Next generation biopharmaceuticals

2021

AFFIBODY MEDICAL AB
ANNUAL REPORT

THE FINANCIAL YEAR
2021

AFFIBODY

”We have had a an impressive year, establishing a second collaboration around izokibep with an international pharmaceutical company, initiating two additional Phase 2 studies of izokibep, and taking important steps for our preclinical projects to advance to clinical phase.”

Affibody Medical AB (publ)
(556714-5601)

Scheeles väg 2
171 65 Solna, Sweden

Phone: +46 (0) 8 59 88 38 00
Email: reception@affibody.com

CONTENT

Technology and business model

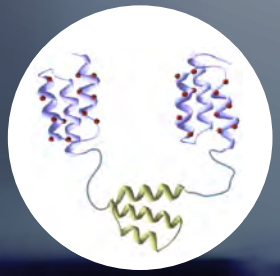
Affibody has developed a unique technology platform that enables us to build a broad pipeline of drug candidates for diseases with high unmet medical needs. Affibody® molecules have properties that enable high drug efficacy, patient-friendly administration options, and reduce the risk of immune reactions.

Affibody has a proven ability to establish collaborations with other companies in order to reduce the company's development costs and maximize the potential for successful global market introductions.

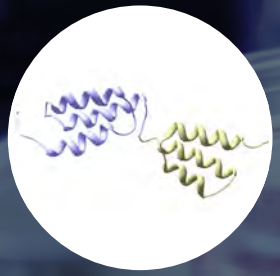
Affibody has built a broad pipeline using its technology platform:

IMMUNOLOGY

Izokibep (ABY-035)
- Multiple Phase 2 studies.
- Established partnerships.



ABY-062
- Late preclinical development.



ONCOLOGY

ABY-251
- PET imaging analog ABY-025 in Phase 2/3 trial.
- Therapeutic compound, ABY-251, in late preclinical development.

ABY-071
- Preclinical development.

The year in brief

2021

FEBRUARY

Affibody and Inmagene Biopharmaceuticals announced that the US Food and Drug Agency (FDA) approved izokibep (ABY-035) for Phase 2 clinical development for the treatment of ankylosing spondylitis, a subset of axial spondyloarthritis (axSpA). The parties are jointly developing izokibep to treat several autoimmune diseases. Inmagene has assumed responsibility for managing the global clinical trials.

MARCH

The FDA approved izokibep for Phase 2 clinical development for non-infectious intermediate, posterior and pan-uveitis. Uveitis is one of the leading causes of blindness in the world and the need for better medical treatments for this rare disease is therefore large. Affibody and its partner Inmagene Biopharmaceuticals are jointly developing izokibep to treat several autoimmune diseases and Affibody has assumed responsibility for managing the global clinical trials for uveitis.

SEPTEMBER

Quan Dong Nguyen, lead coordinator of the LINNAEA study, investigating izokibep in uveitis, gave a talk at the European Society of Retina Specialists virtual conference EURETINA 2021 on ”New biological treatments of posterior uveitis”.

NOVEMBER

ACELYRIN meets the criteria in the agreement for the funding date and Affibody receives the remaining upfront payment for the license rights, totaling USD 25 million.Affibody is eligible for additional regulatory and sales-based milestone payments of up to approximately SEK 2.5 billion, plus royalties on sales at high single-digit to low double-digit percentage rates.

Under the terms of the agreement, ACELYRIN has been granted global rights to izokibep in addition to development and commercialization rights already granted to Affibody’s partner Inmagene Biopharmaceuticals in selected Asian countries. In addition, Affibody retains commercialization rights in the Nordic countries.

AUGUST

Affibody entered into an agreement with ACELYRIN for the development and commercialization of izokibep corresponding to a total value of approximately SEK 2.7 billion plus royalties. Under the terms of the agreement, Affibody will receive an upfront payment of SEK 1 million per month until secured financing terms are agreed to by the counterparty, who will then receive the intellectual property rights to the license. Nikolai Brun was appointed Chief Medical Officer. He is a member of Affibody’s management team and responsible for clinical drug development and regulatory affairs.

Nikolai Brun has held a number of senior clinical development positions in the pharmaceutical industry over the past 20 years. This extensive experience has been gained in both large and small organizations, such as Novo Nordisk, GenMab, and Genzyme as well as the Danish Medicines Agency.

The first patient was dosed in the global Phase 2 ASPIRE trial, which is evaluating izokibep for the treatment of ankylosing spondylitis (AS).

Significant events after the end of the financial year

JANUARY

Lokon Pharma AB and Affibody began a collaboration to develop new cancer therapies

The MPP 2017/2023 incentive program was closed according to a board decision in January and SEK 1.5 M refunded to the holders in February

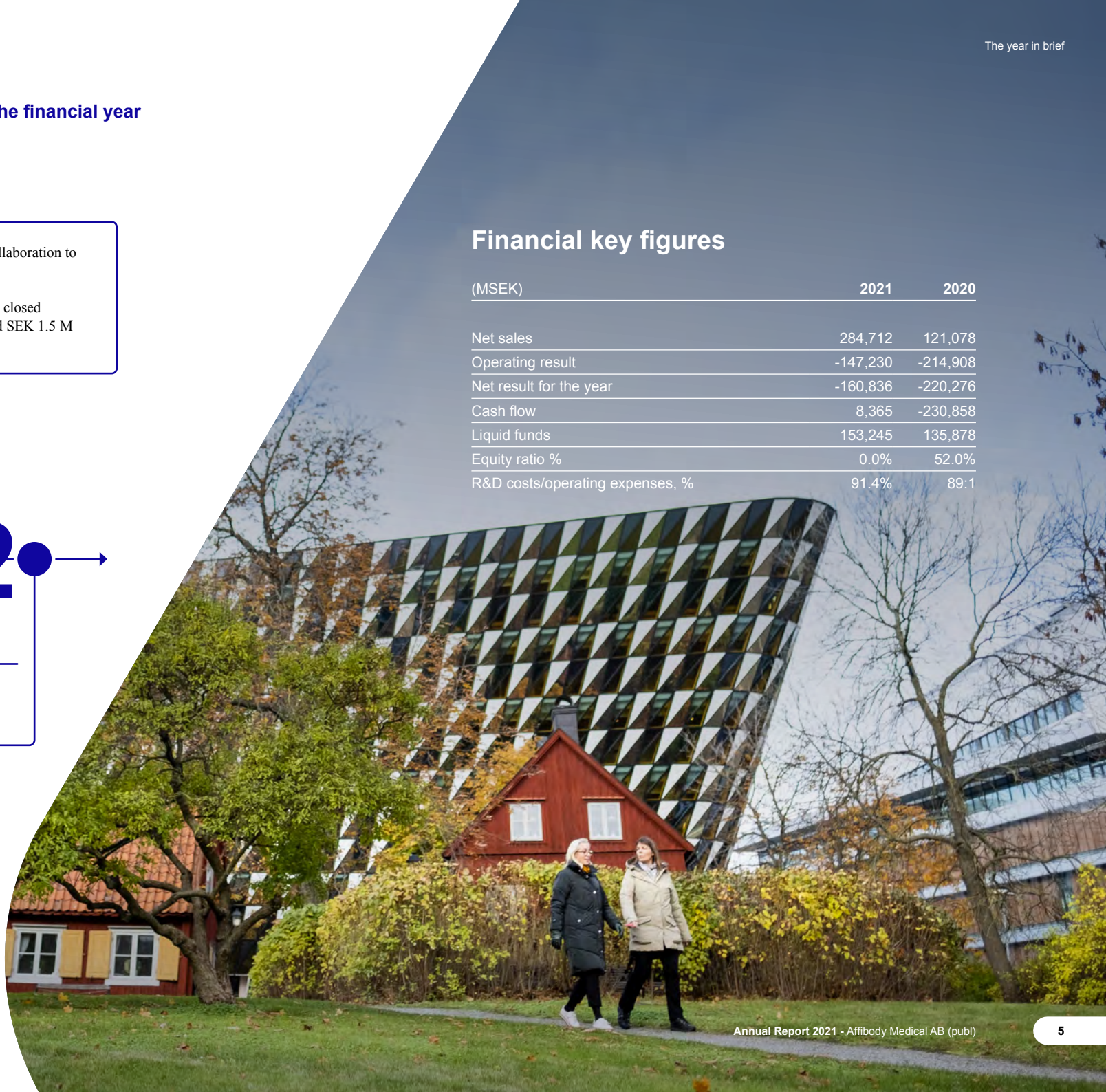
2022

FEBRUARY

RallyBio announces phase 1 initiation with RLYB116

Financial key figures

(MSEK)	2021	2020
Net sales	284,712	121,078
Operating result	-147,230	-214,908
Net result for the year	-160,836	-220,276
Cash flow	8,365	-230,858
Liquid funds	153,245	135,878
Equity ratio %	0.0%	52.0%
R&D costs/operating expenses, %	91.4%	89:1



CEO comment

“I feel confident about the future of the izokibep program.”

New collaboration agreement and expanded clinical development program for izokibep

Affibody’s defining event in 2021 was the deal with US biotech company ACELYRIN for the development and commercialization of izokibep, with a total deal value of approximately SEK 2.7 billion plus royalties. Together with our previous partnership with Chinese Inmagene Pharmaceuticals, we have now secured funding for the development program of our most advanced drug candidate izokibeb, which is reassuring. Our partnerships have a sound commercial arrrangement where we collectively cover the US, European and Asian markets for izokibep in a logical and cost-effective and collaborative manner which will benefit the company in the long term.

Working with the highly experienced and professional team at ACELYRIN is both enjoyable and inspiring. We have known the team there for a long time and have always been impressed by their ability to develop a variety of drugs. I believe that we, together with them and the team behind Inmagene, can create something really significant with izokibep. I feel confident about the future of the izokibep program.

Affibody is now entering several new large Phase 2 trials. At year-end, a total of four global Phase 2 studies of izokibep were ongoing in the indications of psoriasis, psoriatic arthritis, uveitis, and ankylosing spondylitis. For this reason, we have strengthened our regulatory and clinical expertise further during the year. Professor Nikolai Brun, who has held a number of senior clinical development positions in the pharmaceutical industry over the past 20 years, was appointed Chief Medical Officer of the company in August and is responsible for clinical drug development and regulatory affairs. Under Nikolai’s leadership we expect to become even better at successfully running clinical trials.

From the open-label extension of the psoriasis study with izokibep, we can conclude that izokibep has a favourable efficacy, safety and tolerability profile even after regular administration for several years.

We have also reported topline data from our Phase 2 study in psoriatic arthritis. Izokibep was dosed for 16 weeks and tested against placebo and met its primary endpoint of the trial reducing the ACR50 score, thus demonstrating the safety and efficacy of izokibep in psoriatic arthritis and laying the ground for further development of the compound. At the time of

writing, some 300 patients have been dosed with izokibep, some for more than three years, and the safety profile of the compound continues to look very favorable.

But we are not only dependent on izokibep. With our technology platform we have already created a broad and risk-balanced pipeline that can handle challenges. We are actively working to bring the next project, ABY-251, further into clinical development that can expand our pipeline into new areas of unmet medical need. It is a targeted radiotherapy against tumor cells that overexpress HER2 and is primarily being developed for the treatment of HER2-expressing cancers. We will be able to see first data from this in 2022.

At the same time, we are also strengthening our Board of Directors with two new members. Camilla Sønderby and Anders Martin-Löf have extensive expertise in drug commercialization and financing, respectively, in private and publicly listed biotech companies.

Overall, we have had a very good year, establishing a second collaboration to both fund and speed the further development of izokibep with an international pharmaceutical company, initiating two additional Phase 2 studies of izokibep, and taking important steps for our preclinical projects towards advance to clinical phase. I am confident that our technology platform, broad pipeline, and clinical trial data will make 2022 an even better year.

Solna, 15 March, 2022

David Bejker
President and Chief Executive Officer

“With our technology platform we have already created a broad and risk-balanced pipeline that can handle challenges.”

David Bejker

President and Chief Executive Officer

Technology platform

Affibody is building an integrated biotechnology company that develops and commercializes, in-house and with partners, innovative treatments for diseases with high unmet medical needs. The company focuses on target proteins and indications where its proprietary technology platform - Affibody® molecules and Albumod® - have the potential to generate drug candidates with significant competitive advantages over conventional monoclonal antibodies. The platform technlogy has been validated in clinical trials.

Affibody® molecules

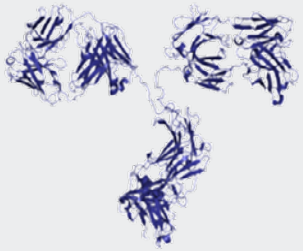
The company has a technology that enables development of a new generation and class of drug candidates, Affibody® molecules. Like antibodies, these molecules have high selectivity and bind strongly to target proteins, but they are much smaller and more compact than antibodies. An additional advantage is that Affibody® molecules act without activating the body's immune system.

Albumod® technology

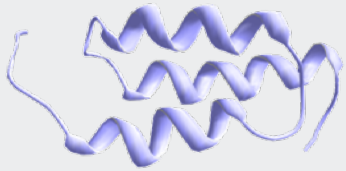
For a drug to have the desired effect, it must in most cases, remain in the body for a long time. Affibody's proprietary Albumod® molecule binds strongly to albumin, which is present in large quantities in the body's bloodstream and tissues. When Affibody® molecules are combined with Albumod®, a selective drug that lasts for several weeks instead of just a few minutes can be achieved.

Affibody® molecules compared to traditional technologies

Monoclonal antibodies
(150 kDa)

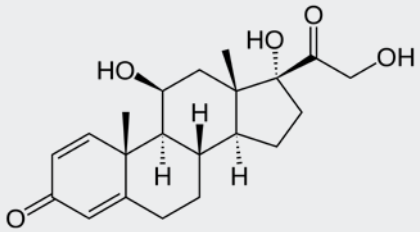


Affibody® molecules
(6,5 kDa)



The size of Affibody® molecules is only approximately one-twentieth that of monoclonal antibodies, resulting in better tissue penetration and more efficient and flexible dosing.

Small molecule drugs
(<1 kDa)



Molecular advantages
Size, affinity, selectivity

Formatting advantages
Multispecificity, conjugate

Advantageous delivery.
Superior subcutaneous delivery, inhalation

Advantageous distribution
Long half-life, broad distribution

Affibody focuses on indications and target proteins where the technology platform can generate products with clear competitive advantages

High dose per injection volume

The small size of both Affibody® molecules and the Albumod® molecule allows for a superior subcutaneous formulation, with, typically, a ten-fold higher dose per injection volume compared to monoclonal antibodies.

Alternative administration routes

The small size of the molecules combined with their robustness also allows for the evaluation of alternative routes of administration, such as inhalation.

High and long-lasting efficacy

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

Well-balanced project portfolio

Affibody has a broad project portfolio with a good balance between partner-funded and in-house projects. The current partner agreements have a total potential value of SEK 4.5 billion plus royalties, and the company's unique technology platform provides good opportunities to continuously generate more projects.

Pipeline specially designed to explore unique aspects of the technology

Drug candidate	Mechanism of action	Indication	Preclinical	IND enabling	Phase 1	Phase 2	Phase 3	Partner
IMMUNOLOGY								
Izokibep	IL-17 inhibitor	PSO[1]	Phase 2 OLE[2]					ACELYRIN, INMAGENE
		SpA[3] (PsA[4])	Phase 2					
		Uveitis[5]	Phase 2					
		SpA (axSpA[6])	Phase 2					
		HS[7]	Preclinical					
ABY-062	Inhaled TSLP-inhibitor	Type 1 & Type 2 Asthma	Preclinical					
Non-public projects			Preclinical					
ONCOLOGY								
ABY-025/GE-226	HER2 PET	mBC[9], NSCLC[10], GEJ[11] and other cancer forms	Phase 2					GE Healthcare
ABY-251	HER2 RT[8]	mBC[9], NSCLC[10], GEJ[11] and other cancer forms	Preclinical					
ABY-071	B7-H3 RT[8]	Triple-negative breast cancer and other solid tumours	Preclinical					
Non-public projects			Preclinical					
RALLYBIO COOPERATION								
RLYB116	C5-inhibitor	Complement dysregulation	Preclinical					Rallybio

Abbreviations: 1) moderate to severe plaque psoriasis, 2) open extension study, 3) spondyloarthritis, 4) moderate to severe psoriatic arthritis, 5) non-infectious intermediate uveitis, posterior uveitis and panuveitis, 6) axial spondyloarthritis, 7) hidradenitis suppurativa, 8) radiotherapy, 9) metastatic breast cancer, 10) non-small cell lung cancer, 11) cancer of the esophagus.

Our projects in immunology

Izokibep

Izokibep is a unique bispecific protein drug candidate that effectively blocks interleukin-17A, a protein commonly found at sites of inflammation, including inflamed skin and joints. Izokibep also binds to albumin, resulting in a prolonged circulation time in the body.

The drug candidate has been designed by leveraging the strengths of Affibody's technology platform, which has enabled the development of a very small protein drug candidate (18 kDa, one eighth the size of an antibody) with remarkably high affinity to IL-17AA (KD ~300fM) and with an antibody-like half-life. Together, these characteristics offer the potential for best-in-class efficacy, long dosing intervals, and convenient subcutaneous administration by patients themselves in their home environment. In an ongoing Phase 2 study in psoriasis patients, izokibep has demonstrated a favorable safety profile and clear clinical benefit for up to three years of treatment.

Strong partnerships for further development and global commercialization

To achieve maximum development speed and rapid future market penetration, the global development of izokibep is being conducted in collaboration with Inmagene Biopharmaceuticals and ACELYRIN. The drug candidate has potential in the treatment of many inflammatory diseases and is currently being evaluated in patients with psoriasis, uveitis, psoriatic arthritis, and axial spondyloarthritis. Furthermore, Affibody, ACELYRIN and Inmagene Biopharmaceuticals intend to initiate studies in additional indications such as hidradenitis suppurativa.

Psoriasis

Psoriasis is an autoimmune disease characterized by thickened, reddened, and clearly defined patches on the scalp or other parts of the body. Standard treatment consists of various topical medications and UV therapy, but in severe psoriasis systemic immunosuppressive drugs are also used.

Izokibep's efficacy, safety profile and tolerability have been evaluated over 52 weeks in an extension phase of a double-blind, placebo-controlled study in 108 patients with moderate to severe psoriasis. The primary efficacy variable was defined as an improvement of at least 90% in the baseline Psoriasis Area Severity Index (PASI 90) after 12 weeks of treatment. In the group that completed the 80 mg every other week induction period, 15 of 17 patients (88%) achieved a PASI 90 response and 10 of 17 patients (59%) achieved complete or near-complete disease remission with an absolute PASI of 1 or less. Over one year, 17 of 21 (81%) patients in the induction group receiving 80 mg every two weeks and 18 of 22 (82%) patients receiving 160 mg every two weeks achieved an absolute PASI of 1 or lower and generally maintained complete or near-complete disease remission with once-monthly dosing thereafter. The majority of adverse events reported were mild and resolved during treatment.
The study has been extended, and three-year data confirm the safety, tolerability and efficacy of the large patient population enrolled in the extension study. For more information, visit www.clinicaltrials.gov(NCT03591887).

Psoriatic arthritis

Psoriatic arthritis occurs in patients with psoriasis whose condition develops to include inflammation of the joints. Such patients are currently treated with anti-inflammatory drugs and, in more severe cases, with immunosuppressive drugs.

A pan-European randomized, double-blind Phase 2 study in approximately 120 patients with active psoriatic arthritis is underway to investigate the efficacy of izokibep and the safety and tolerability profile of the drug candidate. The study is fully enrolled and will evaluate the primary efficacy endpoint ACR50 - an established method for measuring arthritis symptoms. Outcome measures for the study's primary endpoint after 16 weeks showed that izokibep, when dosed for 16 weeks and tested against placebo, met the primary endpoint of the trial, reducing the ACR50 score, thus proving the safety and efficacy of izokibep in psoriatic arthritis and laying the ground for further development of the compound. For further information visit www.clinicaltrials.gov (NCT04713072).

Uveitis

Uveitis is a rare inflammatory disease that primarily affects the retina of the eye (uvea) and is one of the most common medical causes of blindness. The only approved treatment today is the TNF-alpha blocker adalimumab, and there is a great need for more effective and safe therapies. A phase 2 clinical trial in patients with non-infectious intermediate uveitis, posterior uveitis, and pan-uveitis is currently enrolling. For further information visit www.clinicaltrials.gov (NCT04706741).

Axial spondyloarthritis

Axial spondyloarthritis (axSpA) is a disease of the spine and sacroiliac joints that usually starts before the age of 45 and mainly affects men. Treatment currently consists of NSAIDs or immunosuppressive drugs such as TNF-alpha blockers and JAK inhibitors.

In February 2021, the US Food and Drug Administration (FDA) approved the initiation of a Phase 2 clinical trial in patients with ankylosing spondylitis (AS or Bechterew's disease), a subset of axial spondyloarthritis. Patient recruitment for this study is ongoing. For further information visit www.clinicaltrials.gov (NCT04795141).

Hidradenitis suppurativa

Hidradenitis suppurativa is a chronic inflammatory disease that affects hair follicles in areas of the skin with many sweat glands. The disease results in recurrent painful and reddening sores, mainly in the armpits, groin, and around the anus. Treatment consists mainly of painkillers, antibiotics and, in more severe cases, the TNF-alpha blocker adalimumab. A Phase 2 study is planned here with our partners.

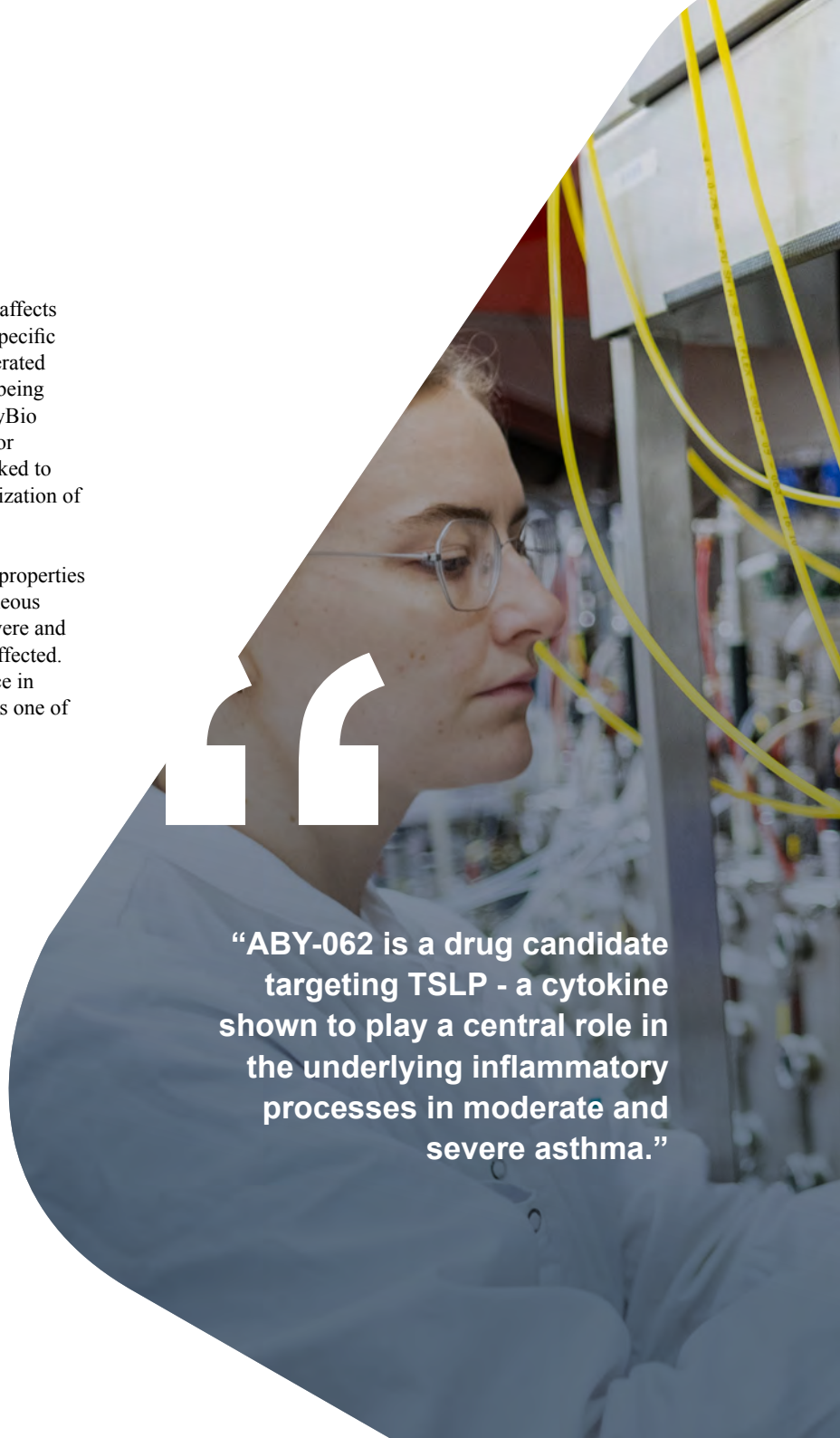
ABY-062

ABY-062 is a drug candidate targeting TSLP - a cytokine shown to play a central role in the underlying inflammatory processes in moderate and severe asthma. The drug candidate is developed using Affibody's technology platform and displays properties that provide the potential to develop into a long-acting inhaled treatment with superior efficacy to other compounds in its class. ABY-062 is now being prepared to enter clinical development. Affibody believes that drugs targeting TSLP could revolutionize the treatment of asthma. Given the enormous need for improved treatments for asthma and the major size of the market, (far beyond the resources of a company the size of Affibody), the company expects ABY-062 to be an attractive project for out-licensing to international pharmaceutical companies that can, at the appropriate time, assume global responsibility for the development and potential future commercialization of a market approved drug.

RLYB116 - developed by RallyBio

RLYB116 is a multifunctional drug candidate that affects the complement system, which is part of the non-specific immune system. The molecule was originally generated by Affbody in collaboration with Sobi and is now being developed by the US-based biotech company RallyBio under a licensing agreement. Affibody is eligible for regulatory and sales-based milestone payments linked to progress in the regulatory process and commercialization of a finished product, as well as sales-based royalties.

RLYB116 inhibits complement factor 5 (C5). The properties of the drug candidate make it suitable for subcutaneous administration in the treatment of patients with severe and rare diseases in which the complement system is affected. RallyBio is led by a team with extensive experience in developing complement inhibitors and RLYB116 is one of the company's most advanced drug programs.



Our projects in oncology

Precision medicine for cancer patients with HER2 overexpression

The HER2 receptor protein is an oncogene that has been shown to play a significant role in the development of certain aggressive types of breast cancer. HER2 has therefore become an important target for the treatment of the group of breast cancer patients in which cancer cells produce high levels of the protein. Current screening methods to detect high HER2 expression rely on biopsies, which limits the ability to diagnose patients correctly. The properties of Affibody® molecules make them well suited as diagnostic tools and as carriers of radioactive isotopes to fight the tumors.

ABY-251

ABY-251 is a targeted treatment against tumor cells that overexpress HER2, regardless of the type of cancer. ABY-251 identifies with high selectivity the presence of HER2 independently of tissue origin, binds strongly to the receptor, and in doing so, exposes the targeted tumor cells and nearby adjacent tissues to a beta-emitting therapeutic effect with broad potential. Phase 1/2a studies with ABY-251 are expected to start in 2022.

The ABY-251 program benefits directly from the experience gained in the earlier development of ABY-025, an imaging molecule designed to facilitate diagnosis of patients with HER2 expressing cancers not only in breast cancer but several other HER2-positive cancers, such as non-small cell lung cancer and certain forms of esophageal cancer.

ABY-025

ABY-025 is a gamma-emitting version of ABY-251 that is being developed to enable non-invasive and cost-effective PET imaging diagnosis of HER2 expression throughout the body in patients with metastatic diseases. Affibody is collaborating with academic institutions to explore the clinical utility of ABY-025 in a research-led Nordic multicenter study. Patient recruitment for this phase 2/3 study is currently ongoing. For further information visit www.clinicaltrials.gov (NCT03655353).

GE-226

Affibody has an ongoing collaboration with GE Healthcare for the development of an F18-based version of ABY-025, also for PET imaging diagnostics. This molecule has been successfully tested in breast cancer patients. More information is available at www.clinicaltrials.gov (NCT03827317).

ABY-071

ABY-071 is a targeted treatment drug candidate being developed to address the high unmet medical need in many cancers that do not exhibit high expression of HER2, including triple-negative breast cancer (TNBC), pancreatic adenocarcinoma (PDAC), sarcoma, and skin melanoma, but which do express the cell surface molecule, B7-H3. B7-H3 is overexpressed in solid cancers and has low expression in healthy tissues, making it an ideal target for radioimmunotherapy. The drug candidate is in preclinical development.

A strong and diversified patent portfolio

Affibody has built up a solid patent portfolio and is constantly working to further strengthen its intellectual property position. The aim is to ensure that our Affibody® molecules and Albumod® are protected from competition, thereby optimizing the opportunities to achieve our scientific and financial goals.

Our patent portfolio:

- Affibody has a portfolio consisting of 33 active patent families (a patent family is a group of patents and patent applications in different countries that have the same origin) and of these families to date Affibody has been granted patents in 27 key markets.
- Affibody also has several patent applications pending.

Our patent strategy:

- Affibody is applying for patents for Affibody® molecules developed against specific target proteins. The main purpose of all these patent applications is to cover the use of Affibody® and Albumod® as biopharmaceuticals.
- Such specific patent applications (composition-of-matter) for new molecules aim to provide both exclusivity and protection for products under development.

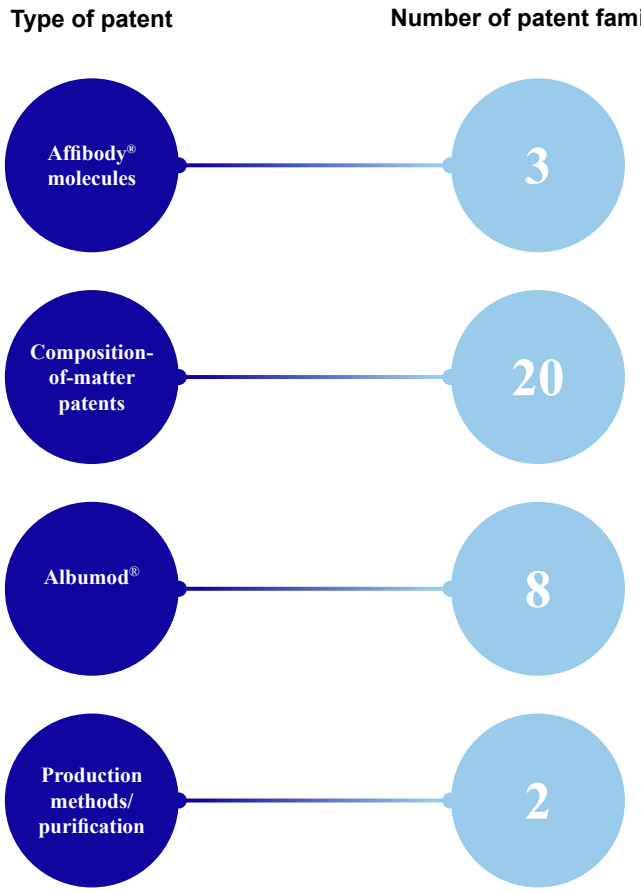
Protecting our technology platforms:

- The company's patents and patent applications relating to Affibody® molecules and Albumod® provide intellectual property protection well into the 2030s.

Company trademarks

Affibody	Affibody® is registered in the US, EU and Japan with pending applications in Australia, Canada, China, South Korea and Switzerland.
Albumod	Albumod® is registered in the EU with pending applications in the US, Japan, China and the UK.

Patent portfolio overview



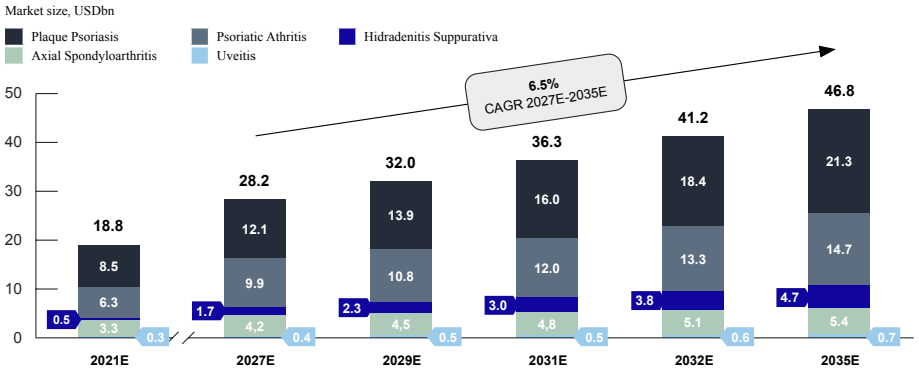
A large and expanding market

Affibody's platform technology is part of a class usually referred to as the next generation of antibodies. Common for these technologies is that they compete with monoclonal antibodies based on improved dosing, easier administration, and advantageous distribution.

Affibody is active in the fields of bi- and multi-specific biologics as well as in the radiotherapeutic field. These are considered attractive spaces that are receiving an increased interest and are expected to grow significantly.[1] For the bi- and multi-specific biologics, the market size in 2020 amounted to USD 2.8 billion, and the CAGR is projected at approximately 33 per cent per year between 2020 and 2027. The market size for radiotherapeutics amounted to USD 0.7 billion in 2020, and the CAGR is projected at 30 percent for the period 2020–2027.

Market overview for featured immunology indications

Affibody's drug candidate izokibep is being developed for the indications non-infectious non-anterior uveitis, axial spondyloarthritis, moderate to severe psoriasis, moderate to severe psoriatic arthritis, and hidradenitis suppurativa. The estimated aggregated serviceable addressable market for the targeted indications for izokibep in the seven largest geographical markets is set out below.



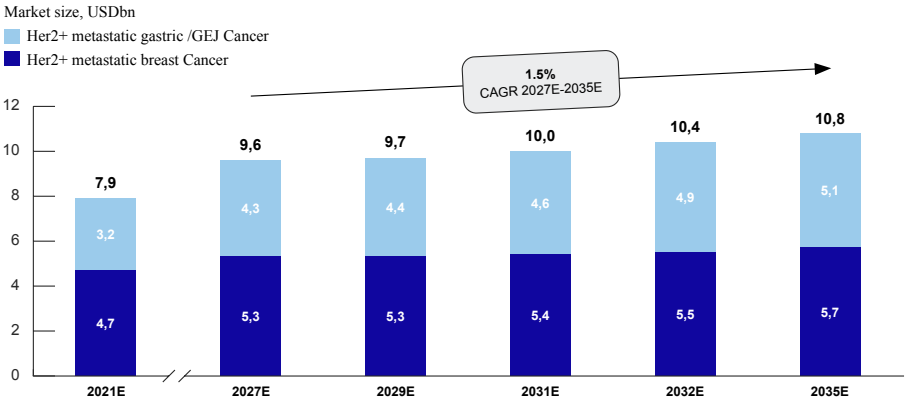
Källa: Arthur D. Little

In 2027, patients in the markets referred to above are estimated to amount to 1.3 million and growth is anticipated at a CAGR of approximately 5.3 percent to 1.9 million from 2027 to 2035.

Market overview for featured oncology indications

ABY-251 is a targeted radiotherapy treatment for HER2 overexpressing cancers. It is being devloped for treatments of HER2 expressing cancers, such as metastatic breast cancer and non-small cell lung carcinoma and gastroesophageal junction (GEJ) cancer.

The estimated aggregated serviceable addressable market for ABY-251 in HER2-positive metastatic breast cancer and HER2-positive metastatic gastric/GEJ cancer is set out below.



Source: Arthur D. Little, Market Study 2021

In the markets referred to above, there will be approximately 160,000 patients by 2027, a figure that will grow at a CAGR of 1.0 percent from 2027 to 2035, reaching a total of approximately 173,000 in 2035.

Co-workers

We want to attract the most talented and dedicated people in our field and give everyone the opportunity to enjoy working at Affibody and feel involved in the advanced and rapid development of drug candidates that have the potential to help patients with unmet medical needs.

Coworker engagement and high competence are crucial success factors for Affibody, and our goal is to attract and retain the most skilled and dedicated coworkers in our field and to create an environment where people can thrive and feel included.

A measure of our competence is that 59 percent of our employees have a PhD degree and 39 percent have other academic qualifications. The company had an average of 83 employees at the end of the year, where of 66 percent were women. The management team consists of five people, two of whom are women.

Caring, Ambitious, and Goal-oriented are the core values that define the Affibody culture. They are the cornerstones of our identity and influence our working environment and they are qualities that we encourage all our coworkers to nurture.

We care about our coworkers and want everybody to be engaged, successful, and enjoy coming to work every day. We want to empower every coworker and provide the conditions for everybody to fully contribute with their skills, develop and grow internally, and be respected for who they are.

Affibody complies with and respects the rules of the labor market and applies the collective bargaining agreement between IKEM (Innovation and Chemical Industries) and Unionen, Sveriges Ingenjörer, Ledarna and Naturvetarna.

Affibody offers competitive salaries and benefits and applies individually tailored salaries that are adapted to the local labor market.

Sustainability

Affibody's practice on environmental, ethical, and safety issues is an integral part of its operations, which are characterized by the commitment and responsibility of its employees.

Code of Conduct

Affibody's Code of Conduct is a framework for what Affibody considers to be responsible and appropriate behavior in different contexts and is described in Affibody's Code of Conduct in force at any given time. All co-workers are included and must certify in writing at least once a year that they have read and understood the applicable documents.

Systematic work environment

Affibody's overall work environment policy aims to maintain a work environment in which our co-workers thrive and progress, both physically and psychosocially. Work environment issues are addressed in the daily operations in cooperation with co-workers. We plan, manage and monitor our activities to ensure that we meet the requirements of the Work Environment Act (arbetsmiljölagen).

Planning for a good working environment must be based on an overall assessment and be part of our business planning. We strive for all co-workers to feel a sense of community and participation in their work and to actively contribute to a good working environment by taking responsibility for their work and showing consideration for each other. Our working environment is adapted to the different circumstances of our co-workers and the furnishings, facilities, and equipment is of the best standard for the purpose. We regularly monitor the work environment and revise our policy as necessary. Affibody has developed a work environment handbook to guide work environment management within Affibody, so that a good work environment with committed employees is achieved. The handbook is also intended to guide Affibody's work environment management, so that the authorities' requirements for systematic work environment management are met. The CEO is responsible for the content of the handbook and for ensuring that managers with delegated work environment tasks use it to build and maintain systematic work environment management within Affibody.

Safety

Affibody has formulated a document that describes our local safety regulations which is specifically related to Affibody's operations and premises. Each co-worker has a personal responsibility for his or her own safety and that of others. Each co-worker must participate in the work environment management and take part in the implementation of the measures needed to achieve a good work environment. It is incumbent on each individual to follow the instructions and procedures given and to observe the other precautions necessary to prevent ill health and accidents. Each co-worker must also be aware of and report any incidents, occupational injuries or other health risks.

Handling of hazardous substances

Biological substances in higher protection classes are not currently present at Affibody. For many biological substances, the risks are not yet identified, and biological substances should therefore always be handled with caution. All laboratory personnel are responsible for having knowledge of the hazard posed by a particular chemical product or chemical or biological substance. The chemical substances used at Affibody are registered in a web-based chemical management system, where documentation is available on possible risks. Flammable substances as well as toxic and hazardous chemicals, acids, alkaloids, solvents, etc. are stored in special cabinets clearly labelled with their contents and potential risks.

Waste

Recycling and managing natural resources is important to us at Affibody. Source separation is done as far as possible and environmentally hazardous waste and biological waste are collected in containers, before being sent off for destruction.

Permits

The company maintains a continuous dialogue with the Swedish Medical Products Agency and other relevant authorities on issues relating to permits, safety and the handling of hazardous substances. Affibody has the right to purchase technical alcohol for research purposes, with the Swedish Tax Agency's approval of Affibody as a tax-exempt consumer. In addition, the Swedish Medical Products Agency has authorized Affibody to use certain chemicals and the Swedish Work Environment Authority has been informed about Affibody's use of genetically modified micro-organisms (GMMs) in its operations. The GMM systems used are all established standards in the industry.

Animal testing

In order for a pharmaceutical product to be approved for testing in humans, regulatory authorities require that a great amount of data regarding safety and mechanisms of action first be developed in animal studies. Affibody complies with animal welfare legislation and strives to reduce the number of tests on animals. Drug development also involves a large number of methods not including animals and our ambition is, in line with the 3R principles, to continue to develop such methods with the aim of replacing or reducing the number of animals needed to obtain the data required by the authorities.

The Affibody share

Ownership

Affibody Medical AB had 119 shareholders as of the balance sheet date. The largest single shareholder was Duba AB, a company within the Investor AB sphere, which owned 72,8 % of the shares. Affibody's Articles of Association do not contain any restrictions on the number of votes each shareholder can cast at a general meeting. To the best of the Board's knowledge, there are no shareholders' agreements or equivalent that further regulate the rights and obligations of shareholders.

The share and the share capital

Affibody Medical AB has only one class of shares. At the end of 2021, the total number of outstanding shares was 19 879 494. All shares carry equal rights to the company's assets, and any eventual surplus, in the event of liquidation. The quotient value of the shares is SEK 5. The company's share was unlisted at the time of submission of this annual report. As per the 31 December 2021, the share capital amounted to SEK 99 397 470 divided into 19 879 494 shares.

Dividend policy

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

Development of share capital and number of shares

		Change		Total		
År	**Transaktion**	**Change in the number of shares**	**Change in share capital**	**Total share capital**	**Total number of shares**	**Quota value (SEK)**
2006	Inauguration	1 000	100 000	100 000	1 000	100
2006	Share consolidation	-999	-	100 000	1	100 000
2006	Share split	22 579 706	-	100 000	22 579 707	0,00443
2007	New share issue	3 314 534	14 679,26	114 679,26	25 894 241	0,00443
2007	New share issue	3 457 113	15 310,70	129 989,96	29 351 354	0,00443
2007	New share issue	637 318	2 822,53	132 812,49	29 988 672	0,00443
2007	Fund issue	-	7 364 355,51	7 497 168,00	29 988 672	0,25
2008	Warrants	10 407	2 601,75	7 499 769,75	29 999 079	0,25
2009	New share issue	43 650 000	10 912 500,00	18 412 269,75	73 649 079	0,25
2010	New share issue	29 209 324	7 302 331,00	25 714 600,75	102 858 403	0,25
2011	Conversion	107 960 988	26 990 247,00	52 704 847,75	210 819 391	0,25
2013	New share issue	9	2,25	52 704 850,00	210 819 400	0,25
2013	Share consolidation	-200 278 430	-	52 704 850,00	10 540 970	5,00
2014	Warrants	38 984	194 920	52 899 770,00	10 579 954	5,00
2016	New share issue	2 750 787	13 753 935	66 653 705,00	13 330 741	5,00
2016	Warrants	206 250	1 031 250	67 684 955,00	13 536 991	5,00
2017/18	New share issue	3 691 905	18 459 525	86 144 480,00	17 228 896	5,00
2019	New share issue	2 650 598	13 252 990	99 397 470,00	19 879 494	5,00
				99 397 470,00	**19 879 494**	**5,00**

Vision, mission, and strategy

Vision

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

Mission

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

Strategy

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

Management and Board of Directors

Management

David Bejker
Chief Executive Officer and President

Current position since 2008.
Born: 1975

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

Holding per 2021-12-31: : 43 000 shares (including related natural parties) and 200 000 options.

Fredrik Frejd
Chief Scientific Officer

Employed since 2002, current position since 2013.
Born: 1973

Fredrik Frejd has over twenty years of experience in biomedical research with expertise in tumor biology, biotechnological phage display, and therapeutic protein technique with antibody fragments, as well as artificial scaffold proteins. Fredrik is adjunct professor at the department of medical radiation sciences at Uppsala University. He is a board director at Mergus development AB, Akiram Therapeutics AB, Immuneed AB, and deputy board director at Amylonix AB. Fredrik is also a member of Technische Universität Dresden Center for Molucular Bioengineering's scientific council.

Holding per 2021-12-31: 24 446 shares and 75 000 options.

Nikolai Brun
Chief Medical Officer

Current position since 2021.
Born: 1966

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

Holding per 2021-12-31: 75 000 options.

Karin Nord
Cofounder and SVP Research Operations

Employed since 2000, current position since 2006.
Born: 1969

Karin Nord is one of Affibody's cofounders and was one of the company's first employees. She received her PhD, which included pioneering research on Affibody® molecules, from KTH Royal School of Technology, Stockholm, in 1999 and she also has a master's degree in chemistry from Karlstad University. Karin was the main author of the first scientific article concerning Affibody® molecules, which was published in Nature Biotechnology in 1997.

Holding per 2021-12-31: 67 805 shares (including related natural parties) and 75 000 options.

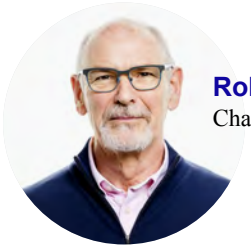
Camilla Danell
Chief Financial Officer

Current position since 2022.
Born: 1977

Camilla Danell has 20 years of experience in senior financial positions in both listed and private company groups. She has many years of experience in companies operating in international environments and has held positions as Chief Accountant and Chief Financial Officer. She has also worked as an auditor for 11 years at PwC. Camilla has a master's degree in business administration from Luleå University of Technology.

Holding per 2021-12-31: 0 shares.

Board of Directors



Robert Burns
Chairman of the Board

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

Robert Burns is board director in Targovax and has been CEO in three companies active in research and development of antibodies (Celldex, Affitech, and 4-Antibody AG). Further, he was also chairman in Haemostatix up until the successful divestment to Ergomed and he is currently a board director at Targovax ASA. Robert has previously held leading positions in commercial activities and business development at Ludwig Cancer Research, Oxford Glycosciences, British Biotechnology, Applied bioTechnology, and Corning Glassworks. Robert holds a PhD in chemistry from the University of Birmingham.

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

Holding per 2021-12-31: 26 114 shares, 3 500 synthetic shares, 3 500 synthetic options and 40 000 options.

Mathias Uhlén
Board Director

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

Mathias Uhlén is one of the co-founders of Affibody and professor in biotechnology at KTH Royal School of Technology, Stockholm. He is the program director of the Human Protein Atlas (HPA) project, which is financed by the Knut and Alice Wallenberg foundation. Mathias is Chairman at ScandiBio Therapeutics AB, ScandiEdge Therapeutics AB, A05 Diagnostics, ProteomEdge AB, and a board director at Novozymes A/S, Atlas Antibodies AB, Antibodypedia AB, Atlasab Intressenter AB, and MU Bioteknik AB.

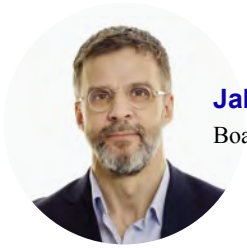
Holding per 2021-12-31: 905 719 shares (including companies) and 40 000 options.

Jonathan Knowles
Board Director

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

Jonathan Knowles is professor in personalized health at the Finnish Institute for Molecular Medicine at Helsinki University and guest professor at the University of Oxford. He is currently Chairman of Faron Pharmaceuticals Oy's Scientific Advisory Board, Chairman of Genomics England's Access Review Committee, a board member of Immunophotonics Inc., and Caris Life Sciences. In his latest leading position, he was director of research at Roche and member of the company group's scientific committee. Additionally, Jonathan was board director at Genentech for twelve years, and at Chugai for seven years.

Holding per 2021-12-31: 12 114 shares, 4 301 synthetic shares and 4 301 synthetic options and 40 000 options.



Jakob Lindberg
Board Director

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

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

Board Committee: member of the Remuneration Committee.

Holding per 2021-12-31: 40 000 options.

José Suárez
Board Director

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

José Suárez has been employed at Patricia Industries North America since 2015. He has more than 20 years of experience in venture capital and private equity and was manager at Investor Growth Capital, focusing on infrastructure technologies ranging from semiconductors to hardware systems and software. He is a board director at Exagrid Corporation and has previously served on the boards of Acquia Inc., AgJunction Inc., Chelsio Communications, eSilicon Corporation, and Trilliant Networks Inc., among others. José holds a bachelor's degree in Asian Studies from Dartmouth College.

Board Committee: member of the Audit and Remuneration Committee.

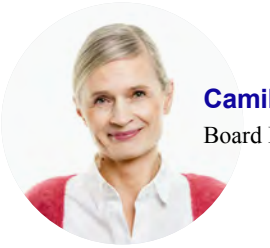
Holding per 2021-12-31: 0 shares.

Gillian M Cannon
Board Director

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

Gillian M Cannon is currently COO and a board director at Alyvant Inc., a board director at Edinburgh Innovations, and Corcept Therapeutics Inc., President Emeritus of Castle Biotech LLC, and President of CastleTech Consulting. She is also a member of the HealthEgames Advisory Board. Gillian has held senior positions at several pharmaceutical companies in a wide range of areas, including market access, outcomes research, sales management, and business development. She has served as President of North American Operations at UCB, and holds a PhD in Health Administration, and MBA and an undergraduate degree in Biochemistry.

Holding per 2021-12-31: 40 000 options.



Camilla Sønderby
Board Director

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

Camilla Sønderby is a board member of F2G and Healthcare Adviser at EQT Partners. She has more than 20 years of experience from senior positions in international pharmaceutical companies such as Takeda, Shire, Abbott, Roche, and Schering Plough. Camilla has been involved in the commercialization of pharmaceuticals, as well as R&D, patient safety and IR. She holds a master's degree in political science from the University of Copenhagen.

Holding per 2021-12-31: 40 000 options.

Anders Martin-Löf
Board Director

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

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

Board committee: Chairman of the Audit Committee.

Holding per 2021-12-31: 40 000 options.

Administration report

The board and CEO hereby submit the annual report and consolidated financial statements for the financial year January 1, 2021 to December 31, 2021 for Affibody Medical AB (publ) (556714-5601). Figures in parentheses refer to the previous year. All amounts are expressed in thousands of krona (SEK K) unless otherwise stated. Affibody Medical AB (publ) has its registered office in Solna, Sweden.

Description of the business

Affibody is building an integrated biotech company with expertise in development, manufacturing, and commercialization. We are building our company and our extensive development program on the strengths of our differentiated proprietary platforms and focusing on areas and indications where our platforms offer a competitive advantage. Our access to high-quality science is strategically imperative as we advance our experimental drug model by building development programs that can improve the lives of patients suffering from serious illnesses. Affibody was founded in 1998 by researchers at the KTH Royal Institute of Technology and Karolinska Institutet. The company's headquarters are in Solna. The parent company responsible for preparing Affibody's consolidated financial statements is Investor AB (556013-8298), which is based in Stockholm.

Significant events during the financial year

- The US FDA approved izokibep (ABY-035) to proceed to phase II clinical development in relation to ankylosing spondylitis (AS), which is a subset of axial spondyloarthritis (axSpA). Affibody and its partners are jointly developing izokibep to treat several autoimmune diseases, and Inmagene has taken responsibility for managing the global clinical trials for axSpA.
- During the year, the company received convertible loans totaling SEK 207.6m, primarily from its largest shareholder, Duba AB.
- The first patient was given the first dose in the axSpA phase II study for izokibep (ABY-035), which is being run in collaboration with our partner Inmagene.
- On August 9, 2021, Affibody entered into a licensing and collaboration agreement with ACELYRIN, INC. ("ACELYRIN") to develop and commercialize izokibep. The license took effect on November 16, which, under the terms of the agreement, occurred once the financing conditions were met. The agreement has a total contract value of USD 305m with an opportunity for future royalty revenue.
- Affibody, ACELYRIN, and Inmagene announced positive interim results from the global phase II study of izokibep in patients with psoriatic arthritis.
- Camilla Sønderby and Anders Martin-Löf were appointed board members at the extraordinary general meeting held in December 2021.

Other

- The annual general meeting on June 30, 2021 re-elected Robert Burns, Gillian Cannon, Jonathan Knowles, Jakob Lindberg, José Suaréz, and Mathias Uhlén as board members.

Important events after the end of the financial year

- Camilla Danell was employed as CFO on January 1, 2022.
- Lokon Pharma AB and Affibody began a collaboration to develop new cancer therapies.
- The MPP 2017/2023 program was closed down following a board decision in January and SEK 1.5m was repaid to the holders in February.
- RallyBio announces phase 1 initiation with RLYB116.

The group's results

Operating income

The group's net sales in 2021 amounted to SEK 284.7m (121.1m), with the revenue primarily attributable to revenue from ACELYRIN of SEK 251m in connection with the agreement regarding ABY-035 (izokibep). Under the terms of the agreement, ACELYRIN has obtained worldwide rights to izokibep, except for the development and commercialization already granted by Affibody to Inmagene in May 2020 in selected Asian countries. The parties have agreed that Affibody will provide transition services for 12 months to facilitate a rapid, seamless transfer of the license and associated processes to ACELYRIN. As of December 31, these services have not yet begun and no revenue has been recognized for this in 2021. Affibody shall also provide technical support for a period of 24 months from the date of signing the agreement, August 9. This revenue corresponds to approximately SEK 0.5m. Other revenue from ACELYRIN refers to compensation for development costs where the revenue is recognized on the basis of work carried out. For the year, this revenue amounted to SEK 81.8m. The remainder of the revenue mainly derives from the agreement with Inmagene and work related to investigational medicinal products for clinical studies and the development of reports totaling SEK 31.1m.

Cost of goods and services sold

The cost of goods and services sold amounted to SEK 118.5m (1.7m). The cost of goods sold consists of direct sales of ligands of SEK 0.6m and investigational medicinal products to Inmagene at a cost of SEK 26.7m (0.0m). The cost of services sold relates to technical support for ACELYRIN and amounted to SEK 0.4m. The costs for research and development work on behalf of ACELYRIN amounted to SEK 71.1m. The costs for the development of investigational medicinal products for Inmagene for clinical studies totaled SEK 4m (0.0m). The amortization of additional costs for obtaining the contracts with Inmagene and ACELYRIN is recognized at SEK 0.0m (1.3m) for Inmagene and SEK 19.8m (0.0m) for ACELYRIN.

Operating costs
Total operating costs amounted to SEK 313.4m (334.3m). The costs mainly consisted of research and development costs of SEK 286.5m (297.9m). The lower costs are a result of ACELYRIN taking over responsibility for the development work for izokibep for the rest of the world, whereas Inmagene has had development responsibility in parts of Asia since May 2020. Administrative expenses amounted to SEK 30.5m (32.3m). Marketing and sales costs amounted to SEK 4.2m (6.9m). Depreciation/amortization of non-current assets, included in the operating costs, amounted to SEK 16.2m (16.8m). Other revenue consists of the sale of an intangible asset to Amylonix AB for SEK 3.8m. For further information on transactions with related parties, see note 7.

Results
Operating profit was negative, amounting to SEK -147.2m (-214.9m). The improved result for the full year derives from the new agreement with ACELYRIN.

Net financial income/cost
Financial income amounted to SEK 0.0m (0.5m) and comprised interest income. Financial costs amounted to SEK -9.8m (-5.9m) and were related to increased interest expenses due to convertible loans totaling SEK 207.6m with an interest rate of 3%. The write-down of shares in the unlisted company Amylonix AB burdened financial costs by SEK 3.8m (0.0m).

Tax
No corporate income tax was reported in 2021 (-). No deferred tax was recognized for the group's unutilized tax losses.

Net result for the period
Profit was negative, amounting to SEK -160.8m (-220.3m). The increase during the year is a result of ACELYRIN taking over development responsibility for the rest of the world, and the initial revenue linked to the agreement. Affibody's success in concluding another agreement for izokibep in 2021 has made it possible to sustain the pace of development of izokibep with our partners while continuing to build a broad pipeline with new products.

Cash flow and investments
Cash flow from operating activities, before changes in working capital, amounted to SEK 145.3m (-194.8m). The improved cash flow can mainly be explained by ACELYRIN taking over the development costs for izokibep in their entirety as of August 9, 2021. Affibody has also received an initial payment in connection with the ACELYRIN collaboration agreement of approximately SEK 215.4m, of which SEK 179.5m was recognized as income in the period. The figures include non-cash items of SEK -0.7m (8.7m), mainly related to accrued interest expenses for convertible bonds with an interest rate of 3%. Cash flow from changes in working capital amounted to SEK -43.7m (-19.8m). Cash flow from investing activities amounted to SEK -3.6m (-10.5m) and is primarily related to laboratory equipment. Cash flow from financing activities amounted to SEK 201.0m (-5.7m) and is primarily attributable to convertible loans totaling SEK 207.6m, SEK 201.5m of which relates to loans from the largest shareholder, Duba AB, and the remainder being from other shareholders. Cash flow amounted to SEK 8.4m (-230.9m).

Liquid funds
On December 31, 2021, liquid funds amounted to SEK 153.2m (135.9m).

Equity
Equity in the group amounted to SEK 0.0m (145.9m) as of December 31, 2021. Affibody introduced an employee stock option program in September 2021 (ESOP 2021/2028). The option premium for the employee stock option program amounts to SEK 1.4m for the full year and the equity component of the convertible bonds amounts to SEK 13.4m. The decrease in equity was mainly due to the negative result for the 2021 financial year and increased indebtedness. An unconditional shareholder contribution of SEK 194.7m was provided to the subsidiary during the year. Share capital is intact for both legal companies in the group as of December 31, 2021.

Debts and receivables
Current receivables amounted to SEK 122.2m (36.3m). The increase is mainly due to accrued income of SEK 50.8m for cost reimbursement for development work by ACELYRIN and to advances of SEK 23.6m to suppliers for manufacturing investigational medicinal products. These costs will be reimbursed by ACELYRIN in accordance with the agreement. On December 31, 2021, non-current liabilities amounted to SEK 263.1m (69.1m), the increase being due to convertible bonds received by the company totaling SEK 207.6m (excluding accrued interest). SEK 198.8m has been recognized as a non-current liability and SEK 13.4m as equity. The fair value of social security contributions arising from the 2021/2028 employee stock option program has been recognized as a non-current liability of SEK 0.7m. Current liabilities amounted to SEK 108.3m (62.6m). The increase can mainly be attributed to an increase in prepaid income from ACELYRIN in connection with revenue totaling SEK 35.4m that is recognized over time. For further information, see note 5.

Investments, tangible and intangible assets
Investments in tangible assets (i.e., property, plant and equipment) amounted to SEK 3.6m (10.5m) during the year. They are chiefly linked to purchases of laboratory equipment.

The share
The total number of shares amounted to 19,879,494 and the registered share capital to SEK 99,397,470. Affibody Medical AB has only one share class, and each share carries one vote and entitles the holder to an equal share of the distributed earnings. No changes took place during the year.

Employees
On December 31, 2021, the average number of employees in the group was 83 (72).

Transactions in foreign currencies
Affibody Medical's revenue consists primarily of licensing revenue, signing fees, and product sales. Licensing revenue and signing fees are normally denominated in foreign currencies (primarily USD and EUR). The group's development costs are largely denominated in foreign currencies (primarily USD and EUR). For 2021, no currency hedges were made as bank balances in foreign currencies of SEK 86.7m as at December 31, 2021 are judged to correspond to the purchase-related currency exposure during the coming 12-month period.

Sales by revenue type
On August 9, 2021, Affibody entered into a licensing and collaboration agreement with ACELYRIN to develop and commercialize izokibep. The license entered into force on November 16, the date on which ACELYRIN's financing conditions were met ("the financing date"). Under the terms of the agreement, ACELYRIN has obtained worldwide rights to izokibep, except for the development and commercialization already granted to Affibody's partner Inmagene in May 2020 in selected Asian countries. Furthermore, Affibody retains certain commercialization rights in the Nordic countries.

The group's revenue from outlicensing is recognized on the date when control of the intangible asset is transferred to the counterparty. The agreement with ACELYRIN included the condition that the financing date must have occurred for control of the intellectual property rights to be transferred, which took place in November 2021.

Five-year review for the group

(SEK T)	2021	2020	2019	2018	2017
Income statement					
Net sales	284,712	121,078	309,048	106,039	100,369
Operating result	-147,230	-214,908	44,782	-127,374	-64,250
Net result for the year	-160,836	-220,276	44,631	-127,172	-64,076
Balance sheet					
Liquid funds	153,245	135,878	374,767	90,960	241,316
Total assets	371,336	280,664	517,900	210,661	320,023
Equity at the end of the year	-32	145,944	366,220	174,286	271,642
Cash flow statement					
Cash flow	8,385	-230,858	283,807	-150,357	114,297
Key ratios					
Equity ratio, %	0.0%	52.0%	70.7%	82.7%	84.9%
R&D costs/Total operating costs %	91.4%	89.1%	90.2%	89.9%	91.0%
Average number of employees	83	72	52	42	33
of whom in research and development	79	70	50	40	31

Variable remuneration relating, for example, to future regulatory milestones, is recognized when there is no longer any significant uncertainty as to whether these milestones will be met. Remuneration relating to sales-based milestones or royalties is not recognized until the sales resulting in the right to a milestone payment or royalties materialize.

Service sales

Service sales amounted to SEK 82.7m (21.8m) and are primarily related to the new agreement with ACELYRIN. Service sales from the previous year were related to the agreement with Alexion Pharmaceuticals.

The proportion of the transaction amount attributable to the transfer of the development work to ACELYRIN has not been recognized as income during the year because this work has not yet begun. Payments received amounting to SEK 33.6m have been recognized as prepaid income.

The proportion of the transaction amount attributed to technical support has been recognized as income from a service and totaled SEK 0.5m for the full year. Payments received amounting to SEK 1.8m have been recognized as prepaid income.

Other research and development services have been recognized as income over time when the services are performed, which has generated SEK 81.8m of revenue from the ACELYRIN agreement for the full year.

Licensing revenue, including signing fees and milestone payments

Revenue from license sales was generated during the year from three collaboration agreements, primarily the partnership agreement with ACELYRIN and Inmagene. Revenue amounted to SEK 170.7m (98.9m).

The proportion attributable to outlicensing from the agreement with ACELYRIN has been calculated as a residual of the remaining transaction price after the deduction of the independent sales price for other performance obligations and amounts to SEK 168.9m for the full year.

Licensing revenue from the agreement with Inmagene generated revenue of SEK 96.7m during 2020. No licensing revenue from this agreement was recognized in 2021. Licensing revenue from the strategic collaboration with GE Healthcare to develop and commercialize Affibody®-based PET markers amounted to SEK 1.8m (1.7m) during the year.

No variable remuneration in connection with milestones arose either during the year or during the previous year.

Product sales

Revenues from product sales during the year consisted of investigational medicinal products for clinical studies for Inmagene and of research reagents. For the year, this revenue amounted to SEK 31.8m (0.4m).

Other revenue

Other revenue consisted of the sale of an intangible asset to Amylonix AB for SEK 3.8m (0.0m), where payment was made via a non-cash issue of shares in Amylonix AB, corresponding to 10% of total shares in the company. Exchange rate gains amounted to SEK 3.9m (2.6m).

Amortization of additional expenditure

The amortization of additional costs for obtaining the contracts with Inmagene and ACELYRIN is recognized for the year at SEK 0.0m (1.3m) for the Inmagene agreement and at SEK 19.8m (0.0m) for the ACELYRIN agreement.

Parent company

The parent company primarily conducts operations in management, administration and financing. Affibody Medical AB's revenue during the financial year amounted to SEK 16.8m (16.8m). Revenue related in its entirety to a management fee paid to Affibody AB. The cost of services sold amounted to SEK 10.5m (8.3m). Costs, primarily linked to administrative activities, amounted to SEK 22.0m (14.2m). Profit for the year was negative at SEK -21.9m (-6.1m). The increase can be explained by higher consultancy costs and higher interest expenses due to convertible loans totaling SEK 207.6m. As of December 31, 2021, liquid funds amounted to SEK 57.8m (79.6m) and equity to SEK 692.9m (699.9m).

Development programs - own research and development projects

Costs for research and development during the year amounted to SEK 286.5m (297.9m).

Our projects in immunology

Izokibep (ABY-035)

Izokibep is a unique bispecific protein drug candidate that effectively blocks interleukin-17A, a protein commonly found at inflammatory sites, including inflamed skin and inflamed joints. Izokibep also binds to albumin, which results in an extended circulation time in the body.

The drug candidate has been designed by utilizing the strengths of Affibody's technology platform, which has made it possible to develop a very small protein drug candidate (18 kDa, one-eighth the size of an antibody) with a very high affinity to IL-17AA (KD ~300fM) and an antibody-like half-life. Together, these properties offer the potential for the best efficacy in the drug class, long dosing intervals and acceptable subcutaneous administration by patients themselves in their home environment. In an ongoing phase II study in psoriasis patients, izokibep has shown a favorable safety profile and clear clinical benefit during treatment of up to three years.

Strong partnerships for continued development and global commercialization

To achieve maximum development speed and rapid future market penetration, the global development of izokibep is taking place in collaboration with Inmagene Biopharmaceuticals and ACELYRIN. The drug candidate has potential in the treatment of many inflammatory diseases and is currently being evaluated in patients with psoriasis, psoriatic arthritis, uveitis and, axial spondyloarthritis. Furthermore, Affibody, ACELYRIN and Inmagene Biopharmaceuticals intend to initiate studies for additional indications such as Hidradenitis suppurativa.

Psoriasis

Psoriasis is an autoimmune disease characterized by thickened, reddened and clearly defined spots on the scalp or other parts of the body. The standard treatment consists of various topical drugs and UV treatment, but in severe psoriasis systemic immunosuppressive drugs are also used.

The efficacy, safety profile and tolerability of izokibep have been evaluated for 52 weeks in an extension phase of a double-blind, placebo-controlled study of 108 patients with moderate to severe psoriasis. The primary efficacy variable was defined as an improvement of at least 90% in the baseline Psoriasis Area Severity Index (PASI 90) score after 12 weeks of treatment. The majority of reported side effects were mild and resolved during treatment. The study has been extended and three-year data confirms the safety, tolerability and efficacy among the large patient group who participated in the extension study. More information is available at www.clinicaltrials.gov (NCT03591887).

Psoriatic arthritis

Patients with psoriasis may also suffer from inflammation in the joints, known as psoriatic arthritis. This is currently treated with anti-inflammatory drugs and, in more severe cases, with immunosuppressive drugs.

A pan-European randomized double-blind phase II study of around 120 patients with active psoriatic arthritis has been started to investigate the efficacy of izokibep and the safety and tolerability profile of the drug candidate. The study is fully recruited and will evaluate the primary end point ACR50 – an established method for measuring arthritis symptoms. The results of the primary objective of the study after 16 weeks of treatment showed that izokibep, when dosed for 16 weeks and tested against a placebo, achieved the primary objective of the study, namely the reduction of the ACR50 score, which demonstrates the safety and efficacy of izokibep in psoriatic arthritis and lays the foundation for the further development of the substance. More information is available at www.clinicaltrials.gov (NCT04713072).

Uveitis

Uveitis is a rare inflammatory disease that mainly affects the eye's uvea and is one of the

most common medical causes of blindness. The only approved treatment today is the TNF alpha-blocker adalimumab, and there is a great need for more effective and safe therapies. Recruitment to a phase II clinical trial is currently underway in patients with non-infectious intermediate uveitis, posterior uveitis and panuveitis. More information is available at www.clinicaltrials.gov (NCT04706741).

Axial spondyloarthritis

Axial spondyloarthritis (axSpA) is a disease of the spine and sacroiliac joints that usually begins before the age of 45 and mainly affects men. Current treatment consists of NSAIDs or immunosuppressive drugs such as TNF-alpha blockers and JAK inhibitors.

In February the US Food and Drug Administration (FDA) approved izokibep for the initiation of a phase II clinical study in patients with ankylosing spondylitis (AS or Bechterew's disease), a subset of axial spondyloarthritis. The recruitment of patients for this study is in progress. More information is available at www.clinicaltrials.gov (NCT04795141).

Hidradenitis suppurativa

Hidradenitis suppurativa is a chronic inflammatory disease that affects the hair follicles in areas of skin with many sweat glands. The disease results in recurrent painful and pus-forming sores, mainly in the armpits, groin and the area around the anus. Treatment mainly consists of painkillers, antibiotics and, in more severe cases, the TNF-alpha blocker adalimumab. A phase II study is planned here together with our partners.

ABY-062

ABY-062 is a drug candidate that targets TSLP - a cytokine that has been shown to play a central role in the underlying inflammatory processes in moderate and severe asthma. The drug candidate has been developed with the help of Affibody's technology platform and has properties that give it the potential to be developed into a long-acting inhalation treatment with better efficacy than other substances in its category. ABY-062 is now being prepared to enter clinical development. Affibody believes that drugs targeting TSLP could revolutionize the treatment of asthma. Given the huge need for improved treatments for asthma and the significant size of the market (far beyond the resources of a company of Affibody's size), the company expects ABY-062 to be an attractive outlicensing project for international pharmaceutical companies that, at the appropriate time, can take over the global responsibility for the development and potential future commercialization of a finished product.

RLYB116 – developed by RallyBio

RLYB116 is a multifunctional drug candidate that affects the complement system, forming part of the non-specific immune system. The molecule was originally generated by Affibody in collaboration with Sobi and is now being developed by the US-based biotech company RallyBio within the framework of a licensing agreement. Affibody is entitled to regulatory and sales-based milestone payments linked to progress in the regulatory process and the commercialization of a finished product, as well as sales-based royalties.

RLYB116 inhibits complement factor 5 (C5). The properties of the drug candidate make it suitable for subcutaneous administration in the treatment of patients with serious and rare diseases where the complement system is affected. RallyBio is led by a team with extensive experience in developing complement inhibitors. RLYB116 is one of the company's most advanced drug programs.

Our projects within oncology

Precision medicine for cancer patients with HER2 overexpression

The receptor protein HER2 is an oncogene that has been shown to play a central role in the development of certain aggressive types of breast cancer. HER2 has therefore become an important target in the treatment of the group of breast cancer patients where the cancer cells produce high levels of the protein. The current screening methods for detecting high HER2 expression are based on biopsies, which limit the ability to correctly diagnose patients. The properties of the Affibody® molecules make them well-suited as diagnostic tools and as carriers of radioactive isotopes to fight tumors.

ABY-251
ABY-251 is a targeted treatment that targets tumor cells that overexpress HER2, regardless of the cancer type. ABY-251 identifies the presence of HER2 with high selectivity regardless of tissue origin, binds strongly to the receptor, and generates a beta-emitting therapeutic effect with wide potential. Phase I/IIa studies with ABY-251 are expected to begin in 2022.

The ABY-251 program directly benefits from the experience of the earlier development of ABY-025, a molecule designed to facilitate the diagnosis of patients with HER2-expressing cancer, not only in breast cancer but also in several other HER2-positive cancers, such as non-small cell lung cancer and certain forms of esophageal cancer.

ABY-025
ABY-025 is a gamma-emitting version of ABY-251 that is being developed to enable the non-invasive and cost-effective PET imaging of HER2 expression throughout the body in patients with metastatic breast cancer. Affibody is working with academic institutions to explore the clinical benefit of ABY-025 in a researcher-led Nordic multicenter study. Patient recruitment for this phase II/III study is currently in progress. More information is available at www.clinicaltrials.gov (NCT03655353).

GE-226
Affibody has an ongoing collaboration with GE Healthcare regarding the development of an F^{18}-based version of ABY-025, also for PET imaging.

This molecule has been successfully tested in breast cancer patients. More information is available at www.clinicaltrials.gov (NCT03827317).

ABY-071
ABY-071 is a drug candidate for targeted treatment that is being developed to meet the great medical need in many forms of cancer that do not have a high expression of HER2, including triple-negative breast cancer (TNBC), adenocarcinoma of the pancreas (PDAC), sarcoma, and skin melanoma, and which express the cell surface molecule B7-H3. B7-H3 is overexpressed in solid cancers and has low expression in healthy tissues, making it an ideal target for radioimmunotherapy. The drug candidate is in preclinical development.

Outlook for 2022
The intention is to continue to finance the business with cash flow from the agreements with ACELYRIN and Inmagene. The costs of developing izokibep are largely financed by the agreements with ACELYRIN and Inmagene. The costs of research and development that the company will pay for itself pertain to its own development projects, primarily ABY-251 and ABY-062.

Other information
Patents
The company considers itself to have a strong intellectual property position with regard to the possibilities of protecting Affibody® molecules, with patents granted for the basic technology. In 2008, 2011, and 2014, Affibody submitted applications intended to protect Affibody® molecules and the Albumod® platforms, which gives the company protection into the 2030s. To further strengthen its intellectual property position, the company is applying for a patent for newly developed Affibody® molecules in order to protect Affibody's intellectual property rights for specific applications. Such specific patent applications (composition of matter) for new Affibody® molecules aim to provide both exclusivity and protection for products under development. The company has a portfolio of 33 patent families (one patent family is a group of patents and patent applications that have the same origin and are pursued in different countries), and within 28 of these Affibody has been granted patents in key markets. Affibody also has several patent applications pending.

Environmental information
The company maintains ongoing dialogue with the Swedish Medical Products Agency and other relevant authorities in matters of permits, safety and the handling of hazardous substances. Affibody has the right to purchase pure alcohol for research purposes, in that the Swedish Tax Agency has approved Affibody as a tax-exempt consumer. In addition, the Swedish Medical Products Agency has permitted Affibody to use pharmaceutical products, while the Swedish Work Environment Authority has been informed of Affibody's use of genetically modified microorganisms (GMM) in its operations. The GMMs used are all established models in the industry.

Risks and uncertainties

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

Drug development and clinical studies

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

Commercialization of products and candidates

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

Sales and marketing of biopharmaceutical products

It is important that it is possible for the company's platform and drug candidates to be successfully commercialized in order to safeguard the company's future development, profitability and financial position. Significant resources and investments will be required to complete the clinical development, in particular the large-scale pivotal studies, the process of regulatory approval and the potential marketing of the company's product candidates. The company has never marketed a product candidate before and currently has no infrastructure for sales or marketing or experience in the sale or marketing of biopharmaceutical products. There is a risk that the company will not succeed in concluding the necessary license and collaboration agreements, or that new collaboration agreements will be more expensive and/or take longer than the company expects.

Competitive platform and product candidates

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

Dependence on external suppliers

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

No own infrastructure

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

Financial risks
Existing financing, including loan financing from owners and expected additional revenue from partnership agreements, is expected to cover the company's financing needs in 2022. In other respects, the company's financial risks are currently considered to be limited. The financial risks to which the company is exposed and how these are managed are described in more detail in note 3.

Employees
In 2021, the average number of employees was 83 (72), all of whom are in Sweden. Salaries and remuneration, including social security contributions, amounted to SEK 106.3m (94.8m).

Salaries and benefits
Good employment conditions are one of the prerequisites for recruiting and retaining competent employees. Wages must be set on an individual basis, be differentiated, and be set on the basis of agreed wage criteria. The board determines the remuneration of the CEO and other senior executives on the basis of terms proposed by the remuneration committee. Remuneration to senior executives consists of a salary, bonus and share-based remuneration. The company management consists of five people, including the CEO. The notice period for senior executives is twelve months if termination is instigated by the company and six months if instigated by the employee. If the employment of the company's President and CEO is terminated by the company, a mutual notice period of six months applies.

Diversity and gender equality
Of the average number of employees in 2021, 34% were men and 66% were women.

Work environment
Affibody strives to comply with all work environment-related laws and regulations. Consequently, systematic work environment efforts are integrated into day-to-day operations. Formal responsibility for the work environment is shared among all managers, the operations manager, the laboratory manager and the group managers. No workplace accidents were reported to the Swedish Work Environment Authority in 2021. Affibody complies with and respects the rules of the labor market and applies salaried employee agreements for industrial companies between IKEM - Innovation and Chemical Industries in Sweden and the trade associations Unionen, the Swedish Association of Graduate Engineers, Ledarna and Naturvetarna. In 2021, a whistleblower function was implemented in the form of an external reporting channel.

Synthetic shares and options
In 2017, Affibody established an incentive program consisting of synthetic shares and synthetic options. The program offers participants the chance to subscribe for synthetic shares and/or subscribe for a unit consisting of two synthetic shares and two synthetic options. The program has a term of six years and provides the opportunity for an annual exit as of year three. Subscription can take place annually throughout the entire term of the program, and subscription in December 2017 was restricted to 60% of the total individual allocation. A total of 28,948 synthetic shares and 26,798 synthetic options were subscribed for in December 2017, which equates to approximately 0.3% of the registered number of shares on the balance sheet date. In 2021, 8,551 synthetic shares and 8,451 options were redeemed with a value of SEK 0.6m. As at December 31, there were 20,397 remaining synthetic shares and 18,347 synthetic options.

Incentive programs
At the annual general meeting on June 30, 2021, the decision was taken to introduce the 2021/2028 employee stock option program, which includes a maximum of 1,500,000 employee stock options. The employee stock options are issued to the program participants free of charge. Each employee stock option shall entitle the holder to acquire one new share in the company at an exercise price of SEK 56.40. The employee stock options may, unless the board of directors of the company decides on the right to subscribe beforehand, be exercised no earlier than three years after the participant has signed the option agreement regarding the employee stock options. The right to participate in the 2021/2028 employee stock option program is conditional on the participant entering into an option agreement with the company. Issued employee stock options do not constitute securities and may not be transferred, pledged or otherwise disposed of by the holder. The options are linked to the participant's employment in the company. If the employment is terminated before the employee stock options have been exercised for share subscription, the participant's unexercised employee stock options expire without the right to be exercised, unless the board of directors of the company decides otherwise. A total of 1,135,000 options were subscribed for by employees and seven board members as at December 31, 2021.

Convertible bonds
The group issued a convertible promissory note of SEK 101.5m in July 2021 to its largest shareholder, Duba AB, and one of SEK 106.1m in August 2021, of which SEK 100m relates to Duba AB, with an annual interest rate of 3%. Interest is capitalized annually in arrears and paid in connection with repayment of the loan on the due date. Upon conversion, accrued

interest must be converted together with the loan to be converted. The conversion price is SEK 47. The bonds mature on July 30, 2023 at their nominal amount to the extent that they have not already been converted.

Shares and shareholders

The company's shares are unlisted. As at the balance sheet date, Affibody Medical AB had 119 shareholders. As at the same date, the registered share capital amounted to SEK 99,397,470 distributed among 19,879,494 shares of one and the same share class. All shares have a quotient value of SEK 5. All shares carry an equal right to the company's assets and any surplus in the event of a liquidation. The largest individual owner as at the balance sheet date was Duba AB (Investor AB), which owned 72.8% of the votes and capital. Affibody's articles of association do not contain any restrictions as to how many votes each shareholder may cast at a general meeting. As far as the board is aware, there are no shareholder agreements or equivalent that further regulate shareholders' rights and obligations. The board's current intention is to use any future profits in the company to finance the continued development and expansion of the business. Consequently, the board does not intend to propose any dividend in the foreseeable future.

Proposed appropriation of profits

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

Share premium reserve:	660,459,859
Result brought forward:	-45,108,554
Net result for the year:	-21,857,496
Total:	593,493,809

The board and CEO propose that the available funds of SEK 593,493,809 be carried forward.

Financial statements for the group

Consolidated income statement

(SEK T)	Note	Jan - Dec 2021	Jan - Dec 2020
Net sales	5	284,712	121,078
Cost of goods and services sold		-118,503	-1,698
Gross profit		**166,209**	**119,380**
Operating costs	8-14		
Marketing and sales costs		-4,199	-6,882
Administrative costs		-30,459	-32,266
Research and development costs		-286,502	-297,945
Other operating income	6	7,722	2,805
Total operating costs		**-313,439**	**-334,288**
Operating result		**-147,230**	**-214,908**
Net financial items	15		
Financial income		31	508
Financial costs		-9,837	-5,875
Impairment of participations in other companies	7	-3,800	-
Total net financial items		**-13,607**	**-5,367**
Profit/loss after net financial items		**-160,836**	**-220,276**
Tax	16	-	-
Net result for the year		**-160,836**	**-220,276**

Consolidated statement of comprehensive income

Net result for the year	**-160,836**	**-220,276**
Other comprehensive income	**-**	**-**
Comprehensive income for the year	**-160,836**	**-220,276**

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

Consolidated balance sheet

(SEK T)	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Property, plant and equipment			
Right-of-use assets	21	67,599	73,027
Property, plant and equipment	17	22,406	29,566
Total non-current assets		**90,006**	**102,593**
Financial assets			
Deposit	29	5,845	5,845
Participations in unlisted companies	7	0	-
Total financial assets		**5,845**	**5,845**
Total non-current assets		**95,851**	**108,438**
Current assets			
Accounts receivable	18	24,176	1,798
Other current receivables		10,781	9,953
Prepaid expenses and accrued income	19	87,283	24,597
Liquid funds	20	153,245	135,878
Total current assets		**275,486**	**172,226**
TOTAL ASSETS		**371,336**	**280,664**

(SEK T)	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
Equity			
Share capital	23	99,397	99,397
Other contributed capital		1,023,993	1,009,133
Accumulated result, including result for the period		-1,123,423	-962,586
Total equity		**-32**	**145,944**
Non-current liabilities			
Convertible loans	22	198,758	-
Lease liability	21	62,189	67,180
Other provisions	24	700	-
Other liabilities	20, 25	1,428	1,955
Total non-current liabilities		**263,075**	**69,135**
Current liabilities			
Accounts payable		28,762	36,250
Other liabilities		6,132	4,992
Lease liability	21	7,416	6,930
Accrued expenses and deferred income	26	65,983	17,412
Total current liabilities		**108,293**	**65,584**
TOTAL EQUITY AND LIABILITIES		**371,336**	**280,664**

Consolidated statement of changes in equity

(SEK T)	Share capital	Other contributed capital	Result brought forward including net result for the period	Total
Opening balance on January 1, 2020	**99,397**	**1,009,133**	**-742,310**	**366,220**
Comprehensive income				
Net result for the year	-	-	-220,276	-220,276
Total comprehensive income	**99,397**	**1,009,133**	**-962,586**	**145,944**
Closing balance on December 31, 2020	**99,397**	**1,009,133**	**-962,586**	**145,944**

(SEK T)	Share capital	Other contributed capital	Result brought forward including net result for the period	Total
Opening balance on January 1, 2021	**99,397**	**1,009,133**	**-962,586**	**145,944**
Comprehensive income				
Net result for the year	-	-	-160,836	-160,836
Total comprehensive income	**99,397**	**1,009,133**	**-1,123,422**	**14,892**
Share of equity in convertible loans, Duba AB	-	13,045	-	13,045
Share of equity in convertible loans, other shareholders	-	396	-	396
Share-based remuneration	-	1,419	-	1,419
Closing balance on December 31, 2021	**99,397**	**1,023,993**	**-1,123,422**	**-32**

Equity is wholly attributable to parent company shareholders.

Consolidated cash flow statement

(SEK T)	Note	Jan - Dec 2021	Jan - Dec 2020
Operating activities			
Profit/loss after net financial items		-160,836	-220,276
Adjustments for items not included in cash flow			
Depreciation/amortization	14	16,236	16,772
Other non-cash flow items	27	-734	8,664
		-145,334	**-194,840**
Cash flow from operating activities before changes in working capital		**-145,334**	**-194,840**
Cash flow from changes in working capital			
Changes in accounts receivable, other receivables and other current assets		-85,893	-10,692
Changes in accounts payable, other liabilities and other current liabilities		42,222	-9,496
Cash flow from operating activities		**-189,004**	**-215,028**
Investing activities			
Investments in property, plant and equipment	17	-3,648	-10,531
Cash flow from investing activities		**-3,648**	**-10,531**
Financing activities			
Share-related payment		-583	-
Convertible loans	22	206,126	-
Amortization of lease liability		-4,505	-5,299
Cash flow from financing activities		**201,038**	**-5,299**
Cash flow for the period		**8,385**	**-230,858**
Liquid funds at the start of the period		**135,878**	**374,767**
Exchange rate difference in liquid funds		**8,982**	**-8,031**
Liquid funds at the end of the period		**153,245**	**135,878**

For interest received and paid, see note 15.

Financial statements for the parent company

Parent company income statement

(SEK T)	Note	Jan - Dec 2021	Jan - Dec 2020
Net sales	5	16,800	16,800
Cost of services sold		-10,537	-8,255
Gross profit		**6,263**	**8,545**
Operating costs	8-14		
Administrative costs		-22,019	-14,159
Total operating costs		**-22,019**	**-14,159**
Operating result		**-15,756**	**-5,614**
Net financial items	15		
Financial income		31	167
Financial costs		-6,132	-632
Total net financial items		**-6,101**	**-466**
Profit/loss after net financial items		**-21,857**	**-6,080**
Tax	16	-	-
Net result for the year		**-21,857**	**-6,080**

Parent company statement of comprehensive income

Net result for the year	**-21,857**	**-6,080**
Other comprehensive income	**-**	**-**
Comprehensive income for the year	**-21,857**	**-6,080**

Parent company balance sheet

(SEK T)	Note	31/12/2021	31/12/2020
ASSETS			
Non-current assets			
Financial assets			
Deposit	29	5,845	5,845
Participations in group companies	28	838,597	643,000
Total non-current assets		**844,442**	**648,845**
Current assets			
Other current receivables		1,675	1,433
Prepaid expenses and accrued income	19	3,253	3,140
Receivables from group companies		-	271
Total other current receivables		**4,928**	**4,844**
Cash and bank balances		**57,804**	**79,559**
Total current assets		**62,731**	**84,403**
TOTAL ASSETS		**907,174**	**733,248**

(SEK T)	Note	31/12/2021	31/12/2020
EQUITY AND LIABILITIES			
Equity			
Restricted equity			
Share capital	23	99,397	99,397
Total restricted equity		**99,397**	**99,397**
Non-restricted equity			
Share premium reserve		660,460	645,600
Result brought forward		-45,109	-39,029
Net result for the year		-21,857	-6,080
Total non-restricted equity		**593,493**	**600,491**
Total equity		**692,890**	**699,889**
Provisions			
Other provisions	24	263	-
Total provisions		**263**	**0**
Non-current liabilities			
Convertible loans	22	198,758	-
Other liabilities	25	1,428	1,955
Total non-current liabilities		**200,186**	**1,955**
Current liabilities			
Accounts payable		4,946	4,157
Other liabilities		531	844
Liabilities to group companies		4,541	22,788
Accrued expenses and deferred income	26	3,816	3,615
Total current liabilities		**13,834**	**31,404**
TOTAL EQUITY AND LIABILITIES		**907,174**	**733,248**

Parent company statement of changes in equity

	RESTRICTED EQUITY		NON-RESTRICTED EQUITY		
(SEK T)	Share capital	Share premium reserve	Result brought forward	Net result for the period	Total equity
Equity, opening balance on January 1, 2020	**99,397**	**645,600**	**-31,965**	**-7,064**	**705,968**
Net result for the year	-	-	-	-6,080	-6,080
Accounting of result for 2019	**-**	**-**	-7,064	**7,064**	**-**
Total comprehensive income	**99,397**	**645,600**	**-39,029**	**-6,080**	**699,888**
Equity, closing balance on December 31, 2020	**99,397**	**645,600**	**-39,029**	**-6,080**	**699,888**

	RESTRICTED EQUITY		NON-RESTRICTED EQUITY		
(SEK T)	Share capital	Share premium reserve	Result brought forward	Net result for the period	Total equity
Equity, opening balance on January 1, 2021	**99,397**	**645,600**	**-39,029**	**-6,080**	**699,888**
Net result for the year	-	-	-	-21,857	-21,857
Total comprehensive income	**99,397**	**645,600**	**-39,029**	**-27,937**	**678,031**
Loss brought forward in 2020			**-6,080**	**6,080**	**-**
Share of equity in convertible loans, Duba AB	**-**	13,045	-	**-**	**13,045**
Share of equity in convertible loans, other shareholders	**-**	396	-	**-**	**396**
Share-based remuneration	**-**	1,419	-	**-**	**1,419**
Equity, closing balance on December 31, 2021	**99,397**	**660,460**	**-45,109**	**-21,857**	**692,890**

Cash flow statement for the parent company

(SEK T)	Note	Jan - Dec 2021	Jan - Dec 2020
Operating activities			
Profit/loss after net financial items		-21,857	-6,080
Adjustments for items not included in cash flow			
Non-cash flow items	27	6,945	632
Cash flow from operating activities before changes in working capital		**-14,912**	**-5,447**
Cash flow from changes in working capital			
Changes in accounts receivable, other receivables and other current assets		-84	-27,397
Changes in accounts payable, other liabilities and other current liabilities		-17,570	26
Cash flow from operating activities		**-32,565**	**-32,819**
Investing activities			
Unconditional shareholder contribution	28	-194,733	-
Cash flow from investing activities		**-194,733**	**0**
Financing activities			
Convertible loans	22	206,126	-
Share-related payment		-583	-
Cash flow from financing activities		**205,543**	**0**
Cash flow for the period		**-21,755**	**-32,819**
Liquid funds at the start of the period		**79,599**	**112,378**
Exchange rate difference in cash and cash equivalents		**-**	**-**
Liquid funds at the end of the period		**57,804**	**79,559**

For interest received and paid, see note 15.

Notes

Note 1 – General information

Affibody Medical AB (corporate identity number 556714-5601) is a public limited company with its registered office in the municipality of Solna in Sweden. The group's primary activities are described in the administration report. "Affibody" and "the company" refer to Affibody Medical AB, where applicable with subsidiaries, depending on the context. Affibody Medical AB's annual report and consolidated financial statements for the financial year January 1, 2021 to December 31, 2021 have been approved for presentation in accordance with a board decision on March 15, 2022.

Note 2 - Accounting and valuation policies

Bases for preparing the accounts

Affibody's consolidated financial statements are based on historical acquisition costs, apart from synthetic shares and options, and social security contributions in the employee option program ESOP 2021/2028, which are valued at their fair value. All amounts are in SEK thousand unless otherwise stated.

Statement of compliance with applicable regulations

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

Amended and new accounting policies for 2021

None of the new and amended standards and interpretations to be applied from January 1, 2021 has any significant impact on the group's or the parent company's financial reports. New or amended standards or interpretations published by the IASB and which have yet to come into effect are not expected to have any significant impact on the group's or the parent company's financial statements.

Future amendments to accounting policies

No new or amended standards and interpretations that have not yet entered into force have been applied prematurely and these are not expected to have any significant impact on the group's financial reports.

Consolidated financial statements

The consolidated financial statements include the parent company and its subsidiaries. Subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the group. Subsidiaries are excluded from the consolidated financial statements from the date on which the controlling influence ceases. The acquisition method is used to report the group's business acquisitions. This also applies to directly acquired businesses. The purchase price of a subsidiary consists of the fair value of transferred assets, liabilities that the group incurs to previous owners of the acquired company and the shares issued by the group. All intra-group receivables and liabilities, income and expenses and gains or losses that arise in transactions between companies covered by the consolidated financial statements are eliminated in their entirety.

Translation of receivables and liabilities in foreign currencies

Functional currency and reporting currency

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

Transactions in foreign currencies

Transactions in foreign currencies are translated into the group's reporting currency using the exchange rates in force on the transaction date. Monetary receivables and liabilities expressed in foreign currencies are translated on the balance sheet date using the exchange rate in force on the balance sheet date. All exchange rate differences are charged to profit or loss. Exchange rate differences relating to items of an operating nature are recognized in operating profit as other operating income or other operating costs respectively, while exchange rate differences relating to financial assets and liabilities are recognized as financial income or a financial cost respectively. All companies in the group use the Swedish krona (SEK) as their functional currency.

Revenue

Revenue is recognized at the fair value of the remuneration to be received. The following specific criteria must also be met for revenue to be recognized.

Affibody receives remuneration for various forms of leasing of Affibody's technology. These benefits consist of royalties and licensing revenue.

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

Licenses including signing fees and milestone payments
Revenue from technology licenses where Affibody has no commitment regarding continued development or other commitments is recognized when the technology is made available to the customer. Milestone payments are recognized as revenue when the related milestones are met.

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

Services related to research and development collaborations
Fees received for research services are recognized as revenue over time as the services are supplied. This is normally done on the basis of the agreement.

Amortization of additional expenditure
Additional costs for obtaining contracts with customers are capitalized and amortized as the associated revenue is recognized.

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

Public funding
State funding and other grants are recognized when the company meets the terms associated with the grants and it can be determined with certainty that the grants will be received. Grants received are recognized in the balance sheet as prepaid income and recognized as revenue in the period when the cost the grant relates to is recognized. State funding is reported as other income in the income statement.

Property, plant and equipment
Property, plant and equipment are recognized at acquisition cost less accumulated depreciation and any impairment. The acquisition cost consists of the purchase price plus any costs directly attributable to bringing the asset into use. The acquisition cost less the estimated residual value at the end of the useful life is depreciated on a straight-line basis over the useful life. The following depreciation periods are applied:

Expenditure on the improvement of others' real estate (maximum lease period)	10 years
Laboratory equipment	5 years
Office equipment	5 years
IT equipment	3 years

The book values of the non-current assets are tested for impairment when events or changes in circumstances indicate that the book value is less than the recoverable amount. The assets' residual values and useful lives are tested on each balance sheet date and adjusted when necessary. Gains and losses from disposals are established through a comparison between sales revenue and the carrying amount and are recognized as other operating revenue and other operating costs in the income statement.

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

Impairment of non-financial assets
Assets that have an indefinite useful life are not depreciated in the group but are tested annually and, in the event of an indication of a decline in value, are tested for impairment. If such an indication exists, the asset's recoverable amount is calculated. With goodwill and other intangible assets with an indefinite useful period and with intangible assets that are not yet ready for use, the recoverable amount is calculated at least once a year. An impairment loss is recognized when the carrying amount of an asset or cash-generating unit is greater than its recoverable amount. An impairment loss is charged to profit or loss. Impairment of assets

attributable to a cash-generating unit is primarily allocated to goodwill. Afterward, other assets in the unit are impaired proportionately. The company has only one cash-generating unit.

Calculation of the recoverable amount

The recoverable amount is the higher of the asset's net realizable value and its value in use. Value in use is the present value of future cash flows discounted at an interest rate that is based on risk-free interest adjusted for the risk associated with the specific asset. With an asset that does not generate cash flows, the recoverable amount is calculated for the cash-generating unit to which the asset belongs.

Reversal of impairment

Impairment losses are reversed if a later increase in the recoverable amount can objectively be attributed to an event that occurs after the impairment loss is made. The impairment of goodwill is never reversed. An impairment loss is only reversed to the extent that the asset's carrying amount after reversal does not exceed the carrying amount that the asset would have had if no impairment loss had been made.

Financial instruments

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

Financial assets measured at amortized cost

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

Financial liabilities measured at amortized cost

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

Impairment of financial instruments

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

Synthetic shares and options

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

Convertible bonds
The parent company has issued convertible loans to shareholders, who have paid a market value. The convertible loan consists of an interest-bearing liability and a conversion option for accounting purposes. The conversion option is recognized in equity. The initial fair value of the liability component of the convertible loan is calculated using the market interest rate on the issue date for a similar non-convertible financial instrument. After initial recognition, the liability is recognized at the amortized cost until it is converted or matures. The remainder of the liquidity is allocated to the conversion option and recognized net after tax in equity and not revalued. In the event of the loan being converted in future, new shares will be issued, which increases equity, while at the same time the liability component will be transferred to equity. Upon conversion, accrued interest must be converted together with the loan to be converted. If no conversion takes place, the liability will be repaid to the shareholders on the due date.

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

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

Provisions
Provisions are recognized in the balance sheet when the group has a legal or informal obligation due to an event that has occurred and it is probable that an outflow of resources associated with economic benefits will be required to meet the obligation and the amount can be calculated reliably. If the group expects to receive compensation corresponding to a provision made, for example through an insurance contract, the compensation is recognized as an asset in the balance sheet when it is almost certain that the compensation will be received. If the effect of the time value on the future payment is deemed significant, the value of the provision is determined by calculating the estimated present value of the future payment using a discount factor before tax that reflects the market's current valuation of the time value and any risks attributed to the obligation. The gradual increase in the allocated amount, as a result of calculating the present value, is recognized as an interest expense in the income statement.

Remuneration to employees
Short-term remuneration to employees such as salary, social security contributions, holiday pay and bonuses are expensed in the period during which the employees perform the services. Liabilities for salaries and benefits, including non-monetary benefits and paid absences, which are expected to be settled within 12 months of the end of the financial year, are reported as current liabilities at the undiscounted amount that is expected to be paid when the debts are settled.

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

Leases
When an agreement is entered into, the group assesses whether the agreement constitutes, or includes, a lease. An agreement constitutes, or includes, a lease if it transfers the right to decide on the use of an identified asset for a specified period in exchange for compensation. The group is a lessee only.

Right-of-use assets
The group recognizes right-of-use assets in the statement of financial position on the start date of the lease (i.e. the date the underlying asset becomes available for use). Right-of-use assets are recognized at the acquisition cost, less accumulated depreciation and any impairment, and adjusted for revaluations of the lease liability. The acquisition cost of right-of-use assets includes the initial value recognized for the related lease liability, initial direct expenses and any advance payments made on or before the start date of the lease less any incentives received. Right-of-use assets are depreciated on a straight-line basis over the term of the lease.

Lease liabilities
On the start date of a lease, the group recognizes a lease liability corresponding to the present value of the lease payments (discounted at the lessee's incremental borrowing rate) to be paid over the term of the lease. The term of the lease is calculated as the non-cancellable period plus periods that extend or terminate the agreement if the group is reasonably certain to exercise those options. Lease payments include fixed payments (less any benefits to be received in connection with signing the lease), variable lease fees linked to an index or rate (e.g. a reference interest rate) and amounts that are expected to be paid in accordance with residual value guarantees. In addition, the lease payments include the redemption price for an option to buy the

underlying asset or penalties payable upon termination in accordance with a termination option, if the group is reasonably certain to exercise such options. Variable lease fees that are not linked to an index or rate are recognized as a cost in the period to which they relate.

The group uses an implicit interest rate of 6.5% to calculate the present value of lease payments. After the start date of a lease, the lease liability increases to reflect the interest on the lease liability and decreases as the lease fees are paid. Furthermore, the value of the lease liability is revalued as a result of modifications, changes to the term of the lease, changes to lease payments or changes in an assessment to purchase the underlying asset.

The application of practical exemptions

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

Income tax

Income tax comprises current tax and deferred tax. Income tax is recognized in the income statement except when the underlying transaction is recognized in other comprehensive income or directly against equity. Current tax is tax to be paid or received for the current year by applying the tax rates that have been decided, or decided in practice, on the balance sheet date. It also includes any adjustments to current tax relating to previous periods. Deferred tax is recognized in accordance with the balance sheet method, which means that deferred tax is calculated for all temporary differences identified on the balance sheet date, i.e. between the tax base of the assets or liabilities on the one hand and their carrying amounts on the other. Deferred tax assets are also recognized in the balance sheet for unutilized loss carry-forwards. Deferred tax liabilities, however, are not recognized in the balance sheet for taxable temporary differences relating to goodwill.

Deferred tax relating to investments in subsidiaries and associated companies is not recognized because under current tax rules capital gains or losses on shares are exempt from taxation. Deferred tax assets are recognized only to the extent that there are compelling reasons for future tax gains to be available against which the temporary differences or unutilized loss carry-forwards can be utilized. The carrying amounts of deferred tax assets are reviewed on every balance sheet date and reduced to the extent that it is no longer probable that a sufficiently large taxable profit will be available to utilize all or part of the deferred tax assets. Deferred tax assets and tax liabilities are calculated using the tax rates that are expected to apply for the period when the assets or liabilities are settled based on the tax rate (and tax legislation) that exists or exists in practice on the balance sheet date.

Cash flow statement

The cash flow statement shows payments made and received. The indirect method has been used for operating activities. In addition to cash and bank balances, short-term liquid investments with an original maturity of less than three months that are exposed to only an insignificant risk of fluctuations in value are classified as cash and cash equivalents

Parent company accounting policies

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

Presentation formats

The income statement and balance sheet comply with the presentation format in the Swedish Annual Accounts Act.An income statement and statement of comprehensive income are provided for the parent company and the group.Furthermore, for the parent company, the terms "balance sheet" and "cash flow statement" are used for the reports that in the group are referred to as the "statement of financial position" and the "statement of cash flows" respectively. The income statement and balance sheet for the parent company are prepared in accordance with the schedule of the Swedish Annual Accounts Act, while the statement of comprehensive income, statement of changes in equity and cash flow statement are in accordance with IAS 1.Presentation of financial statements and IAS 7 Statement of cash flows.

Participations in group companies

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

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

Note 3 - Financial risk management

Financial risks refer to negative changes in Affibody group's earnings and cash flow due to changes in exchange rates, liquidity, credit risks, financing risks and interest rate levels. Financial risks are managed in accordance with the finance policy established by the board and administered by the finance department. In addition to what is described below regarding foreign currency risk, no significant financial risks are currently deemed to exist. The group did not use any financial hedging instruments in 2021 and 2020.

Translation of foreign currencies

Functional currency and presentation currency
The different units in the group have the local currency as their functional currency, and the local currency is defined as the currency used in the primary economic environment in which each unit primarily operates. The consolidated financial statements are presented in Swedish kronor (SEK), which is the parent company's functional currency and the group's presentation currency. All amounts are, unless otherwise stated, rounded to the nearest thousand kronor (SEK T).

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

Currency risk - translation exposure
Affibody is exposed to risk when translating receivables and liabilities in foreign currencies, which have been translated at the rate on the balance sheet date. Realized capital gains and losses on operating receivables and liabilities are added to the operating result. Unrealized gains and losses are added to net financial items. Gains and losses on financial receivables and liabilities are recognized as financial items.

Liquidity risks
Liquidity risk refers to the risk of not being able to fulfill payment commitments when they fall due. At the end of 2021, Affibody's net cash was SEK 153.2m (135.9m). Liquidity risk is managed through ongoing liquidity planning. Investments of excess liquidity are to be made without significant liquidity risk. Existing financing, including loan financing from owners and expected additional revenue from partnership agreements, is expected to cover the company's financing needs in 2022.

Credit risk
Credit risk is linked partly to sales and partly to liquidity management. In the event of a sale, there is a risk that customers will not fulfill their payment obligations. Liquidity management poses a risk that the counterparty will not fulfill its payment obligations. The company currently has a limited number of customers, which means that there is a certain concentration of customer credit. Cash and cash equivalents consist of bank balances. The company assesses whether a receivable poses an increased credit risk based on the payment being delayed or other factors indicating a reduced ability to pay. Accounts receivable are impaired with regard to the customers' ability to pay when there is no longer any expectation of receiving payment and active measures to receive payment have been concluded.

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

Exposure by currency

Currency	Share of revenue %	Share of costs %	Average rate 2021	Average rate 2020	Closing rate 2021	Closing rate 2020
USD	94.3	7.2	8.5815	9.2037	9.0437	8.1886
EUR	0.2	46.7	10.1449	10.4867	10.2269	10.0375
GBP	0	4.6	11.8022	11.7981	12.179	11.0873

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

Currency	USD 2021	USD 2020	USD 2019	EUR 2021	EUR 2020	EUR 2019	GBP 2021	GBP 2020	GBP 2019	CHF 2021	CHF 2020	CHF 2019	SEK 2021	SEK 2020	SEK 2019	Total 2021	Total 2020
Accounts receivable	23,132	78	0	94	1,216	34	0	0	0	0	0	0	950	504	6	24,176	1,798
Liquid funds	83,603	44,774	142,543	1,850	4,132	9,189	1,275	929	128	0	0	0	66,517	86,043	222,907	153,245	135,878
Accounts payable	-183	-626	-6,492	-14,186	-9,647	-2,926	-304	-353	-630	-364	0	-5,039	-13,725	-25,624	-17,960	-28,762	-36,250
Net exposure	**106,552**	**44,226**	**136,051**	**-12,242**	**-4,299**	**6,297**	**971**	**576**	**-502**	**-364**	**0**	**-5,039**	**53,742**	**60,923**	**204,953**	**148,659**	**101,426**

A change of 10% in SEK compared to Affibody's exposure to net flows in USD, EUR, GBP and CHF would affect results by approximately SEK 9,492t (4,050t).
The resulting effect would be divided as follows: 10,655 (4,423) tSEK related to USD, -1,224 (-430) tSEK related to EURO, 97 (57) tSEK related to GBP and -36 (0), tSEK related to CHF.

Note 4 - Important estimates and assumptions for accounting purposes

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

Note 5 - Revenue

On August 9, 2021, Affibody entered into a licensing and collaboration agreement with ACELYRIN to develop and commercialize izokibep. The license entered into force on November 16, the date on which ACELYRIN's financing conditions were met ("the financing date"). Under the terms of the agreement, ACELYRIN has obtained worldwide rights to izokibep, except for the development and commercialization already granted by Affibody to Affibody's partner Inmagene in May 2020 in selected Asian countries. Furthermore, Affibody retains the commercialization rights in the Nordic countries.

The group's revenue from outlicensing is recognized on the date when control of the intangible asset is transferred to the counterparty. The agreement with ACELYRIN included the condition that the financing date must have occurred for control of the intellectual property rights to be transferred, which took place in November 2021.

Variable remuneration, relating, for example, to future regulatory milestones, is recognized when there is no longer any significant uncertainty as to whether these milestones will be met. Remuneration relating to sales-based milestones or royalties is not recognized until the sales resulting in the right to a milestone payment or royalties materialize.

Affibody has identified four performance obligations in its agreement with ACELYRIN: 1) outlicensing of the product candidate izokibep at the time so that the financing day occurs (licensing revenue), 2) services relating to the transfer of development work to ACELYRIN over a 12-month period (revenue from services), 3) technical support over a 24-month period (revenue from services) and 4) other research and development services that are invoiced for time spent or costs incurred (revenue from services).

The proportion of the transaction amount attributable to the transfer of the development work has not been recognized as income during the period because this work has not yet begun. Payments received amounting to SEK 33.6m have been recognized as prepaid income.

The proportion of the transaction amount attributed to technical support has been recognized as income from a service and totaled SEK 0.5m. Payments received amounting to SEK 1.8m have been recognized as prepaid income.

Other research and development services have been recognized as income over time when the services are performed, which has generated SEK 81.8m of revenue from the ACELYRIN agreement.

The proportion attributable to outlicensing has been calculated as a residual of the remaining transaction price after the deduction of the independent sales price for other performance obligations and amounts to SEK 168.9m.

Licensing revenue from the agreement with Inmagene generated revenue of SEK 96.7m during 2020. No licensing revenue from this agreement was recognized in 2021. Product sales from the agreement with Inmagene are attributable to investigational medicinal products for clinical studies totaling SEK 30.7m. Service revenues from the agreement with Inmagene can be attributed to the preparation of reports and amounts to SEK 0.5m.

Licensing revenue from the strategic collaboration with GE Healthcare to develop and commercialize Affibody®-based PET markers amounted to SEK 1.8m (1.7m).

The amortization of additional costs for obtaining the agreements with Inmagene and ACELYRIN is recognized at SEK 0.0m (1.3m) for Inmagene and SEK 19.8m (0.0m) for ACELYRIN.

Breakdown of the group's net sales (SEK T)	**2021**	**2020**
Revenue by type		
Product sales	31,319	412
Services	82,691	21,801
Licenses	170,702	98,865
Total	**284,712**	**121,078**
Revenue by geographic market		
Europe and the rest of the world	2,271	1,909
Asia	24,811	97,225
US	257,630	21,944
Total	**284,712**	**121,078**
Revenue by timing of revenue recognition		
Transferred on a date	202,021	99,277
Transferred over time	82,691	21,801
Total	**284,712**	**121,078**

The remaining performance obligations as of December 31, 2021 amount to SEK 35.4m (0.0m) and include prepaid income reported as contractual liabilities.

Contract balances (SEK T)	**2021**	**2020**
Deferred income	34,506	-
Total	**34,506**	**0**

Note 6 - Other revenue

Other revenue consists of the sale of an intellectual property right to Amylonix AB for SEK 3.8m where payment was made via a non-cash issue of shares in Amylonix AB, which corresponded to 10% of total shares in the company. Exchange rate gains amount to SEK 3.9m. For further information, see note 7.

Other revenue (SEK T)	**2021**	**2020**
Research grants and funding	-	219
Sale of intellectual property right	3,799	-
Exchange gains	3,923	2,586
Total	**7,722**	**2,805**

Note 7 - Transactions with related parties

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

In May 2021, the group received a loan of SEK 100m from its largest shareholder, Duba AB. In July, the loan was converted into a convertible debenture, including interest of SEK 1.5m and maturing on July 30, 2023. In August, the group received another convertible loan of SEK 100m on the same terms from Duba AB and SEK 6.1m from other shareholders. Accrued interest relating to the convertible loans amounts to SEK 6.1m as at December 31, 2021.

The parent company invoiced management fees of SEK 16.8m (16.8m) to the subsidiary during the year and provided an unconditional shareholder contribution of SEK 194.7m.

In 2020, Affibody AB sold an intellectual property right to Amylonix AB, corporate ID number 559148-1170, where payment was made via a non-cash issue in the form of shares in Amylonix AB, which corresponded to 10% of total shares in the company. At the time of signing the agreement, one of the board members of the company was also a board member and shareholder of Amylonix AB. The non-cash issue was registered by the Swedish Companies Registration Office in 2021. On April 28, 2021 a licensing and production option agreement was also signed with Amylonix and, in connection with this, the group's CEO was elected as a board member of the company. The shares were valued in connection with preparing the annual financial statements and written down to SEK 0 on the basis of the company's income statement on December 31, 2021 showing losses.

Shares received in Amylonix	3,800
Impairment of shares in Amylonix	-3,800
Book value	**0**

Note 9 details the remuneration to senior executives and the board. Beyond this, no transactions have taken place with related parties.

Note 8 - Staff

	2021		2020	
Average number of employees	**Number of employees**	**Of whom men**	**Number of employees**	**Of whom men**
Total number of employees	83	28	72	22
Company management	5	3	4	3
Board of directors	6	5	6	4

Wages and salaries, other remuneration and social security expenses (SEK T)	**2021**	**2020**
Group		
Wages, salaries and other remuneration	68,333	61,161
- of which to senior executives	*13,641*	*9,026*
Social security expenses*	37,994	33,656
- of which to senior executives	*6,345*	*4,946*
Total	**106,327**	**94,817**

* Pension costs of SEK 17,773 (12,949) are included in social security expenses.

Wages and salaries, other remuneration and social security expenses (SEK T)	**2021**	**2020**
Parent company		
Wages, salaries and other remuneration	6,681	5,117
Social security expenses*	3,154	3,121
Total	**9,835**	**8,238**

* Pension costs of 1,548 (1,423) are included in social security expenses.

Pensions

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

Synthetic shares and options

Information regarding share-based remuneration can be found in notes 9, 10 and 24.

Note 9 - Remuneration to the board, CEO and company management

The chair of the board and board members receive remuneration in accordance with a decision at the annual general meeting. In 2021, fees to board members were paid in accordance with the specification below. The board determines the remuneration of the CEO and other senior executives on the basis of terms proposed by the remuneration committee. The remuneration consists of salary, bonus, pension and participation in incentive programs. The company management consists of five people, including the CEO. The distribution of salary and bonus is based on each employee's responsibilities and authority. One of the group's senior executives invoiced their fee in 2021. This is included in administrative costs and in the table "Other company management" in the column "Salary & board fees."

Terms for the CEO and other members of company management

Remuneration consists of a salary, bonus and share-based remuneration. The variable salary shall be market-based and based on the achievement of performance targets, and shall not exceed 25 percent of the fixed annual salary. If the employment of the company's President and CEO is terminated, a mutual notice period of six months will apply. The notice period for other members of company management is twelve months if termination is instigated by the company and six months if instigated by the employee.

Pensions

Within the group, there are only defined-contribution pension plans. A defined-contribution pension plan means that the group pays contributions to a separate legal entity and the risk of changes in value until the funds are paid out is borne by the employee. The group thus has no further obligations after the fees are paid. The pension costs for defined-contribution pension plans are charged to profit and loss as the employees perform their services.

Share-based remuneration

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

Gender distribution

The company's board consisted of two women and six men. The company management consisted of two women and three men.

2021 - Remuneration and other benefits during the year

(SEK T)	Salary & board fees*	Bonus	Other remuneration and benefits	Pensions	Share-related payment	Total
David Bejker (CEO)	2,963	342	3	674	264	4,246
Other members of company management (4)*	7,581	364	10	2,658	297	10,820
Board of directors						
Robert Burns, chair	500	-	-	-	53	553
Gillian Cannon	250	-	-	-	53	303
José Suaréz	-	-	-	-	-	-
Jonathan Knowles	250	-	-	-	53	303
Jakob Lindberg	250	-	-	-	53	303
Mathias Uhlén	250	-	-	-	53	303
Anders Martin-Löf**	15				13	28
Camilla Sønderby**	11	-			13	24
Total	**12,070**	**706**	**13**	**3,242**	**852**	**16,883**

* Invoiced amounts where applicable, relating to consultancy fees
** As of Dec 16, 2021

2020 - Remuneration and other benefits during the year

(SEK T)	Salary & board fees*	Bonus	Other remuneration and benefits	Pensions	Total
David Bejker (CEO)	2,331	342	3	560	3,236
Other members of company management (3)	4,732	467	8	1,728	6,935
Consultancy fees					
Board of directors					
Robert Burns, chair	544	-	-	-	544
Gillian Cannon	150	-	-	-	150
José Suaréz	-	-	-	-	-
Jonathan Knowles	150	-	-	-	150
Jakob Lindberg	150	-	-	-	150
Mathias Uhlén	150	-	-	-	150
Total	**8,207**	**809**	**11**	**2,288**	**11,315**

Note 10 - Incentive programs

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

Synthetic shares and options

In December 2017, employees and board members were invited to subscribe for shares in a synthetic incentive program. The program offers participants the chance to subscribe for synthetic shares and/or subscribe for a unit consisting of two synthetic shares and two synthetic options where each instrument corresponds to one share. The program has a term of up to six years and provides the opportunity for an annual exit as of year three. Subscription can take place throughout the term of the program, and subscription in December 2017 was restricted to 60% of the total individual allocation. A total of 28,948 synthetic shares and 26,798 synthetic options were subscribed for, which equates to approximately 0.3% of the registered number of shares as at December 31, 2017. Members of the board subscribed for 15,602 synthetic shares and 15,602 synthetic options. No subscription was made by the CEO or other senior executives. The underlying subscription price for both the synthetic share and the synthetic option amounts to SEK 54, and this price increases by 4% a year for the options. The fair value calculated at the time of allotment was paid by the employee in connection with subscription. The option class with a five-year term has a price of SEK 15.10 and the option class with a six-year term had a price of SEK 16.40. The price for each unit (for two synthetic shares and two synthetic options) amounted to SEK 139.50.

The fair value of the synthetic shares and options issued is calculated through a "sum of the parts" valuation based on a risk-adjusted present value computation of estimated future cash flows. The options are valued using the Black-Scholes pricing model. The fair value of the instruments is revalued on an ongoing basis and recognized in the period under other non-current liabilities at SEK 1.4m. The effect of redemption and revaluation of synthetic options and shares has been recognized as a financial cost and has affected results by SEK 0.9m in the quarter and SEK 0.1m for the full year. In the event of a stock exchange listing, this program will cease and any outstanding options will be redeemed.

In 2021, synthetic shares and options were redeemed for a paid amount of SEK 0.6m.

Employee stock options program 2021/2028

At the annual general meeting on June 30, 2021, the decision was taken to introduce the 2021/2028 employee stock option program, which includes a maximum of 1,500,000 employee stock options. The employee stock options are issued to the program participants free of charge. Each employee stock option shall entitle the holder to acquire one new share in the company at an exercise price of SEK 56.40. The employee stock options may, unless the board of directors of the company decides on the right to subscribe beforehand, be exercised no earlier than three years after the participant has signed the option agreement regarding the employee stock options. The right to participate in the 2021/2028 employee stock option program is conditional on the participant entering into an option agreement with the company. Issued employee stock options do not constitute securities and may not be transferred, pledged or otherwise disposed of by the holder. The options are linked to the participant's employment in the company. If the employment is terminated before the employee stock options have been exercised for share subscription, the participant's unexercised employee stock options expire without the right to be exercised, unless the board of directors of the company decides otherwise.

A total of 1,135,000 options have been subscribed for by employees and seven board members. The vesting period is three years, which means that only vested employee stock options are entered as a cost during the period. The cost for vested employee stock options amounted to SEK 1.4m for the full year. The corresponding portion is recognized as share-based remuneration in equity. Related provisions for social security contributions are recognized as a non-current liability and total SEK 0.7m. The fair value of the social security contributions is revalued on an ongoing basis using the Black-Scholes option pricing model. Upon full utilization of the employee stock options, the share capital increases by SEK 5,675,000 through the issue of 1,135,000 shares, which would correspond to dilution of 5.7% upon full utilization.

The total cost of the 2021/2028 option program for each balance sheet date and the number of employee stock options issued at the end of each balance sheet date are stated below. "Total cost" refers to the costs of the option program that have been recognized in the income statement, including social security contributions. "Accumulated number outstanding" refers to the total number of employee stock options that have been allotted to employees and not been forfeited, and "accumulated number vested" refers to the number of employee stock options that have been vested as at the respective balance sheet date.

Summary of the group's total cost for incentive programs

(SEK T)	2021	2020
Revaluation of fair value of synthetic shares and options	56	632
Share-based remuneration	1,419	-
Provision for social security contributions ESOP 2021/2028	700	-
Total	**2,175**	**632**

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

	Synthetic shares and options			Employee stock options		
Holder	**Number outstanding on Dec. 31, 2020**	**Exercised**	**Number outstanding on Dec. 31, 2021**	**Number outstanding on Dec. 31, 2020**	**Allotted**	**Number outstanding on Dec. 31, 2021**
David Bejker, CEO	-	-	-	-	200,000	200,000
Robert Burns, Chair of the Board	14,000	-7,000	7,000	-	40,000	40,000
Gillian Cannon, Board Member	-	-	-	-	40,000	40,000
Mathias Uhlén, Board Member	-	-	-	-	40,000	40,000
Jonathan Knowles, Board Member	17,204	-8,602	8,602	-	40,000	40,000
Jakob Lindberg, Board Member	-	-	-	-	40,000	40,000
Anders Martin-Löf, Board Member	-	-	-	-	40,000	40,000
Camilla Sønderby, Board Member	-	-	-	-	40,000	40,000
Senior executives	-	-	-	-	225,000	225,000
Other employees	24,542	-1,400	23,142	-	430,000	430,000
Total	**55,746**	**-17,002**	**38,744**	**0**	**1,135,000**	**1,135,000**

Calculation of the fair value of the incentive programs

The fair value of the synthetic shares and options and social security contributions in respect of employee options is calculated according to a sum-of-the-parts valuation of the company's stock based on a risk-adjusted present value computation of estimated future cash flows. The options are valued using the Black-Scholes pricing model. The valuation model takes into account the redemption price, the term of the option, the share price on the allotment date, expected volatility in the share price and risk-free interest for the term of the option. The risk-free interest rate is calculated using an interest rate of -0.13% (-0.36%). The fair value of the synthetic shares and options is revalued on an ongoing basis and recognized as a non-current liability.

	Allotment date	**Maturity date**	**Fair value in SEK when the option program was announced**	**Volatility**
Synthetic shares 2017/2023	31/12/2017	31/12/2023	E/T	48%
Synthetic options, five-year, 2017/2023	31/12/2017	31/12/2022	15.10	48%
Synthetic options, six-year, 2017/2023	31/12/2017	31/12/2023	16.40	48%
Employee stock options program 2021/2028	01/09/2021	30/06/2028	12.10	48%

Note 11 - Fees to auditors

Group (SEK T)	**2021**	**2020**
Ernst & Young		
- audit engagement	1,090	564
- audit activities in addition to audit engagement	460	19
- tax consultancy	-	-
- other services	312	-
Total	**1,862**	**582**

Parent company (SEK T)	**2021**	**2020**
Ernst & Young		
- audit engagement	940	427
- audit activities in addition to audit engagement	460	-
- tax consultancy	-	-
- other services	312	-
Total	**1,712**	**427**

Note 12 - Exchange rate differences affecting the operating result

Group (SEK T)	**2021**	**2020**
Exchange rate differences affecting the operating result	1,872	-11,632
	1,872	**-11,632**

Parent company (SEK T)	**2021**	**2020**
Exchange rate differences affecting the operating result	-2	-1
	-2	**-1**

All exchange rate differences are recognized as administrative expenses within the operating result.

Note 13 - Costs by type of cost

Group (SEK T)	2021	2020
Raw materials and consumables, etc.	145,358	186,154
Employee benefit expenses	95,262	83,447
Other external costs	67,526	36,502
Depreciation/amortization and impairment	16,236	16,772
Other operating expenses (exchange rate differences affecting the operating result)	-3,221	11,632
Total	**321,161**	**334,507**

Parent company (SEK T)	2021	2020
Raw materials and consumables, etc.	-	-
Employee benefit expenses	10,537	8,255
Other external costs	22,020	14,159
Depreciation/amortization and impairment	-	-
Other operating costs, etc.	-1	1
Total	**32,556**	**22,415**

Note 14 - Depreciation/amortization and impairment

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

Group (SEK T)	2021	2020
Administration	**1,323**	**1,575**
Property, plant and equipment	1,323	1,575
- *of which right-of-use assets*	1,323	1,308
Research and development	**14,913**	**15,197**
Property, plant and equipment	14,913	15,197
- *of which right-of-use assets*	7,613	7,415
Total depreciation	**16,236**	**16,772**

The acquisition cost of the assets less the estimated residual value at the end of their useful life is depreciated on a straight-line basis over the useful life. The estimated useful life of the group's computers and IT equipment is usually three years, while office and laboratory equipment have a useful life of five years. No property, plant or equipment are reported in the parent company.

Note 15 - Result from financial items

Group (SEK T)	2021	2020
Financial income		
Interest income, bank	31	508
Other financial income	-	-
Total	**31**	**508**
Financial costs		
Interest expense, lease liabilities	-3,706	-5,243
Interest expense, convertible loan Duba AB	-5,943	-
Impairment of participations in other companies	-3,800	-
Other financial costs	-189	-632
Total	**-13,638**	**-5,875**
Net financial income/cost	**-13,607**	**-5,367**

Parent company (SEK T)	2021	2020
Other interest income and similar profit and loss items		
Interest income, bank	31	167
Other financial income	-	-
Total	**31**	**167**
Other interest expenses and similar profit and loss items		
Interest expense, convertible loan Duba AB	-5,943	-
Other financial costs	-189	-632
Total	**-6,132**	**-632**
Net financial income/cost	**-6,101**	**-466**

Note 16 - Tax

Group (SEK T)	2021	2020
Net result for the year before tax	-160,836	-220,276
Tax according to the current tax rate 20.6% (21.4%)	33,132	47,139
Tax effect attributable to non-deductible expenses	-838	-155
Tax effect of non-deductible interest	-1,256	-
Effect of deficit for which deferred tax has not been reported	-31,038	-46,984
Total reported tax	**0**	**0**

Parent company (SEK T)	2021	2020
Net result for the year before tax	-21,857	-6,080
Tax according to the current tax rate 20.6% (21.4%)	4,503	1,301
Tax effect attributable to non-deductible expenses	-24	-136
Interest rate limitation component	-1,256	-
Effect of deficit for which deferred tax has not been reported	-3,222	-1,165
Total reported tax	**0**	**0**

The group's unutilized tax deficits are estimated at SEK 694m (543m), but no value has been assigned to the balance sheet as it is not considered likely that these will be utilized against future taxable profits. All tax deficits are unlimited in time. The tax effect of the loss carry-forward amounts to SEK 143m.

Note 17 - Property, plant and equipment

Equipment and IT equipment (SEK T)	2021	2020
Opening acquisition cost, January 1	44,284	35,170
Acquisitions	885	9,115
Divestments	-	-
Closing acquisition cost, December 31	**45,169**	**44,284**
Opening depreciation, January 1	-16,084	-8,242
Depreciation for the year	-7,823	-7,842
Divestments	-	-
Closing depreciation, December 31	**-23,907**	**-16,084**
Carrying amount, December 31	**21,262**	**28,200**

Installations (SEK T)	2021	2020
Opening acquisition cost, January 1	11,042	11,042
Acquisitions	-	-
Divestments	-	-
Closing acquisition cost, December 31	**11,042**	**11,042**
Opening depreciation, January 1	-10,981	-10,925
Depreciation for the year	-56	-56
Divestments		
Closing depreciation, December 31	**-11,037**	**-10,981**
Carrying amount, December 31	**5**	**61**

Improvement of others' real estate (SEK T)	2021	2020
Opening acquisition cost, January 1	1,666	1,581
Acquisitions	-	86
Divestments	-17	-
Closing acquisition cost, December 31	**1,649**	**1,666**
Opening depreciation, January 1	-362	-212
Depreciation for the year	-148	-150
Divestments		
Closing depreciation, December 31	**-510**	**-362**
Carrying amount, December 31	**1,140**	**1,305**

Total carrying amount, December 31: Property, plant and equipment	**22,406**	**29,566**

Estimated useful life for property, plant and equipment (SEK T)	2021	2020
Laboratory equipment	5 years	5 years
Office equipment	5 years	5 years
IT equipment	3 years	3 years
Improvement of others' real estate*	10 years	10 years

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

Note 18 - Accounts receivable and other receivables

Accounts receivable amounted to SEK 24.2m (1.8m) as at the balance sheet date. During the year, the company did not make provisions for expected customer losses. As at December 31, 2021, accounts receivable amounting to SEK 21.7m (0.1m) were due. The company received a deposit of USD 3m in early January for overdue invoices during an ongoing discussion with the customer about billing procedures going forward. The group's revenue derives from a limited number of customers, which means that there is a customer concentration in outstanding accounts receivable.

Accounts receivable and other receivables

Group (SEK T)	**2021**	**2020**
Accounts receivable	24,176	1,798
Provision for doubtful receivables	-	-
Accounts receivable - net	**24,176**	**1,798**

Accounts receivable due

Group (SEK T)	**2021**	**2020**
Due 1-30 days	21,714	97
Due 31-90 days	-	-
Due 91-180 days	-	-
Due more than 180 days	-	-
	21,714	**97**

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

Group (SEK T)	**2021**	**2020**
SEK	950	6
USD	23,132	1,717
EUR	94	26
Other currencies	-	49
	24,176	**1,798**

The group's accounts receivable usually have a term of 30 to 90 days

Note 19 - Prepaid expenses and accrued income

Group (SEK T)	**2021**	**2020**
Accrued income*	50,847	-
Prepaid project costs	36,436	21,200
Other items	-	3,398
Total	**87,283**	**24,597**

Parent company (SEK T)	**2021**	**2020**
Prepaid rent	3,189	3,075
Other items	64	65
Total	**3,253**	**3,140**

* Accrued income refers to compensation for work done on Acelyrin's behalf in connection with the purchase of the rights for ABY 035.

Note 20 - Financial assets and liabilities

Financial instruments by category are recognized in the table below:

Group 2021 (SEK T)

Financial assets	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial assets measured at fair value through profit or loss	Total carrying amount
Participations in unlisted companies**	-	-	-	0	0
Accounts receivable	24,176	-	-	-	24,176
Accrued income	50,847	-	-	-	50,847
Liquid funds	153,245	-	-	-	153,245
Total assets	**228,268**	**0**	**0**	**0**	**228,268**
Financial liabilities					
Convertible loans	-	198,758	-	-	198,758
Other non-current liabilities*	-	-	1,428	-	1,428
Accounts payable	-	28,762	-	-	28,762
Other liabilities	-	7,416	-	-	7,416
Accrued expenses	-	59,962	-	-	59,962
Total liabilities	**-**	**294,898**	**1,428**	**0**	**296,326**

Group 2020 (SEK T)

Financial assets	Financial assets measured at amortized cost	Financial liabilities measured at amortized cost	Financial liabilities measured at fair value through profit or loss	Financial assets measured at fair value through profit or loss	Total carrying amount
Accounts receivable	1,798	-	-	-	1,798
Accrued income	0	-	-	-	0
Liquid funds	135,878	-	-	-	135,878
Total assets	**137,676**	**0**	**0**	**0**	**137,676**
Financial liabilities					
Other non-current liabilities*	-	-	1,955	-	1,955
Accounts payable	-	36,250	-	-	36,250
Other liabilities	-	6,930	-	-	6,930
Accrued expenses	-	13,120	-	-	13,120
Total liabilities	**0**	**56,300**	**1,955**	**0**	**58,255**

IFRS 13 Valuation at fair value contains a valuation hierarchy regarding input data for the valuations. This valuation hierarchy consists of three levels:
Level 1: Listed prices (unadjusted) in active markets for identical assets or liabilities that the company has access to at the time of valuation.
Level 2: Input data, other than the quoted prices included in Level 1, which are directly or indirectly observable for the asset or liability. This may also refer to input data other than quoted prices that are observable for the asset or liability, such as interest rates, yield curves, volatility and multiples.
Level 3: Unobservable input data for the asset or liability. At this level, assumptions that market participants would use in pricing the asset or liability, including risk assumptions, must be taken into account. For all items above, in addition to other long-term liabilities, the book value is an approximation of the fair value, so these items are not allocated to levels according to the valuation hierarchy.
The convertible loan is initially valued according to an estimated market interest rate, which is judged to correspond to the current market interest rate whereby the carrying amount is essentially judged to correspond to fair value.
* Valuation at fair value within level 3. See note 24 for the opening and closing balance analyses.
**Valuation at fair value within level 3. See note 7 for further information.

Note 21 - Leases

The group divides its leasing agreements into two classes of right-of-use assets: premises and equipment. The table below presents the closing balances for right-of-use assets and lease liabilities, as well as the changes during the year:

	Right-of-use assets			
(SEK T)	**Premises**	**Equipment**	**Total**	**Lease liability**
Opening balance as at January 1, 2020	**79,753**	**667**	**80,420**	**82,207**
Additional leases	1,330	-	**1,330**	**1,330**
Depreciation of right-of-use assets	-8,535	-188	**-8,723**	**-**
Terminated leases	-	-	**-**	**-**
Revaluations of leases	-	-	**-**	**-**
Interest expenses for lease liabilities	-	-	**-**	**5,243**
Total lease fees	-	-	**-**	**-14,670**
Closing balance as at December 31, 2020	**72,548**	**479**	**73,027**	**74,111**

	Right-of-use assets			
(SEK T)	**Premises**	**Equipment**	**Total**	**Lease liability**
Opening balance as at January 1, 2021	**72,548**	**479**	**73,027**	**74,111**
Additional leases	-	-	**-**	**-**
Depreciation of right-of-use assets	-8 748	-188	**-8,936**	**-**
Terminated leases	-	-	**-**	**-**
Revaluations of leases	3,508	-	**3,508**	**2 770**
Interest expenses for lease liabilities	-	-	**-**	**3 706**
Total lease fees	-	-	**-**	**-10 982**
Closing balance as at December 31, 2021	**67,308**	**291**	**67,599**	**69,605**

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

(SEK T)	**Group 2021**	**Group 2020**
Depreciation of right-of-use assets	-6,963	-8,723
Interest expenses for lease liabilities	-3,707	-5,243
Costs related to short-term leases	-	-
Costs for leases where the underlying asset is low in value	-14	-14
Impact of terminated leases on result	-	-
Total costs attributable to leasing activities	**-10,685**	**-13,981**

Maturity analysis of the group's lease liabilities

Group (SEK T)	**31/12/2021**	**31/12/2020**
Less than 12 months	11,844	11,744
1 to 5 years	56,121	56,200
More than 5 years	18,791	29,695
Total	**86,756**	**97,639**

Maturity analysis of the parent company's lease commitments

Parent company (SEK T)	**31/12/2021**	**31/12/2020**
Less than 12 months	11,628	11,528
1 to 5 years	57,802	55,865
More than 5 years	18,807	29,695
Total	**88,237**	**97,088**

Note 22 - Non-current liabilities, convertible loans

Convertible bonds can be exchanged for shares by the counterparty exercising their option to convert the right to claim into shares. Convertible bonds are recognized as a compound financial instrument consisting of a liability component and an equity component. At the time of issue, the liability component is valued at the fair value of a similar liability that has no right of conversion or that has a similar equity component. The value of the equity component is calculated as the difference between the proceeds of the issue when the convertible bond is issued and the fair value of the liability component at the time of issue.
The equity component is recognized as other contributed capital. After the time of issue, the liability component is recognized at amortized cost using the effective interest rate method.

Direct expenses associated with the issuance of a compound financial instrument are allocated between the liability and equity components in proportion to the allocation of issue proceeds.

In July 2021, the group converted a loan from its largest shareholder, Duba AB, to a convertible loan of SEK 101.5m, and in August 2021 the group received an additional convertible loan of SEK 106.1m, of which SEK 100m was from Duba AB, with an annual interest rate of 3%. Interest is capitalized annually in arrears and paid in connection with repayment of the loan on the due date. As at December 31, 2021, no part of the interest had been capitalized. This will be done at the earliest one year after the conversion in 2022. Upon conversion, accrued interest must be converted together with the loan to be converted.

The conversion price is SEK 47. The estimated market interest rate is 6.5%. The bonds mature on June 30, 2023 at their nominal amount to the extent that they have not already been converted. The liability's equity component during the year amounts to SEK 13.4mand the effect on profit, which is recorded as a financial cost, is SEK 6.0m.

Upon full utilization of the convertible bonds, the share capital increases by SEK 23,375,311, which corresponds to a 23.5% increase in the number of shares.

Maturity analysis of the group's non-current liabilities, convertible loans

Group (SEK T)	**31/12/2021**	**31/12/2020**
Less than 12 months	-	-
1 to 5 years	198,758	-
More than 5 years	-	-
Total	**198,758**	**0**

Maturity analysis of the parent company's non-current liabilities, convertible loans

Parent company (SEK T)	**31/12/2021**	**31/12/2020**
Less than 12 months	-	-
1 to 5 years	198,758	-
More than 5 years	-	-
Total	**198,758**	**0**

Note 23 - Share capital

As at December 31, 2021 the registered share capital amounted to SEK 99,397,479 distributed among 19,879,494 shares. Affibody Medical AB has only one class of share. All shares carry one vote each and are entitled to an equal share of distributable profits. The quotient value amounts to SEK 5.

Note 24 - Provisions

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

Group (SEK T)	**2021**	**2020**
Social security contributions in the ESOP program	700	-
Total	**700**	**0**

Parent company (SEK T)	**2021**	**2020**
Social security contributions in the ESOP program	263	-
Total	**263**	**0**

Note 25 - Other non-current liabilities

As at December 31, 2021 Affibody has other non-current liabilities of SEK 1,428 (1,955). The liabilities were attributable to liabilities to employees in relation to the synthetic share and option program subscribed to in December 2017. For further information, see note 10.

Group (SEK T)	**2021**	**2020**
As at January 1	**1,955**	**1,323**
Revaluation during the year	56	632
Amounts utilized during the year	-583	-
As at December 31	**1,428**	**1,955**

Note 26 - Accrued expenses

Group (SEK T)	**2021**	**2020**
Staff-related liabilities	6,021	4,292
Accrued project costs	38,456	-
Other accrued expenses	21,506	13,120
Total	**65,983**	**17,412**

Parent company (SEK T)	**2021**	**2020**
Staff-related liabilities	758	362
Other	3,058	3,253
Total	**3,816**	**3,615**

Note 27 - Other non-cash flow items

Group (SEK T)	2021	2020
Accrued interest on loans to Duba AB and other shareholders	6,073	-
Exchange rate differences, liquid funds	-8,982	8,031
Employee benefit expenses ESOP 2021/2028	1,419	-
Revaluation of synthetic shares and options	56	632
Provision for social security contributions ESOP 2021/2028	700	-
Other income items not affecting liquidity	-	1
Total	**-734**	**8,664**

Parent company (SEK T)	2021	2020
Accrued interest on loans to Duba AB and other shareholders	6,073	-
Employee benefit expenses ESOP 2021/2028	553	-
Revaluation of synthetic shares and options	56	632
Provision for social security contributions ESOP 2021/2028	263	-
Total	**6,945**	**632**

Note 28 - Information about group companies

Parent company (SEK T)	2021	2020
Opening book value	643,000	470,000
Shareholders' contribution	194,732	173,000
Share-related remuneration, subsidiaries	865	-
Closing book value	**838,597**	**643,000**

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

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

Note 29 - Pledged assets and contingent liabilities

Group (SEK T)	**2021**	**2020**
Pledged assets	5,845	5,845
Contingent liabilities	-	1,150

Parent company (SEK T)	**2021**	**2020**
Pledged assets	5,845	5,845
Contingent liabilities	-	-

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

In April 2021, a lawsuit was filed against Affibody AB by a researcher regarding a claim for co-inventor remuneration in relation to a pharmaceutical project now discontinued by Affibody. The claim for compensation amounted to SEK 1.2m and Affibody AB disputed the claim. The claim expired in 2021.

Note 30 - Proposed appropriation of profits

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

Share premium reserve:	660,459,859
Result brought forward:	-45,108,554
Net result for the year:	-21,857,496
Total:	**593,325,658**

The board and CEO propose that the available funds of SEK 593,325,658 be carried forward.

Note 31 - Significant events after the end of 2021

- Camilla Danell was employed as CFO on January 1, 2022.
- Lokon Pharma AB and Affibody began a collaboration to develop new cancer therapies.
- The MPP 2017/2023 program was closed down following a board decision in January and SEK 1.5m was repaid to the holders in February.

Signatures of the board

The board and CEO certify that the consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the EU and give a true and fair view of the group's position and results. The annual accounts have been prepared in accordance with generally accepted accounting principles and provide a true and fair view of the financial position and results of the parent company. The administration report for the group and the parent company provides a true and fair view of the development of the group's and the parent company's operations, financial position and results and describes the significant risks and uncertainties facing the parent company and the companies included in the group. The income statement and balance sheets will be submitted to the annual general meeting on May 19, 2022 for approval.

Stockholm, March 15, 2022

Robert Burns
Chair of the Board

Gillian Cannon
Board Member

Jonathan Knowles
Board Member

Jakob Lindberg
Board Member

José Suárez
Board Member

Mathias Uhlén
Board Member

Camilla Sønderby
Board Member

Anders Martin-Löf
Board Member

David Bejker
Chief Executive Officer (CEO)

Our auditor's report was submitted in Stockholm, the day of our electronical signatureErnst & Young AB

Anna Svanberg
Authorized public accountant

Auditor's report

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

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Affibody Medical AB for the year 2021 (the financial year 2021-01-01 – 2021-12-31). The annual accounts and consolidated accounts of the company are included on pages 24-66 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the parent company as of 31 December 2021 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the group as of 31 December 2021 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for statement

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

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-24 and 70-73. The Board of Directors and the Managing Director are responsible for this other information.

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

In connection with our audit of the annual accounts and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual accounts and consolidated accounts. In this procedure we also take into account our knowledge otherwise obtained in the audit and assess whether the information otherwise appears to be materially misstated.

If we, based on the work performed concerning this information, conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

Our objectives are to obtain reasonable assurance about whether the annual accounts and consolidated accounts as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered

material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these annual accounts and consolidated accounts.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional 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 Managing Director].

- Conclude on the appropriateness of the Board of Directors' [and the Managing Director's] use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

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

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Affibody Medical AB for the year 2021 (the financial year 2021-01-01 – 2021-12-31) and the proposed appropriations of the company's profit or loss.

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

A separate list of loans and collateral has been prepared in accordance with the provisions of the Companies Act.

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

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

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

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

Stockholm, the day of our electronical signature

Ernst & Young AB

Anna Svanberg
Authorized Public Accountant

Annual general meeting

Annual general meeting 2022

The annual general meeting of Affibody Medical AB will be held on May 19, 2022. Due to the continued spread of the coronavirus and the authorities' regulations and general advice on avoiding meetings, the board has decided that the annual general meeting shall be conducted without any physical presence by shareholders exercising their voting rights only by postal ballot.

Right to participate

In order to participate in the annual general meeting, shareholders must be entered in the share register kept by Euroclear Sweden AB by Monday, May 9, 2022 and notify their attendance at the annual general meeting. Registration is made by the shareholder casting their postal vote in accordance with the instructions in the complete notice on the special postal voting form which is available on the company's website, www.affibody.se, and at the company. Shareholders who have had their shares registered with a nominee must temporarily register their shares in their own name with Euroclear Sweden AB. Shareholders who wish to re-register their shares must notify their nominee in good time before May 9, 2022, by which time such re-registration must be completed. The registration of voting rights requested by shareholders at such a time that the registration has been made by the relevant nominee no later than Wednesday, May 11, 2022 will be taken into account in the production of the share register.

Registration for the annual general meeting is made in writing by casting a postal vote on the special postal voting form. The completed form must be sent to the company via e-mail to camilla.danell@affibody.se or, alternatively, posted in the original to Affibody Medical AB, Scheeles väg 2, SE-171 65 Solna, Sweden. The envelope must be labeled "Årsstämma 2022". To be considered as registration, the completed form must be received by the company no later than Wednesday, May 18, 2022.

Calendar for 2022

- Interim report Q1 2022 to be published May 19, 2022
- Interim report Q2 2022 to be published August 23, 2022
- Interim report Q3 2022 to be published November 22, 2022

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

For further information, please contact:

David Bejker, President and CEO, david.bejker@affibody.se
Camilla Danell, CFO, camilla.danell@affibody.se

Phone (switchboard): +46 8 59 88 38 00

Affibody Medical AB (publ)
Scheeles väg 2
SE-171 65 Solna, Sweden
Phone: +46 8 59 88 38 00
www.affibody.com
Corporate ID number 556714-5601

Definitions of key ratios

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

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

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

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

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

Cash flow
Cash flow for the period.

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

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

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

(SEK T)	Jan - Dec 2021	Jan - Dec 2020
Net sales	284,712	121,078
Operating result*	-147,230	-214,908
Net result for the period	-160,836	-220,276
Equity at the end of the period	-32	145,944
Equity ratio*		
Equity	-32	145,944
Balance sheet total	371,336	280,664
Equity ratio, %	0.0%	52.0%
Cash flow	8,385	-230,858
Liquid funds	153,245	135,878
R&D costs*		
Research and development costs	-286,502	-297,945
Total operating costs	-313,439	-334,288
R&D costs/Total operating costs %	91.4%	89.1%
Average number of employees	83	72

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

Glossary

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

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

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

Albumod®
The Albumod® molecule binds very strongly to albumin, which is found in large amounts in the blood. By connecting Albumod® with Affibody® molecules or other protein drugs, the potential circulation time in the body increases and the drug can exert its therapeutic effect for weeks instead of minutes or hours.

Blockers and inhibitors
Drugs that counteract the activity of one or more molecules that contribute to the onset of disease.

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

Phase I/II study
Clinical study in humans performed in a small group of individuals with the primary purpose of further documenting the substance's safety profile and investigating the substance's pharmacokinetics and pharmacodynamics, as well as demonstrating the desired therapeutic effect in patients.

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

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

HER2
Human Epidermal Growth Factor Receptor 2 (HER2) is a growth factor receptor that can be overexpressed in several different cancers, such as breast, ovarian and stomach cancers.

Non-invasive
Usually refers to treatments that do not penetrate the skin.

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

Immunogenicity profile
The ability of a molecule to stimulate the formation of antibodies in the individual being given the molecule.

Immunology
A branch of biology and medicine that describes the structure and function of the immune system.

Candidate drugs
A drug that is intended to be progressed to clinical trials.

Kilodalton (kDa)
The standardized atomic mass Dalton (Da, u) is a mass unit commonly used in physics and chemistry to describe molecular size. A Dalton is defined as one-twelfth of the mass of an unbound neutral atom of carbon-12 in its basic state and at rest.

Clinical phase
A clinical trial is an examination of a drug candidate or method of treatment performed in healthy or sick people in order to study safety, tolerability and the therapeutic effect. Clinical trials are divided into different phases called Phase I, Phase II, Phase III and Phase IV.

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

Monoclonal antibodies (mAb)
Antibodies that have been secreted or extracted from a single B cell (or by biotechnological methods) and are therefore identical in structure. This group of antibodies differs from polyclonal antibodies that originate in several different B cells. Monoclonal antibodies are used in biochemical and medical research, among other things, to bind specific proteins with a high degree of accuracy. Several effective drugs consist of monoclonal antibodies.

Multicenter study
Clinical study conducted at several different research clinics simultaneously.

Targeting treatment methods
Treatment methods that specifically target a disease-causing molecule or structure expressed in diseased cells, such as cancer cell receptors. By directing the medical treatment, the risk of severe side effects and the unnecessary attacking of healthy cells is reduced.

Oncology
The study of cancer.

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

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

Protein engineering
Protein engineering is the artificial modification of one or more proteins in order to create the desired properties or improve existing ones.

Psoriasis Area and Severity Index (PASI)
A tool for measuring the severity of psoriasis. The PASI combines the prevalence and severity of skin inflammation in scores ranging from 0 to 72 (from no disease to maximum disease). How a patient responds to treatment is often measured as a decrease in PASI scores from a baseline, where PASI90, for example, describes a 90% reduction in disease scores from the baseline.

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

Scaffold protein
A basic structure in protein technology where changes can be introduced into a molecule in order to achieve the desired properties.

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

Disease remission
Conditions where disease symptoms have partially subsided or temporarily disappeared.

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

Safety profile
Documentation describing the toxicological properties of a drug candidate. The data includes possible side effects and is a guide for patient treatments.

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

Affibody Medical AB (publ)

Scheeles väg 2
SE-171 65 Solna, Sweden

Phone: +46 (0) 8 59 88 38 00
Email: reception@affibody.com

Graphic design: Plucera Webbyrå (www.plucera.se)