**
Accumulated depreciations		
Opening balance	-23 579	-19 441
Depreciations for the year	-6 947	-4 138
Disposal of finished projects	3 819	0
Closing balance	**-26 707**	**-23 579**
Reported value at the end of the year	**21 809**	**14 724**
Specification of significant items (TSEK)		
Up-scaling of silica production*	26 315	9 117
Inhouse development drug development**	-4 506	5 056
Other projects	0	551
Total	**21 809**	**14 724**

** Refers to both internal and external expenses for upscaling to large-scale production of silica. The depreciation period is 5 years and is made linearly.*
*** Refers to write-downs in connection to the termination of operations within the business area drug development being terminated. Further information in note 9.*

NOTE 17 PATENTS

See note 1 (XIV) for accounting principles.

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Accumulated acquisition values		
Opening balance	2 876	4 241
Investments for the year	485	574
Divestments and disposals	0	-1 939
Closing balance	**3 360**	**2 876**
Accumulated amortizations		
Opening balance	-1 469	-1 960
Reversal of amortizations of divestments and disposals	0	1 040
Amortizations for the year	-560	-549
Closing balance	**-2 029**	**-1 469**
Accumulated write-downs		
Opening balance	0	-401
Write-backs (disposed assets)	0	401
Closing balance	**0**	**0**
Reported value at the end of the year	**1 332**	**1 407**

NOTE 18 EQUIPMENT, TOOLS, FIXTURES, AND FITTINGS

See note 1 (XV) for accounting principles.

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Accumulated acquisition values		
Opening balance	6 616	5 279
Acqusitions	1 639	1 634
Divestments and disposals	-627	-297
Closing balance	**7 627**	**6 616**
Accumulated depreciations		
Opening balance	-3 434	-3 030
Reversal of depreciations and disposals	370	233
Depreciations for the year	-814	-637
Closing balance	**-3 878**	**-3 434**
Reported value at the end of the year	**3 749**	**3 182**

NOTE 19 RIGHT-OF-USE ASSETS AND LEASING LIABILITIES

See note 1 (XVI) for accounting principles.

Nanologica's right-of-use assets consist partly of rental contracts for premises in Södertälje (office and production) and embedded leasing contracts for machines and technical facilities at the partner Sterling Pharma Solutions.

The lessee's weighted average marginal loan interest rate applied to lease liabilities regardless of asset type is 4.0 percent. Leases accounted for according to IFRS 16 contain no extension options, early termination terms, residual value guarantees or other relevant contractual terms.

	2023 Dec 31		
Amounts reported in the balance sheet - right-of-use assets (TSEK)	Buildings/ premises (offices etc)	Machinery and other technical facilities	Total right-of-use assets
Opening balance	2 130	16 417	18 547
Depreciation during the year	-2 130	-4 408	-6 538
Closing balance	**0**	**12 009**	**12 009**

	2022 Dec 31		
Amounts reported in the balance sheet - right-of-use assets (TSEK)	Buildings/ premises (offices etc)	Machinery and other technical facilities	Total right-of-use assets
Opening balance	4 259	20 825	25 085
Depreciation during the year	-2 130	-4 408	-6 538
Closing balance	**2 130**	**16 417**	**18 547**

Amounts reported in the balance sheet - leasing liabilities (TSEK)	2023 Dec 31 Long-term debt	Short-term debt	Total leasing debt
Opening balance	666	2 693	3 359
Transfer	-2 693	2 693	0
Amortization	0	-2 693	-2 693
Closing balance	**-2 027**	**2 693**	**666**

Amounts reported in the balance sheet - leasing liabilities (TSEK)	2022 Dec 31 Long-term debt	Short-term debt	Total leasing debt
Opening balance	3 359	2 739	6 098
Transfer	-2 693	2 693	0
Amortization	0	-2 739	-2 739

Amounts reported in the income statement - leasing agreements (TSEK)	2023 Dec 31	2022 Dec 31
Depreciation of right-of-use assets		
Building/premises (offices etc)	2 130	2 130
Machinery and other technical facilities	4 408	4 408
Total depreciation of right-of-use assets	**6 538**	**6 538**
Interest expenses (included in financial expenses)	**82**	**194**

In addition to leases under IFRS16, the company only has leases of software, etc. which is of insignificant value. The total cash flow of leases was 2,957 TSEK (2,929 TSEK). For information on the maturity of the lease liability, see Note 37 liquidity risk.

NOTE 20 FINANCIAL ASSETS AND LIABILITIES

See note 1 (XIII, XIX and XX) for accounting principles.

The fair value of financial assets and liabilities measured at amortized cost is approximately equal to its reported amount. For short-term liabilities, the maturity is so short that fair value corresponds to the reported amount. Long-term liabilities refer to fixed-rate liabilities that are deemed to be consistent with/close to the current market interest rate.

Valuation at fair value

IFRS 13 Fair value measurement contains a valuation hierarchy regarding input to the valuations. This valuation hierarchy is divided into three levels, consisting of:

- Level 1 - Quoted prices on active markets for identical assets and liabilities
- Level 2 - Observable inputs for the asset or liability other than quoted prices including in level 1, either directly or indirectly (i.e. derived from quotations).
- Level 3 - Input of the asset or liability that is not based on observable market data (i.e. non-observable inputs)

Short-term financial investments

Holdings in short-term financial investments are continuously measured at fair value with a change in value in profit or loss. Holdings in listed shares are continuously valued at fair value according to Level 1 of the valuation hierarchy. Listed holdings are valued on the basis of the share price at the balance sheet date.

Other financial assets and liabilities

Other financial assets and liabilities included in the group's balance sheet are valued at amortized cost, where applicable using the effective interest method.

Financial assets and liabilities in the balance sheet December 31, 2023 (TSEK)	Financial assets/liabilities valued at fair value	Financial assets/liabilities valued at accrued acquisition value	Total reported value
Assets			
Accounts receivable	0	473	473
Other current recievables	0	660	660
Current financial instruments	0	0	0
Cash and cash equivalents	0	10 054	10 054
Total financial assets	**0**	**11 187**	**11 187**
Liabilities			
Long- and short-term liabilities	0	66 757	66 757
Long- and short-term leasing liabilities	0	666	666
Accounts payable	0	4 914	4 914
Accrued expenses	0	4 915	4 915
Total financial liabilities	**0**	**77 252**	**77 252**

Financial assets and liabilities in the balance sheet December 31, 2022 (TSEK)	Financial assets/liabilities valued at fair value	Financial assets/liabilities valued at accrued acquisition value	Total reported value
Assets			
Accounts receivable	0	770	770
Other current recievables	0	864	864
Current financial instruments	0	0	0
Cash and cash equivalents	0	70 322	70 322
Total financial assets	**0**	**71 955**	**71 955**
Liabilities			
Long- and short-term liabilities	0	67 934	67 934
Long- and short-term leasing liabilities	0	3 359	3 359
Accounts payable	0	2 263	2 263
Accrued expenses	0	5 030	5 030
Total financial liabilities	**0**	**78 587**	**78 587**

NOTE 21 INVENTORIES

See note 1 (XVII) for accounting principles and note 2 for significant accounting assessments and assumptions.

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Raw materials and consumables	131,075	288
Semi-finished products and products in progress	2728,442	757
Finished products and goods for resale	113,861	125
Total	**2 973**	**1 170**
Valued at acquisition cost	245	857
Valued at net sales value	2 728	313
Total	**2 973**	**1 170**

During the year, write-downs of inventories amounted to TSEK 1,153 (1,002). Write-down of inventories during the financial year (and comparison year) primarily refers to the write-down of semi-finished products where the company believes that the completion cost exceeds the net realizable value or in cases where possible end products lack demand in the foreseeable future.

NOTE 22 ACCOUNTS RECEIVABLE

See note 1 (XIX) for accounting principles.

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Accounts receivable, not overdue	119	0
Accounts receivable, 0-180 days	0	401
Accounts receivable, 181-365 days	0	0
Accounts receivable, > 365 days	490	509
Total (gross)	**608**	**910**
Write-down	-136	-140
Total accounts receivables (net)	**473**	**770**
Reported amounts, per currency		
SEK	119	0
EUR	0	0
USD	354	770
Total	**473**	**770**

The maximum exposure to credit risk at the balance sheet date for accounts receivables is the reported amount as described above. Impairment testing is carried out in accordance with stated accounting principles. The fair value of accounts receivables corresponds to its reported amount, as the discount effect is not material. No accounts receivables have been provided as collateral for any liability.

NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Prepaid production costs	22 982	41 623
Other items	1 388	1 906
Total	**24 370**	**43 529**

Prepaid manufacturing costs refer to prepaid payments to the contract manufacturer Sterling Pharma Solutions, with a settlement for delivered goods and services.

NOTE 24 CASH AND CASH EQUIVALENTS

See note 1 (XXI) for accounting principles.

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Swedish crowns (SEK)	9 575	70 165
Euro (EUR)	0	8
US dollar (USD)	301	55
Singapore dollar (SGD)	0	27
Australian dollar (AUD)	177	67
Total	**10 054**	**70 322**

NOTE 25 EQUITY

See note 1 (XXII) for accounting principles.

The share capital consisted as of 31 Dec 2023, of 36,146,142 ordinary shares with a quota value of SEK 0.41002779 (rounded to SEK 0.41). All shares issued are fully paid and no shares are reserved for transfer.

Other contributed capital consists of capital contributed by the company's owners that exceeds the quota value and less transaction costs. The amount also includes compensation for issued options.

Opening balance January 1, 2022				
Rights issue 2022-11-08	7 980 316	3 272	0	76 531
Transaction costs	0	0	0	-3 010
Closing balance December 31, 2022	**36 146 142**	**14 821**	**0**	**308 195**
			0	0
Premiums for issued warrants	0	0	0	100
Closing balance December 31, 2023	**36 146 142**	**14 821**	**0**	**308 295**

Issued warrants

The company has ongoing incentive programs that include warrants. The purpose of the incentive programs is to encourage a broad shareholding among Nanologica's employees and board members, to attract and retain competent employees, and to increase employee motivation and fulfilment of goals. In all incentive programs with warrants, market-based premiums have been paid for the warrants and the programs have not been charged to the company's costs.

At the end of the year, Nanologica had two active share-based incentive program.

Program 2021/2024 for the management team and employees, was resolved by the AGM 27 May 2021. In the program, all of the 800,000 warrants have been subscribed for. Each warrant entitles the holder to subscribe for one share in the company at a subscription price equivalent to SEK 45, during the period 1 April 2024 to 1 July 2024. Based on the existing number of shares, the dilution will be a maximum of approximately 1.8 percent if all warrants are exercised. A market-conforming premium, calculated using the Black-Scholes price model, was paid for the warrants to Nanologica's subsidiary Nanghavi AB. The premium totaling SEK 24,000 was transferred to Nanologica in January 2022 and was added to the company's premium fund. For calculation of premiums, strike prices, etc., the so-called Black-Scholes model has been used. The volatility used in calculating the value of the option was 31 percent. During the period, a risk-free interest rate of 5 percent was used, and no dividend was assumed. In addition to the above, no other assumptions have been taken into account in the fair value calculation.

Program 2021/2024 for the management team and employees, was resolved by the AGM 4 May 2023. In the program, 180,000 of the total 245,000 warrants had been subscribed for. Each warrant shall entail a right to subscribe for one share in the company at a subscription price equivalent to SEK 30 during the period 1 August 2026 to 30 November 2026. Based on the existing number of shares, the dilution will be a maximum of 0.6 percent if all warrants are exercised. A market-conforming premium, calculated using the Black-Scholes price model, was paid for the warrants to Nanologica's subsidiary Nanghavi AB. The premium totaling SEK 100,440 was transferred to Nanologica in December 2023 and was added to the company's premium fund. For calculation of premiums, strike prices, etc., the so-called Black-Scholes model has been used. The volatility used in calculating the value of the option was 43 percent. During the period, a risk-free interest rate of 5 percent was used, and no dividend was assumed. In addition to the above, no other assumptions have been taken into account in the fair value calculation.

Outstanding warrants	2023	2022
Program 2021/2024*		
Opening balance	800 000	800 000
- Allotted	0	0
Closing balance	**800 000**	**800 000**
Program 2021/2024*		
Opening balance	0	0
- Allotted	180 000	0
Closing balance	**180 000**	**0**
All programs		
Opening balance	800 000	1 719 949
- Allotted	180 000	0
- Repurchased	0	0
- Exercised	0	0
- Expired	0	-919 949
Closing balance	**980 000**	**800 000**

** Program 2021/2024 for management team and employees: a warrant entitles the holder to subscribe for one share at a s subscription price corresponding to SEK 45 during the period 1 April 2024 to 1 July 2024.*

*** Program 2023/2026 for management team and employees: a warrant entitles the holder to subscribe for one share at a subscription price corresponding to SEK 30 during the period 1 August 2026 to 30 November 2026.*

NOTE 26 DEVELOPMENT OF THE SHARE CAPITAL

Date	Type of issue	Number of issued shares	Balance number of shares	Share capital	Balance of share capital
2004-07-30	New formation	1 000	1 000	100 000	100 000
2009-04-01	Rights issue	50	1 050	5 000	105 000
2009-08-10	Rights issue	117	1 167	11 700	116 700
2010-12-13	Rights issue	999 069	1 000 236	11 700	128 400
2011-12-19	Rights issue	20 000	1 020 236	2 567	130 967
2012-03-15	Rights issue	24 000	1 044 236	3 081	134 048
2012-11-12	Rights issue	13 064	1 057 300	1 677	135 725
2012-12-07	Rights issue	8 000	1 065 300	1 027	136 752
2012-12-07	Rights issue	50 000	1 115 300	6 418	143 171
2013-02-01	Rights issue	30 000	1 145 300	3 851	147 022
2013-02-13	Rights issue	20 000	1 165 300	2 567	149 589
2013-03-22	Rights issue	54 130	1 219 430	6 949	156 538
2013-06-12	Stock dividend	0	1 219 430	343 462	500 000
2013-08-06	Rights issue	2 000	1 221 430	820	500 820
2013-08-22	Rights issue	62 760	1 284 190	25 733	526 554
2014-02-04	Rights issue	148 845	1 433 035	61 031	587 584
2014-06-23	Rights issue	212 245	1 645 280	87 026	674 611
2015-02-04	Rights issue	61 698	1 706 978	25 298	699 908
2015-09-02	Offsetting issue	187 755	1 894 733	76 985	776 893
2015-10-26	Rights issue	1 073 170	2 967 903	440 030	1 216 923
2015-10-26	Rights issue	390 244	3 358 147	160 011	1 376 934
2016-10-14	Rights issue	1 259 305	4 617 452	516 350	1 893 284
2018-05-09	Rights issue	12 001 995	16 619 447	4 921 151	6 814 435
2020-04-01	Rights issue	5 539 815	22 159 262	2 271 478	9 085 913
2020-06-09	Rights issue	5 539 815	27 699 077	2 271 478	11 357 391
2020-12-03	Warrant exercise	77 773	27 776 850	31 889	11 389 280
2021-02-26	Warrant exercise	17 630	27 794 480	7 229	11 396 509
2021-06-15	Warrant exercise	371 346	28 165 826	152 262	11 548 771
2022-11-08	Rights issue	7 980 316	36 146 142	3 272 151	14 820 922

NOTE 27 LOANS

See note 1 (XX) for accounting principles.

During 2023 loans to Swedbank were paid in full.

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Liabilities due within one year from the balance sheet date	0	1 333
Other liabilities to credit institutions	0	1 333
Other liabilities	0	0
Liabilities due later than one year from the balance sheet date	67 000	67 000
Other liabilities to credit institutions	0	0
Other liabilities	67 000	67 000
Arrangement fees (one-time payments distributed over the duration of the loan period)	-243	-399
Total	**66 757**	**67 934**

	December 31, 2023		December 31, 2022	
Lenders and terms	Debt	of which current	Debt	of which current
Swedbank, floating interest rate on the balance day amounting to 8,78% (6,03%), amortization TSEK/month 167	0	0	1 333	1 333
Flerie Invest AB, interest rate 8%, due for payment July 1, 2025 according to agreement*	17 000	0	17 000	0
Flerie Invest AB, interest rate 8%, due for payment July 5, 2025 according to agreement*	50 000	0	50 000	0
	67 000	**0**	**68 333**	**1 333**

** Flerie Invest AB is Nanologica's largest shareholder (41.2 percent) and is owned by Thomas Eldered, who has been a member of the company's board of directors since the Annual General Meeting in May 2021.*

There are no covenants in the above loans.

NOTE 28 PROVISIONS

See note 1 (XXIII) for accounting principles.

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Other provisions	572	574
Total other provisions	**572**	**574**

Refers to provision for assessed repayment of EU grants received when actual eligible costs have been lower than was the case in an initial assessment. The provision is in EUR whereby the conversion at the balance sheet date rate is made and corresponds to the year's change in closing provision.

NOTE 29 CONTRACTUAL LIABILITIES

See note 1 (I) for accounting principles.

Contractual liabilities consist in full of advances from customers. No income has been recognized for the above contractual liabilities at the respective balance sheet date.

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Opening balance	427	946
Additional contractual liabilities	0	0
Settled contractual liabilities (delivered goods)	-427	-633
Contractual liabilities written off without consideration	0	0
Foreign currency translation contractual liabilities	0	114
Total current contractual liabilities	**0**	**427**

NOTE 30 ACCRUED EXPENSES AND DEFERRED INCOME

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Accrued salary costs	3 377	3 277
Accrued social security expenses	1 057	1 030
Other items	481	723
Total accrued expenses and deferred income	**4 915**	**5 030**

NOTE 31 ITEMS NOT AFFECTING CASH FLOW.

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
Depreciations	14 479	11 862
Write-downs/disposals of intangible assets	4 738	498
Divestment of fixed assets	-257	-10
Other items	0	0
Total	**18 959**	**12 350**

NOTE 32 CHANGES IN FINANCIAL LIABILITIES WHOSE CASH FLOW IS REPORTED IN FINANCING ACTIVITIES

	Liabilities to credit institutions	Other financial loan liabilities	Leasing liabilities	Total group
Opening balance January 1, 2023	**1 333**	**66 601**	**3 359**	**71 293**
Loans	0	0	0	0
Amortizations	-1 333	0	-2 693	-4 026
Items not affecting cash flow	0	156	0	156
Closing balance December 31, 2023	**0**	**66 757**	**666**	**67 423**

	Liabilities to credit institutions	Other financial loan liabilities	Leasing liabilities	Total group
Opening balance January 1, 2022	**3 693**	**27 000**	**6 098**	**36 791**
Loans	0	50 000	0	50 000
Amortizations	-2 360	-10 000	-2 739	-15 099
Items not affecting cash flow	0	-399	0	-399
Closing balance December 31, 2022	**1 333**	**66 601**	**3 359**	**71 293**

NOTE 33 PLEDGED ASSETS AND CONTINGENT LIABILITIES

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Pledged collateral		
Corporate mortgages	13 000	13 000
Other pledged assets	50	50
Total	**13 050**	**13 050**

NOTE 34 RELATED PARTY TRANSACTIONS

During the year, Nanologica has had related party transactions with Flerie Invest AB regarding loans and regarding a transaction with NorthX Biologics Matfors AB which is owned by Flerie Invest AB. Flerie Invest AB is Nanologica's largest owner and is owned by Thomas Eldered who is a board member of Nanologica. Nanologica has also had related party transactions with Nanghavi Chromatography Solutions Pvt. Ltd. In India where CEO Andreas Bhagwani and CFO Eva Osterman serve on the board regarding sales of analytical columns.

Loans from Flerie Invest AB amounted to MSEK 67 on the balance sheet day and were raised on market terms. Loan 1 totaling MSEK 17 was raised during autumn 2019 and spring 2020. Loan 2 totaling MSEK 50 was raised during the first half of 2022. The interest rate for the loans is 8 percent, and the loans are due for payment in July 2025. Interest payments for the loans are made quarterly.

All transactions have been made on market terms. In 2023, the following related party transactions were made:

- Costs for loans from Flerie Invest AB amounted to TSEK 5,581 during 2023 and refer to costs for interest and commitment fees. Payments regarding loans amounted to TSEK 5,360 during the quarter.
- Purchase of equipment from NorthX Biologics to a value of TSEK 150.
- Sales of analytical columns to Nanghavi Chromatography Solutions amounted to TSEK 194 during 2023.

NOTE 35 INFORMATION ON PURCHASES AND SALES WITHIN THE GROUP

No purchases or sales have been made within the group.

NOTE 36 CURRENCY RISK, SENSITIVITY ANALYSIS

See note 3 regarding financial risks.

Assets and liabilities in foreign currencies, TSEK	2023 Dec 31	2022 Dec 31
Accounts receivable (EUR)	0	0
Accounts receivable (USD)	490	770
Other receivables (AUD)	2	3
Cash and cash equivalents (AUD)	80	67
Cash and cash equivalents (EUR)	0	8
Cash and cash equivalents (GBP)	0	0
Cash and cash equivalents (USD)	301	55
Provisions (EUR)	-572	-574
Leverantörsskulder (AUD)	-6	0
Accounts payable (EUR)	-381	-300
Accounts payable (GBP)	-2 042	-629
Accounts payable (USD)	-367	-267
Total	**-2497**	**-867**

Summary and sensitivity analysis, TSEK	2023 Dec 31	2022 Dec 31
Net (USD)	424	558
Effect on equity if the exchange rate fluctuates +/-5%	21	*28*
Effect on equity if the exchange rate fluctuates +/-10%	42	*56*
Effect on equity if the exchange rate fluctuates +/-15%	64	*84*
Net (EUR)	-954	-866
Effect on equity if the exchange rate fluctuates +/-5%	-48	*-43*
Effect on equity if the exchange rate fluctuates +/-10%	-95	*-87*
Effect on equity if the exchange rate fluctuates +/-15%	-143	*-130*
Net (GBP)	-2042	-629
Effect on equity if the exchange rate fluctuates +/-5%	-102	*-31*
Effect on equity if the exchange rate fluctuates +/-10%	-204	*-63*
Effect on equity if the exchange rate fluctuates +/-15%	-306	*-94*
Net (AUD)	75	70
Effect on equity if the exchange rate fluctuates +/-5%	4	*4*
Effect on equity if the exchange rate fluctuates +/-10%	7	*7*
Effect on equity if the exchange rate fluctuates +/-15%	11	*11*
Total	**-2497**	**-867**

Effect on equity if the exchange rate fluctuates +/-5%	-125	-43
Effect on equity if the exchange rate fluctuates +/-10%	-250	-87
Effect on equity if the exchange rate fluctuates +/-15%	-374	-130

NOTE 37 LIQUIDITY RISK

See note 3 on financial risks.

The group's contractual and undiscounted interest payments and repayments of financial liabilities are shown in the table below. All debts are in Swedish kronor. Liabilities have been included in the period repayment can be required at the earliest.

	December 31, 2023		
Expiry structure for undiscounted cash flow, TSEK	Within 1 year	Year 2	Year 3 - 4
Long-term liabilities, interest bearing	5 360	5 360	68 379
Leasing liabilities	547	137	0
Current liabilities, interest bearing	0	0	0
Accounts payable and other financial liabilities	9 829	0	0
Total	**15 736**	**5 497**	**68 379**

	December 31, 2022		
Expiry structure for undiscounted cash flow, TSEK	Within 1 year	Year 2	Year 3 - 4
Long-term liabilities, interest bearing	5 360	5 360	68 379
Leasing liabilities	2 775	547	137
Current liabilities, interest bearing	1 372	0	0
Accounts payable and other financial liabilities	7 720	0	0
Total	**17 227**	**5 907**	**68 516**

NOTE 38 DEFINITION OF KEY FIGURES

The company presents certain financial measures that are not defined under IFRS. The company believes that these measures provide valuable supplementary information to investors and the company's management, as they enable evaluation and benchmarking of the company's performance. Since not all companies calculate financial measures in the same way, these are not always comparable to measures used by other companies. These financial measures should therefore not be seen as a substitute for measures defined under IFRS. Reported key figures are defined according to IFRS unless otherwise stated. ESMA's guidelines on alternative performance measures are applied, which means disclosure requirements for financial measures that are not defined according to IFRS.

Alternative performance measure definitions

Operating profit/loss (EBIT)

Profit/loss before net financial items and taxes. (Earnings Before Interest and Taxes).

*Operating margin, %**

Operating profit/loss in relation to net sales. In cases where the margin is negative, the margin is only reported as "neg".

*Earnings before depreciation and amortization (EBITDA)**

In the quarterly data, the performance measure EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization). EBITDA is calculated as operating profit/loss with the re-arrangement of depreciation and amortization of intangible and tangible assets and right-of-use assets.

*Equity/assets ratio**

Equity in relation to the balance sheet total.

*Equity per share**

Equity divided by the number of shares outstanding at the end of the period.

Average number of shares during the period

Calculated as an average of the number of ordinary shares outstanding during the reporting period on a daily basis.

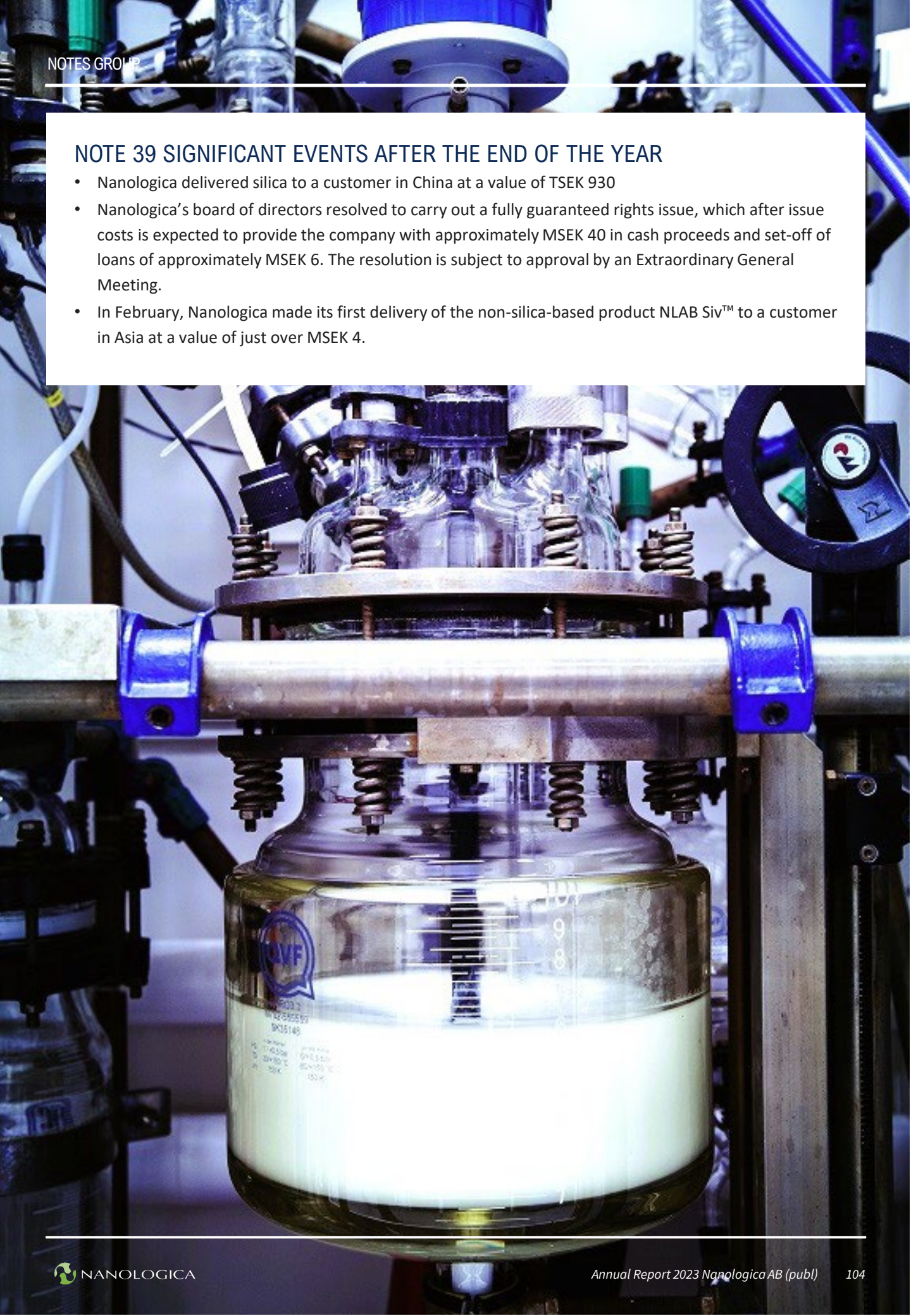
Derivation of alternative performance measures

	Group		Parent company	
	2023 Dec 31	2022 Dec 31	2023 31 dec	2022 31 dec
A. Operating profit/loss, TSEK	-69 963	-50 850	-42 075	-22 153
B. Net sales, TSEK	1 443	1 555	12 914	16 135
A/B Operating profit loss, %	**neg**	**neg**	**neg**	**neg**
A. Operating profit/loss, TSEK	-69 963	-50 850	-42 075	-22 153
B. Depreciation and amortization of tangible, intangible and right-of-use assets, TSEK	-19 365	-11 862	-6 272	-3 331
A-B Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA), TSEK	**-50 598**	**-38 988**	**-35 803**	**-18 822**
A. Equity according to balance sheet, TSEK	-1 898	73 158	47 834	90 601
B. Number of shares before and after dilution*	36 146 142	36 146 142	28 165 826	27 776 850
A/B*1 000 Equity per share, SEK	**-0,05**	**2,02**	**1,70**	**3,26**
A. Equity according to balance sheet, TSEK	-1 898	73 158	47 834	90 601
B. Total assets according to balance sheet, TSEK	77 429	154 513	88 413	137 404
A/B. Equity/assets ratio %	**-2%**	**47%**	**-10%**	**47%**

** In the event of a negative result, no recalculation for dilution will be made.*

NOTE 39 SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

- Nanologica delivered silica to a customer in China at a value of TSEK 930
- Nanologica's board of directors resolved to carry out a fully guaranteed rights issue, which after issue costs is expected to provide the company with approximately MSEK 40 in cash proceeds and set-off of loans of approximately MSEK 6. The resolution is subject to approval by an Extraordinary General Meeting.
- In February, Nanologica made its first delivery of the non-silica-based product NLAB Siv™ to a customer in Asia at a value of just over MSEK 4.



INCOME STATEMENT FOR THE PARENT COMPANY

Amounts in TSEK	Note	2023 Jan - Dec	2022 Jan - Dec
Net sales	4,5	1 443	1 555
Change in inventories, finished goods		2 080	-1 276
Capitalized work for own use		3 229	4 272
Other operating income	6	494	265
		7 246	4 815
Operating expenses			
Raw materials and consumables		-6 828	-1 316
Other external costs	7, M2	-16 111	-17 140
Staff costs	8	-27 393	-27 375
Depreciation and amortization of tangible, intangible and right-of-use assets	M3	-17 000	-9 497
Write-down of other current assets	M3	-9 785	0
Other operating expenses	10	-727	-971
Total operating expenses		-77 845	-56 299
Operating profit/loss		**-70 599**	**-51 484**
Financial items			
Profit/loss from group companies	M4	-169	-117
Profit/loss from other financial items	11	0	630
Interest income and similar profit/loss items	12	516	41
Interest expense and similar profit/loss items	M5	-5 628	-4 859
Profit/loss from financial items		-5 281	-4 304
Profit/loss after financial items		**-75 880**	**-55 788**
Profit/loss before income tax		**-75 880**	**-55 788**
Income tax	M6	0	0
Profit/loss for the year attributable to the owners of the parent company		**-75 880**	**-55 788**

REPORT ON COMPREHENSIVE INCOME FOR THE PARENT COMPANY

Amounts in TSEK	Note	2023 Jan – Dec	2022 Jan - Dec
Profit/loss for the period		**-75 880**	**-55 788**
Other comprehensive income			
Items included in the total profit/loss		0	0
Comprehensive income for the period		**-75 880**	**-55 788**

BALANCE SHEET FOR THE PARENT COMPANY

Amounts in TSEK	Note	2023 Dec 31	2022 Dec 31
ASSETS			
Fixed assets			
Intangible assets			
Capitalized expenditure for research and development and similar	M7	27 391	24 479
Concessions, patents, licenses, trademarks and similar rights	17	1 332	1 407
Total intangible assets		28 723	25 886
Tangible assets			
Equipment, tools, fixtures and fittings	18	3 749	3 181
Total fixed assets		3 749	3 181
Financial assets			
Participation in group companies	M8	100	100
Total financal assets		100	100
Total fixed assets		**32 572**	**29 167**
Current assets			
Inventories etc			
Inventories	21	2 973	1 170
Total inventories etc		2 973	1 170
Current receivables			
Accounts receivable	22	473	770
Deferred tax assets		0	0
Other receivables		659	861
Prepaid expenses and accrued income	M9	25 124	44 663
Total current receivables		26 256	46 294
Cash and cash equivalents			
Cash and cash equivalents	M10	9 878	70 157
Total cash and cash equivalents		9 878	70 157
Total current assets		**39 107**	**117 621**
TOTAL ASSETS		**71 678**	**146 788**

BALANCE SHEET FOR THE PARENT COMPANY

Amounts in TSEK	Note	2023 Dec 31	2022 Dec 31
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	26, 27, M11	14 821	14 821
Fund for development expenditure		748	6 571
Total restricted equity		15 569	21 392
Non-restricted equity			
Share premium reserve		308 295	308 195
Profit/loss brought forward		-254 924	-204 960
Profit/loss for the period		-75 880	-55 788
Total non-restricted equity		-22 509	47 447
Total equity		**-6 940**	**68 840**
Liabilities	28		
Provisions			
Provisions	29	572	574
Total provisons		572	574
Long-term liabilities			
Other long-term liabilities		66 757	66 601
Total long-term liabilities		66 757	66 601
Current liabilities			
Liabilities to credit institutions		0	1 333
Advanced payment from customers	30	0	427
Accounts payable		4 914	2 258
Other liabilities		1 461	1 730
Accrued expenses and deferred income	M12	4 915	5 026
Total current liabilities		11 290	10 774
Total liabilities		**78 619**	**77 948**
TOTAL EQUITY AND LIABILITIES		**71 678**	**146 788**

STATEMENT OF CHANGES IN EQUITY FOR THE PARENT COMPANY

	Restricted equity			Non-restricted equity			
Amounts in TSEK	Share capital	Share capital, ongoing rights issues	Fund for development costs	Share premium reserve	Retained earnings	Profit/loss for the year	Total equity
Equity January 1, 2022	**11 549**	**0**	**4 386**	**234 674**	**-156 549**	**-46 225**	**47 835**
Transfer of previous year's loss					-46 225	46 225	**0**
Redistribution of items			2 186		-2 186		**0**
Profit/loss for the year, total profit/loss						-55 788	***-55 788***
Transactions with shareholders							
Rights issues	3 272			76 531			**79 803**
Premiums for issued warrants							**0**
Premiums for repurchased warrants							**0**
Transaction costs				-3 010			**-3 010**
Total transaction with owners	**3 272**	**0**	**0**	**73 521**	**0**	**0**	**76 793**
Equity December 31, 2022	**14 821**	**0**	**6 572**	**308 195**	**-204 960**	**-55 788**	**68 840**
Equity January 1, 2023	**14 821**	**0**	**6 572**	**308 195**	**-204 960**	**-55 788**	**68 840**
Transfer of previous year's loss					-46 225	55 788	**9 563**
Redistribution of items			-5 824		-3 739		**-9 563**
Profit/loss for the year, total profit/loss						-75 880	**-75 880**
Transactions with shareholders							
Rights issues	0			0			**0**
Premiums for issued warrants				0			**0**
Premiums for repurchased warrants				100			**100**
Transaction costs				0			**0**
Total transaction with owners	**0**	**0**	**0**	**100**	**0**	**0**	**100**
Equity December 31, 2023	**14 821**	**0**	**748**	**308 295**	**-254 924**	**-75 880**	**-6 940**

CASH FLOW STATEMENT FOR THE PARENT COMPANY

Amounts in TSEK	Note	2023 Jan - Dec	2022 Jan - Dec
OPERATING ACTIVITIES			
Operating profit/loss		-70 599	-51 484
Adjustment for items not affecting cash flow	M13	16 594	9 985
Write-down of other current assets	M3	9 785	
Interest received		464	43
Interest paid		-4 098	-5 860
Income tax paid		0	0
Cash flow from operating activities before changes in working capital		**-47 853**	**-47 316**
Increase (-) / decrease (+) of inventories		-1 803	1 239
Increase (-) / decrease (+) of operating receivables		8 850	-1 653
Increase (+) / decrease (-) of operating liabilities		2 244	-127
Cash flow from operating activities		**-38 562**	**-47 857**
INVESTING ACTIVITIES			
Investments in intangible assets		-19 224	-6 959
Investments in tangible fixed assets		-1 755	-1 598
Compensation for sold tangible assets		-129	-116
Investments in group companies		627	72
Compensation for divested financial assets		-40	1 344
Cash flow from investing activities		**-20 520**	**-7 257**
FINANCING ACTIVITIES			
Rights issue		0	79 803
Premiums for issued/repurchased warrants		100	0
Transaction costs		0	-3 010
New loans	33	0	50 000
Amortization of financial loans	33	-1 313	-12 360
Cash flow from financing activities		**-1 212**	**114 433**
Total cash flow for the year		**-60 295**	**59 320**
Cash and cash equivalents, opening balance		70 157	10 839
Exchange rate difference in cash and cash equivalents		17	-2
Cash and cash equivalents, closing balance	M10	**9 878**	**70 157**

NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

General information
The operations of the parent company are consistent with the group's operations. Most references to notes are linked to the group's notes. In cases where the parent company has its own notes, these notes are marked with M followed by the number of the note.

NOT M1 ACCOUNTING AND VALUATION PRINCIPLES OF THE PARENT COMPANY

The parent company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the recommendation of the Swedish Financial Reporting Council RFR 2, Reporting for Legal Entities. The Council's rules on listed companies are also applied. According to RFR 2, the parent company must apply in the annual accounts of the legal entity all IFRS approved by the EU and statements as far as possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation. This recommendation defines exemptions and additional disclosure requirements compared to IFRS. The financial statements include financial information for the parent company for the period from 1 January to 31 December 2023. Unless otherwise stated below, the stated accounting principles of the parent company have been applied consistently during the period.

Changes in accounting standards

Neither revised IFRS nor revised RFR 2 that entered into force on 1 January 2023 has brought about any practical change in the parent company's accounting principles.

Differences between the group's and the parent company's accounting principles
Differences between the group's and the parent company's accounting principles are set out below.

Classification and presentation

The parent company's income statement and balance sheet have been prepared in accordance with the Annual Accounts Act. The deviations from IAS 1, Presentation of financial statements, relate primarily to financial income and expenses, equity, and the existence of a separate provision item in the balance sheet.

Shares and units in subsidiaries

Holdings in subsidiaries are valued on the basis of cost, which includes acquisition-related expenses. In cases where the reported amount of the investment exceeds the recoverable amount, an impairment loss is made. Dividends from subsidiaries are recognized as income when the right to receive dividends is deemed safe and can be calculated reliably.

Group contributions and shareholder contributions

Shareholder contributions are reported directly against the equity of the recipient and are activated as shares in subsidiaries of the donor, to the extent that impairment is not required. Group contributions are reported in accordance with the alternative rule, i.e. as a year-end appropriation.

Untaxed reserves

In the parent company, untaxed reserves are recognized including deferred tax liability.

Financial instruments

The parent company has chosen to apply IFRS 9 in legal entity. Shares and units are thus reported at fair value in the parent company in the same way as in the group.

Impairment testing of accounts receivable and group receivables is done according to the simplified method in IFRS 9.

Lease agreements

The parent company applies the exemption in RFR 2 and thus does not apply IFRS 16 in legal entity. In the parent company, lease payments are recognized as costs on a straight-line basis over the lease term.

NOT M2 OPERATIONAL LEASING – LESSEE

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
Future minimum leasing fees regarding operational leasing agreements that cannot be cancelled:		
Within one year	3 016	3 272
Between one and five years	3 657	3 515
Total	**6 673**	**6 787**
Expensed leasing fees for the fiscal year	2 957	2 962

In accounting, the operational lease consists essentially of rented premises and leasing / rental of IT equipment and software including so-called cloud service for storage and documentation. The lease with Södertälje P19 AB extends until 2024-12-31 (with annual extension).

NOT M3 DEPRECIATION/AMORTIZATION AND WRITE DOWNS OF TANGIBLE AND INTANGIBLE FIXED ASSETS

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
Depreciation and amortization of capitalized expenses for development work and similar	-10 888	-8 311
Depreciation patents	-560	-549
Depreciation equipment, tools, fittings and fixtures	-814	-637
Write-down of immaterial assets	-4 738	
Total	**-17 000**	**-9 497**

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
Write-down of other current assets	-9 785	0
Total	**-9 785**	**0**

NOT M4 PROFIT/LOSS FROM PARTICIPATIONS IN GROUP COMPANIES

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
Write-down of claims on subsidiary	-169	-117
Total	**-169**	**-117**

NOT M5 INTEREST EXPENSE AND SIMILAR PROFIT AND LOSS ITEMS

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
Liabilities valued at accrued acquisition value		
Changes in exchange rates, liabilities	0	-44
Interest costs, loans	-5 628	-4 815
Total	**-5 628**	**-4 859**

NOT M6 INCOME TAX

Reported tax (TSEK)	2023 Jan - Dec		2022 Jan - Dec	
Current and reported tax	**0**	**0**	**0**	**0**
Reconciliation of effective tax rate				
Profit/loss before tax / tax according to applicable tax rate (20,6%)	-75 880	15 631	-55 788	11 492
Other non-deductable expenses	-57	-12	65	-13
Increase of loss carry-forwards without corresponding of capitalization of deferred tax	75 937	-15 620	55 723	-11 479
Tax basis / tax expense	**0**	**0**	**0**	**0**
Tax-deductible expenses reported against equity				
Skattemässigt avdragsgilla emissionskostnader	0	0	-3 010	620
Increase of loss carry-forwards without corresponding of capitalization of deferred tax	0	0	3 010	-620
Tax basis / tax expense	**0**	**0**	**0**	**0**
Total increase of loss carry-forwards without corresponding of capitalization of deferred tax	**75 937**	**-15 620**	**58 734**	**-12 099**
Amounts reported as temporary differences				
Valuation of financial assets at fair value	169	-35	-513	106
Profit/loss form sold financial assets	0	0	590	-121
Change/off-set against deferred tax	-169	35	-76	16
Tax basis / tax expense	**0**	**0**	**0**	**0**

There are tax loss deductions for which deferred tax assets have not been recognized in the balance sheet or income statement (amounts are shown in the table below). The deferred tax assets are not limited in time. Deferred tax assets have not been recognized for these items as the company cannot demonstrate with certainty that these can be used within the next few years.

	2023 Jan - Dec		2022 Jan - Dec	
Deferred tax (TSEK)	2022 Jan - Dec	0	2022 Jan - Dec	0
Opening balance	265 981	54 792	207 324	42 709
Effect of changed tax rate	0	0	0	0
Loss deduction for the year	75 768	15 608	58 657	12 083
Total loss carry-forwards	**341 749**	**70 400**	**265 981**	**54 792**

NOT M7 CAPITALIZED EXPENDITURE ON DEVELOPMENT WORK AND SIMILAR WORK

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Accumulated acquisition values		
Opening balance	59 173	52 610
Capitalized expenses for the year	18 539	6 563
Disposal of finished projects	-8 325	0
Closing balance	**69 387**	**59 173**
Accumulated depreciations		
Opening balance	-34 694	-26 383
Depreciations for the year	-11 120	-8 312
Disposal of finished projects	3 819	0
Closing balance	**-41 996**	**-34 694**
Reported value at the end of the year	**27 391**	**24 479**
Specification of significant items (TSEK)		
Up-scaling of silica production*	31 900	18 872
Inhouse development drug development**	-4 509	5 126
Other projects	0	481
Total	**27 391**	**24 479**

** Refers to both internal and external expenditure on scale-up to large-scale production of silica. Depreciation period is 5 years and occurs linearly.*

*** Refers to write-downs in connection to the termination of operations within the business area drug development being terminated. Further information in note 9.*

NOT M8 SHARES IN GROUP COMPANIES

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Accumulated acquisition values		
Opening balance	100	100
Reported value at the end of the year	**100**	**100**

Specification of the parent company's holding of shares and units in group companies. Reported is the ownership share of the capital, which also corresponds to the share of the votes for the total number of shares.

Subsidiary / reg no / reg office	Number of shares	as %	2023 Dec 31 Reported value	2022 Dec 31 Reported value
Nanghavi AB / 559074-2515 / Stockholm, Sweden	50 000	100	50	50
Nanologica Australia Pty Ltd / 638 898 727 / Queensland, Australia	12	100	0	0
Nanologica Yellow AB / 559290-2620 / Stockholm, Sweden	250	100	25	25
Nanologica Black AB / 559290-2646 / Stockholm, Sweden	250	100	25	25
Nlab Bioscience S.A / B85814820 / Malaga, Spain*	3 003	100	-	-
Total			**100**	**100**

Subsidiary / reg no / reg office	Equity	Equity
Nanghavi AB / 559074-2515 / Stockholm, Sweden	48	48
Nanologica Australia Pty Ltd / 638 898 727 / Queensland, Australia*	-837	-724
Nanologica Yellow AB / 559290-2620 / Stockholm, Sweden	25	25
Nanologica Black AB / 559290-2646 / Stockholm, Sweden	25	25
Nlab Bioscience S.A / B85814820 / Malaga, Spain*	-	-

** Nanologica Australia Pty Ltd was liquidated in 2023 and Nlab Bioscience is under liquidation.*

NOT M9 PREPAID EXPENSES AND ACCRUED INCOME

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Prepaid rent	572	201
Prepaid leasing	0	886
Prepaid production costs*	22 982	41 623
Other items	1 570	1 954
Total	**25 124**	**44 663**

** Prepaid production costs refer to advances paid to contract manufacturer Sterling Pharma Solutions, with settlement of goods and services supplied.*

NOT M10 CASH AND CASH EQUIVALENTS

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Swedish crowns (SEK)	9 575	70 067
Euro (EUR)	0	8
US dollar (USD)	301	55
Singapore dollar (SGD)	0	27
Total	**9 878**	**70 157**

NOT M11 EQUITY

Share capital

See notes 25 and 26 for information on the parent company's share capital.

Unrestricted equity

Unrestricted equity available for distribution consists of leveraged earnings including premium funds. Retained earnings consist of the profit for the year and retained earnings from the previous year.

NOT M12 ACCRUED EXPENSES AND DEFERRED INCOME

Amounts in TSEK	2023 Dec 31	2022 Dec 31
Accrued salary costs	3 377	3 277
Accrued social security costs	1 057	1 030
Other items	481	719
Total accrued costs and deferred income	**4 915**	**5 026**

NOT M13 ITEMS NOT AFFECTING LIQUIDITY

Amounts in TSEK	2023 Jan - Dec	2022 Jan - Dec
Depreciations	9 514	9 497
Amortization/disposal of intangible assets	8 305	498
Write-down of current assets	9 785	0
Other items	-1 225	-10
Total	**26 379**	**9 985**

NOT M14 APPROPRIATION OF LOSS

Proposed appropriation of loss (TSEK)	2023 Dec 31
Dividend to shareholders	0
Carried forward	-75 880
Total	**-75 880**

ASSURANCE

The board of directors and the CEO hereby assure that the consolidated financial statements and the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of 19 July 2002 on the application of international accounting standards and generally accepted accounting principles, respectively, and give a true and fair view of the position and results of the Group and the Parent Company. The annual report for the parent company and the group gives a fair overview of the development of the parent company's and the group's operations, position and results, and describes significant risks and uncertainties that the parent company and the companies that are part of the group face. The group's income statement and balance sheet and the parent company's income statement and balance sheet will be subject to adoption at the annual general meeting on 16 May 2024.

Södertälje
21 March 2024

Gisela Sitbon *Chairman of the board*	Mattias Bengtsson *Board member*	Thomas Eldered *Board member*
Anders Rabbe *Board member*	Lena Torlegård *Board member*	Andreas Bhagwani *Chief Executive Officer*

Our auditors' report was left 22 March 2024

BDO Mälardalen AB

Niclas Nordström
Authorized public accountant

AUDITORS REPORTS

To the annual general meeting of the shareholders of Nanologica AB (publ) corporate identity number 556664-5023.

Report on the Annual Accounts and Consolidated Accounts

Statement

We have audited the annual accounts and consolidated accounts of Nanologica AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 31-115 in this document.

In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and gives a true and fair view of the parent company's financial position as of December 31, 2023, and of its financial results and cash flow for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and provide a true and fair view in all material respects of the group's financial position as of 31 December 2023 and of its financial results and cash flow for the year in accordance with international financial reporting standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The board of director's report is consistent with the other parts of the annual report and consolidated financial statements.

We therefore recommend that the annual general meeting adopts the income statement and balance sheet for the parent company and for the group. Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the supplementary report that has been submitted to the parent company's audit committee in accordance with Article 11 of the Audit Regulation (537/2014/EU).

Basis for statement

We have carried out the audit in accordance with International Standards on Auditing (ISA) and good auditing practice in Sweden. Our liability under these standards is described in more detail in the section "Auditor's liability". We are independent in relation to the parent company and the group in accordance with good auditor's practice in Sweden and have otherwise fulfilled our ethical responsibility in accordance with these requirements. This includes that, based on our best knowledge and beliefs, no prohibited services referred to in Article 5(1) of the Auditor Regulation (537/2014/EU) have been provided to the audited company or, where applicable, its parent companies or its controlled companies within the EU.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements.

Areas of particular significance

Particularly significant areas for the audit are those areas that, in our professional judgment, were the most significant for the audit of the annual accounts and consolidated accounts for the period in question. These areas were addressed in the context of the audit of, and in our position statement on, the annual accounts and the consolidated accounts as a whole, but we do not make separate statements on these areas.

Accounting for capitalized expenditure on development and similar works

The group's reported value for capitalized expenditure on development and similar works amounts to TSEK 21 809 per 31 december 2023 which refers to internally generated development expenses. Capitalized development expenses are recognized as intangible assets, provided that the criteria described in the group's accounting principles in Note 1 are met. The activation and subsequent valuation of internally incurred development expenses is based on the assessment by management of the company whether the project will be successful, given its commercial and technical capabilities. There is a risk that development expenses do not meet the requirements for activation and that the reported amount exceeds the recoverable amount, which may have a material impact on the group's earnings and financial position. Furthermore, there is a risk that these assets do not create economic benefit for the company over the entire useful life that management has deemed reasonable. For further information, please refer to information in Note 1 on key accounting policies, Note 3 on important estimates and judgments, and Note 16 on Capitalized expenditure for development and similar works.

How our audit took into account the area of particular significance

Our audit covered the following audit measures but was not limited to these

- Mapping of the process for capitalization, valuation and impairment testing of development expenditures and evaluation of the design and implementation of relevant controls
- Evaluation of the group's principles for capitalization of internally generated development costs
- Review of a sample of internally generated development expenditure and evaluation of management's assessment of its activability
- Studied internal reports and forecasts that formed the basis for management's evaluation of the value of the assets.
- Review of the application of appropriate accounting policies and the disclosure of required disclosures

Information other than the annual report and consolidated financial statements

This document also contains information other than the annual report and the consolidated financial statements, which can be found on pages 2–30. It is the board of directors and the CEO who are responsible for this other information. Our statement regarding the annual accounts and consolidated financial statements does not include this information and we do not make a statement in support of this other information. In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is materially incompatible with the annual report and consolidated financial statements. In this review, we also take into account the knowledge we have otherwise acquired during the audit and assess whether the information otherwise appears to contain material misstatements.

If, based on the work that has been done regarding this information, we conclude that the other information contains a material misstatement, we are obliged to report this. We have nothing to report in that regard.

Responsibilities of the board of directors and the CEO

It is the board of directors and the CEO who are responsible for the preparation of the annual accounts and consolidated accounts and that they give a true and fair view in accordance with the Annual Accounts Act and, as regards to the consolidated financial statements, in accordance with IFRS as adopted by the EU. The board of directors and the CEO are also responsible for the internal control that they deem necessary to prepare an annual report and consolidated financial statements that do not contain any material misstatements, whether due to irregularities or mistakes.

When preparing the annual report and consolidated financial statements, the board of directors and the CEO are responsible for assessing the company's and the group's ability to continue operations. They indicate, where applicable, conditions that may affect the ability to continue operations and to use the assumption of continued operation. However, the assumption of continued operation does not apply if the board of directors and the CEO intend to liquidate the company, cease operations or have no realistic alternative to doing any of this.

The audit committee of the board shall, without prejudice to the board's responsibilities and tasks in general, among other things, monitor the company's financial reporting.

Auditor's responsibility

Our objectives are to achieve a reasonable degree of certainty as to whether the annual accounts and consolidated financial statements as a whole do not contain any material misstatements, whether due to irregularities or mistakes, and to provide an auditor's report containing our statements. Reasonable assurance is a high degree of assurance but is no guarantee that an audit carried out in accordance with ISA and good audit practice in Sweden will always detect a material misstatement if one exists. Inaccuracies may arise due to irregularities or mistakes and are considered material if they can reasonably be expected to affect the financial decisions that users make on the basis of the annual report and consolidated financial statements.

As part of an ISA audit, we use professional judgment and have a professionally skeptical attitude throughout the audit. Furthermore:

Furthermore:

- we identify and assess the risks of material misstatements in the annual accounts and consolidated financial statements, whether due to irregularities or mistakes, design and carry out audit procedures based, among other things, on the basis of these risks and obtain audit evidence that is sufficient and appropriate to form a basis for our statements. The risk of not detecting a material misstatement as a result of irregularities is higher than that of a material error due to mistakes, as irregularities may include acting in collusion, falsification, intentional omissions, misinformation or breach of internal control.
- we acquire an understanding of the part of the company's internal control that is relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not to comment on the effectiveness of internal control.
- we evaluate the suitability of the accounting principles used and the reasonableness of the board of directors' and CEO's estimates in the financial statements and related disclosures.
- we conclude on the appropriateness of the board of directors and the CEO using the assumption of continued operation in the preparation of the annual report and consolidated financial statements. We also draw a conclusion, based on the audit evidence obtained, as to whether there is any material uncertainty factor relating to such events or circumstances that could lead to significant doubts about the company's and the group's ability to continue operations. If we conclude that there is a material uncertainty factor, we must draw attention in the auditor's report to the disclosures in the annual accounts and consolidated financial statements about the material uncertainty factor or, if such disclosures are insufficient, modify the statement of the annual accounts and consolidated financial statements. Our conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or circumstances may mean that a company and a group can no longer continue operations.
- we evaluate the overall presentation, structure and content of the annual accounts and consolidated financial statements, including the disclosures, and whether the annual accounts and consolidated financial statements reflect the underlying transactions and events in a manner that gives a true and fair view.

- we obtain sufficient and appropriate audit evidence regarding the financial information in the units or business activities within the group to make a statement regarding the consolidated financial statements. We are responsible for the governance, supervision and execution of the group audit. We are the sole responsible for our statements.

We must inform the board of directors about, among other things, the planned scope and direction of the audit and the timing of it. We must also inform about significant findings during the audit, including any significant deficiencies in internal control that we have identified.

We must also provide the board of directors with a statement that we have complied with relevant ethical requirements regarding independence and address any relationships and other conditions that could reasonably affect our independence, as well as, where applicable, measures that have been taken to eliminate the threats or safeguards that have been taken.

Of the matters communicated to the board of directors, we determine which of these matters have been the most significant for the audit of the annual accounts and consolidated accounts, including the most significant assessed risks of material misstatement, and which are therefore the audit key audit matters. We describe these areas in the audit report unless laws or regulations prevent disclosure of the matter.

Report on Other Requirements Under Laws and Regulations

The auditor's review of management and proposals for the appropriation of the company's profit or loss

Statement

In addition to our audit of the annual report and consolidated financial statements, we have also carried out an audit of the management of the board of directors and the CEO of Nanologica AB publ) for the year 2022 and of the proposed (appropriations regarding the company's profit or loss.

We recommend that the general meeting disposes of the profit in accordance with the proposal in the annual report and discharges the members of the board of directors and the CEO from liability for the financial year.

Basis for statement

We have carried out the audit in accordance with good auditing practice in Sweden. Our responsibilities according to this are described in more detail in the section "Auditor's responsibility". We are independent in relation to the parent company and the group in accordance with good auditor's practice in Sweden and have otherwise fulfilled our ethical responsibility in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate as a basis for our statements.

Responsibilities of the board of directors and the CEO

The board of directors is responsible for the proposed appropriation of the company's profit or loss. A dividend proposal includes, among other things, an assessment of whether the dividend is justifiable with regard to the requirements that the company's and the group's business nature, scope and risks place on the size of the parent company's and the group's equity, consolidation needs, liquidity and position in general.

The board of directors is responsible for the company's organization and the management of the company's affairs. This includes, among other things, continuously assessing the company's and the group's financial situation, and ensuring that the company's organization is designed so that accounting, asset management and the company's financial affairs in general are controlled in a satisfactory manner. The CEO shall manage the

day-to-day administration in accordance with the board's guidelines and instructions and, among other things, take the measures necessary to ensure that the company's accounting is carried out in accordance with the law and that the management of funds is managed in a satisfactory manner.

Auditor's responsibility

Our objective regarding the audit of the administration, and thus our discharge statement, is to obtain audit evidence in order to assess with a reasonable degree of certainty whether any board member or the CEO in any material respect:

- have taken any action or have been guilty of any negligence that may give rise to liability for compensation against the company, or
- otherwise acted in violation of the Swedish Companies Act, the Annual Accounts Act or the Articles of Association.

Reasonable assurance is a high degree of assurance, but no guarantee that an audit carried out in accordance with good auditing practice in Sweden will always detect actions or omissions that may result in liability for compensation against the company, or that a proposal for appropriation of the company's profit or loss is not compatible with the Swedish Companies Act.

As part of an audit according to good audit practice in Sweden, we use professional judgment and have a professionally skeptical attitude throughout the audit. The review of the management and the proposal for appropriations of the company's profit or loss is primarily based on the audit of the accounts. The additional audit procedures performed are based on our professional assessment based on risk and materiality. This means that we focus the review on such measures, areas and conditions that are essential to the business and where deviations and violations would have a special impact on the company's situation. We review and examine decisions made, decision-making documents, measures taken and other circumstances relevant to our discharge statement. As a basis for our statement on the board of directors' proposal for appropriations regarding the company's profit or loss, we have reviewed whether the proposal is compatible with the Swedish Companies Act.

Auditor's Review of the ESEF Report

Statement

In addition to our audit of the annual accounts and consolidated accounts, we have also carried out an audit that the board of directors and the CEO have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) in accordance with Chapter 16 section 4a of the Securities Market Act (2007:528) for the year 2023.

Our review and statement relate only to the statutory requirement.

In our view, the ESEF report has been drawn up in a format that essentially allows for uniform electronic reporting.

Basis for statement

We have carried out the audit in accordance with FAR's recommendation RevR 18 The auditor's review of the ESEF report. Our responsibilities under this recommendation are described in more detail in the section Auditor's responsibilities. We are independent in relation to Nanologica AB (publ) in accordance with good auditing practice in Sweden and have otherwise fulfilled our professional ethical responsibility according to these requirements.

We believe that the evidence we have obtained is sufficient and appropriate as a basis for our statement.

Responsibilities of the board of directors and the CEO

It is the responsibility of the board of directors and

the CEO to ensure that the ESEF report has been prepared in accordance with Chapter 16. Section 4a of the Securities Market Act (2007:528), and because there is such internal control as the board of directors and the CEO deem necessary to prepare the ESEF report without material misstatements, whether these are due to irregularities or mistakes.

Responsibilities of the auditor

Our task is to express ourselves with reasonable certainty whether the ESEF report is in all material respects prepared in a format that meets the requirements of Chapter 16 section 4a of the Securities Market Act (2007:528), on the basis of our review. RevR 18 requires us to plan and implement our audit measures to achieve reasonable assurance that the ESEF report is prepared in a format that meets these requirements.

Reasonable assurance is a high degree of certainty but is no guarantee that an audit conducted in accordance with RevR 18 and good auditing practice in Sweden will always detect a material misstatement if one exists. Inaccuracies may arise from irregularities or mistakes and are considered material if, individually or collectively, they can reasonably be expected to influence the financial decisions made by users on the basis of the ESEF report.

The audit firm applies the International Standard on Quality Management 1, which requires the firm to design, implement and manage a quality management system including policies or procedures regarding compliance with professional ethics requirements, professional standards and applicable requirements in laws and regulations.

The audit includes obtaining, through various measures, evidence that the ESEF report has been prepared in a format that allows for uniform electronic reporting of the annual accounts and consolidated accounts. The auditor chooses which actions to perform, including by assessing the risks of material misstatements in reporting, whether these are due to irregularities or mistakes. In this risk assessment, the auditor takes into account those parts of the internal control that are relevant to how the board of directors and the CEO produce the documentation for the purpose of designing audit measures that are appropriate to the circumstances, but not for the purpose of making an opinion on the effectiveness of internal control. The review also includes an evaluation of the appropriateness and reasonableness of the board's and CEO's assumptions.

The audit measures mainly include the validation of the preparation of the ESEF report in a valid XHTML format and the reconciliation of the consistency of the ESEF report with the audited annual accounts and consolidated accounts. Furthermore, the review also includes an assessment of whether the group's earnings, balance sheet and equity accounts, cash flow statement and notes in the ESEF report have been marked with iXBRL in accordance with what follows from the ESEF Regulation.

BDO Mälardalen AB, Sveavägen 53, SE-113 59 Stockholm, Sweden, was appointed Nanologica AB's auditor by the Annual General Meeting on 4 May 2023 and has been the company's auditor since 18 June 2020.

Stockholm 22 March 2024

BDO Mälardalen AB

Niclas Nordström
Authorized Public Accountant

GLOSSARY

Biosimilar
A biosimilar is a biological medicine that contains a version of the active substance contained in an already authorized biological medicine (the reference medicine). For biosimilars, such as generics, shorter studies are required to get the drug approved than for original drugs.

Bioavailability
Pharmacology concept that shows how much of an administered dose of a drug reaches the systemic circulation (blood) in unchanged form.

Drug delivery
A concept in the pharmaceutical industry that includes different ways of delivering drugs to the body as well as different techniques for formulating and manufacturing drugs.

Drug development
The process of taking a drug candidate from the idea phase, through preclinical and clinical studies, to a product ready for the market.

Evergreening
Strategy used to extend the term of protection of a patent. A slight change is made to the reference medicine, resulting in a 'new' medicine (successor) and a new term of protection.

Generics
Generics contain the same active ingredient as an original medicine, which has lost its patent protection. Generic medicines are medically substitutable medicines with the same function, quality, and safety as an original medicine.

Glucagon-like peptide-1 (GLP-1)
GLP-1 stimulates the release of insulin from the pancreas, which lowers blood sugar. GLP-1 also slows down the release of glucagon, which is a hormone that increases blood sugar levels by splitting stored glycogen into glucose.

GLP-1 analogue
Drug that mimics the endogenous hormone GLP-1.

GMP
Good Manufacturing Practice is a system for ensuring that products are produced and controlled consistently according to quality standards. It is designed to minimize the risks in pharmaceutical production that cannot be eliminated by testing the final product. GMP encompasses all aspects of production from raw materials, facilities and equipment, to training and personal hygiene of staff. Detailed written procedures are necessary for any process that can affect the quality of the finished product. Systems must be in place to provide documented evidence that correct procedures are consistently followed at every stage of the manufacturing process – every time a product is manufactured.

cGMP stands for current GMP and refers to the currently applicable standard.

HPLC
HPLC stands for high-performance liquid chromatography and is a separation method for chemical compounds in solutions. In an HPLC system, there is a mobile phase (moving phase, liquid) and a stationary phase (solid phase, e.g.

silica). The task of the mobile phase is to transport the sample to be analyzed or purified through the system and the task of the stationary phase is to bind the various substances in the sample. In the column, the substances in the sample are separated from each other because different substances bind to the stationary phase to varying degrees. This means that they migrate through the column at different paces and therefore come out of the column at different times..

Incretin mimetics
Incretin mimetics are a class of drugs with the general mechanisms of action to stimulate the release of insulin, inhibit the release of glucagon, slow down the emptying of the stomach and provide a feeling of satiety.

IP – intellectual property
IP includes, for example, inventions, designs, symbols, names, and images used in commerce. IP is protected by law by, for example, patents, copyrights, and trademarks, which makes it possible for people and companies to gain financial benefit from what they invent or create.

Column
A hollow tube filled with silica used for chromatography.

Contract Manufacturing Organization, CMO
Contract manufacturing organizations manufacture products on behalf of another company.

Chromatography
A method in chemistry to separate different molecules in a mixture from each other.

Analytical chromatography
Analytical chromatography is used to investigate whether a particular substance is present in a mixture, or which substances are present and in which quantity.

Preparative chromatography
Preparative chromatography is used as a purification step in pharmaceutical production to remove impurities from the final drug product.

Ligand
Functional group on the surface of the silica particle.

Nanoporous
Materials where the size of the material's pores is of nanometer size, which gives the material a large surface area per gram. Mesoporous materials are a class of nanoporous materials with pore sizes between 2 and 50nm.

NASH
Non-alcoholic steatohepatitis, a form of fatty liver with liver damage that is not caused by heavy alcohol consumption.

Obesity
Abnormal or excessive accumulation of adipose tissue that poses a risk to health.

Packing media
The material (e.g. silica) with which chromatography columns are filled, through which substances to be separated from each other pass.

Patent
A patent is a form of intellectual property that gives its owner the legal right to exclude others from making, using, or selling an invention for a limited period of years in exchange for disclosure of the invention.

Proof of Concept study
Proof of concept of a particular method or idea to demonstrate its feasibility, or a demonstration that verifies that something theoretically works as intended.

Recombinant human insulin
Treatment of patients with insulin-requiring diabetes is currently mainly done with recombinant human insulin. Recombinant human insulin is produced from bacteria that have been given a gene (DNA) that allows the bacteria to produce insulin.

Silica
A chemical compound of silicon and oxygen (SiO_2), silicon dioxide. Crystalline silica in the form of quartz is a common mineral in the earth's crust and is a component of many rocks, as well as the largest constituent of sand. Silica also occurs in amorphous form that naturally occurs as opal and in seashells. Amorphous silica can be made synthetically and is used in various products as fillers or anti-caking agents in foods and pharmaceuticals.

Sleep apnea
Short, repeated pauses in breathing during sleep. Risk factor for high blood pressure and stroke.

NANOLOGICA

Nanologica AB (publ)

Forskargatan 20 G, SE-151 36 Södertälje

Sweden

Ph: +46-8-410 749 49

info@nanologica.com

www.nanologica.com