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Active Biotech

2023

ANNUAL REPORT 2023 | ACTIVE BIOTECH AB

During the year, we realized significant progress in our projects

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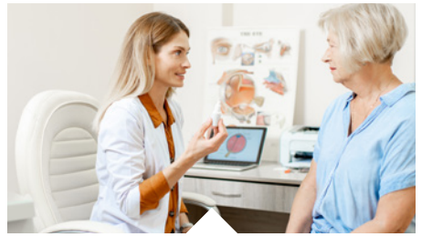

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This Annual Report contains certain forward-looking information on Active Biotech. Although we believe that our expectations are based on reasonable assumptions, forward-looking statements could be affected by factors causing the actual outcome and trend to differ materially from the forecast. The forward-looking statements comprise various risks and uncertainties. There are significant factors that could cause the actual outcome to differ from that expressed or implied by these forward-looking statements, some of which are beyond our control. These include the risk that patent rights might expire or be lost, exchange-rate movements, the risk that research and development operations do not result in commercially successful new products, competition effects, tax risks, effects resulting from the failure of a third party to deliver products or services, difficulties in obtaining and maintaining official approval for products, and environmental responsibility risks. The Company's formal annual report and consolidated financial statements are included on pages 48-95 in this document.

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Active Biotech in Brief

Active Biotech develops pharmaceutical products within medical areas where the immune system is of significant importance, including cancer and inflammatory diseases. The project portfolio comprises both small, orally active immunomodulatory molecules and antibody-based immunotherapy.

Active Biotech is based in Lund, Sweden, and was formed in 1998 as a spin-off from Pharmacia & Upjohn. The share is listed and traded on Nasdaq Stockholm (Small Cap). The company has core competence in cancer and inflammatory diseases and a competent team with extensive experience in drug development from early to late-stage clinical development.

Active Biotech has three programs in development, the wholly owned projects tasquinimod and laquinimod, and naptumomab in partnership with NeoTX Therapeutics Ltd (NeoTX).

Tasquinimod is in development for the treatment of hematological cancers, including multiple myeloma and myelofibrosis.

Tasquinimod is in clinical phase Ib/IIa development for multiple myeloma. Preparation for the start of two clinical proof-of-concept studies in myelofibrosis is underway.

Laquinimod is in development for the treatment of inflammatory eye disorders such as non-infectious uveitis.

Laquinimod has completed a clinical phase I trial with an eye drop formulation. A clinical biodistribution study after administration of the eye drop formulation for patients is being planned.

Naptumomab is developed in partnership with NeoTX for treatment of solid tumors.

Naptumomab is in phase IIa development in combination with docetaxel in non-small cell lung cancer (NSCLC) and in a phase Ib/II study in combination with the checkpoint inhibitor durvalumab in patients with selected solid tumors.

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December 22
Active Biotech provides update on the scheduled clinical program for 2024

January 30
Active Biotech confirms positive clinical safety profile of laquinimod eye drops

December 14
Preclinical data of tasquinimod presented at ASH

April 19
Safety and preliminary activity of naptumomab in combination with durvalumab presented at AACR 2023

December 6
Active Biotech announces outcome of the Company's rights issue

May 26
Active Biotech announces positive interim data from an ongoing study with tasquinimod in heavily pre-treated patients with relapsed and refractory multiple myeloma

December 5
Active Biotech enters into collaboration agreement for clinical ocular biodistribution study with laquinimod

May 30
Positive safety and tolerability in clinical phase I study and preclinical ocular biodistribution data supporting the further development of laquinimod eye drops for inflammatory eye diseases were established

December 1
Lead Principal Investigator Rebekka Schneider-Kramann presents the clinical plan and positioning of tasquinimod in myelofibrosis

June 10
New preclinical data regarding tasquinimod's anti-fibrotic effects in myelofibrosis were presented at EHA 2023

September 13
Clinical safety and preclinical ocular biodistribution for laquinimod eye drops presented at the IOIS meeting 2023

September 11
Tasquinimod successfully completes dose optimization in patients with multiple myeloma and advances into the pre-planned expansion cohort

July 31
Active Biotech enters into clinical trial collaboration agreement for a clinical study with tasquinimod in myelofibrosis

KEY FIGURES

Net sales
0.0
SEK M
(2022: 0.0)

Operating loss
-46.5
SEK M
(2022: -57.9)

Loss for the year
-45.8
SEK M
(2022: -58.4)

Earnings per share
-0.17
SEK/share
(2022: -0.25)

Equity/assets ratio
70
%
(2022: 68)

FINANCIAL CALENDAR

2024 8 May	2024 22 May	2024 22 August
Interim Report Q1	Annual General Meeting	Interim Report Q2

2024 7 November	2025 13 February
Interim Report Q3	Year-end Report 2024

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Helén Tuvesson
Chief Executive Officer

During the year, we refined our strategy and decided to focus our main activities to tasquinimod in myelofibrosis

Comments from the CEO

Our wholly owned projects tasquinimod and laquinimod within hematological cancers and inflammatory eye disorders respectively made significant progress in 2023. During the year, we refined our strategy and decided to focus our main activities to tasquinimod in myelofibrosis. Preparations are ongoing for the start of two clinical studies in myelofibrosis in 2024. In the laquinimod project a good safety profile of the newly developed eye drop formulation was confirmed in healthy subjects. The next step is a clinical biodistribution study to evaluate the ocular distribution following administration of laquinimod eye drops. Beyond that, our focus will be on finding a partner for the continued clinical development of laquinimod. A rights issue to finance planned clinical programs was successfully concluded in December and added 43.5 MSEK to liquidity before issue expenses.

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Tasquinimod – Focus on Myelofibrosis

Following a strategic review of our potential clinical programs and their financing, we decided to focus our main activities to the clinical programs for tasquinimod in myelofibrosis.

Myelofibrosis is a rare form of blood cancer characterized by abnormal production of blood-forming cells replacing the healthy bone marrow with fibrous tissue. Symptoms of the disease include anemia, splenomegaly, and other complications. Today, patients are treated with varying protocols, including bone marrow transplantations in some cases. JAK-inhibitors are the only drug class approved for the treatment of myelofibrosis. There is a high medical need for a treatment that affects the underlying disease processes and provides a broad impact on disease progression.

Results from preclinical models of myelofibrosis indicate that tasquinimod has the potential to modify the disease in broad sense by reducing fibrosis, and by normalizing spleen size and hematopoiesis, which are the key manifestations of the disease. In December 2023, preclinical data of tasquinimod from our collobaration with MD Anderson was presented as an oral presentation at the prestigious scientific conference ASH. Data from animal models of advanced myelofibrosis demonstrate that tasquinimod, when given as monotherapy or in combination with front-line therapy has a clear effect and thereby a clinical potential in this indication. Furthermore Professor Rebekka Schneider-Kramann, the lead Principal investigator for the upcoming clinical study in Europe with tasquinimod in myelofibrosis, presented the clinical plan for tasquinimod in myelofibrosis and discussed the positioning of tasquinimod in this disease. The full audiocast including a discussion with our CMO Erik Vahtola and Rebekka Schneider-Kramann, is available on Active Biotech's website. Our plan is to start two clinical proof of concept studies in myelofibrosis in 2024. The clinical study currently being prepared in Europe has external funding from the Oncode Institute and will be conducted in the HOVON research network at clinics in the Netherlands and Germany. A clinical trial agreement was signed in July 2023, and the study is planned to start in Q3 2024. Preparations for the clinical study in myelofibrosis in the US in collaboration with MD Anderson is advancing, and we currently expect it could commence in H1 2024.

> *With finances secured to reach important goals in the planned clinical programs, I look forward to an exciting 2024*

In the beginning of the autumn, we reported that the enrollment to the preplanned expansion cohort of the ongoing myeloma study with tasquinimod in combination with ixazomib, lenalidomide and dexamethasone (IRd) is ongoing. We are encouraged by the good safety and preliminary response to tasquinimod treatment in this heavily pretreated group of patients and look forward to review the final data of the study towards end of 2024. From a safety and efficacy perspective, the data for tasquinimod already established in the treatment of patients with multiple myeloma provides a bridge towards the trial program within myelofibrosis, and thereby contributes to documentation of tasquinimod's therapeutic potential in hematological cancers.

The work to optimize the patent protection around tasquinimod has continued during the year and tasquinimod is currently protected by patents and patent applications until at least 2042. The strategically important patents and patent applications include the use of tasquinimod in the treatment of the blood cancers myelofibrosis, multiple myeloma and myelodysplastic syndrome.

Laquinimod – Preparations for a Commercial Partnership

For laquinimod, the results of the clinical phase I study of the novel eye drop formulation were presented and well received at the International Ocular Inflammation Society (IOIS) 2023 meeting in Berlin, Germany, in September. A clean safety profile was shown at repeat doses where we expect therapeutic concentrations of laquinimod. We also presented distribution data suggesting ocular distribution of laquinimod in the rabbit eye upon application of the eye drops. To support the further development of this formulation in patients with uveitis, a clinical ocular biodistribution study of the eye drop formulation will be conducted at the Byers Eye Institute at Stanford University, US. A clinical collaboration agreement was signed in December and the study is ready to start. In parallel, commercial activities will be initiated to establish a partnership for the continued development of laquinimod in patients with uveitis.

Laquinimod is currently protected by patents and patent applications until at least 2042. Strategically important patents and patent applications include the use

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of laquinimod for inflammatory eye diseases as well as eye diseases with excessive vascularization.

Naptumomab – Upcoming Results in Lung Cancer

With respect to naptumomab, which is developed in collaboration with our partner NeoTX, the clinical phase IIa trial in patients with lung cancer is progressing towards results in 2024. Furthermore, naptumomab was reported to be safe in combination with durvalumab, in patients with selected solid tumors. The preliminary efficacy of the combination was encouraging, and in the next step, an expansion cohort in esophageal cancer is planned. A new phase I study is also being planned with naptumomab combined with the checkpoint inhibitor pembrolizumab in patients with urothelial cancer. NeoTX´s start of these studies is subject to new financing and the timing of the start is uncertain due to the current geopolitical situation.

Rights Issue 2023

The board of directors resolved in November to carry out a rights issue to secure financing of the ongoing wholly owned prioritized development programs until the end of 2024. The right issue added 43.5 MSEK to liquidity before deduction of issue expenses and gives the company the opportunity to achieve important milestones in the clinical programs and enable discussions with partners.

In Summary

I am very pleased with the progress of our projects in the past year. We are strengthened in our conviction that our projects have the potential to treat diseases of great medical need. In 2024, our goals comprise the start of two clinical proof-of-concept studies with tasquinimod in myelofibrosis and to obtain results from the ongoing study in multiple myeloma. Furthermore, we will conduct a biodistribution study of laquinimod eye drops and initiate commercial activities to secure a partnership for the continued clinical development of laquinimod in uveitis. With finances secured to reach important goals in the planned clinical programs, I look forward to an exciting 2024. I will keep you updated as we advance in our projects.

Finally, I wish to thank the entire Active Biotech team and our shareholders for your loyal support.

Helén Tuvesson, CEO

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Goal and Strategy

WORKING TOWARDS OUR TARGETS

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We Are Advancing Projects in Indications with High Medical Need

The business model of Active Biotech aims to advance projects in indications with high medical need and commercial value potential in cancer and inflammatory eye diseases. There are solid preclinical data supporting the programs. Furthermore, the previously generated documentation for tasquinimod and laquinimod can be leveraged to accelerate development in a cost-effective way.

THE COMPANY'S DIRECTION

Active Biotech is focused on specialist indications within oncology and inflammation with significant commercial value potential. The development is ongoing for the projects according to targets set. Several clinical milestones are projected through 2024 (see projected clinical milestones, page 12).

PARTNERSHIPS

Active Biotech advances projects into or through the initial clinical development phase(s), and then further develop the programs in partnership. Active Biotech has a global license agreement with NeoTX for the development and commercialization of naptumomab in cancer indications since 2016. Active Biotech is in an academic partnership with Abramson Cancer Center Philadelphia, the US, for the ongoing development of tasquinimod in multiple myeloma and in a global patent license agreement with Oncode Institute, acting on behalf of Erasmus MC, for tasquinimod in myelofibrosis.

In December 2023 a new clinical trial collaboration agreement was entered for laquinimod between Active Biotech and the Global Opthalmic Research Center (GORC), in Los Altos, California, the US.

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Business Concept

Active Biotech's business concept is to utilize knowledge of the immune system to develop pharmaceuticals in therapeutic areas in which an unmet medical need can be addressed to generate an attractive shareholders' return.

GOAL

Active Biotech's goal is to develop new drugs to improve the treatment of patients with cancer and inflammatory diseases.

ASSETS

- **Projects in specialist indications** within oncology and inflammation with high commercial potential and opportunity to leverage existing clinical data
- **Experienced team** with dedicated collaborators
- **Board with extensive expertise** and complementary skills
- **International network** of KOLs and experts
- **Strong** academic **partnerships**
- Activities and **plans financed** through 2024
- **Listed on Nasdaq,** Stockholm
- **Strong shareholder base,** incl MGA Holding, Sjuenda Holding, AP3 and AP4

BUSINESS STRATEGY

The key components of the company's business strategy are to:

- **Achieve the greatest possible growth** in value in each project and seek collaboration with strong partners
- **Progress product development** and pursue commercialization of the company's selected compounds with partners
- **Limit internal costs** and overheads by creation of partnership agreements and use of external expertise
- **Protect know-how** through an active patent strategy
- **Create financial sustainability** through partnering with licensees and shareholders

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Projected Clinical Milestones Through 2024

With the already ongoing clinical trials and new studies in planning, Active Biotech expects to have several potential value increasing events in all projects during the forthcoming period.

Ph Ib/IIa in Multiple Myeloma

- Final results of study Q4 2024

Ph II in Myelofibrosis

- Start of study in Europe Q3 2024
- Start of study in the US H1 2024

Clinical ocular biodistribution study of eye drop formulation

- Start of study H1 2024
- Results of study H2 2024

Ph IIa combination with docetaxel in lung cancer

- Results of study H1 2024

Ph Ib/II combination with durvalumab

- Start of cohort expansion in esophageal cancer 2024

Ph 1 combination with pemrolizumab in urothelial cancer

- In planning, study start pending new financing

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PROJECTS WITHIN SPECIALIST INDICATIONS

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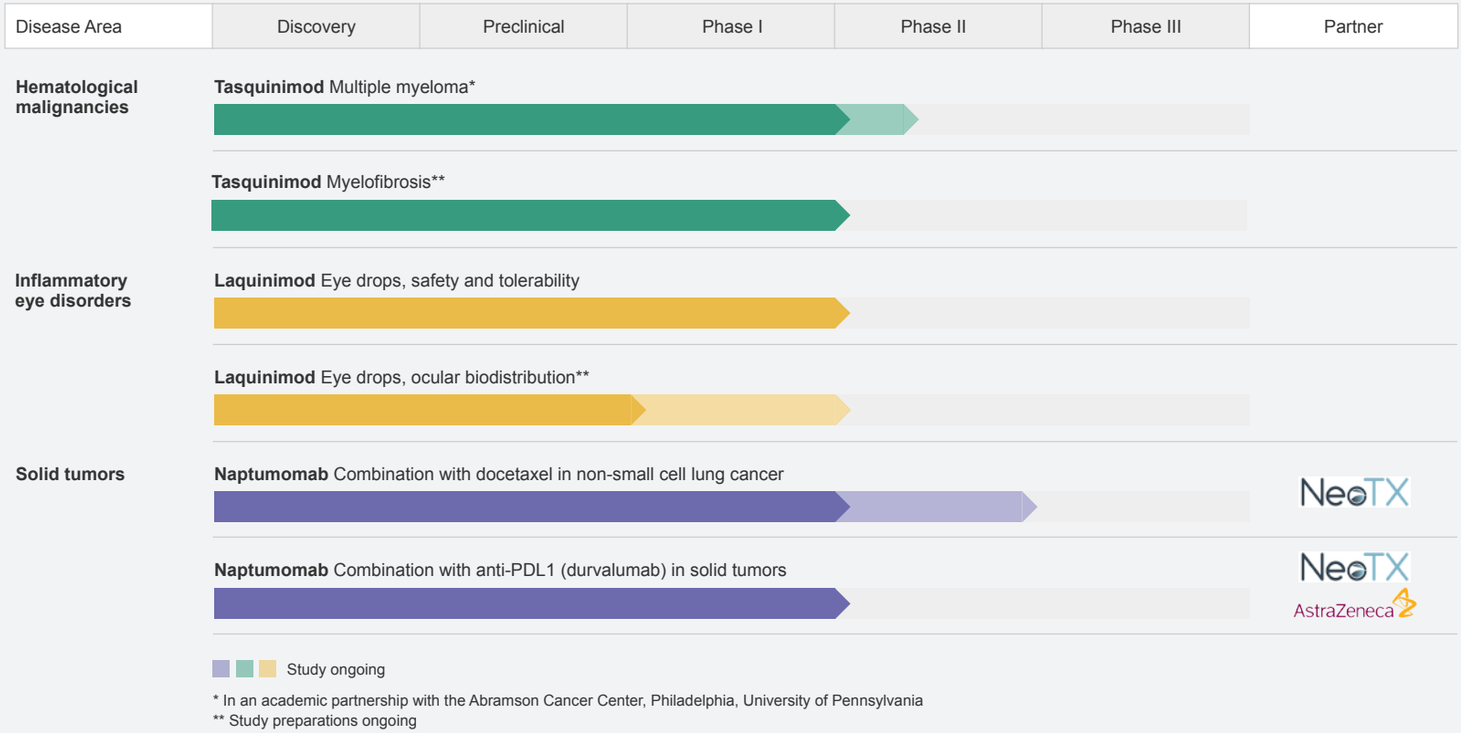
We Develop Treatments for Cancer and Inflammatory Eye Diseases

Active Biotech currently holds three projects in its portfolio: Tasquinimod is being developed as a novel product class in hematological malignances. Laquinimod is being developed as a treatment of inflammatory eye disorders including uveitis and Naptumomab is a tumor targeting immunotherapy that is being developed in partnership with NeoTX since 2016.



* In an academic partnership with the Abramson Cancer Center, Philadelphia, University of Pennsylvania
** Study preparations ongoing

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Tasquinimod – Treatment of Hematological Malignancies

Tasquinimod is an orally active small molecule immunomodulator with a novel mode of action, blocking tumor supporting pathways in the bone marrow microenvironment. Tasquinimod is being developed for the treatment of blood cancers, such as multiple myeloma and myelofibrosis.

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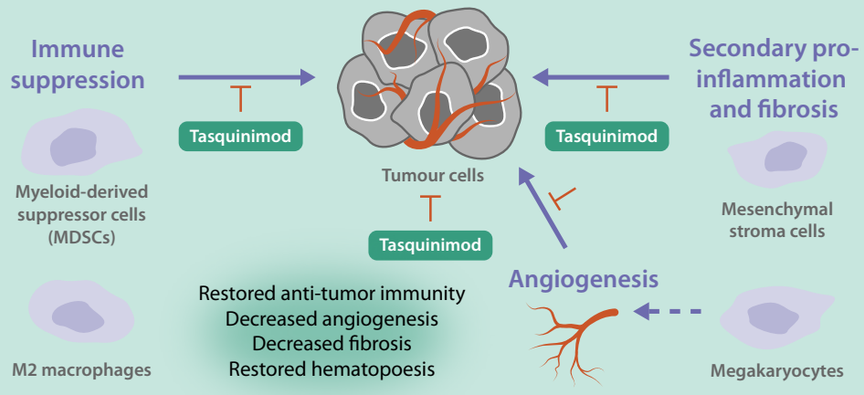

The tumor microenvironment in the bone marrow is essential for development of blood cancers and a key driver of disease recurrency as well as resistance to treatment.

Tasquinimod targets cells in the microenvironment of the bone marrow, immunosuppressive myeloid cells, endothelial cells, and mesenchymal cells, which play a central role in the development of blood cancers. Tasquinimod affects the function of these cells, leading to reduced tumor growth, reduced fibrosis, and restored hematopoiesis. With this mode of action tasquinimod has the potential, both as a monotherapy and in combination with other drugs, to overcome resistance and thereby increase survival in patients that have not responded on standard therapy.

COLLABORATION IN MYELOFIBROSIS

In February 2022, Active Biotech entered into a global patent license agreement with Oncode Institute, acting on behalf of Erasmus MC, for tasquinimod in myelofibrosis. Under the agreement, Oncode Institute grants to Active Biotech a global exclusive license to develop and commercialize tasquinimod in myelofibrosis. Proof-of-concept studies with tasquinimod in myelofibrosis patients are planned to start in Europe and at MD Anderson, TX, the US. Interviews with the prinicipal investigators for these studies can be found on pages 35-36. The study in Europe will be conducted by the HOVON (Stichting Hemato-Oncologie voor Volwassenen Nederland) research network at clinics in The Netherlands and Germany. The study is funded by Oncode Institute. Active Biotech also has a preclinical collaboration with a research group at MD Anderson. Preclinical results from this collaboration were presented in December 2023 at an oral session at the annual meeting of the American Society of Hematology (ASH) in San Diego, the US. The results demonstrated tasquinimod's efficacy as monotherapy and in combination with approved and investigational therapies in models of advanced proliferative neoplasms. The positive results create a rationale for a clinical study in patients with myelofibrosis for which the preparations are ongoing.

ONGOING CLINICAL DEVELOPMENT IN MULTIPLE MYELOMA

Based on preclinical data and the previous clinical experience with tasquinimod, a clinical study was initiated in multiple myeloma, and the first patient was dosed in August 2020. The study recruits relapsed refractory multiple myeloma patients after at least one prior anti-myeloma therapy and is conducted in two parts: the first part (A) assessing monotherapy effect of tasquinimod, and the second part (B) studying the combination of tasquinimod and an oral standard anti-myeloma regimen (IRd; ixazomib,

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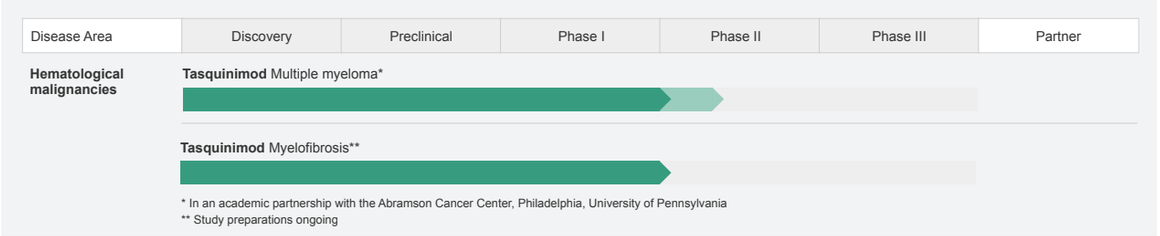

lenalidomide, dexamethasone). Primary endpoint in both parts is safety and tolerability, and key secondary endpoint is preliminary efficacy by objective response rate.

Important milestones were reached in October 2021 and February 2022, respectively. In October 2021, ten patients in part A had been treated with increasing doses of tasquinimod and the safety read-out showed that tasquinimod was generally well tolerated. The optimal dose and schedule of tasquinimod, when used as a single agent in patients with multiple myeloma has been established at 1 mg per day after a one-week run in of 0.5 mg daily. This is similar to the treatment schedule used in previous studies of tasquinimod. The patients included in this study phase were heavily pre-treated, with a median of 8 prior lines of therapy; 8 of the 10 patients were triple-class refractory to Imids, proteasome inhibitors, and anti-CD38 monoclonal antibodies. While none of the patients formally achieved a partial response, two patients with progressive myeloma at study entry achieved significant periods of stable disease on single-agent tasquinimod therapy. This suggests that tasquinimod has anti-myeloma activity in patients with advanced disease that is resistant to established therapies. In February, 2022, the trial subsequently advanced to the previously planned combination part of the phase Ib/IIa clinical study, in which treatment with tasquinimod is tested in patients with multiple myeloma together with the orally administered anti-myeloma agents ixazomib, lenalidomide, and dexamethasone (IRd).

In May 2023, Active Biotech announced that tasquinimod as monotherapy, or in combination with IRd, has a favorable safety profile in heavily pretreated patients with a median of eight previous treatments. All 15 patients who were part of this interim assessment were previously refractory against immunomodulatory imides (IMiDs), proteasome inhibitors (PI) and CD38 mAbs. One patient who had been resistant to previous PI+IMiD combination had a durable partial response ongoing for over a year. In September, it was announced that the dose optimization in the IRd-combination was successfully completed and that the study hence, according to plan, is being expanded to ensure the safety and effect of tasquinimod.

OBJECTIVES FOR 2024

- To conclude the phase Ib/IIa study in Multiple Myeloma
- To start two clinical proof-of-concept studies in myelofibrosis
- To explore options for commercial and development partners

CLINICAL EXPERIENCE OF TASQUINIMOD

Tasquinimod has been in development for the treatment of prostate cancer. While the results from the phase III trial in prostate cancer showed that tasquinimod prolonged progression-free survival (PFS) compared to placebo, tasquinimod did not extend overall survival (OS) in this patient population and the development for prostate cancer was discontinued. Tasquinimod was studied in both healthy volunteers and cancer patients. Clinical effects and a favorable safety profile have been demonstrated in more than 1,500 patients, equivalent to more than 650 patient-years of exposure to tasquinimod.

Key publications

1. Tasquinimod supresses tumor cell growth and bone resorption by targeting immunosuppressive myeloid cells and inhibiting c-MYC expression in multiple myeloma. Fan R. et a., Journal for Immuno Therapy of Cancer 2023 Jan;11(1)
2. S100A8/S100A9 Promote Progression of Multiple Myeloma via Expansion of Megakaryocytes. Lin C. et al., Cancer Res Commun. 2023 13;3(3):420-430.
3. Heterogeneous bone-marrow stromal progenitors drive myelofibrosis via a druggable alarmin axis. Leimkühler NB et al., Cell Stem Cell. 2021 Apr 1;28(4):637-652.
4. Randomized, Double-Blind, Placebo-Controlled Phase III Study of Tasquinimod in Men With Metastatic Castration-Resistant Prostate Cancer. Sternberg C. et al., Clin. Oncol. 2016; 34(22): 2636-43.
5. Tasquinimod triggers an early change in the polarization of tumor associated macrophages in the tumor microenvironment. Olsson A. et al., ImmunoTher Cancer. 2015; 3:53.
6. Tasquinimod modulates suppressive myeloid cells and enhances cancer immunotherapies in murine models. Shen L. et al., Cancer Immunol Res. 2014; 3(2): 1-13.

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Laquinimod – Treatment of Inflammatory Eye Disorders

Laquinimod is a first-in-class immunomodulator with a novel mode of action for the treatment of severe inflammatory eye diseases such as non-infectious uveitis.

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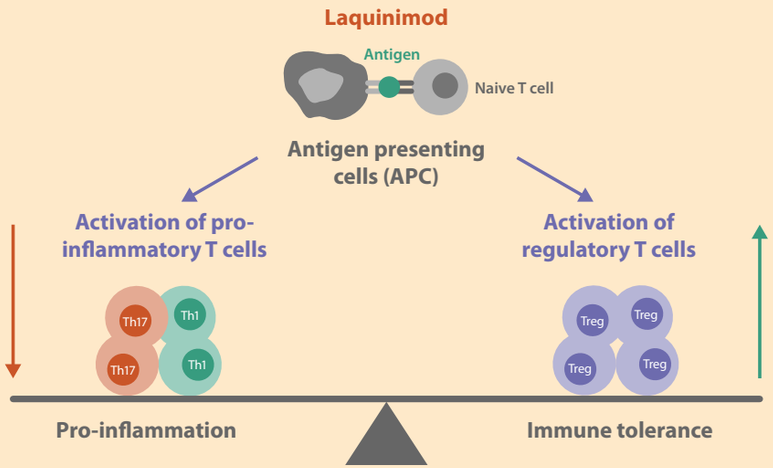

It has been shown in experimental models of autoimmune/inflammatory diseases that laquinimod targets the aryl hydrocarbon receptor (AhR) that is present in antigen-presenting cells and involved in the regulation of these cells. By targeting the AhR, antigen-presenting cells are re-programmed to become tolerogenic, meaning that instead of activating pro-inflammatory T cells, regulatory T cells with anti-inflammatory properties are activated leading to dampening of the inflammation in the eye.

ONGOING CLINICAL DEVELOPMENT

An eye drop formulation of laquinimod has been developed, and a preclinical safety and toxicity bridging program for topical treatment has been completed. A phase I study of laquinimod eye drops in healthy subjects started in December 2021, and the study was completed in January 2023. The study enrolled a total of 54 healthy subjects. Subjects received laquinimod eye drops as a single ascending dose in part 1 and as repeated doses up to 21 days in part 2. The primary objective of the study was safety and tolerability of laquinimod eye drops and the secondary readouts included ocular toxicity, pharmacokinetics, and plasma exposure. More information about the study design is available at clinicaltrials.gov (NCT05187403). The eye drop formulation of laquinimod was well tolerated showing a beneficial safety and tolerability profile at dose levels where we expect to achieve therapeutic concentrations. No serious adverse events were reported. Data from the recently completed phase I study together with preclinical data showing the distribution of laquinimod to

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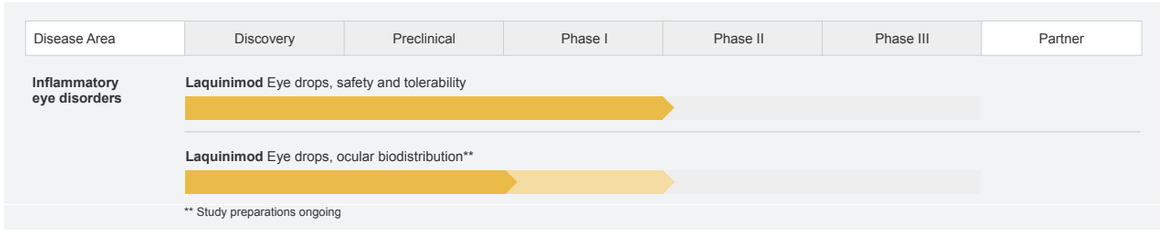

the back of the eye after administration of the eye drop formulation to rabbits were presented at a poster session at the International Ocular Inflammation Society (IOIS) 2023 meeting in Berlin, Germany, 6-9 September, 2023. To ensure that laquinimod reaches the posterior chamber of the eye to support further development in patients with non-anterior uveitis, a clinical ocular biodistribution study of the eye drop formulation will be conducted in collaboration with researchers at the Byers Eye Institute, Stanford University (Palo Alto, CA, the US) with the Principal Investigator Quan Dong Nguyen, MD, MSc, FAAO, FARVO, FASRS, Professor of Ophthalmology, Medicine, and Pediatrics, Stanford University School of Medicine.

OBJECTIVES FOR 2024

- To complete the clinical ocular biodistribution study of laquinimod eye drop formulation
- Commercial activities to establish a partnership for the continued development of laquinimod in uveitis

CLINICAL EXPERIENCE OF LAQUINIMOD

During its years of advanced product development, clinical efficacy and safety data on laquinimod, oral formulation, was established in more than 5,000 patients, primarily multiple sclerosis (MS) patients, representing more than 14,000 patient-years of exposure. Extensive datasets have also been generated, including regulatory package of preclinical and clinical safety and full commercial scale CMC documentation.

Key publications

1. Laquinimod arrests development of experimental autoimmune uveitis (EAU) and inhibits related immune processes, in the context of altered gut microbiota; Biying Xu et al., J Immunol May 1, 2020, 204 (1 Supplement).
2. Laquinimod arrests experimental autoimmune encephalomyelitis by activating the aryl hydrocarbon receptor. Kaye J. et al., Proc Natl Acad Sci U S A. 2016 Oct 11;113(41).
3. CONCERTO: A randomized, placebo-controlled trial of oral laquinimod in relapsing-remitting multiple sclerosis. Comi G. et al., Mult Scler 2021 Aug 11;13524585211032803.
4. A randomized placebo-controlled phase III trial of oral laquinimod for multiple sclerosis. Vollmer T. L. et al., J Neurol. 2014; 261(4): 773-83.
5. Placebo-controlled trial of oral laquinimod for multiple sclerosis. Comi G. et al., N Engl J Med. 2012 Mar 15;366(11):1000-9.

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Naptumomab – Tumor Directed Immunotherapy

Naptumomab is a tumor targeting immunotherapy that enhances the ability of the immune system to recognize and kill tumors. Naptumomab is developed by NeoTX for use in treatment of solid tumors.

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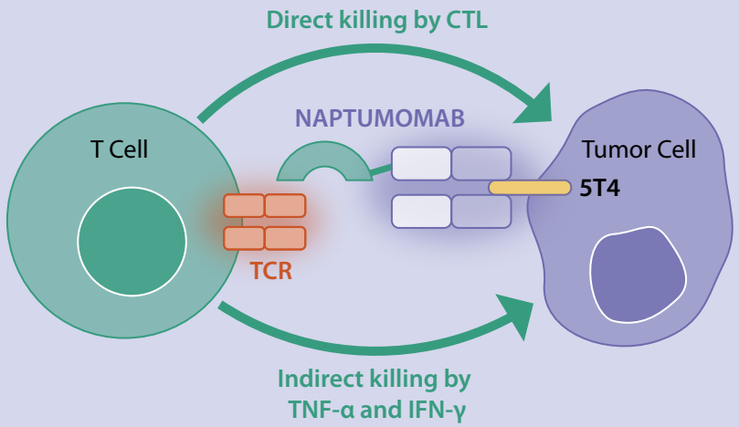

Naptumomab estafenatox (naptumomab), a Tumor Targeting Superantigen (TTS), is a fusion protein containing the Fab-fragment of an antibody that targets the tumor-associated 5T4 antigen. 5T4 is expressed in a high number of solid tumors. The antibody part of naptumomab is fused with an engineered bacterial superantigen that activates T cells expressing a particular set of T cell receptors. In short, naptumomab functions by activating T cells and re-direct them to 5T4-expressing tumors. This leads to a massive infiltration of effector T cells into the tumor and tumor cell killing.

PARTNERSHIP WITH NEOTX

In the autumn of 2016, Active Biotech signed a license agreement with NeoTX for the continued development of naptumomab.

NeoTX is financing and is responsible for the world-wide clinical development and commercialization of naptumomab. The total deal value amounts to USD 71 M and is contingent upon achievement of clinical, regulatory and commercial milestones. In addition, Active Biotech will receive tiered double-digit royalties on future sales.

NAPTUMOMAB IN SOLID TUMORS

Naptumomab increases the immune system's ability to recognize and attack the tumor and preclinical data from various experimental models show synergistic anti-tumor effects and prolonged overall survival when naptumomab is combined with checkpoint inhibitors, chemotherapy and chimeric antigen receptor (CAR) T-cell therapy. Checkpoint inhibitors are a group of cancer drugs, which function by unleashing the immune system to attack the tumor. Despite the successes over recent years with these immunotherapies, it remains a challenge for the immune system to recognize tumor cells and there is a need to optimize the therapeutic effect of checkpoint inhibitors.

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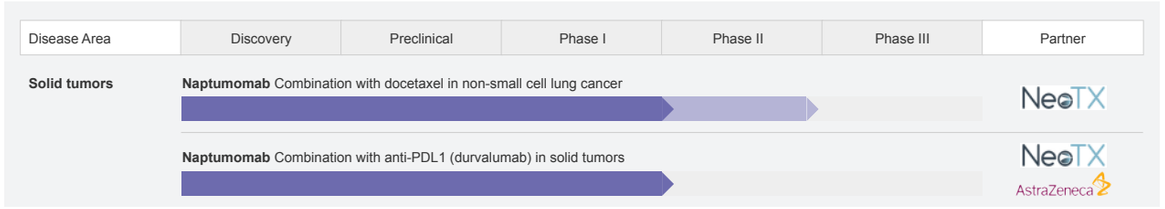

ONGOING CLINICAL DEVELOPMENT

An open label clinical phase IIa study in US testing naptumomab in combination with docetaxel in patients with advanced or metastatic non-small cell lung cancer (NSCLC) previously treated with checkpoint inhibitors has finished recruitment and results will be presented in 2024. The primary endpoint is objective response rate. In October, 2021, it was announced that the first patient was enrolled. In June 2022, it was announced that the trial will start enrolling into the second stage, after successful completion of the first stage. To move the study from the first to the second stage, a minimum of two responses out of ten patients was required. For more information about the trial, visit clinicaltrials.gov (NCT04880863).

An open-label, multicenter, dose-finding clinical phase Ib/II study with naptumomab in combination with durvalumab, a checkpoint inhibitor, is ongoing. The clinical trial enrolls patients with previously treated advanced or metastatic, 5T4-positive solid tumors.

The phase Ib part of the study is completed and the recommended phase II dose (RP2D) established. Interim safety and preliminary safety and preliminary efficacy data from the study were presented at the American Association for Cancer Research (AACR) annual meeting in Orlando, Florida in April 2023. Data based on 59 patients with previously treated advanced or metastatic disease demonstrate that naptumomab in combination with durvalumab is well tolerated with limited toxicity at the RP2D. Durable, including complete, treatment responses were seen in patients where response to checkpoint inhibitor alone was not expected. In addition, the results indicate that pretreatment with obinutuzumab, a B-cell therapy, reduces the formation of anti-drug antibodies against naptumomab. A cohort expansion of this trial with patients suffering from esophageal cancer is planned.

In both ongoing studies patients are pre-treated with obinutuzumab to lower the levels of anti-drug antibodies (ADA) to naptumomab.

OBJECTIVES FOR 2024

- To conclude the phase IIa study in combination with docetaxel in lung cancer
- To start cohort expansion in combination with durvalumab in esophageal cancer
- To start phase I combination with pembrolizumab in urothelial cancer (pending new financing)

CLINICAL EXPERIENCE WITH NAPTUMOMAB

Safety and tolerability of naptumomab as monotherapy and in combination with standard treatment have been established in clinical studies that include more than 300 patients.

Clinical development of naptumomab includes phase I studies in patients suffering from advanced non-small cell lung cancer, renal cell cancer and pancreatic cancer and a phase II/III study in combination with interferon alpha in patients with renal cell cancer.

Key publications

1. Tumor-targeted superantigens produce curative tumor immunity with induction of memory and demonstrated antigen spreading. Azul M. et al., J Transl Med. 2023 21, 222
2. Tumor Targeted Superantigen (TTS), Naptumomab Estafenatox (NAP), enhances CAR-T cells potency and can boost CAR-T efficacy against solid tumors. Sagi Y et al., Poster at SITC meeting, 2021.
3. Selective T cell Redirection Proteins (STR) Enhance the Anti-Tumor Activity of Checkpoint Inhibitors (CPIs) and can Lead to Long-Lasting Immunity Against the Tumor. Meir Azulay. et al., Poster presentation at SITC annual meeting 2019.
4. A Randomized Phase II/III Study of Naptumomab Estafenatox + IFNα versus IFNα in Renal Cell Carcinoma: Final Analysis with Baseline Biomarker Subgroup and Trend Analysis. Hawkins R. et al., Clin Cancer Res. 2016; 22(13): 3172-81.
5. Immunological response and overall survival in a subset of advanced renal cell carcinoma patients from a randomized phase 2/3 study of naptumomab estafenatox plus IFN-α versus IFN-α. Elkord E. et al., Oncotarget. 2015; 6(6): 4428-39.
6. Naptumomab Estafenatox: targeted Immunotherapy with a Novel Immunotoxin. Eisen T. et al., Curr Oncol Rep. 2014; 16: 370.

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Growing Markets with a Great Need for New Treatments

In line with Active Biotech's business strategy the company is focusing on the development of three projects. All of these show a substantial market potential with growing markets due to an elderly population with greater incidence and need for more treatment alternatives.

Active Biotech focuses on the development of pharmaceuticals in therapeutic areas such as cancer and inflammatory diseases where the need for new effective treatments is huge. Active Biotech's projects have some market advantages such as easy administration for patients with oral or topical formula and the possibility to use them in combination therapy. In addition tasquinimod has been granted orphan drug status in the US for myelofibrosis and multiple myeloma.

The orphan drug designation has been introduced to promote the development of drugs that may provide significant benefit to patients suffering from rare conditions. To qualify for orphan drug designation, a medicine must meet a number of criteria, for example, it must be intended for a life-threatening or chronically debilitating disease. Furthermore, the condition must be rare, and the medicine must provide significant benefit to those suffering from the disease. Orphan drug designation provides for seven to ten years of market exclusivity against competition, as well as certain incentives.

There are rules recently inaugurated by the regulatory agencies to speed up the drug development process and giving patients with serious diseases with unmet need faster access to new treatments. Examples of new directives by the FDA are Fast Track, Breakthrough Therapy, Accelerated Approval, Priority Review and Priority Medicines (PRIME) and Adaptive Pathways (AP) by the EMA.

PROJECTED GLOBAL DRUG SALES

60.0
Billion USD
2028
Checkpoint Inhibitors

21.6
Billion USD
2027
Multiple Myeloma Drugs

2.9
Billion USD
2031
Myelofibrosis Drugs

0.8
Billion USD
2029
Uveitis Drugs

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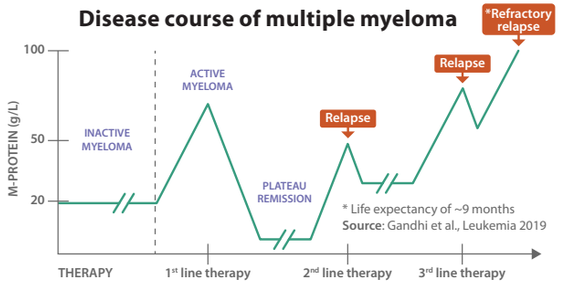
TASQUINIMOD – A NOVEL MECHANISM OF ACTION

Multiple myeloma

The disease

Multiple myeloma is an incurable blood cancer where abnormal plasma cells in the bone marrow grow uncontrollably while other blood forming cells such as white and red blood cells and blood platelets are suppressed. This leads to anemia, infections, destruction of bone tissue and progressive loss of renal function. Despite new treatments which have greatly improved survival of multiple myeloma patients the biological heterogeneity of the disease and the emergence of drug resistance is a major challenge, and the medical need of innovative treatment modalities remains high.



Current treatments

Multiple myeloma is considered a chronic disease, for which the potential of a cure is limited, but the treatment methods are continuously improving. Currently, the market is dominated by pharmaceuticals in several different product classes, see the table. If a patient does not respond to treatment using a drug from one particular class, the patient will likely also respond poorly to treatment using the other drugs in the same pharmaceutical class, which is called resistance development. To support deeper and durable responses and overcome treatment resistance patients are, as standard, treated with combinations of drugs from available product classes.

The market for the treatment of multiple myeloma is currently undergoing rapid advances and innovative combinations of drugs are expected to become standard treatment.

A key driver for market growth is that the number of patients that survive for five years or longer has increased significantly, a consequence of new drugs directed at treatment in the earlier stages of the disease. Median survival is estimated to eight to ten years from diagnosis.[1] The fact that more patients have more of a long-term remission in the earlier stages of the disease, due to more treatment options, results in a market increase for drugs intended for use in patients with recurring relapses in later stages of the disease.

FDA Approved Therapeutic Agents in Multiple Myeloma

Therapeutic Agent Class	Target	Substances (highlighted = most frequently used)	1st US Approval
Alkylating Agents	DNA Alkyl Groups	**Melphalan (generic)** **Cyclophosphamide (generic)** Bendamustine (*Treanda*) Melphalan flufenamide (meflufen; *Pepaxto*)	1960s[1] 2008 2021[2]
Corticosteroids	Glucocorticoid Receptor	Prednisone (generic) **Dexamethasone (generic)**	1960s[1] 1980s[1]
Proteasome Inhibitors	Proteasome	***Bortezomib (Velcade/generic)*** ***Carfilzomib (Kyprolis)*** Ixazomib (*Ninlaro*)	2003 2012 2015
Immunomodulators (IMiDs)	Cereblon	Thalidomide (*Thalidomid/generic*) **Lenalidomide (*Revlimid*)** **Pomalidomide (*Pomalyst/Imnovid*)**	1998[3] 2006 2013
Histone Deacetylase Blocker	Histone Deacetylase	Panobinostat (*Farydak*)	2015[4]
Monoclonal Antibodies	CD38	**Daratumumab (Darzalex)** Isatuximab (Sarclisa)	2015 2020
	CS1/SAMF7	Elotuzumab (*Empliciti*)	2015
Nuclear Export Inhibitors	Exportin-1	Selinexor (*Xpovio*)	2019
Antibody Drug Conjugate	BCMA	Belantamab mafodotin-blmf (*Blenrep*)	2020[5]
CAR T-cells	BCMA	**Idecabtagene vicleucel (Abecma)** **Ciltacabtagene autoleucel (Carvykti)**	2021 2022
Bispecific T-Cell Engager	BCMA x CD3 GPRC5D x CD3 BCMA x CD3	**Teclistamab-cqyv (*Tecvayl*)** **Talquetamab-tgvs (*Talvey*)** **Elranatamab-bcmm (Elrexfio)**	2022 2023 2023

[1] Dates refer to wide spread use in MM; [2] Withdrawn from US market in 2021, approval in EU 2022; [3] Initial approval for leprosy, approval in MM 2006; [4] Withdrawn in 2021; [5] Withdrawn from the US market in 2022. Rarely used cytotoxic drugs (like carmustine or doxorubicine) not listed. Supportive agents like bisphosphonates or growth factors not list.

1 Global Data Report 2019, Multiple Myeloma - Global Drug Forecast and Market Analysis to 2027.

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Unmet medical need

New treatments and combination options have substantially improved survival in multiple myeloma, which is now estimated at 8-10 years from diagnosis. Multiple myeloma patients undergo several lines of treatment. However, after three to four lines of treatments there are very few treatment options left for the patient due to development of drug resistance, and co-morbidity. Poor tolerability further limit the treatment options. There is therefore an urgent need of efficacious and safe combination regimens including drugs with novel mode of actions distinct from approved treatments, to mitigate drug resistance.

Tasquinimod is being developed as a new product class with a distinct and novel mechanism of action and thus has the potential to overcome the problem of drug resistance.

The market for treatment of multiple myeloma is substantial

The expected annual incidence of new diagnosed cases of multiple myeloma in the US is approximately 30,000 patients, in Europe and Japan an estimated 40,000 and 8,000 new patients, respectively, are expected to be diagnosed each year.[2]

The global sales of drugs for the treatment of multiple myeloma is projected at USD 21.6 billion in 2027.[3]

The market for drugs used in the treatment of multiple myeloma is experiencing strong growth and is expected to continue to grow strongly. This is due to greater incidence in an elderly population, longer progression-free and overall survival, thanks to more treatments and combination options are made available. The US accounts for around 60 percent of the market, EU for approximately 23 percent and Japan and China for 17 % of the total market sales.[4]

The clinical safety profile of tasquinimod is well known from previous clinical phase I-III trials. Given the good tolerability and the possibility to combine with available product classes, tasquinimod has the potential to expand over time from an initial position as the 3rd line treatment to earlier lines of treatment, similar to the patient population in the ongoing clinical study. There is a significant market opportunity for a novel drug in a new product class in multiple myeloma.

Multiple Myeloma: Market Driven by Novel Treatments

Source: GlobalData March 2019, 8 Major Markets (US, EU5, Japan, China). Presented data are based on 2027 forecast numbers.

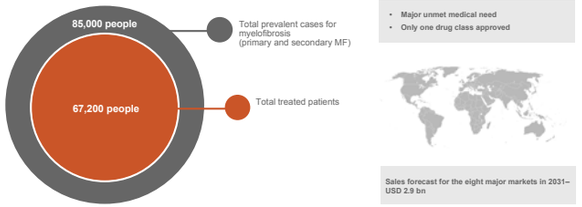
Myelofibrosis

Myelofibrosis (MF) is a rare blood cancer belonging to a group of disorders starting in the bone marrow, called myeloproliferative neoplasms. Patients with MF have an abnormal production of blood-forming cells leading to the replacement of healthy bone marrow with scar tissue (fibrosis). Due to the lack of normal blood cell production patients typically present with laboratory value abnormalities such as anemia and changes in white blood cell counts and blood cell-differentiation. Later symptoms include enlargement of the spleen, an increased risk for infections, night sweats and fever. MF is associated with shortened survival and causes of death include bone marrow failure and transformation into acute leukemia. MF can be treated with bone marrow transplantation for eligible individuals, substances such as erythropoietin to increase the growth of red blood cells and JAK inhibitors to reduce spleen size. Today there are a limited number of drugs approved for these patients as symptom-directed therapy: Hydroxy-urea and the JAK-inhibitors ruxolitinib, momelotinib, fedratinib and pacritinib. At present there are no approved therapies that would reverse bone marrow fibrosis in MF and there are only limited treatment options available for MF patients whose disease progress during JAKi treatment or cannot tolerate JAKi.

A market under development for treatment of myelofibrosis

Myelofibrosis is a rare form of blood cancer with only limited treatment options available for those patients whose disease are progressed or who do not tolerate JAKi. The underlying cause of MF is unknown. The estimated annual incidence of MF is 0.4-1.3 cases per 100,000 people in Europe.[5] The market for myelofibrosis is less developed but projected at over USD 2.9 billion by 2031.[6] The expected market growth will be driven by new JAK-inhibitors as well as new product candidates under development, to be used in monotherapy or in combination with JAK-inhibitors.

Myelofibrosis: Need for Disease Modifying Treatment



Source: GlobalData May 2023, 8 Major Markets (US, EU5, Japan and China). Presented data are based on 2031 forecast numbers

2,3,4 Global Data Report March 2019, Multiple Myeloma – Market Analysis 2017-2027
5 Moulard, Odile et al. "Epidemiology of myelofibrosis, essential thrombocythemia, and polycythemia vera in the European Union." European journal of haematology vol 92,4 (2014): 289-97.
6 Global Data report May 2023 – (Myelofibrosis: 68-Market Analysis and Sales forecast").

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LAQUINIMOD – A TOPICAL FORMULATION

Non-infectious uveitis

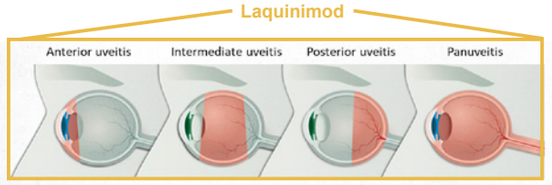
The disease

Uveitis is the inflammation of the uveal tract (iris, ciliary body, and choroid), but can also lead to inflammation of nearby tissues, such as the retina, the optic nerve and the vitreous humor. The uvea is crucial for the delivery of oxygen and nutrients to the eye tissues, and inflammation of uvea can cause serious tissue damage to the eye with symptoms including general vision problems and a risk of blindness. Furthermore, floater spots in the eye, eye pain and redness, photophobia, headache, small pupils and alteration of iris colour are common symptoms. If left untreated, uveitis can lead to severe eye problems, including blindness, cataracts, glaucoma, damage to the optic nerve, and detachment of the retina.

Uveitis is a heterogenous disease and in about half of all cases, the specific cause is not clear. Uveitis often occurs in connection to other systemic autoimmune diseases for example sarcoidosis, multiple sclerosis and Crohn's disease.

The disease can be caused by an infection or can be non-infectious. it is also divided into subtypes depending on the location of the inflammation. Intermediate, posterior and panuveitis are the most severe and highly recurrent forms of uveitis, which cause blindness if left untreated. Laquinimod will be developed as a new treatment option for non-infectious non-anterior uveitis.

Subgroups of uveitis



The figure above shows uveitis divided into different subgroups depending on location of the inflammation in the eye.

Current treatments

Patients with non-infectious uveitis are today as standard treated with high-dose oral corticosteroids or injections of corticosteroid in or around the eye. Immunosuppressants, such as methotrexate or cyclosporin, are used in 2nd line of treatment, whereas biological drugs such as adalimumab (Humira) are used as a 2nd or 3rd line of treatment.

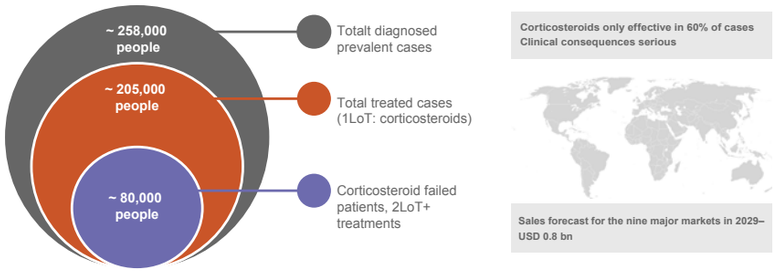
Unmet medical need

There is a high unmet medical need for new effective and safe therapies for non-infectious non-anterior uveitis[7]:

- approximately 35 percent of patients suffer from severe visual impairment with the risk of blindness
- approximately 40 percent of patients fail on corticosteroid therapy
- long-term treatment of corticosteroid in high doses is associated with severe side effects
- currently no topical treatment options are available

Therefore, there is a need for new treatments with complementary effects to corticosteroids to limit failures in the 1st line of treatment. Furthermore, there is a need for safer therapies that can reduce or replace long-term use of steroids and a treatment that could be administered directly into the eye and reach to the back of the eye to minimize systemic adverse effects and to reduce injection-related risks.

Non-infectious non-anterior uveitis
– Adressable opportunity as one subset of uveitis



Abbrev: LoT – Line of treatment
Presented data are from GlobalData (June 2021) Uveitis: Market Forecast 2019-2029 based on 2029 forecast numbers in 9 major markets (US, EU5, Japan and Australia).

7 Airody A, Heath G, Lightman S, Gale R. Non-infectious uveitis: optimising the therapeutic response. Drugs. (2016) 76:27–39. Hassan, Muhammad et al. "New therapies in development for the management of non-infectious uveitis: A review." Clinical & experimental ophthalmology vol. 47,3 (2019): 396-417. Joshi L, Talat L, Yaganti S, et al. Outcomes of changing immunosuppressive therapy after treatment failure in patients with noninfectious uveitis. Ophthalmology. 2014;121(5):1119-1124.

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The market

The treatment options for patients with non-infectious uveitis have not advanced substantially for a long period of time. The drug of choice for most patients remains long-term high dose corticosteroid therapy. Still, about 40 percent of patients do not attain disease control, or patients cannot continue with high-dose corticosteroids due to side effects.[8] Recently, corticosteroid injections in the eye have been introduced with benefit for some patients and may limit the systemic corticosteroid-related side effects.[9] However, the procedure of injecting a sustained release depot directly in the eye is not without risks. There is a significant market opportunity for a new drug in this orphan disease indication.

Approximately 1.7 million patients in the nine major markets were diagnosed with uveitis 2020, whereof approximately 600,000 patients received treatment. In 2029, approximately 258,000 patients are expected to be diagnosed with non-infectious, non-anterior uveitis, of which approximately 205,000 patients are expected to receive treatment and of these approximately 80,000 are expected not to respond to corticosteroids treatment and are candidates for the 2nd line of treatment.[10]

The global sales of drugs for uveitis totalled approximately USD 300 million in 2019 and sales are expected to reach approximately USD 0.8 billion by 2029.[11]

Laquinimod will be developed as a new treatment for non-infectious non-anterior uveitis and has the potential to be used in the 1st line of treatment as an add on to corticosteroids as well as in the 2nd line of treatment for patients that have failed corticosteroid treatment.

8,9 Rosenbaum JT. Uveitis: treatment. In: Post TW, ed. UpToDate. Waltham (MA): UpToDate; 2021.
10,11 Global Data Report June 2021 - Market Forecast 2019-2029.

NAPTUMOMAB – POTENTIAL WITHIN IMMUNO ONCOLOGY

Cancer is a collective name for a large group of diseases characterized by the growth of abnormal cells, which can invade adjacent parts of the body or spread to other organs. Cancer is the second most common cause of death in the world. Lung, prostate, rectal, stomach and liver cancer are the most common types of cancer among men, while breast, rectal, lung, cervical and thyroid cancer are the most common types among women.[12]

Immunotherapy has been of decisive importance for cancer care in recent years and the immuno-oncology market has demonstrated strong growth. Therapies aimed at targeting immune suppression are dominated by biological drugs classified as checkpoint inhibitors. Several new checkpoint inhibitors have been approved for the treatment of various solid forms of tumors, including malignant melanoma, non-small cell lung cancer, head and neck cancer, liver cancer and cervical cancer. Despite the enormous successes of recent years with checkpoint therapies, it remains a challenge for the body's immune system to find and recognize tumor cells, which is reflected in relatively few patients responding to treatment, and there is thus a need to optimize the therapy effect.

The company's candidate drug naptumomab increases the immune system's ability to recognize and redirect immune cells to the tumor. Combination strategies involving naptumomab could open up further potential among checkpoint inhibitors in the area of immuno-oncology. There are several pharmaceutical companies that, similar to Active Biotech, develop tumor-targeting immunotherapy. Two examples of this type of treatment are CAR-T cell therapy and bispecific antibodies, which are currently in the early development phase for the treatment of solid tumors.

Naptumomab differs significantly from competing tumor-targeting therapies as a result of its already established safety profile in solid tumors and a relatively simple and thus cost-efficient manufacturing procedure.

The market

Immunotherapy is one of the major breakthroughs of recent years in cancer therapy, which is reflected in the checkpoint inhibitors Keytruda, Opdivo, Imfinzi and Tecentriq achieving combined global sales of USD 30.7 billion in 2021.[13] The strong sales development for checkpoint inhibitors is expected to continue and sales are forecast at USD 60 billion in 2028.[14]

12 www.who.int/cancer
13,14 Global Data Report 2022

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Intellectual Property Rights

Active Biotech has built its patent portfolio through strategically defined patent families, primarily in the areas of cancer and inflammation. The work with optimizing the company's patent portfolio is always ongoing.

Strong patent protection is a requirement for investments in the development of products for commercialization. Active Biotech's patent protection covers new chemical substances, biochemical structures, pharmaceutical preparations, methods, uses and processes related to the Company's operations in key markets. Patents and patent applications refer primarily to such commercially important markets as Europe, the US and Japan. Tasquinimod, laquinimod and naptumomab are specifically protected by several patent families. The patent portfolio also includes patent protection for compounds that are structurally similar to tasquinimod and laquinimod.

Active Biotech works continuously to optimize its patent portfolio to secure the projects with the best possible protection in the most important markets.

The portfolio of strategically important patents and patent applications includes usage of tasquinimod for treatment of three different hematological cancers: myelofibrosis, multiple myeloma and myelodysplastic syndrome as well as usage of laquinimod for treatment of eye disorders associated with inflammation or excessive vascularization.

The Company's projects are protected by a total of 187 granted national patents and further applications will be granted in the next few years, see the table on the next page.

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	Type of patent (publication number)	Area	Status	Year of expiry
Tasquinimod	Pharmaceutical product (WO2023/275248)	EU US Japan	Application Application Application	2042
	Treatment method (WO2022/152902)	EU US Japan	Application Application Application	2042
	Pharmaceutical product (WO2022/248401)	EU US Japan	Application Application Application	2042
	Treatment method (WO2022/018240)	EU US Japan	Application Application Application	2041
	Treatment method (WO2021/175924)	EU US Japan	Application Application Application	2041
	Treatment method (WO2016/146329)	EU US Japan (total 16)	Granted Application Granted (granted 15, application 1)	2036 2036 2036
	Treatment method (WO2016/078921)	EU US Japan (total 27)	Granted Granted Granted (granted 27)	2035 2035 2035
	Treatment method (WO2016/042112)	EU US Japan (total 28)	Granted Granted Granted (granted 28)	2035 2035 2035
	Manufacturing method (WO2012/004338)	EU US Japan (total 22)	Granted Granted Granted (granted 22)	2031 2031 2031
Naptumomab	Treatment method (WO2022/224041)*	EU US Japan	Application Application Application	2042
	Pharmaceutical product Treatment method (WO2022/018726)*	EU US Japan	Application Application Application	2041
	Pharmaceutical product Treatment method (WO2022/074464)*	EU US Japan	Application Application Application	2041
	Pharmaceutical product Treatment method (WO2020/230142)*	EU US Japan	Application Application Application	2040
	Pharmaceutical product Treatment method (WO2017/122098)*	EU US Japan (total 14)	Application Granted Granted (granted 8, application 6)	2037 2037 2037
	Treatment method (WO2006/015882)	EU US (total 12)	Granted Granted (granted 12)	2025 2025

* Application by NeoTX

	Type of patent (publication number)	Area	Status	Year of expiry
Laquinimod	Pharmaceutical product (WO2022/207773)	EU US Japan	Application Application Application	2042
	Treatment method (WO2021/123142)	EU US Japan (total 27)	Granted Granted Application (granted 15, application 12)	2040 2040 2040
	Treatment method (WO2013/184650)	US (total 1)	Approved (approved 1)	2033
	Treatment method (WO2014/028397)	US (total 1)	Granted (granted 1)	2033
	Treatment method (WO2013/116657)	US (total 1)	Granted (granted 1)	2033
	Pharmaceutical product (WO2013/123419)	US (total 1)	Granted (granted 1)	2033
	Treatment method (WO2011/014255)	US (total 1)	Granted (granted 1)	2031
	Pharmaceutical product (WO2009/082471)	US (total 2)	Granted (granted 2)	2030
	Treatment method (WO2011/019375)	EU US Japan (total 30)	Granted Granted Granted (granted 30)	2030 2033 2030
	Pharmaceutical product (WO2010/001257)	US (total 1)	Granted (granted 1)	2029
	Pharmaceutical product (WO2007/146248)	EU US Japan (total 21)	Granted Granted Granted (granted 21)	2027 2029 2027
	Pharmaceutical product (WO2005/074899)	US (total 2)	Granted (granted 2)	2027
	Manufacturing method (WO03/106424)	US (total 1)	Granted (granted 1)	2025

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A FOCUSED ORGANISATION

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An Experienced and Dedicated Team

The work to offer a good and stimulating work environment is a prioritized matter at Active Biotech and is constantly ongoing. The fact that the average employment period is 18 years shows that the employees are comfortable with the tasks and conditions. The working climate is perceived as good.

Active Biotech has a focused organization with 8 employees. The gender distribution is 4 women and 4 men. In the management group and board, the distribution is 1 woman and 7 men. Each employee has a key role to secure the established goals for the company. Competence sharing between the employees occurs continuously and is encouraged.

A HIGH LEVEL OF COMPETENCE

The level of education among the employees is high. Most have university-level education and PhDs.

Most employees have a long experience from early to late-stage pharmaceutical development, as well as experience of participating in and leading external collaborations in the biotech and pharmaceutical industry.

The high level of competence among the company's employees is further strengthened through continuous training and participation in scientific meetings and conferences in areas in where the company operates.

LONG-TERM COLLABORATIONS

With a small organization there is a need for external consultants on a regular basis. The areas of competence that are needed from outside are regulatory, CMC (Chemistry, Manufacturing and Control) and legal. Active Biotech also has several collaborations with academic research groups, industrial partners and service providers to secure all parts of the operations.

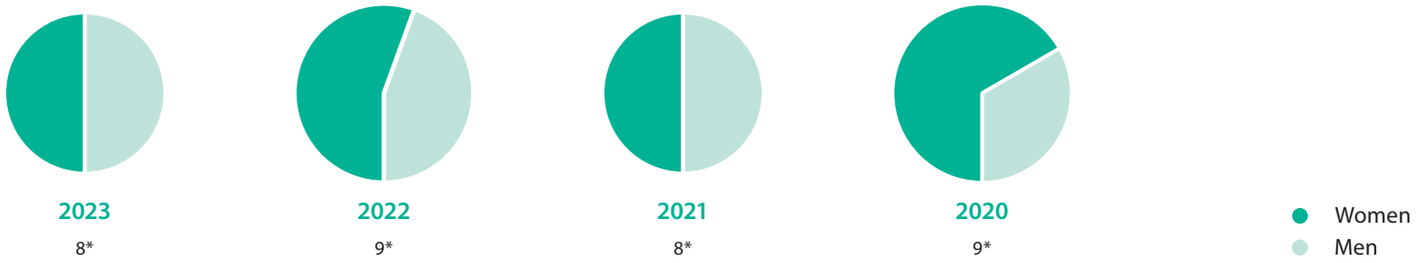
In all of the company's projects, collaborations are in place or being planned. This is in line with the company's business strategy, to focus work where the inhouse competences are best being used.

A BOARD WITH INTERNATIONAL BIOPHARMA EXPERIENCE

The Board composition adds considerable relevant international biopharma experience as well as substantial topic competence. The Board works closely with the management team to support the company on a regular basis.

A GOOD WORKING CLIMATE

Active Biotech offers a secure and stable work environment. The employees know each other well and the work climate is perceived as positive. Apart from retirements, the company has not had any employees who have left the company for many years. It is the company's objective to continue to be a workplace characterized by knowledge, creativity and participation. The table below sets forth the number of employees in Active Biotech at the end of each period.



* Total number of employees at the end of the period.

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Erik Talks to the Experts

In 2024 Active Biotech will start two proof-of-concept studies in myelofibrosis in collaboration with internationally renowned experts in the field.

Erik Vahtola, CMO of Active Biotech, interviewed the two principal investigators of the clinical studies, Rebekka Schneider-Kramann, Principal Investigator at Oncode Institute and Lucia Masarova, Assistant Professor at MD Anderson Cancer Center about their work and experiences within hematological malignancies, what they think of tasquinimod and Active Biotechs upcoming studies.

> *we discovered that targeting the alarmin heterodimer S100A8/S100A9 with tasquinimod effectively halted the fibrotic transformation in the bone marrow*

Rebekka Schneider-Kramann, *Principal Investigator,* Oncode Institute

> *we have explored tasquinimod in the advanced and blastic phase of myelofibrosis and saw very promising findings*

Lucia Masarova, *Assistant Professor,* MD Anderson Cancer Center

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– Could you tell us about your current work and what are your primary research interests?

– I am a Professor of Cell and Tumor Biology at the University Hospital at RWTH Aachen, Germany, and an Oncode-funded Principal Investigator in the Department of Developmental Biology at Erasmus MC, the Netherlands.

Currently, my primary focus is on addressing the unmet medical needs in the treatment of myelofibrosis (MF). The chronic blood cancer Bcr-abl-negative myeloproliferative neoplasms (MPN) can progress to or primarily present as fibrosis of the bone marrow (myelofibrosis, MF). MF is a clonal disorder arising in the hematopoietic stem cells (HSC; mutant clone). The majority of patients with MF carry mutations that activate JAK–STAT signaling; 60% of patients with MF harbor the JAK2V617F mutation, ~30% carry a calreticulin mutation (CALR), and 8% carry a myeloproliferative leukemia virus oncogene (MPL) mutation.

Thus, MF is the prototypic example of progressive development of fibrosis in response to cancer cells, ultimately leading to failure of the bone marrow to produce blood cells. We aim to introduce precision medicine into the realm of MF treatment, particularly for patients who are ineligible for current therapies. We're employing innovative approaches to identify novel disease-modulating, fibrosis-reversing, and anti-cancer therapeutic options. My primary research interests lie in leveraging basic research insights to translate into tangible clinical benefits for MF patients.

– Where are the biggest medical needs in the treatment of myelofibrosis?

– The biggest medical needs in MF treatment revolve around better patient stratification and the development of new anti-fibrotic therapies. Currently, therapeutic options are limited, and while JAK inhibitors are the first line treatment for intermediate to high risk patients. So far, they offer modest effects on bone marrow fibrosis and the mutant clone. Moreover, clinical resistance to JAK inhibitors eventually develops. There's a critical need for therapies that not only target the malignant clone but also address the dysregulated bone marrow microenvironment, which plays a significant role in disease progression. Novel strategies that focus on reducing fibrosis and improving outcomes for MF patients are urgently needed.

– What are the main findings from your research with tasquinimod in preclinical models of myelofibrosis?

– Our research with tasquinimod in preclinical models of myelofibrosis has yielded promising results. We identified tasquinimod as a potent inhibitor of fibrosis progression in MF. Specifically, we discovered that targeting the alarmin heterodimer S100A8/S100A9 with tasquinimod effectively halted the fibrotic transformation in the bone marrow. This intervention not only showed efficacy in preclinical models but also demonstrated the potential for early diagnostic use. Tasquinimod's ability to disrupt fibrosis progression represents a significant advancement in MF therapeutics and provides hope for patients currently facing limited treatment options after failure of JAK inhibitors.

Rebekka Schneider-Kramann
Principal Investigator
Oncode Institute

– What are your main expectations from the clinical study and the translational program for the clinical trial with tasquinimod in myelofibrosis?

–Our expectations from the clinical study and translational program for the clinical trial with tasquinimod in myelofibrosis are twofold. Firstly, we anticipate validating the efficacy of tasquinimod in halting fibrosis progression and improving clinical outcomes in MF patients. Building upon our preclinical findings, we aim to demonstrate tasquinimod's ability to reduce fibrosis and potentially alter the natural course of the disease. Secondly, we aim to further characterize tasquinimod's mechanism of action and its impact on the bone marrow microenvironment in human patients. This translational research will provide valuable insights into the therapeutic potential of tasquinimod and pave the way for its broader clinical use. Ultimately, our goal is to translate these findings into tangible benefits for MF patients, offering them hope for improved outcomes and quality of life.

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– Could you tell us about your current work and what are your primary research interests?

– I am an Assistant Professor at the Leukemia Department in the MD Anderson Cancer Center, the largest cancer center dedicated to treat leukemias in the world. I trained under the world-leading experts and developed a passion for rare diseases called myeloproliferative neoplasms, on which I focus my clinical and research interest.

Owing to our large referral center, my clinic has the largest number of patients with this disease and, as lead or co-lead, I also participate in principal clinical trials designed for these patients. Clinical research is focused on deeper identification of disease subtypes, predictive factors and mechanisms of progression, molecular sequencing, correlation of disease molecular signatures with responses to therapies and long-term disease behavior.

Patients with myeloproliferative neoplasms have heterogeneous disease courses, from very indolent to very aggressive, and their individual lifespans vary from year to decades, and therefore, they have a vast array of clinical needs. They commonly experience various symptoms, often debilitating and affecting quality of life, frequently present with compromised bone marrow function, and they ultimately face progression to acute leukemia with dismal prognosis.

Beyond better understanding of the disease biology, my clinical research focuses on developing novel therapies to address complex issues of the disease; novel therapies that could prevent the disease from progression, therapies for both patients whose disease has progressed on currently approved medications and for those with a disease progressing towards the acute phase. In our department, we are constantly initiating, joining, or developing new therapies for our patients, and our primary therapy option often represents clinical trial.

– How are patients with myelofibrosis treated in your clinic?

– As mentioned, we are the largest academic center focused on leukemias and have one of the largest referral centers for myeloproliferative neoplasms patients. We offer clinical trials as an initial therapy to all potentially eligible patients. We have been the leading group for approval of all currently available therapies for patients with myelofibrosis, the most aggressive myeloproliferative neoplasms, but our research does not stop there.

After a drug approval, we initiate, propose, or explore existing agents in combinations, novel schedules or expanded patient's population, and we are always looking for new molecules to explore in this rare disease. If patients are not eligible for a clinical trial, they are offered standard-of-care approved agents, which for symptomatic patients represent inhibitors of the JAK-STAT pathway, currently there are four FDA approved JAK – inhibitors: ruxolitinib, fedratinib, pacritinib and momelotinib. Patients with anemia or other needs are offered add-on agents as available.

– Where are the biggest medical needs in the treatment of myelofibrosis?

– With the approval of two recent JAK inhibitors, pacritinib and momelotinib, we have better options for those with low blood counts, so called cytopenic myelofibrosis, as both were approved for patients with thrombocytopenia and anemia, respectively. However, we have learned that JAK inhibitors ultimately fail, and patients then face poor outcomes with very limited choices and life-expectancy.

Advanced myelofibrosis is a challenging disease and minimal progress has been done if it progresses to accelerated phase or acute leukemia, e.g., increasing immature bone marrow cells called blasts. These patients have a terminal disease unless they can achieve disease

Lucia Masarova
Assistant Professor
MD Anderson
Cancer Center

control and undergo allogeneic stem cell transplantation, which is rare, as they are usually older and often have decreased performance due to disease debilitating symptoms. So it is of utmost importance to address the best therapies for specific disease needs and particularly develop agents for those patients with higher blasts.

– What are your expectations from the tasquinimod clinical trial in MF at your clinic?

– Based on the preliminary published evidence and data on the possible ability of tasquinimod to affect critical pathways involved in progression of myelofibrosis via S100A/B alterations, we hope to see changes in dependent disease features, such as cytopenias, additional effect on inflammation and possible stabilization of disease progression.

In our lab, we have explored tasquinimod in the advanced and blastic phase of myelofibrosis and saw very promising findings. This would represent a major clinical breakthrough for our patients who currently face advanced myelofibrosis. At first, we plan to explore the safety and efficacy of tasquinimod alone in patients who failed standard therapy and in parallel in combination with currently available JAK inhibitors, including those with moderately increased blasts, but hopefully this could follow broader exploration in more aggressive disease.

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THE ACTIVE BIOTECH SHARE

Active Biotech's share is listed on Nasdaq Stockholm (Small Cap). The share was originally listed on December 1, 1986, on what was then known as the O-list of the Stockholm Stock Exchange. The company was converted into a dedicated biotechnology company in 1998.

TICKER:
ACTI

Source: Modular Finance AB

NO. OF SHAREHOLDERS:
15,243

Interim Report, 3 months: May 8, 2024 • Annual General Meeting: May 22, 2024 • Interim Report, 6 months: August 22, 2024 • Interim Report, 9 months: November 7, 2024 • Year-end report 2024: February 13, 2025

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The latest price information is available on Nasdaq's website under the ticker ACTI. The Active Biotech share is included in Nasdaq Stockholm's Pharmaceuticals, Biotech & Life Science index. The diagram in this section shows the price trend for the Active Biotech share for the period March 2020 – February 2024.

Share capital

The company's share capital is quoted in SEK and distributed among the shares issued by the company with a quotient value that is also expressed in SEK. At December 31, 2023, the share capital in Active Biotech amounted to SEK 1,868,018 distributed among 361,739,047 shares. The share's quotient value is approximately SEK 0.005164.

Share price development

On the final day of trading in December 2023, the share price was SEK 0.457, while at the same date in 2022, it was SEK 0.962. The highest price paid for the share during the year was SEK 0.915 (June 7, 2023).

Changes in share capital

The table on page 39 shows the changes in Active Biotech's share capital from 2001 to December 2023.

Dividend policy

In view of Active Biotech's financial position and negative earnings, the Board of Directors does not intend to propose that any dividends be paid for the next few years. The company's financial assets will be principally used to finance existing and new research programs.

SHAREHOLDERS

In February, 2024, the number of shareholders in Active Biotech amounted to 15,243. This data is based on information known to the company at February 29, 2024.

Owners	No. of shares	Holding, %
MGA Holding AB	101,789,474	28.1.%
Sjuenda Holding	26,718,861	7.4.%
Handelsbanken Liv	19,011,513	5.3.%
Avanza Pension	17,112,605	4.7.%
Fourth AP fund	17,045,013	4.7.%
Third AP fund	15,297,497	4.2.%
SEB-Stiftelsen, Skand Enskilda	4,924,444	1.4.%
SEB Life International Assurance	4,025,399	1.1.%
Stävie Förvaltnings AB	3,400,000	0.9.%
EFG Bank/Geneva, W8IMY	3,310,582	0.9.%
10 largest owners	**212,635,388**	**58.8.%**
All other	149,103,659	41.2.%
Grand total	**361,739,047**	**100.0.%**

Shareholding interval	No. of shareholders	% of all shareholders	No. of shares	% of number of shares	Average per shareholder
1 – 1,000	8,544	56.1 %	2,388,230	0.7 %	280
1,001 – 10,000	4,872	32.0 %	17,431,748	4.8 %	3,578
10,001 – 100,000	1,600	10.5 %	45,515,517	12.6 %	28,447
100,001 –	227	1.5 %	296,403,552	81.9 %	1,305,743
Total	**15,243**	**100.0 %**	**361,739,047**	**100.0 %**	**23,731**

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CHANGES IN SHARE CAPITAL

Year	Transaction	Change in number of shares	Change in share capital	Total no. of shares		Total share capital, SEK	Quotient value, SEK
				Class A shares	Class B shares		
	Opening balance			1,963,745	9,282,547	281,157,300	25.00
2000	Reclassification A to B	0	0	1,287,531	9,958,761	281,157,300	25.00
2001	Reclassification A to B	0	0	1,169,691	10,076,601	281,157,300	25.00
2002	Reclassification A to B	0	0	1,145,024	10,101,268	281,157,300	25.00
2003	Reduction of share capital (June)	0	–168,694,380	1,145,024	10,101,268	112,462,920	10.00
2003	Rights issue (June)	22,492,584	224,925,840	1,145,024	32,593,852	337,388,760	10.00
2003	Reclassification A to B	0	0	1,128,174	32,610,702	337,388,760	10.00
2003	Reorganization as a single share class (Dec.)	0	0	33,738,876		337,388,760	10.00
2005	Conversion (Jan.-May)	1,681	16,810	33,740,557		337,405,570	10.00
2005	Rights issue (June/July)	5,623,426	56,234,260	39,363,983		393,639,830	10.00
2005	Conversion (Aug.-Sept.)	228,241	2,282,410	39,592,224		395,922,240	10.00
2006	Conversion (Jan.-May)	160,644	1,606,440	39,752,868		397,528,680	10.00
2006	Reduction of share capital (May)	0	–247,686,499	39,752,868		149,842,181	3.77
2006	Conversion (June-Dec.)	42,553	160,397	39,795,421		150,002,578	3.77
2007	Conversion (Jan.)	204,579	771,128	40,000,000		150,773,706	3.77
2007	Rights issue (Feb.)	4,000,000	15,077,371	44,000,000		165,851,077	3.77
2007	Conversion (Mar.)	3,300,115	12,439,264	47,300,115		178,290,341	3.77
2008	Rights issue (June)	3,941,676	14,857,527	51,241,791		193,147,869	3.77
2009	Rights issue (June)	12,810,447	48,286,964	64,052,238		241,434,833	3.77
2010	Private placement (Apr.)	1,418,000	5,344,928	65,470,238		246,779,761	3.77
2010	Employee stock options	529,682	1,996,553	65,999,920		248,776,314	3.77
2011	Private placement (Jan.)	2,500,000	9,423,357	68,499,920		258,199,670	3.77
2011	Employee stock options	423,662	1,596,927	68,923,582		259,796,598	3.77
2013	Private placement (March)	6,000,000	22,616,056	74,923,582		282,412,653	3.77
2015	Rights issue (Jan.)	14,984,716	56,482,529	89,908,298		338,895,183	3.77
2016	Rights issue (Dec.)	6,916,022	26,068,857	96,824,320		364,964,039	3.77
2017	Reduction of share capital (June)	0	–364,464,039	96,824,320		500,000	0.005
2018	Rights issue (Apr.)	48,412,160	250,000	145,236,480		750,000	0.005
2021	Rights issue (Jan)	72,618,240	375,000	217,854,720		1,125,000	0.005
2021	Incentive program (Mar)	117,000	604	217,971,720		1,125,604	0.005
2022	Incentive program (Mar)	83,000	429	218,054,720		1,126,032	0.005
2022	Rights issue (Sep)	46,832,077	241,841	264,886,797		1,367,873	0.005
2023	Incentive program (Mar)	257,890	1,332	265,144,687		1,369,204	0.005
2023	Rights issue (Sep)	96,594,360	498,813	361,739,047		1,868,018	0.005

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Corporate Governance Report 2023

Active Biotech is a Swedish public limited liability company whose shares are traded on Nasdaq Stockholm (Small Cap).

In accordance with its Articles of Association, Active Biotech is to engage in research, development, production, marketing and sales of medical, chemical and biotechnology products, conduct administrative services for the Group and undertake any other operations compatible therewith.

This Corporate Governance Report describes Active Biotech's corporate governance, which includes the management and administration of the company's business and internal control of the financial reporting.

Corporate Governance in Active Biotech is based on applicable rules (primarily the Swedish Companies Act and accounting rules and regulations), the Articles of Association, Nasdaq Stockholm's Rule Book for Issuers, internal guidelines and policies, and the Swedish Corporate Governance Code.

Application of and deviations from the Code

Active Biotech applies the Swedish Corporate Governance Code (the Code). Information about the Code can be found at www.corporategovernanceboard.se. The company deviated from item 2.4 of the Code in 2023. The Election Committee appointed the Chairman of the Board to be the Chairman of the Election Committee. The motivation for this is the Election Committee's assessment that, since the company's main owner Mats Arnhög (MGA Holding) stepped down from the Board and the position as Chairman of Board, it was appropriate given the interest in effective and cohesive Election Committee work that the company´s Chairman of the Board, Michael Shalmi, was also appointed as convener and Chairman of the Election Committee.

Shareholders

At December 31, 2023, the number of shareholders in Active Biotech amounted to 14,455. For information concerning the company's major shareholders and the ownership structure, see page 38 of this Annual Report.

Annual General Meeting

The Annual General Meeting (AGM) is Active Biotech's highest decision-making body. In addition to shareholders' statutory rights to participate in the AGM, Active Biotech's Articles of Association stipulate the requirement of advance notification of participation at the Meeting within a prescribed time as stated in the notice of the AGM. The shareholder is to state the number of accompanying assistants, if any, in such notification. At the AGM, each share represents one vote. Each shareholder entitled to vote at the Meeting may vote for the full number of shares held. Each share offers equal entitlement to dividends and any surplus on liquidation of the company. At the AGM, which is held not more than six months after the close of the fiscal year, the annual accounts for the preceding year are adopted, the Board of Directors is elected, auditors are appointed, if applicable, and other statutory matters are addressed. Between AGMs, the Board of Directors is the company's highest decisionmaking body. At the AGM on May 24, 2023, it was resolved to grant authorization to the Board, for a period that does not extend past the date of the next AGM, on one or several occasions, with or without preemptive rights for shareholders, to resolve on the issue of new shares and/ or convertibles. It should also be possible to make such an issue resolution stipulating in-kind payment, the right to offset debt or other conditions. The authorization may not be utilized to a greater extent than would enable a total of not more than 30 percent of the total number of shares to be issued and/or arise through the conversion of convertibles issued with the support of the authorization.

Election Committee

At the AGM on May 24, 2023, it was resolved that the company's Chairman, based on ownership at the end of September 2023, convene an Election Committee to prepare proposals for the 2024 AGM. According to the resolution, the Election Committee comprises the Chairman of the Board and representatives of each of the three largest shareholders in the company. The members of the Election Committee receive no remuneration from the company for their work. The Election Committee performs the tasks incumbent on the Election Committee under the Code. The composition of the Election Committee was announced on December 1, 2023.
A meeting of the Election Committee was convened on one occasion ahead of the 2024 AGM, which was attended by all of its members.

Members	Represents	Board member or not
Michael Shalmi	Chairman of the Board	Chairman
Mats Arnhög	MGA Holding AB	Not a member
Petter Wingstrand	T-bolaget	Not a member
Peter Thelin	Sjuenda Holding AB	Member

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Board of Directors

In accordance with Active Biotech's Articles of Association, the Board comprises between three and nine members with at most nine deputies. The 2023 AGM elected the current Board, which consists of five ordinary members with no deputies. Michael Shalmi was elected Chairman of the Board. The AGM resolved that remuneration of the Board's ordinary members be paid in the amount of SEK 200,000 per year for Board members who are not employed at the company, and remuneration of the Chairman of the Board be paid in the amount of SEK 500,000 per year. For a more detailed presentation of the Board members and President & CEO, see page 46-47 of this Annual Report. Of the Board members elected by the 2023 AGM, all are independent in relation to the company and executive management. All of the five members are independent in relation to the company's major shareholders.

The work of the Board and formal work plan

The Board works in accordance with an established formal work plan describing the minimum number of Board meetings to be held each year, routines for the preparation of the agenda minutes of the meetings as well as the distribution of material. One section of the formal work plan regulates the division of duties in the Board and describes the responsibilities of the Board, the Chairman and the President & CEO. The Board should primarily focus on general and long-term issues as well as issues of exceptional nature or great importance in other respects. The Chairman directs the work of the Board and represents the Board both externally and internally. The formal work plan also identifies the Board members who, in accordance with specific decisions, have been appointed as the management's contacts in the event of a crisis. At each scheduled Board meeting, the President & CEO reports on operations. The report comprises information on project development, plans and progress in research activities, financial reporting with forecasts as well as business development. The Board decides on issues in which the Swedish Companies Act and the Articles of Association require the Board's decision as well as on such issues as policy matters, strategy, business decisions (such as research plans), budget, business plans and key agreements. In 2023, 12 meetings were held at which minutes were taken. Important issues addressed by the Board included development of research projects, business development projects, partner strategy, financial statements and budget and financing matters. Minutes were recorded by the Board's secretary, a role that was filled by the company's CFO Hans Kolam during the year. The Chairman of the Board ensures that an annual assessment of the Board's work is conducted that provides the Board members with the opportunity to present their views on work procedures, Board material, their own efforts and the efforts of other Board members and the scope of the task. The Election Committee was informed of the results of the assessment. On the basis of this information, the Election Committee can determine the skills and experience that Board members are required to hold. The Election Committee has also had access to information regarding the company's assessment of the quality and efficacy of the auditor's work, including recommendations concerning the appointment of auditors and auditor's fees. The assessment is that the Board's collective expertise is favorably compatible with the company's strategic visions and goals. The Board functions well and all members make a constructive contribution to the strategic discussions and the governance of the company. The dialog conducted between the Board and management was also deemed to be productive.

Board member	Attendance at Board meetings	Independent/dependent	
		Company	Owners
Michael Shalmi	12/12	independent	independent
Aleksandar Danilovski	12/12	independent	independent
Axel Glasmacher	12/12	independent	independent
Uli Hacksell	11/12	independent	independent
Peter Thelin	11/12	independent	independent
Elaine Sullivan [1)]	2/3 [1)]	independent	independent

[1)] Board member Elaine Sullivan resigned from the board at the annual general meeting on May 24, 2023.

Audit, Scientific and Remuneration committee

Audit committee

The Audit Committee is appointed annually by the Board of Directors. The Audit Committee shall, without prejudice to other responsibilities and duties of the Board, monitor the company's financial reporting, the effectiveness of Active Biotech's internal control, internal reviews and risk management, keep itself informed on the audit of the annual accounts and consolidated

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financial statements, assess and monitor the impartiality and independence of the auditor, paying particular attention to whether the auditor provides other services than auditing to the company. The Committee is also tasked with evaluating the audit work and submitting this information to the Nomination Committee, and assisting the Nomination Committee in producing proposals for auditors and the fees to be paid for auditing services. After the 2023 AGM, the Audit Committee had the following composition: Michael Shalmi, chairman, Uli Hacksell, member and Peter Thelin, member. In 2023, the committee held five minuted meetings and had in addition informal contacts in between meetings. All members attended all meetings of the committee during the year. The company's auditor participated at all meetings of the Audit Committee. The committee discussed and determined the extent of the audit together with the auditor.

Members	Attendance in Audit committee
Michael Shalmi (Chair)	5/5
Peter Thelin	5/5
Uli Hacksell	5/5

Scientific committee

The Scientific committee consists of the following members; Axel Glasmacher (Chair) and Aleksandar Danilovski and Elaine Sullivan (resigned from the Board at May 24, 2023). The purpose of the Scientific committee is to provide input and advise board and management of Active Biotech on matters relating to the company's research and development strategy, including review of the company's planned or ongoing research activities and plans. To accomplish this, the Scientific committee will, on its own and/or together with external experts, as deemed appropriate, on a regular basis evaluate, and monitor the scientific plans as well as individual project progress and performance of the company's project portfolio. The Scientific committee is a resource to management, and members of the Scientific committee may be consulted individually or collectively. The meetings in the committee are prepared by the company's CEO together with the Chair of the committee. The Scientific committee shall to the board of directors provide strategic advice on emerging regulatory, clinical and scientific issues pertaining to the project portfolio of Active Biotech or areas of special interest to the company.

Member	Attendance in Scientific committee
Axel Glasmacher (Chair)	3/3
Aleksandar Danilovski	3/3
Elaine Sullivan [1]	2/3

[1] Board member Elaine Sullivan resigned from the board at the annual general meeting on May 24, 2023.

Remuneration committee

The company does not have a separate committee for remuneration. Instead, these matters are dealt with by the Board in its entirety. Salaries, remuneration, terms and conditions of employment and so forth, for the Board, President & CEO and executive management are detailed in Note 4 on pages 74-80.

Control systems and risk management regarding financial reporting

In accordance with the Swedish Companies Act and the Swedish Corporate Governance Code, the Board of Directors is responsible for the company's internal control. Active Biotech's work on internal control is designed to provide reasonable assurance that the company's goals are achieved in terms of an appropriate and efficient operation, reliable financial reporting and compliance with applicable legislation and regulations. Active Biotech's business is primarily operated at one site and is therefore deemed to be of limited complexity.

The internal control environment at Active Biotech follows the established COSO framework that comprises the following five components:

1. Control environment
2. Risk assessment
3. Control activities
4. Information and communication
5. Follow-up

1. Control environment

The basis of the internal control of the financial reporting is the control environment that comprises the organization, decision-making procedures, authorities and responsibility, as documented and communicated in governance documents such as internal policies, guidelines and manuals. Authorizations and responsibilities are documented, such as the division of duties between the Board and the President & CEO.

2. Risk assessment

Structured risk assessments and risk management enables identification of significant risks that affect the internal control relating to financial reporting and where these risks are found. The aim of risk management is to minimize the number of risk factors within the financial reporting.

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3. Control activities

The aim of control activities is to prevent, detect and correct errors and non-conformities in the financial reporting. Activities include analytical follow-ups and comparison of earnings trends, account reconciliations and balance specification, approval and reporting of business transactions and partnership agreements, power of attorney instructions, authorization manual, accounting policies and measurement principles.

4. Information and communication

Active Biotech has information and communication channels that aim to ensure that information relating to the financial reporting is provided efficiently and accurately. The guidelines for the financial reporting have been established in a policy document. Meetings are held at management group level within the company, and subsequently at the level deemed suitable by the managers, and a number of meetings are held for all employees. The Board regularly receives financial reports on the Group's financial position and earnings trend, including comments, and the Group's financial situation is addressed at every Board meeting. The Board of Active Biotech ensures the quality of financial reporting by ensuring that the company has an appropriate organization combined with procedures and instructions for its work on financial reporting. The aim of the procedures for the external provision of information is to provide the market with relevant, reliable and correct information on Active Biotech's performance and financial position. Active Biotech has an information policy that meets the requirements imposed on listed companies. Financial information is regularly provided in the form of:

- Year-end and interim reports, published as press releases
- Annual reports
- Press releases regarding important news and events that may have a significant impact on the valuation of the company and the share price
- Presentations and telephone conferences for financial analysts, investors and media

All reports, presentations and press releases are published on the Group's website, www.activebiotech.com, when they are simultaneously communicated to the market.

5. Follow-up

The internal control is monitored at various levels at Active Biotech. The Board discusses all interim reports, year-end reports and annual reports before they are published.

Internal audit

Given the Group's simple legal and operational structure and the established governance and internal control systems, an internal audit function has not been considered needed. The Board evaluates and continuously follows up the issue of possibly establishing an internal audit function.

Auditor

The company has at least one and at most two auditors and at most two deputy auditors. At the AGM on May 24, 2023, Öhrlings PricewaterhouseCoopers AB was elected as the company's auditor for the period extending until the end of the AGM held in 2024. Authorized Public Accountant Cecilia Andrén Dorselius is auditor-in-charge. Information concerning auditors' fees is presented in Note 3 on page 73. The interim report for the January-September period 2023 was the subject of review by the auditors.

Policies

Information policy

With the aim of determining principles for the company's communication, the Board has established an information policy. This summarizes overriding goals and responsibilities for the external publication of Active Biotech's information. The goal when providing information to the stock market is to achieve a correct valuation of the company's share that reflects the company's underlying values, growth and earnings capacity in as stable a manner as possible. An unconditional requirement is that the information to the stock market complies with Nasdaq Stockholm's Rule Book for Issuers and applicable legislation and ordinances. The company's Board, management and personnel with operational responsibility must possess the requisite level of competence, and the company must have an organization in place that ensures the rapid and correct dissemination of stock market information.

Environmental policy

Within Active Biotech, environmental and safety work is important and the company has therefore established an environmental policy. Responsibility is decentralized so that each manager and employee is responsible for meeting goals relating to both the internal and external environment, as well as safety. This applies to all areas from proprietary research to contract manufacturing of candidate drugs and production. In addition, Active

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Biotech places great importance to ensuring that external partners have their own environmental and safety requirements that conform to the company's values.

Auditors' report on the Corporate Governance Report

To the annual meeting of the shareholders of Active Biotech AB (publ), Corporate Registration Number 556223-9227.

Assignment and responsibility

The Board of Directors is responsible for the 2023 Corporate Governance Report on pages 41-45 and for ensuring that it has been prepared in accordance with the Annual Accounts Act.

Scope of review

The audit was conducted in accordance with FAR's auditing standard RevU16, "The auditor's examination of the Corporate Governance Report". This means that our examination of the Corporate Governance Report is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that our audit provides a reasonable basis for our opinion as given below.

Opinion

A Corporate Governance Report has been prepared. Disclosures in accordance with Ch. 6. Section 6, Second paragraph, items 2–6 of the Swedish Annual Accounts Act, and Ch. 7 section 31, second paragraph of the same Act are consistent with the annual report and the consolidated statements and comply with the Annual Accounts Act.

Malmö, April 19, 2024

Cecilia Andrén Dorselius, *Authorized Public Accountant*, Öhrlings PricewaterhouseCoopers AB

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Board of Directors

Michael Shalmi
Chairman of the Board

Born 1965. Chairman of the board since 2019.

Education: Physician from *University of Copenhagen* and obtained his MBA following studies at *Scandinavian International Management Institute* in Copenhagen, Denmark.

Other current assignments: CEO and owner of *Aligned Clinical & Management Services*, *Shalmi Consulting ApS*, *Shalmi Invest ApS* and *Shalmi Holding ApS*. CEO of *P/S Momentum Energy Jutlandia*, *K/S Momentum Energy Jutlandia Development*, *K/S Momentum Energy Hanstholm*, *Momentum Energy Karrebæk Holding*, *Momentum Energy Karrebæk ApS* and *Momentum Energy Selandia ApS*. Chairman of the board of *Momentum Gruppen A/S*, *Momentum Energy Holding A/S* and *Curexsys GmbH*. Board member of *Momentum Energy Group A/S*. Chairman of the Board, *Curexsys GmbH*, Germany

Shareholding in the company: 601,281 shares.

Axel Glasmacher
Board member

Born 1960. Board member since 2020.

Education: Physician, Medical School, Doctor of Medicine and Adjunct professor of medicine, *University of Bonn*, Germany.

Other current assignments: General Director of *AG Life Science Consulting GmbH & Co. KG* and *Glasmacher Verwaltungs-GmbH*. Member of the Supervisory board of *Ryvu Therapeutics S.A*. Board member and treasurer of the non-profit association *Cancer Drug Development Forum asbl*.

Shareholding in the company: 40,000 shares.

Peter Thelin
Board member

Born 1956. Board member since 2011.

Education: Graduate of *Stockholm School of Economics*.

Other current assignments: Chairman of the board of *Brummer Investor Relations AB*. Board member of *B & P Fund services Aktiebolag*, *Brummer & Partners AB*, *Brummer Multi-Strategy AB*, *ELC Fastigheter AB*, *East Bay AB*, *Sjunda Gård AB*, *Sjuenda Holding AB*, *Sjunda Jordbruk AB*, *Sjunda Persbo Holding AB* and *S:ta Ragnhildgymnasiet AB*. Deputy board member of *French River 1 AB* and *French River 2 AB*.

Shareholding in the company: 26,718,861 shares (privately and through companies).

Aleksandar Danilovski
Board member

Born 1974. Board member since 2020.

Education: PhD in Chemistry from *Cambridge University*, United Kingdom and *University of Zagreb*, Croatia.

Other current assignments: Founder and Managing Partner of *Dalisco d.o.o.*, Senior Business Advisor of *InterPharmaLink AG*, Member of the Scientific Advisory Board (SAB) of *Bugworks Research*, of *Centauri Therapeutics* and of *Belupo d.d.*, Member of the Scientific Selection Board (SSB) of *Novo Holdings REPAIR Impact Fund*.

Shareholding in the company: 190,513 shares.

Uli Hacksell
Board member

Born 1950. Board member since 2019.

Education: Master of Pharmacy, PhD in Medicinal Chemistry, Professor in Organic Chemistry.

Other current assignments: Chairman of the board of *Medivir AB* and *Annexin Pharmaceuticals AB* (publ). Board member of *InDex Pharmaceuticals Holding AB*.

Shareholding in the company: 21,000 shares.

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Auditor

Cecilia Andrén Dorselius
Auditor

Öhrlings PricewaterhouseCoopers AB with Cecilia Andrén Dorselius as auditor-in-charge. Born: 1979.
Authorized Public Accountant.

Executive Management

Helén Tuvesson
President and CEO

Born 1962. CEO since 2017.

Education: MSc, PhD in cell and molecular biology in medical science from Lund University.

Other current assignments: Chairman of the board of *Active Security Trading AB* and *Actinova AB*. Board member of *Mendus AB* (earlier *Immunicum AB*).

Shareholding in the company: 386,157 shares.

Hans Kolam
Chief Financial Officer

Born 1951. CFO since 2000.

Education: B.Sc in Business Administration from Uppsala University.

Other current assignments: Specially authorized signatory of *Active Biotech AB* (publ). Board member of *Active Security Trading AB* and *Actinova AB*.

Shareholding in the company: 276,637 shares (of which 9,900 shares via related parties).

Erik Vahtola
Chief Medical Officer

Born 1976. Chief Medical Officer since 2022.

Education: Medical Doctor (MD) and PhD in Pharmacology from *University of Helsinki* and MSc in Cell biology from *Åbo Akademi*.

Other current assignments: -

Shareholding in the company: 140,073 shares.

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Directors' Report

The Board of Directors and President & CEO of Active Biotech AB (publ), Corporate Registration Number 556223-9227, hereby submit their Annual Report and consolidated financial statements for the fiscal year January 1, 2023 to December 31, 2023. Active Biotech conducts operations as a limited liability company and has its registered office in Lund, Sweden.

GROUP AND PARENT COMPANY

The Group's legal structure is built around the Parent Company Active Biotech AB, whose operations comprise pharmaceutical development, Group-wide functions and asset management. In addition, the Group includes two wholly owned subsidiaries, see Note 20.

OPERATIONS

Active Biotech focuses on pharmaceutical research and development in therapy areas with high medical needs and in which the body's immune system plays a significant role. The project portfolio comprises small, orally active immunomodulatory molecules and anti-body-based immunotherapy developed for the treatment of cancer and inflammatory diseases.

The tasquinimod project is being developed for the treatment of hematological malignancies. A clinical phase Ib/IIa study in multiple myeloma is ongoing and in parallel preparations to start clinical proof-of-concept studies in myelofibrosis in collaboration with Oncode/Erasmus in Europe and with MD Anderson in The US. The study in Europe will mainly be financed by Oncode Institute.

The laquinimod project is being developed for the treatment of inflammatory eye disorders. A phase I study of laquinimod eye drops in healthy subjects was completed in 2023. The eye drop formulation was well tolerated and showed a favorable safety profile at expected therapeutic concentrations. To support the continued development of the eye drop formulation, a phase I biodistribution study in collaboration with Stanford University is underway. In parallel, commercial activities will be initiated to establish a partnership for the continued development of laquinimod.

The company's naptumomab project, developed for the treatment of solid tumors, has been outlicensed to NeoTX Therapeutics Ltd (NeoTX) since October 2016. Two clinical studies are ongoing, a clinical phase Ib/II study in combination with durvalumab, a checkpoint inhibitor and a phase II study in combination with docetaxel in patients with NSCLC.

SIGNIFICANT EVENTS IN 2023

- On January 30, 2023 Active Biotech confirmed a positive clinical safety profile of laquinimod eye drops
- Safety and preliminary efficacy of naptumomab in combination with durvalumab was presented on April 19, 2023 at AACR
- Positive interim data from the ongoing study of tasquinimod in heavily pretreated patients with relapsed and refractory multiple myeloma were presented on May 26, 2023 at ASCO
- Active Biotech announced on May 30, 2023 that safety and tolerability in Phase I-study and preclinical ocular biodistribution supports the continued development of laquinimod eye drops for inflammatory eye diseases
- New preclinical data regarding the anti-fibrotic effects of tasquinimod in myelofibrosis were presented on 10 June 2023 at the EHA
- On July 31, 2023, Active Biotech and Hovon-Oncode signed a collaboration agreement for a clinical trial with tasquinimod in myelofibrosis
- Active Biotech announced on September 11, 2023 that tasquinimod successfully completed dose optimization in patients with multiple myeloma and advanced to the pre-planned expansion cohort
- Clinical safety and preclinical ocular biodistribution for laquinimod eyedrops were presented on 13 September 2023 at the IOIS meeting
- On December 1, 2023, trial leader Professor Rebekka Schneider-Kramann presented the clinical plan and positioning of tasquinimod in myelofibrosis
- On December 5, 2023, Active Biotech entered into a collaboration agreement with Global Ophthalmic Research Center for a clinical ocular biodistribution study with laquinimod
- On December 6, 2023, Active Biotech announced the results of the Company's share issue
- Preclinical data for tasquinimod were presented on December 14, 2023 at ASH
- On December 22, 2023, Active Biotech provided an update on the planned clinical program for 2024

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ORGANIZATION

The average number of employees in the Group during the year amounted to 8 (9), of whom 4 (5) were women. The average age of the employees was 59 (59) with an average employment period of 17.5 years (18.1). To conduct effective operations with a relatively small organization, Active Biotech engages consultants with specialist competence for specific assignments and for tasks in the fields of expertise that the company lacks or only has a need for periodically.

The number of employees at the end of 2023 was 8, of whom 4 were women.

INCENTIVE PROGRAMS

The Annual General Meeting on May 19, 2020 resolved to adopt two Long Term Incentive Programs (LTIPs), Plan 2020/2024 to include the employees within the Active Biotech Group and the Board Plan 2020/2023 to include all Board members of Active Biotech.

PLAN 2020/2024 – Employees within the Active Biotech Group

At the Annual General Meeting on 19 May, 2020, it was resolved to adopt a long-term performance-based incentive program for employees within Active Biotech ("Plan 2020/2024"). The participants in the Plan 2020/2024 are required to invest in shares in Active Biotech at market terms ("Saving Shares"). The participants will thereafter have the opportunity to receive further shares free of charge in accordance with the Plan 2020/2024 ("Performance Shares").

In order to participate in the program, the participant must have made a private investment in the Company by acquiring Saving Shares. Such investment may amount to not more than 15 percent of the respective participant's annual gross base salary and shall be made no later than 31 March each year up to and including year 2023. For each Saving Share held under the Plan 2020/2024, the Company grants participants a right to up to two Performance Shares free of charge provided that certain conditions are met, relating to maintained employment, retained investment in Saving Shares and certain targets relating to the Company's performance.

A right will be exercised provided that the participant has kept its own original Saving Shares and has maintained its employment within Active Biotech up to and including 31 December the year in which the investment in Savings Shares was made.

BOARD PLAN 2020/2023

At the annual general meeting on 19 May 2020, it was resolved to adopt a long-term performance-based incentive program for the Company's board members ("Board Plan 2020/2023"). The participants in the Board Plan 2020/2023 are required to annually invest in shares in Active Biotech at market terms ("Saving Shares"). The participants will thereafter be granted the opportunity to receive further shares free of charge in accordance with the Board Plan 2020/2023 ("Performance Shares").

In order to participate in the program, the participant must have made a private investment in the Company from the board remuneration otherwise received in cash, by acquiring Saving Shares. Such investment may amount to not more than 100 percent of the gross board remuneration payable to each board member and shall each year be made no later than 30 trading days following the annual general meeting on which the participant was appointed as board member of the Company up to and including year 2023. The Saving Shares acquired in one year shall remain invested through a minimum of approximately twelve months. For each Saving Share acquired (for up to 50 percent of the gross board remuneration payable to each board member) under the Board plan 2020/2023, the Company will grant participants a right to one Performance Share free of charge, provided that certain conditions are met, relating primarily to the share price development.

Employees and Board members acquired in total 361,756 shares in the market during 2020 and 298,000 shares during 2021 and 212,081 shares during 2022 and 68,990 shares during 2023 in the respective incentive programs. Total costs, including social contributions, as of December 31, 2023 YTD, amounted to SEK 1,877 K.

For detailed terms and conditions for each of the programs, see note 4.

SALES AND EARNINGS

Revenue, expenses and earnings

No sales were recorded during January-December.

The total research expenses for full-year 2023 amounted to SEK 32.5 M (42.8). In 2023, the company's research efforts have been focused on the clinical development of tasquinimod in multiple myeloma and the eye drop formulation of laquinimod in eye diseases. Collaborations to expand the preclinical and clinical development of tasquinimod and laquinimod are ongoing.

During the reporting period the financial resources have been allocated to the preclinical and clinical development of the fully owned projects tasquinimod and laquinimod. The development programs include:

- The ongoing phase Ib/IIa clinical study with tasquinimod for treatment of multiple myeloma was initiated in August 2020 in collaboration with Penn University, the US. Results are expected in the second half of 2024

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- proof-of-concept studies with tasquinimod for the treatment of patients with myelofibrosis are planned to start in 2024
- laquinimod, which is being developed as a new product class for the treatment of inflammatory eye diseases. An eye drop formulation of laquinimod was tested in a Phase I clinical trial completed in 2023, and the positive study results support the continued development of laquinimod in inflammatory eye diseases. A phase I biodistribution study is planned to start in the first half of 2024

Administrative expenses amounted to SEK 13.9 M (15.1). The operating loss for the period amounted to SEK 46.5 M (loss: 57.9). Net financial income for the period was SEK 0.7 M (loss: 0.5) and the loss after tax to SEK 45.8 M (loss: 58.4).

COMMENTS ON THE BALANCE SHEET

At year-end 2023, the Group's total assets amounted to SEK 44.0 M (51.0), of which total fixed assets accounted for SEK 5.3 M (6.9) and cash/cash equivalents and financial investments totaled SEK 36.2 M (41.8).

CASH AND CASH EQUIVALENTS AND FINANCIAL POSITION

At year-end, cash and cash equivalents totaled SEK 36.2 M (41.8). The Board of Active Biotech has established a policy for the investment of the Group's cash and cash equivalents, which stipulates that these be invested at low credit risk, primarily in short-term Swedish securities, commercial papers and fixed-income and bond funds with high liquidity. At year-end, cash and cash equivalents totaling SEK 0.0 M were invested in short-term Swedish securities. Interest bearing liabilities amounted to SEK 4.5 M (6.0) and are attributable to the Group's lease commitments. At the end of the year, consolidated shareholders' equity amounted to SEK 30.7 M (34.5) and the equity/assets ratio was 69.6 percent, compared with 67.7 percent at year-end 2022.

COMMENTS ON THE CASH-FLOW STATEMENT

The Group's cash flow for full-year 2023 was a negative SEK 5.6 M (neg: 11.3). The negative cash flow from operating activities amounted to SEK 45.7 M (neg: 54.8). Cash flow from investing activities totaled to SEK 0.0 M (neg: 0.2). Cash flow from financing activities amounted to a positive SEK 40.2 M (pos. 43.8) following the rights issues concluded in 2023 and 2022. The share issues added SEK 41.8 (45.5) M to liquidity after issue costs.

Investments in tangible fixed assets amounted to SEK 0.0 M (0.0).

THE ACTIVE BIOTECH SHARE

Share capital and ownership structure

At year-end 2023, Active Biotech AB's share capital amounted to SEK 1,868 distributed among 361,739,047 shares. The company has one class of share. All shares carry equal rights to participation in the company's assets and dividends. For information concerning the company's major shareholders, see page 38 of this Annual Report.

CORPORATE GOVERNANCE

Active Biotech AB's Articles of Association stipulate that the election of the Board shall always take place at the Annual General Meeting. Apart from this, the Articles of Association do not contain any stipulations governing how Board members are to be appointed or dismissed, or regarding changes to the Articles of Association. Shareholders can vote for the full number of shares held or represented at General Meetings of Active Biotech. Shares that have been issued are freely transferable without restrictions pursuant to legislation or Active Biotech's Articles of Association. The company is not aware of any agreements among shareholders that can entail restrictions on the entitlement to transfer shares in the company. For a more detailed description of how Active Biotech manages corporate governance issues and information on mandates granted by the General Meeting, refer to the Corporate Governance Report on pages 41-45.

PARENT COMPANY

The operations of the Parent Company Active Biotech AB comprise the Group's research operations, Group coordinative administrative functions and asset management.

The Parent Company's net sales for the year amounted to SEK 0.0 M (0.0). Operating expenses for the period amounted to SEK 46.7 M (57.9). Investments in tangible fixed assets amounted to SEK 0.0 M (0.0) for the period. At year-end, the Parent Company's cash and cash equivalents, including short-term investments, amounted to SEK 36.2 M, compared with SEK 41.6 M at the beginning of the year. The loss after tax was SEK 45.0 M (loss: 38.2).

RISKS AND UNCERTAINTY FACTORS

Executive management in Active Biotech makes continuous assumptions, assessments and estimates that impact the content of the company's financial statements.

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Actual results may differ from these assessments and estimates. The aim of the Group's risk management is to identify, assess and limit uncertainties and risks in the operation. The risks can be divided into company related risks, operational risks and financial risks.

Company-related risks

Dependence on key employees

Active Biotech is dependent on key employees to a high degree. The ability to recruit and retain qualified employees is of the utmost importance in ensuring the level of expertise in the company.

Operational risks

Research and development

Research and pharmaceutical development are associated with high risk, since a large amount of financial resources are invested in a product that will perhaps never become a finished drug. Most projects that are started will never achieve the stage of market registration. The research project may be rejected during the development process, since the compounds that are developed could either not demonstrate the intended effect or demonstrate risks for unwanted side effects. Competing pharmaceutical or biotech companies may conduct research into the same therapy area, which could make it less attractive to complete a project for marketing reasons.

Patent protection

Active Biotech's future success will largely depend on the company's ability to obtain and maintain the protection of intellectual property rights relating to the company's products. The conditions for patenting discoveries in the field of pharmaceuticals and biotechnology are generally difficult to assess and involve complex legal and scientific issue. There is no guarantee that Active Biotech will be able to obtain and maintain patents for its products or its technologies. Even when patents have been issued, they could be subject to objection, be disqualified or bypassed, which could restrict Active Biotech's ability to prevent competitors from marketing similar products and limiting the time that Active Biotech has to establish patent protection.

Production

Active Biotech has no production of its own, which is why the company is dependent on subcontractors for drug substance and drug product production and production for preclinical and clinical development. There is a risk that Active Biotech will not have the possibility to meet its production needs at a reasonable cost at the specific point in time.

Official permits and regulatory approval

Active Biotech is exposed to official decisions, such as necessary permits for conducting clinical trials and commercializing pharmaceuticals, as well as rule changes for pricing and discounting of drugs or changed conditions for the prescription of pharmaceuticals.

Partnership agreement

Active Biotech is and will continue to be dependent on partnerships with pharmaceuticals and biotechnology companies for the development and sale of potential products. Differences of opinions and conflicts may arise between Active Biotech and its partners regarding the conditions in applicable agreements, such as interpretation of clinical data, achieving financial remuneration, ownership rights to patents and similar rights that developed within the framework of these partnerships.

Competition and commercial success

Active Biotech is active in attractive therapy areas with a large medical need, which entails that the competition is significant and competitors may develop, market and sell drugs that are more effective, safer and at a lower price than Active Biotech or its partners. The pharmaceuticals industry is highly competitive and there is a risk that it will not be possible to maintain existing product margins. Competitors may also have higher production and distribution capacity, as well as sales and marketing possibilities than Active Biotech and its partners.

Product liability and insurance

Active Biotech's operations involve product liability, which is unavoidable in conducting clinical trials and the manufacture of pharmaceuticals. Although the company makes the assessment that its existing insurance coverage is sufficient, the scope and remuneration of the insurance coverage is limited, meaning that there are no guarantees that Active Biotech will gain full compensation for any damages under the existing insurance coverage. It cannot be guaranteed that appropriate insurance protection can be obtained at an acceptable cost or that such insurance protection can be obtained at all. Accordingly, there is a risk that insufficient or excessively expensive insurance protection could have a negative

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impact on the company's operations, financial position and earnings.

Financial risks

Exchange rate and credit risks

Assets, liabilities, revenue and expenses in foreign currency give rise to currency exposure. A weakening of the SEK against other currencies increases Active Biotech's recognized assets, liabilities, revenue and earnings, while a strengthening of the SEK against other currencies will reduce these items. The company is exposed to such changes since the operations are conducted in Sweden and any future remuneration in accordance with the company's partnerships will be paid in foreign currency. Since Active Biotech does not make use of forward contracts or options to hedge foreignexchange risk, exchange-rate effects may directly impact the income statement, which could lead to a negative impact on the company's financial position and earnings. Earnings are exposed to exchange-rate changes with regard to the procurement of clinical trial services, research services and production of clinical materials. Operating expenses amounted to SEK 46.5 M during the fiscal year, of which about 30 percent corresponded to costs in foreign currencies. The proportion of costs in foreign currencies, principally in USD and EUR, may fluctuate as projects enter later phases of clinical development with more clinical studies potentially being conducted abroad.

Credit risk refers to the risk that a counterparty does not meet its obligations to pay a liability or pay the interest on a liability. In the event that any counterparty cannot meet their obligations to Active Biotech, there may be a negative impact on the company's financial position and earnings. The company's credit risks are marginal, since its operations are only subject to low invoicing levels by virtue of the fact that it currently engages primarily in research and development. For further information on financial risks, see Note 18 on page 89-90.

Liquidity and interest-rate risk

Liquidity risk relates to the risk that Active Biotech, due to a shortage of cash and cash equivalents, cannot meet its financial obligations or has a reduced ability to conduct its operations effectively. The interest-rate risk relates to the risk that Active Biotech's exposure to fluctuations in market interest rates can have a negative impact on net earnings. The fixed-interest term on financial assets and liabilities is the most significant factor that influences the interest-rate risk. The liquidity risk could have a negative impact on the company's operations, financial position and earnings.

Continuing losses and future capital requirements

Since its operations started, Active Biotech has reported an operating loss and will continue to require significant capital injections for research and development with the aim of conducting preclinical and clinical studies, and potentially marketing, selling and distributing approved pharmaceuticals. Both the scope and timing of the company's future capital requirements will depend on several factors, including costs for ongoing and future preclinical and clinical studies, as well as the results from these studies, including milestone and royalty payments.

There is a future risk that a further need of financing will arise, for example, by raising loans, sales of assets or through further rights issues of shares or other securities. The access to and conditions for further financing are affected by several factors, such as the possibility of entering partnerships and the extent to which research and development projects progress successfully, market conditions, general availability of credit and Active Biotech's credit worthiness and credit capacity. Disruptions and uncertainty in the credit and capital markets may also limit access to additional capital. There is a risk that, going forward, Active Biotech will not have sufficient revenue or positive cash flow to maintain its operations in their current form. Such developments would involve materially negative effects for the company's operations and financial position.

ENVIRONMENTAL INFORMATION

Active Biotech conducts its operations in accordance with the permits issued for the company by the authorities. Inspections conducted achieved fully satisfactory results. Active Biotech has a well-developed program for the sorting of waste at source and for the destruction of environmentally hazardous waste, and works actively to minimize energy consumption and the use of environmentally hazardous substances. Active Biotech is not involved in any environmental disputes.

REPORT ON THE WORK OF THE BOARD

The Board decides on the Group's overall strategy, the Group's organization and management in accordance with the Swedish Companies Act. At year-end, the Board comprised five members elected by the Annual General Meeting. Other white-collar employees in the company participate in Board meetings in a reporting capacity or

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in administrative functions. During the year, 12 meetings were held at which minutes were taken. The President & CEO continuously informed the Chairman of the Board and the other Board members of developments in the company. Important issues addressed by the Board included:

- financing of the operation
- development of research projects
- business development projects
- strategic focus
- information concerning financial statements
- budget and forecasts for the operation
- partnership strategy and partnership discussions

The work of the Board and governance of Active Biotech is described in detail in the "Corporate Governance Report" section on pages 41-45. With regard to the Group's and Parent Company's results and financial position, refer to the subsequent income statements and balance sheets with the accompanying notes to the financial statements.

THE BOARD'S PROPOSED GUIDELINES FOR REMUNERATION OF SENIOR EXECUTIVES

These guidelines encompass remuneration of senior executives. Senior executives are defined as the President & CEO and other members of Group management. The guidelines apply to remuneration agreed, and changes made to existing agreed remuneration, when the guidelines have been adopted by the 2020 AGM. The guidelines do not cover remuneration resolved by the AGM.

The guidelines promotion of the company's business strategy, long-term interests and sustainability

The most important parts of the company's business strategy are:

- Achieve the greatest possible growth in value in each project and seek collaboration with strong partners not later than completed phase II studies
- Progress the clinical development and commercialization of the company's selected compounds together with partners with relevant expertise
- Limit costs through the utilization of partnership agreement and external expertise
- Protect know-how through an active patent strategy
- Create financial sustainability through partnerships with licensees and shareholders

For additional information concerning the company's business strategy, see www.activebiotech.com

The successful implementation of the company's business strategy and safeguarding the company's long-term interests, including its sustainability, requires the company to recruit and retain qualified employees. To ensure this, the company must offer competitive remuneration. These guidelines enable the payment of a competitive total remuneration to senior executives.

Variable cash payments covered by these guidelines should aim to promote the company's business strategy and long-term interests, including its sustainability.

Forms of remuneration, etc.

Remuneration is to be market-based and may include the following components: fixed cash salary, variable cash payments, pension benefits and other benefits. The AGM can in addition – and regardless of these guidelines – resolve on, for example, share and share-based remuneration.

Variable cash payments may not exceed 50 percent of the fixed annual cash salary for the President & CEO and 25 percent for other members of Group management. Variable cash payments are not pensionable.

Pension benefits are to comprise defined-contribution schemes. For the President & CEO, the pension premium is not to exceed 35 percent of the fixed annual salary. For other senior executives, the pension premium is to not exceed 25 percent of fixed annual salary.

Other benefits may include medical and health care and company cars. In total, such benefits may not exceed 10 percent of annual cash salary.

Termination of employment

Upon termination by the company, the notice period must be at most 12 months for the President & CEO and for other members of Group management. If notice is given by a senior executive, the notice period must be at most 12 months, without entitlement to severance pay.

Criteria for awarding variable cash payments, etc.

Variable cash payments are to be linked to predetermined and measurable criteria, which may be financial or non-financial. They may also be personalized quantitative or qualitative goals. The criteria are to be designed to promote the company's business strategy and long-term interests, including its sustainability, for example by having

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a clear link to the business strategy or by promoting the long-term development of the senior executive.

The degree to which the criteria were met is determined when the measurement period to fulfill the criteria set for payment of the variable cash payments has ended. The Board is responsible for assessing variable cash payments to the President & CEO. The President & CEO is responsible for assessing variable cash payments to other executives. As regards financial targets, the assessment is based on the most recent financial information published by the company.

Salary and terms of employment

When preparing the Board's proposal for these remuneration guidelines, salary and terms of employment for the company's employees have been taken into account by including information about the employees' total remuneration, the components of the remuneration and the growth and rate of growth over time of remuneration in the Board's decision documentation when assessing the fairness of the guidelines and the limitations that arise from these.

Decision-making process to determine, review and implement the guidelines

The Board's decides on proposed guidelines for remuneration of senior executives. The Board is to prepare proposals for new guidelines at least once every three years and present these proposals for a decision by the AGM. The guidelines are to apply until new guidelines are adopted by the AGM. The Committee also monitors and evaluates the program for variable remuneration of executive management and the application of the guidelines for remuneration of senior executives in addition to remuneration structures and remuneration levels. The Board members are independent in relation to the company and executive management. The President & CEO or other members of executive management are not present when the Board addresses and decides on matters concerning remuneration relating to one of the aforementioned individuals.

Deviation from the guidelines

The Board may only approve temporary deviation from the guidelines, partially or entirely, in individual cases with particular grounds and when deviation is necessary to satisfy the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As specified above, the duties of the Board include preparing for decisions on remuneration issues, which also includes decisions regarding deviations from the guidelines.

Description of significant changes to the guidelines and how shareholder viewpoints are to be taken into consideration

There are no earlier adopted remuneration packages that have not fallen due for payment. The company has not approved any deviations from the guidelines for remuneration adopted by the 2020 AGM. The company will propose guidelines at the 2024 annual general meeting that are consistent with previous guidelines.

EVENTS AFTER THE BALANCE-SHEET DATE

- Active Biotech announced on April 3, 2024 start of enrollment to the clinical phase I biodistribution study with laquinimod eye drops

Outlook for 2024

Active Biotech's ability to develop pharmaceutical projects to the point at which partnership agreements can be secured, and the partner assumes responsibility for the future development and commercialization of the project, is decisive for the company's long-term financial strength and stability.

Active Biotech currently holds three projects in its portfolio:

- tasquinimod, which is being developed for the treatment of hematological cancers, is in clinical phase Ib/IIa for the treatment of multiple myeloma and preparations are underway for the start of proof-of-concept studies in myelofibrosis in Europe and the US. The study in Europe will be mainly financed by the Oncode Institute.
- laquinimod is being developed for the treatment of inflammatory eye diseases. A phase I clinical study with an eye drop formulation was completed in January 2023. The planning of a phase I biodistribution study is ongoing. The start of the study is planned for the first half of 2024.

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- For naptumomab, which is being developed in collaboration with partner NeoTX, the phase IIa clinical trial in patients with lung cancer is progressing towards results in 2024. In addition, a phase Ib/II study with naptumomab in combination with the checkpoint inhibitor durvalumab is underway in patients with selected solid tumors. The preliminary effect of the combination was encouraging, and in the next step an expansion cohort in esophageal cancer is planned. A new phase I study is also planned with naptumomab combined with the checkpoint inhibitor pembrolizumab in patients with urothelial cancer. NeotTX start of these studies requires new funding and the timing of start is currently uncertain due to the prevailing geopolitical situation.

The ongoing preclinical and clinical programs are advancing positively. We regularly receive inbound approaches from scientists who wish to explore the potential of laquinimod or tasquinimod in different disease areas. Active Biotech will continue to focus the development of tasquinimod in hematological cancers and laquinimod against inflammatory eye diseases.

Active Biotech focuses its activities to secure long-term value growth and conduct commercial activities aimed at entering new partnerships for the fully owned clinical assets tasquinimod and laquinimod.

Financing and going concern

The Board and management team continuously evaluate the group's financial strength and the availability of liquid funds. A rights issue was successfully completed in December 2023, when SEK 41.8 million, after issue costs, was added to the company. The available liquidity on December 31, 2023 will fund continued operations through 2024, and Active Biotech will therefore require access to further growth capital to maintain progress of its unpartnered project portfolio. Various sources of financing are explored, including partnering the company's development programs and broadening the shareholder base by directed share issuances to new investors. Given the current macro-economic uncertainties and the projected developments of the company's project portfolio, the Board has decided to keep all options open for the time being.

As the company within the next 12 months has additional financing needs that has not yet been secured, the Board is continuously working on evaluating various financing options to ensure continued operation. It is the Board´s assessment that the company has good prospects at securing future financing, however the absence of secured financing at the time of submission of this report means that there is an uncertainty factor regarding the company´s ability to continue operation beyond 2024.

As a research company, Active Biotech is characterized by high operational and financial risk, since the projects in which the company is involved have development, regulatory and commercialization risks. In addition, the ability of the company to attract and retain key people with both insights to the field of research, and relevant product development experiences is a significant risk.

In brief, the operation is associated with risks related to such factors as pharmaceutical development, competition, advances in technology, patents, regulatory requirements, capital requirements, currencies and interest rates.

In addition to the industry-specific risk factors described above, there is also an increased political uncertainty in the world which has led to financial instability with rising inflation and general macro-economic uncertainty.
A more detailed description of Active Biotech's risk exposure and risk management can be found on pages 51-53 and in note 18 on page 89-90.

The group's operations are primarily conducted in the parent company, which is why risks and uncertainty factors concern both the group and the parent company.

ALLOCATION OF PROFIT/LOSS

SEK	
Share premium reserve	41,284,985
Profit brought forward	32,170,454
Loss for the year	44,967,071
Total	**28,488,368**

The Board of Directors proposes that the accumulated profit SEK 28,488,368 balance in a new account.

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CONSOLIDATED INCOME STATEMENT

January 1 – December 31

SEK thousands	Note	2023	2022
Net sales	2	–	–
Administrative expenses	3, 4	–13,943	–15,062
Research and development costs	3	–32,541	–42,824
Operating loss	5	**–46,484**	**–57,886**
Financial income		922	49
Financial expenses		–238	–535
Net financial income/expense	6	**684**	**–486**
Loss before tax		**–45,800**	**–58,372**
Tax	7	–	–
Loss for the year		**–45,800**	**–58,372**
LOSS FOR THE YEAR ATTRIBUTABLE TO:			
Parent Company's shareholders		–45,800	–58,372
Non-controlling interests		–	–
EARNINGS PER SHARE	13		
before dilution (SEK)		–0.17	–0.25
after dilution (SEK)		–0.17	–0.25

STATEMENT OF CONSOLIDATED COMPREHENSIVE INCOME

January 1 – December 31

SEK thousands	Note	2023	2022
Loss for the year		**–45,800**	**–58,372**
OTHER COMPREHENSIVE INCOME			
Other comprehensive income for the year		–	–
COMPREHENSIVE INCOME FOR THE YEAR		**–45,800**	**–58,372**
COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:			
Parent Company's shareholders		–45,800	–58,372
Non-controlling interests		–	–

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CONSOLIDATED STATEMENT OF BALANCE SHEET

At December 31

SEK thousands	Note	2023	2022
ASSETS			
Immaterial assets	7	245	245
Leased assets		4,716	6,264
Long-term receivables		376	376
Total fixed assets		**5,337**	**6,885**
Tax assets		636	600
Other receivables	10	619	347
Prepaid expenses and accrued income	11	1,237	1,377
Cash and cash equivalents	21	36,218	41,796
Total current assets		**38,710**	**44,120**
TOTAL ASSETS		**44,047**	**51,005**

SEK thousands	Note	2023	2022
SHAREHOLDERS' EQUITY			
Share capital		1,868	1,368
Other capital contributed		3,472,157	3,430,872
Profit/loss brought forward including loss for the year		–3,443,358	–3,397,729
Total shareholders' equity	**12**	**30,667**	**34,511**
LIABILITIES			
Other long-term interest-bearing liabilities	14	3,000	4,432
Total long-term liabilities		**3,000**	**4,432**
Short-term interest-bearing liabilities	14	1,545	1,606
Accounts payable		3,173	3,528
Other liabilities	15	227	236
Accrued expenses and deferred income	16	5,435	6,692
Total short-term liabilities		**10,380**	**12,062**
TOTAL LIABILITIES		**13,380**	**16,494**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**44,047**	**51,005**

For information pertaining to the Group's pledged assets and contingent liabilities, see Note 19.

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CONSOLIDATED STATEMENT OF CASH FLOWS

January 1 – December 31

SEK thousands	Note 21	2023	2022
Operating activities			
Loss before tax		–45,800	–58,372
Adjustments for non-cash items		1,847	2,185
Cash flow from operating activities before changes in working capital		**–43,953**	**–56,187**
Cash flow from changes in working capital			
Increase(-)/Reduction(+) in operating receivables		–168	26
Increase(+)/Reduction(-) in operating liabilities		–1,620	1,311
Cash flow from operating activities		**–45,741**	**–54,850**
Investing activities			
Acquisition of intangible fixed assets		–	–245
Cash flow from investing activities		**–**	**–245**
Financing activities			
Rights issue		43,468	46,832
Issue expenses		–1,684	–1,313
Amortization of lease liabilities		–1,621	–1,762
Cash flow from financing activities		**40,163**	**43,757**
Cash flow for the year		**–5,578**	**–11,338**
Cash and cash equivalents, January 1		**41,796**	**53,134**
Exchange-rate differences in cash and cash equivalents		**–**	**–**
CASH AND CASH EQUIVALENTS AT YEAR-END		**36,218**	**41,796**

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STATEMENT OF CHANGES IN CONSOLIDATED EQUITY

SEK thousands	Share capital	Other capital contributed	Profit/loss brought forward incl. loss for the year	Total shareholders' equity
Opening shareholders' equity, January 1, 2022	**1,126**	**3,385,595**	**–3,340,047**	**46,674**
Loss for the year	–	–	–58,372	–58,372
Other comprehensive income for the year	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–58,372**	**–58,372**
Rights issue [1)]	242	45,277	–	45,519
Share-based payments that are settled with equity instruments, IFRS2	–	–	690	690
Closing shareholders' equity, December 31, 2022	**1,368**	**3,430,872**	**–3,397,729**	**34,511**
Opening shareholders' equity, January 1, 2023	**1,368**	**3,430,872**	**–3,397,729**	**34,511**
Loss for the year	–	–	–45,800	–45,800
Other comprehensive income for the year	–	–	–	–
Comprehensive income for the year	**–**	**–**	**–45,800**	**–45,800**
Rights issue [1)]	499	41,285	–	41,784
Share-based payments that are settled with equity instruments, IFRS2	1	–	171	172
Closing shareholders' equity, December 31, 2023	**1,868**	**3,472,157**	**–3,443,358**	**30,667**

[1)] The rights issue amount for 2023 was recognized net after deductions for transaction costs of SEK 1,684 (1,313) thousand.

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PARENT COMPANY INCOME STATEMENT

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SEK thousands	Note	2023	2022
Net sales		–	–
Administrative expenses	2, 3	–13,956	–15,047
Research and development costs	2	–32,714	–42,892
Operating loss	4	**–46,670**	**–57,939**
Profit/loss from financial items			
Result from participations in group companies		788	20,000
Interest income and similar items	5	916	48
Interest expenses and similar items	5	–1	–330
Loss after financial items		**–44,967**	**–38,221**
Loss before tax		**–44,967**	**–38,221**
Tax	6	–	–
Loss for the year		**–44,967**	**–38,221**

STATEMENT OF COMPREHENSIVE INCOME, PARENT COMPANY

January 1 – December 31

SEK thousands	2023	2022
Loss for the year	**–44,967**	**–38,221**
Other comprehensive income	–	–
Comprehensive income for the year	**–44,967**	**–38,221**

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PARENT COMPANY BALANCE SHEET

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SEK thousands	Note	2023	2022
ASSETS			
Fixed assets			
Intangible fixed assets			
Patent	7	245	245
Total intangible fixed assets		**245**	**245**
Financial fixed assets			
Participations in Group companies	20	500	40,500
Other long-term receivables		376	376
Total financial fixed assets		**876**	**40,876**
Total fixed assets		**1,121**	**41,121**
Current assets			
Short-term receivables			
Tax assets		636	600
Other receivables	10	619	347
Prepaid expenses and accrued income	11	1,650	1,795
Total short-term receivables		**2,905**	**2,742**
Short-term investments	21	–	39,497
Cash and bank balances	21	36,165	2,113
Total current assets		**39,070**	**44,352**
TOTAL ASSETS		**40,191**	**85,473**

SEK thousands	Note	2023	2022
SHAREHOLDERS' EQUITY AND LIABILITIES			
Shareholders' equity			
Restricted equity			
Share capital		1,868	1,368
Unrestricted equity			
Share premium reserve		41,285	45,277
Profit brought forward		32,170	24,943
Loss for the year		–44,967	–38,221
Total shareholders' equity	12	**30,356**	**33,367**
Short-term liabilities			
Accounts payable		3,173	3,528
Liabilities to Group companies		1,000	41,650
Other liabilities	15	227	236
Accrued expenses and deferred income	16	5,435	6,692
Total short-term liabilities		**9,835**	**52,106**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**40,191**	**85,473**

For information pertaining to Parent Company's pledged assets and contingent liabilities, see Note 19.

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CASH-FLOW STATEMENT FOR THE PARENT COMPANY

January 1 – December 31

SEK thousands	Note 21	2023	2022
Operating activities			
Loss after financial items		–44,967	–38,221
Adjustments for non-cash items		172	690
Cash flow from operating activities before changes in working capital		**–44,795**	**–37,531**
Cash flow from changes in working capital			
Increase(-)/Reduction(+) in operating receivables		–164	–392
Increase(+)/Reduction(-) in operating liabilities		–2,270	–18,689
Cash flow from operating activities		**–47,229**	**–56,612**
Investing activities			
Acquisition of intangible fixed assets		–	–245
Cash flow from investing activities		**–**	**–245**
Finansieringsverksamheten			
Rights issue		43,468	46,832
Issue expenses		–1,684	–1,313
Cash flow from financing activities		**41,784**	**45,519**
Cash flow for the year		**–5,445**	**–11,338**
Cash and cash equivalents, January 1		**41,610**	**52,948**
CASH AND CASH EQUIVALENTS AT YEAR-END		**36,165**	**41,610**

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STATEMENT OF CHANGES IN PARENT COMPANY'S EQUITY

SEK thousands	Note 12	Restricted equity	Unrestricted equity			
		Share capital	Share premium reserve	Profit/loss brought forward	Loss for the year	Total shareholders' equity
Opening shareholders' equity, January 1, 2022		**1,126**	**73,727**	**410**	**–49,884**	**25,379**
Loss for the year		–	–	–	–38,221	–38,221
Other comprehensive income for the year		–	–	–	–	–
Comprehensive income for the year		**–**	**–**	**–**	**–38,221**	**–38,221**
Rights issue [1)]		242	45,277	–	–	45,519
Share-based payments that are settled with equity instruments, IFRS2		–	–	690	–	690
Treatment of profit/loss in preceding year		–	–73,727	23,843	49,884	–
Closing shareholders' equity, December 31, 2022		**1,368**	**45,277**	**24,943**	**–38,221**	**33,367**
Opening shareholders' equity, January 1, 2023		**1,368**	**45,277**	**24,943**	**–38,221**	**33,367**
Loss for the year		–	–	–	–44,967	–44,967
Other comprehensive income for the year		–	–	–	–	–
Comprehensive income for the year		**–**	**–**	**–**	**–44,967**	**–44,967**
Rights issue [1)]		499	41,285	–	–	41,784
Share-based payments that are settled with equity instruments, IFRS2		1	–	171	–	172
Treatment of profit/loss in preceding year		–	–45,277	7,056	38,221	–
Closing shareholders' equity, December 31, 2023		**1,868**	**41,285**	**32,170**	**–44,967**	**30,356**

[1)] The rights issue amount for 2023 was recognized net after deductions for transaction costs of SEK 1,684 (1,313) thousand

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Notes to the Financial Statements

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

Conformity with standards and legislation

The consolidated financial statements were prepared in accordance with the International Financial Reporting Standards (IFRS) published by the International Accounting Standards Board (IASB), as adopted by the European Union. In addition, the Group applied the recommendation of the Swedish Financial Reporting Board RFR 1 Supplementary Accounting Rules for Groups.

The Parent Company applies the same accounting policies as the Group, except in the instances specified below in the section "Accounting policies of the Parent Company".

The Annual Report and the consolidated financial statements were approved for issue by the Board and the President on April 19, 2024. The consolidated income statement and statement of financial position and the Parent Company's income statement and balance sheet will be subject for adoption by the Annual General Meeting on May 22, 2024.

Conditions for preparing the Parent Company's and consolidated financial statements

The Parent Company's functional currency is Swedish kronor, which is also the presentation currency for the Parent Company and the Group. Accordingly, the financial statements are presented in Swedish kronor, SEK. All amounts, unless otherwise stated, are rounded off to the nearest thousand. Assets and liabilities are recognized at historical acquisition value (cost), except certain financial assets, which are measured at fair value. Financial assets measured at fair value comprise short-term investments.

The preparation of financial statements in accordance with IFRS requires company management to make assessments and estimates that affect the application of the accounting policies and the recognized amounts of assets, liabilities, revenues, and expenses. The actual outcome may deviate from these estimates and assessments. The estimates and assumptions are reviewed regularly. Changes to the estimates are recognized in the period in which the change is made if it is the only period affected by the change, but if it also affects future periods, it is recognized in the period the change is made and in future periods.

Assessments made by company management when applying IFRS that may considerably influence the financial statements together with estimates made that may entail significant adjustments to financial statements in forthcoming years are described in more detail in Note 22.

The accounting policies for the Group detailed below were applied consistently in all periods presented in the consolidated financial statements, unless otherwise specified below. The Group's accounting policies were applied consistently in the reporting and consolidation of the Parent Company and subsidiaries.

Changed accounting policies

Changed accounting policies caused by new or amended IFRS

No new IFRS or other amendments to IFRS applicable from January 1, 2022 did not have any material impact on the consolidated financial statements.

New IFRS that have not yet been applied

New or amended IFRS, including statements, are not expected to have any material impact on the consolidated financial statements.

Segment reporting

An operating segment is a part of the Group that conducts operations from which it can generate revenues and incur costs and from which independent financial information is available. In addition, an operating segment's results are followed up by the company's chief operating decision-maker to assess earnings and to be able to allocate resources to the operating segment. Since operations within the Active Biotech Group are organized as a cohesive unit, with similar risks and opportunities for the products and services produced, the

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Group's entire operation comprises a single operating segment. All operations are conducted in Sweden.

Consolidation principles

Subsidiaries

A subsidiary is a company in which Active Biotech AB has a controlling influence. Controlling influence entails a direct or indirect right to formulate a company's financial and operative strategies with the aim of obtaining financial benefits. When determining if a controlling influence exists, consideration is given to potential shares that carry voting rights, which can be utilized or converted without delay.

Foreign currency

Transactions in foreign currency

Transactions in foreign currency are translated to the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities in foreign currencies are translated to the functional currency at the exchange rate prevailing on the balancesheet date. Exchange-rate differences that arise in translation are recognized in profit or loss

Recognition of revenues

Contract with NeoTX

Active Biotech has a contract with its partner NeoTX under which the Group has licensed the rights to Naptumomab. This contract gives Active Biotech the right to milestone payments upon certain clinical, regulatory, and commercial achievements by NeoTX. The contract also includes the right for Active Biotech to receive tiered double-digit royalties on future sales. Milestone payments comprise variable consideration under IFRS 15. Since there is a significant risk of reversal of revenue from milestone payments prior to the time at which a milestone is achieved, revenue recognition does not take place until it has been established that NeoTX has achieved the set target, and that Active Biotech thus has the right to receive such a contractual milestone payment. Revenue from sales-based royalties is first recognized in connection with NeoTX selling the approved drug based on Naptumomab and Active Biotech having the right to receive contractual milestone payment.

Leases

Leases for which the Group is lessee

The Group recognizes a right-of-use asset and a lease liability at the lease's commencement date. The rightofuse asset is initially measured at cost, which comprises the lease liability's initial value plus the lease payments made at or before the commencement date and any initial direct costs. The right-of-use asset is depreciated on a straight-line basis from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term, which for the Group is normally the end of the lease term.

The lease liability – which is split into a long and short-term portion – is initially measures at the present value of remaining lease payments during the expected lease term.

Lease payments are normally discounted using the Group's incremental borrowing rate, which in addition to the Group's/company's credit risk also reflects each agreement's lease term, currency and quality of the underlying asset as intended security. However, the interest rate implicit in the lease is used when this can be determined.

The lease liability for the Group's premises with a rent that is indexed upward is calculated on the rent payable at the end of each reporting period. At this time, the liability is adjusted with a corresponding adjustment of the rightof-use asset's carrying amount. In a similar way, the value of the liability and asset is adjusted in conjunction with the reassessment of the lease term. This occurs when the last termination date has passed for the previously expected term of the premises lease, or when significant events occur or conditions are substantially changed in a manner that is within the Group's control and influences the applicable assessment of the lease term.

The Group presents right-of-use assets as a separate item in the statement of financial position. Lease liabilities are presented together with interest-bearing liabilities in the statement of financial position.

No right-of-use asset and lease liability is recognized for leases with a lease term of 12 months or less and for low value assets, less than SEK 50 thousand. Lease payments for these leases are recognized as a cost straightline over the lease term.

Financial income and expenses

Financial income and expenses include interest income on bank deposits and receivables, interest expenses on loans,

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interest on the lease liability, exchange-rate differences and unrealized and realized gains from financial investments.

Exchange-rate gains and losses are netted.

Financial instruments

Financial instruments recognized on the asset side of the statement of financial position include cash and bank balances, accounts receivable, other long-term receivables and short-term investments in fixed-income funds. Liabilities include accounts payable, liabilities for leases, liabilities to credit institutions and other financial liabilities.

Recognition in, and derecognition from, the statement of financial position

A financial asset or financial liability is recognized in the statement of financial position when the company is party to the contractual conditions of the instrument. Accounts receivable are recognized in the statement of financial position when the invoice has been sent. Liabilities are recognized when the other contracting party has fulfilled its obligations and payment is due, although the invoice has not yet been received. Accounts payable are recognized when the invoice is received.

A financial asset is derecognized from the statement of financial position when the contractual rights are realized, mature or the company loses control over them. This also applies to parts of financial assets. A financial liability is derecognized from the statement of financial position when the contractual obligation is met. This also applies to parts of financial liabilities. Acquisition and divestment of financial assets are recognized on the transaction date, which is the date the company commits to the acquisition or divestment of the asset.

Cash and cash equivalents comprise liquid funds and immediately accessible balances in banks and corresponding institutes, as well as short-term liquid investments that have a maturity of three months or less from the acquisition date, which are exposed to only an insignificant risk of fluctuation in value.

Measurement on initial recognition

Financial instruments are initially measured at fair value plus/less transaction costs, except instruments that are continuously measured at fair value through profit or loss for which transaction costs are expensed when they arise instead. Accounts receivable (except for significant financing components) are initially measured at the transaction price established according to IFRS 15.

Classification and subsequent measurement of financial assets

The Group's holdings of short-term fixed-income funds are measured at fair value through profit or loss since the fund units do not satisfy the criteria for equity instruments and the cash flows from the funds do not contain solely payments of principal and interest on the principal amount.

All other financial assets are measured at amortized cost since they are held under the framework of a business model whose objective is to collect the contractual cash flows, at the same time as the cash flows from the assets comprise solely payments of principal and interest on the principal amount. Other receivables are classified as long-term receivables if the duration is longer than one year, and if it is shorter, as other receivables.

Classification and subsequent measurement of financial liabilities

All financial liabilities are measured at amortized cost by applying the effective interest method. Long-term liabilities have an expected duration of more than one year, while short-term liabilities have a duration of less than one year.

Intangible assets

Research and development

Expenses for research with the purpose of acquiring new scientific or technical knowledge are expensed when they arise. Expenses for developments, in which the research result or other knowledge is applied to produce new or improved products or processes, is recognized as an asset in the statement of financial position, if the product or process is technically and commercially useful and the company has adequate resources to pursue development and thereafter use and sell the intangible asset. Other expenses for development are recognized in profit or loss as a cost as they arise.

Since the period in which the company's research and development projects are expected to be registered is some way off in the future, there is considerable uncertainty as to when any financial benefits will accrue to the company. Development costs are capitalized only on the condition that it is technically and financially possible to complete the asset, that the intention is, and the conditions exist, for the asset to be used in operations or sold and that it can be calculated in a reliable manner. Expenses pertaining to patents, technology and trademark rights and other similar assets that are part of the

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research and development operations are not capitalized but are offset against earnings on an ongoing basis.

No assets of this character were acquired.

Patent

Acquired patent rights are reported at acquisition value and any need for impairment is tested annually.

Impairment

Impairment testing of tangible and intangible assets and participations in subsidiaries

Carrying amounts are tested at each balance-sheet date to establish whether there are any impairment indicators. If there is an indication that an impairment requirement exists, the asset's recoverable amount (see below) is calculated in accordance with IAS 36. If it is not possible to establish fundamentally independent cash flows attributable to a specific asset, when testing for impairment, the assets are to be grouped at the lowest level whereby it is possible to identify fundamentally independent cash flows – a so-called cash-generating unit.

An impairment loss is recognized when an assets or cash-generating unit's (group of units) carrying amount exceeds the recoverable amount. An impairment loss is charged to profit or loss.

The recoverable amount is the highest of fair value less selling expenses and value in use. In calculating value in use, future cash flows are discounted at an interest rate that takes into account the market's assessment of risk-free interest and risk related to the specific asset.

An impairment loss is reversed if there is both an indication that the impairment requirement no longer exists and if there has been a change in the assumptions that formed the basis for the calculation of the recoverable amount.

Impairment of financial assets

A loss allowance is calculated and recognized for the financial assets that are measured at amortized cost. A simplified approach is applied for accounts receivable, and the loss allowance is calculated and recognized based on expected credit losses for the full remaining lifetime. The calculation of the expected credit losses is primarily based on information about past losses for similar receivables and counterparties. The historical information is evaluated and continuously adjusted based on the current situation and the Group's expectations regarding future events.

Employee remuneration

Post-retirement benefits

Both defined-benefit and defined-contribution pension plans exist within the Group. For defined-benefit plans, remuneration of current and former employees is based on their salary at the time of retirement as well as the number of years of service. The Group assumes responsibility for ensuring that promised remuneration is paid. For defined-contribution plans, the company pays pension premiums to separate legal entities and has no legal commitment or informal obligation to pay further premiums (if these should lack the assets necessary to provide the promised benefits). The company's obligations relating to fees for defined-contribution plans are expensed in profit or loss as they are accrued due to the employee performing services for the company over a period.

All defined-benefit pension plans are secured through insurance with Alecta, which is a multi-employer defined-benefit plan. For the 2023 and 2022 fiscal years, the company did not have access to information that would make it possible to recognize this plan as a defined-benefit plan.

Accordingly, pension plans conforming to ITP and secured through an Alecta insurance policy are recognized as a defined-contribution plan.

Severance pay

An expense for remuneration in connection with termination of employment of personnel is recognized only if the company is unquestionably obligated, without any realistic possibility of withdrawal, by a formal detailed plan to eliminate a position in advance of when that position would normally expire. When remuneration is paid as an offer to encourage voluntary termination of employment, a cost for this is recognized if it is probable that the offer will be accepted and the number of employees that will accept the offer can be reliably estimated.

Current employee remuneration

Current remuneration to employees is calculated without discounting and is recognized as an expense when the related services are received.

A provision is recognized for the anticipated cost for bonus payments when the Group has an applicable legal or informal obligation to make such payments, as a result of services received from employees, and the obligation can be reliably estimated.

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Share-related compensation

The Group has issued a performance share program for the employees and board members of the company. The program is regulated with shares. For the employees, the program is conditional on the participants buying and retaining shares in the Company, continued employment and earnings conditions related to the Company's development and operations (performance terms). For the Board members, the program is conditional on the participants buying and retaining shares in the Company for at least twelve months and vesting conditions related to the development of the share price (market conditions).

The fair value of allocated rights is reported as a personnel cost with a corresponding increase in equity. The fair value is calculated at the time of allotment and distributed over the vesting period. The cost reported corresponds to the fair value of an estimate of the number of rights expected to be earned, taking into account terms of service and performance. This cost is adjusted in subsequent periods to ultimately reflect the actual number of rights earned. Earnings conditions related to the development of the share price constitute a market condition, which is included in the initial valuation of the share rights for the board members. During the vesting period regarding these rights, no assessment is made of and adjustment of the reported cost for expected or ascertained outcome, the entire number of share rights that are conditional on the share price is the basis for cost accounting regardless of outcome. Social security contributions attributable to share-related instruments are expensed over the periods during which the options are exercised. The provision for social security contributions is based on the fair value of the rights at the time of reporting.

Recognition of earnings per share

The calculation of earnings per share is based on profit/loss for the year in the Group attributable to the Parent Company's shareholders and on the weighted average number of shares outstanding during the year. There were no potential ordinary shares that could give rise to any dilution effects during the reported periods.

Taxes

Income taxes comprise current tax and deferred tax. Income taxes are recognized in profit or loss except where the underlying transaction is recognized in other comprehensive income or in shareholders' equity, whereby the associated tax effect is recognized in other comprehensive income or shareholders' equity.

Current tax is tax that is to be paid or recovered in relation to the current year, applying tax rates determined or announced at the balance-sheet date. Adjustment to current tax relating to previous periods is also recognized here.

Contingent liabilities

A contingent liability is recognized when a possible commitment exists arising from events that have occurred, the validity of which can only be confirmed by the occurrence or absence of one or more future events, or where there is a commitment not recognized as a liability or provision due to the low probability that an outflow of resources will be required.

Parent Company's accounting policies

The Parent Company prepared its annual financial statements in accordance with the Annual Accounts Act (1995:1554) and the recommendations of the Swedish Financial Reporting Board RFR 2, Accounting for Legal Entities. Statements issued by the Swedish Financial Reporting Board concerning listed companies were also applied. RFR 2 entails that in the annual accounts for a legal entity, the Parent Company is to apply all of the IFRS regulations and statements approved by the European Union to the greatest possible extent, within the framework of the Annual Accounts Act, the Pension Obligations Vesting Act and with consideration given to the relationship between accounting and taxation. The recommendation stipulates what exceptions and additions are to be made to IFRS.

Changed accounting policies

Changed accounting policies unless otherwise stated below, the Parent Company's accounting policies in 2023 have changed in line with what is described above for the Group.

New IFRS that have not been applied

Other new or amended IFRS, including statements, are not expected to have any material impact on the Parent Company's financial statements.

Differences between the Group's and the Parent Company's accounting policies

The differences between the Group's and the Parent Company's accounting policies are presented below. The accounting policies presented below for the Parent Company were applied consistently in all periods presented in the Parent Company's financial statements.

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Classification and presentation forms

The presentation of the Parent Company's income statement and balance sheet is in line with the arrangement specified in the Annual Accounts Act. The difference in relation to IAS 1 Presentation of Financial Statements, which is applied in the preparation of the consolidated financial statements, is primarily the recognition of financial income and expenses, shareholders' equity and the occurrence of provisions as a separate heading in the balance sheet.

Subsidiaries

Participations in subsidiaries are recognized by the Parent Company using the cost method. This implies that transaction costs are included in the carrying amount of participations in subsidiaries. In the consolidated financial statements, transaction costs attributable to subsidiaries are recognized immediately in profit or loss when these arise.

The Parent Company always recognizes dividends from subsidiaries as revenue in profit or loss.

Leased assets

The Parent Company does not apply IFRS 16, in accordance with the exception in RFR 2. As lessee lease payments are recognized as a cost on a straight-line basis over the lease term and right-of-use assets and lease liabilities are therefore not recognized in the balance sheet. In the same manner as in the consolidated financial statements, lease and non-lease components are not divided for properties. Instead, lease and non-lease components are recognized as a single lease component for these types of underlying assets.

Intangible fixed assets

Research and development

In the Parent Company, all expenses for development are recognized as expenses in profit or loss.

Depreciation principles

Amortization is conducted on a straight-line basis over the estimated useful life of the asset, which corresponds to the period during which it will be used.

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NOTE 2: OPERATING EXPENSES DISTRIBUTED BY TYPE OF COST

	Group		Parent Company	
SEK thousands	2023	2022	2023	2022
Personnel costs	17,896	20,565	18,091	20,763
Depreciation/amortization	1,675	1,494	—	—
Operating expenses	2,158	2,385	2,157	2,383
Property expenses	77	396	1,744	1,747
Administrative expenses	1,588	1,642	1,588	1,642
External R&D services	19,570	27,402	19,570	27,402
Other external services	3,520	4,002	3,520	4,002
Total	**46,484**	**57,886**	**46,670**	**57,939**

NOTE 3: AUDITORS' FEES

	Group and Parent Company	
SEK thousands	2023	2022
KPMG AB	**PWC**	**KPMG**
Auditing assignments	540	410
Other services	38	–
Other services (KPMG 2023)	35	

Audit assignments refer to the audit of the annual report and accounting as well as the administration of the Board and the President and other tasks that is the responsibility of the company's auditor to perform (including a review of the interim report).

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NOTE 4: EMPLOYEE AND PERSONNEL COSTS, AND REMUNERATION OF SENIOR EXECUTIVES

Costs for remuneration of employees

SEK thousands	Group		Parent Company	
	2023	2022	2023	2022
Salaries and remuneration, etc.	11,805	12,504	11,805	12,504
Pension costs, defined-contribution plans [1) 2)] (see below)	3,367	4,007	3,367	4,007
Social-security costs [3)]	2,484	3,697	2,484	3,697
Non-monetary remuneration	18	59		
Total	**17,674**	**20,267**	**17,656**	**20,208**

[1)] Of the Parent Company's pension costs, SEK 1,150 thousand (1,125) pertains to the Board of Directors and President & CEO. [2)] The Group's pension costs include SEK 547 thousand (682) pertaining to the ITP plan financed in Alecta. See the section below "Post-retirement benefits" for further information. [3)] Social-security costs include SEK 81 thousand (789) pertaining to the incentive program

Average number of employees

	2023			2022		
	No. of employees	Of whom, women		No. of employees	Of whom, women	
PARENT COMPANY						
Sweden	8	4	(50%)	9	5	(56%)
Total Parent Company	**8**	**4**	**(50%)**	**9**	**5**	**(56%)**
SUBSIDIARIES						
Sweden	0	0	(0%)	0	0	(0%)
Group total	**8**	**4**	**(50%)**	**9**	**5**	**(56%)**

Gender distribution in management

	Of whom, women	
	2023	2022
PARENT COMPANY		
Board of Directors	17 %	17 %
Other senior executives	33 %	33 %
GROUP TOTAL		
Board of Directors	17 %	17 %
Other senior executives	33 %	33 %

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Salaries and other remuneration subdivided by country and between senior executives and other employees, and social-security costs in the Parent Company

	2023			2022		
SEK thousands	Other senior executives (8 individuals) [1]	Other employees	Total	Other senior executives (9 individuals) [2]	Other employees	Total
Salaries and other remuneration						
Sweden	7,990	3,815	11,805	8,233	4,271	12,504
(of which, bonus and similar)	1,007	–	1,007	1,161	–	1,161
Total Parent Company	**7,990**	**3,815**	**11,805**	**8,233**	**4,271**	**12,504**
Social-security costs	3,274	2,577	5,851	3,695	4,009	7,704
of which, pension costs	1,899	1,468	3,367	1,825	2,182	4,007

Salaries and other remuneration, pension costs for senior executives in the Group

	2023	2022
SEK thousands	Other senior executives (8 individuals) [1]	Other senior executives (9 individuals) [2]
Salaries and other remuneration	7,990	8,233
(of which, bonus and similar)	1,007	1,161
Pension costs	1,899	1,825

The Chairman of the Board, Michael Shalmi, has also received consultant fees in 2023 of SEK 375 thousand (1,275). Board member Aleksandar Danilovski has also received consultant fees in 2023 of SEK 400 thousand (589). Board member Axel Glasmacher has also received consultant fees in 2023 of SEK 187 thousand (177). Board member Elaine Sullivan has also received consultant fees in 2023 of SEK 73 thousand (67).
[1)] Consists of five Board members and three members of the management team. [2)] Consists of six Board members and three members of the management team.

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Remuneration of senior executives

Guidelines adopted at the Annual General Meeting on May 19, 2020

These guidelines encompass remuneration of senior executives. Senior executives are defined as the President & CEO and other members of Group management. The guidelines apply to remuneration agreed, and changes made to existing agreed remuneration, after the guidelines was adopted by the 2020 AGM. The guidelines do not cover remuneration resolved by the AGM.

The guidelines promotion of the company's business strategy, long-term interests and sustainability

The most important parts of the company's business strategy are:

- Achieve the greatest possible growth in value in each project and seek collaboration with strong partners not later than completed Phase II studies
- Progress the clinical development and commercialization of the company's selected compounds together with partners with relevant expertise
- Limit costs through the utilization of partnership agreement and external expertise
- Protect know-how through an active patent strategy
- Create financial sustainability through partnerships with licensees and shareholders

For additional information concerning the company's business strategy, visit www.activebiotech.com

The successful implementation of the company's business strategy and safeguarding the company's long-term interests, including its sustainability, requires the company to recruit and retain qualified employees. To ensure this, the company must offer competitive remuneration. These guidelines enable the payment of a competitive total remuneration to senior executives.

The long-term share-based incentive program was decided at the 2020 AGM and is therefore not covered by these guidelines. Variable cash payments covered by these guidelines should aim to promote the company's business strategy and long-term interests, including its sustainability.

Forms of remuneration, etc.

Remuneration is to be market-based and may include the following components: fixed cash salary, variable cash payments, pension benefits and other benefits. The AGM can in addition – and regardless of these guidelines–resolve on, for example, share and share-based remuneration.

Variable cash payments may not exceed 50 percent of the fixed annual cash salary for the President & CEO and 25 percent for other members of Group management. Variable cash payments are not pensionable.

Pension benefits are to comprise defined-contribution schemes. For the President & CEO, the pension premium is not to exceed 35 percent of the fixed annual salary. For other senior executives, the pension premium is to not exceed 25 percent of fixed annual salary.

Other benefits may include medical and health care and company cars. In total, such benefits may not exceed 10 percent of annual cash salary.

Termination of employment

Upon termination by the company, the notice period must be at most 12 months for the President & CEO and for other members of Group management. If notice is given by a senior executive, the notice period must be at most 12 months, without entitlement to severance pay.

Criteria for awarding variable cash payments, etc.

Variable cash payments are to be linked to predetermined and measurable criteria, which may be financial or nonfinancial. They may also be personalized quantitative or qualitative goals. The criteria are to be designed to promote the company's business strategy and long-term interests, including its sustainability, for example by having a clear link to the business strategy or by promoting the long-term development of the senior executive.

The degree to which the criteria were met is determined when the measurement period to fulfill the criteria set for payment of the variable cash payments has ended. The Board is responsible for assessing variable cash payments to the President & CEO. The President & CEO is responsible for assessing variable cash payments to other executives. As regards financial targets, the assessment is based on the most recent financial information published by the company.

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Salary and terms of employment

When preparing the Board's proposal for these remuneration guidelines, salary and terms of employment for the company's employees have been taken into account by including information about the employees' total remuneration, the components of the remuneration and the growth and rate of growth over time of remuneration in the Board's decision documentation when assessing the fairness of the guidelines and the limitations that arise from these.

Decision-making process to determine, review and implement the guidelines

The Board decides on proposed guidelines for remuneration of senior executives. The Board is to prepare proposals for new guidelines at least once every fourth years and present these proposals for a decision by the AGM. The guidelines are to apply until new guidelines are adopted by the AGM. The Committee also monitors and evaluates the program for variable remuneration of executive management and the application of the guidelines for remuneration of senior executives in addition to remuneration structures and remuneration levels. The Board members are independent in relation to the company and executive management. The President & CEO or other members of executive management are not present when the Board addresses and decides on matters concerning remuneration relating to one of the aforementioned individuals.

Deviation from the guidelines

The Board may only approve temporary deviation from the guidelines, partially or entirely, in individual cases with particular grounds and when deviation is necessary to satisfy the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As specified above, the duties of the Board include preparing for decisions on remuneration issues, which also includes decisions regarding deviations from the guidelines.

Description of significant changes to the guidelines and how shareholder viewpoints are to be taken into consideration

There are no earlier adopted remuneration packages that have not fallen due for payment.

The company has not approved any deviations from the guidelines for remuneration adopted by the 2020 AGM.

Incentive program

PLAN 2020/2024 – employees of Active

At the annual general meeting on 19 May 2020, it was resolved to adopt a long-term performancebased incentive program for employees within Active Biotech ("Plan 2020/2024"). The participants in the Plan 2020/2024 are required to invest annually in shares in Active Biotech at market terms ("Saving Shares"). The participants will thereafter have the opportunity to receive further shares free of charge in accordance with the Plan 2020/2024 ("Performance Shares").

In order to participate in the program, the participant must have made a private investment in the Company by acquiring Saving Shares. For each Saving Share, the Company grants participants a right to up to two Performance Shares free of charge provided that certain criteria are met, relating to maintained employment, retained investment in Saving Shares and operational goals relating to the Company's performance.

The performance criteria for vesting are based on a combination of business-related and company -wide goals for 2023. The business-related goals relate to preclinical and clinical milestones in the tasquinimod and laquinimod projects and other criteria for the development of the project portfolio.

The company-wide goal for 2023 is linked to secure new financing for the continued development of the project portfolio.

A right will be exercised provided that the participant has kept its own original Saving Shares and has maintained its employment within Active Biotech up to and including 31 December the year in which the investment in Savings Shares was made.

For the year 2023, 2022, 2021 and 2020 saving shares, performance shares and costs are shown in the tables below.

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Year 2023	Saving shares	Allotment of performance shares	Recalculation due to new share issue	IFRS2 cost (SEK thousand) [1]	Social security cost, calculated (SEK thousand)
President & CEO	15,000	15,000	16,110	28	1
Executive management (2)	19,935	19,935	21,410	37	2
Other employees	34,055	34,055	36,575	64	4
Total	**68,990**	**68,990**	**74,095**	**129**	**7**

1. Fair value at the time of allotment on 31 March 2023 = SEK 0,872 / share right. No market terms are linked to the earnings terms. No expected dividend has been included in the calculation.

Year 2022	Saving shares	Allotment of performance shares	Recalculation due to new share issue	IFRS2 cost (SEK thousand) [1]	Social security cost, calculated (SEK thousand)	Social security cost, actual (SEK thousand)
President & CEO	40,000	40,000	48,640	111	17	14
Executive management (2)	45,733	45,733	55,611	127	20	1
Other employees	126,348	126,348	153,639	350	53	44
Total	**212,081**	**212,081**	**257,890**	**588**	**90**	**59**

1. Fair value at the time of allotment on 31 March 2022 = SEK 1,140 / share right. No market terms are linked to the earnings terms. No expected dividend has been included in the calculation.

Year 2021	Saving shares	Allotment of performance shares	IFRS2 cost (SEK thousand) [1]	Social security cost, calculated (SEK thousand)	Social security cost, actual (SEK thousand)
President & CEO	20,000	20,000	56	16	7
Executive management (2)	20,000	20,000	56	16	5
Other employees	43,000	43,000	120	34	15
Total	**83,000**	**83,000**	**232**	**66**	**27**

1. Fair value at the time of allotment on 31 March 2021 = SEK 1,398 / share right. No market terms are linked to the earnings terms. No expected dividend has been included in the calculation.

Year 2020	Saving shares	Allotment of performance shares	Recalculation due to new share issue	IFRS2 cost (SEK thousand)[1]	Social security cost, calculated (SEK thousand)	Social security cost, actual (SEK thousand)
President & CEO	25,000	25,000	30,000	130	30	14
Executive management (2)	30,000	30,000	36,000	156	36	13
Other employees	42,500	42,500	51,000	272	62	24
Total	**97,500**	**97,500**	**117,000**	**558**	**128**	**51**

1. Fair value at the time of allotment on 31 May 2020 = SEK 2,595 / share right. No market terms are linked to the earnings terms. No expected dividend has been included in the calculation.

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In order to ensure delivery of shares under the program, the annual general meeting resolved to issue not more than 2,524,000 warrants for subscription and subsequent transfer of shares to the participants in the incentive program, whereupon the Company's share capital may be increased by not more than approximately SEK 13,034. All warrants were subscribed for by Active Biotech's fully owned subsidiary, Active Security Trading AB. Each warrant entitles to subscription for one new share in the Company during the period commencing the date on which the issue resolution is registered with the Swedish Companies Registration Office, which was made on 29 June 2020, up to and including 31 December 2023. The subscription price is approximately SEK 0.005 per share.

The rationale for the program is to create conditions for motivating and retaining competent key individuals of the Group as well as for the promotion of the Company's business strategy, long-term interests and sustainable business, and for the alignment of the targets of the participants with those of the Company.

BOARD PLAN 2020/2023

At the annual general meeting on May 19, 2020 it was resolved to adopt a long-term performancebased incentive program for the Company's board members ("Board Plan 2020/2023"). The participants in the Board Plan 2020/2023 are required to annually invest in shares in Active Biotech at market terms ("Saving Shares"). The participants will thereafter be granted the opportunity to receive further shares free of charge in accordance with the Board Plan 2020/2023 ("Performance Shares"). In order to participate in the program, the participant must have made a private investment in the Company from the board remuneration received in cash, by acquiring Saving Shares. The Saving Shares acquired in one year shall remain invested through a minimum of approximately twelve months. For each Saving Share acquired the Company will grant participants a right to one Performance Share free of charge, provided that certain conditions are met, relating primarily to the share price development. If the share price has increased by more than 60% during the vesting period, 100% of the rights shall be vested. If the share price increases by 20%, 33% of the rights must be earned. In the event of an increase in the share price between 20 and 60%, earnings will be linear. With an increase of less than 20%, no earnings occur.

For the year 2020 and 2021 saving shares, performance shares and costs are shown in the tables below.

	Year	Saving shares	Maximum performance shares	Recalculation due to new share issue	IFRS2 cost (SEK thousand)	Social security cost (SEK thousand)
Board members	2020	264,256	264,256	414,137	166[1]	0
	2021	215,000	215,000	280,787	47[2]	13
	2022	0	0	0	0	0
	2023	0	0	0	0	0
Total		**479,256**	**479,256**	**694,924**	**213**	**13**

[1)] Fair value at the time of allocation on 30 June 2020 has been calculated by a Monte Carlo simulation. Estimated fair value per 2020-06-30 = 1.29 / share right. Expected volatility = 69% and risk-free interest rate = -0.24%. No expected dividend has been included in the calculation.
[2)] Fair value at the time of allocation on 30 June 2021 has been calculated by a Monte Carlo simulation. Estimated fair value per 2021-06-30 = 0.64 / share right. Expected volatility = 27% and risk-free interest rate = -0.17%. No expected dividend has been included in the calculation.

In order to ensure delivery of shares under the program, the annual general meeting resolved to issue not more than 851,000 warrants for subscription and subsequent transfer of shares to the participants in the incentive program, whereupon the Company's share capital may be increased by not more than approximately SEK 4,394. All warrants were subscribed for by Active Biotech's fully owned subsidiary, Active Security Trading AB. Each warrant entitles to subscription for one new share in the Company during the period commencing the day falling immediately after the annual general meeting 2023 up to and including the day falling immediately after the annual general meeting 2026. The subscription price is approximately SEK 0.005 per share.

The rationale for the program is to create conditions for motivating and retaining competent members of the board of directors and to focus the participants on delivering exceptional performance, which contributes to value creation for all shareholders.

Loans to senior executives

No agreement exists covering loans to Board members or executive management.

Post-retirement benefits

Defined-benefit plans

Retirement pension and family pension obligations for salaried workers in Sweden are secured through insurance with Alecta, which is a multi-employer, defined-benefit plan. For the 2023 and 2022 fiscal years, the company did not have access to information that would make it

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possible to recognize this plan as a defined-benefit plan. Accordingly, pension plans conforming to ITP and secured through an Alecta insurance policy are recognized as a defined-contribution plan. The year's fees for pension insurance subscribed to in Alecta totaled SEK 0.6 M (0.7) and for 2024 the premiums will amount to SEK 0.6 M. Alecta's surplus can be allocated to the policyholders and/or the insured. At year-end 2023, Alecta's surplus at the collective funding ratio amounted to 157 percent (172). The collective funding ratio comprises the market value of Alecta's assets as a percentage of insurance obligations based on Alecta's actuarial calculations, which do not conform to IAS 19. Active Biotech's share of total savings premiums for ITP2 with Alecta amounted to 0.00378 percent for 2023 and the share of the total actively insured in ITP2 amounted to 0.00167 percent in December 2023.

Remuneration and other benefits during 2023

SEK thousands	Basic salary/Board fee	Variable remuneration	Salary exchange	Pension costs	Financial instruments	Other remuneration	Total
Chairman of the Board, Michael Shalmi [2]	500	–	–	–	24	–	524
Board member Aleksandar Danilovski [3]	200	–	–	–	7	–	207
Board member, Axel Glasmacher [4]	200	–	–	–	3	–	203
Board member, Uli Hacksell [1]	200	–	–	–	2	–	202
Board member, Elaine Sullivan [5, 6]	66	–	–	–	–	–	66
Board member, Peter Thelin [1]	200	–	–	–	6	–	206
CEO, Helén Tuvesson	2,265	600	300	850	30	–	4,045
Other senior executives (2 individuals)	3,352	407	300	449	39	–	4,547
Total	**6,983**	**1,007**	**600**	**1,299**	**111**	**–**	**10,000**

[1] Apart from Board fees, no additional remuneration was paid. [2] Michael Shalmi has also received consultant fees in 2023 of SEK 375 thousand.
[3] Aleksandar Danilovski has also received consultant fees in 2023 of SEK 400 thousand. [4] Axel Glasmacher has also received consultant fees in 2023 of SEK 187 thousand.
[5] Elaine Sullivan has also received consultant fees in 2023 of SEK 7367 thousand. [6] Elaine Sullivan resigned as board member at the 2023 Annual General Meeting.

Remuneration and other benefits during 2021

SEK thousands	Basic salary/Board fee	Variable remuneration	Salary exchange	Pension costs	Financial instruments	Other remuneration	Total
Chairman of the Board, Michael Shalmi [2]	500	–	–	–	60	–	560
Board member Aleksandar Danilovski [3]	200	–	–	–	18	–	218
Board member, Axel Glasmacher [4]	200	–	–	–	10	–	210
Board member, Uli Hacksell [1]	200	–	–	–	5	–	205
Board member, Elaine Sullivan [5]	200	–	–	–	–	–	200
Board member, Peter Thelin [1]	200	–	–	–	18	–	218
CEO, Helén Tuvesson	2,310	693	300	825	128	–	4,256
Other senior executives (2 individuals)	3,262	468	300	400	147	–	4,577
Total	**7,072**	**1,161**	**600**	**1,225**	**386**	**–**	**10,444**

[1] Apart from Board fees, no additional remuneration was paid. [2] Michael Shalmi has also received consultant fees in 2022 of SEK 1,275 thousand. [3] Aleksandar Danilovski has also received consultant fees in 2022 of SEK 589 thousand. [4] Axel Glasmacher has also received consultant fees in 2022 of SEK 177 thousand. [5] Elaine Sullivan has also received consultant fees in 2022 of SEK 67 thousand.

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NOTE 5: NET FINANCIAL ITEMS

	Group		Parent Company	
SEK thousands	2023	2022	2023	2022
Interest income				
- Other interest income	285	49	279	48
Net gain on financial assets and liabilities measured at fair value through profit or loss				
- Held for trading: Short-term investments	566	–	566	–
Net exchange-rate changes	71	–	71	–
Financial income/Interest income and similar items	**922**	**49**	**916**	**48**
Interest expenses				
- Interest expenses relating to finance leases	–237	–205	–	–
Other interest expenses	–1	–	–1	–
Net loss on financial assets and liabilities measured at fair value through profit or loss				
Held for trading: Short-term investments	–	–320	–	–320
Net exchange-rate changes	–	–10	–	–10
Financial expenses/Interest expenses and similar items	**–238**	**–535**	**–1**	**–330**
Net financial expense	**684**	**–486**	**915**	**–282**
Of which:				
Interest income from instruments measured at amortized cost	–	–		
Interest expenses from instruments measured at amortized cost	–237	–205		
Exchange-rate differences that impacted earnings				
Exchange-rate differences that impacted operating loss	–62	18	–62	18
Financial exchange-rate differences	71	–10	71	–10
Total	**9**	**8**	**9**	**8**

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NOTE 6: TAXES

Recognized in profit or loss

SEK thousands	Group		Parent Company	
	2023	2022	2023	2022
Current tax expense (-)/tax income (+)				
Tax expense/tax income for the period	–	–	–	–
Tax adjustments brought forward from earlier years	–	–	–	–
Deferred tax expense (-)/tax income (+)				
Deferred tax expense as a result of utilization of loss carryforwards previously capitalized	–	–	–	–
Deferred tax income attributable to sale of property	–	–	–	–
Total recognized tax expense/income	**–**	**–**	**–**	**–**
Reconciliation of effective tax				
Loss before tax	–45,800	–58,372	–44,967	–38,221
Tax on the Parent Company according to current rate (20.6%)	9,435	12,025	9,263	7,874
Non-deductible expenses	–303	–307	–303	–307
Non-taxable revenues	1	–	163	4,120
Increase in loss carryforwards without equivalent capitalization of deferred taxes	–9,123	–11,687	–9,123	–11,687
Increase/decrease in temporary differences for which deferred tax is not recognized	–10	–31	–	–
Recognized effective tax	**–**	**–**	**–**	**–**

Due to the Group's activities with considerable research and development costs, it is not liable for tax. At the end of 2023, the Group's accumulated loss carryforwards amounted to SEK 3,347 M and was attributable to the Group's Swedish companies. The Parent Company's loss carryforwards amounted to SEK 3,346 M. Since the time at which the Parent Company and the Swedish subsidiaries may be expected to generate revenues cannot yet be specified, only the portion of the taxable effects of the loss carryforwards corresponding to the deferred tax liability was recognized. The loss carryforwards for which deferred tax assets are not recognized amounted to SEK 3,347 M (3,303).

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NOTE 7: INTANGIBLE FIXED ASSETS

Patent

SEK thousands	Group	Parent company
Acquisition value		
Opening balance, January 1, 2022	–	–
Acquisition of patent	**245**	**245**
Closing balance, December 31, 2022	245	245
Opening balance, January 1, 2023	245	245
Closing balance, December 31, 2023	**245**	**245**
Depreciation and impairment losses		
Opening balance, January 1, 2022	–	–
Closing balance, December 31, 2022	**–**	**–**
Opening balance, January 1, 2023	–	–
Closing balance, December 31, 2023	**–**	**–**
Carrying amounts		
January 1, 2022	–	–
December 31, 2022	245	245
January 1, 2023	245	245
December 31, 2023	245	245

NOTE 8: EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

Equipment, tools, fixtures and fittings recognized based on cost method

SEK thousands	Group	Parent company
Acquisition value		
Opening balance, January 1, 2022	3,004	3,004
Disposal	–290	–290
Closing balance, December 31, 2022	**2,714**	**2,714**
Opening balance, January 1, 2023	2,714	2,714
Closing balance, December 31, 2023	**2,714**	**2,714**
Depreciation and impairment losses		
Opening balance, January 1, 2022	–3,004	–3,004
Disposal	290	290
Closing balance, December 31, 2022	**–2,714**	**–2,714**
Opening balance, January 1, 2023	–2,714	–2,714
Closing balance, December 31, 2023	**–2,714**	**–2,714**
Carrying amounts		
January 1, 2022	–	–
December 31, 2022	–	–
January 1, 2023	–	–
December 31, 2023	–	–

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NOTE 9: LEASES

The Group's leases apply to rental agreements for premises, and leases for company cars and office equipment.

Right-of-use assets

SEK thousands	Properties	Vehicles	Total
Opening balance, January 1, 2023	6,059	205	6,264
Revaluation	67	60	127
Depreciation for the year	–1,487	–188	–1,675
Closing balance, December 31, 2023	4,639	77	4,716

Lease liabilities

SEK thousands	Properties	Vehicles	Total
Current	1,465	80	1,545
Non-current	3,000	0	3,000
Lease liabilities included in the statement of financial position, Dec 31, 2023	**4,465**	**80**	**4,545**

For disclosures relating to the term/maturity analysis of the lease liabilities, see Note 18.
The Group's total interest-bearing liabilities pertain to lease liabilities, see Note 14.

Breakdown of amounts recognized in earnings

SEK thousands	Group 2023	Group 2022
Depreciation of right-of-use assets	–1,675	–1,494
Interest on lease liabilities	–237	–205
Variable lease payments not included in the measurement of the lease liability	–37	–34
Costs for low-value leases	–87	–148

Amount recognized in statement of cash flows

SEK thousands	Group 2023	Group 2022
Total cash flows relating to leases	1,982	1,922

The above cash outflow includes amounts for leases recognized as lease liabilities, and amounts paid for variable lease payments and low-value leases. See also Note 21.

Description of the Group's rental agreements

Lease of property

Active Biotech rents premises in the Forskaren 1 property in Lund municipality. The rental agreement consists of a non-cancellable period of five years, which is extended by additional periods of three year if the Group does not terminate the agreement with notice period of nine months. Extension and termination options are exercisable only by the Group, not by the lessor. On the commencement date of the lease, it is established whether it is reasonably certain that an extension option will be exercised. It has been decided that it is not reasonably certain that another period will be exercised. The Group reassesses whether it is reasonably certain that an extension option will be exercised should any important events of material change occur in circumstances that are within the Group's control.

Rental expenses are adjusted on an annual basis using an escalation clause.

Lease of company cars

Active Biotech leases two company cars with a contract term of three years. The contract includes a fixed lease payment and a fee for a management package that covers service, repairs, tires etc. that is not part of the lease liability.

Lease of computers and other office equipment

Active Biotech has a rental agreement of 36 months for computors and other office equipment. These agreements are classified as low-value leases.

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NOTE 10: OTHER RECEIVABLES

SEK thousands	Group		Parent Company	
	2023	2022	2023	2022
VAT	580	301	580	301
Other receivables	39	46	39	46
Total	**619**	**347**	**619**	**347**

NOTE 11: PREPAID EXPENSES AND ACCRUED INCOME

SEK thousands	Group		Parent Company	
	2023	2022	2023	2022
Prepaid rent	18	0	431	411
Prepaid insurance	266	266	266	266
Prepaid patenting expenses	428	694	428	694
Other prepaid expenses and accrued income	525	417	525	424
Total	**1,237**	**1,377**	**1,650**	**1,795**

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NOTE 12: SHAREHOLDERS' EQUITY

Share capital Ordinary shares

Thousands of shares	2023	2022
Issued at January 1	264,887	217,972
Cash issue	96,594	46,832
PLAN 2020/2024 – employees of Active Biotech	258	83
Issued at December 31 – paid	**361,739**	**264,887**

Allocation of profit/loss

SEK	
Share premium reserve	41,284,985
Profit brought forward	32,170,454
Loss for the year	–44,967,071
Total	**28,488,368**

At December 31, 2023, the registered share capital comprised 361,739,047 ordinary shares with a quotient value of SEK 0.005164. Holders of ordinary shares are entitled to dividends determined successively and the shareholding entitles the holder to voting rights at the Annual General Meeting of one vote per share.

Other capital contributed

Refers to shareholders' equity contributed by the owners in addition to share capital.

Profit/loss brought forward including loss for the year

Profit brought forward including loss for the year includes accumulated earnings/losses in the Parent Company and its subsidiaries. Earlier provisions to statutory reserves, excluding transferred share premium reserves, are included in this equity item.

Dividend

The Board of Directors proposes that no dividend be paid for the 2023 fiscal year.

Capital management

In accordance with the Board's policy, the Group's financial objective is to maintain a solid capital structure and financial stability, thereby retaining the confidence of investors and credit providers in the market, and to function as a platform for the continued development of the business operation. Capital is defined as total shareholders' equity. With reference to the focus of the operation, no specific target for the debt/equity ratio has been defined. Neither the Parent Company nor any of its subsidiaries are subject to any external capital requirements.

Parent Company's shareholders' equity

Restricted funds

Restricted funds may not be reduced through the distribution of profits.

Unrestricted equity

In addition to loss for the year, the following funds comprise unrestricted equity, meaning the amount that is available for distribution to shareholders.

Share premium reserve

When shares are issued at a premium, that is, payment is required for the shares in excess of their quotient value, an amount corresponding to the proceeds received in excess of the shares' quotient value is to be transferred to the share premium reserve. The previous year's issues that resulted in premium amounts have been transferred to profit/loss brought forward. Amounts allocated to the share premium reserve from January 1, 2006 are included in unrestricted equity.

Profit/loss brought forward

Profit/loss brought forward comprises the preceding year's profit/loss brought forward as well as the previous year's funds in the share premium reserve, less any dividends paid during the year.

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NOTE 13: EARNINGS PER SHARE

	Before dilution		After dilution	
SEK	2023	2022	2023	2022
Earnings per share	–0.17	–0.25	–0.17	–0.25

Calculation of the numerator and the denominator used in the above calculation of earnings per share is specified below.

Earnings per share before dilution

The calculation of earnings per share in 2023 was based on loss for the year attributable to the Parent Company's ordinary shareholders amounting to a loss of SEK 45,800 thousand (loss: 58,372) and on a weighted average number of shares outstanding during 2023 totaling 271,524,625 (233,651,579). The two components were calculated in the following manner:

Loss attributable to the Parent Company's ordinary shareholders, before dilution

SEK thousands	2023	2022
Loss for the year attributable to the Parent Company's shareholders	–45,800	–58,372

Weighted average number of outstanding ordinary shares, before dilution

Thousands of shares	2023	2022
Total number of ordinary shares at January 1	264,887	217,972
Effect of new share issues	6,423	15,611
Effect of incentive program Plan 2020/2024	215	69
Weighted average number of ordinary shares during the year, before dilution	**271,525**	**233,652**

Earnings per share after dilution

Earnings and the number of shares in the calculation of earnings per share after dilution are the same as for the calculation of earnings per share before dilution since the new potential ordinary shares from the incentive programes only would lead to an improvement in earnings.

NOTE 14: INTEREST-BEARING LIABILITIES

Interest-bearing liabilities, Group

SEK thousands	2023	2022
Long-term liabilities		
Lease liability	3,000	4,432
Total	**3,000**	**4,432**
Short-term liabilities		
Short-term portion of lease liabilities	1,545	1,606
Total	**1,545**	**1,606**

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NOTE 15: OTHER SHORT-TERM LIABILITIES

SEK thousands	Group		Parent Company	
	2023	2022	2023	2022
Personnel tax at source	227	236	227	236
Total	**227**	**236**	**227**	**236**

NOTE 16: ACCRUED EXPENSES AND DEFERRED INCOME

SEK thousands	Group		Parent Company	
	2023	2022	2023	2022
Accrued vacation liability, including social-security costs	2,300	2,200	2,300	2,200
Accrued employer's contributions	91	103	91	103
Other accrued personnel costs	479	640	479	640
Accrued Board fees, including social-security costs	1,082	1,258	1,082	1,258
Accrued bonus	1,145	1,320	1,145	1,320
Accrued auditors' fees	165	300	165	300
Accrued employer´s contributions incentive program	34	168	34	168
Accrued consultance fees	66	381	66	381
Other items	73	322	73	322
Total	**5,435**	**6,692**	**5,435**	**6,692**

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NOTE 17: VALUATION OF FINANCIAL ASSETS AND LIABILITIES AT FAIR VALUE

In Active Biotech's opinion, the carrying amount comprises a reasonable approximation of the fair value of all of the Group's financial assets and liabilities. The Group's liabilities to credit institutions and liabilities pertaining to finance leases bear floating interest rates, which means that the value of the liabilities is not affected by changes in the base interest rate. Also, Active Biotech does not believe that credit margins have changed to any extent that could significantly impact the fair value of liabilities. The Group's short-term investments are measured at fair value in the statement of financial position, which means that the carrying amount is the same as the fair value of these items. In addition to short-term investments, the Group's financial assets essentially comprise cash and bank balances and receivables with short-term maturities that are recognized after deductions for any impairment. Accordingly, the carrying amount is considered to be a reasonable approximation of the fair value also for these items. The tables below state the carrying amounts for financial assets and financial liabilities by measurement category. The fair values and carrying amounts are recognized in the balance sheet below:

Group 2023

SEK thousands	Financial assets valued at amortized cost	Financial assets/liabilities measured at fair value through profit or loss	Other financial liabilities	Total carrying amount
Other long-term receivables	376	–	–	376
Short-term investments	–	–	–	–
Cash and bank balances	36,218	–	–	36,218
Total	**36,594**	**–**	**–**	**36,594**
Long-term interest-bearing liabilities	–	–	3,000	3,000
Short-term interest-bearing liabilities	–	–	1,545	1,545
Accounts payable	–	–	3,173	3,173
Total	**–**	**–**	**7,718**	**7,718**

Group 2022

SEK thousands	Financial assets valued at amortized cost	Financial assets/liabilities measured at fair value through profit or loss	Other financial liabilities	Total carrying amount
Other long-term receivables	1	–	–	1
Accounts receivable	–	–	–	–
Short-term investments	–	50,816	–	50,816
Cash and bank balances	2,318	–	–	2,318
Total	**2,319**	**50,816**	**–**	**53,135**
Long-term interest-bearing liabilities	–	–	226	226
Short-term interest-bearing liabilities	–	–	760	760
Accounts payable	–	–	2,761	2,761
Total	**–**	**–**	**3,747**	**3,747**

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Disclosure regarding the determination of fair value

Group 2022

SEK thousands	Level 1	Level 2	Level 3	Total
Short-term investments – on a par with cash and cash equivalents		39,497		39,497

Level 1: according to quoted prices on an active market for the same instrument.
Level 2: based on directly or indirectly observable market inputs other than those included in Level 1.
Level 3: according to inputs not based on observable market data.

Calculation of fair value

Short-term investments

Short-term investments comprise units in a short-term fixed-income fund.

The value of the units is based on a valuation obtained from the institute that administers the fund.

Parent Company 2023

SEK thousands	Financial assets valued at amortized cost	Financial assets/liabilities measured at fair value through profit or loss	Other financial liabilities	Total carrying amount
Other long-term receivables	376	–	–	376
Short-term investments	–	–	–	–
Cash and bank balances	36,165	–	–	36,165
Total	**36,541**	**–**	**–**	**36,541**
Accounts payable	–	–	3,173	3,173
Total	**–**	**–**	**3,173**	**3,173**

Parent Company 2022

SEK thousands	Financial assets valued at amortized cost	Financial assets/liabilities measured at fair value through profit or loss	Other financial liabilities	Total carrying amount
Other long-term receivables	376	–	–	376
Accounts receivable	–	–	–	–
Short-term investments	–	39,497	–	39,497
Cash and bank balances	2,113	–	–	2,113
Total	**2,489**	**39,497**	**–**	**41,986**
Accounts payable	–	–	3,528	3,528
Total	**–**	**–**	**3,528**	**3,528**

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NOTE 18: FINANCIAL RISKS AND FINANCIAL POLICIES

Through its operations, the Group is exposed to various forms of financial risk. Financial risk denotes fluctuations in the company's earnings and cash flow resulting from changes in exchange rates, interest rates, refinancing and credit risks.

The Group's financial policy for the management of financial risk has been formulated by the Board and acts as a framework of guidelines and regulations in the form of risk mandates and limits for financing activities. Responsibility for the Group's financial transactions and risks is managed centrally by the Parent Company's finance department. The overriding objective for the finance function is to provide cost-efficient financing and to minimize negative effects on the Group's earnings from market fluctuations. The Board of Active Biotech has established a policy for the investment of the Group's cash and cash equivalents, which, in view of the operational risks associated with the business, stipulates a conservative investment policy. The Group's cash and cash equivalents are to be invested in liquid assets with low credit risk, primarily in short-term Swedish securities, commercial papers and fixed-income and bond funds with high liquidity.

Interest-rate risk

Interest-rate risk relating to cash and cash equivalents

The Group's liquidity, which amounted to SEK 36,218 thousand (41,796) at December 31, was invested at a floating interest rate, which fluctuated between -1.8 and 9.0 percent (-5.0 and 3.0) during the year. Liquidity risk is defined as the risk that the Group could experience problems in fulfilling its obligations associated with financial liabilities. For its short-term planning, the Group has a rolling 12-month liquidity plan that is regularly updated. For its medium-term planning, future revenue and expense flows are regularly forecast based on the anticipated development phase of the projects. In addition, a long-term liquidity forecast is presented to the Board on a regular basis.

Interest-rate risk relating to borrowings

The interest-rate risk relates to the risk that Active Biotech's exposure to fluctuations in market interest rates can have a negative impact on net earnings. The fixed-interest term on the Group's financial assets and liabilities is the most significant factor that influences the interest-rate risk. Active Biotech's view is that a short fixed-interest term is, in terms of risk, consistent with the company's operative position. However, the Board can choose to extend the period of fixed interest with the aim of limiting the effect of any rise in interest rates. The Group's financing sources mainly comprise shareholders' equity and liabilities for finance lease commitments. Outstanding interest-bearing liabilities are recognized in Note 14 and a term analysis for financial liabilities is presented below.

Sensitivity analysis: A change in the interest rate of plus/minus 1 percentage point would impact net interest income in the amount of plus/minus SEK 0.3 M (0.4).

Financing risk

Financing risk refers to the risk that financing of Active Biotech's capital requirements and refinancing of loans outstanding may be made more difficult or more expensive. The Group's liabilities consist solely of lease liabilities. The company has no short-term loan financing in the form of overdraft facilities. Active Biotech ensures short-term payment preparedness by maintaining good liquidity preparedness in the form of cash.

The term analysis below presents the agreed, undiscounted cash flows for the Group's financial liabilities divided among the stated time intervals.

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Group 2023

SEK thousands	Nominal amount original currency	Total	Within 1 month	1–3 months	3 months – 1 year	1–2 years	2–3 years	3–4 years	4–5 years	5 years and longer
Lease liabilities, SEK		4,545	128	258	1,159	1,467	1,533	–	–	–
Accounts payable, SEK		2,235	2,120	115	–	–	–	–	–	–
Accounts payable, EUR	EUR 43 thousand	480	480	–	–	–	–	–	–	–
Accounts payable, USD	USD 33 thousand	340	340	–	–	–	–	–	–	–
Accounts payable, DKK	USD 79 thousand	118	118	–	–	–	–	–	–	–
Total		**7,718**	**3,186**	**373**	**1,159**	**1,467**	**1,533**	**–**	**–**	**–**

Group 2022

SEK thousands	Nominal amount original currency	Total	Within 1 month	1–3 months	3 months – 1 year	1–2 years	2–3 years	3–4 years	4–5 years	5 years and longer
Lease liabilities, SEK		6,038	134	268	1,204	1,432	1,467	1,533	–	–
Accounts payable, SEK		994	782	212	–	–	–	–	–	–
Accounts payable, EUR	EUR 121 thousand	1,351	1,351	–	–	–	–	–	–	–
Accounts payable, USD	USD 113 thousand	1,183	1,183	–	–	–	–	–	–	–
Total		**9,566**	**3,450**	**480**	**1,204**	**1,432**	**1,467**	**1,533**	**–**	**–**

Currency risks

Currency risk comprises the risk that changes in exchange rates will have a negative impact on the consolidated income statement, balance sheet and/or cash flow.

The Group has a currency exposure, since operations are primarily conducted in Sweden. Earnings are exposed to fluctuations in exchange rates since both revenues and costs partly comprise foreign currencies, primarily EUR and USD. In 2023, foreign currencies accounted for 0 percent of revenues while the equivalent figure for operating expenses was 30 percent.

Sensitivity analysis: A change in exchange rates of plus/minus ten percent would impact the Group's earnings in the amount of plus/minus SEK 0.9 M (1.5) in relation to EUR and plus/minus SEK 0.4 M (0.4) in relation to USD.

Credit risks

The Group is exposed to the risk of not receiving payment from customers. The Group's credit risks are marginal for its operating activities, since the business has a low invoicing level due to the fact that the business activities currently comprise mainly research and development.

The credit risk for receivables related to payments from concluded partnership agreements is considered low. Credit losses or impairment of possible credit losses were charged against earnings in the amount of SEK 0.0 M (0.0).

Credit risks also arise when investing cash and cash equivalents. Cash and cash equivalents are principally invested in short-term Swedish securities, commercial papers and fixed-income and bond funds with high liquidity in well-established banks.

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NOTE 19: PLEDGED ASSETS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Pledged assets

SEK thousands	Group		Parent Company	
	2023	2022	2023	2022
Other collateral provided and pledged assets				
Pension insurances	62,343	61,454	62,343	61,454
Total pledged assets	**62,343**	**61,454**	**62,343**	**61,454**

NOTE 20: GROUP COMPANIES

Holdings in subsidiaries

SEK thousands	Corp. Reg. No.	Registered office	No. of shares/percentage	Nominal value	Carrying amount, Dec. 31, 2023	Carrying amount, Dec. 31, 2022
Active Forskaren 1 KB	969646-4677	Lund			0	40,000
Actinova AB	556532-8860	Lund	1,000 / 100%	100	50	50
Active Security Trading AB	556092-7096	Lund	400 / 100%	400	450	450
Total					**500**	**40,500**

Change in carrying amount of shares in subsidiaries

SEK thousands	2023	2022
Cost, January 1	40,550	40,550
Active Forskaren 1 KB liquidation	–40,000	
Accumulated cost, December 31	**550**	**40,550**
Impairment, January 1	–50	–50
Impairment for the year	–	–
Accumulated impairment, December 31	**–50**	**–50**
Carrying amount, December 31	**500**	**40,500**

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NOTE 21: SUPPLEMENTARY DATA TO THE CASH-FLOW STATEMENT

SEK thousands	Group		Parent Company	
	2023	2022	2023	2022
Interest paid and dividends received				
Interest received	285	49	279	48
Interest paid	–1	–	–1	–
Total	**284**	**49**	**278**	**48**
Adjustments for non-cash items				
Depreciation/amortization and impairment of assets	1,675	1,495	–	–
Share-based payments that are settled with equity instruments, IFRS2	172	690	172	690
Total	**1,847**	**2,185**	**172**	**690**
Cash and cash equivalents				
Cash and cash equivalents consist of the following components:				
Cash and bank balances	36,218	2,299	36,165	2,113
Short-term investments	–	39,497	–	39,497
Total	**36,218**	**41,796**	**36,165**	**41,610**

Reconciliation of liabilities deriving from financing activities, Group

SEK thousands	Opening balance, Jan. 1, 2023	Cash flows	Changes that do not affect cash flow	Closing balance, Dec. 31, 2023
			Revaluation of existing leasing agreements	
Lease liabilities	6,038	–1,621	128	4,545
Total liabilities deriving from financing activities	**6,038**	**–1,621**	**128**	**4,545**

SEK thousands	Opening balance Jan. 1, 2022	Cash flows	Changes that do not affect cash flow		Closing balance, Dec. 31, 2022
			New leases	Exchange-rate differences	
Lease liabilities	986	–1,762	6,814	–	6,038
Total liabilities deriving from financing activities	**986**	**–1,762**	**6,814**	**–**	**6,038**

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NOTE 22: IMPORTANT ESTIMATES AND ASSESSMENTS

The preparation of financial statements in accordance with IFRS requires company management to make assessments and estimates that affect the recognized amounts. The actual outcome may deviate from these estimates and assessments. The areas in which important estimates and assessments have been made which could imply adjustments to carrying amounts in forthcoming fiscal years are primarily assumptions regarding the company's financing and continued operation.

Financing

The company is expected to generate a negative cash flow until the company receives ongoing annual revenue from products on the market. This capital need can be financed by contributions from the owners, out-licensing of projects or income from collaboration agreements. The Group's ability to survive is dependent on there being sufficient liquid funds available to run the business until revenues from the agreement that Active Biotech has with NeoTX Ltd regarding the development and commercialization of Naptumomab or other collaboration partners are obtained. A failure to secure financing can negatively affect the company's operations, financial position and operating profit. The board and company management make ongoing assessments of the company's capital needs.

The available liquidity funds operations through 2024 and Active Biotech will therefore need access to additional growth capital to maintain development of its wholly owned development programs. Various sources of financing are being investigated, including partnerships for the company's development projects, targeted issues to new investors and preferential issues to current owners. Given the current macroeconomic uncertainty and the development phase the project portfolio is in, the board has decided to keep all financing options open for the time being. As the company has additional financing needs within the next 12 months that have not yet been secured, the board works continuously to evaluate various financing options to ensure continued operations. It is the board's assessment that the company has good conditions to secure future financing, but the lack of certainty at the time of publishing this report means that there is a significant uncertainty factor about the company's ability to continue operations beyond 2024.

NOTE 23: EVENTS AFTER THE BALANCE-SHEET DATE

- Active Biotech announced on April 3, 2024 start of enrollment to the clinical phase I biodistribution study with laquinimod eye drops

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NOTE 24: RELATED-PARTY TRANSACTIONS

Close relationships

With regard to the Group's and Parent Company's subsidiaries, see Note 20. The composition of the Board and information relating to senior executives is presented on pages 46-47.

Related-party transactions

Apart from the remuneration concerning Board fees presented in Note 4, the Chairman of the Board Michael Shalmi received consultant fees of SEK 375 thousand in 2023, board member Aleksandar Danilovski received consultant fees of SEK 400 thousand in 2023, board member Axel Glasmacher received consultant fees of SEK 187 thousand in 2023 and board member Elaine Sullivan received consultant fees of SEK 73 thousand in 2023.

In August 2023, it was announced that Active Biotech received bridging loans from shareholder MGA Holding amounting to SEK 14,251 thousand and from shareholder and board member Peter Thelin amounting to SEK 5,303 thousand. Both loans were settled in connection with the new issue proceeds being received by Active Biotech in December 2023.

No other transactions with shareholders or members of the Board took place during the year.

For information concerning transactions with key individuals in managerial positions, see Note 4.

During 2022, the parent company received a dividend of SEK 20 million from the subsidiary Active Forskaren 1 KB. In 2023, the subsidiary Active Forskaren 1 KB was liquidated whereby all claims and liabilities between the companies were settled.

The Parent Company's receivables and liabilities relative to the subsidiaries as per December 31, 2023 are presented in the Parent Company's balance sheet.

NOTE 25: INFORMATION RELATING TO THE PARENT COMPANY

Active Biotech AB (publ), Corporate Registration Number 556223-9227, is a Swedish-registered limited liability company with its registered office in Lund, Sweden. The Parent Company's shares are listed on NASDAQ Stockholm.

The address of the head office is Scheelevägen 22, SE-223 63 Lund, Sweden. The consolidated financial statements for the 2023 fiscal year comprise the Parent Company and its subsidiaries, referred to jointly as the Group.

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Approval and Adoption

The Annual Report and the consolidated financial statements were approved for issue on April 19, 2024. The consolidated income statement, statement of comprehensive income and statement of financial position and the Parent Company's income statement and balance sheet will be subject to adoption by the Annual General Meeting on May 22, 2024.

STATEMENT BY THE BOARD OF DIRECTORS

The Board of Directors and the President & CEO affirm that the Annual Report was prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements were prepared in accordance with the international accounting standards referred to in regulation (EC) No. 1606/2002 of the European Parliament and the Council dated July 19, 2002 governing the application of international accounting standards. The annual accounts and the consolidated financial statements provide a true and fair view of the Group's and Parent Company's financial position and results of operations. The Directors' Report for the Group and the Parent Company provides a true and fair view of the Group's and the Parent Company's operations, position and results, and describes significant risks and uncertainties that the Parent Company and Group companies face.

Lund, April 19, 2024
The Board of Directors of Active Biotech AB (publ)

Michael Shalmi	Aleksandar Danilovski	Axel Glasmacher	Uli Hacksell	Peter Thelin
Chairman	*Board member*	*Board member*	*Board member*	*Board member*

Helén Tuvesson
President & CEO

We submitted our Audit Report on April 19, 2024
Öhrlings PricewaterhouseCoopers AB

Cecilia Andrén Dorselius
Authorized Public Accountant

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Auditor's Report

Unofficial translation

To the general meeting of the shareholders of Active Biotech AB (publ), corporate identity number 556223-9227

REPORT ON THE ANNUAL ACCOUNTS AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual accounts and consolidated accounts of Active Biotech AB (publ) for the year 2023. The annual accounts and consolidated accounts of the company are included on pages 48-95.

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 2023 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 2023 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.

Our opinions in this report on the annual accounts and consolidated accounts are consistent with the content of the additional report that has been submitted to the parent company's audit committee in accordance with the Audit Regulation (537/2014) Article 11.

Basis for Opinions

We conducted our audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of the parent company and the group in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements. This includes that, based on the best of our knowledge and belief, no prohibited services referred to in the Audit Regulation (537/2014) Article 5.1 have been provided to the audited company or, where applicable, its parent company or its controlled companies within the EU.

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

Material Uncertainty Related to Going Concern

We would like to draw attention to the management report and the section Outlook for 2024 where it is stated under the heading Financing and financial overview that the company requires additional capital to maintain the development of its wholly owned development programs and that the company within the next 12 months have additional financing requirements that have not yet been secured. These conditions indicate that there is a material uncertainty that may cast significant doubt on the company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Our Audit Approach

Audit Scope

We designed our audit by determining materiality and assessing the risks of material misstatement in the consolidated financial statements. In particular, we considered where the Managing Director and Board of Directors made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls, including among other matters consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the group operates.

Materiality

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to

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influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall group materiality for the consolidated financial statements. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period.

Except for the matter described in section "Material Uncertainty Related to Going Concern", we have determined that there are no other key audit matters of the audit that we need to communicate in the auditor's report.

Other Information

The audit of the annual accounts and consolidated accounts for the financial year 2022 has been carried out by another auditor who submitted an audit report dated 26 April 2023 with unmodified statements in the Report on the annual accounts and consolidated accounts.

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 1-39, 46-47 and 101-102. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. 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.

The Audit Committee shall, without prejudice to the Board of Directors' responsibilities and tasks in general, among other things oversee the company's financial reporting process.

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.

A further description of our responsibility for the audit of the annual accounts and consolidated accounts is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

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REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

The auditor's examination of the administration of the company and the proposed appropriations of the company's profit or loss

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 Active Biotech AB (publ) for the year 2023 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 Director's and the Managing Director be discharged from liability for the financial year.

Basis for Opinions

We conducted the audit in accordance with generally accepted auditing standards in Sweden. Our responsibilities under those standards are further described in the Auditor's Responsibilities section. We are independent of 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' 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.

A further description of our responsibility for the audit of the administration is available on Revisorsinspektionen's website: www.revisorsinspektionen.se/revisornsansvar. This description is part of the auditor's report.

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THE AUDITOR'S EXAMINATION OF THE ESEF REPORT

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Active Biotech AB (publ) for the financial year 2023.

Our examination and our opinion relate only to the statutory requirements.

In our opinion, the Esef report has been prepared in a format that, in all material respects, enables uniform electronic reporting.

Basis for Opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Active Biotech AB (publ) 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 evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of the Board of Directors and the Managing Director

The Board of Directors and the Managing Director are responsible for the preparation of Esef report in accordance with the Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), and for such internal control that the Board of Directors and the Managing Director determine is necessary to prepare the Esef report without material misstatements, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to obtain reasonable assurance whether the Esef report is in all material respects prepared in a format that meets the requirements of Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528), based on the procedures performed.

RevR 18 requires us to plan and execute procedures to achieve reasonable assurance that the Esef report is prepared in a format that meets these requirements.

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 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 aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design audit procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of assumptions made by the Board of Directors and the Managing Director.

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The procedures mainly include a validation that the Esef report has been prepared in a valid XHMTL format and a reconciliation of the Esef report with the audited annual accounts and consolidated accounts.

Furthermore, the procedures also include an assessment of whether the consolidated statement of financial performance, financial position, changes in equity, cash flow and disclosures in the Esef report have been marked with iXBRL in accordance with what follows from the Esef regulation.

Öhrlings PricewaterhouseCoopers AB, PO Box 4009, 203 11 Malmö, was appointed auditor of Active Biotech AB (publ) by the general meeting of the shareholders on the 24 May 2023 and has been the company's auditor since the 24 May 2023.

Malmö, April 19, 2024

Öhrlings PricewaterhouseCoopers AB

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Cecilia Andrén Dorselius
Authorized Public Accountant

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Summary of Financial Development

Alternative performance measures and definitions

Alternative performance measures are used to describe the development of operations and to increase comparability between periods. These are not described on the basis of IFRS regulations but they do coincide with how group management and the board of directors measure the company's financial performance. Alternative performance measures should not be viewed as a substitute for financial information presented in conformity with IFRS but as a complement.

The equity/assets ratio is calculated by dividing recognized shareholders' equity by recognized total assets.

SEK M	2023	2022	2021	2020	2019
Income statement					
Net sales	–	–	–	6.7	8.4
Operating expenses	–46.5	–57.9	–49.8	–39.0	–40.7
(of which, depreciation/amortization)	–1.7	–1.5	–1.3	–1.3	–0.9
Operating loss	**–46.5**	**–57.9**	**–49.8**	**–32.3**	**–32.3**
Net financial items	0.7	–0.5	0.0	0.1	–1.8
Loss before tax	**–45.8**	**–58.4**	**–49.8**	**–32.2**	**–34.1**
Tax	–	–	–	–	–
Loss for the year	**–45.8**	**–58.4**	**–49.8**	**–32.2**	**–34.1**
Balance sheet					
Intangible assets	0.2	0.2	–	–	–
Tangible fixed assets	4.7	6.3	0.9	1.9	3.2
Financial fixed assets	0.4	0.4	0.0	0.0	0.0
Other current assets	2.5	2.3	2.8	4.1	4.1
Cash and cash equivalents	36.2	41.8	53.1	26.2	59.7
Total assets	**44.0**	**51.0**	**56.8**	**32.2**	**67.0**
Shareholders' equity	30.7	34.5	46.7	22.1	53.8
Interest-bearing provisions and liabilities	4.5	6.0	1.0	2.0	3.3
Non interest-bearing provisions and liabilities	8.8	10.5	9.1	8.1	9.9
Total shareholders' equity and liabilities	**44.0**	**51.0**	**56.8**	**32.2**	**67.0**
Condensed cash-flow statement					
Cash flow from operating activities before changes in working capital	–44.0	–56.2	–48.3	–30.3	–33.3
Changes in working capital	–1.8	1.3	2.1	–1.9	–2.5
Cash flow from investing activities	–	–0.2	–	–	275.0
Cash flow from financing activities	40.2	43.8	73.1	–1.3	–205.1
Cash flow for the year	**–5.6**	**–11.3**	**26.9**	**–33.5**	**34.1**
Key figures					
Equity/assets ratio, %	70	68	82	69	80
Earnings per share (SEK)	–0.17	–0.25	–0.23	–0.19	–0.24
Dividends (SEK)	0	0	0	0	0
Research and development costs (SEK M)	–32.5	–42.8	–34.5	–25.5	–28.5
Average number of employees	8	9	8	10	12
Salary expenses, incl. social-security costs (SEK M)	–17.9	–20.6	–17.6	–18.3	–18.2
Number of shares at end of period (thousands)	361,739	264,887	217,972	145,236	145,236

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Annual General Meeting

The Annual General Meeting of Active Biotech AB (publ) is to be held on Wednesday, May 22, at 5:00 p.m. at the company's premises at Scheelevägen 22, Lund, Sweden. Shareholders who wish to participate in the Meeting must (a) be recorded in the register of shareholders maintained by Euroclear Sweden AB on Tuesday, May 14, 2024, and (b) notify the company of their intention to participate in the Meeting not later than Friday, May 17.

Shareholders who have trustee-registered shares must temporarily re-register the shares in their own name to be entitled to participate in the Meeting. Such registration, which may be temporary, must be completed not later than Tuesday, May 14, 2024. Accordingly, shareholders must inform the trustee of this request in ample time prior to this date. Voting rights registrations that have been made no later than May 16, 2024 will be taken into account when preparing the share register.

Notice of Participation

Notice of participation can be made in writing to Active Biotech AB (publ), Attn. Magnus Svensson, Scheelevägen 22, SE-223 63 Lund, Sweden, by telephone on +46 (0)46 19 20 00 or by e-mail to magnus.svensson@activebiotech.com. The notice shall include name, personal/corporate registration number, number of shares held, daytime telephone number and, if applicable, the number of advisors (two at the most) that will accompany the shareholder at the Meeting.

The notice of the Annual General Meeting is available in its entirety on the company's website www.activebiotech.com.

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DESIGN AND PRODUCTION: Clavis Communications | PHOTO: Andreas Offesson

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