CombiGene

Annual Report and Consolidated financial statement 2022 CombiGene AB (publ) 556403-3818

2022

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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

2022 in brief

Quarter one

- GMP production of CG01 available for the preclinical studies planned to enable the first study in humans.
- CombiGene signs an agreement with the 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.
- **Developments in Ukraine.** OnFebruary 24, 2022, Russia invaded Ukraine. Since then, the situation has been characterized by great uncertainty and the further course of events is unpredictable. CombiGene has no operations in Russia or Ukraine and the implementation of the company's ongoing and planned preclinical/clinical studies and the results have not been affected by the war in Ukraine. CombiGene will inform if such impact on the business is expected to occur. Since the outbreak of the war, the capital market has become turbulent and both the short-term and long-term consequences for the world economy are difficult to foresee and predict. If this uncertain situation persists, it may pose greater challenges to raise new capital for the Company if necessary.

Quarter two

- CombiGene participates in GeneNova collaboration to develop AAV-based gene therapies.

Quarter three

- CombiGene strengthens its management capacity through the recruitment of Peter Ekolind as Chief Operating Officer.

Quarter four

- No reportable events took place during the period.

Events after the end of the year

- CombiGene enters into a collaboration agreement with Zyneyro for the development of a unique concept for effective relief of chronic pain. This cooperation agreement means that Zyneyro and CombiGene share the costs and revenues of the project equally. Upon signing the agreement, CombiGene pays an upfront of DKK 5 million to Zyneyro. CombiGene further commits to pay an additional maximum of DKK 11.4 million in continued development support towards a clinical study in Phase 1.

Financial information

- Net sales: TSEK 26,699 (84,042).
- Other operating income: TSEK 15 044 (7,478).
- Profit after financial items: TSEK -6,157 (20,965).
- Earnings per share: SEK -0.3 1 (1.21).
- Cash and cash equivalents at the end of the period: TSEK 131,777 (136,744).
- Equity/assets ratio at the end of the period: 96 (95) %.

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Note to the reader

Amounts in brackets refer to the corresponding period of the previous year.

CombiGene at a glance

A peptide treatment and a gene therapy with a unique mechanism of action for the treatment of severe chronic pain

Pain costs American society USD 635 billion each year

The COZY pain program is being developed together with Zyneyro. Both the peptide and the gene therapy are being developed for treatment of severe chronic pain conditions, the gene therapy is reserved for patients where the possibility of spontaneous reduction of the pain is judged to be limited (or unlikely). The peptide-based therapy is expected to be ready for human studies within a few years, while the gene therapy will need a few more years to reach the same point in its development.

The epilepsy project CG01 successfully licensed to Big Pharma

The agreement has a potential value of USD 328.5 million excluding royalties

The epilepsy project CG01 was outlicensed to Spark Therapeutics in October 2021. The agreement gives Spark the exclusive right to develop, manufacture and commercialize CG01 for the global market. In connection with the signing of the agreement, CombiGene received an upfront payment of USD 8.5 million. In addition to potential milestone payments of USD 320 million , CombiGene is also entitled to royalties on future sales.

The lipodystrophy project CGT2 established CombiGene in metabolic diseases – an area with great unmet medical needs

Further studies to move on to preclinical proof-of-concept study

The ambition for 2022 was to bring the CGT2 project to the stage where a proof-of-concept study could be initiated. However, some of the studies conducted in 2022 produced results that are difficult to interpret and need to be repeated. CombiGene has therefore decided to conduct further studies before it is possible to proceed to the preclinical proof-of-concept study.

Ambition to expand the project portfolio through in-licensing of additional projects

Ambition to build a portfolio which drives medical, commercial, and shareholder value

Developing new therapies takes a long time and requires significant financial resources. CombiGene's evaluation of potential projects is therefore a thorough process based on a number of central criteria. The work includes, among other things, review and analysis of intellectual property issues, preclinical data, intended contract structure, size of patient population, medical need, competitive situation, and the project's commercial conditions.

Outlicensing of CG01 strengthened CombiGene's financial position by USD 8.5 million

We now have a cash position that enables us to continue to develop CombiGene

The agreement with Spark Therapeutics strengthened CombiGene's financial position in one fell swoop. The company received USD 8.5 million in an upfront payment in connection with the signing of the agreement. In addition to this payment, Spark also takes CombiGene's internal and external costs for the CG01 project, which meant that the Company had a low burn rate in 2022.

Strong team of with extensive experience from international pharmaceutical industry and biotechnology companies

CombiGene's internal expertise is complemented by a network of world-leading partners

CombiGene has 11 employees. Our team consists of highly knowledgeable and experienced employees with extensive experience from international pharmaceutical industry and biotechnology companies and has knowledge of various aspects of gene therapy. The team also plays a key role in the company's business development.

Our new pain program COZY has the potential to improve the lives of millions of people

On January 9, 2023, we signed a collaboration agreement with the Danish company Zyneyro regarding the continued development of treatments for chronic pain conditions – a peptide and a gene therapy. The agreement is a result of our focused business development efforts. The treatments for chronic pain available today have several shortcomings and together with Zyneyro we see a huge opportunity to develop effective pain relief without the side effects that today's treatments often give rise to.

The cooperation agreement with Zyneyro means that Zyneyro and CombiGene share the costs and revenues of the project equally. Under the agreement, CombiGene has paid Zyneyro an upfront of DKK 5 million. CombiGene has furthermore committed to pay an additional maximum of DKK 11.4 million in continued development support towards a clinical study in Phase 1.

The pain program consists of two projects: a peptide treatment and a gene therapy. The peptide-based therapy is expected to be ready for studies in humans within a few years, while the gene therapy will need a few more years to reach the same point in its development.

Pain is a major global problem

About 20-25 percent of the world's adult population suffers from some form of chronic pain. Conventional treatment consists mainly of anti-inflammatory drugs, antidepressants, anticonvulsants, and opioids (a group of substances with a morphine-like mechanism of action).

The problem with these treatments is that they are not specifically developed to treat chronic pain and a number of today's medications are associated with the development of tolerance, resulting in a gradual waning treatment effect. The pain relief achieved often has a number of disabling side effects such as substance abuse problems, depression, anxiety, fatigue, reduced physical and mental ability as well as harmful effects on the gastrointestinal tract and cardiovascular system. In the United States, an estimated 700,000 people have died due to opioid abuse in the past 20 years.

COZY – a unique concept

The program consists of two projects: a peptide treatment (COZY01) for short-term treatment and a gene therapy treatment (COZY02) with a potentially lifelong effect. Both the peptide and the gene therapy are being developed for treatment of severe chronic pain conditions, the gene therapy is reserved for patients where the possibility of spontaneous reduction of the pain is judged to be limited (or unlikely).

Further studies are required in our lipodystrophy project CGT2

Our ambition for 2022 was to bring the CGT2 project to the stage where a proof-of-concept study can be initiated. However, some of the studies conducted last year produced incomplete results and need to be repeated. We therefore concluded that further studies are needed before proceeding to the preclinical proof-of-concept study.

Collaboration with Spark Therapeutics
We have now been working together with Spark since mid-October 2021 and we have established a very good cooperation. As I mentioned earlier, I am particularly pleased with the decision to prioritize the expansion of CG01's clinical development program to the US as this will allow the project to gain a natural foothold in the world's largest pharmaceutical market, while allowing Spark to make optimal use of its impressive resources, know-how and network.

Our business development continues unabated
Our new collaboration with Zyneyro on the pain program has strengthened CombiGene's position in a significant way. We now have two projects aimed at large patient populations, the epilepsy project CG01 and the pain program COZY – a rather unique situation for a gene therapy company. In addition to these projects, we also have the lipodystrophy project CGT2, which targets a relatively small number of patients.

Going forward, it is our ambition to continue to evaluate interesting opportunities to find additional projects to complement our current portfolio. Our focused work in this area continues with the same force as in 2022.

Outlook
We are now looking forward to another intense year where we will continue to develop all our projects as successfully as possible and continue our search for new and promising assets for inlicensing – all with the ambition to build an ever-stronger company.

Jan Nilsson,
CEO

Strategy

Gene therapy has fantastic medical opportunities and great commercial potential with a market that is expected to grow from USD 3.6 billion in 2022 to USD 15.7 billion in 2030 (see graph page 8).

CombiGene's business concept is to develop in-licensed gene therapy assets up to preclinical/clinical proof of concept and then out-license them to a partner.

Our current portfolio focuses on developing treatments for common diseases such as epilepsy and pain.

At CombiGene, our focus is on developing gene therapies for serious diseases that currently lack adequate treatment methods. Currently, we have three projects addressing common diseases, epilepsy, and pain, with the ambition is to further broaden our project portfolio. We also have a fourth project for the rare disease partial lipodystrophy.

The agreement with Spark Therapeutics regarding outlicensing of the epilepsy project CG01 verified our business model and shows that we have the ability to attract and sign large deals with Big Pharma. The agreement with Spark, signed in the fall of 2021, has a potential value of USD 328.5 million, excluding royalties on future sales.

The pain program COZY, which we are developing in collaboration with the Danish company Zyneyro, is extremely interesting from several aspects. Chronic pain plagues millions of people around the world and causes enormous costs to society. In the United States, pain is estimated to cost society USD 635 billion each year. By comparison, the cost of cardiovascular disease amounts to USD 309 billion a year.

Peter Ekolind
Chief Operating Officer

Strategy and business development

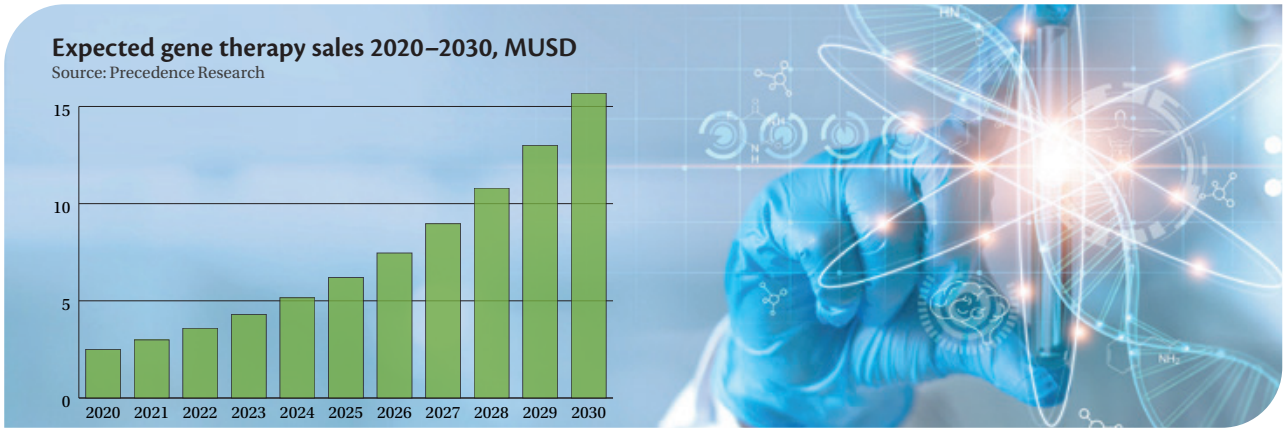
CombiGene develops groundbreaking gene therapies with the ambition to offer patients affected by severe life-changing diseases opportunities for a better life. We source research assets from industry and academia and develop them through the preclinical phase up to preclinical/clinical proof-of-concept and then out-license them to a Big Pharma company for clinical development and commercialization. Gene therapies that we are developing for limited patient populations may be commercialized in-house.

Gene therapy has fantastic medical possibilities

There are a large number of diseases that today either require lifelong medical treatment or that completely lack effective therapies. It is precisely these diseases that are in focus for the development since gene therapy has the unique possibility of being able to replace defective/missing genes or change the expression of existing genes. This means that gene therapy in some cases can cure a disease instead of only alleviating the symptoms and that you can achieve long-term effects from one or a few treatments. There are currently about 300 gene therapy clinical studies conducted in the central nervous system, infectious and metabolic diseases among others.

The commercial possibilities of gene therapy

Gene therapy is not just an interesting field of research. There are currently seven gene therapies approved in the EU and/or in the US and, according to the Alliance for Regenerative Medicines, and another five gene therapies may be approved in 2023. The US Food and Drug Administration (FDA) has previously announced that they expect to approve 10 to 20 new cell and gene therapies annually from 2025 onwards. According to Precedence Research, the gene therapy market is expected to grow globally to USD 15.7 billion in 2030.



Several of CombiGene's projects focus on therapies for common serious diseases

Most of today´s gene therapies are developed for diseases that affect a relatively small number of people. In this context, CombiGene distinguishes itself by developing three of our four assets for large patient populations (the CG01 project, COZY01 and COZY02).

In 2016, there were 5.7 million diagnosed epilepsy patients in the United States, France, Germany, Italy, Spain, the United Kingdom, and Japan. About a third of these patients do not respond to traditional medical treatment. It is this latter group of patients that CG01 is being developed for.

It is too early to define an exact market potential for CombiGene's pain program. However, it is clear that there is a great medical need for new and effective treatments. About 20-25 percent of the world's adult population suffers from some form of chronic pain. In the US, between six and eight percent of the population is estimated to suffer from severe chronic pain (also called High Impact Chronic Pain).[1]

The importance of a broad portfolio

Thanks to the outlicensing of the epilepsy project CG01 to Spark Therapeutics in the autumn of 2021, CombiGene's financial position was strengthened, which enabled us to focus on the in-licensing of additional projects. The first concrete result of this is the cooperation agreement with Zyneyro that was signed in early 2023. We are now continuing to seek new projects to in-license with the ambition to build a broad portfolio that includes projects in several phases of drug development, ranging from projects in early preclinical evaluation to projects in ▸

1 Prevalence of Chronic Pain and High-Impact Chronic Pain Among Adults — United States, 2016; CDC; Morbidity and Mortality Weekly Report Weekly / Vol. 67 / No. 36 September 14, 2018

CombiGene's business model

CombiGene licenses gene therapy assets that have been developed by external researchers in industry or academia.

On page 10 you can read about CombiGene's efforts to identify new projects for in-licensing.

The in-licensed gene therapy assets are further developed into preclinical/clinical proof-of-concept.

CombiGene is currently running four projects. See pages 13 to 18.

After achieving proof-of-concept, the projects are outlicensed to Big Pharma companies. At the time of out-licensing, as a rule, a so-called upfront payment is received.

In the autumn of 2021, CombiGene licensed the epilepsy project CG01 to Spark Therapeutics, see page 18. In connection with the signing of the agreement, CombiGene received an upfront payment of USD 8.5 million.

CombiGene plans for all or parts of the clinical development that take a long time to conduct and require large resources to be handled by the project's licensees. During clinical development, so-called milestone payments are received.

The agreement with Spark regarding the epilepsy project CG01 entitles CombiGene to USD 50 million in preclinical and clinical milestone payments.

Commercializing a new gene therapy for the global market requires significant resources. For CombiGene, it is therefore optimal to work with a resourceful partner. During the commercial phase, royalties are received on sales.

The agreement with Spark regarding the epilepsy project CG01 entitles CombiGene to tiered royalties up to low double digits based on net sales.

► clinical development. By having a broad portfolio of projects, we increase the chances of achieving commercial success.

CombiGene´s modus operandi: in-licensing and development to proof-of-concept

Since the company was first established, CombiGene has had the ambition to become a significant force in gene therapy. Since the agreement with Spark, we have strengthened our organization in several key areas to be able to handle a growing number of projects. Our way of working will continue to be the same, namely:

- In-licensing of new projects with high potential. The recent cooperation agreement with Zyneyro is an excellent example of this.
- Alliances with partners and service companies that enable CombiGene to further develop the licensed projects into preclinical/clinical proof-of-concept.
- Out-licensing of projects targeting significant patient populations in late preclinical/early clinical phase.

Successes

In the spring of 2018, CombiGene had two employees and one project (the epilepsy project CG01) in the early preclinical phase. CombiGene is today a completely different company. The number of employees has grown to eleven and we have in-licensed the lipodystrophy project CGT2 and the pain program COZY.

Our development of new gene therapy assets has also received attention at EU level. In 2018, CombiGene was awarded EUR 3.36 million by Horizon 2020, EU's framework program for research and development, for our epilepsy project and in 2021 lipodystrophy project received EUR 882,500 in development funding from EU´s Eurostars program.

Over the past five years, CombiGene has also established collaborations with a number of CROs and CDMOs within the CG01 and CGT2 projects, which has resulted in us having a well-functioning operation that includes all the components we need to successfully continue the development of our various projects.

In the autumn of 2021, we achieved our greatest commercial success to date when we outlicensed the epilepsy project CG01 to Spark Therapeutics. The potential value of the agreement with Spark amounts to USD 328.5 million excluding royalties.

This is how CombiGene is searching for new projects

Drug development is an activity that is strictly regulated by the authorities to ensure that the new therapies that come onto the market meet the safety and efficacy requirements that are set. Extensive preclinical studies are therefore required before a new drug or gene therapy can be authorized to be tested in humans, so-called clinical trials. The clinical studies are also carefully regulated with strict safety requirements. Developing new therapies therefore takes a long time and requires significant financial resources. One of the most important parts of CombiGene's business is therefore to choose the right project for in-licensing.

Since the epilepsy project CG01 was outlicensed to Spark Therapeutics in the autumn of 2021, CombiGene has intensified its efforts to find new projects. As a result of this work, a collaboration was initiated in early 2023 with Danish Zyneyro to develop a program for the treatment of chronic pain.

Extensive work to find new projects

CombiGene uses both internal and external resources to find new, interesting projects. The internal work takes place at scientific congresses and conferences and through the employees' professional network. The external resources consist of consultants in business development and academic collaborations.

Through this work, CombiGene has gained an overall picture of the gene therapy assets available in industry and academia.

Careful evaluation of potential projects

CombiGene's evaluation of potential projects is a structured and thorough process based on several important criteria. The work includes review and analysis of intellectual property issues, preclinical data, intended contract structure, size of patient population and medical need, competitive situation, and the project's commercial possibilities.

All criteria are important and a weakness in one of them, such as an unclear intellectual property situation, means that CombiGene chooses not to proceed with the project.

Outcome so far

The most obvious outcome of the work to identify new, interesting projects so far is of course the collaboration agreement with Zyneyro signed in early 2023, but the actual results are significantly greater than that. CombiGene has evaluated many projects that, for one reason or another, did not meet the company's selection criteria and were therefore not prioritized.

CombiGene has also identified a number of projects that could be interesting to license. These include projects for diseases of the central nervous system, endocrine diseases, and genetic muscle diseases, and CombiGene is currently conducting in-depth analyses of these projects.

Since CombiGene outlicensed the epilepsy project CG01 to Spark Therapeutics, we have intensified our work to find new, interesting projects for in-licensing. Together with external consultants, we conducted a thorough survey where we analyzed about 100 potential projects. Of these projects, up to ten proceeded to deeper analysis, including the pain program COZY, which we are now developing jointly with Zyneyro.

Our ambition is to be able to in-license a few more projects and we are currently reviewing a number of potential candidates.

Birgitta Ståhl
Senior Director In-licensing

CombiGene is at the center of gene therapy

Gene therapy is one of the most dynamic areas in today's drug development with a fantastic development of knowledge in several different disciplines. Our work within the epilepsy project CG01 and the agreement with Spark Therapeutics has made CombiGene a recognized international gene therapy company. Our work in lipodystrophy has also attracted international attention. The pain program COZY, which we run together with the Danish company Zyneyro, has already attracted interest from Big Pharma companies.

All in all, this means that CombiGene has built a strong position in the gene therapy area. The benefits of this are significant. We can now much more easily get in touch with Big Pharma companies for discussions, our efforts to identify new potential projects are facilitated by the fact that we have shown that we can successfully take a preclinical project to out-licensing. CombiGene is also increasingly requested to present at various types of congresses and other scientific meetings. We would like to give an overview of our various collaborations in addition to the commercial collaborations with Spark Therapeutics within the framework of the epilepsy project CG01 and the collaboration with Zyneyro within the framework of the pain program COZY.

CombiGene is part of Sweden's investment in advanced therapies

In March 2023, the Swedish government decided to commission Vinnova, Sweden's innovation agency, to establish a national innovation cluster for commercialization, skills development and production capacity for cell therapies and other advanced therapies such as gene therapy.

CombiGene is active in CCRM Nordic (Center for Commercialization of Regenerative Medicine), which has been a driving force in bringing about the national innovation cluster that the government has now decided on. As the Nordic region's leading gene therapy company, CombiGene naturally welcomes the government's initiative which will strengthen Sweden's position in this very important area.

CombiGene is also active in Vision-driven health, a collaboration within the innovation environment "Sweden leading in advanced therapies 2030 (ATMP 2030)." Vision-driven health has the ambition to solve the challenges and obstacles that currently slow down the Swedish innovation system around drugs for advanced therapies (ATMP).

CombiGene is also part of GeneNova, a five-year interdisciplinary collaboration aimed at developing AAV-based gene therapies funded by academia and industry. The work is led by Professor **Johan Rockström** at KTH.

The EU has invested significantly in CombiGene

The EU has also recognized CombiGene's research and development. In 2018, CombiGene received EUR 3.36 million for the continued development of epilepsy projects and in 2021, the lipodystrophy project CGT2 was awarded EUR 882,500. The grants from the EU have meant that CombiGene has been able to run the two projects with full force and limited the need to raise new capital from the company's owners.

CombiGene's academic collaborations

Within the framework of the epilepsy project CG01, CombiGene has been collaborating with Lund University and the University of Copenhagen for many years. In recent years, CombiGene has also established collaboration regarding the preclinical development of the lipodystrophy project CGT2 with Stockholm University, University Medical Center Hamburg-Eppendorf and University of Michigan Medical School. The pain program COZY has its origins in academic research at the University of Copenhagen.

Sustainability

CombiGene's ambition is to develop therapies that treat serious diseases that currently lack effective treatment options. This means that we deal with complex scientific questions on a daily basis where the answers are rarely known in advance. Our preclinical development is strictly regulated to ensure that the therapies we develop are effective and safe. The preclinical development, which is conducted by CROs, is also surrounded by a number of ethical considerations and all in vivo studies require regulatory approval before they can begin. In addition to this, CombiGene (like all companies) has to deal with a commercial reality and issues related to the financing of our operations.

CombiGene's operations thus place very high demands on intellectual capacity and specific knowledge in all areas of drug development. The fact that the employees at CombiGene are the company's most important resource goes without saying and we work actively to recruit the absolute best talents and give them the opportunity to develop in an environment characterized by great demands, but also good opportunities to develop their professional ability.

Agenda 2030

From the perspective of the UN's Agenda 2030, five goals are in particular focus for CombiGene.

Goal 3: Good health and well-being are at the core of our business and permeate our daily work. Every day we take steps forward in our quest to improve the lives of those affected by serious illnesses.

Goal 4: Quality education is equally important to CombiGene. Our business is dependent on the skills of our employees, and we contribute to higher education in Sweden by collaborating with a number of universities.

Goal 5: Gender equality is an integral part of all parts of our business for the simple reason that we strive to create an organization that is permeated by competence, broad perspectives, and diverse experiences. Of CombiGene's 11 employees, 5 are men and 6 are women. Our management team consists of two women and two men.

Goal 8: Decent work and economic growth are obvious priorities for CombiGene and crucial for our continued success.

Goal 9: Industry, innovation and infrastructure is a goal that CombiGene supports through the innovative height of our business. Much of what we do is done for the first time and our business has since the start accounted for a significant knowledge development. We also have in-depth collaborations with a number of prominent players in the various areas of gene therapy.

Financing CombiGene

CombiGene's operations have so far largely been financed by our shareholders through various share issues with a total of SEK 229 million. In addition, CombiGene has received USD 8.5 million in upfront payment from Spark Therapeutics in connection with the outlicensing of the epilepsy project in autumn 2021 and SEK 37 million in various grants from the EU and Vinnova.

Thanks to the latest rights issue in the spring of 2021 and the upfront payment from Spark, CombiGene has a continued good cash position that enables us to run our projects with full force. CombiGene's Board of Directors and management continuously evaluate the Company's capital needs.

Our projects

CombiGene has four preclinical projects within three disease areas: pain, partial lipodystrophy, and epilepsy.

The pain program COZY consists of two separate projects with a new mechanism of action that enables a breakthrough in pain treatment.

The goal of the lipodystrophy project is to develop a gene therapy treatment that addresses the metabolic problems that partial lipodystrophy entails.

Our epilepsy project CG01 is aimed at those patients who have a drug-resistant focal epilepsy and thus do not become seizure-free with today's drugs.

The pain program COZY, which we are developing jointly with the Danish company Zyneyro, consists of two separate projects: one peptide treatment and one gene therapy. Both the peptide and the gene therapy are being developed for treatment of severe chronic pain conditions, the gene therapy is reserved for patients where the possibility of spontaneous reduction of the pain is judged to be limited (or unlikely). The peptide-based therapy is expected to be ready for human studies within a few years, while the gene therapy will need a few more years to reach the same point in its development.

As we entered 2022, our ambition was that we during the year should be able to choose a final drug candidate within the lipodystrophy project CGT2. However, some of the studies conducted in 2022 produced results that were difficult to interpret. We therefore plan to conduct complementary studies in 2023.

The epilepsy project CG01 was outlicensed to Spark Therapeutics in the autumn of 2021. Spark and CombiGene are now jointly conducting the preclinical development. When the project enters the clinical phase, Spark will run the continued work entirely on their own.

Karin Agerman
Chief Scientific Officer

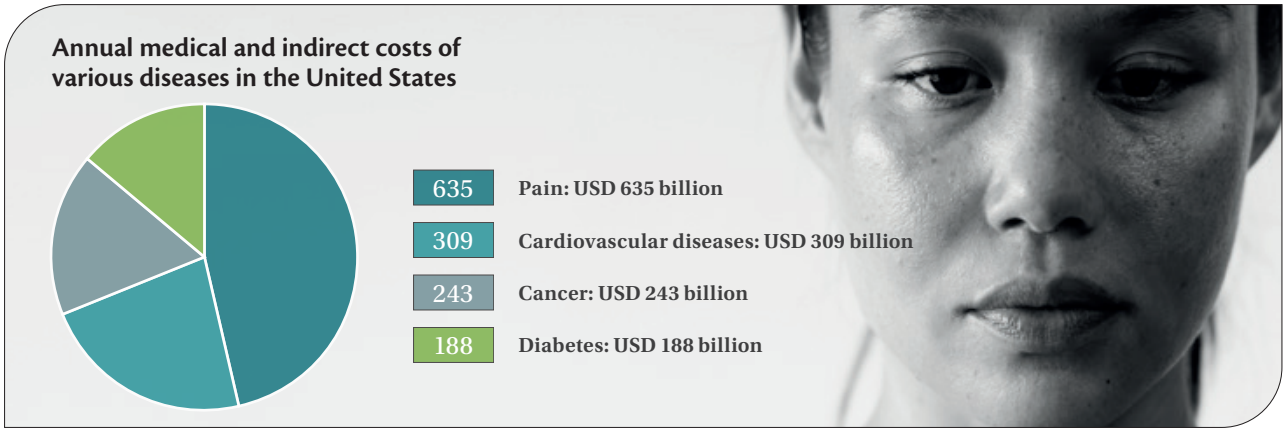
The pain program COZY – a unique opportunity for a breakthrough in pain treatment

The pain program COZY is developed together with the Danish company Zyneyro. The goal is to develop an effective treatment for severe chronic pain, a relatively common and often difficult-to-treat condition. The program consists of two projects – a peptide treatment and a gene therapy treatment (AAV), both of which are based on a new principle for pain management with the same analgesic mechanism. Both the peptide and the gene therapy are being developed for treatment of severe chronic pain conditions, the gene therapy is reserved for patients where the possibility of spontaneous reduction of chronic pain is judged to be limited (or unlikely). The peptide-based therapy is expected to be ready for human studies within a few years, while the gene therapy will need a few more years to reach the same point in its development.

CombiGene's and Zyneyro's pain program is being developed to offer effective pain relief without the side effects that today's treatments often give rise to. This is possible as Zyneyro's researchers have identified a new biological mechanism of action, which forms the basis for both drug candidates.

The agreement with Zyneyro

The cooperation agreement with Zyneyro means that Zyneyro and CombiGene share the costs and revenues of the project equally. In accordance with the agreement, CombiGene has paid Zyneyro an upfront of DKK 5 million in connection with the signing of the agreement. CombiGene has also undertaken to pay an additional

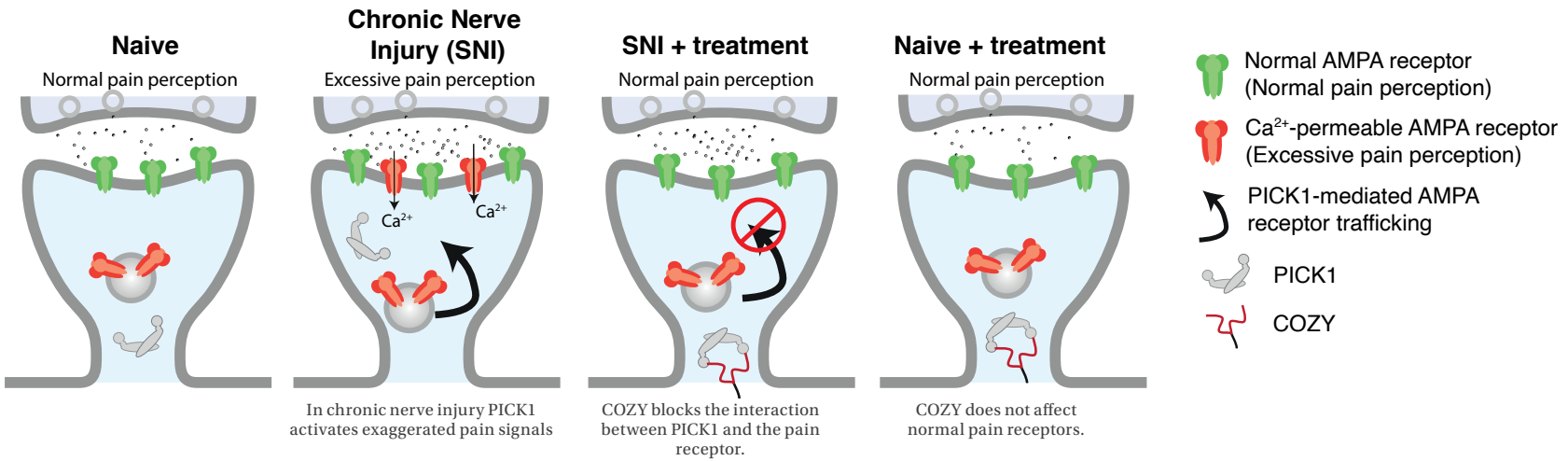


Sources: Relieving Pain in America: A Blueprint for Transforming Prevention, Care, Education, and Research.
Appendix C. The Economic Cost of Pain in the US. Institute of Medicine (US) Committee on Advancing Pain Research, Care, and Education. Washington (DC): National Academies Press (US); 2011

The new mechanism of action in the COZY program is very exciting. It provides effective pain relief without visible side effects, especially not the risk of addiction, in the preclinical models that have been used. In addition, the peptide-based drug candidate, and thereby the mechanism of action itself, is subject to a special evaluation to ensure both efficacy and absence of risk of developing dependence in an ongoing program sponsored by the US government (NIH). This means a potentially important support in the development process.

Alvar Grönberg
Senior Program Director

Mechanism of action of the COZY program



maximum of DKK 11.4 million in continued development support for a clinical study in phase 1.

Pain is a major global problem

About 20-25 percent of the world's adult population suffers from some form of chronic pain and between six and eight percent of the population suffers from severe chronic pain. Conventional treatment consists mainly of anti-inflammatory drugs, antidepressants, anticonvulsant drugs and opioids (a group of substances with a morphine-like mechanism of action).[1]

The problem with these treatments is that they are not specifically developed to treat chronic pain. The pain relief that is achieved therefore often has a number of disabling side effects such as substance abuse problems, depression, anxiety, fatigue, reduced physical and mental ability. In the US, an estimated 700,000 people have died due to opioid abuse in the past 20 years.

One program – two projects

The program consists of two projects: a peptide (COZY01) and a gene therapy treatment (COZY02), which expresses the active part of the peptide from COZY01, with potentially lifelong effect.

In severe chronic pain, the intention is to administer the peptide directly to the patient on one or more occasions to achieve effective pain relief.

In severe chronic pain where the possibilities for spontaneous reduction of the pain are limited or unlikely and where conventional treatment requires daily medication, the intention is to achieve pain relief by treating the patient with an AAV vector that makes the body itself produce the pain-relieving peptide. In this way, long-term pain relief can be achieved without daily medication.

Since the AAV vector encodes the active part of COZY01, the objective is that both the mechanism of action and the effect are the same as with direct administration of the peptide. The concept could potentially also offer an opportunity to check that a patient responds well to treatment with the peptide before proceeding with

1 Prevalence of Chronic Pain and High-Impact Chronic Pain Among Adults — United States, 2016; CDC; Morbidity and Mortality Weekly Report Weekly / Vol. 67 / No. 36 September 14, 2018

the more expensive gene therapy. By using the peptide treatment on potential gene therapy patients, it could potentially be possible to confirm effectiveness in each patient before a costly AAV treatment is initiated.

The scientific basis of the COZY program

The program is based on discoveries about the role of an intracellular protein called PICK1 (protein that interacts with C kinase 1) in modulating neuronal signal transmission via AMPA receptors in pain. Simply put, PICK1 binds to and controls the localization and activation of receptors that participate in the transmission of pain signals between nerves in chronic pain. By blocking the interaction between PICK1 and the receptor, you prevent a certain type of receptor from reaching the cell membrane and being activated, thereby inhibiting the pain signal.[1]

COZY01 – peptide treatment of severe chronic pain

The peptide treatment has shown good effects in various preclinical models. The continued development will focus on conducting, as quickly and efficiently as possible, the necessary preclinical studies to evaluate safety and toxicology and to produce clinical trial material in order to obtain approval from regulatory authorities to conduct the first trials in humans with COZY01.

An independent evaluation of the potential of COZY01 as a future pain treatment is underway at the National Institutes of Health (NIH) in the US, in a government-funded program (Preclinical Screening Platform for Pain, PSPP) that aims to find non-opiod-based and non-addictive pain management options. COZY01 has undergone the first test level of three and has been selected to move on to the next level where the substance will be tested in different pain models.

COZY02 – gene therapy treatment of severe chronic pain where the possibility of spontaneous reduction of pain is considered excluded

A prototype of the AAV vector that acts as a carrier of the genetic material in gene therapy has been developed by Zyneyro and tested in several preclinical models with very good and long-lasting effect. The upcoming work is focused on optimizing the genetic material to be included in the vector. AAV is a vector type that CombiGene has extensive experience of from our other projects. When the vector is optimized, preclinical studies follow to investigate and characterize distribution, protein expression, efficacy, and toxicology.

In parallel with the preclinical development, we will develop a process for manufacturing the selected vector for preclinical studies and for future clinical trials. Data from this work will form the basis for seeking permission to conduct a clinical trial on patients with severe chronic pain.

1 Sørensen ATE Rombach J, Gether U, Madsen KL. The Scaffold Protein PICK1 as a target in chronic pain. Cells. 2022;11(8):1255.

CGT2 – further studies needed before a new timetable for the proof-of-concept study can be made

CGT2, CombiGene's project to develop a gene therapy 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. Since then, several in vivo studies have been conducted to evaluate efficacy and gradually limit the number of potential gene therapy candidates.

Further studies needed

The ambition for 2022 was to bring the CGT2 project to the stage where a proof-of-concept study could be initiated. However, some of the studies conducted in 2022 produced results that are difficult to interpret and need to be repeated. For example, we need to determine whether the lack of clear treatment effect in some models is due to insufficient expression of our gene therapy vector or if the underlying hypothesis for the action of CGT2 is incorrect. CombiGene has therefore decided to conduct further studies before it is possible to proceed to the preclinical proof-of-concept study.

Contribution from the EU's international funding program Eurostars

In February 2021, the lipodystrophy project was awarded EUR 882,500 in project grants by the EU's international funding program Eurostars. Through this grant, CombiGene collaborates with University Medical Center Hamburg-Eppendorf and its experts in lipid research.

PCT application

In August 2021, CombiGene submitted a PCT application to protect the vectors developed within the CGT2 project. The application builds on the UK patent application filed in 2020 and is a natural next step to ensure adequate patent protection for the lipodystrophy project CGT2.

Important agreement with Professor Ormond MacDougald

In addition to collaboration agreements with Stockholm University, University Medical Center Hamburg-Eppendorf and Accelero, CombiGene also has an agreement with Professor Ormond MacDougald at the University of Michigan Medical School in the US. This agreement includes a pilot study and a main study where CombiGene´s most promising gene therapy candidate within the lipodystrophy project CGT2 will be tested and evaluated.

Partial lipodystrophy is a rare disease that leads to pathological alteration of the body's fat distribution. In the absence of normal body fat, the liver begins to accumulate fat. This leads to serious metabolic complications. As we entered 2022, our ambition was that during the year we would be able to choose a final drug candidate within the lipodystrophy project CGT2. However, some of the studies conducted in 2022 produced results that were difficult to interpret. We therefore plan to conduct complementary studies in 2023.

Annika Ericsson
Director Preclinical Development

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

CG01 – outlicensed to Spark Therapeutics since October 2021

The epilepsy project CG01 was outlicensed to Spark Therapeutics in October 2021 and the remaining part of the preclinical phase is now run jointly by the two companies. When the project enters the clinical phase, Spark will take full responsibility for design and execution. Since October 2021, Spark also covers all agreed costs in connection with the preclinical development of CG01.

Scope of the agreement

The collaboration and license agreement between CombiGene and Spark is an exclusive global license agreement that gives Spark the right to develop the CG01 project during the program´s preclinical and clinical phases, to manufacture CG01 and to commercialize CG01 to the global market.

The economic terms of the agreement

The total potential value of the agreement amounts to USD 328.5 million, excluding royalties. The initial payment amounted to USD 8.5 million. Milestone payments during the preclinical and clinical phase total USD 50 million. Royalties on future sales of CG01 consist of tiered royalties up to low double digits based on net sales. All milestone payments will be communicated through CombiGene's press releases.

The preclinical development program

The remainder of the preclinical program is carried out by Spark in collaboration with CombiGene. Since the agreement was signed, the preclinical program has been expanded. The decision to prioritize the expansion of CG01's clinical development program to the US will allow the project to gain a natural foothold in the world's largest pharmaceutical market, while allowing Spark to make optimal use of its impressive resources, know-how and network.

The clinical development program

When the preclinical program is completed, Spark will take responsibility for the design and implementation of the clinical development. All results and know-how from the preparatory work for the clinic that CombiGene did before the agreement was signed have been transferred to Spark. As part of the current agreement, Spark will cover costs for all clinical development work.

Communication about updates and timeline

Future updates regarding CG01 projects will be provided by Spark in accordance with their practices.

The agreement with Spark has a potential value of USD 328.5 million – excluding royalties

Epilepsy is an unpredictable disease. It is not possible to foresee when a seizure will occur. Epilepsy can thus limit everyday life in a number of areas. The unpredictability can lead to great concern for both patients and relatives. It may be impossible to get a driver's license. You may be limited in your work ability and career choices. About a third of epilepsy patients do not become seizure-free from today's drugs. It is for this large group of patients that we are developing the gene therapy CG01.

Pernilla Fagergren
Director Clinical Development

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

Administration report

Administration report

Financial reporting is in Swedish kronor.

Operations

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

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 ticker COMBI and the ISIN code is SE0016101935.

Multi-year overview, Group, TSEK

	2022	2021	2020	2019	2018
Net sales	26,699	84,042	0	0	8
Income after net financial items	-6,157	20,965	-29,551	-17,929	-13,146
Balance sheet total	158,221	166,221	79,414	43,818	35,116
Equity/assets ratio (%)	96	95	90	46	58
Earnings per share, SEK	-0.31	1.21	-3.31	-6.23	-9.78
Shareholders' equity per share, SEK	7.68	7.99	6.23	6.24	7.93

Multi-year overview, Parent Company, TSEK

	2022	2021	2020	2019	2018
Net sales	26,699	84,042	0	0	0
Income after net financial items	-6,080	21,039	-29,712	-15,091	-13,127
Balance sheet total	162,452	170,376	83,474	45,241	35,120
Equity/assets ratio (%)	96	95	91	47	58

For definitions of key terms, see the accompanying notes.

Key terms

	2022	2021
Earnings per share before dilution, SEK	-0.31	1.21
Earnings per share after dilution, SEK	-0.31	1.21
Shareholders' equity per share, SEK	7.68	7.99
Equity ratio, %	96.15	95.22
Average number of shares before dilution	19,801,197	17,311,414
Average number of shares after dilution	19,801,197	17,311,414
Total outstanding shares	19,801,197	19,801,197

Significant events during 2022

Quarter one

- GMP production of CG01 available for the preclinical studies planned to enable the first study in humans.
- CombiGene signs an agreement with the 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.
- Developments in Ukraine. On February 24, 2022, Russia invaded Ukraine. Since then, the situation has been characterized by great uncertainty and the further course of events is unpredictable. CombiGene has no operations in Russia or Ukraine and the implementation of the company's ongoing and planned preclinical/clinical studies and the results have not been affected by the war in Ukraine. CombiGene will inform if such impact on the business is expected to occur. Since the outbreak of the war, the capital market has become turbulent and both the short-term and long-term consequences for the world economy are difficult to foresee and predict. If this uncertain situation persists, it may pose greater challenges to raise new capital for the Company if necessary.

Quarter two

- CombiGene participates in GeneNova collaboration to develop AAV-based gene therapies.

Quarter three

- CombiGene strengthens its management capacity through the recruitment of Peter Ekolind as Chief Operating Officer.

Quarter four

- No reportable events took place during the period.

Expected future development

The pain program COZY has been developed together with Zyneyro since January 2023. In 2023, the focus will be on continued preclinical studies and choice of CDMO supplier.

Within CGT2, work continues to identify the most promising drug candidate. Some of the studies conducted in 2022 gave results which are difficult to interpret, and the studies need to be repeated. CombiGene will therefore conduct further studies in 2023 before it is possible to proceed to the preclinical proof-of-concept study that was originally planned for 2022.

For the epilepsy project CG01, the focus in 2023 will be on working together with Spark Therapeutics on the extended and final parts of the preclinical program, especially the studies in toxicology and biodistribution.

In 2023, CombiGene will continue to pursue active business development with the goal of inlicensing additional gene therapy projects.

Events after the end of the period

CombiGene enters into a collaboration agreement with Zyneyro for the development of a unique concept for effective relief of chronic pain. This cooperation agreement means that Zyneyro and CombiGene share the costs and revenues of the project equally. Upon signing the agreement, CombiGene pays an upfront of DKK 5 million to Zyneyro. CombiGene further commits to pay an additional maximum of DKK 11.4 million in continued development support towards a clinical study in Phase 1.

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 TSEK 12,519 (-1,306) 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 132 million (137).

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 initial payment from Spark and the current cash balance constitute sufficient capital to run the business with full force in 2023.

Allocation of profit/loss

Proposed appropriations of the parent company's profit

For adoption by the Annual General Meeting	
Share premium reserve	165,825,676
Loss brought forward	-5,100,502
Loss for the year	-6,080,126
	154,645,048

The Board proposes that be carried forward	154,645,048
	154,645,048

Financial information

CombiGene's net sales in 2022 consist of reimbursements from Spark Therapeutics for the Company's internal and external costs related to the preclinical development of CG01 – a total of SEK 26.7 million. Other operating income consists primarily of exchange rate gains, both realized and unrealized, and to a minor extent of contributions from the EU's Eurostars program, a total of SEK 15.0 million.

In 2021, CombiGene's net sales amounted to SEK 84 million and consisted of an upfront payment from Spark Therapeutics. Other operating income amounted to SEK 7.5 million and consisted primarily of grants from Horizon 2020.

CombiGene has a business model that means that our revenues will primarily consist of upfront payments and milestone payments related to out-licensed projects. These payments are irregular by nature, which means that our revenues may vary significantly between individual years until we have an approved gene therapy on the market that creates continuous revenue in the form of royalties.

CombiGene's Board of Directors and management continuously evaluate the Company's capital needs. Thanks to the out-licensing of the epilepsy project CG01 to Spark Therapeutics in the autumn of 2021, CombiGene has a good financial position that makes it possible to run our projects with full force.

What the future financing of CombiGene will look like is determined by the costs of the projects we run, how the revenue streams from outlicensed projects will develop and whether we succeed in raising different types of research grants again. CombiGene has so far received USD 8.5 million in upfront payments from Spark and SEK 37 million in various grants from the EU and Vinnova.

Louise Aspenberg
Chief Financial Officer

Income statement

		Group		Parent Company	
	Note	2022	2021	2022	2021
Operating revenues, etc.					
Net sales		26,699,282	84,041,571	26,699,282	84,041,571
Other operating revenues	3	15,044,255	7,477,906	15,044,255	7,477,906
Total operating revenues		**41,743,537**	**91,519,477**	**41,743,537**	**91,519,477**
Operating expenses					
Other external expenses	4	-32,567,395	-54,590,600	-32,494,438	-54,516,528
Other operating expenses		-496,005	-1,676,900	-492,115	-1,676,900
Personnel expenses	5	-13,032,385	-11,692,258	-13,032,385	-11,692,258
Depreciations		-2,594,828	-2,594,828	-300,000	-300,000
Total operating expenses		**-48,690,612**	**-70,554,586**	**-46,318,938**	**-68,185,686**
Operating profit/loss		**-6,947,075**	**20,964,891**	**-4,575,400**	**23,333,791**
Financial items	6				
Profit from shares in group		0	0	-2,294,828	-2,294,828
Other interest income and similar profit/loss items		791,827	24	791,785	24
Interest expenses and similar profit/loss items		-1,682	0	-1,682	0
Total financial items		790,145	24	-1,504,725	-2,294,804
Profit/loss after financial items		**-6,156,931**	**20,964,915**	**-6,080,126**	**21,038,987**
Tax on profit for the year	7	0	0	0	0
Profit/loss for the year		**-6,156,931**	**20,964,915**	**-6,080,126**	**21,038,987**
Attributable to:					
Parent Company shareholders		-6,156,931	20,964,915		

Balance sheet – assets

		Group		Parent Company	
FIXED ASSETS	**Note**	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**	**Dec 31, 2021**
Intangible assets					
Patent	8	1,906,080	1,906,080	1,906,080	1,906,080
Goodwill	9	14,916,396	17,211,224	0	0
Licenses	10	2,181,250	2,481,250	2,181,250	2,481,250
		19,003,726	21,598,554	4,087,330	4,387,330
Financial assets					
Participations in group companies	11	0	0	18,585,214	20,880,042
		0	0	18,585,214	20,880,042
Total fixed assets		**19,003,726**	**21,598,554**	**22,672,544**	**25,267,372**
Current receivables					
Accounts receivable		4,216,229	0	4,216,229	0
Receivables in group companies		0	0	798,552	727,595
Other receivables		1,394,719	685,738	1,352,456	642,892
Prepaid expenses and accrued income	12	1,828,705	7,192,862	1,828,705	7,192,862
		7,439,653	7,878,600	8,195,942	8,563,349
Cash and bank balances					
Cash and bank balances	13	131,777,455	136,743,793	131,583,435	136,545,148
		131,777,455	136,743,793	131,583,435	136,545,148
Total current assets		**139,217,108**	**144,622,393**	**139,779,377**	**145,108,497**
TOTAL ASSETS		**158,220,834**	**166,220,947**	**162,451,921**	**170,375,869**

Balance sheet – shareholders' equity and liabilities

		Group		Parent Company	
SHAREHOLDERS' EQUITY AND LIABILITIES	**Note**	**Dec 31, 2022**	**Dec 31, 2021**	**Dec 31, 2022**	**Dec 31, 2021**
Shareholders' equity					
Share capital	14	990,060	990,060		
Other capital contribution		224,123,927	224,123,927		
Other shareholders' equity including profit/loss for the year		-72,991,885	-66,834,955		
Total shareholders' equity attributable to parent company shareholders		152,122,102	158,279,032		
Total shareholders' equity		**152,122,102**	**158,279,032**		
Restricted equity, Parent Company					
Share capital	14			990,060	990,060
Statutory reserve				3,500	3,500
Reserve for development expenses				759,580	759,580
				1,753,140	1,753,140
Non-restricted equity					
Profit or loss brought forward				-5,100,502	-26,139,489
Share premium reserve				165,825,676	165,825,676
Profit/loss for the year				-6,080,126	21,038,987
				154,645,048	160,725,174
Total shareholders' equity				**156,398,188**	**162,478,314**
Current liabilities					
Accounts payable, trade		1,788,415	3,376,666	1,788,415	3,376,666
Tax liability		77,279	21,269	77,279	21,269
Other liabilities		512,781	700,266	497,781	685,906
Accrued expenses and prepaid income	15	3,720,257	3,843,714	3,690,257	3,813,714
Total current liabilities		**6,098,732**	**7,941,915**	**6,053,733**	**7,897,555**
TOTAL SHAREHOLDERS'S EQUITY AND LIABILITES		**158,220,834**	**166,220,947**	**162,451,921**	**170,375,869**

Cash flow statement

	Note	Group		Parent Company	
		2022	2021	2022	2021
Operating activities					
Operating profit/loss		-6,947,075	20,964,891	-4,575,400	23,333,791
Adjustment for non-cash items, etc.		0	0	0	0
- Depreciation		2,594,828	2,594,828	300,000	300,000
- Exchange rate difference		-11,699,345	0	-11,699,345	0
Interest received		791,827	24	791,785	24
Interest paid		-1,682	0	-1,682	0
Total		**-15,261,448**	**23,559,743**	**-15,184,643**	**23,633,815**
Cash flow from operating activities before working capital changes		**-15,261,448**	**23,559,743**	**-15,184,643**	**23,633,815**
Cash flow from working capital changes					
Decrease (+)/increase (-) in receivables		438,947	-999,722	367,407	-1,100,453
Decrease (+)/increase (-) in current liabilities		-1,843,182	-445,204	-1,843,822	-424,563
Cash flow from operating activities		**-16,665,683**	**22,114,817**	**-16,661,058**	**22,108,799**
Investing activities					
Investment in intangible assets		0	-147,732	0	-147,731
Cash flow from investing activities		**0**	**-147,732**	**0**	**-147,731**
Financing activities					
New issue for the year		0	65,881,464	0	65,881,464
Cash flow from financing activities		**0**	**65,881,464**	**0**	**65,881,464**
CASH FLOW		**-16,665,683**	**87,848,549**	**-16,661,058**	**87,842,532**
Liquid assets					
Change in liquid assets		-16,665,683	87,848,549	-16,661,058	87,842,532
Liquid assets at the start of the reporting period		136,743,793	48,895,244	136,545,148	48,702,616
Exchange rate difference cash and cash equivalents		11,699,345	0	11,699,345	0
Liquid assets at the end of the reporting period		**131,777,455**	**136,743,793**	**131,583,435**	**136,545,148**

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	**990,060**	**224,123,927**	**-66,834,955**	**158,279,032**
Profit/loss for the year	0	0	-6,156,931	-6,156,931
Amount at year-end	**990,060**	**224,123,927**	**-72,991,885**	**152,122,102**

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	**990,060**	**3,500**	**759,580**	**165,825,676**	**-5,100,502**	**162,478,314**
Profit/loss for the year	0	0	0	0	-6,080,126	-6,080,126
Amount at year-end	**990,060**	**3,500**	**759,580**	**165,825,676**	**-11,180,628**	**156,398,188**

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 by the company's management. Internally generated "assets are depreciated from the time they are first used."

Financial instruments

Financial assets 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 program 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, licenses, goodwill, trademarks and similar rights: 10 years. Patents have not been depreciated, since the assets have not been taken into use.

CombiGene acquired a license in 2019 for development of a treatment for lipodystrophy. The license 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 license 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 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 120,3, all attributable to operations in Sweden. The nominal value of tax assets amounts to MSEK 24,8 at a tax rate of 20.6%. The parent company's combined business losses amount to MSEK 87,7, all attributable to operations in Sweden. The nominal value of tax assets amounts to MSEK 18.1 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 recognized separately; untaxed reserves are recognized 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 interests 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 unrealized gains or losses arising on transactions between Group companies, are eliminated in their entirety. Unrealized gains arising on transactions with associates are eliminated in proportion to the Group's interests in the company. Unrealized losses are eliminated in the same way as unrealized gains, but only to the extent that there is no indication of any impairment.

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

Note 2 Significant estimates and assessments

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

Note 3 Other operating revenues

	Group		Parent Company	
	2022	2021	2022	2021
Contribution Vinnova	2,033,242	1,435,795	2,033,242	1,435,795
Contribution Horizon 2020	0	5,671,013	0	5,671,013
Exchange-rate gains attributable to operations	13,011,013	371,099	13,011,013	371,099
Total	**15,044,255**	**7,477,906**	**15,044,255**	**7,477,906**

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 3,4 million has so far been paid out. Contribution revenue is recognized in line with the reprocessing.

The total Horizon 2020 grant amounts to EUR 3.36 million. The final payment of approximately EUR 0,5 million was received in October 2021 after the final report of the project was approved.

Note 4 Fees and remuneration to auditors

	Group		Parent Company	
	2022	2021	2022	2021
Mazars AB				
Audit engagement	205,000	180,000	175,000	155,000
Other services	0	55,000	0	55,000
	205,000	**235,000**	**175,000**	**210,000**

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

Note 5 Personnel

	Group		Parent Company	
	2022	2021	2022	2021
Average number of employees				
Men	5	4	5	4
Women	5	4	5	4
	10	**8**	**10**	**8**

	2022		2021	
	Women	Men	Women	Men
Board of Directors	1	4	1	4
CEO and other senior executives	2	1	2	1
	3	**5**	**3**	**5**

Salaries, remuneration, etc.	Group		Parent Company	
	2022	2021	2022	2021
Board of Directors and CEO	3,401,362	2,920,924	3,401,362	2,920,924
Social security contributions	485,146	380,148	485,146	380,148
(of which pension expenses)	(0)	(0)	(0)	(0)
	3,886,508	**3,301,072**	**3,886,508**	**3,301,072**
Other employees	6,461,813	5,331,683	6,461,813	5,331,683
Social security contributions	2,920,987	2,233,067	2,920,987	2,233,067
(of which pension expenses)	(892 125)	(524 305)	(892 125)	(524 305)
	9,382,800	**7,564,750**	**9,382,800**	**7,564,750**
Board and other employees	**13,269,308**	**10,865,822**	**13,269,308**	**10,865,822**

Specification of salaries and remuneration to senior executives during 2022

		Salaries and other remuneration	Benefits	Pension	Total
Bert Junno	Chairman of the Board	202,275	0	0	202,275
Peter Nilsson	Board member	178,635	0	0	178,635
Jonas Ekblom	Board member	179,937	0	0	179,937
Per Lundin	Board member	125,000	0	0	125,000
Gunilla Lundmark	Board member	125,000	0	0	125,000
Jan Nilsson	CEO	2,590,515	0	0	2,590,515
Other employees		1,748,109	0	330,076	2,078,185
		5,149,471	**0**	**330,076**	**5,479,547**

Of the above remuneration to the board and CEO, SEK 108 572 refers to remuneration that has been invoiced and reported as Other external expenses.

The COO invoices his remuneration and the remuneration in 2022 has amounted to SEK 492,800. The remuneration is reported as Other external expenses.

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.

Note 6 Financial income and expenses

Profit from shares in group	Group		Parent Company	
	2022	2021	2022	2021
Impairment of shares in group companies	0	0	2,294,828	2,294,828
	0	**0**	**2,294,828**	**2,294,828**

Interest income and similar profit/loss items	Group		Parent Company	
	2022	2021	2022	2021
Interest income	791,827	24	791,785	24
	791,827	**24**	**791,785**	**24**

Interest expenses and similar profit/loss items	Group		Parent Company	
	2022	2021	2022	2021
Interest expenses	1,682	0	1,682	0
	1,682	**0**	**1,682**	**0**

Note 7 Income taxes

Group	2022	2021
Reconciliation of reported tax		
Profit before tax	-6,156,931	20,964,915
Tax expense 20,6%	1,268,328	-4,318,772
Tax effect of:		
Non-deductible expenses	-19,370	-9,176
Non-taxable income	9	0
Deductions for expenses not included in reported profit/loss	0	1,885,859
Effect of unused tax losses	-1,248,967	2,442,089
	0	**0**
Effect of unused tax losses at year-end	**120,380,360**	**114,317,413**

Parent Company	2022	2021
Reconciliation of reported tax		
Profit before tax	-6,080,126	21,038,987
Tax expense 20,6%	1,252,506	-4,334,031
Tax effect of:		
Non-deductible expenses	-19,242	-9,176
Impairment of shares in group companies	-472,735	-472,735
Non-taxable income	1	0
Deductions for expenses not included in reported profit/loss	0	1,885,859
Effect of unused tax losses	-760,531	2,930,083
	0	**0**
Effect of unused tax losses at year-end	**87,674,082**	**83,982,186**

Note 8 Intangible assets - Patents

	Group		Parent Company	
	2022	2021	2022	2021
Accumulated acquisition value at the start of the period	1,906,080	1,758,349	1,906,080	1,758,349
Acquisitions	0	147,731	0	147,731
Accumulated acquisition value at year-end	**1,906,080**	**1,906,080**	**1,906,080**	**1,906,080**
Incoming and outgoing accumulated depreciation	0	0	0	0
Reported value at year-end	**1,906,080**	**1,906,080**	**1,906,080**	**1,906,080**

Note 9 Intangible assets - Goodwill

	Group	
	2022	2021
Incoming and outgoing accumulated acquisition value	22,948,294	22,948,294
Accumulated write-downs at the start of the period	-5,737,070	-3,442,243
Write-downs at year-end	-2,294,828	-2,294,827
Accumulated write-downs at year-end	-8,031,898	-5,737,070
Reported value at year-end	**14,916,396**	**17,211,224**

Note 10 Intangible assets - Licenses

	Group		Parent Company	
	2022	2021	2022	2021
Incoming and outgoing accumulated acquisition value	3,000,000	3,000,000	3,000,000	3,000,000
Accumulated depreciation	-518,750	-218,750	-518,750	-218,750
Depreciation at year-end	-300,000	-300,000	-300,000	-300,000
Accumulated depreciation at year-end	-818,750	-518,750	-818,750	-518,750
Reported value at year-end	**2,181,250**	**2,481,250**	**2,181,250**	**2,481,250**

Note 11 Participations in group companies

			2022	2021
Parent Company				
Company	Seat	Total/Cap	Reported value	Reported value
Corporate ID number		share %		
CombiGene Personal AB				
559052-2735	Stockholm	100	166,262	166,262
CombiGene UK Ltd				
11215912	England, Wales	100	1122	1122
Panion Animal Health AB				
559018-4171	Stockholm	100	18,417,830	20,712,658
			18,585,214	**20,880,042**

Note 11 Participations in group companies, cont'd

	2022	2021
Incoming and outgoing accumulated acquisition value	**26,720,181**	**26,720,181**
Accumulated write-downs	**-5,840,139**	**-3,545,311**
Change for the year	-2,294,828	-2,294,828
Accumulated write-downs at year-end	**-8,134,967**	**-5,840,139**
Reported value at year-end	**18,585,214**	**20,880,042**

Information concerning shareholders' equity including profit/loss for the year	Shareholders' equity	Profit/loss for the year
CombiGene Personal AB	112,719	-18,850
CombiGene UK Ltd	-138,279	-33,357
Panion Animal Health AB	918,292	-324,598

Note 12 Prepaid expenses

	Group		Parent Company	
	2022	2021	2022	2021
Leasing	35,856	23,904	35,856	23,904
Insurance	100,388	165,467	100,388	165,467
Other expenses	492,461	225,288	492,461	225,288
Accrued income	1,200,000	6,778,203	1,200,000	6,778,203
Total	**1,828,705**	**7,192,862**	**1,828,705**	**7,192,862**

Note 13 Assets pledged

	Group		Parent Company	
	2022	2021	2022	2021
Blocked bank funds	150,000	0	150,000	0
	150,000	**0**	**150,000**	**0**

Note 14 - 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		**990,060.00**		**19,801,197**		**0.05**

One share in CombiGene AB has a quotient value of SEK 0.05 (0.05). The total number of shares is 19 801 197 (19 801 197) and the share capital amounts to SEK 990 060 (990 060). 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 19,801,197. All shares have the same voting rights.

Note 15 Accrued expenses and prepaid income

	Group		Parent Company	
	2022	2021	2022	2021
Personnel expenses	2,922,477	1,498,550	2,922,477	1,498,550
Other accrued expenses	797,780	2,345,164	767,780	2,315,164
Total	**3,720,257**	**3,843,714**	**3,690,257**	**3,813,714**

Note 16 Significant events after the end of the reporting period

CombiGene enters into a collaboration agreement with Zyneyro for the development of a unique concept for effective relief of chronic pain. This cooperation agreement means that Zyneyro and CombiGene share the costs and revenues of the project equally. Upon signing the agreement, CombiGene pays an upfront of DKK 5 million to Zyneyro. CombiGene further commits to pay an additional maximum of DKK 11.4 million in continued development support towards a clinical study in Phase 1.

Note 17 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 19,801,197. 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.

Declaration by the Board of Directors and the CEO

The Board of Directors and the Chief Executive Officer certify that the year-end report provides a true and fair view of the company's business, financial position, performance and describes material risks and uncertainties, to which the company is exposed.

Stockholm, April 26, 2023

Bert Junno
Chairman

Gunilla Lundmark
Board member

Peter Nilsson
Board member

Jonas Ekblom
Board member

Per Lundin
Board member

Jan Nilsson
CEO

Our auditor's report was submitted on April 26, 2023
Mazars AB

Anders O Persson
Authorized Auditor

Audit Report

TO THE ANNUAL GENERAL MEETING OF COMBIGENE AB, corp. ID no 556403-3818

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts for CombiGene AB (publ) for the 2022 financial year. The annual accounts of the company are included on pages 19-38 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 2022 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 1-18 and 42-48.

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 consider 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 based on these annual accounts and consolidated accounts.

As part of an audit in accordance with ISA, we exercise professional judgement and maintain professional skepticism 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 2022 and the proposed appropriations of the company's profit or loss.

We recommend to the general meeting of shareholders that the profit be appropriated in accordance with the proposal in the statutory administration report and that the members of the Board of Directors and the 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 handle the management of assets in a reassuring manner.

Auditor's Responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable

degree of assurance whether any member of the Board of Directors or the 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 skepticism throughout the audit. The examination of the administration and the proposed appropriations of the company's profit or loss is based primarily on the audit of the accounts. Additional audit procedures performed are based on our professional 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, 26 April 2023

Mazars AB

Anders O Persson
Authorized Auditor

Other information

The CombiGene share

CombiGene is a public company and is listed on Nasdaq First North Growth market. The share capital of the Company shall amount to no less than SEK 990,000 and no more than SEK 3,960,000 divided into no less than 19,800,000 shares and no more than 79,200 000 shares. CombiGene has one class of share. Each share carries equal rights to CombiGene's assets and profits and is entitled to one vote at the Annual General Meeting (AGM). The quota value is SEK 0.05. The CombiGene share register is maintained electronically by Euroclear. The share trades under the name CombiGene, the ticker is COMBI, and the ISIN-Code is SE0016101935.

The share

The average number of shares for the period is 19,801,197. All shares are of the same type and have the same voting rights. At the AGM 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. For comparability, a retroactive adjustment has been made to the number of shares.

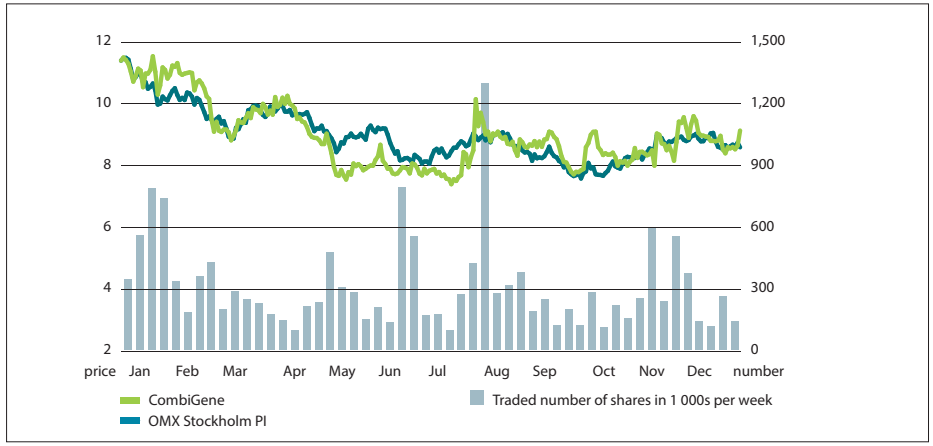
Authorization to issue new shares, warrants or convertibles

The AGM 2022 resolved, in accordance with the board of directors' proposal, to authorize the board of directors to, at one or several occasions and for the period up until the next annual general meeting, resolve to increase the company's share capital by issuing new shares, warrants or convertibles. Such issue resolution may be carried out with or without deviation from the shareholders' preferential rights and with or without provisions for contribution in kind, set-off or other conditions. The total number of shares that may be issued, or as regards issue of convertibles or warrants, issued by conversion or exercise, under the authorization shall not be 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.

LTI 2022

The AGM 2022 resolved, in accordance with the board of directors' proposal, on the implementation of a performance-based incentive program, named LTI 2022, directed issue of 900,000 warrants, transfer of the warrants to participants in LTI 2022 and transfer of warrants to cover costs for LTI 2022 and authorization to enter into swap agreement. A more detailed description of LTI 2022 can be found in the notice convening the Annual General Meeting 2022.

Price development and turnover of CombiGene in 2022



Ten largest shareholders as of December 31, 2022	Total holdings	Holding %
Myrlid AS	1,400,000	7.07%
Nordqvist, Jan Ivar	1,293,368	6.53%
Avanza Pension	1,153,219	5.82%
Nordnet Pensionsförsäkring AB	528,752	2.67%
Thoren Tillväxt AB	494,894	2.50%
Försäkringsaktiebolaget Skandia	279,646	1.41%
Olsson, Per Magnus	240,764	1.22%
Ferstad, Arne	214,072	1.08%
Darlista, Flamur	166,566	0.84%
Thomassen Skaar, Christian	153,314	0.77%

Board of directors and Auditor

BERT JUNNO
CHAIRMAN OF THE BOARD SINCE 2020

Education and 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.
Current board assignments: Chairman of the Board of Cyxone AB (publ) and Aptahem AB (publ). Board member of Gabather AB (publ), Fornio AB and Accequa AB.
Own and/or related parties' holdings in the company: Holds no shares or warrants.

Independent of the company and the management, independent of the major owners of the company.

GUNILLA LUNDMARK
BOARD MEMBER SINCE 2021

Education and 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.
Current board assignments: Holds board positions within Chordate Medical Holding AB (publ.), IPF AB, Linnéa Capital I, Lipidor AB (publ.), Uppsala Innovation Centre AB, Uppsala University Project AB and Uppsala University Research Intellectual Property AB.
Own and/or related parties' holdings in the company: Holds no shares or warrants.

Independent of the company and the management, independent of the major owners of the company.

PETER NILSSON
BOARD MEMBER SINCE 2014

Education and 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.
Current board assignments: Board member and owner of PN Finanskonsult AB.
Own and/or related parties' holdings in the company: 77,227 shares.

Independent of the company and the management, independent of the major owners of the company.

JONAS EKBLOM
BOARD MEMBER SINCE 2020

Education and experience: Jonas 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 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 has also received professional training in strategic planning and business management. Jonas has published more than 60 articles in peer-reviewed journals.
Current board assignments: Board director in Pergamum AB and Pergasus AB. Chairman of the board in EffRx Pharmaceuticals SA.
Own and/or related parties' holdings in the company: Holds no shares or warrants.

Independent of the company and the management, independent of the major owners of the company.

PER LUNDIN
BOARD MEMBER SINCE 2020

Education and experience: Per earned his Ph.D. at the Karolinska Institute, holds an MSc in Biotechnology Engineering, and an MScBA from Stockholm University School of Business. He 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.
Current board assignments: Board member of JDRF UK.
Own and/or related parties' holdings in the company: 5,976 shares.

Independent of the company and the management, independent of the major owners of the company.

AUDITOR: MAZARS AB

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.

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 2023.

Management

JAN NILSSON
CEO SINCE 2016. (BORN 1949)

Education and experience: Jan Nilsson 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 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.

Current board assignments: Board member of Aptahem AB, CarryGenes Therapeutics AB, and Urbicum Ledningskonsult AB.

Own and/or related parties' holdings in the Company: 55,000 shares.

KARIN AGERMAN
CHIEF SCIENTIFIC OFFICER SINCE 2018. (BORN 1973)

Education and experience: Karin Agerman has a PhD in molecular neurobiology from Karolinska Institutet and more than fifteen years of experience in the international pharmaceutical industry and the start-up arena in Sweden. She has worked for companies such 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.

No current board assignments.

Own and/or related parties' holdings in the Company: No holdings in shares or warrants.

PETER EKOLIND
COO SINCE 2022. (BORN 1964)

Education and experience: Peter Ekolind is a registered nurse, a certified market economist and holds an Executive MBA from the School of Economics at Lund University. He has many years of broad experience in marketing, sales and leadership from several global pharmaceutical, biotechnology and medical technology companies in various senior roles. Among other things, he has been managing director of Getinge Sweden and Avidicare. In recent years, the focus has been on work in smaller start-ups.

No current board assignments.

Own and/or related parties' holdings in the Company: 6 445 shares.

LOUISE ASPENBERG
CHIEF FINANCIAL OFFICER SINCE 2020. (BORN 1976)

Education and experience: Louise Aspenberg has completed the International Economics Programme at Örebro University. Louise is an experienced economist 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.

No current board assignments.

Own and/or related parties' holdings in the Company: No holdings in shares or warrants.

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.

Ownership and corporate governance

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 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 2022
The Annual General Meeting of 19 May 2022 adopted the Board's resolution that the board be granted authorization to decide, on one or several occasions before the next Annual General Meeting, on issuances of shares, warrants or convertibles, 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.

The 2022 Annual General Meeting resolved, in accordance with the Board's proposal, on a performance-based incentive program (LTI 2022). The duration of the program is approximately three years and will be offered to certain employees and consultants, or newly hired persons, in the company. A maximum of 617,220 Performance Share Rights may be allocated to the participants, corresponding to approximately 3 percent of the out-standing shares and votes in the Company, as well as 282,780 warrants issued to hedge the Company's cost under the Program, which corresponds to approximately 1.4 percent of the outstanding shares and votes in the Company.

In accordance with the Board's proposal, the AGM resolved on a directed issue of 900,000 warrants with the right to subscribe for new shares in the company for the implementation of LTI 2022.

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

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

Glossary

AAV Adeno-associated virus.

AMPA receptor A transmembrane receptor subtype for glutamate that acts as an ion channel and mediates fast synaptic signal transmission in the central nervous system (CNS). AMPA receptors are also present in peripheral nerves and may play a role in pain signaling.

C-kinase A family of protein kinase enzymes that are involved in controlling the function of other proteins through the phosphorylation of hydroxyl groups of serine and threonine amino acid residues on these proteins, or a member of this family.

CDMO Contract development and manufacturing organization is a company that serves other companies in the pharmaceutical industry on a contract basis to provide comprehensive services from drug development through drug manufacturing.

Chronic pain Pain that has lasted longer than three to six months. In some cases, the chronic pain may disappear at a later stage. Thus, chronic pain is not necessarily permanent.

Clinical development Comprises three phases, see clinical phase I, II, III below.

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

CRO Contract Research Organization is a company that provides support to the pharmaceutical, biotechnology, and medical device industries in the form of research services outsourced on a contract basis.

Eurostars A funding instrument that supports innovative SMEs (Small and Medium-sized Enterprises), and project partners (large companies, universities, research organizations and other types of organizations) by funding international collaborative R&D and innovation projects.

Gene therapy A medical field which focuses on the genetic modification of cells to produce a therapeutic effect or the treatment of disease by repairing or reconstructing defective genetic material.

GMP Good Manufacturing Practice 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, for example cultivated cells, 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.

Lipodystrophy 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).

Neuropathic pain Nerve pain can occur after diseases and injuries of the somatosensory nervous system and spread within a neuroanatomical innervation area. The term neuropathic pain is usually associated with pain that persists after healing of the initial insult.

PCT Patent Cooperation Treaty, an international patent law treaty, concluded in 1970. It provides a unified procedure for filing patent applications to protect inventions in each of its contracting states.

Peptide Short chains of amino acids linked by peptide bonds.

PICK1 A protein that interacts with C-kinase 1.

Plasmid Small, extrachromosomal DNA molecule within a cell that is physically separated from chromosomal DNA.

Preclinical study In vitro and in vivo studies carried out before the clinical development (see above) with the objective to make sure that the new therapy is safe and has the intended effect.

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

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.

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