CombiGene

Annual Report and Consolidated financial statement 2021

CombiGene AB (publ) 556403-3818

CG01: Exclusive collaboration and licensing agreement with Spark Therapeutics

An even stronger organisation

Successful financing of CombiGenes Operations

Content

Period January – December 2021

- Net sales: 84,042 (0) TSEK.
- Other operating revenues: 7,478 (12,029) TSEK.
- Profit from financial items: 20,965 (-29,551) TSEK.
- Earnings per share: 1.21 (-3.31) SEK.
- Liquidity as per the end of the reporting period: 136,744 (48,895) TSEK.
- Equity ratio as per the end of the reporting period: 95 (89) %.
- The board proposes that no dividend will be paid for the 2021 financial year.

Events during the year

January – March 2021

- CombiGene's Board of Directors resolves on a fully guaranteed rights issue of approximately SEK 75 million.
- Response from the Swedish and UK pharmaceutical authorities confirm CombiGene's plan for CG01's final preclinical studies.
- The material from the first large-scale production of CG01 is released.
- The CG01 project initiates preclinical biodistribution and toxicology studies.
- CombiGene's lipodystrophy project is awarded EUR 882,500 in development grants by the EU Eurostars program.

April – June 2021

- CombiGene completes a fully guaranteed rights issue providing the company with approximately SEK 75 million before issue costs.
- On May 25, 2021, CombiGene AB held its Annual General Meeting (AGM) in Lund. The AGM resolved all matters in accordance with the proposal of the Board of Directors and the Nomination Committee. The AGM resolved to re-elect Peter Nilsson, Bert Junno, Jonas Ekblom and Per Lundin as Board members and to elect Gunilla Lundmark as new member of the Board. Bert Junno was also re-elected Chairman of the Board.

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CombiGene's lead project CG01 has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 823282

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

Mazars AB was re-elected as auditor. The AGM resolved, in accordance with the Nomination Committee's proposal, on board fees and that auditor's fees shall be paid in accordance with approved invoices. The AGM further resolved to merge the company's shares, with twenty (20) existing shares being combined into one (1) new share (aggregation 1:20). The AGM also resolved to amend the Articles of Association in such a way that the Board of Directors shall have its registered office in Stockholm, instead of Lund, Skåne County.

- CombiGene and Neurochase initiate the work of optimizing the administration of CG01 in a preclinical study.
- The plasmids to be used in the GMP production of CG01 are manufactured and subjected to the quality assurance. The plasmids will be used as starting material for the GMP batch.

July – September 2021

- CombiGene initiates GMP production of CG01.
- Patent approved in the U.S. and Russia for CombiGene's gene therapy candidate CG01.
- CombiGene applies for international patent protection for the vectors developed within the CGT2 project.

October – December 2021

- CombiGene and Spark Therapeutics enter exclusive, global licensing agreement for gene therapy candidate CG01. The agreement with Spark has a potential value of USD 328.5 million excluding royalties, with USD 8.5 million upon signing and up to USD 50 million at preclinical and clinical milestones.
- CombiGene's Horizon 2020 project successfully completed with a final payment of approximately EUR 500,000, which means that CombiGene has received the full grant of EUR 3.36 million.
- CombiGene and Spark Therapeutics communicate plan to expand the clinical development program beyond the EU, to also include the U.S. This also expands the preclinical program.

Events after the end of the period

- GMP production of CG01 made available for preclinical studies planned to enable First in Human study.
- CombiGene signs agreement with University of Michigan to evaluate the leading gene therapy candidate within the lipodystrophy project CGT2.
- CombiGene's and Neurochase's preclinical study provides valuable information for the upcoming long-term studies in toxicology and biodistribution.
- **Development in Ukraine.** At the beginning of 2022, relations between Russia and Ukraine deteriorated and on February 24, 2022, Russia invaded Ukraine. The situation continues to be characterized by great uncertainty and the course of events is unpredictable. Market reactions to the development have been strongly negative, which can be seen in significant price falls in the stock markets in the countries concerned, but also in other markets, including the Swedish market. In addition, the United States and Europe have imposed economic sanctions on Russia. CombiGene has no operations in Russia or Ukraine and the implementation of the company's ongoing and planned preclinical/clinical studies and the results of these are not expected to be affected by the war in Ukraine. CombiGene will inform investors if such an impact on the business is expected to occur. Since the outbreak of war, the capital market has become turbulent and both the short-term and the long-term consequences for the world economy are difficult to predict. If this uncertain situation remains, it may pose greater challenges in raising new capital for the company.

About CombiGene AB

CombiGene's vision is to provide patients affected by severe life-altering diseases with the prospect of a better life through novel gene therapies. CombiGene's business concept is to develop effective gene therapies for severe life-altering diseases where adequate treatment is currently lacking. Development assets are sourced from an external research network and developed to achieve preclinical/clinical proof of concept. Drug candidates for common diseases will be co-developed and commercialized through strategic partnerships, while the company may manage this process on its own for drugs targeting niche patient populations.

The Company has an exclusive collaboration and licensing agreement for the CG01 project with Spark Therapeutics.

The company is public and listed on the Swedish marketplace Nasdaq First North Growth Market and the company's Certified Advisor is FNCA Sweden AB, +46 (0)852 80 03 99, info@fnca.se.

A rapid transformation into an internationally recognized gene therapy company

The year 2021 was a very successful year, and CombiGene is in a much better position now than twelve months ago. The exclusive global collaboration and licensing deal we signed with Spark Therapeutics in October 2021 transformed CombiGene into an internationally recognized gene therapy company with a strengthened ability to explore new and promising opportunities within the gene therapy field.

CG01 2021: several value creating milestones leading up to the agreement with Spark

The most important event during 2021 is of course the collaboration and licensing deal with Spark, but even before the signing of the agreement CG01 achieved a number of important milestones within manufacturing, preclinical development, and approved patents. Here's a short recap of the terms of agreement and recent developments:

The agreement with Spark. Under the terms of agreement, CombiGene is eligible to receive up to USD 328.5 million excluding royalties, with USD 8.5 million upon signing and up to USD 50 million at preclinical and clinical milestones. CombiGene will also be reimbursed for certain authorized R&D expenses. Upon commercialization, CombiGene is eligible for tiered royalties ranging from the mid-single digits up to low double-digits based on net sales.

Collaboration on the final preclinical parts. We will now continue to run the CG01 project through the final preclinical parts in collaboration with Spark, something we really are looking forward to.

Reimbursement of internal and external R&D expenses. During the remaining part of the preclinical program, all CG01-related R&D activities that CombiGene is running, internal as well as external, will be agreed upon and approved by Spark, who also assumes all agreed costs. As CG01 enters the clinical phase, Spark will take over the responsibility for the continuation of the program and thus also bear all costs during this development phase.

Expanded clinical program. In December 2021, the decision was taken to, also initially, expand CG01's clinical development program to include the U.S. With this decision, the project will find a natural foothold on the world's, by far, largest pharmaceutical market, at the same time as Spark can utilize the company's impressive resources, know-how and networks in an optimal way. In order to prepare CG01 to meet the needs of an extended submission, the remaining preclinical program will be expanded and, in some parts, complemented with additional studies. In practice, this means that the preclinical part supporting initiation of clinical development of CG01 will take longer time to finalize. As previously stated, Spark will assume all costs for the remaining part of the preclinical program as well as all costs for the entire clinical program.

GMP production of CG01. In January 2022, the first large scale GMP production of CG01 was made available for preclinical studies planned to enable first-in-human study. Both the production itself and the subsequent testing were performed according to original plans. The data from the analyses will form a central part of future regulatory applications to support proceeding to clinical studies.

Successful financing of our operations

The year 2021 was also successful from a financing point of view. Through a combination of one rights issue, grants from the EU programs Eurostars and Horizon 2020, and the upfront payment from Spark, CombiGene received approximately SEK 149.6 million in 2021.

Rights issue. During the first quarter of 2021, CombiGene's financial position was strengthened through a fully guaranteed rights issue of SEK 75 million before issue costs, allowing for an expansion of the company's expertise and capacity regarding production, clinical studies, and gene therapy through important new recruits.

Eurostars grant. The EU continued to invest in CombiGene in 2021 when the EU financing

program Eurostars decided to allocate EUR 882,500 to the development of our lipodystrophy project CGT2. Thanks to the Eurostars grant, we have been able to broaden the international cooperation in this important project to include the University Medical Center Hamburg-Eppendorf and strengthen our collaboration with the CRO company Accelero.

Horizon 2020. In July 2021, CombiGene's Horizon 2020 project was successfully completed and in December 2021 the final payment of approximately EUR 500,000 was received. In total, CombiGene has received EUR 3.36 million in four instalments since 2018.

Upfront payment from Spark. Upon signing the agreement with Spark, CombiGene received USD 8.5 million.

A stronger organization

In the past year, CombiGene has strengthened its organization considerably with the recruitments of CFO Louise Aspenberg; Project Manager CMC Martin Linhult; Clinical Project Manager Pernilla Fagergren; and Industrial postdoc Esbjörn Melin. With these recruitments, CombiGene has expanded its know-how and capacity in a decisive way.

CGT2 - intense clinical efforts

Sometimes in the development of a project you reach a stage where there is little reportable news. This has been the case for CombiGene's lipodystrophy project CGT2 for a large part of 2021, but this in no way means that there has been no activities within the project. On the contrary, we have been working hard to select the best gene therapy candidate to go forward with. This process is still ongoing, and in January 2022 we signed an agreement with Professor Ormond MacDougald at the University of Michigan Medical School to further the development of this project. The agreement comprises one pilot study and one main study in which the most promising gene therapy candidate within the lipodystrophy project CGT2 will be evaluated in an animal model that resembles the disease in humans.

Focus in 2022

In 2022, CombiGene will focus on three areas: the continued preclinical development of CG01 in close collaboration with Spark; bringing the CGT2 project to the stage where we can initiate the important proof-of-concept study; and intensified business development with the ambition of expanding our gene therapy portfolio.

Jan Nilsson,

CEO

Strategy and business development

Gene therapy's potential to permanently cure a wide range of diseases has led to major investments in research and development in both academia and industry, demonstrated, among other things, by the large number of clinical studies that are underway worldwide. There are currently 316 ongoing clinical studies with 75 Phase I studies, 196 Phase II studies and 45 Phase III studies (Alliance for Regenerative Medicine, Final report 2021).

The confidence in gene therapy is also shown by the massive financial investments made in the field. In 2021, investments in research and development amounted to the equivalent of USD 10.2 billion (Alliance for Regenerative Medicine, Final report 2021). The main focus is on oncology, but cardiovascular diseases and diseases related to the central nervous system are also common.

It is in this very dynamic landscape that CombiGene operates. CombiGene's vision is to develop effective gene therapies for severe and life-changing diseases that currently lack adequate treatment methods. Research assets are brought in from a network of external researchers in academia or industry. Since CombiGene signed the exclusive cooperation and licensing agreement with Spark Therapeutics in October 2021, the company has intensified its efforts to identify potential projects for inlicensing.

For drug candidates for common diseases, the goal is to develop the project to late preclinical/early clinical phase and then develop the project further in collaboration with a major player in the pharmaceutical industry. The fact that this strategy works in practice is obvious. On October 12, 2021, CombiGene signed an exclusive collaboration and licensing agreement with Spark Therapeutics with a potential value of USD 328.5 million excluding royalties.

In the case of drug candidates targeting limited patient populations, CombiGene may drive development and commercialization under its own management or enter strategic collaborations.

Value-creating business development through development of gene therapy assets and international partnering

CombiGene has for several years worked long-term to establish the company as an interesting player in

the international pharmaceutical market and has gradually built up an extensive network of partners with specific competences within gene therapy.

So far, CombiGene's business development has resulted in the in-licensing of the CGT2 lipodystrophy project from Lipigon, establishing collaboration with a number of CRO and CDMO companies within the CG01 and CGT2 projects, and out-licensing of the CG01 epilepsy project to Spark Therapeutics in an agreement with a potential value of USD 328.5 million excluding royalties.

Focus on in-licensing new projects

The agreement with Spark Therapeutics meant that CombiGene in one stroke strengthened its cash position by USD 8.5 million and is eligible to receive up to USD 50 million during CG01's preclinical and clinical development. The agreement also means that Spark will take over the full responsibility of running the CG01 development once the preclinical phase is completed. All in all, this means that CombiGene is now well placed to take the next step in the company's development and the in-licensing of additional gene therapy projects will be in focus.

CombiGene will primarily seek AAV-based projects because it is within this technology platform that the company has established knowledge in a number of key areas such as vector design (design of drug candidate), safety aspects and production.

Similarly, the areas of disease that are in focus are those where CombiGene has built up a solid knowledge, i.e., diseases of the central nervous system and metabolic diseases.

Having said that, CombiGene will at the same time have an open attitude towards all potential projects and evaluate each opportunity on its own merits. CombiGene regularly participates in important partnering conferences and the company has continuous dialogues with interesting actors in both academia and industry to identify interesting projects.

The epilepsy project CG01

Epilepsy is a major global problem. Estimates show that 0.6 to 0.8 percent of the world's population suffers from the disease. In 2016, there were 5.7 million diagnosed epilepsy patients in the US, EU4+ UK and Japan. About a third of these patients do not respond to traditional medical treatment. Of these, about 60 percent have focal epilepsy, i.e. an epilepsy where the seizure occurs in a well-defined area of the brain. It is primarily for this latter group of epilepsy patients, for whom there is currently no effective treatment, that CG01 is developed.

328.5-million-dollar agreement with Spark Therapeutics after successful preclinical development and active business development

Thanks to continuous progress in the preclinical work and active business development, CombiGene was able to enter into a collaboration and licensing agreement with Spark Therapeutics on October 12, 2021. The agreement provides Spark with the exclusive world-wide license to develop, manufacture and commercialize CG01.

Under the terms of agreement, CombiGene is eligible to receive up to USD 328.5 million excluding royalties, with USD 8.5 million upon signing, up to USD 50 million at preclinical and clinical milestones. Upon commercialization, CombiGene is eligible for tiered royalties ranging from the mid-single digits up to low double-digits based on net sales.

For the remainder of the preclinical program, which CombiGene implements in collaboration with Spark, all CG01-related R&D activities carried out by CombiGene, both internal and external, will be agreed with and approved by Spark, which also takes all costs for these activities. As CG01 enters the clinical phase, Spark will take over responsibility for driving the continuation of the program and thus also bear all costs during this development phase.

Since CombiGene and Spark entered into the exclusive cooperation and licensing agreement for CG01, the two companies have jointly reviewed the project's future development to ensure the

Some comments on the agreement with Spark

Jan Nilsson, CombiGene's CEO: "October 12, 2021, was a momentous day for CombiGene. Together with our partners and with the support of our shareholders and with an important contribution from the EU program Horizon 2020, we have worked long and hard to arrive at this deal with Spark, and I could not be more proud. Our epilepsy project CG01 has continued to show strength throughout the preclinical phase, and in Spark we have now found a perfect partner to take CG01 through the clinical phase to full commercialization. CombiGene and Spark have had a productive ongoing dialogue during the latter parts of CG01's preclinical development, and the entire CombiGene team have come to know Spark as a visionary and patient-focused organization with the strength, know-how, and experience to exploit the full potential of CG01. We look forward to advancing this potentially transformative therapy together with Spark for the benefit of a patient group in need of better treatments."

Joseph La Barge, Chief Business Officer at Spark, said: "Spark is constantly evaluating new opportunities to challenge the status quo when it comes to the treatment of diseases with unmet needs, and collaboration is a critical part of our strategy. We were impressed by CombiGene's gene therapy platform and look forward to harnessing our collective expertise to tackle diseases that affect signaling in the central nervous system."

Federico Mingozzi, Ph.D., Chief Scientific Officer at Spark: "While many people with epilepsy respond well to current anti-seizure therapies, a significant portion are in need of new treatment options. Through our new collaboration and licensing agreement with CombiGene, we will work together leveraging our vast knowledge and experience in gene therapy to address unmet needs for people living with drug-resistant focal epilepsy."

Liz Ramsburg, Ph.D. and Head of CNS Research at Spark Therapeutics, comments on the collaboration with CombiGene

"We at Spark are delighted to have the opportunity to partner with CombiGene in developing CG01 for drug-resistant focal epilepsy. The Spark CNS team first learned of CombiGene's program through David Woldbye and Merab Kokaia's publications describing the effects of vectorized NPY and Y2R in rodent epilepsy models and were immediately excited by the innovative approach and high-quality data presented.

"We are also thrilled to be able to advance a potential new therapy in an area of high unmet medical need. Many epilepsy patients do not achieve adequate seizure remission on anti-epileptic drugs, and gene therapies like CG01 have the potential to benefit these patients with a one-time treatment that could offer a relatively lower risk of side effects versus surgical resection.

"At Spark we always say that we "don't follow footsteps we create the path" in bringing transformative medicines to patients. We can see that our colleagues at CombiGene share this belief and that together we have a truly unique opportunity to combine our scientific and technological knowledge to address a global need in epilepsy treatment. I am excited about our collaboration in service of patients."

best way forward. In December 2021, it was decided to extend the clinical development program to include the US in addition to Europe. The clinical development program for the CG01 project was originally planned to initially be implemented in Europe, CombiGene's home market. Establishing a clinical presence in the US from the onset adds much additional strength to the CG01 project and gives the project a natural foothold in the world's largest pharmaceutical market (by value).

In order to prepare CG01 to meet the needs of a global submission the remaining preclinical program has been expanded and, in some parts, complemented with additional studies. In practice, this means that the preclinical part of CG01 will take longer to finalize.

Once the preclinical program is completed, Spark will take full responsibility for clinical development from the first in-human study onwards to global commercialization. The work and know-how that CombiGene has already established regarding the planning of the clinical study has been transferred to Spark.

The way to the agreement with Spark

Since 2017 CombiGene has conducted a number of successful preclinical studies, which together with the establishment of a scalable production platform paved the way for the agreement with Spark:

Dose response study. In 2017, a preclinical dose response study was conducted that gave the company valuable knowledge of the drug candidate's dose-dependent properties.

Proof-of-concept study. After completing the dose response study in 2017, CombiGene initiated a concept verification study of CG01 in a model of chronic epilepsy. The results of the study show that CG01 has clear antiepileptic effects.

Human expression study. In 2017, CombiGene also conducted a study on brain tissue donated in conjunction with resective epilepsy surgery from patients with confirmed pharmacoresistance. Data from the study show that CG01 can be expressed in human epileptic brain tissue and thus confirms that the technique of administering genes using CG01 works as intended.

Pharmacokinetic study. The preclinical pharmacokinetic study concluded in 2020 provides further evidence that an injection into brain tissue can create long-term expression of the active substances NPY and Y2.

Learning and memory study. NPY is associated with a number of physiological processes, including memory and learning ability. The learning and memory in rats study shows that CG01 has no adverse impact on either learning or memory.

Cell tropism study. CG01 is intended to reach the neurons in hippocampus that trigger the epileptic seizures. CombiGene's tropism study shows that CG01 is taken up into the neurons of the hippocampus.

Scalable production platform. In the autumn of 2020, CombiGene completed the extensive work to establish a production platform for CG01 in collaboration with its CDMO-partners CGT Catapult, Cobra Biologics, and Viralgen. The platform consists of three parts: production of quality assured starting material (plasmids), quality control methods and a scalable suspension-based production process which makes it possible to produce both limited volumes for preclinical and clinical studies as well as large-scale volumes for future commercial needs.

On May 15, 2018, Horizon 2020, the EU framework for research and development, announced that it had decided to invest EUR 3.36 million in CombiGene's continued development of the gene therapy candidate CG01. The Horizon 2020 grant was extremely important for CombiGene as it meant that CG01 could continue to be developed without delay according to the original plans. The Horizon 2020 project was completed on July 31, 2021.

CORDIS (The Community Research and Development Information Service), the European Commission's information service regularly publishes results from the projects they sponsor. Below we reproduce their article on CG01 in its entirety.

A novel gene therapy for epilepsy

Gene therapy for epilepsy: moving beyond current state-of-the-art treatment

Epilepsy is a recurrent neurological disorder, and many cases demonstrate drug resistance. A novel treatment strategy based on seizure-modulating genes brings hope for a positive clinical outcome in patients.

Epilepsy is associated with increased excitability in the brain, which leads to recurrent, unprovoked seizures, most often of unknown aetiology. Disease presentation is highly variable, and conventional treatment entails the use of anti-epileptic drugs that help reduce the severity and frequency of seizures. However, current pharmacologic approaches lead to unsatisfactory therapeutic efficacy for a significant number of individuals who may develop resistance to available drugs, necessitating the development of novel therapies.

Gene delivery to contain epileptic seizures

Accumulating evidence suggests that gene therapy may be an attractive approach for limiting seizures. The heterogeneity among individuals and the inability to identify disease-causing mutations has stirred efforts towards the regulation of inhibitory peptides implicated in brain hyperexcitability. The EU-funded CG01 project has developed a strategy that delivers the human neuropeptide Y (NPY) and the neuropeptide Y2 receptor as a means of inhibiting seizures. "Our strategy employs adeno-associated virus (AAV) vectors, a safe and efficient gene transfer approach for the nervous system," explains Jan Nilsson, project coordinator and chief executive officer at CombiGene. Although AAV is not known to cause disease, it is essentially stripped off its viral elements and only serves as a vehicle for gene transport into cells. The rationale behind the expression of NPY and its Y2 receptor is to inhibit the continuous release of glutamate neurotransmitters at neuronal synapses and minimise hyperexcitability that is responsible for seizures. The simultaneous expression of these two genes seems to have a synergistic anti-seizure effect in animal models of epilepsy as a proof of concept. The team has undertaken additional preclinical studies such as a dose response evaluation in small animals and a study in human brain tissue. Moreover, they have established a scalable production method. "The biggest achievement of the project was the ability of the team to achieve the expected milestones, without any significant delays, through a successful journey," outlines Nilsson.

CG01 prospects in the clinic

CombiGene has entered an exclusive collaboration and licensing agreement with Spark Therapeutics in 2021 for the CG01 project. The two companies will jointly conduct the final parts of the preclinical programme with important biodistribution and toxicology studies. Once the preclinical programme is finalised, Spark Therapeutics will assume full responsibility for running the clinical programme and further developing, manufacturing and commercialising the CG01 advanced therapy medicinal product. The clinical trial will initially include patients eligible for surgery. Depending on the result, the study is expected to lead to further clinical development and evaluate the efficacy of the gene therapy solution in a larger group of patients. According to Nilsson, "the most important thing about CG01 is that it offers pharmacoresistant epilepsy patients an effective alternative that will improve the quality of their lives." Successful completion of the CG01 project will offer people with epilepsy an effective, first in class gene therapy without the adverse side effects of the currently available medications. Moreover, the CG01 technology could be exploited for the gene therapy of other diseases.

https://cordis.europa.eu/article/id/435610-gene-therapy-for-epilepsy-moving-beyond-current-state-of-the-art-treatment

CombiGene's lead project CG01 has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 823282

The lipodystrophy project CGT2

CGT2, CombiGene's project to develop a gene therapy treatment for partial lipodystrophy, is in early preclinical development. The first step in designing gene therapy vectors and testing them in vitro (tests on different liver cells) has been carried out with good results and several in vivo studies have been conducted to evaluate efficacy and narrow down the number of potential gene therapy candidates.

CombiGene signs agreement to evaluate the leading gene therapy candidate within the lipodystrophy project CGT2

The evaluation of a possible drug candidate is ongoing, and the number of potential candidates has gradually decreased. In January 2022 CombiGene signed an important agreement with Professor Ormond MacDougald at the University of Michigan Medical School in the US. The agreement includes a pilot study and a main study in which CombiGene's most promising gene therapy candidate within the lipodystrophy project CGT2 will be evaluated.

Professor Ormond MacDougald's new experimental model has several characteristics that are similar to partial lipodystrophy in humans, the disorder that CombiGene is targeting with their CGT2 therapy. Professor MacDougald has an entire team working within the lipodystrophy field with an extensive knowledge and technical expertise that will benefit CombiGene's CGT2 project.

"I'm very happy that CombiGene has signed this agreement with Professor MacDougald," said Annika Ericsson, Preclinical Project Manager at CombiGene. "Professor MacDougald and his team have exactly the knowhow and experimental model that we need to evaluate our leading candidate in the lipodystrophy project."

Project grants from EU's international funding program Eurostars

In February 2021, the Lipodystrophy project was awarded EUR 882,500 in project grants by the EU's Eurostars international funding program. Thanks to this funding CombiGene has established a good collaboration with the University Medical Center Hamburg-Eppendorf, which has a research group with experts in lipid research. Through the Eurostars grant, CombiGene has also been able to strengthen its collaboration with Accelero, a German CRO company that will work on developing analytical methods to measure the efficacy of the CGT2 therapy.

PCT application

In August 2021, CombiGene submitted a so-called PCT application to protect the vectors developed within the CGT2 project. The Patent Cooperation Treaty (PCT) is an international agreement that allows companies to seek patent protection internationally for their innovations in about 150 countries. Within the framework of the PCT, a preliminary assessment of patentability is made before the application, if the company decides to continue the process, can proceed to the national phase where national patent applications are submitted. PCT applications are handled by the World Intellectual Property Organization (WIPO), a self-funding body within the United Nations.

The in August submitted PCT application builds on the UK patent application filed last year and is a natural next step in ensuring adequate patent protection for the lipodystrophy project CGT2.

The market for CombiGene's lipodystrophy project

Partial lipodystrophy is a very rare disorder. Estimates place the number of patients in the U.S. and Europe at about 2,000. Therefore, according to CombiGene's assessment, there are good prospects for obtaining orphan drug designation for the lipodystrophy project's candidate drug. CombiGene estimates that the total sales potential for CGT2 amounts to USD 750 - 1,450 million.

If orphan drug designation is granted for the candidate drug, CombiGene will have several significant advantages in the form of regulatory advice, tax relief, public funding, reduced fees, and longer market exclusivity. Given the advantages of an orphan drug designation, CombiGene may potentially develop this project all the way to market under its own management.

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

Partial lipodystrophy is a rare disease characterized by altered fat distribution on the body. In the absence of normal body fat, various organs, primarily the liver, begin to accumulate fat, leading on to serious metabolic complications, including extreme insulin resistance, hypertriglyceridemia (elevated values of blood fat triglyceride) and liver steatosis (fatty liver).

Share capital development

Year	Event	Total share capital (SEK)	Change (SEK)	Total shares	Change shares	Quotient (SEK)
1990	Company registration	50,000	50,000	500	500	100.00
1997	Bonus issue	100,000	50,000	1,000	500	100.00
2010	New share issue	102,600	2,600	1,026	26	100.00
2013	New share issue	143,600	41,000	1,436	410	100.00
2014	Bonus issue	574,400	430,800	5,744	4,308	100.00
2014	New share issue	604,400	30,000	6,044	300	100.00
2014	Split 1 000:1	604,400	0	6,044,000	6,037,956	0.10
2014	New share issue	884,400	280,000	8,844,000	2,800,000	0.10
2015	New share issue	1,134,400	250,000	11,344,000	2,500,000	0.10
2015	New share issue	1,138,197	3,797	11,381,970	37,970	0.10
2016	New share issue	1,180,159	41,962	11,801,590	419,620	0.10
2017	New share issue	1,652,223	472,064	16,522,230	4,720,637	0.10
2018	New share issue	1,719,783	67,560	17,197,836	675,596	0.10
2018	New share issue	5,159,348	3,439,565	51,593,476	34,395,650	0.10
2019	New share issue	6,372,384	1,213,036	63,723,836	12,130,360	0.10
2019	New share issue	6,373,090	706	63,730,896	7,060	0.10
2019	New share issue	6,505,365	132,275	65,053,647	1,322,751	0.10
2020	New share issue	11,762,201	5,256,836	117,622,007	52,568,360	0.10
2020	New share issue	12,562,201	800,000	125,622,007	8,000,000	0.10
2020	New share issue	14,721,013	2,158,813	147,210,132	21,588,125	0.10
2020	New share issue	17,666,081	2,945,068	176,660,811	29,450,679	0.10
2020	New share issue	17,822,218	156,137	178,222,176	1,561,365	0.10
2020	New share issue	20,768,890	2,946,672	207,688,899	29,466,723	0.10
2020	New share issue	22,927,702	2,158,813	229,277,024	21,588,125	0.10
2021	New share issue	39,602,395	16,674,693	396,023,950	166,746,926	0.10
2021	Reverse share split (1:20)	39,602,395	0	19,801,197	-376,222,753	2.00
2021	Reduction of share capital	990,060	-38,612,335	19,801,197	0	0.05
At the end of the period		**990,060**		**19,801,197**		**0.05**

One share in CombiGene AB has a quotient value of SEK 0.05 (0.10). The total number of shares is 19 801 197 (229 277 024) and the share capital amounts to SEK 990 060 (22 927 702). All shares have equal voting rights.

At the Annual General Meeting of CombiGene on 25 May 2021 a reverse share split was resolved upon, whereby twenty (20) existing shares were consolidated into one (1) new share. Through the reverse share split, the number of shares in CombiGene decreased from 396,023,950 to 19,801,197, with a quota value of approximately SEK 2 per share until August 6 when the reduction of the share capital was executed, after which each share has a quota value of SEK 0.05. The average number of shares for the period is 17,311,414. All shares have the same voting rights.

Key terms

	2021 Jan-Dec	2020 Jan-Dec
Earnings per share before dilution, SEK	1.21	-3.31
Earnings per share after dilution, SEK	1.21	-3.31
Shareholders' equity per share, SEK	7.99	6.23
Equity ratio, %	95.22	89.95
Average number of shares before dilution	17,311,414	8,939,008
Average number of shares after dilution	17,311,414	8,939,008
Total outstanding shares	*19,801,197*	*11,463,851*

Financial reporting is in Swedish kronor.

Operations

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

Multi-year overview, Group, TSEK	2021	2020	2019	2018	2017
Net sales	84,042	0	0	8	3,000
Income after net financial items	20,965	-29,551	-17,929	-13,146	-8,958
Balance sheet total	166,221	79,414	43,818	35,116	8,139
Equity/assets ratio (%)	95	90	46	58	80
Earnings per share, SEK	1.21	-3.31	-6.23	-9.78	-11.30
Shareholders' equity per share, SEK	7.99	6.23	6.24	7.93	7.88

Multi-year overview, Parent Company, TSEK	2021	2020	2019	2018	2017
Net sales	84,042	0	0	0	3,000
Income after net financial items	21,039	-29,712	-15,091	-13,127	-8,963
Balance sheet total	170,376	83,474	45,241	35,120	8,124
Equity/assets ratio (%)	95	91	47	58	80

For definitions of key terms, see the accompanying notes.

Group

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

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

The share

CombiGene's share was listed on Spotlight in 2015. Since December 2018, CombiGene's share is listed on Nasdaq First North Growth Market, Stockholm. The share name is Combigene, the share is traded under the symbol COMBI and the ISIN code is SE0016101935.

- CombiGene's Board of Directors resolves on a fully guaranteed rights issue of approximately SEK 75 million.
- Response from the Swedish and UK pharmaceutical authorities confirm CombiGene's plan for CG01's final preclinical studies.
- The material from the first large-scale production of CG01 is released.
- The CG01 project initiates preclinical biodistribution and toxicology studies.
- CombiGene's lipodystrophy project is awarded EUR 882,500 in development grants by the EU Eurostars program.
- CombiGene completes a fully guaranteed rights issue providing the company with approximately SEK 75 million before issue costs.
- On May 25, 2021, CombiGene AB held its Annual General Meeting (AGM) in Lund. The AGM resolved all matters in accordance with the proposal of the Board of Directors and the Nomination Committee. The AGM resolved to re-elect Peter Nilsson, Bert Junno, Jonas Ekblom and Per Lundin as Board members and to elect Gunilla Lundmark as new member of the Board. Bert Junno was also re-elected Chairman of the Board.

  Mazars AB was re-elected as auditor. The AGM resolved, in accordance with the Nomination Committee's proposal, on board fees and that auditor's fees shall be paid in accordance with approved invoices. The AGM further resolved to merge the company's shares, with twenty (20) existing shares being combined into one (1) new share (aggregation 1:20). The AGM also resolved to amend the Articles of Association in such a way that the Board of Directors shall have its registered office in Stockholm, instead of Lund, Skåne County.
- CombiGene and Neurochase initiate the work of optimizing the administration of CG01 in a preclinical study.
- The plasmids to be used in the GMP production of CG01 are manufactured and subjected to the quality assurance. The plasmids will be used as starting material for the GMP batch.
- CombiGene initiates GMP production of CG01.
- Patent approved in the U.S. and Russia for CombiGene's gene therapy candidate CG01.
- CombiGene applies for international patent protection for the vectors developed within the CGT2 project.
- CombiGene and Spark Therapeutics enter exclusive, global licensing agreement for gene therapy candidate CG01. The agreement with Spark has a potential value of USD 328.5 million excluding royalties, with USD 8.5 million upon signing and up to USD 50 million at preclinical and clinical milestones.
- CombiGene's Horizon 2020 project successfully completed with a final payment of approximately EUR 500,000, which means that CombiGene has received the full grant of EUR 3.36 million.
- CombiGene and Spark Therapeutics communicate plan to expand the clinical development program beyond the EU, to also include the U.S. This also expands the preclinical program.

Expected future development

For the epilepsy project CG01, the focus in 2022 will be on working together with Spark Therapeutics with the extended and final parts of the preclinical program, especially the studies in toxicology and biodistribution.

Within CGT2, work continues to identify the most promising drug candidate with the ambition to initiate the important concept verification study in 2022.

CombiGene will also conduct active business development in 2022 with the goal of inlicensing additional gene therapy projects

Significant events after the end of the reporting period

- GMP production of CG01 made available for preclinical studies planned to enable First in Human study.
- CombiGene signs agreement with University of Michigan to evaluate the leading gene therapy candidate within the lipodystrophy project CGT2.
- CombiGene's and Neurochase's preclinical study provides valuable information for the upcoming long-term studies in toxicology and biodistribution
- **Development in Ukraine.** At the beginning of 2022, relations between Russia and Ukraine deteriorated and on February 24, 2022, Russia invaded Ukraine. The situation continues to be characterized by great uncertainty and the course of events is unpredictable. Market reactions to the development have been strongly negative, which can be seen in significant price falls in the stock markets in the countries concerned, but also in other markets, including the Swedish market. In addition, the United States and Europe have imposed economic sanctions on Russia. CombiGene has no operations in Russia or Ukraine and the

implementation of the company's ongoing and planned preclinical/clinical studies and the results of these are not expected to be affected by the war in Ukraine. CombiGene will inform if such an impact on the business is expected to occur. Since the outbreak of war, the capital market has become turbulent and both the short-term and the long-term consequences for the world economy are difficult to predict. If this uncertain situation remains, it may pose greater challenges in raising new capital for the company.

Risks and uncertainties

A drug development company of CombiGene's type is characterized by a high operational and financial risk. The Company is dependent on current and future licensing, collaboration, and other agreements with experienced partners for the development and successful commercialization of existing and future drug candidates. The most significant example of this is CombiGene's exclusive global collaboration and licensing agreement with Spark Therapeutics, which has a potential total value of USD 328.5 million excluding royalties.

The agreement with Spark is thus of great importance for CombiGene's future operations, earnings, and financial position. Other factors that may negatively affect the likelihood of commercial success include, among other things, the risk that CombiGene's gene therapies are not deemed safe or not effective, and the risk that the business may not receive the necessary funding.

Financial risk management

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

Currency risk

The currency exposures to which the company is exposed are mainly in relation to the euro and the USD. Currently, net exposure in each currency is limited, so the company does not have a policy to hedge the exposure.

The Group's total exchange rate difference amounts to SEK -1 306 thousand (333) and is recognized in operating profit.

Interest rate risk

The Group's interest rate risk is mainly linked to bank balances, which at the balance sheet date amounted to 137 million (49).

Price risk

The Group is not exposed to any price risk.

Credit risk

The Group is not exposed to any credit risk.

Liquidity risk

The company works continuously with its liquidity. The Board of Directors' assessment is that the rights issue carried out in the spring of 2021 together with the initial payment from Spark constitute sufficient capital to run the business in 2022.

Deviation between year-end report and annual report

The annual report for 2021 differs from the previously submitted year-end report. In the Group's and the Parent Company's financial position reports, Prepaid costs and accrued income, as well as accrued costs and prepaid income, have changed compared to the year-end report. An accrued revenue of SEK 406 thousand has been included in and reduced the item Accrued costs and prepaid income in the year-end report. This item is included in the annual report in the item Prepaid costs and accrued income.

Change in shareholders' equity, Group

	Share capital	Other capital contribution	Accumulated profit/loss incl profit/loss for the year	Total shareholders' equity
Balance brought forward	**22,927,702**	**136,304,821**	**-87,799,870**	**71,432,653**
Issue	16,674,693	58,361,424		75,036,117
Issue costs		-9,154,653		-9,154,653
Reduction of share capital	-38,612,335	38,612,335		0
Profit/loss for the year			20,964,915	20,964,915
Amount at year-end	**990,060**	**,224,123,927,**	**-66,834,955**	**158,279,032**

Change in shareholders' equity, Parent Company

	Share capital	Statutory reserve	Reserve for development expenses	Share premium reserve	Accumulated profit/loss incl profit/loss for the year	Total shareholders' equity
Balance brought forward	**22,927,702**	**3,500**	**611,849**	**116,618,905**	**-64,604,093**	**75,557,863**
Development costs for the year			147,731		-147,731	0
Issue	16,674,693			58,361,424		75,036,117
Issue costs				-9,154,653		-9,154,653
Reduction of share capital	-38,612,335				38,612,335	0
Profit/loss for the year					21,038,987	21,038,987
Amount at year-end	**990,060**	**3,500**	**759,580**	**165,825,676**	**-5,100,502**	**162,478,314**

Ownership

Below are the Company's shareholders with at least five percent of the shares and votes as of December 30, 2021

Name	Number of shares and votes	Number of shares and votes in %
Försäkringsaktiebolaget Avanza Pension	1,288,986	6.51
Jan Ivar Nordqvist	1,155,394	5.83
Other	17,356,817	87.66
Total	**19,801,197**	**100.00**

Allocation of profit/loss

Proposed appropriations of the parent company's profit/loss

For adoption by the Annual General Meeting	
Share premium reserve	165,825,676
Loss brought forward	-26,139,489
Profit for the year	21,038,987
	160,725,174
The Board proposes that	
be carried forward	160,725,174
	160,725,174

Income statement

	Note	Group 2021-01-01 2021-12-31	Group 2020-01-01 2020-12-31	Parent Company 2021-01-01 2021-12-31	Parent Company 2020-01-01 2020-12-31
Operating revenues, etc.					
Net sales		84,041,571	0	84,041,571	0
Other operating revenues	3	7,477,906	12,029,164	7,477,906	12,029,164
Total operating revenues		**91,519,477**	**12,029,164**	**91,519,477**	**12,029,164**
Operating expenses					
Other external expenses	4	-54,590,600	-29,639,919	-54,516,528	-29,135,532
Other operating expenses		-1,676,900	-868,717	-1,676,900	-868,543
Personnel expenses	5	-11,692,258	-7,185,053	-11,692,258	-7,185,053
Depreciations		-2,594,828	-2,494,828	-300,000	-200,000
Total operating expenses		**-70,554,586**	**-40,188,517**	**-68,185,686**	**-37,389,128**
Operationg profit/loss		**20,964,891**	**-28,159,353**	**23,333,791**	**-25,359,964**
Financial items	6				
Profit from shares in group		0	0	-2,294,828	-3,442,242
Other interest income and similar profit/loss items		24	5	24	5
Interest expenses and similar profit/loss items		0	-1,392,082	0	-910,082
Total financial items		24	-1,392,077	-2,294,804	-4,352,319
Profit/loss after financial items		**20,964,915**	**-29,551,430**	**21,038,987**	**-29,712,283**
Tax on profit for the year	7	0	0	0	0
Profit/loss for the year		**20,964,915**	**-29,551,430**	**21,038,987**	**-29,712,283**
Attributable to:					
Parent Company shareholders		20,964,915	-29,382,779		
Non-controlling interests		0	-168,651		

Balance sheet

		Group		Parent Company	
FIXED ASSETS	**Note**	**2021-12-31**	**2020-12-31**	**2021-12-31**	**2020-12-31**
Intangible assets					
Patent	8	1,906,080	1,758,349	1,906,080	1,758,349
Goodwill	9	17,211,224	19,506,051	0	0
Licenses	10	2,481,250	2,781,250	2,481,250	2,781,250
		21,598,554	24,045,650	4,387,330	4,539,599
Financial assets					
Participations in group companies	11	0	0	20,880,042	23,174,870
		0	0	20,880,042	23,174,870
Total fixed assets		**21,598,554**	**24,045,650**	**25,267,372**	**27,714,469**
Current receivables					
Inventory		0	823,796	0	823,796
Accounts receivable		0	16,049	0	16,049
Receivables in group companies		0	0	727,595	625,857
Other receivables		685,738	942,265	642,892	900,427
Prepaid expenses and accrued income	12	7,192,862	4,690,536	7,192,862	4,690,536
		7,878,600	6,472,646	8,563,349	7,056,665
Cash and bank balances					
Cash and bank balances		136,743,793	48,895,244	136,545,148	48,702,616
		136,743,793	48,895,244	136,545,148	48,702,616
Total current assets		**144,622,393**	**55,367,890**	**145,108,497**	**55,759,281**
TOTAL ASSETS		**166,220,947**	**79,413,540**	**170,375,869**	**83,473,750**

Balance sheet

		Group		Parent Company	
SHAREHOLDERS' EQUITY AND LIABILITIES	Note	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Shareholders' equity					
Share capital	13	990,060	22,927,702		
Other capital contribution		224,123,927	136,304,821		
Other shareholders' equity including profit/loss for the year		-66,834,955	-87,799,870		
Total shareholders' equity attributable to parent company shareholders		**158,279,032**	**71,432,653**		
Total shareholders' equity		**158,279,032**	**71,432,653**		
Restricted equity, Parent Company					
Share capital	13			990,060	22,927,702
Statutory reserve				3,500	3,500
Reserve for development expenses				759,580	611,849
				1,753,140	23,543,051
Non-restricted equity					
Profit or loss brought forward				-26,139,489	-34,891,810
Share premium reserve				165,825,676	116,618,905
Profit/loss for the year				21,038,987	-29,712,283
				160,725,174	52,014,812
Total shareholders' equity				**162,478,314**	**75,557,863**
Current liabilities					
Accounts payable, trade		3,376,666	2,995,095	3,376,666	2,995,095
Tax liability		21,269	17,720	21,269	17,720
Other liabilities		700,266	264,531	685,906	249,531
Accrued expenses and prepaid income	14	3,843,714	4,703,541	3,813,714	4,653,541
Total current liabilities		**7,941,915**	**7,980,887**	**7,897,555**	**7,915,887**
TOTAL SHAREHOLDERS'S EQUITY AND LIABILITES		**166,220,947**	**79,413,540**	**170,375,869**	**83,473,750**

Cash flow statement

	Note	Group 2021-12-31	Group 2020-12-31	Parent Company 2021-12-31	Parent Company 2020-12-31
Operating activities					
Operating profit/loss		20,964,891	-28,159,353	23,333,791	-25,359,964
Adjustment for non-cash items, etc.		2,594,828	2,494,828	300,000	200,000
Interest received		24	5	24	5
Interest paid		0	-1,392,082	0	-910,082
Total		**23,559,743**	**-27,056,602**	**23,633,815**	**-26,070,041**
Cash flow from operating activities before working capital changes		**23,559,743**	**-27,056,602**	**23,633,815**	**-26,070,041**
Cash flow from working capital changes					
Decrease (+)/increase (-) in receivables		-999,722	-2,756,289	-1,100,453	-3,372,728
Decrease (+)/increase (-) in current liabilities		-445,204	-8,532,747	-424,563	-8,841,080
Cash flow from operating activities		**22,114,817**	**-38,345,638**	**22,108,799**	**-38,283,849**
Investing activities					
Investment in intangible assets		-147,732	-104,348	-147,731	-104,348
Investment in subsidiaries		0	-3,106,552	0	-3,154,468
Cash flow from investing activities		**-147,732**	**-3,210,900**	**-147,731**	**-3,258,816**
Financing activities					
Repayment of loans		0	-7,000,000	0	-7,000,000
New issue for the year		65,881,464	82,285,877	65,881,464	82,285,877
Cash flow from financing activities		**65,881,464**	**75,285,877**	**65,881,464**	**75,285,877**
CASH FLOW		**87,848,549**	**33,729,339**	**87,842,532**	**33,743,212**
Liquid assets					
Change in liquid assets		87,848,549	33,729,339	87,842,532	33,743,212
Liquid assets at the start of the reporting period		48,895,244	15,165,905	48,702,616	14,959,404
Liquid assets at the end of the reporting period		**136,743,793**	**48,895,244**	**136,545,148**	**48,702,616**

GENERAL DISCLOSURES

Note 1 Accounting principles

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's General Recommendations BFNAR 2012:1 (K3) Annual Accounts and Consolidated Accounts.

Accounting principles are unchanged compared with those applied in the previous year's annual report.

REPORTING CURRENCY

Financial reporting is in Swedish kronor unless otherwise stated.

VALUATION PRINCIPLES

Revenue recognition

Net sales consist of milestone payments and compensation from license and cooperation agreements. Due to the nature of the business, there may be large fluctuations between revenues for different periods when revenue from milestone payments is recognized at the time when the performance obligations are met.

Research grants are recognized as other revenues.

Revenue from grants received or aid is reported on revenue in line with the reprocessing. Where appropriate, the revenue may be set against the cost the grant or aid is intended to cover. If there are conditions that may give rise to a repayment obligation, revenue recognition will only take place when it can be assessed with a high degree of probability that the grant or aid will not be recovered.

Receivables

Receivables are stated at the amount expected to be paid.

Receivables and liabilities in foreign currencies

Receivables and liabilities in foreign currencies are restated at balance date rate. Differences between acquisition value and value on balance sheet date are recognized in profit or loss. Receivables and liabilities in foreign currencies that are hedged are restated at the forward rate.

Other assets, provisions and liabilities

Other assets, provisions and liabilities are measured at acquisition value unless otherwise stated below.

Proprietary intangible assets

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

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

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

Financial instruments

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

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

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

Depreciation

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

Patents have not been depreciated, since the assets have not been taken into use. CombiGene acquired a licence in 2019 for development of a treatment for lipodystrophy. The licence is reported at acquisition cost with deductions for depreciation according to plan over the estimated useful life of the asset. The company's management has determined the estimated useful life to be 10 years, since the licence agreement with Lipigon is exclusive for CombiGene for the first 10 years. Thereafter, the agreement will continue as a non-exclusive licensing agreement.

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

Goodwill

Goodwill represents the excess of the cost of an acquisition, any holdings with non-controlling interest and the fair value of previous holdings on

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

Write-downs

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

Income tax

Current tax is the tax expense for the current financial year, referring to the taxable profit for the year and any portion of income tax from previous financial years which has not yet been reported. Current tax is recognized based on the effective tax rate and tax provisions applicable on the balance-sheet date. Deferred tax is income tax on taxable profit referring to future financial years, arising as a result of transactions or events which have already taken place.

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

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

The parent company and Group's combined business losses amount to MSEK 114,3, all attributable to operations in Sweden. The nominal value of tax assets amounts to MSEK 23,5 at a tax rate of 20.6%. The parent company's combined business losses amount to MSEK 84,0, all attributable to operations in Sweden. The nominal value of tax assets amounts to MSEK 17.3 at a tax rate of 20.6%. No part of this receivable has been classified as an asset in the balance sheet, since the company and group still and within budgets carry future development costs that exceed budgeted revenues. Tax assets will be recorded as assets in the balance sheet when the company/ Group reports stable profits. Deferred tax liabilities attributable to untaxed reserves are not recognised separately; untaxed reserves are recognised at gross amounts in the balance sheet.

RELATED-PARTY TRANSACTIONS

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

EMPLOYEE COMPENSATION - PENSION CONTRIBUTIONS

The group's post-employment benefits consist of defined-contribution pension plans. In the defined contribution plans, the company pays fixed

contributions to a separate legal entity. When these have been paid, the company has no additional obligations.

CONSOLIDATED ACCOUNTS

Subsidiaries

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

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

The acquisition value for subsidiaries is calculated as the sum of fair value of assets on the date of acquisition with additions for expenses which are directly attributable to the acquisition and any additional purchase price. The acquisition analysis establishes the fair value, with some exceptions, on the acquisition date of acquired identifiable assets and assumed liabilities, as well as minority interests.

Minority inte rests are measured at fair value on the acquisition date. From the acquisition date, the acquired company's revenue and expenses, identifiable assets and liabilities and any goodwill or negative goodwill arising are included in the consolidated accounts.

Elimination of transactions between Group companies and associates

lntra-Group receivables and liabilities, income and expenses and unrealised gains or losses arising

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

CASH FLOW STATEMENT

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

Note 2 Significant estimates and assessments

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

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

INFORMATION ON INDIVIDUAL ITEMS

Note 3 Other operating revenues

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Contribution Vinnova	1,435,795	68,708	1,435,795	68,708
Contribution Horizon 2020	5,671,013	10,731,491	5,671,013	10,731,491
Exchange-rate gains attributable to operations	371,099	1,201,527	371,099	1,201,527
Other revenue	0	27,438	0	27,438
Total	7,477,906	12,029,164	7,477,906	12,029,164

The total Horizon 2020 grant amounts to EUR 3,36 million. The final payment of approximately EUR 0,5 million was received in October after the final report of the project was approved.

The EU's Eurostars program, which is aimed at small and medium-sized enterprises wishing to collaborate on research and development projects, has allocated development grants to the CGT2 project. The total grant for CombiGene amounts to SEK 5 million, of which SEK 1 million has so far been paid out.
Contribution revenue is recognized in line with the reprocessing.

Note 4 Fees and remuneration to auditors

	Group		Parent Company	
	2021	2020	2021	2020
Mazars AB				
Audit engagement	180,000	180,600	155,000	156,600
Other services	55,000	0	55,000	0
	235,000	180,600	210,000	156,600

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

Note 5 Personnel

	Group		Parent Company	
Average number of employees	**2021**	**2020**	**2021**	**2020**
Average number of employees				
Men	4	1	4	1
Women	4	3	4	2
	8	4	8	3

	2021		2020	
	Women	**Men**	**Women**	**Men**
Board of Directors	1	4	0	5
CEO and other senior executives	2	1	3	1
	3	5	3	6

	Group		Parent Company	
Salaries, remuneration, etc.	**2021**	**2020**	**2021**	**2020**
Salaries, remuneration, etc.				
Board of Directors and CEO	2,920,924	3,786,063	2,920,924	3,076,313
Social security contributions	380,148	372,004	380,148	372,004
(of which pension expenses)	(0)	(0)	(0)	(0)
	3,301,072	4,158,067	3,301,072	3,448,317
Other employees	5,331,683	2,088,318	5,331,683	2,088,318
Social security contributions	2,233,067	641,362	2,233,067	641,352
(of which pension expenses)	(524,305)	(256,643)	(524,305)	(256,643)
	7,564,750	2,729,680	7,564,750	2,729,670
Board and other employees	**10,865,822**	**6,887,747**	**10,865,822**	**6,177,987**

Note 5 Personnel (cont.)

Specification of salaries and remuneration to senior executives during 2021

		Salaries and other remuneration	Benefits	Pension	Total
Bert Junno	Chairman of the Board	200,000	0	0	200,000
Peter Nilsson	Board member	257,455	0	0	257,455
Jonas Ekblom	Board member	125,000	0	0	125,000
Jan Nilsson	CEO	2,338,469	0	0	2,338,469
Other employees		1,771,647	0	195,078	1,966,725
		4,692,571	0	195,078	4,887,649

Of the above remuneration to the board and CEO, SEK 132 455 refers to remuneration that has been invoiced and reported as Other external expenses.

Specification of salaries and remuneration to senior executives during 2020

Parent Company

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

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

Note 6 Financial income and expenses

	Group		Parent Company	
Profit from shares in group	**2021**	**2020**	**2021**	**2020**
Impairment of shares in group companies	0	0	2,294,828	3,442,242
	0	0	2,294,828	3,442,242

	Group		Parent Company	
Interest income and similar profit/loss items	**2021**	**2020**	**2021**	**2020**
Interest income	24	5	24	5
	24	5	24	5

	Group		Parent Company	
Interest expenses and similar profit/loss items	**2021**	**2020**	**2021**	**2020**
Interest expenses	0	1,392,082	0	910,082
	0	1,392,082	0	910,082

Note 7 Income taxes

Group	2021	2020
Reconciliation of reported tax		
Profit before tax	20,964,915	-29,551,430
Tax expense 20,6% (21,4%)	-4,318,772	6,324,006
Tax effect of:		
Non-deductible expenses	-9,176	-8,916
Non-taxable income	0	1
Deductions for expenses not included in reported profit/loss	1,885,859	1,442,271
Effect of unused tax losses	2,442,089	-7,757,362
Total	**0**	**0**
Effect of unused tax losses at year-end	114,317,413	126,172,214

Parent Company	2021	2020
Reconciliation of reported tax		
Profit before tax	21,038,987	-29,712,283
Tax expense 20,6% (21,4%)	-4,334,031	6,358,429
Tax effect of:		
Non-deductible expenses	-9,176	-8,916
Impairment of shares in group companies	-472,735	-736,640
Non-taxable income	0	1
Deductions for expenses not included in reported profit/loss	1,885,859	1,442,271
Effect of unused tax losses	2,930,083	-7,055,145
Total	**0**	**0**
Effect of unused tax losses at year-end	83,982,186	98,205,892

Note 8 Intangible assets - Patents

	Group		Parent Company	
Patent	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Accumulated acquisition value at the start of the period	1,758,349	1,654,000	1,758,349	1,654,000
Acquisitions	147,731	104,349	147,731	104,349
Accumulated acquisition value at year-end	1,906,080	1,758,349	1,906,080	1,758,349
Incoming and outgoing accumulated depreciation	0	0	0	0
Reported value at year-end	1,906,080	1,758,349	1,906,080	1,758,349

Note 9 Intangible assets - Goodwill

	Group	
Goodwill	**2021-12-31**	**2020-12-31**
Incoming and outgoing accumulated acquisition value	22,948,294	22,948,294
Accumulated write-downs at the start of the period	-3,442,243	-1,147,414
Write-downs at year-end	-2,294,827	-2,294,829
Accumulated write-downs at year-end	-5,737,070	-3,442,243
Reported value at year-end	17,211,224	19,506,051

Note 10 Intangible assets - Licenses

	Group		Parent Company	
Licenses	**2021-12-31**	**2020-12-31**	**2021-12-31**	**2020-12-31**
Accumulated acquisition value	3,000,000	1,500,000	3,000,000	1,500,000
Acquisitions	0	1,500,000	0	1,500,000
Accumulated acquisition value at year-end	3,000,000	3,000,000	3,000,000	3,000,000
Accumulated depreciation	-218,750	-18,750	-218,750	-18,750
Depreciation at year-end	-300,000	-200,000	-300,000	-200,000
Accumulated depreciation at year-end	-518,750	-218,750	-518,750	-218,750
Reported value at year-end	2,481,250	2,781,250	2,481,250	2,781,250

Note 12 Participations in group companies

Parent Company			2021-12-31	2020-12-31
Company Corporate ID number	Seat	Total/Cap share %	Reported value	Reported value
CombiGene Personal AB 559052-2735	Stockholm	100	166,262	166,262
CombiGene UK Ltd 11215912	England, Wales	100	1,122	1,122
Panion Animal Health AB 559018-4171	Stockholm	100	20,712,658	23,007,486
			20,880,042	23,174,870

	2021-12-31	2020-12-31
Accumulated acquisition value	26,720,181	23,565,713
Acquisitions for the year	0	3,154,468
Accumulated acquisition value at year-end	26,720,181	26,720,181
Accumulated write-downs	-3,545,311	-103,069
Change for the year	-2,294,828	-3,442,242
Accumulated write-downs at year-end	-5,840,139	-3,545,311
Reported value at year-end	20,880,042	23,174,870

Information concerning shareholders' equity including profit/loss for the year	Shareholders' equity	Profit/loss for the year
CombiGene Personal AB	131,569	-21,400
CombiGene UK Ltd	-104,922	-35,748
Panion Animal Health AB	1,242,891	-316,823

Note 12 Prepaid expenses

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Leasing	23,904	38,735	23,904	38,735
Insurance	165,467	153,752	165,467	153,752
Other expenses	225,288	4,498,049	225,288	4,498,049
Accrued income	6,778,203	0	6,778,203	0
Total	**7,192,862**	**4,690,536**	**7,192,862**	**4,690,536**

Note 13 Share capital development

Year	Event	Total share capital (SEK)	Change (SEK)	Total shares	Change shares	Quotient (SEK)
1990	Company registration	50,000	50,000	500	500	100.00
1997	Bonus issue	100,000	50,000	1,000	500	100.00
2010	New share issue	102,600	2,600	1,026	26	100.00
2013	New share issue	143,600	41,000	1,436	410	100.00
2014	Bonus issue	574,400	430,800	5,744	4,308	100.00
2014	New share issue	604,400	30,000	6,044	300	100.00
2014	Split 1 000:1	604,400	0	6,044,000	6,037,956	0.10
2014	New share issue	884,400	280,000	8,844,000	2,800,000	0.10
2015	New share issue	1,134,400	250,000	11,344,000	2,500,000	0.10
2015	New share issue	1,138,197	3,797	11,381,970	37,970	0.10
2016	New share issue	1,180,159	41,962	11,801,590	419,620	0.10
2017	New share issue	1,652,223	472,064	16,522,230	4,720,637	0.10
2018	New share issue	1,719,783	67,560	17,197,836	675,596	0.10
2018	New share issue	5,159,348	3,439,565	51,593,476	34,395,650	0.10
2019	New share issue	6,372,384	1,213,036	63,723,836	12,130,360	0.10
2019	New share issue	6,373,090	706	63,730,896	7,060	0.10
2019	New share issue	6,505,365	132,275	65,053,647	1,322,751	0.10
2020	New share issue	11,762,201	5,256,836	117,622,007	52,568,360	0.10
2020	New share issue	12,562,201	800,000	125,622,007	8,000,000	0.10
2020	New share issue	14,721,013	2,158,813	147,210,132	21,588,125	0.10
2020	New share issue	17,666,081	2,945,068	176,660,811	29,450,679	0.10
2020	New share issue	17,822,218	156,137	178,222,176	1,561,365	0.10
2020	New share issue	20,768,890	2,946,672	207,688,899	29,466,723	0.10
2020	New share issue	22,927,702	2,158,813	229,277,024	21,588,125	0.10
2021	New share issue	39,602,395	16,674,693	396,023,950	166,746,926	0.10
2021	Reverse share split (1:20)	39,602,395	0	19,801,197	-376,222,753	2.00
2021	Reduction of share capital	990,060	-38,612,335	19,801,197	0	0.05
At the end of the period		**990,060**		**19,801,197**		**0.05**

One share in CombiGene AB has a quotient value of SEK 0.05 (0.10). The total number of shares is 19 801 197 (229 277 024) and the share capital amounts to SEK 990 060 (22 927 702). All shares have equal voting rights.

At the Annual General Meeting of CombiGene on 25 May 2021 a reverse share split was resolved upon, whereby twenty (20) existing shares were consolidated into one (1) new share. Through the reverse share split, the number of shares in CombiGene decreased from 396,023,950 to 19,801,197, with a quota value of approximately SEK 2 per share until August 6 when the reduction of the share capital was executed, after which each share has a quota value of SEK 0.05. The average number of shares for the period is 17,311,414. All shares have the same voting rights.

Not 14 Accrued expenses and prepaid income

	Group		Parent Company	
	2021-12-31	2020-12-31	2021-12-31	2020-12-31
Personnel expenses	1,498,550	932,458	1,498,550	932,458
Contribution EU grant Horizon 2020	0	683,440	0	683,440
Other accrued expenses	2,345,164	3,087,643	2,315,164	3,037,643
Total	3,843,714	4,703,541	3,813,714	4,653,541

Note 15 Significant events after the end of the reporting period

- GMP production of CG01 made available for preclinical studies planned to enable First in Human study.
- CombiGene signs agreement with University of Michigan to evaluate the leading gene therapy candidate within the lipodystrophy project CGT2.
- CombiGene's and Neurochase's preclinical study provides valuable information for the upcoming long-term studies in toxicology and biodistribution
- **Development in Ukraine.** At the beginning of 2022, relations between Russia and Ukraine deteriorated and on February 24, 2022, Russia invaded Ukraine. The situation continues to be characterized by great uncertainty and the course of events is unpredictable. Market reactions to the development have been strongly negative, which can be seen in significant price falls in the stock markets in the countries concerned, but also in other markets, including the Swedish market. In addition, the United States and Europe have imposed economic sanctions on Russia.

  CombiGene has no operations in Russia or Ukraine and the implementation of the company's ongoing and planned preclinical/clinical studies and the results of these are not expected to be affected by the war in Ukraine.

  CombiGene will inform investors if such an impact on the business is expected to occur. Since the outbreak of war, the capital market has become turbulent and both the short-term and the long-term consequences for the world economy are difficult to predict. If this uncertain situation remains, it may pose greater challenges in raising new capital for the company.

Note 16 Definition of key terms

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

The share
At the Annual General Meeting of CombiGene on 25 May 2021 a reverse share split was resolved upon, whereby twenty (20) existing shares were consolidated into one (1) new share. Through the reverse share split, the number of shares in CombiGene decreased from 396,023,950 to 19,801,197, with a quota value of approximately SEK 2 per share until August 6 when the reduction of the share capital was executed, after which each share has a quota value of SEK 0.05. The average number of shares for the period is 17,311,414. All shares are of the same type and have the same voting rights. For comparability, a retroactive adjustment has been made to the number of shares.

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

Stockholm April 27, 2022

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

Our auditor's report was submitted on April 27, 2022
Mazars AB

Anders O Persson
Authorized Auditor

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts for CombiGene AB (publ) for the 2021 financial year. The annual accounts of the company are included on pages 15-34 of this document. In our opinion, the annual accounts and consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the company and the group as of 31 December 2021 and of their financial performance and cash flows for the year in accordance with the Annual Accounts Act. The Administration Report is consistent with other parts of the annual accounts and consolidated accounts.

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

Basis for Opinions

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

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

Other information than the annual accounts and consolidated accounts

The Board and CEO are responsible for other information in addition to that given in the annual accounts and consolidated accounts. The other information is stated on pages 1-14 and 37-46 (but does not include the annual accounts, consolidated accounts or our audit report concerning the latter).

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated. If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the CEO

The Board of Directors and the CEO are responsible for the preparation of the annual accounts and consolidated accounts, and that they give a fair presentation in accordance with the Annual Accounts Act. The Board of Directors and the CEO are also responsible for such internal control as they determine is necessary to enable the preparation of annual accounts and consolidated accounts that are free from material misstatement, whether due to fraud or error.

In preparing the annual accounts and consolidated accounts the Board of Directors and the CEO are responsible for the assessment of the company's ability to continue as a going concern. They disclose, as applicable, matters related to going concern and using the going concern basis of accounting. The going concern basis of accounting is, however, not applied if the Board of Directors and the CEO intend to liquidate the company, to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts. As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the CEO.
- Conclude on the appropriateness of the Board of Directors' and the Managing Director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts, we have also audited the administration of the Board of Directors and the CEO of CombiGene AB (publ) for the year 2021 and the proposed appropriations of the company's profitor loss.

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

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the CEO

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

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

Auditor's Responsibility

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

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

Our objective concerning the audit of the proposed appropriations of the company's profit or loss, and

thereby our opinion about this, is to assess with reasonable degree of assurance whether the proposal is in accordance with the Companies Act.

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

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

Landskrona, 27 April 2022

Mazars AB

Anders O Persson

Authorized Auditor

Board of directors

Name	Position	Year of birth	Elected to the board	Shareholding (number of shares)
Bert Junno	Chairman	1966	2020	0
Peter Nilsson	Board member	1970	2014	77 227
Jonas Ekblom	Board member	1965	2020	0
Per Lundin	Board member	1983	2020	5 976
Gunilla Lundmark	Board member	1963	2021	0

According to CombiGene's Articles of Association, the board shall consist of at least three and at most six board members, and at most one deputy. The company's board of directors currently consists of five board members and no deputy. The board of directors has its registered office in the city of Stockholm. The board members are elected for the period ending at the conclusion of the annual general meeting for 2022.

Bert Junno (born 1966)

Position and year of election: Chairman, elected 2020

Professional experience: Bert has previous management and board level experiencefrom several European and US based companies in fields of electronics, biotech and IT. He is a co-founder of several life science companies including WntResearch AB, Galecto Biotech AB, Gabather AB, Aptahem AB and Cyxone AB.

Bert Junno holds a Ph.D. in Semiconductor Physics and Technology and a M.Sc. in Physics from Lund University.

Other current board assignments:

Company	Position
Cyxone AB (publ).	Chairman of the Board
Aptahem AB (publ)	Chairman of the Board
Melius Pharma AB (publ)	Chairman of the Board
Accequa AB	Board member
Gabather AB (publ)	Board member
Fornio AB	Board member

Direct and indirect holdings in CombiGene: No shares.

Peter Nilsson (born 1970)

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

Professional experience: Peter has a long background in finance and is currently working as an advisor in strategy and business development. Previously, Peter was a partner and business area manager at Mazars SET Revisionsbyrå AB. As an auditor, Peter has worked with both owner-managed and public companies, and has conducted exchange audits prior to listing on the NGM stock exchange. He was also director of Corporate Finance at Mazars, focusing on acquisitions and due diligence.

Peter received his M.Sc. in Business Administration and Economics from Lund University and was a certified public auditor.

Other current board assignments:

Company	Position
PN Finanskonsult AB	Board member and owner

Direct and indirect holdings in CombiGene: 77 227 shares.

Board member, elected 2020.

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

Professional experience: Jonas has worked over 25 years in the life science sector. He is currently the CEO of Promore Pharma and has previously held senior and executive roles in biotech companies in Sweden, US and Switzerland including Pharmacia, Biovitrum, Sequenom, Invitrogen and BOWS Pharmaceuticals SA. He is an Associate Professor in Pharmacology at Uppsala University, has a B.Sci. in Chemistry from Stockholm University, a Ph.D. in Experimental Neurology from Uppsala University, and post-doctoral studies from University of Southern California, School of Pharmacy in Los Angeles.

He has also received professional training in strategic planning and business management. Jonas has published more than 60 articles in peer-reviewed journals.

Other current board assignments:

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

Direct and indirect holdings in CombiGene: No shares.

Per Lundin (born 1983)

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

Professional experience: Per has over 10 years of experience in advising, founding and leading biotech companies, leveraging his deep expertise across corporate strategy, scientific leadership, legal & intellectual property and business development. Per is co-founder and Chief Business Officer of UK-based Evox Therapeutics. Prior to founding Evox, Per co-founded and served as CEO of IsletOne Therapeutics, a cell therapy company spun out of the Karolinska Institute. Previously, Per managed a European business development channel for Thomson Reuters IP & Science and before that qualified as a European Patent Attorney, starting out in the biotech practice of one of the largest European IP law firms.

He started his career as a research scientist with the Australian biotech company Apollo Life Sciences, working on nanoparticle drug delivery. Per earned his Ph.D. at the Karolinska Institute, holds an MSc in Biotechnology Engineering, and an MScBA from Stockholm University School of Business.

Other current board assignments:

Company	Position
JDRF UK	Board member

Direct and indirect holdings in CombiGene: 5 976 shares.

Gunilla Lundmark (born 1963)

Position and year of election: Board member, elected 2021.

Professional experience: Gunilla has broad experience in life science, from both operational operations as well as strategic positions and various board assignments. Gunilla is currently CEO of Uppsala University Invest AB and has previously been CEO of Pharmanest AB, a company where she has been part of developing a new product in women's health, which has resulted in a successful out-licensing agreement.

Gunilla has also held senior positions within Q-Med AB (publ) in Sweden and Australia, as well as within Pharmacia. Gunilla holds a B.Sc in Medical Science from Uppsala University and an Excecutive MBA degree in International Business Management from Uppsala University.

Other current board assignments:

Company	Position
Chordate Medical Holding AB (publ)	Board member
Chordate Medical AB	Board member
Lipidor AB (publ)	Board member
IPF AB	Board member
Uppsala Innovation Centre AB	Board member
Uppsala universitets Projekt AB	Board member
Uppsala universitet Research Intellectual Property AB	Board member
Strike Pharma AB	Chairman of the Board

Direct and indirect holdings in CombiGene: No shares.

Senior executives

Name	Position	Year of birth	Employed since	Shareholding (number of shares)
Jan Nilsson	CEO	1949	2019	55 000
Karin Agerman	Chief Research and Development Officer	1973	2018	0
Louise Aspenberg	CFO	1976	2020	0

Jan Nilsson (born 1949)

Position: CEO since 2016.

Professional experience: Jan has an MA from the University of Gothenburg and an MBA from Uppsala University. He has long-standing experience from large pharmaceutical companies and biotech firms. He has also been active in several different areas in the pharmaceutical industry such as pharmaceuticals development and the launch, sales and marketing of established international brands.

He also has a solid management background, having served as CEO of both private and public-sector companies.

Other current board assignments:

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

Direct and indirect holdings in CombiGene: 55 000 shares.

Karin Agerman (born 1973)

Position: Chief Research and Development Officer since 2018.

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

Her contact network is broad in both industry and academia, as well as in the sphere of Swedish government agencies.

Other current board assignments:

Company	Position
None	

Direct and indirect holdings in CombiGene: No shares.

Louise Aspenberg (born 1976)

Position: CFO since 2020.

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

Other current board assignments:

Company	Position
None	

Direct and indirect holdings in CombiGene: No shares.

Other information concerning the board of directors and senior executives

There are no conflicts of interest between CombiGene and any board member or senior executive.
There are no family ties between board members and/or senior executives of CombiGene.
Board members and senior executives may be contacted via the address given at the end of this document.

Authorized Auditor

Anders O Persson (born 1976) is elected auditor.

Mazars AB, Box 4211, 203 13 Malmö, Sweden.

Anders is a certified public accountant and member of FAR, the professional association of accountants in Sweden.

Scientific founders

David Woldbye (born 1963)

David currently holds a Director of Research position in the Biotechnology Industry in California, USA. As an Associate Professor at the University of Copenhagen, he was the first to demonstrate that NPY has an anti-epileptic effect in vivo and has published a large number of scientific papers on this subject and related research areas.

Direct and indirect holdings in CombiGene: 7 361 shares.

Merab Kokaia (born 1956)

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

Direct and indirect holdings in CombiGene: 20 505 shares.

Legislation

CombiGene adheres to the Swedish Companies Act and follows the regulations stipulated in the company's Articles of Association.

Swedish Corporate Governance Code

Shares in CombiGene are listed on Nasdaq First North; therefore, compliance with the Swedish Corporate Governance Code ("the Code") is not obligatory for CombiGene.

However, the board will carefully follow the practices that have evolved with respect to the Code and intends to apply those aspects of the Code which are relevant for CombiGene and its shareholders.

Annual General Meeting

Shareholders exercise their right to vote on matters concerning CombiGene at the annual general meeting. Shareholders who are registered in the share register as per the record day and have duly registered for attendance at the annual general meeting are entitled to exercise all of their voting rights.

Shareholders who are represented by proxy must issue a written, dated proxy for the representative. The Annual General Meeting must be held within 6 months of the close of the financial year. Items on the agenda of the annual general meeting include: adoption of the income statement and balance sheet; proposed appropriations of the company's profit or loss; resolutions regarding discharge of the members of the board and the CEO from liability; election of board members, chairman and auditors; resolutions regarding remuneration to the board and auditors, and other matters brought before the meeting in accordance with the Swedish Companies Act or the Articles of Association.

Extraordinary general meetings are held when the board, and in some cases, shareholders, believe that reason exists to hold an extraordinary general meeting under the terms of the Swedish Companies Act.

Annual General Meeting 2021

The annual general meeting of 25 May 2021 adopted the board's resolution that the board be granted authorization to decide, before the next annual general meeting, on a new issue of shares, with or without deviation from the shareholders' preferential rights. The number of shares that may be issued under the authorization is not limited in any other way than by the limits for the share capital and number of shares, as set forth from time to time in the registered articles of association. In conjunction with resolutions regarding share issues without deviation from the shareholders' preferential rights, the subscription price shall be on market terms at the time of the adoption of the issue resolution.

The AGM resolved, in accordance with the board of directors' proposal, on a reverse share split of the company's shares, whereby twenty (20) existing shares were to be consolidated into one (1) new share.

The resolution was conditional on Peter Nilsson, one of the major shareholders, agreeing free of charge to contribute shares to shareholders whose number of shares was not evenly divisible by 20. Peter Nilsson was also to undertake to round his remaining shareholding in the company downwards to the nearest number evenly divisible by 20.

The number of shares in the company decreased from 396,023,950 to 19,801,197 after the registration of the reverse share split.

In order to enable the reverse share split of the company's shares, the AGM also resolved to amend the articles of association so that the number of shares in the company should be not less than 19,800,000 and not more than 79,200,000, instead of not less than 100,000,000 and not more than 400,000,000.

The AGM resolved, in accordance with the board of directors' proposal, to reduce the share capital by SEK 38,612,335.15 to SEK 990,059.85, without retirement of shares, in order to adapt the size of the company's share capital to the company's operations. The amount of the reduction was to be allocated to unrestricted shareholders' equity.

The reduction of the share capital also required authorization from the Swedish Companies Registration Office or a court of general jurisdiction.

The resolution on the reduction meant that the quota value of the share (subsequent to the reverse share split and the reduction of the share capital) is SEK 0.05.

In order to implement the reduction of the share capital, the AGM also resolved on amendment of the articles of association so that the share capital

shall be not less than SEK 990,000 and not more than SEK 3,960,000, instead of not less than SEK 10,000,000 and not more than SEK 40,000,000.

The AGM resolved, in accordance with the board of directors' proposal, to amend the articles of association so that the registered office of the board of directors shall be Stockholm, instead of Lund, Skåne län.

Other information

None of the company's board members or the CEO have entered into any agreement entailing limitation of the right of senior executives to transfer securities to in CombiGene. None of the company's board members or the CEO have entered into any agreement with major shareholders, customers, suppliers or other parties entailing agreement on the election of senior executives to the board of CombiGene or of the appointment of the CEO.

There are no agreements as to post-employment benefits. There are no circumstances which would entail potential conflict of interest in relation to the engagement of senior executives in CombiGene.

AED

Anti-Epileptic Drug.

Clinical phase I

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

Clinical phase II

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

Clinical phase III

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

Clinical studies

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

GMP

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

In vitro

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

In vivo

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

Neuropeptide

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

NPY

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

Proof of concept

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

Viral vector

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

CombiGene's lead project CG01 has received funding from the European Union's Horizon 2020 research and innovation programme under grant agreement No 823282

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

CombiGene
– The gene therapy explorer

CombiGene's vision is to provide patients affected by severe life-altering diseases with the prospect of a better life through novel gene therapies. CombiGene's business concept is to develop effective gene therapies for severe life-altering diseases where adequate treatment is currently lacking. Development assets are sourced from an external research network and developed to achieve clinical proof of concept. Drug candidates for common diseases will be co-developed and commercialized through strategic partnerships, while the company may manage this process on its own for drugs targeting niched patient populations.

The Company has an exclusive collaboration and licensing agreement for the CG01 project with Spark Therapeutics.

The company is public and listed on the Swedish marketplace Nasdaq First North Growth Market and the company's Certified Advisor is FNCA Sweden AB, +46 (0)852 80 03 99, info@fnca.se.

CombiGene

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