NANOLOGICA

# ANNUAL REPORT

# 2022

*TRANSLATION*

NANOLOGICA

At Nanologica, we aim to make diabetes drugs and other peptide drugs available to more patients by providing silica-based purification products that can lower the manufacturing cost of these drugs.

We are also developing a unique carrier particle for drugs to give patients with severe lung diseases access to new or improved treatments via inhalation.

Simply,

***Better and Cheaper Medicine through Porous Silica.***

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" We are committed to achieving a commercial breakthrough in 2023."

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# ABOUT NANOLOGICA

**Nanologica develops, manufactures, and sells nanoporous silica particles for life science applications. A proprietary production method enables the company to create world-class products by precisely controlling the shape, size, porosity, and surface properties of silica particles.**

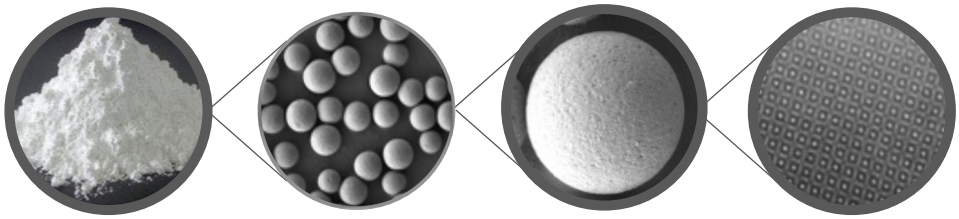
Through the two business areas, Chromatography and Drug Development, the company strives to increase the availability of cost-effective drugs and innovative treatments in healthcare, for the benefit of patients around the world.

In Chromatography, Nanologica intends to make insulin and other peptide drugs available to more patients in need. This by providing silica-based purification products that lowers the manufacturing costs of these drugs, thanks to the fact that the product purifies more efficiently and lasts longer than the competitors'. The goal is to establish a rapidly growing, sustainable and profitable business.

In Drug Development, Nanologica is developing a unique carrier particle for delivering drugs to the lung, to provide new or improved treatment options for patients with lung diseases. The goal is to create long-term value both with our own products and together with pharmaceutical partners.

Nanologica has a pilot plant at the headquarter in Södertälje, for the production of silica on a small scale and research and development of new products, while large-scale production of silica takes place at a contract manufacturer in the UK. The large-scale production line is GMP certified and has multiton-scale capacity.

Nanologica's share is listed on Nasdaq Stockholm Main Market since 2022.



*Nanologica manufactures micrometre sized amorphous silica particles. Silica is visible to the naked eye as a fine white powder. In a scanning electron microscope, individual particles can be seen, as well as the porosity of the particles.*

# 2022 IN NUMBERS

- Net sales amounted to TSEK 1,555 (12,914) and related mainly to sales of analytical columns for chromatography. Previous revenue-generating partner projects within drug development were completed in 2021, why the business area had no revenue in 2022.
- Operating loss amounted to TSEK - 50,850 (-40,689). The operating loss was negatively impacted mainly by lower net sales and increased costs for personnel as a result of scaling up production and organization prior to sales of products.
- Profit after tax amounted to TSEK -55,231 (-44,829).
- Earnings per share before and after dilution were SEK -1.84 (-1.60).
- Cash and cash equivalents at year-end amounted to TSEK 70,322 (10,987). In 2022, the company raised TSEK 76,797 after transaction costs through a rights issue to enable intensified efforts in the field of preparative chromatography. Loans of TSEK 50,000 were also taken.
- The number of employees at year-end amounted to 20 (17), of which 10 in Chromatography, 5 in Drug Development and 5 in Business Support. The number of consultants and project employees amounted to the equivalent of 0.5 full-time positions, in Chromatography.
- The share price at year-end was SEK 10.00 (13.70). The company's share is traded on Nasdaq Stockholm Main Market since March 29, 2022. The number of shareholders as of 31 December 2022 were 2,398 (2,307).

| Key figures for the group (TSEK if nothing else is stated) | 2022 | 2021 |
|---|---|---|
| Net sales | 1 555 | 12 914 |
| Operating profit/loss * | -50 850 | -40 689 |
| Profit/loss before income tax | -55 231 | -44 829 |
| Cash flow from operating activities | -45 219 | -46 493 |
| Cash and cash equivalents at the end of the year | 70 322 | 10 987 |
| Equity at the end of the year | 73 158 | 51 596 |
| Average number of shares during the year | 30 024 392 | 27 995 090 |
| Number of shares at the end of the year | 36 146 142 | 28 165 826 |
| Earnings per share (before and after dilution), SEK [1] | -1,84 | -1,60 |
| Equity per share, SEK [1] * | 2,02 | 1,83 |
| Equity/assets ratio, % * | 47 | 52 |
| Average number of employees, translated into FTEs | 18 | 19 |
| Number of employees at the end of the year, translated into FTEs | 20 | 17 |

** Alternative performance measures. For definition, see note 39.*

# 2022 IN BRIEF

## Q1

- Nanologica's shares are admitted to trading on Nasdaq Stockholm Main Market on 29 March 2022.
- Katarina Alenäs joins as SVP Chromatography to lead the company's chromatography sales organization globally.

## Q2

- The launch of the company's silica for preparative chromatography, NLAB Saga®, is initiated in Asia, the USA and Europe.

## Q3

- Nanologica receives several orders on NLAB Saga®, including an order from one of the world's largest manufacturers of insulin, for production-scale evaluation
- First large-scale batch of NLAB Saga® finished
- SVP Chromatography Katarina Alenäs joins the management team as part of the company's investment in preparative chromatography

## Q4

- Nanologica carries out a rights issue that provides the company with MSEK 79.8 before transaction costs

## *2023*

- *No significant events after the end of the year.*

# CEO COMMENT

## Closer to a commercial break-through

**In 2022, Nanologica has taken several steps forward – we launched our product in preparative chromatography, took our first orders for this product and listed the company on Nasdaq Main Market. We did not reach the goal of delivering products but have gradually come closer. We are committed to achieving a commercial breakthrough in 2023.**

2022 has been characterized by an unstable situation in the world and great uncertainties in the markets for energy, raw materials, supplies and finance. This has also affected us, but we have managed to mitigate these risks and uncertainties relatively well. In addition, the need for diabetes drugs and other peptide drugs remains high and increasing, independent of these external factors. In other words, our costs have not increased significantly and the underlying need for our product remains unchanged.

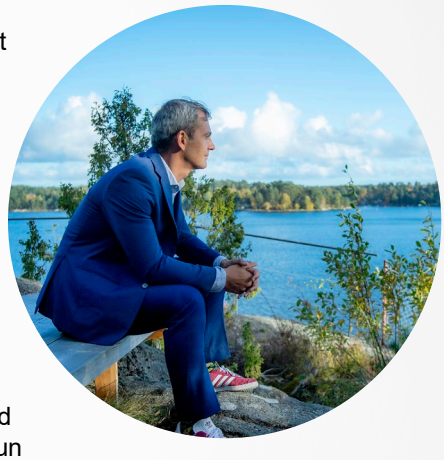
> *We are committed to achieving a commercial breakthrough in 2023.*

Our positive view of the market for preparative silica and the need for additional suppliers of the type of high-quality silica that we produce has been strengthened during the year. A clear sign that there is a strong demand for our type of silica is that we have taken a number of orders even before we have proven our delivery capacity.

Our absolute focus is quality as quality lays the foundation for future orders and profitability for the company. We have therefore chosen to fine-tune the production and produce additional batches, despite the product being approved chromatographically. This has led to delays, which is regrettable, but the most important thing is that we are completely satisfied with our product before we deliver to customers.

During the autumn, we carried out a rights issue of approximately MSEK 80 with the view of increasing our investments in preparative chromatography. This allows us to invest away some bottlenecks in production, as well as invest in equipment to optimize production steps. The effect is that we will be able to gradually improve both the pace of production and the production economy.

To be able to deliver product as quickly as possible, most of our resources have been directed to preparative chromatography. This means that the pace of development in our other business area, Drug Development, is held back. During the year, the development of delivering drugs locally to the lung has been focused on the initial ambition to consolidate the safety of the technology. However, until we get wind in the sails within preparative chromatography, the work in Drug Development will be held back.



At the beginning of the year, we took the step to Nasdaq Main Market. This gives the company a quality stamp and shows that we have processes and routines in place to run the company in line with the requirements of a regulated market, which makes the share available to both Swedish and foreign institutional investors to a greater extent. Once we have proven our ability to produce and sell silica on a large scale, our opportunities to attract institutional capital should increase.

I would like to conclude by thanking my employees for the hard work that you do day in and day out, as well as all the owners of the company for your commitment and patience. 2022 has offered both uphill and headwinds. It has forced us to show determination and stubbornness and to endure over time. We are close now and the hard work we have put in over a long period of time may soon bear fruit. Upwards and onwards!

> *We are close now and the hard work we have put in over a long period of time may soon bear fruit.*

Södertälje in March 2022
Andreas Bhagwani, CEO

# FIVE REASONS TO INVEST IN NANOLOGICA

**By developing silica-based products that make it possible to provide better and cheaper medicine, Nanologica strives not only to create value for its shareholders, but also to contribute to more patients getting access to adequate treatments.**

## 1

**A rapidly growing market**
In Chromatography, Nanologica operates in a large and growing market for the purification of protein and peptide drugs. The growth is driven by both an increased prevalence of diabetes and obesity, and the launch of new drugs for these diseases.

## 2

**Oligopoly market with capacity shortage**
The market for high-quality silica for chromatography is an oligopoly market with a few producers, where only one produces the same type of high-quality silica as Nanologica. The growth of the underlying market has resulted in a lack of capacity in the manufacture of high-quality silica.

## 3

**Medicines to more**
By providing high-quality silica, Nanologica contributes to lower costs and higher production efficiency at pharmaceutical manufacturers, enabling more people to access vital treatments for diabetes and obesity.

## 4

**Manufacturing with good margins**
Nanologica is expected to achieve a good and gradually further improved production economy in its large-scale silica production. This will lay the foundation for a business with good profitability.

## 5

**Innovative platform for delivering drugs to the lung**
In drug development, Nanologica is developing a platform technology with a unique carrier particle for the delivery of drugs to the lungs. The aim is to create improved or completely new opportunities for drug treatment of lung diseases.

# STRATEGY

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

**Nanologica shall lead the development of new methods for delivering drugs to the lung, by providing a new carrier for inhaled drugs.**

Nanologica's core competence lies in developing and manufacturing porous silica particles, on which the company's two business areas Chromatography and Drug Development are based. Since both areas depend on technical development of silica particles and their manufacturing processes, there are synergies between them. The chromatography business is being developed to continuously generate a stable and growing cash flow, while a great potential for large occasional revenue in the form of milestone payments and royalties is assessed to lie within the business area of Drug Development.

### *Chromatography*

Nanologica focuses its activities on preparative chromatography. The strategy is to establish a rapidly growing, sustainable, and profitable business by providing products for the purification of substances in pharmaceutical production.

The company primarily targets manufacturers of insulin and other peptide drugs that require a chemically and mechanically stable silica in purification processes, where the company's silica has clear advantages over competitors. The company operates in a growing market driven by an increased demand for insulin and other diabetes drugs, an increased use of drugs for the treatment of obesity (GLP-1 analogues), and a general migration from small molecule drugs to peptide drugs. The market is considered an oligopoly market and Nanologica is one of the few suppliers in the world that produces a silica suitable for purifying insulin and other peptide-based drugs.

The company has chosen to manufacture its silica for preparative chromatography on a tonal scale at a contract manufacturer. Sales are conducted directly and together with partners in all major markets – India, China, the USA, and Europe.

### *Drug development*

In drug development, Nanologica focuses on inhaled drugs and respiratory diseases, where the company has identified a great need for innovation in how drugs are delivered to the lung. The company’s ambition is to provide a platform technology with a unique carrier particle for local delivery of drugs to the lung via inhalation with a dry powder inhaler. By validating and evaluating chemical, biological, clinical, regulatory, and commercial properties, the most viable drug candidates are selected for further clinical development both in-house and together with partners. Proving the technology in own projects is expected to increase the possibility of financially favorable partner projects.

The company's strategy in drug development is to work with the reformulation of known drug substances and not with developing new chemical substances. The company intends to enter into collaborations with pharmaceutical companies at an early phase, and in some cases develop the drug product a bit into clinical phase and then enter into collaborations with partners for further clinical development and market launch.

*We enable pharmaceutical manufacturers to reduce production costs for the benefit of patients, through products that purify better and last longer*

# BUSINESS AREA CHROMATOGRAPHY

**Nanologica's main focus in the chromatography business area is on preparative liquid chromatography (HPLC) on an industrial scale. This is a well-established purification method where silica particles form the purification medium. The method was introduced over 50 years ago and is today used in the production of many drugs. Thanks to Nanologica's proprietary manufacturing process, the company can provide silica-based purification products with high performance and chemical and mechanical stability. This means that the purification process can be streamlined, and that the purification product lasts a long time, resulting in lower production costs for the customers. The ambition is to enable more patients to have access to insulin and other peptide-based drugs, such as GLP-1 analogues, by reducing the manufacturing costs of these drugs.**

### NLAB Saga® for preparative chromatography

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

The lifetime and performance of silica in preparative chromatography is largely determined by its mechanical and chemical stability. Here, Nanologica is at the forefront and is one of the few suppliers in the world with products that are sufficiently mechanically and chemically stable to withstand the processes and conditions that prevail in, for example, insulin purification.

# Chromatography

Silica-based liquid chromatography is a separation method based on different substances in a solution passing through a column at different speeds. The speed depends on how the different substances in the solution interact with the silica particles inside the column.

*Silica-based preparative chromatography* is used as a purification process in the production of peptide drugs, such as insulin, where up to hundreds of kilograms of silica are used as purification media inside preparative columns. During the manufacture of insulin, several residual products are formed, which must be eliminated before the insulin can be approved as a drug for humans. In practice, the purification takes place due to insulin and the residual products binding differently strongly to the silica particles inside the column and thus passing through the column at different speeds during a purification cycle. After this purification step, insulin has the purity necessary to treat patients and proceeds to the formulation of the finished preparation.

*Silica-based analytical liquid chromatography* is used as an analysis method in, among other things, the pharmaceutical and food industries to find out which substances are present in a solution and in what concentration, as well as for the evaluation of silica materials before the customer chooses materials (purification media) for preparative chromatography.

Nanologica is active in preparative liquid chromatography HPLC (High Performance Liquid Chromatography).

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

Due to Nanologica's proprietary manufacturing process, a smooth surface of the silica particle is achieved. This allows the surface to be adequately covered by evenly distributed ligands, which protects the silica surface from exposure to, for example, lye used in the purification process, which is highly degrading for silica. This leads to a product with high and consistent performance and long lifetime.

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

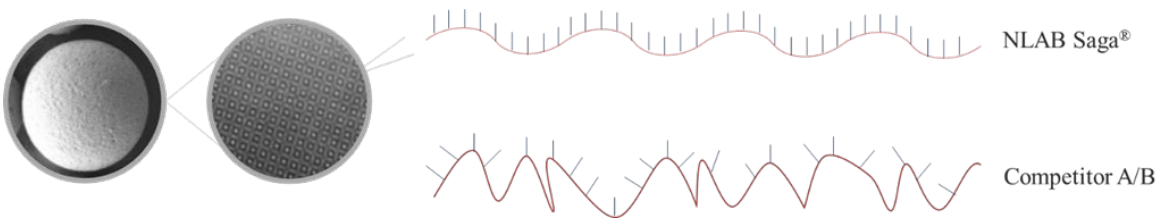



*Image: A smooth surface of the silica particle allows for a high coverage of ligands and a large available surface area, which leads to a higher and more even performance.*

1 Calculated as costs of silica, solvents, equipment, and personnel.

## The market for preparative chromatography

In the manufacture of insulin, preparative chromatography is used as a purification step to achieve the purity required for the drug to be approved for use in humans. During the purification process, the silica (purification medium) is exposed to, among other things, high pressure, various solvents, and lye. This means that a high quality of the silica is crucial for the purification process to be adequate and cost-effective.

Over the past 20 years, several new peptide-based drugs such as long-acting insulin, fast-acting insulin, and GLP-1 analogues have been launched. All these products are purified in a similar way to insulin and using a chemically and mechanically durable product such as Nanologica's NLAB Saga® can for these products, as well as for human insulin, mean significant cost savings for the producer when purifying the drug.

The market for preparative chromatography has grown steadily over the past 30 years. Nanologica estimates that the market will grow even faster over the next 20 years. The two primary drivers of future growth are the number of diabetics treated with insulin, insulin analogues, or GLP-1 analogues, and the number of obese people who will be treated with GLP-1 analogues. In 2022, it has mainly been the manufacturers of GLP-1 analogues who have announced sharp increases in volume.

### *Diabetes*

Globally, today more than 535 million people live with diabetes, of which 4 out of 5 live in low- or middle-income countries. The number of patients with diabetes is expected to increase to 784 million by 2045, with the increase occurring mainly in India, China, Pakistan, Bangladesh, and Indonesia.[2] The development is mainly driven by an increasing and aging population, increased proportion of overweight individuals, changed lifestyle, and improved diagnostics.

Treatment of patients with insulin-demanding diabetes is mainly done with recombinant human insulin, which in the final stages of manufacture is purified using preparative chromatography.

Of patients with type 2 diabetes, more than 60 million today need to be treated with insulin. Only about half of these are estimated to receive the insulin they need, often as a result of human insulin being expensive and the country's health systems not paying for it.[3,4] While the cost of diabetes treatment in high-income countries is mostly part of the general insurance system, many patients in low- and middle-income countries have to pay for themselves without support from insurance systems.[5]

The number of patients with diabetes needing treatment with insulin is expected to increase approximately 45 percent by 2045.[6]

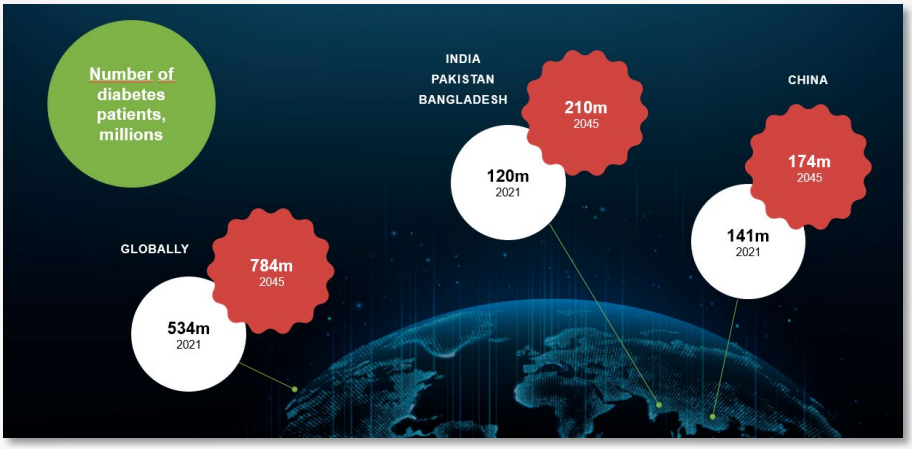



*Image: The number of diabetics in the world is expected to increase sharply.[7]*

2, 4, 7 International Diabetes Federation. IDF Diabetes Atlas, 10th edn. Brussels, Belgium: 2021. https://www.diabetesatlas.org

3, 6 Keeping the 100-year-old promise: making insulin access universal. Geneva: World Health Organization; 2021.

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

## Diabetes

There are different types of diabetes that are completely different diseases but that have high blood sugar as a common denominator.

**Type 1 diabetes** is an autoimmune disease in which the body's immune system attacks and destroys the insulin-producing cells in the pancreas, which eventually leads to total insulin deficiency. In type 1 diabetes, insulin is given in injections and the patient is completely dependent on taking insulin from day one of their disease, the rest of their life.

In **type 2 diabetes** the body is either unable to produce sufficient amounts of insulin, or the body cells lose their ability to utilize the insulin available, which means that the amount of insulin is not enough. Genetics play a major role in the risk of developing type 2 diabetes, as well as lifestyle factors such as overweight, a sedentary lifestyle, stress, and old age. Type 2 diabetes is treated in a number of different ways, including through changes in lifestyle, medications that make the body to release more insulin or allow the available insulin to be better utilized, or with injections of insulin.

### *Obesity*

GLP-1 analogues are peptide drugs that, in manufacturing, are purified by preparative chromatography. In recent years, GLP-1 analogues (semaglutide and liraglutide) previously used for the treatment of diabetes, have also been approved for the treatment of obesity, for example in the US and in the EU. Approval of these drugs is expected in additional geographies and studies with additional GLP-1 analogues for the treatment of obesity are ongoing.

A trend in the market for GLP-1 analogues is, in addition to the increasing prevalence of diabetes, therefore also the increasing prevalence of obesity. In 2021, the number of patients in the world with obesity amounted to approximately 650 million, a number expected to grow to almost 1 billion within a ten-year period.[8] Another trend is increased launches and approvals of new products, partly for the treatment of diabetes but also for other indications, where obesity is expected to be a strong driver of the market. This is likely to lead to a further increased use of GLP-1 analogues.

8 Data from NovoNordisk Annual report 2021.


*Image: The number of obesity patients in the world is expected to increase sharply.*

The market for insulin is currently completely dominated by three players, Novo Nordisk, Eli Lilly and Sanofi. Since demand is high and competition is low, this has contributed to the consumer price of insulin being pushed up. The combination of a complicated manufacturing process with volume-sensitive manufacturing costs and so-called *evergreening*[9] of patents protecting these drugs have created high barriers that make the market segment less attractive to producers of biosimilars.

The WHO has defined several measures to increase access to and lower the price of human insulin and insulin analogues. These include increased transparency in the pharmaceutical market, as well as policies and regulations to prevent unreasonably high drug prices, forcing healthcare players to promote the drugs with the lowest price, and simplifying the approval process for biosimilars to get more players to enter the market.[10]

Companies that make biosimilars do not have to go through the same kind of costly research required for an original drug, which allows them to sell at a lower, more competitive price. This also means that production volumes can quickly become very large. Several patents in the field of insulin and insulin analogues have recently expired and several patents expire in the coming

## GLP-1 analogues

GLP-1 analogues mimic the endogenous hormone GLP-1 (glucagon-like peptide 1) which is a hormone released at every meal. The hormone stimulates the release of insulin from the pancreas and inhibits the secretion of glucagon from the pancreas. GLP-1 reduces the absorption of glucose from the gastrointestinal tract by slowing down the emptying of the stomach and provides a feeling of satiety. Overall, GLP-1 has a glucose-lowering effect.

***Exampel of GLP-1 analogues***

**Dulaglutide** *(Trulicity® for diabetes)*

**Semaglutide** *(Ozempic® and Rybelsus® for diabetes, Wegovy® for obesity)*

**Liraglutide** *(Victoza® for diabetes, Saxenda® for obesity)*

**Exenatide** *(Byetta® and Bydureon® for diabetes)*

**Tirzepatide** *(Mounjaro® for diabetes)*

9 Strategy used to extend the term of protection of a patent. A small change is made to the reference medicine with a "new" medicine (sequel) and a new term of protection as a result

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

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years. It is mainly countries in Asia, such as China and India, that are quick to bring biosimilars to the market and here a strong growth is expected to occur. In addition, healthcare officials and the authorities in Europe and the USA have opened their eyes to the cost savings that can be made by replacing original drugs with biosimilars with several initiatives being taken to increase the prescription of biosimilars.

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

### *Market*

The market for industrial-scale preparative chromatography is largely driven by the market for diabetes drugs. The market specifically for insulin has had a stable growth for a long time and is expected to continue to grow in the future.[11] The global human insulin market is projected to go from MUSD 18,700 in 2022 to MUSD 22,700 in 2029, equivalent to an average annual growth rate of 2.8 percent.[12]

Nanologica believes that the development of the market for peptide drugs in addition to insulin, such as GLP-1 analogues for the treatment of diabetes and obesity, will mean that the market for large-scale preparative chromatography will grow at an even higher rate. The global GLP-1 analogue market is expected to move from an estimated value of MUSD 12,720 in 2021, to an estimated value of MUSD 19,254 by 2028, equivalent to an average annual growth rate of 6.1 percent.[13]

However, what drives the market for preparative silica is not the *value* of the markets for insulin or other peptide drugs, but the *number of doses* of drugs manufactured. Based on market estimates for these markets, Nanologica estimates that an increased demand for both insulin and other peptide drugs, such as GLP-1 analogues and

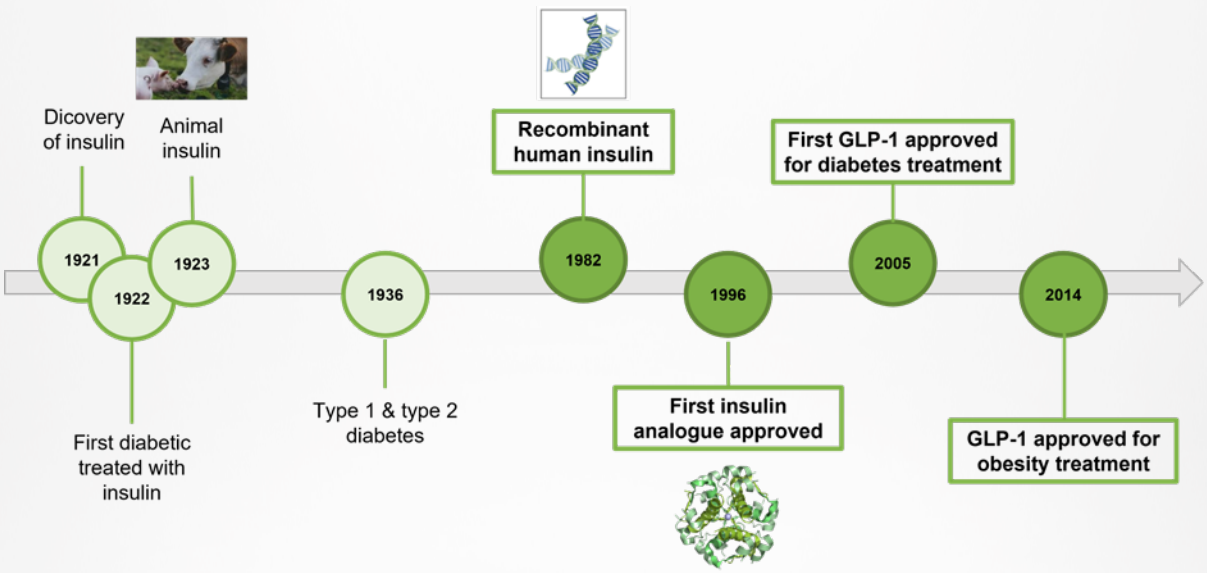



*Image: Development of the treatment of diabetes and of new medicines.*

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

12 https://www.fortunebusinessinsights.com/industry-reports/human-insulin-market-100395

13 https://www.coherentmarketinsights.com/market-insight/glp-1-receptor-agonist-market-4632

biosimilars to insulin, will lead to a sharp increase in the market for preparative silica – a market that is already facing capacity problems – and, above all, an increased demand for the type of high-quality silica that Nanologica manufactures.[14]

### *Competitors*

There are only a handful of large-scale manufacturers of highly purified spherical silica particles in the world, which is why the market for preparative chromatography is to be considered an oligopoly market. The competition in purification media in the insulin and peptide area consists primarily of the product/brand Kromasil (owned by the international company Nouryon), Osaka Soda and YMC. Recently, some newcomers have appeared on the market in China, which makes it clear that there is a need for additional suppliers of silica for preparative chromatography. To manufacture highly purified silica particles for preparative chromatography is a complex process, and developing and establishing large-scale production of such silica takes a long time, which means that the entry barriers for new entrants are relatively high.

14 The assessment is based on dialogues with customers, potential customers, competitors, advisors in chromatography, as well as obtaining data from open sources.

### *Customers and sales*

Nanologica is primarily targeting customers who need a high-quality silica with high mechanical and chemical stability. These customers consist of insulin manufacturers and manufacturers of peptide drugs. The company has worked with customers in these areas since 2016 and several customers have successfully evaluated Nanologica's silica in various stages. The process starts with the customer evaluating the material in an analytical column (a few grams of silica) to gradually increase to evaluation on a full production scale (up to hundreds of kilograms). The sales process is long as this evaluation usually takes between 3 months up to 1.5 years.

In 2022, Nanologica launched NLAB Saga® on the market for preparative chromatography and received several orders for the evaluation of this silica. One of these orders came from one of the world's largest insulin manufacturers and the order related to evaluation of in full production scale. Another order was the first within the supply agreement signed in 2019 with the Chinese distributor Yunbo Technologies (Beijing) Co. This supply agreement relates to silica for preparative chromatography corresponding to a value of MUSD 14 over a six-year period.

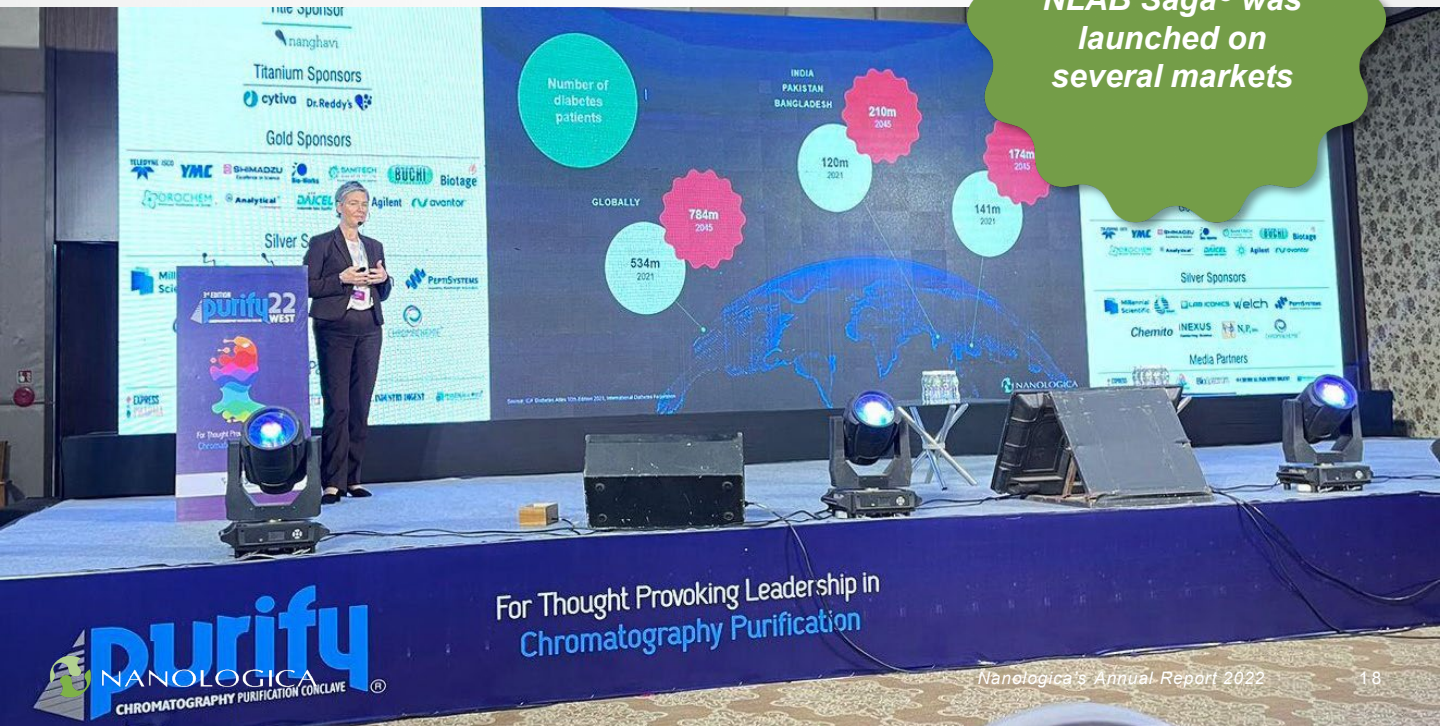
Another order was received from a contract manufacturer for peptide manufacturing on the US market. For this smaller order, the last production steps were carried out in Södertälje, after which the silica was delivered to the customer for evaluation.

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

Nanologica has its own sales organization that covers all major markets. The organization, which includes dedicated sales representatives for India, China, the US, and Europe, is led by an SVP Chromatography and in China sales are conducted in partnership with Yunbo Technologies.

At the headquarter in Södertälje, Nanologica has an application laboratory with the aim of supporting customers with method development and problem solving. Access to an application laboratory adds value to the customer offering, enabling stronger customer relationships. As the company is a new player in the market, the ability to prove the performance of silica is a prerequisite for earning the customers' trust.

***During 2022 NLAB Saga® was launched on several markets***



## Production

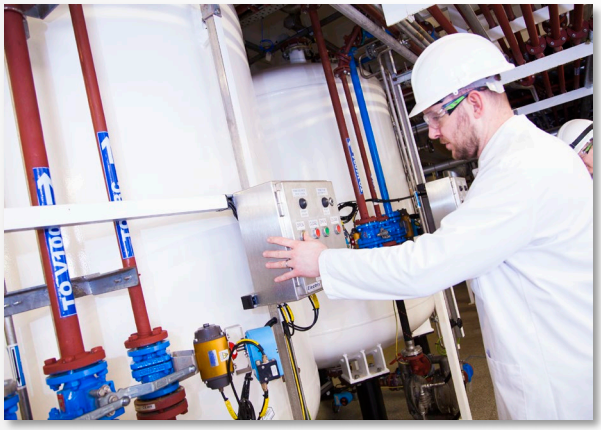
Nanologica produces silica on a kilo scale at its pilot plant in Södertälje. To enable large-scale delivery capacity, Nanologica entered into a cooperation agreement in March 2018 with the British contract manufacturer Sterling Pharma Solutions (Sterling), which is a well-established manufacturer of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

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

During 2021 and 2022, much of the company's time and resources have been spent on producing on a large scale. The COVID-19 pandemic, together with production technology challenges, has led to several delays in addition to the already time-consuming work that upscaling a production process entails. During 2022, the company delivered small quantities from the production facility. Deliveries of larger volumes are expected to start in 2023 and the volumes are expected to increase gradually as production stabilizes.

## SVEA® for analytical chromatography

Nanologica also produces pre-packed analytical columns under the brand name SVEA® for analysis in the pharmaceutical and food industries. Analytical columns are also an important tool for evaluating silica materials before the customer selects materials (purification media) for preparative chromatography. Since the start of large-scale production of silica, analytical chromatography has developed into a supporting business for the company and a stepping board for preparative chromatography.




*Sterling Pharma Solution's factory*


***We develop our inhalation platform to give patients with severe lung diseases access to new or improved treatments***

# BUSINESS AREA DRUG DEVELOPMENT

**In drug development, Nanologica focuses on inhaled drugs and respiratory diseases, where the company develops a drug delivery platform. The technology is based on drug molecules being placed inside the pores of nanoporous amorphous silica particles, NAPs™, which act as carrier particles to deliver drug substances to the lung. Formulation with NAP™ takes aim at improving the solubility and bioavailability of a drug substance and protect substances from degradation. The drug loaded particles can then be formulated as a powder for inhalation and are aerosolized[15] from commercially available dry powder inhalers. After the drug substance is released into the lung, the carrier particles shall be dissolved and eliminated.**

By reformulating clinically proven drug substances into inhaled formulations, Nanologica has the potential to improve patients' quality of life and/or enable local treatment to the lung where today only systemic treatment is available. The goal is to provide a platform technology that enables improved or completely new treatments for patients with severe lung diseases.

15 Aerosolization is the process of converting a substance into particles that are small and light enough to be transported in the air, i.e. into an aerosol.

# *Drug development*

Drug development is about developing new drugs or improving existing drugs and includes the process of taking a drug candidate from the idea phase, through preclinical and clinical studies, to a product ready for the market. Drug delivery is a broad concept in the pharmaceutical industry that includes different ways of delivering drugs to the body as well as different techniques for formulating and manufacturing drugs. The goal is to get the right amount of drug in the right place in the body at the right time.

## NAP™ for inhalation

Nanologica's drug delivery technology is based on micrometer-sized spherical silica particles with thousands of nanometer-sized pores. The nanoporous particles have been designed to enable the delivery of drugs directly to the lung and the particle size is precisely controlled (1 - 5µm) to facilitate maximum lung deposition.

The particles are made from amorphous silica that is biosoluble, which means that they dissolve in pulmonary fluid and are eliminated from the body as silicic acid via the kidneys.

Pharmaceutical products for inhalation are created by encapsulating drug substances inside the pores of the particles. The pharmaceutical product can then be easily aerosolized into a dry powder for inhalation without additional excipients, with a fine-particle fraction (proportion of particles of optimal inhalable size) in the range of 70–80 percent[16], which is a doubling compared to conventional dry powder inhalation products.[17]

This means that a larger portion of the dose of drugs has the potential to reach the lung in comparison to conventional products.

The flow properties of NAP™ are also not changed by being loaded with drug substance – the drug product remains free-flowing and can be easily dispensed to a dry powder inhaler.

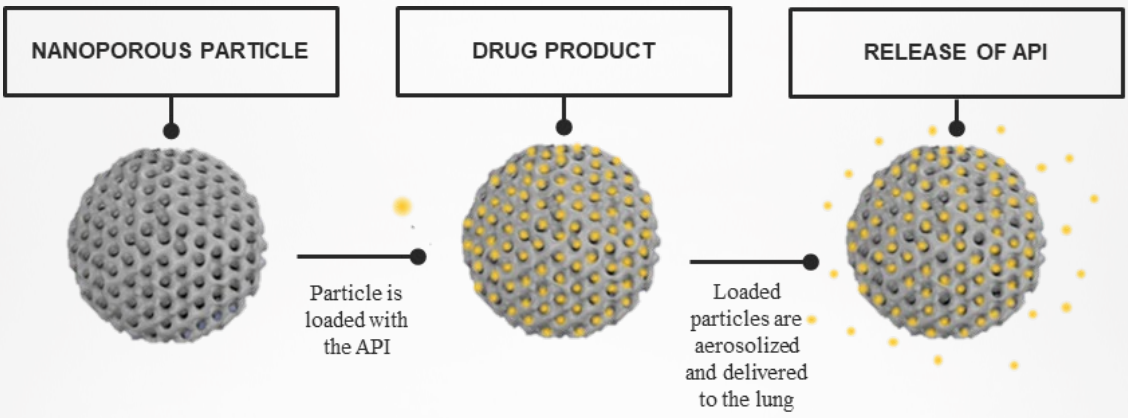



*Image: Nanoporous amorphous particles, NAP™, are loaded with drug substance and become a pharmaceutical product. This is aerosolized and delivered with the help of an inhaler to the lung where the drug substance is released to act locally.*

16 Data on file.

17 Lavorini, F., Janson, C., Braido, F., Stratelis, G., Løkke, A. (2019). What to consider before prescribing inhaled medications: a pragmatic approach for evaluating the current inhaler landscape. Therapeutic Advances in Respiratory Diseases, 13, 1–28.

A known problem and a real risk in clinical development programs is that patients generate different inhalation flows (inhalation rates) when using dry powder inhalers. This means that variability in how much drug is delivered to the lung with today's available technology is large.

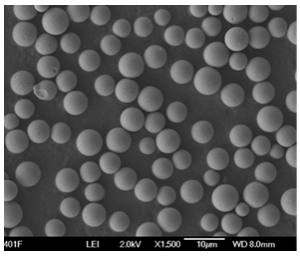
Experiments conducted by Nanologica in which budesonide (an inhaled corticosteroid) was loaded into NAP™ have shown that the drug delivery from a commercially available capsule-based dry powder inhaler is independent of the flow rate used to generate the aerosol cloud. The trials show that the company's nanoporous particles provide a consistent drug delivery across a range of clinically relevant inhalation flows, which is hugely significant. Simply put, this means that Nanologica's delivery technology is less dependent on the patient's ability to take a deep breath to get the drug into the lung.

Creating drugs for inhalation using nanoporous particles addresses several of the challenges that the pharmaceutical industry in this area faces today. Examples of challenges are chemical and physical stability and handling of drug substances in amorphous form, insoluble drug substances, and delivering biological molecules to the lung, something that today's available technology cannot handle. With the help of Nanologica's delivery technology, these challenges should be able to be addressed.

### *Advantages of NAP™*

- ***increased solubility and/or bioavailability of pharmaceutical substances***
- ***controlled release profile that creates new opportunities for the treatment of lung diseases***
- ***potential platform for delivery of biological drugs to the lung***

1

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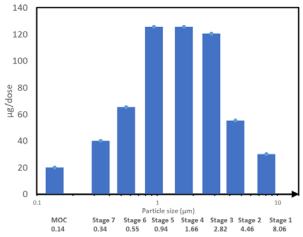


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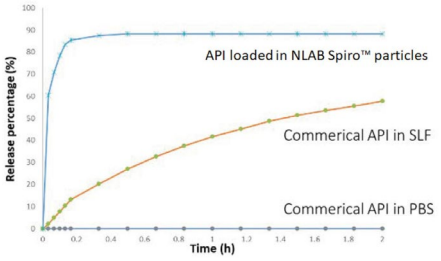



1) *Nanologica's nanoporous silica particles are spherical with a very tight size distribution, which means that the particles are of the same size. This means that they can be tailored in terms of size to end up in the right place in the lung.*

2) *Nanologica's nanoporous particles have very good aerodynamic properties well suited for delivery to the lung.*

3) *When the drug substance was loaded into Nanologica's nanoporous particles (in the graph called NLAB Spiro®), bioavailability increased significantly compared to the commercial formulation of the drug substance. SLF stands for simulated lung fluid and PBS is phosphate buffered saline.*

### *Innovation*

There is a great need for innovation in the respiratory field and delivery of drugs to the lung. Nanologica's formulation technology, which utilizes a new unique type of carrier particle for pharmaceutical substances, is being developed to create safe, effective, and easy-to-use local treatments, at a lower cost. The ambition is to enable new inhalation treatments for patients with severe respiratory diseases. The goal is to significantly increase user-friendliness for patients and reduce the cost of treatment.

Areas of development in lung administration include, for example, repurposing of oral or intravenous drugs. Here, Nanologica's technology may enable local treatment in the lung with drugs that previously could only be given systemically, which can give patients a simpler and safer treatment. Other areas of development where Nanologica's technology may contribute include controlled release of drugs delivered locally in the lung, as well as the delivery of biologics to the lung.

Life cycle management focused on improving treatment for the patients, such as taking medication once a day instead of multiple times a day or using an improved delivery device are various drivers for the continued development of already approved products.

### *Market overview inhalation*

Respiratory diseases have a major effect on the global healthcare economy. It is estimated that 344 million people have asthma and that more than 300 million people suffer from chronic obstructive pulmonary disease (COPD), of which 65 million have moderate to severe COPD.[18] Millions of people live with high pulmonary blood pressure and more than 50 million people suffer from work-related lung diseases. In total, more than 1 billion people suffer from lung diseases and the healthcare costs for this are an increasing burden.[19]

In addition to the increased incidence of respiratory diseases such as COPD, asthma, and cystic fibrosis, the growth is driven by an evolution to fixed dose combination drug products (for example inhalation steroids and bronchodilators in the same inhaler), increased preference for local administration to the lung, and the need for a technical shift from pMDI (pressurized metered dose inhaler) to DPI (dry powder inhalers) for the sake of reducing the environmental footprint.

### Business model drug development

Nanologica's business model in Drug Development is based on a combination of in-house development and collaborations with partners. Value can be built in two ways: the company can sell the right to use its platform technology to drug development companies, and/or the company can develop drug candidates and drive these through the clinical phase towards market approval.

The company intends to enter into collaborations with pharmaceutical companies at an early phase, and in some cases develop the drug product a bit into clinical phase and then enter into collaborations with partners for further clinical development and market launch.

### *In-house development*

In 2022, Nanologica has focused on internal development of NAP™ to ensure appropriate particle design regarding particle size, surface area and pore volume. The aim is, among other things, to optimize clearance, that is, how quickly the particles dissolve and disappear from the lung. This is to be able to use the technology in different dosing regimens as different drug substances will require different treatment intervals, for example once a day or three times a day. Another aim of the design work is to control the particle properties in order to also be able to load larger molecules, such as biologics.

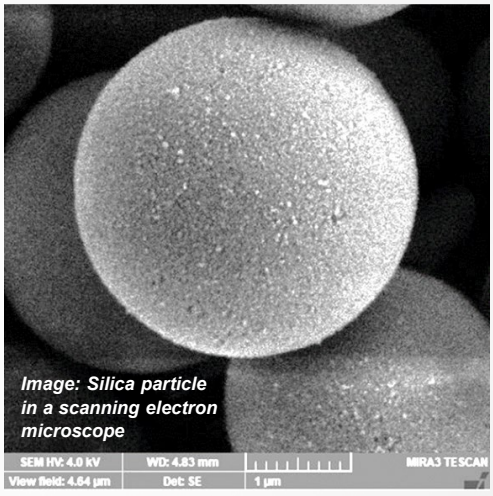


*Image: Silica particle in a scanning electron microscope*

18 WHO, The Global Impact of Respiratory Disease, 2nd edition, 2017. Adeloye D, Chua S, Lee C, et al. Global Health Epidemiology Reference Group (GHERG). Global and regional estimates of COPD prevalence: Systematic review and meta-analysis. J Glob Health. 2015;5(2):020415. COPD statistics 2015, copd.net

19 WHO, The Global Impact of Respiratory Disease, 2nd edition, 2017

# SUSTAINABILITY AND EMPLOYEES

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

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

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





Over the next 20 years, the prevalence of diabetes is predicted to increase sharply, especially in Asia, and as a result, the need for insulin and other diabetes drugs. In the manufacture of insulin and other diabetes drugs, high-quality silica is needed to purify the finished drug. By providing a silica that purifies effectively and lasts a long time, Nanologica can lower the cost of manufacturing these drugs, which can make them available to more patients in need. Nanologica's products for preparative chromatography can thus contribute to ***reduce mortality from non-communicable diseases*** by increasing the availability of essential medicines for diabetic patients.

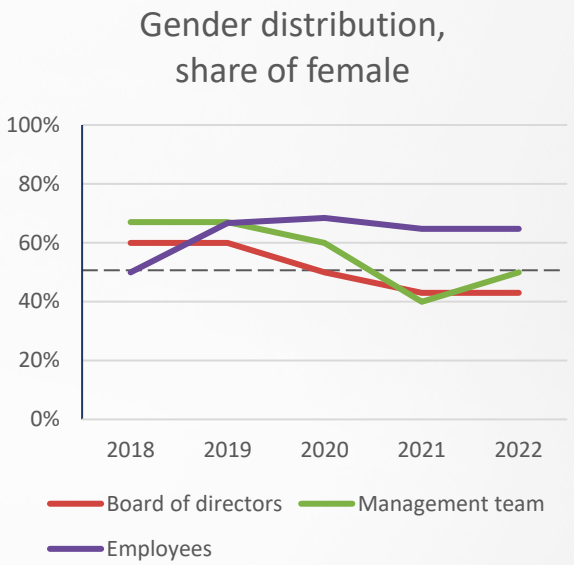

Within the drug development business area, the company has the opportunity to contribute to good health and well-being by Nanologica's drug delivery technology for the delivery of drugs to the lung can enable the development of new drugs or improved treatments for severe lung diseases. In this way, Nanologica can contribute to ***making medicines available*** and contribute to more patients having access to adequate treatment and improved quality of life.

The drug delivery technology can also enable a more efficient formulation of drugs, a more efficient use of drug substances, and an increased access to effective biological drugs.


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


To manufacture silica for preparative chromatography, Nanologica uses a production facility that ranks in the 93rd percentile of the EcoVadis sustainability ranking[20]. The plant has a strong focus on ***responsible management of chemicals and waste*** where, for example, wastewater is treated at a biological treatment plant on site, hybrid waste is managed through anaerobic digestion, and solvent waste is recycled and reused.[21]


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




*Graph: Development of the share of women on Nanologica's board, management team and total number of employees.*

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

21 https://www.sterlingpharmasolutions.com/sustainability/

### *Policies*

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

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

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

### *Employees*

Nanologica's culture is built on the company's core values: Collaboration, Curiosity and Courage. It takes both courage and curiosity to go where no one has previously gone as well as curiosity for the world around us and the results the company achieves. Employees are encouraged to think innovatively and, to take initiative and responsibility, and to work in collaboration to solve challenges. The values the organization in what it needs to do to achieve our vision, and they are actively used in the daily work.

Equality and non-discrimination are a matter of course for Nanologica. During the year, the company was listed on the Allbright report's green list[22] as one of 69 listed companies (out of 361) regarding the proportion of women in senior positions. The company strives for diversity in all parts of the organization, from the board, to the management team and employees. Diversity is a competitive advantage and a success factor for the company and being able to utilize different perspectives, experiences and ideas leads to a more innovative, competitive and productive organization. A multifaceted workforce also reflects the international market in which Nanologica operates.

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

Nanologica continuously works to promote employee health and work-life balance. In 2022, the wellness allowance for all employees was increased and activities are carried out with the aim of encouraging movement, personal development, and general well-being amongst employees.

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

22 https://www.allbright.se/allbrightrapporten-2022#allbrightrapporten-2022-3/

# PATENTS AND TRADEMARKS

Nanologica's patents mainly relate to the business area of Drug Development. The patents protect technologies, properties and applications of the company's drug delivery platform as well as specific processes and manufacturing methods for producing silica particles. In the business area of Chromatography, products are trademarked while know-how about the production process of the company's silica constitutes an important barrier to and a competitive advantage over competitors. By refraining from patenting the production process, it is considered that this competitive advantage can be preserved longer than if the process is made public in a patent application or patent.

In accordance with the company's IP policy, Nanologica continuously revises the commercial values of its patents and trademarks. Only patents and trademarks that support the company's business model and are assessed to be of commercial value, or to have potential future value, are maintained. In 2022, three patent families were abandoned as they were no longer considered to have a future commercial value for the company.

At the end of 2022, the company had three patent families (*Lung delivery*, *Empty particles*, and *Stem cells*) with 45 granted patents and several patent applications in the national review phase.

The company has nine registered trademarks in several geographic markets.

# SHARE AND OWNERS

**Nanologica's share is listed on Nasdaq Stockholm Main Market since March 29, 2022 and is part of the Small Cap segment. Before that, the share was traded on Spotlight Stock Market where the company was listed in 2015. The share is traded through banks and stockbrokers under the ticker NICA. The ISIN code is SE0005454873. The number of outstanding shares at year-end amounted to 36,146,142.**


### Owners

On 31 December 2022, the number of shareholders amounted to 2,398 (2,307). The largest shareholder Flerie Invest AB held 41.2 percent of the total number of shares, followed by Swedbank Robur Microcap with 6.6 percent and CEO Andreas Bhagwani through Vega Bianca AB with 5.6 percent. In total, the ten largest shareholders' holdings amounted to 70.0 percent of the total number of shares.

At year-end, Nanologica's board of directors, management team and employees together owned 47.5 percent of the shares.

| Owners as of December 31, 2022 | Shares | Share % |
|---|---|---|
| Flerie Invest AB | 14,901,635 | 41.2 |
| Swedbank Robur Microcap | 2,393,404 | 6.6 |
| Vega Bianca AB | 2,017,264 | 5.6 |
| Konstakademien | 1,732,000 | 4.8 |
| Avanza Pension | 1,524,879 | 4.2 |
| Niklas Sjöblom | 598,256 | 1.7 |
| Fredrik Palmstierna | 588,061 | 1.6 |
| SEB Life International | 552,112 | 1.5 |
| Kronprinsessan Lovisas förening för barnasjukvård | 518,333 | 1.4 |
| Andre Oscar o Anna Wallenbergs stiftelse | 512,000 | 1.4 |
| **The ten largest shareholders** | **25,337,580** | **70.0** |
| **Other shareholders (2,388)** | **10,808,562** | **30.0** |
| **Total** | **36,146,142** | **100.0** |

** Flerie Invest AB is owned by Nanologica's board member Thomas Eldered.*
*** Vega Bianca AB is owned by Nanologica's CEO Andreas Bhagwani.*

### Rights issues during 2022

On August 23, 2022, the board of directors resolved to carry out a preferential rights issue of up to approximately MSEK 94. The terms of the issue meant that one existing share entitled to one subscription right and three subscription rights gave the right to subscribe for one new share at a subscription price of SEK 10 during the period 21 September – 5 October 2022. The company's main owner Flerie Invest AB undertook to guarantee up to 85 percent of the rights issue.

The rights issue was subscribed for 85 percent, of which approximately 63.1 percent was subscribed for with subscription rights and approximately 0.2 percent was subscribed for without the support of subscription rights. In addition, Flerie Invest AB subscribed for 36.6 percent in accordance with the underwriting commitment. Nanologica thus received approximately MSEK 79.8 before issue costs, which amounted to approximately MSEK 3, of which the underwriting cost amounted to approximately MSEK 1.2.

As a result of the rights issue, the company's share capital increased by approximately SEK 3,272,151 to a total of approximately SEK 14,820,923. The number of shares in the company increased by 7,980,316 shares to a total of 36,146,142 shares.

Following the rights issue, Flerie Invest AB's share amounted to 41.2 percent of the shares and votes in Nanologica. The Swedish Securities Council granted Flerie Invest AB an exemption from the mandatory bid rules with regard to subscription of shares in the rights issue in accordance with Flerie Invest's subscription and underwriting commitment.

### Aktiens utveckling under 2022

At the end of 2022, the share price was SEK 10.00. The share's highest price in 2022 of SEK 17.00 was recorded on April 1st and the share's lowest price in 2022 of SEK 8.74 was recorded on October 12. During the year, the share price fell by 27 percent.

***Share price performance***


*Graph of share price performance: closing price (green line) and volume (blue bars).*

### Share capital

The share capital in Nanologica AB amounted to approximately SEK 14,820,923 as of 31 December 2022, each with a quota value of approximately SEK 0.41. For the development of share capital, see note 27.

### Share-based incentive programs

At the end of the year, there was one active incentive program "*Warrant program 2021/24 for management team and employees*". In the program, all of the total 800,000 warrants have been subscribed for. Each warrant entitles the holder to subscribe for one share in the company at a subscription price corresponding to SEK 45 during the period 1 April 2024 to 1 July 2024. Based on the existing number of shares, the dilution effect will be a maximum of 2.2 percent if all warrants within the program are exercised.

On July 1, 2022, two incentive programs were terminated (Warrant program 2020/22 for the board of directors and Warrant program 2020/22 for management and employees). No warrants were exercised in any of the programs.

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

For more information about share-based incentive programs, see Note 26 in Nanologica's annual report for 2022.

### Dividend

The board of directors and the CEO propose no dividend for the financial year 2022-01-01 – 2022-12-31.

### Information

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

Nanologica's communication should be characterized by speed, reliability, and transparency. To be reliable, the information must be relevant and accurate, which means, among other things, that Nanologica refrains from speculating on future developments or hypothetical events as well as commenting on rumors.

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

### Annual general meeting

Nanologica's annual general meeting 2023 is scheduled to be held in Stockholm on Thursday, May 4, 2023. All documents, including the notice to convene the meeting, are published on the company's website. More information about the annual general meeting will be stated in the notice.

## Financial calendar 2023

| | |
|---|---|
| Interim report Q1 2023 | 28 Apr, 2023 |
| Interim report Q2 2023 | 7 Jul, 2023 |
| Interim report Q3 2023 | 27 Oct, 2023 |
| Year-end report 2023 | 9 Feb, 2024 |

# COMMENT FROM THE THE CHAIRPERSON OF THE BOARD

## On sustainability and persevering

As many others, during the two pandemic years Nanologica has been trained to navigate both headwinds and tailwinds. In early 2022, the challenges in the rest of the world increased with strong geopolitical conflicts and accelerating inflation. The V-shaped recovery we saw after the pandemic has shifted to a slow U-shaped recovery.

How does it affect us?

The world is reorienting towards business models that work in a world where capital is expensive. Perseverance is valued more highly than before, and it is with satisfaction I note that our strategy to focus on scalability rather than growth is timely. Continuous, sustainable growth and disciplined financial leadership are the way forward.

Scaling up the business has taken longer than we predicted. This has forced us to say no to occasional deals, but we are determined to let it take the time necessary to build a solid foundation for long-term, sustainable growth.

I can clearly see that there is a great and growing need for our product, high-quality silica. Diabetes and obesity are two widespread diseases with unsaturated and growing needs for protein and peptide drugs, where purification using silica is part of the drug production process. Growing patient groups and new drugs have created a lack of capacity in silica manufacturing, which creates good opportunities for new players such as Nanologica. Our goal is to establish ourselves as a significant supplier and thereby contribute to saving lives. It is a strength to through our business be able to contribute to a better society.

Our products can also lower our customers' environmental footprint and thus contribute to a more sustainable value chain in pharmaceutical production. This is a consequence of our high-quality silica being able to purifiy pharmaceuticals more efficiently than standard variants, which means that the pharmaceutical companies' production processes require lesser amounts of chemicals. That means that we, as a supplier of high-quality silica, have a positive impact on the industry. This is another argument for continuing to develop our business.

Now we focus, increase the pace, and persevere!

*Stockholm, March 2023*

**Gisela Sitbon**
**chairman of the board**

# CORPORATE GOVERNANCE REPORT

### Corporate governance model

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

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

### External governance documents

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

Nanologica reports the following deviation from the Code:

- The basis for the decision for one of the company's ongoing option programs differs in one respect from what according to the Swedish Corporate Governance Board's rules regarding remuneration to senior executives and on incentive programs ('The Remuneration Rules') is to be considered as good practice on the stock market. The vesting period for the option program 2021/24 (in this context the period from the acquisition of the option until a share may be acquired under the option) is less than the Remuneration Rules' general rule of three years. The decision-making basis does not contain any specific justification for why the vesting period is less than three years, which is not compatible with the Remuneration Rules. In order for the design of the program to nevertheless be compatible with the Remuneration Rules, Nanologica has ensured that all option holders in the option program in connection with the conclusion of the transfer document have undertaken to the company not to exercise the options for subscription of shares until 1 April 2024 at the earliest. This contractual commitment thus means that the options can only be exercised by option holders at the end of the option program's vesting period.

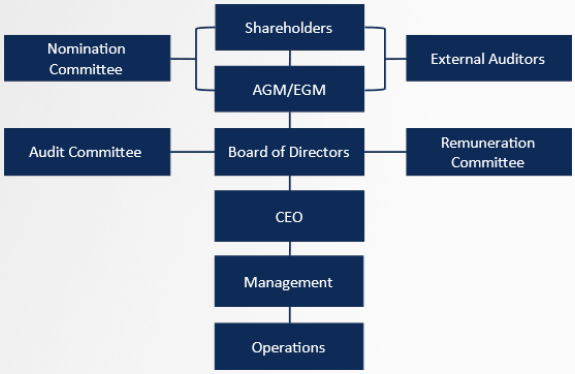
No other deviations from the Code occurred during the year.

The company was not subject to any decision of the Nasdaq disciplinary board or any statement by the Swedish Securities Council during 2022.

### Internal governance documents

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

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




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

### Shareholders

On 31 December 2022, Nanologica's share capital amounted to approximately SEK 14,820,923 and the number of shares to 36,146,142 with a quota value of approximately SEK 0.41. There is one class of shares, and all shares have equal voting rights as well as share in the company's assets and earnings. The share register is kept electronically by Euroclear Sweden AB. According to this, the number of shareholders at the end of the year was 2,398 (2,307) and the ten largest shareholders together owned 70.0 percent of the total number of shares. As of December 31, 2022, Flerie Invest AB owned more than thirty percent of the voting rights for all shares in the company.

There are no restrictions on the transfer of shares or restrictions on casting votes at the general meetings. As far as the company is aware, there are no agreements between owners that limit the transferability of shares.

For more information about Nanologica's share, see the section on the share and owners on pages 28–30, or visit www.nanologica.com.

### Annual General Meeting

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

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

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

Extraordinary general meetings may be convened by the board of directors when the board of directors considers that there are grounds to hold a general meeting before the next annual general meeting. The board of directors shall also convene an extraordinary general meeting when

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

### Annual General Meeting 2022

The annual general meeting 2022 was held on June 2nd, 2022. At the annual general meeting, 48.4 percent of the total votes were represented. Mårten Steen was elected chairman of the meeting. At the meeting, the following resolutions were made:

- Adoption of the income statement and balance sheet for the company and the group for the financial year 2021, and resolution on distribution of loss
- Discharge of the board members and the CEO from liability for the 2021 financial year
- Re-election of the board members Gisela Sitbon (chairperson), Mattias Bengtsson, Eva Byröd, Thomas Eldered, Tomas Kramar, Anders Rabbe and Lena Torlegård
- Re-election of BDO as auditors, with Niclas Nordström as auditor in charge
- Remuneration to the board of directors and auditors
- Adoption of principles for the appointment of members of the nomination committee and instructions for the nomination committee for the annual general meeting 2023
- Delegations of rights to issue shares at the maximum of twenty (20) percent of the total share capital in the company after the rights issue
- Adoption of guidelines for remuneration to senior executives
- Approval of remuneration report for the financial year 2021

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

### *Extraordinary General Meeting February 7, 2022*

At an extraordinary general meeting on February 7, 2022, it was resolved in accordance with the board of directors' proposal to approve a loan facility agreement with Flerie Invest AB (related party transaction).

### *Extraordinary General Meeting September 15, 2022*

At an extraordinary general meeting on September 15, 2022, it was resolved in accordance with the board of directors' proposal to issue a maximum of 9,388,608 shares with preferential rights for existing shareholders, and to approve subscription and guarantee commitments with Flerie Invest AB (related party transaction).

### Annual General Meeting 2023

The annual general meeting 2023 is planned to be held in Stockholm on May 4. Notice of the meeting will be published on the company's website www.nanologica.com where minutes from the meeting will also be published after the meeting.

### Nomination Committee

The nomination committee for the annual general meeting 2023 has been appointed in accordance with the Code and the principles adopted by the 2022 annual general meeting regarding the nomination committee. The nomination committee consists of Carl-Johan Spak (Flerie Invest AB, chairman), Lennart Francke (Swedbank Robur Microcap) and Joakim Persson (Vega Bianca AB). These members are representatives of the three largest shareholders or ownership groups as of September 30, 2022. The nomination committee together represents 47.9 percent of the voting rights for all voting shares in the company as of September 30, 2022.

The nomination committee's task is to prepare and submit proposals for the election of the chairman and other board members, board fees and fees for committee work, election of auditors (if applicable) and auditor's fees (if applicable) as.

well as proposals for principles that shall apply to the composition and work of the nomination committee for the next annual general meeting. The proposals shall be published no later than in connection with the notice convening the annual general meeting 2023.

When preparing proposals for the annual general meeting, the nomination committee shall comply with the provisions of the Code. When preparing the proposal regarding the election of board members and chairman of the board, the nomination committee shall apply item 4.1 of the Code as a diversity policy. In connection with its duties, the nomination committee shall otherwise perform the tasks that, according to the Code, are the responsibility of the nomination committee.

The nomination committee shall meet as often as necessary for the nomination committee to be able to fulfill its duties, but at least once a year. No remuneration shall be paid to the members for their work in the nomination committee

## External auditors

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

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

According to Nanologica's articles of association, the company must have an authorized public accountant or an authorized public accounting firm as its external auditor. As from the AGM 2020, the auditing firm BDO AB has been the auditor with the authorized public accountant Niclas Nordström as the auditor in charge. For information about fees paid to the auditors, please refer to note 7 of the 2022 annual report.

## The Board of Directors

### *The tasks of the board*

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

### *Composition of the board of directors*

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

### *Chairman of the board*

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

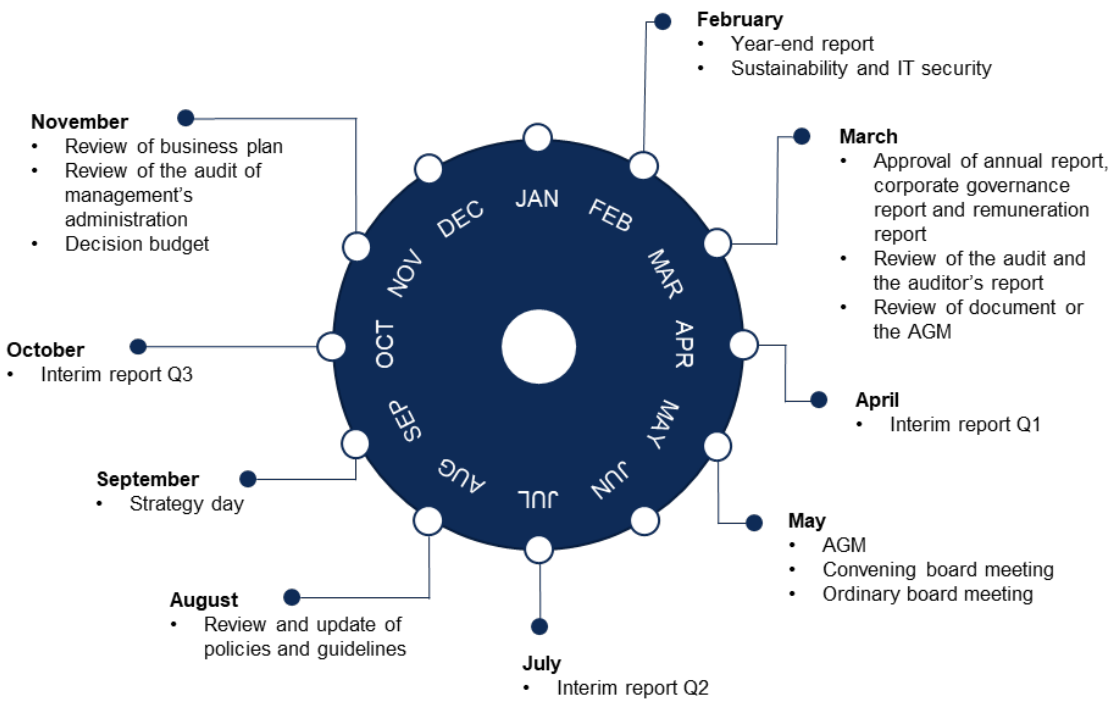
### *Working methods of the board of directors*

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

The board of directors meet according to an annual schedule and on an annual cycle established by the board of directors at the inaugural board meeting in connection with the annual general meeting. If necessary, extraordinary decisions are made through extraordinary board meetings, such as any decisions on acquisitions or divestments, investment decisions, financing decisions and decisions on structural or organizational issues. CEO Andreas Bhagwani and CFO Eva Osterman are present at all board meetings, except on occasions when the board of directors has an individual reconciliation, when the CEO is evaluated by the board of directors, or when the board meets with the company's auditor without the presence of the company's management. Eva Osterman serves as secretary of the board. Other senior executives participate in connection with specific issues.

### *The work of the board during 2022*

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




*The board works according to an annual cycle with a number of scheduled meetings with standing decision points and specific decision points for each meeting. In addition, meetings may be added for matters that arise during the course of the year.*

### *Board of directors 2022*

In 2022, Nanologica's board of directors consisted of: Gisela Sitbon (chairperson), Mattias Bengtsson, Eva Byröd, Thomas Eldered, Tomas Kramar, Anders Rabbe and Lena Torlegård. For more information about the board, see page 40-42 or visit www.nanologica.com.

In 2022, the board held 11 board meetings, whereof 5 were additional board meetings. The board of directors also made decisions per capsulam at 7 occasions to, among other things, approve interim reports and allotment in the rights issue. Attendance, remuneration and independence of the directors are shown below:

### Evaluation of the board's work

According to the Code, the board of directors shall evaluate its work annually using a systematic and structured process in order to develop the board's working methods and efficiency. The board's work has been evaluated by the board members anonymously answering a number of questions about the board's operations.

The results of the evaluation have been compiled and reported both orally and in writing (anonymized) to the board members and to the nomination committee.

| | | | Independent in relation to | | Remuneration [1] | | | | Attendance [2] | | |
|---|---|---|---|---|---|---|---|---|---|---|---|
| Board member | Position | Instated | Company and management | Large share-holders | Fee | Audit committee | Remuneration committee | Totalt | Board meetings | Audit committee | Remuneration committee |
| Gisela Sitbon | Chairman | 2012 | Yes | Yes | 269 167 | - | 25 000 | 294 167 | 11/11 | - | 5/5 |
| Mattias Bengtsson | Board member | 2019 | No[3] | Yes | 157 500 | 30 000 | - | 187 500 | 11/11 | 4/5 | - |
| Eva Byröd | Board member | 2017 | Yes | Yes | 157 500 | - | - | 157 500 | 11/11 | - | - |
| Tomas Kramar | Board member | 2020 | Yes | Yes | 157 500 | - | 15 000 | 172 500 | 11/11 | - | 5/5 |
| Lena Torlegård | Board member | 2014 | Yes | Yes | 157 500 | 50 000 | - | 207 500 | 10/11 | 5/5 | - |
| Anders Rabbe | Board member | 2020 | Yes | Yes | 157 500 | - | 15 000 | 172 500 | 11/11 | - | 5/5 |
| Thomas Eldered | Board member | 2021 | Yes | No | 157 500 | 30 000 | - | 187 500 | 7/11 | 5/5 | - |

*1) Fees resolved by the AGM on 27 May 2021 (period Jan-May 2022) and 2 June 2022 (period June-Dec 2022).*
*2) Total number of meetings, excluding per capsulam meetings. Attendance compared to total number of meetings.*
*3) Mattias Bengtsson, through his own company MaBeRo AB, has an agreement with Nanologica regarding consulting services in chromatography.*

***Nanologica's board of directors 2022***

### *Evaluation of the board's work*

According to the Code, the board of directors shall evaluate its work annually using a systematic and structured process in order to develop the board's working methods and efficiency. The board's work has been evaluated by the board members anonymously answering a number of questions about the board's operations.

The results of the evaluation have been compiled and reported both orally and in writing (anonymized) to the board members and to the nomination committee.

### *Board committees*

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

**Audit committee**

The audit committee is appointed by the board of directors and consists of Lena Torlegård (chairperson), Mattias Bengtsson and Thomas Eldered. The audit committee's primary task is to support the board of directors in its work to fulfill its responsibility for financial reporting including accounting, internal control, internal audits, and risk management.

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

**Remuneration committee**

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

### CEO and management

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

At the end of the year, the company's management consisted of Andreas Bhagwani (Chief Executive Officer), Eva Osterman (Chief Financial Officer), Anna-Karin Renström (Chief Operating Officer), Katarina Alenäs (SVP Chromatography), Gary Pitcairn (Chief Scientific Officer) and Ulf Ericsson (VP Drug Development). Three members of the management team are men and three are women. For an overview and presentation of the company management, see pages 43–44.

Guidelines for remuneration to the CEO and other senior executives were resolved by the 2022 annual general meeting and are described in note 8. The application of these guidelines is described in the remuneration report for 2022, which is published on the company's website.

# BOARD OF DIRECTORS

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

**Education:** PhD in Medical Sciences from Karolinska Institute in Solna

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

**Other assignments:** Chairman of the board of Gradientech AB and Emplicure AB. Board member of Sitbon Bioscience Partner Zenz AB.

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

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

*Independence to the main owners: Yes*

**Mattias Bengtsson** (1969)
*Board member since 2019*

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

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

**Other assignments:** Business Unit Manager BioMedical & Research, AddLife AB. Board member of MaBeRo Consulting AB, Bergman Labora AB, LabRobot AB, LabVent Control AS, Holm&Halby AS and EuroClone Spa.

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

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

*Independence to the main owners: Yes*

**Eva Byröd** (1952)
*Board member since 2017*

**Education:** Master of Science in Chemical Engineering at Chalmers University of Technology

**Main experience:** Eva Byröd has more than 25 years of experience as line manager in pharmaceutical research and development and ten years of experience as project manager with work in drug development projects in both early and late phases.

**Other assignments:** Board member of Eva Byröd Consulting AB and deputy member of Bo Karlberg Arkitektur & Utveckling AB.

**Total shareholdings (own and related parties):** -

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

*Independence to the main owners: Yes*

**Thomas Eldered** (1960)
*Board member since 2021*

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

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

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

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

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

*Independence to the main owners: No*

**Tomas Kramar** (1954)
*Board member since 2020*

**Education:** Master of Science in Chemical Engineering from Lund University of Technology

**Main experience:** Tomas Kramar has 40 years of experience from leading both large companies and start-ups. Most recently CEO of Siemens Healthineers and former CEO of Siemens Healthcare Diagnostics. Tomas has also been a board member and chairman of the board of large and small companies.

**Other assignments:** Chairman of the board of Cardeon AB (publ), T.M. Kramar Group AB and Percy Falk cancerstiftelse. Board member of SpectraCure AB (publ), Corsmed AB, CytaCoat AB, Deep Light Vision AB and Lundonia Biotech AB.

**Total shareholding (own and related parties):** 30,000 shares.

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

*Independence to the main owners: Yes*

**Anders Rabbe** (1970)
*Board member since 2020*

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

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

**Other assignments:** CEO of Mindforce Game Lab AB. Board member and partner in Akkumula AB, Albonja AB and Epicyt Pharma AB.

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

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

*Independence to the main owners: Yes*

**Lena Torlegård** (1963)
*Board member since 2014*

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

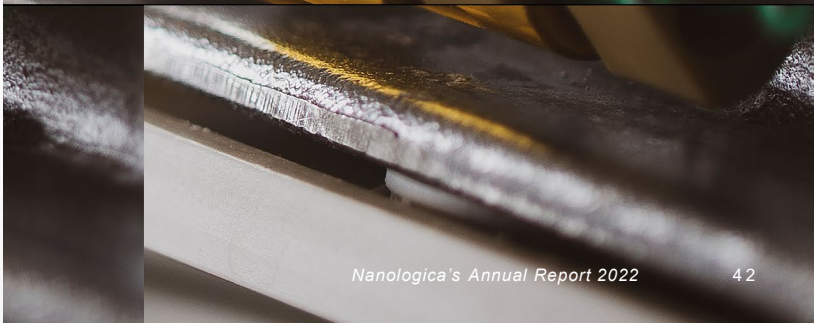
**Main experience:** Lena Torlegård has over 20 years of experience as a communications consultant for a large number of companies, including companies in the life science industry. Lena works through Lena Torlegård AB as an independent advisor in financial and corporate communication with several customers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

**Other assignments:** Chairman of the board of CoDesign Sweden AB.

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

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

*Independence to the main owners: Yes*



# MANAGEMENT TEAM

**Andreas Bhagwani** (1975)
*Chief Executive Officer since 2011*

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

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

**Other assignments:** Board member and owner of Vega Bianca AB. CEO and chairman of the board of Nanologica Black AB and Nanologica Yellow AB. Board member of Nanghavi AB and Nanghavi Chromatography Solutions Pvt Ltd, deputy board member and partner of Kichisaga Leadership AB. Holder of the individual firm Baraza Konsult

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

**Eva Osterman** (1971)
*Chief Financial Officer since 2017*

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

**Main experience:** Eva Osterman has several years of experience from the finance side in larger companies where Eva has worked with business controlling, financial controlling, reporting and internal audit. She also has several years of experience from major international groups in, among others, the pharmaceutical industry.

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

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

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

**Education:** Civil Engineering Industrial Economics from Linköping Linköping University of Technology, Executive Management Program, Stockholm School of Economics, Styrelsekraft via ALMI.

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

**Other assignments:** Board member of Avia Pharma Holding AB. Owner and board member of AKRR Konsult AB.

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

**Katarina Alenäs**(1970)
*SVP Chromatography since 2022*

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

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

**Other assignments:** Board member of Biotech i Kungsbacka AB.

**Total shareholdings (own and related parties):** 120,000 options (of series 2021/2024).

**Ulf Ericsson** (1966)
*VP Drug Development since 2021*

**Education:** Master of Science in Business Administration, Business Economics (BSc) and Marketing Management (MSc), Lund University.

**Main experience:** Ulf Ericsson has more than 20 years of experience from leading marketing and business development positions in the respiratory field and inhalation, including formulation technology and development of inhalers. Ulf comes most recently from AstraZeneca where he has been active for a total of 17 years, including as Global Sr Director Respiratory Inhalation.

**Other assignments:** Board member of Nanologica Australia Ltd.

**Total shareholdings (own and related parties):** 2,861 shares and 115,000 options (of the series 2021/2024).

**Gary Pitcairn** (1967)
*Chief Scientific Officer since 2021*

**Education:** BSc Biochemistry and Biological Chemistry, University of Nottingham. PhD University of Nottingham.

**Main experience:** Gary Pitcairn is a recognized expert in inhaled drug delivery, with extensive experience in inhalers (DPI, pMDI and nebulizer). He has previously worked at Mylan, Pfizer and most recently AstraZeneca where he was Head of Project Leadership – Respiratory Pharmaceutical Technology & Development.

**Other assignments:** Board member of GRP Consulting AB.

**Total shareholdings (own and related parties):** 115,000 options (of the series 2021/2024).

Photos of board members and management team: Kate Gabor och Johan de Verdier.

# INTERNAL CONTROL

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

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

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

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

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

### Control environment

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

The board of directors has the overall responsibility for the company's processes for internal control and for establishing a control environment consisting of written policies, guidelines and instructions that serve as a basis for decision-making and support for management and other employees. The CEO is responsible for the preparation of the documents. The board of directors has established rules of procedure that regulate the board's responsibilities and how the board's work in committees shall take place. Within the board of directors, an audit committee has been established, the task of which is to

ensure that established principles for financial reporting and internal control are complied with and further developed, as well as to maintain ongoing relations with the company's auditors and to review and monitor the auditor's impartiality and independence.

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

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

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

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

### Risk assessment

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

### Control activities

The control activities aim to ensure that the financial reporting is accurate and complete and are based on the group's requirements for internal control regarding the financial reporting. Nanologica's control structure consists of an organization with clear roles that facilitate an efficient and appropriate division of responsibilities, as well as specific control activities to detect or prevent risks of errors in reporting.

Control activities include, for example, account reconciliations and balance sheet specifications, approval of bank transactions and cooperation agreements, proxy and certificate instructions, and accounting and valuation principles. Random checks are also carried out on a regular basis. The board of directors continuously monitors the development of operations through monthly report packages containing detailed financial information, the CEO's comments on the business, as well as results and financial position. Furthermore, the board of directors approves all external financial reports prior to publication.

### Information and communication

The company has established information and communication channels regarding risks and internal controls that enable reporting and feedback from operations to the board and management and that help ensure that the right business decisions are made. Governing documents in the form of policies, financial manuals, guidelines (and manuals relating to financial reporting) are communicated primarily on the company's intranet. Particularly important policies are communicated annually to all affected employees. The financial manual is expanded as needed and is routinely updated. Internal communication on financial reporting and follow-up takes place mainly in the accounting function. Issues related to financial reporting are also discussed at meetings where relevant working groups meet.

To ensure that external information is accurate and complete, the board of directors has established an information and insider policy that specifies what should be communicated externally, by whom, and in what way the information is to be made public. The company's financial reporting complies with the laws and regulations that apply in Sweden and, in the case

of the subsidiaries, the local rules in each country where operations are conducted. Information to shareholders and other stakeholders is provided through the annual report, interim reports, and press releases.

### Monitoring and follow-up

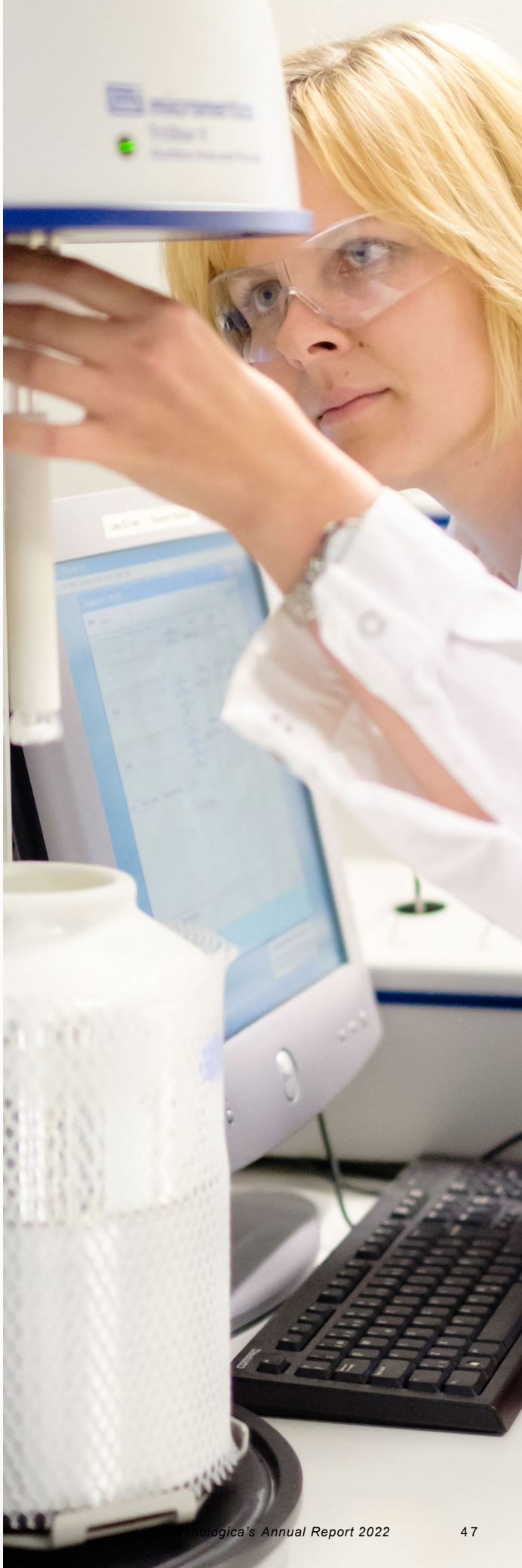
The board of directors' monitoring and follow-up of internal control regarding financial reporting is primarily handled through the audit committee. The observations and potential areas for improvement regarding internal control identified in the external audit are reviewed by the audit committee together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

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

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

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

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



# BOARD OF DIRECTORS' REPORT

The board of directors and CEO of Nanologica AB (publ), 556664–5023, hereby submit the annual report for the financial year 2022.

## General information

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

## Group structure

Nanologica AB has five subsidiaries: Nanghavi AB, Nanologica Australia Ltd, Nanologica Black AB, Nanologica Yellow AB, and Nlab Biosciene SA. Nanologica Australia Ltd and Nanologica Biosciene SA are in liquidation. Other subsidiaries are dormant at the time of the report's publication.

## Nature and direction of operations

Nanologica manufactures, develops, and sells nanoporous silica particles for life science applications. The business is based on knowledge in the manufacture of silica particles with a certain structure. By carefully controlling the shape and surface properties of the silica particles as well as the size of the pores, the company can develop silica with specific properties that potentially provide important benefits in, among other things, medical applications.

Nanologica has chosen to focus its operations on two business areas where the company's silica can add clear value: Chromatography and Drug Development.

Chromatography is a separation technique used for the analysis of pharmaceutical products in connection with development and manufacture, as well as a purification method in the production of drugs. In the Chromatography business area, Nanologica develops and manufactures products for the separation and purification of substances, with a focus on insulin and other peptide-based drugs.

Drug development involves the process of taking a drug candidate from the idea phase, through preclinical and clinical studies, to a product ready for the market. Nanologica operates through parts of the development chain, with a focus on drug delivery.

Drug delivery is a broad term in the pharmaceutical industry that encompasses different ways of administrating drugs to the body, as well as different techniques for formulating and manufacturing drugs. The goal is to get the right amount of drug in the right place in the body at the right time. Nanologica's drug delivery platform for inhalation is being developed with the aim of providing new treatment options for patients with lung diseases.

The Chromatography business is developed to continuously generate a stable and growing cash flow that enables profitability, through the provision of silica-based products for the analysis and purification of substances. In Drug Development, Nanologica's goal is to create significant future value with its own products, as well as together with partners.

## Development of operations in 2022

During the first half of 2022, the launch of the company's product in preparative chromatography, NLAB Saga®, was initiated. The launch has continued during the year in Asia, Europe, and the USA. The product has been well received on the market and several orders for evaluation of the material have been taken.

During the year, the company has had a strong focus on large-scale production. The production has suffered delays due to shortages of raw materials and components, and parts of the manufacturing equipment not performing properly. The silica that has been produced is chromatographically approved but will be further verified in terms of quality before deliveries are made against the larger orders that were received during the year. Delivery against a few smaller orders took place at the end of the year.

During the fourth quarter, a rights issue was completed where the company received approximately MSEK 79.8 before transaction costs. The issue was carried out with the aim of intensifying the company's investment in preparative chromatography. During the year, the company's SVP Chromatography joined the management team for increased focus on preparative chromatography.

In Drug Development, the main focus has been on internal development of the platform technology NAP™ (nanoporous amorphous particles) for inhalation. The initial ambition is to confirm the safety of the technology, and a first in vivo study was conducted to study tolerability and clearance.

### Significant events after the end of the financial year

No significant events after the end of the year.

### Employees

At the end of the year, the number of permanent employees was 20 (17), whereof 10 in Chromatography, 5 in Drug Development and 5 in Business Support. 11 (11) were women and 9 (6) were men. 4 persons work in R&D and out of the total number of employees, 7 are PhDs. The average number of employees during 2022 were 18 (19).

To conduct an efficient business with a cost-effective organization, consultants, advisors, and project employees are hired for specific assignments and tasks in areas of competence that the company lacks or only periodically needs. As per December 31, 2022, the number of consultants and project employees corresponded to 0,5 (3,5) full-time equivalents, in Chromatography.

### External factors

The war in Ukraine did not have a direct impact on Nanologica during the year. The company does not conduct any business linked to Ukraine or Russia. However, there is great uncertainty regarding how the world economy and the global supply chain is affected as a result of the war. An indirect impact of the war is noticeable in the form of longer delivery times for specific components, as well as a significant increase in freight rates. On a number of occasions during the year, a shortage of chemicals has arisen, which has had an impact on production with longer lead times. The company assesses that this has not had any significant impact on earnings, financial position or cash flow in 2022.

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

The company's loans run at fixed interest rates, which means that the cost for these is not affected by a higher interest rate situation during the term of the loans. Regarding fluctuations in exchange rates, the company has manufacturing and commitments mainly in British pounds and sales mainly in US dollars. Nanologica has not currently secured any exchange rates.

Travel restrictions in China due to COVID-19 has during 2022 continued to make travel to and within China more difficult. These restrictions have been eased since the beginning of 2023.

The company's management team works continuously on identifying, evaluating, and managing external factors that have an impact on operational activities.

### Financial overview

Consolidated net sales for the full year decreased to TSEK 1,555 (12,914). Revenues are mainly related to the sale of analytical columns in the chromatography business area. Sales in the

chromatography business area were on a par with the previous year. The comparison number for the previous year includes net sales of TSEK 9 244 from a partner project in the drug development business area that was finalized in the fourth quarter of 2021. The drug development business area is in a phase with focus on research and development and had no revenue during the year.

Operating expenses for the year amounted to TSEK -55,665 (-54,199). The higher costs for 2022 compared to the previous year are mainly related to higher personnel costs because of the organization having been adapted to support the company's current operations and continued development, as well as an adjustment of salaries to market levels. This has been offset by lower costs for raw materials and supplies as a result of lower sales.

The operating loss for the year amounted to TSEK -50,850 (-40,689) and loss after tax amounted to TSEK -55,231 (-44,829).

Development costs and patents are activated on an ongoing basis when they arise. At year-end, capitalized development expenditure amounted to TSEK 14,724 (12,299) and relate to products in chromatography and drug development as well as the development of large-scale production of the silica. Right-of-use assets amounted to TSEK 18,547 (25,085), which mainly relate to dedicated equipment at the contract manufacturer Sterling Pharma Solutions for large-scale production of silica.

The company does not currently pay any tax on earnings due to negative earnings.

The patent portfolio was reported at TSEK 1,407 compared to TSEK 1,880 at the beginning year, the majority of which relates to patents and patent applications in drug development. Investments in fixed assets amounted to TSEK 3,181 (2,248) on the balance sheet date.

### Financial position and liquidity

So far, the business has mainly been financed through new issues, Swedish and international research grants, credit facility agreements and corporate loans from Almi Företagspartner.

Total cash flow amounted to TSEK 59,335 (-55,381). Cash flow from operating activities amounted to TSEK -45,219 (-46,493). Cash flow from operating activities has been negatively affected by the fact that the company is in an expansion phase with low sales and payments for ongoing large-scale production.

Cash flow from investing activities amounted to TSEK -7,142 (-7,249). Investments mainly relate to development costs at the contract manufacturer Sterling Pharma Solutions. Cash flow from financing activities amounted to TSEK 111,697 (-1,639). During the year, loans of MSEK 50 were raised and a rights issue provided the company with MSEK 79.8 before transaction costs of approximately MSEK 3.

As of December 31, 2022, cash and cash equivalents amounted to TSEK 70,322 (10,987).

The company estimates that from the first half of 2023 it will have products for sale and since most of the production is prepaid, almost all sales will have a positive impact on cash flow. This means that the company's negative cash flows are expected to decelerate during 2023, to switch to becoming positive within chromatography by the end of 2023. The combined assessment by the management and the board of directors is thus that the company has sufficient working capital to run the business as a going concern during the next twelve months.

### Corporate governance

The company's governance is described in the corporate governance report, which can be found on pages 33-47. The corporate governance report is also available as a stand-alone extract from this annual report on the company's website https://nanologica.com/corporate-governance-reports/.

### Remuneration to senior executives

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

## Future prospects

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

Once large-scale production of silica has been established, sales in the field of chromatography are expected to grow so that it constitutes the majority of Nanologica's revenues. The company considers it reasonable to reach sales in preparative chromatography exceeding MSEK 100 in 2024.

*Nanologica's headquarters is located at Biovation Park in Södertälje, Sweden*

# MULTI-YEAR OVERVIEW

| Amounts in TSEK if nothing else is stated | 2022 | 2021 | 2020 | 2019 |
|---|---|---|---|---|
| **Statement of comprehensive income** | | | | |
| Net sales | 1 555 | 12 914 | 16 135 | 9 227 |
| Total operating expenses | -55 665 | -54 199 | -39 601 | -34 285 |
| Operating profit before depreciation and amortization (EBITDA) * | -38 988 | -30 226 | -13 899 | -14 616 |
| Operating profit/loss (EBIT) * | -50 850 | -40 689 | -19 571 | -20 066 |
| Operating margin,% * | neg | neg | neg | neg |
| Total financial investments | -4 381 | -4 140 | -2 627 | -1 014 |
| Profit/loss before income tax | -55 231 | -44 829 | -22 199 | -21 080 |
| Tax | 0 | 0 | 0 | 0 |
| Total comprehensive profit/loss for the period attributable to owners of parent company | -55 231 | -44 829 | -22 199 | -21 080 |
| **Consolidated balance sheet** | | | | |
| Total fixed assets | 37 859 | 41 512 | 45 180 | 42 957 |
| Total current assets, excluding cash and cash equivalents | 46 333 | 45 816 | 34 801 | 7 264 |
| Cash and cash equivalents | 70 322 | 10 987 | 66 364 | 1 176 |
| Total equity | 73 158 | 51 596 | 92 966 | 5 411 |
| Total long-term liabilities | 67 841 | 32 222 | 35 645 | 30 480 |
| Total current liabilities | 13 515 | 14 498 | 17 735 | 15 507 |
| **Consolidated statement of cash flow** | | | | |
| Cash flow from operating activities | -45 219 | -46 493 | -43 340 | -9 771 |
| Cash flow from investing activities | -7 142 | -7 249 | -6 523 | -30 540 |
| Cash flow from financing activities | 111 697 | -1 639 | 115 052 | 19 508 |
| Total cash flow for actual period | 59 335 | -55 381 | 65 189 | -20 804 |
| **Other Key Figures** | | | | |
| Equity/assets ratio, % * | 47 | 52 | 64 | 11 |
| Number of employees at the end of the period | 20 | 17 | 19 | 19 |
| Average number of employees during the period | 18 | 19 | 19 | 18 |
| Average number of employees and consultants during the period | 20 | 20 | 20 | 19 |
| **Data per share** | | | | |
| Earnings per share before and after dilution, SEK | -1,84 | -1,60 | -0,93 | -1,27 |
| Equity per share (before dilution), SEK * | 2,02 | 1,83 | 3,35 | 0,33 |
| Cash flow from operating activities per share, SEK | -1,51 | -1,66 | -1,81 | -0,59 |
| Share price at the end of the period, SEK | 10,0 | 13,7 | 13,4 | 10,5 |
| Number of shares before dilution on average during the period | 30 024 392 | 27 995 090 | 23 888 809 | 16 619 447 |
| Number of shares before dilution at the end of the period | 36 146 142 | 28 165 826 | 27 776 850 | 16 619 447 |
| Number of warrants at the end of the period | 800 000 | 1 719 949 | 1 336 875 | 467 199 |

** Alternative performance measures. For definition, see note 39.*

## Proposal for appropriation of loss

| Profit/loss at the disposal of the annual general meeting: | Amounts in TSEK |
|---|---|
| Share premium reserve | 308 194 716 |
| Loss brought forward | -204 959 692 |
| Loss for the year | -55 787 625 |
| **Total** | 47 447 399 |

| The board of directors proposes that non-restricted equity be carried forward | |
|---|---|
| **Total** | 47 447 399 |

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

# RISKS AND UNCERTAINTIES

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

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

### Production risk

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

In addition, there are certain specific linked risks to the company's production of silica, such as (i) lack of raw materials, (ii) problems with the manufacturing process, and (iii) equipment problems. There is also a risk that Sterling Pharma Solutions will not deliver on time or in accordance with the quality requirements stated in the manufacturing agreement or applicable laws and regulations. Furthermore, costs may apply and prices may increase, which is beyond the company's control. All of these risks can lead to production-related delays, interruptions and/or significantly higher costs, which in turn can lead to delays in the company's customers and ultimately lead to financial risks if the company's products cannot be sold at the pace and extent desired by the company.

### Commercialisation

Nanologica and the company's customers conduct continuous testing of new products and there is a risk that the tested products will not be commercially successful. Different customers have different test methods and conditions, which can affect the performance of the company's products in tests making them less attractive than competing products. It is only when several customers regularly order products that the technical/business-critical risk decreases and the commercial potential increases. This can lead to the company continuing to invest in products with good test results and that these investments later prove to be unprofitable.

In 2022, Nanologica has taken important steps to develop its business within both Chromatography and Drug Development. There is a risk that the result of the company's investments in both business areas does not meet the company's expectations. Including materials for preparative chromatography in industrial production is a complex process in the pharmaceutical industry and customers in the industry place high demands on, among other things, product quality, delivery capacity, competence and long-term perspectives of their suppliers. Drug Development is a time- and resource-intensive business that is associated with great risk. Nanologica has not yet conducted any clinical studies of any product and

has thus not commenced any sale or received revenue from the sale of any approved drug. Nanologica is thus in a phase where potential product candidates are continuously identified and evaluated.

Nanologica is a relatively small company with limited resources, which means that the company must focus on a limited number of business areas and projects. This entails an increased risk exposure for Nanologica as an unprofitable investment has a greater negative impact on the company's earnings, profitability and earnings compared to a company with a more diversified business.

### Project development

From time to time, Nanologica carries out development projects together with customers and other partners for which Nanologica receives compensation. There is a risk that customers close projects or choose to continue them with competing technologies or competing companies, which means that future revenue from such projects may not be available to Nanologica. There is also a risk that the company will not succeed in entering into additional agreements with customers regarding development projects.

Nanologica conducts development projects in-house where there is a risk that the company will not get positive results in preclinical or clinical trials and that the company will not be able to continue such projects or license them to external parties. There is a risk that Nanologica invests resources in projects that do not provide any economic value for the company.

### Financing and capital requirements

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

A continued lack of positive and even operational revenue streams may mean that Nanologica will be forced to make further capital raisings in the future. The availability and conditions of such capital raisings are affected by several factors, including the prevailing economic and investment climate, the current credit market and the company's creditworthiness and market position. Financing through issuing of shares or share-based financial instruments may have significant dilution effects for the company's existing shareholders. Credit financing may include restrictive conditions for capital use, which may hamper the company's flexibility and operations. There is a risk that the company will not be able to raise the necessary capital to carry out a current business plan, or alternatively that such a capital raising can only take place on unfavourable terms. In the event that Nanologica is unable to raise the necessary capital, the company's development, manufacturing and sales operations as well as cash flow/liquidity may be adversely affected, which may force the company to limit or discontinue planned marketing, development and investment activities until sufficient capital has been secured.

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

### Dependency on qualified staff

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

### Growth risks

A sudden and sharp increase in demand for the company's products may occur. Such increased demand can place demands on significant business expansion, ultimately through increased production capacity, personnel and the development of new internal processes, which is

expected to place high demands on the company's management and employees. In addition, Nanologica would also need to adjust the operational and financial capacity within the company based on the increased capacity load. In the event that the company does not meet the above-mentioned needs for change satisfactorily, the company risks losing business, for example in the form of prospective customers choosing competing products. This in itself can negatively affect the return of the company's market investments and thus negatively affect the company's sales development, sales and earnings.

**Competition and competing technologies**

Nanologica operates in a competitive industry where several companies actively conduct research and development as well as commercialization of materials and products that can potentially, directly or indirectly, compete with the company's technology and products. Nanologica's competitiveness is heavily dependent on the company's ability to be at the forefront of a product range that is in line with the current market demand. Research and development in competing companies as well as changes in industries that benefit from the company's products can make the company's products obsolete or less in demand. There is a risk that Nanologica, with its current size and current financial resources, does not have sufficient capacity to sustainably compete, and that competitors develop products that are more efficient, affordable, qualitative and/or usable than the company can offer. In addition, competitors may have greater financial resources, higher production and distribution capacity and better conditions in general for developing and achieving commercial success with their competing products.

**Patents, intellectual property and trade secrets**

Nanologica is a knowledge-intensive technology company whose business model is to develop, manufacture and market nanoporous silica particles for life science applications. The company's knowledge in manufacturing silica particles with certain predetermined structures is based on many years of research and development. Technology is an integral part of the company's ability to differentiate itself from competitors and offer customers added value. It is therefore of great importance that knowledge and technology can be preserved and produced within Nanologica. Patents and other intellectual property rights, including know-how, are therefore important for the company's operations as these may constitute significant assets in the future. As of December 31, 2022, Nanologica had a patent portfolio of 45 patents within three patent families covering methods, processes and combinations that include both pharmaceuticals and products.

The ability to obtain and defend patents as well as the ability to protect other intellectual property rights and specific knowledge of the company's operations is of great importance to the company. The company's patents mainly relate to the field of Drug Development, while the performance of the company's product in Chromatography is a consequence of trade secrets that the company has refrained from patenting so as not to technically specify them for competitors. Nanologica thus also relies on non-patented trade secrets, knowledge and continued technological inventions.

There is a risk that the existing and/or future patent portfolio as well as other intellectual property rights held by Nanologica do not provide the company with adequate commercial protection. Even if a patent has been granted, there is a risk that the patent's scope of protection is not sufficient, and that competitors or similar technologies may circumvent the patent. Furthermore, there is a risk that granted patents will not be able to be maintained or that they will be restricted. If the company does not obtain patents for its technologies and products or if patents are revoked (for example, through the discovery of known technology), third parties who hold the necessary know-how may use the technology or product without compensation to the company. In the event that patent applications are rejected, the company may be left wholly or partly without intellectual property protection regarding technology and product innovations. This risk is considered to be of great importance for the company's future development. In addition, there is a risk that third parties may infringe on the company's patents. Such attempts could mean that Nanologica may be forced to initiate legal proceedings at considerable costs, to avert patent

infringement and defend its patent protection. There is also a risk that the outcome of the process will lead to a decrease or termination of Nanologica's patent protection.

### Regulatory risk

Nanologica is active in the field of life science, which is surrounded by extensive and ever-changing rules for, for example, the manufacture and right to marketing of products and it is of the utmost importance for the company's operations that the company complies with applicable laws and regulations. The company's measures to ensure compliance with applicable regulations and requirements for permits may be insufficient and there is therefore a risk that the company does not meet all applicable requirements. Regulations and requirements regarding the company's operations may change over time and this may mean that the company must take comprehensive measures to ensure compliance with applicable regulations. There is also a risk that the company will not be able to meet changing requirements. Failure to obtain, delay or withdraw the necessary authorizations could delay the relevant pharmaceutical project or require it to be discontinued. If the company is unable to initiate a study according to plan due to a lack of permit or significant delay in obtaining a permit, it may lead to a decrease in the value of the company's project portfolio and a significantly reduced revenue potential for the specific project or for the company as a whole.

### Dependency on partners

Nanologica is, and is expected to continue to be, dependent on collaborations in connection with product development, implementation of preclinical and clinical studies and out-licensing/partnerships for the sale of the company's products in both existing and new markets. There is a risk that one or more of Nanologica's partners will not fulfil the agreed cooperation with the company, or that this will not be done in accordance with conditions that benefit the company and that Nanologica in such a situation cannot replace such supplier or partner in a timely manner in a qualitatively or economically satisfactory manner. Several of Nanologica's partners are located outside Sweden. The geographical distance can lead to reduced opportunities for Nanologica to monitor and follow up on how the collaboration develops. In addition, political and economic uncertainties in such countries may adversely affect the company.

### Risks related to the share

For several years, Nanologica has had a negative cash flow and it is likely that the company will need additional capital to finance its operations, especially in the Drug Development business area, which requires significant investments before it is expected to generate greater revenue. Nanologica may need to obtain additional financing through new issues, equity securities or convertible debentures, which may result in a dilution for existing shareholders' share in the company.

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

The development of Nanologica's share price depends on a number of factors, some of which are company-specific, such as the development of sales in preparative chromatography and ongoing expansion, and others are linked to the stock market as a whole and which do not necessarily have to be related to the underlying value of the warehouse. Potential investors should take into account that an investment in the shares of the company is fraught with risk and that the shares may both increase and decrease in value. The company also plans to invest its financial resources in development and in building a commercial organization. At present, the company has no intention of paying dividends to shareholders in the near future.

### Climate risks

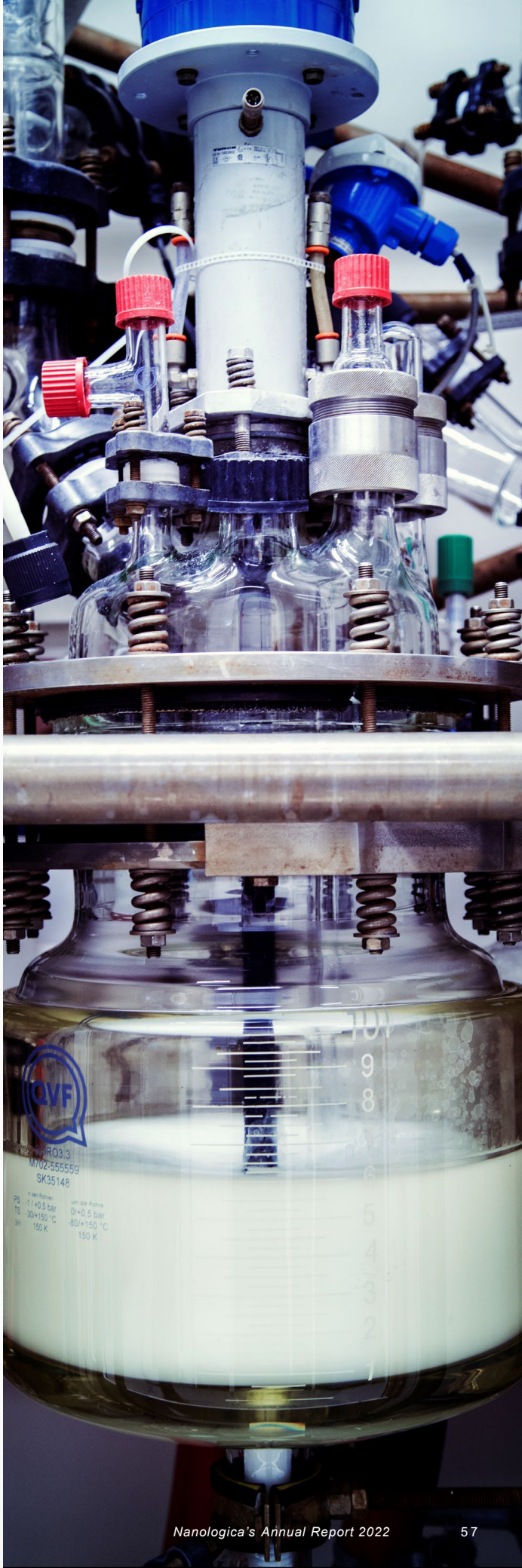
Climate change poses a major risk to humanity from a global perspective. Examples of physical climate risks are extreme weather that can make components and raw materials more inaccessible and lead to higher energy prices. Transition risks consist of risks arising from changes in legislation,

changes in demand for products and services, changes in customer behavior or other structural changes that take place in order to transition to a climate-neutral economy. Increased demands from investors for increased sustainability focus for companies may also be a significant factor. In addition, environmental policy decisions can affect the company in the form of increased taxes or necessary investments. At present, Nanologica assesses that climate risks do not, nor in the near future will, pose a material risk to the financial development of the company.

### Risk management

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

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



NANOLOGICA

# FINANCIAL REPORTS AND NOTES

# CONTENT FINANCIAL REPORTS AND NOTES

# CONSOLIDATED INCOME STATEMENT

| Amounts in TSEK | Not | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|---|
| Net sales | 4,5 | 1 555 | 12 914 |
| Change in inventories, finished goods | | -1 276 | -2 301 |
| Capitalized work for own use | | 4 272 | 1 809 |
| Other operating income | 6 | 265 | 1 088 |
| | | | |
| Operating expenses | | | |
| Raw materials and consumables | | -1 316 | -7 502 |
| Other external costs | 7 | -14 142 | -12 583 |
| Staff costs | 8 | -27 375 | -21 222 |
| Depreciation and amortization of tangible, intangible and right-of-use assets | 9 | -11 862 | -10 463 |
| Other operating expenses | 10 | -971 | -2 430 |
| Total operating expenses | 4 | -55 665 | -54 199 |
| **Operating profit/loss** | | **-50 850** | **-40 689** |
| Financial items | | | |
| Valuation of financial assets at actual value | 11 | 630 | -902 |
| Financial income | 12 | 41 | 3 |
| Financial costs | 13 | -5 053 | -3 242 |
| Total financial items | | -4 381 | -4 140 |
| **Profit/loss before income tax** | | **-55 231** | **-44 829** |
| **Profit/loss before income tax** | | **-55 231** | **-44 829** |
| Income tax | 14 | 0 | 0 |
| **Profit/loss for the period attributable to owners of parent company** | | **-55 231** | **-44 829** |

# CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

| Amounts in TSEK | Not | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|---|
| **Profit/loss for the period attributable to owners of parent company** | | **-55 231** | **-44 829** |
| Other comprehensive income | | 0 | 0 |
| **Total comprehensive profit/loss for the period attributable to owners of parent company** | | **-55 231** | **-44 829** |
| Earnings per share attributable to shareholders of the parent company, basic and diluted. SEK. | 15 | -1,84 | -1,60 |
| Average number of shares during the period. | | 30 024 392 | 27 995 090 |
| Number of shares at the end of the period. | | 36 146 142 | 28 165 826 |

# CONSOLIDATED BALANCE SHEET

| Amounts in TSEK | Note | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| Intangible fixed assets | | | |
| Capitalized expenditure for research and development and similar | 16 | 14 724 | 12 299 |
| Concessions, patents, licenses, trademarks and similar rights | 17 | 1 407 | 1 880 |
| Tangible fixed assets | 18 | 3 181 | 2 248 |
| Right-of-use assets | 19 | 18 547 | 25 085 |
| **Total fixed assets** | | **37 859** | **41 512** |
| | | | |
| **Current assets** | | | |
| Inventories | 21 | 1 170 | 2 408 |
| Accounts receivable | 22 | 770 | 1 421 |
| Other receivables | | 864 | 493 |
| Prepaid expenses and accrued income | 23 | 43 529 | 40 780 |
| Financial assets (current) at actual value through income statement | 24 | 0 | 714 |
| Cash and cash equivalents | 25 | 70 322 | 10 987 |
| **Total current assets** | | **116 654** | **56 803** |
| | | | |
| **TOTAL ASSETS** | 20 | **154 513** | **98 316** |
| | | | |
| **EQUITY AND LIABILITIES** | | | |
| Equity | 26 | | |
| Share capital including ongoing issues | 27 | 14 821 | 11 549 |
| Additional paid-in capital | | 308 195 | 234 674 |
| Profit/loss brought forward from actual period | | -249 858 | -194 627 |
| **Total equity attributable to parent company shareholders** | | **73 158** | **51 596** |
| | | | |
| **Total equity** | | **73 158** | **51 596** |
| | | | |
| **Liabilities** | | | |
| **Long-term liabilities** | | | |
| Liabilities to credit institutions | 28 | 0 | 1 333 |
| Lease liabilities | 19 | 666 | 3 359 |
| Provisions | 29 | 574 | 530 |
| Other long-term liabilities | 28 | 66 601 | 27 000 |
| **Total long-term liabilities** | | **67 841** | **32 222** |
| | | | |
| **Current liabilities** | | | |
| Liabilities to credit institutions | 28 | 1 333 | 2 360 |
| Advance payment from customers | 30 | 427 | 946 |
| Accounts payable | | 2 263 | 3 685 |
| Lease liabilities | 19 | 2 693 | 2 739 |
| Other current liabilities | | 1 768 | 1 443 |
| Accrued expenses and deferred income | 31 | 5 030 | 3 325 |
| **Total current liabilities** | | **13 515** | **14 498** |
| | | | |
| **Total liabilities** | 20 | **81 356** | **46 719** |
| | | | |
| **TOTAL EQUITY AND LIABILITIES** | | **154 514** | **98 316** |

# CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

| Amounts in TSEK | Share capital | Ongoing rights issues | Additional paid-in capital | Retained earnings incl. profit/loss from actual period | Total equity |
|---|---|---|---|---|---|
| **Equity January 1, 2021** | **11 389** | **7** | **231 368** | **-149 799** | **92 966** |
| Profit/loss for the year | | | | -44 829 | -44 829 |
| Other comprehensive income | | | | 0 | 0 |
| **Total comprehensive income for the year** | **0** | **0** | **0** | **-44 829** | **-44 829** |
| **Transactions with shareholders** | | | | | |
| Rights issue | 159 | -7 | 3 301 | 0 | 3 454 |
| Premiums for issued warrants | | | 24 | | 24 |
| Premiums for repurchased warrants | | | -19 | | -19 |
| **Total transactions with shareholders** | **159** | **-7** | **3 306** | **0** | **3 459** |
| **Equity December 31, 2021** | **11 549** | **0** | **234 674** | **-194 627** | **51 596** |
| **Equity January 1, 2022** | **11 549** | **0** | **234 674** | **-194 627** | **51 596** |
| Profit/loss for the year | | | | -55 231 | -55 231 |
| Other comprehensive income | | | | 0 | 0 |
| **Total comprehensive income for the year** | **0** | **0** | **0** | **-55 231** | **-55 231** |
| **Transactions with shareholders** | | | | | |
| Rights issue | 3 272 | | 76 531 | | 79 803 |
| Issue costs | | | -3 010 | | -3 010 |
| **Total transactions with shareholders** | **3 272** | **0** | **73 521** | **0** | **76 793** |
| **Equity December 31, 2022** | **14 821** | **0** | **308 195** | **-249 858** | **73 158** |

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

# CONSOLIDATED CASH FLOW STATEMENT

| Amounts in TSEK | Note | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Operating profit/loss | 4 | -50 850 | -40 689 |
| Adjustment for items not affecting cash flow | 32 | 12 350 | 11 630 |
| | | | |
| Interest received | | 43 | 0 |
| Interest paid | | -6 055 | -5 565 |
| Income tax paid | | 0 | 0 |
| **Cash flow from operating activities before changes in working capital** | | **-44 511** | **-34 624** |
| | | | |
| Increase (-) / decrease (+) of inventories | | 1 239 | 2 182 |
| Increase (-) / decrease (+) of operating receivables | | -1 829 | -12 237 |
| Increase (+) / decrease (-) of operating liabilities | | -117 | -1 814 |
| **Cash flow from operating activities** | | **-45 219** | **-46 493** |
| | | | |
| **INVESTING ACTIVITIES** | | | |
| Investments in intangible assets | | -6 959 | -5 122 |
| Investments in tangible fixed assets | | -1 599 | -808 |
| Investments in right-of-use assets | | 0 | -1 319 |
| Compensation for sold tangible assets | | 72 | 0 |
| Compensation for divested financial assets | | 1 344 | 0 |
| **Cash flow from investing activities** | | **-7 142** | **-7 249** |
| | | | |
| **FINANCING ACTIVITIES** | | | |
| Rights issue | | 79 803 | 3 454 |
| Premiums for issued/repurchased warrants | | 0 | -19 |
| Transaction costs | | -3 011 | 0 |
| New loans | 33 | 50 000 | 0 |
| Amortization of lease liabilities | 33 | -2 735 | -2 343 |
| Amortization of financial loans | 33 | -12 360 | -2 730 |
| **Cash flow from financing activities** | | **111 697** | **-1 639** |
| | | | |
| **Total cash flow for the year** | | **59 335** | **-55 381** |
| Cash and cash equivalents, opening balance | | 10 987 | 66 364 |
| Exchange rate difference in cash and cash equivalents | | -1 | 4 |
| **Cash and cash equivalents, closing balance** | 25 | **70 322** | **10 987** |

# NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

## NOTE 1 ACCOUNTING PRINCIPLES

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

### General

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

### Fiscal year

The financial statements for the fiscal year January 1 to December 31, 2022 include financial information for the parent company and its subsidiaries (collectively referred to as the "group" and separately "group companies"). The annual accounts and consolidated accounts have been approved for publication on March 24, 2023 in accordance with a board decision on March 23, 2023. The group's and the parent company's income statement and balance sheet will be subject to adoption at the annual general meeting on May 4, 2023.

### Disclosures regarding changes in the group structure

Note M8 provides an overview of the Nanologica group and a specification of all group companies. During the year, no changes in the structure or operations of each group company changed.

### Compliance with legislation and accounting standards

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

A number of new standards and amendments to interpretations and existing standards went into effect for fiscal years beginning after Jan 1, 2022. None of these standards have had any material effect on the financial statements.

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

### Guidelines for alternative performance measures

In accordance with the European Securities and Markets Authority (ESMA) guidelines on alternative performance measures, additional information on the use of alternative performance measures, including

explanations of use and derivation of alternative performance measures from the most directly reconcilable IFRS items in the financial statements, have been included in the financial statements. Alternative performance measures presented in the financial statements should not be considered as a substitute for terms and concepts in accordance with IFRS and need not be comparable to similar performance measures of other companies.

### Main activities

The group's operations consist primarily of:

- the manufacture, marketing, and sales of silica-based products for chromatography, and
- research and development of drugs using silica particles

The most important markets are countries in Asia, but also Europe and the USA.

### Basis for accounting

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

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

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

### Segment information

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

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

- Chromatography
- Drug Development

The division has been made with the intention of finding a sustainable structure taking into account the current organization, operating model and initiatives initiated related to the group's direction. For each business area, various group-wide business and investment strategies have been developed. Chromatography has developed a manufacturing methodology that will be fully operational in 2023 and which then also budgets for a profit surplus. The Drug Development business area does not currently generate any revenue but is focused on long-term development projects aimed at creating conditions for future revenues. In the future, there are alternatives to seek co-financing for development projects with other companies or to

continue development entirely under our own auspices, which increases the level of risk while increasing a possible upside in the future. Items on the income statement that are not allocated to segments relate to corporate governance including the board of directors and costs related to the company's share being market listed.

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

### Classification

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

### Consolidation principles

#### *Group structure*

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

#### *Subsidiary*

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

The group companies cease to be consolidated from the date on which control ceases. When the group ceases to have a controlling interest, any remaining holdings are revalued at fair value at the time when controlling interest ceases, which is recognized as a change in the value of the income statement. An overview of all consolidated group companies for Nanologica AB (publ) can be found in Note M8.

### Transactions eliminated during consolidation

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

### Foreign currency

#### *Functional and reporting currency*

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

### *Transactions and balance sheet items*

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

Currency differences on cash and cash equivalents and liabilities are reported in the income statement under financial income and financial expenses, respectively. The group has no loans in foreign currencies and does not apply any hedge accounting for foreign exchange gains and losses related to borrowings.

### *Accounting for foreign operations*

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

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

### Basis for accounting

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



The balance sheet, income statement and cash flow statement contain references to the notes.

## Revenue and expense accounting

### I Net sales

*Revenue from agreements with customers*

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

*Sales of goods*

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

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

*Distribution agreements*

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

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

*Research and development assignments*

These agreements mean that Nanologica performs specific research or development services for customers. The work is carried out based on a customer's specific substance/drug and using Nanologica's technology (process) and input in the form of silica. The agreements with customers are framework agreements from which the customer can then make call-offs in specific work orders. A work order together with a framework agreement constitutes an agreement by definition in IFRS 15. The commitments delivered to the customer in many agreements are a combination of the following:

- Research and development service according to established work orders – milestones
- License
- Patent

Each part of the agreements has been deemed to constitute separate performance commitments. For the research and development services, each separate work order/milestone is considered to constitute a separate performance commitment, as each phase has its own value to the customer.

The transaction price is a fixed price per work order/milestone, or a fixed price per completed work hour and material. Some variable component exists regarding "success fees". Variable fees have been deemed too uncertain to count towards the initial transaction price. These are recognized as soon as it is assessed that it is very likely that the remuneration will not have to be reversed in the subsequent period. In some cases, "up-front fees" occur. These are not treated as payment for a separate commitment but are seen as an advance payment for research and development services and are indebted until the commitment is delivered. Part of the remuneration has been received in shares. These have been valued at fair value and are included in the transaction price/revenue for the sales license.

Performance commitments in the form of research and development services are reported over time as Nanologica creates a product/service without alternative use and is entitled to compensation for work done. In some cases, the customer also owns and controls the product (pharmaceutical product) developed together with Nanologica. The completion rate is measured based on outputs (completed milestones) or on input (costs incurred, hours worked and materials).

The sale of a license has been deemed to constitute a right-to-use right and thus revenue recognition of it takes place at a given time.

Income for patent sales is recognized at a given time when control over the patent has passed to the customer.

The group applies an exception that means that information about remaining performance obligations attributable to agreements with a term of less than one year is not provided.

### II Changes in inventory

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

### III Capitalized expenditure for development work and similar work

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

### IV Other income

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

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

Grants received and grants for measures that support liquidity, affect the company's cash flow and compensate for costs, and that affect the company's cash flows and/or earnings are recognized when all conditions for grant have been or will be met. Income from government subsidies and grants that are not subject to future performance requirements is recognized as income when the conditions for receiving the grant have been met and the economic benefits associated with the transaction are likely to accrue to the company, and the income can be reliably calculated. Income from government subsidies and grants associated with requirements for future performance is recognized as income when the performance is made and the economic benefits associated with the transaction are likely to accrue to the company and the income can be reliably calculated.

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

### V Raw materials and consumables

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

### VI Other external expenses

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

### VII Staff costs / remuneration of employees

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

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

*Termination benefits*

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

*Share-based benefits*

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

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

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

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

### IX Other operating expenses

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

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

### X Valuation of financial items at fair value

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

### XI Financial income and expenses

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

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

### XII Tax

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

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

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

Deferred tax assets on loss deductions are recognized to the extent that it is very likely to be tax surpluses available, against which the deficits can be used.

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

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

Positions taken in tax returns regarding situations where applicable tax rules are subject to interpretation are regularly evaluated. Any provisions are made based on the amounts expected to be paid to the respective tax authorities. Deferred tax is not discounted.

### XIII Earnings per share

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

## Principles for the valuation of assets and liabilities

*General*

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

### XIV Intangible assets

Estimated economic useful lives of intangible assets:

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

*Depreciation method*

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

*Acquisition through internal reprocessing – balanced expenditure on development work*

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

- It is technically possible to complete the intangible fixed asset so that it can be used or sold
- The group’s intention is to complete the asset
- There are prerequisites for using it or selling the asset
- The asset is expected to generate future economic benefits
- There are the necessary and adequate technical, financial, and other resources to complete and complete
- Expenses can be calculated reliably

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

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

*Reassessment of useful lives*

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

*Removal from the balance sheet*

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

## XV Tangible assets

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

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

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

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

*Impairment of intangible and tangible assets*

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

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

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

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

### XVI Right-of-use assets

*Leases in which the group is the lessee*

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

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

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

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

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

The group has identified that part of a supplier agreement, a service and contract manufacturing agreement, constitutes a lease. The agreement contains explicitly identified assets that cannot be used by the supplier other than to manufacture Nanologica's products. The supplier does not have the right to replace the equipment and use other assets to produce the products. In addition, the group has an option to buy out the assets at the end of the agreement which is likely to be exercised. The equipment is recognized as a right-of-

use asset in the group. As the group has already paid the supplier for the equipment, no leasing liability is recorded in the balance sheet linked to this asset.

### XVII Inventories

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

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

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

### XVIII Financial instruments

The group's financial instruments consist of:

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

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

### XIX Financial assets

*Recognition and initial valuation*

Accounts receivables and issued debt securities are initially recognized as they arise. All other financial assets and financial liabilities are initially recognized in connection with the group's conclusion of an agreement on the instrument. A financial asset (if it is not an accounts receivable without a significant financing component) or financial liability is initially measured at fair value plus transaction costs directly attributable to its acquisition or issue, for items that are not recognized at fair value through the income statement (FVTPL). An accounts receivable without a significant financing component is initially recognized at the transaction price.

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

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

till mindre del av övriga fordringar. Alla dessa finansiella tillgångar som inte är derivat redovisas till upplupet anskaffningsvärde.

*Subsequent valuation and profit or loss, accounting principle*

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

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

- Financial assets at amortized cost

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

*Impairment of financial assets*

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

## XX Financial liabilities

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

Financial liabilities include the following items:

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

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

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

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

## XXI Cash and cash equivalents

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

### XXII Equity

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

### XXIII Provisions

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

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

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

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

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

### XXIV Contingent assets

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

### XXV Contingent liabilities

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

### XXVI Cash flow statement

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

## NOTE 2 SIGNIFICANT ACCOUNTING ASSESSMENTS AND ASSUMPTIONS

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

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

### Intangible assets

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

There are no indications of impairment as of December 31, 2022. For intangible assets that have not yet been put into use, the need for impairment is tested at each reporting period, according to the principle described in Note 1.

The largest item relates to the company's expenditure to enable silica production on a large scale. The investments relate to external expenses, primarily to contract manufacturers, as well as internal expenses for own employees. Large parts of the investments relate to expenses for test production and initial efficiency improvements. When assessing the recoverable amount, the company's future revenue, production capacity and manufacturing cost have been taken into account. The company sees a high demand for its products, upcoming sales with good profitability, and a growing manufacturing capacity. This is the basis for the recoverable amount exceeding the reported amount. The company applies a straight-line depreciation over 5 years.

### Leasing

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

### Calculation of manufacturing costs and valuation of inventories

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

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

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

### Deficit deductions

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

### Recognition of revenue

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

## NOTE 3 FINANCIAL RISKS

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

### Currency risk

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

Nanologica has trading and production in different currencies and is therefore subject to risks related to fluctuating exchange rates. A large part of the company's costs is in British Pounds (GBP), which means that costs may increase in cases where SEK decreases in value in relation to GBP. The majority of the company's revenue is currently in USD, which means that revenues may decrease in cases where SEK decreases in value in relation to USD. If the company's projects proceed according to plan, it is likely that exposure to exchange rate fluctuations will increase in the future. In accordance with the company's financial policy, no hedging instruments are currently used, which means that fluctuating exchange rates can have a material impact on the company's earnings, cash flow and financial position. See also Note 37 for sensitivity analysis of currency risk.

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

### Interest rate risk

The group is exposed to interest rate risk on interest-bearing long-term and short-term liabilities. The group has two types of loans: from banks and credit institutions, and from private investors. On the balance sheet day, 98 percent of the total loans are at fixed interest rate. The interest rate risk is therefore considered to be relatively low. The interest rates and maturities of the loans are set out in note 28.

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

### Credit risk

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

Bad debt losses relating to expected credit losses from accounts receivable are recognized taking into account various possible scenarios that may result in the group not being able to receive the amount due under original payment terms. Indicators that an accounts receivable can be considered uncertain are whether the client is experiencing significant financial difficulties, whether there is a likelihood that the debtor will go bankrupt or undergo financial restructuring, or that payment is a non-payment or delayed (more than 30 days). The amount of the bad debt loss is the difference between the reported amount of the asset and the present value of the estimated future cash flow, discounted by the original annual percentage rate of charge. The reported amount of the asset is reduced by the use of a bad debt account, and the loss is recorded in the income statement under other external costs.

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

### Liquidity risk

Liquidity risk is the risk that exists if the company fails to meet its payments due to insufficient liquidity and/or difficulty in obtaining credit from external creditors. The group continuously monitors the sources and size of the group's cash flows and current liquidity and makes rolling forecasts to ensure that there is sufficient liquidity to meet operating activities. This follow-up is reported to the board where the outcome and forecast are compared with the budget that is produced and approved by the board each year. Liquidity risk is estimated to be low in the short term (1-1.5 years) and medium-low in the medium term (1.5-3 years). See also note 38.

### Capital management

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

### External risks

- The war in Ukraine had no direct impact on Nanologica during the year. The company does not conduct any business linked to Ukraine or Russia. However, there is great uncertainty about how the world economy and the global supply chain are affected by the war. An indirect impact has been noticed in the form of longer delivery times for specific components, as well as significantly higher shipping prices, and on a number of occasions during the year there has been a shortage of chemicals, which has affected production with longer lead times. The company assesses that this has not had any significant impact on earnings, financial position or cash flow in 2022.

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

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

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

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

## NOTE 4 SEGMENT REPORTING

See Note 1, segment reporting section page 66–67.

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

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

| | Group | | | |
|---|---|---|---|---|
| 2021 Jan - Dec (TSEK) | **Chroma** | **DD** | **Corp Function** | **Total** |
| Net sales | 1 911 | 10 361 | 642 | 12 914 |
| Raw materials, consumables and change in inventories | -4 389 | -4 770 | -644 | -9 803 |
| **Gross profit** | **-2 478** | **5 591** | **-2** | **3 111** |
| | | | | |
| Other operating items | -16 939 | -11 666 | -15 195 | -43 800 |
| **Operating profit/loss** | **-19 417** | **-6 075** | **-15 197** | **-40 689** |
| Financial items valued at fair value | | | -902 | -902 |
| Financial income | | | 3 | 3 |
| Financial costs | | | -3 242 | -3 242 |
| **Profit/loss after financial items** | **-19 417** | **-6 075** | **-19 338** | **-44 830** |
| | | | | |
| **Total fixed assets** | **30 396** | **5 090** | **6 026** | **41 512** |
| - whereof Sweden | 11 259 | 5 090 | 6 026 | 22 375 |
| - whereof Great Britan | 19 137 | 0 | 0 | 19 137 |

# NOTE 5 DISTRIBUTION OF INCOME

See Note 1 (I) for accounting principles.

### Distribution of income from contracts with customers

Nanologica's distribution of income for the sale of goods and the provision of services at a given time and over time, respectively, is broken down by region and separately reported on larger customers.

### Fulfillment of performance commitment

Nanologica has an agreement in which the performance commitment has not yet been fulfilled. The commitment relates to the sale of goods in which the company has received an advance payment, but where the customer has not yet called off the total quantity of goods (against a fixed price list). Fulfillment of the performance commitment will be made in 2023. See also Note 30 on contractual liabilities.

| Composition of net sales, per segment and region (TSEK) | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| Chromatography | 1 555 | 1 911 |
| *Sweden* | *0* | *0* |
| *China* | *699* | *1 309* |
| *Turkey* | *398* | *343* |
| *USA* | *276* | *103* |
| *Rest of the World* | *182* | *156* |
| | | |
| Drug development | 0 | 10 361 |
| *Sweden* | *0* | *9 243* |
| *Rest of the World* | *0* | *1 118* |
| | | |
| Business development | 0 | *642* |
| *Rest of the World* | *0* | *642* |
| **Total net sales** | **1 555** | **12 914** |

| Composition of net sales, large customers (TSEK) | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| Customer A - Drug Development | *0* | *9 244* |
| Customer A (%) | *0%* | *72%* |
| Customer B - Drug Development | *0* | *1 118* |
| Customer B (%) | *0%* | *9%* |
| Customer C - Chromatography | *699* | *1 309* |
| Customer C (%) | *45%* | *10%* |
| Customer D - Chromatography | 276 | 103 |
| Customer D (%) | *18%* | *1%* |
| Customer D - Chromatography | 398 | 343 |
| Customer D (%) | *26%* | *3%* |
| Others | *182* | *797* |
| Others (%) | *12%* | *6%* |
| | **1 555** | **12 914** |

# NOTE 6 OTHER INCOME

See note 1 (III) for accounting principles.

| Amounts in TSEK | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| EU grants for finalized project | 0 | 0 |
| Grants for sick-leave costs | 7 | 22 |
| Operational foreign exchange gains | 249 | 771 |
| Profit on sold fixed assets | 9 | 0 |
| Other items | 0 | 295 |
| **Total** | **265** | **1 088** |

## NOTE 7 AUDITOR FEES

| Amounts in TSEK | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| BDO | 837 | 883 |
| *Audit fee* | *519* | *281* |
| *Tax consultation services* | *0* | *16* |
| *Other services* | *318* | *586* |
| **Total** | **837** | **883** |

For both financial years 2022 and 2021, BDO has been appointed the auditor for the group. The audit fee relates to:

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

## NOTE 8 STAFF COSTS AND AVERAGE NUMBER OF EMPLOYEES

See note 1 (VII) for accounting principles.

| Average number of employees | 2022 Jan - Dec | whereof women | 2021 Jan - Dec | whereof women |
|---|---|---|---|---|
| Sweden | 18 | 61% | 19 | 66% |
| **Total** | **18** | **61%** | **19** | **66%** |

| Gender distribution among senior executives | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| *Share of women on the balance day* | | |
| Board of directors | 43% | 43% |
| CEO and other senior executives | 50% | 40% |

| Staff costs for the board of directors, CEO, senior executives and other staff (TSEK) | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| *Board of directors, CEO and other senior executives* | | |
| Salaries and other remunerations | 11 265 | 8 006 |
| Social security expenses | 3 762 | 2 693 |
| Pension costs | 1 208 | 731 |
| **Total** | **16 235** | **11 429** |
| | | |
| *Other employees* | | |
| Salaries and other remunerations | 8 113 | 6 736 |
| Social security expenses | 2 099 | 1 902 |
| Pension costs | 606 | 537 |
| **Total** | **10 818** | **9 176** |

### Remuneration and terms of employment of employees

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

## Pensions

In the group there are only defined contribution pension plans.

## Guidelines for remuneration to senior executives

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

The annual general meeting 2022 has resolved to adopt guidelines for remuneration to senior executives as described below. These guidelines cover the company management of Nanologica and the company's board members to the extent that remuneration other than those resolved by the annual general meeting is paid to board members.

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

### *Fixed salary and variable remuneration*

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

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

### *Other benefits and pensions*

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

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

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

### *Remuneration to the CEO*

The company's CEO has a fixed monthly salary of TSEK 150 plus payment of pension premiums of approximately TSEK 22. In addition, the CEO may receive a variable remuneration in the form of bonus. However, according to the remuneration guideline, the variable remuneration shall not exceed half (0.5) annual salary. In 2022, Nanologica's CEO received a fixed remuneration of TSEK 1,944, paid pension premiums of TSEK 255, and a non-pensionable variable remuneration of TSEK 612.

### *Remuneration to senior executives*

Senior executives refer to the CEO and the management team, which at the end of the year consisted of a total of six persons. Remuneration to senior executives consists of basic salary, variable remuneration, pension provisions and other benefits. For the financial year 2022, remuneration was paid to the CEO and senior executives in accordance with what is stated in the table in note 8.

### *Termination and severance pay*

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

### *Remuneration to board members*

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

### *The board of directors*

According to the resolution of the annual general meeting on June 2, 2022, board fees are paid for the period until the next annual general meeting has been held of TSEK 290 TSEK (240 TSEK) to the chairman and TSEK 170 (140 TSEK) each to other members. It was also resolved that fees of TSEK 50 to the chairman of the audit committee and TSEK 30 TSEK each to the other members of the audit committee shall be paid, and fees of TSEK 25 to the chairman of the remuneration committee and TSEK 15 to each member of the remuneration committee shall be paid.

| Remuneration and other benefits 2022 | Basic salary/ Board fee | Variable remuneration | Other remuneration | Pension costs | Total |
|---|---|---|---|---|---|
| Chairman of the board, Gisela Sitbon | 294 167 | | | | 294 167 |
| Board member, Lena Torlegård | 207 500 | | | | 207 500 |
| Board member, Eva Byröd | 157 500 | | | | 157 500 |
| Board member, Mattias Bengtsson | 187 500 | | | | 187 500 |
| Board member, Anders Rabbe | 172 500 | | | | 172 500 |
| Board member, Tomas Kramar | 172 500 | | | | 172 500 |
| Board member, Thomas Eldered | 187 500 | | | | 187 500 |
| Chief Executive Officer | 1 943 924 | 612 000 | 7 772 | 254 645 | 2 818 341 |
| Other senior executives (5 positions)* | 6 422 615 | 907 650 | | 953 058 | 8 283 323 |
| **Total** | **9 745 705** | **1 519 650** | **7 772** | **1 207 703** | **12 480 830** |

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

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

| Remuneration and other benefits 2021 | Basic salary/ Board fee | Variable remuneration | Other remuneration | Pension costs | Total |
|---|---|---|---|---|---|
| Chairman of the board, Gisela Sitbon | 254 583 | | | | 254 583 |
| Board member, Lena Torlegård | 169 167 | | | | 169 167 |
| Board member, Eva Byröd | 140 000 | | | | 140 000 |
| Board member, Mattias Bengtsson | 157 500 | | | | 157 500 |
| Board member, Anders Rabbe | 148 750 | | | | 148 750 |
| Board member, Tomas Kramar | 148 750 | | | | 148 750 |
| Board member, Thomas Eldered | 91 667 | | | | 91 667 |
| Chief Executive Officer | 1 667 826 | 162 300 | 7 772 | 219 693 | 2 057 591 |
| Other senior executives (5 positions)* | 4 877 608 | 187 700 | 0 | 510 835 | 5 576 143 |
| **Total** | 7 655 851 | **350 000** | **7 772** | **730 528** | **8 744 151** |

The number of "other senior executives" at the end of the year consisted of 4 people (in addition to the CEO). Variable remuneration for the financial year 2021 refers to the expensed bonus, which was paid in 2022.

The board's remuneration for committee work is calculated for 7 months, i.e. from June - December. Thomas Eldered's board fees have been calculated in the same way when he was elected in June 2021.

### Incentive programs

Share-based and share price-based incentive programs shall, if applicable, be resolved by the annual general meeting. Current incentive programs are described on page 21, and in Note 26 of Nanologica's Annual Report for 2022.

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

See note 1 (VII) for accounting principles.

| Amounts in TSEK | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| Depreciation of capitalized expenditure for research and development and similar | -4 139 | -3 819 |
| Amortization patents | -549 | -573 |
| Depreciation of equipment, tools, fixtures and fittings | -637 | -633 |
| Depreciation of right-of-use assets | -6 537 | -6 370 |
| Capitalized depreciations of right-of-use assets | 0 | 932 |
| **Total** | **-11 862** | **-10 463** |

## NOTE 10 OTHER OPERATING EXPENSES

See note 1 (IX) för accounting principles.

| Amounts in TSEK | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| Exchange rate losses on operating receivables/liabilities | -473 | -1 263 |
| Loss from disposal of fixed assets | -498 | -1 167 |
| **Total** | **-971** | **-2 430** |

## NOTE 11 VALUATION OF FINANCIAL ASSETS AT FAIR VALUE

See note 1 (X) för accounting principles. Also see note 24.

| Amounts in TSEK | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| Change in value of short-term securities | 630 | -902 |
| **Total** | **630** | **-902** |

## NOTE 12 FINANCIAL INCOME

See note 1 (XI) för accounting principles.

| Amounts in TSEK | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| *Assets valued at fair value via the income statement* | | |
| Change in exchange rates for financial assets | -1 | 3 |
| | | |
| *Assets valued at accrued acquisition value* | | |
| Interest income | 42 | 0 |
| **Total** | **41** | **3** |

## NOTE 13 FINANCIAL COSTS

See note 1 (XI) för redovisningsprinciper.

| Amounts in TSEK | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| *Liabilities valued at accrued acquistion value* | | |
| Change in exchange rates for liabilities | -44 | -8 |
| Interest expenses, loans | -4 815 | -2 961 |
| Interest expenses, leasing contracts | -194 | -273 |
| **Total** | **-5 053** | **-3 242** |

## NOTE 14 INCOME TAX

See note 1 (XII) for accounting principles.

| | 2022 Jan - Dec | | 2021 Jan - Dec | |
|---|---|---|---|---|
| Reported tax (TSEK) | Tax base | Tax effect | Tax base | Tax effect |
| **Current and reported tax** | **0** | **0** | **0** | **0** |
| | | | | |
| **Reconciliation of effective tax rate** | | | | |
| Profit/loss before tax / tax according to applicable tax rate (20,6%) | -55 231 | 11 378 | -44 829 | 9 235 |
| Other non-deductable expenses | 65 | -13 | 34 | -7 |
| Increase of loss carry-forwards without corresponding capitalization of deferred tax | 55 167 | -11 364 | 44 796 | -9 228 |
| **Tax basis / tax expense** | **0** | **0** | **0** | **0** |
| | | | | |
| **Tax-deductible expenses reported against equity** | | | | |
| Skattemässigt avdragsgilla emissionskostnader | -3 010 | 620 | 0 | 0 |
| Increase of loss carry-forwards without corresponding capitalization of deferred tax | 3 010 | -620 | 0 | 0 |
| **Tax basis / tax expense** | **0** | **0** | **0** | **0** |
| | | | | |
| **Total increase of loss carry-forwards without corresponding capitalization of deferred tax** | **58 177** | **-11 984** | **44 796** | **-9 228** |
| | | | | |
| **Amounts reported as temporary differences** | | | | |
| Valuation of financial assets at fair value | -513 | 106 | 1 184 | -244 |
| Profit/loss form sold financial assets | 590 | -121 | 0 | 0 |
| Change/off-set against deferred tax | -76 | 16 | -1 184 | 244 |
| **Tax basis / tax expense** | **0** | **0** | **0** | **0** |

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

| | 2022 Jan - Dec | | 2021 Jan - Dec | |
|---|---|---|---|---|
| Taxable loss carry-forward (TSEK) | Tax base | Tax effect | Tax base | Tax effect |
| Opening balance | 203 563 | 41 934 | 159 951 | 34 230 |
| Effect of changed tax rate | 0 | 0 | 0 | -1 280 |
| Loss deduction for the year | 58 101 | 11 969 | 43 612 | 8 984 |
| **Total loss carry-forwards** | **261 664** | **53 903** | **203 563** | **41 934** |

## NOTE 15 EARNINGS PER SHARE

See note 1 (XIII) for accounting principles.

| Earnings per share before and after dilution | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| Profit/loss for the year attributable to shareholders of the parent company (TSEK) | -55 231 | -44 829 |
| Average number of outstanding ordinary shares | 30 024 392 | 27 995 090 |
| **Earnings per share before and after dilution (SEK)** | **-1,84** | **-1,60** |

When calculating diluted earnings per share, the weighted average number of ordinary shares outstanding is adjusted for the dilution effect of all potential ordinary shares. These potential ordinary shares are attributable to outstanding options to the board of directors, management and employees, see equity disclosure for the group. As the profit for the year is negative, potential ordinary shares are not considered dilutive.

## NOTE 16 CAPITALIZED EXPENSES FOR DEVELOPMENT WORK AND SIMILAR

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

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| *Accumulated acquisition values* | | |
| Opening balance | 31 740 | 28 853 |
| Capitalized expenses for the year | 6 563 | 5 023 |
| Disposal of finished projects | 0 | -2 136 |
| **Closing balance** | **38 303** | **31 740** |
| | | |
| *Accumulated depreciations* | | |
| Opening balance | -19 441 | -16 745 |
| Depreciations for the year | -4 138 | -3 819 |
| Disposal of finished projects | 0 | 1 123 |
| **Closing balance** | **-23 579** | **-19 441** |
| | | |
| **Reported value at the end of the year** | **14 724** | **12 299** |
| | | |
| **Specification of significant items (TSEK)** | | |
| Up-scaling of silica production* | 9 117 | 9 240 |
| Inhouse development drug development | 5 056 | 1 671 |
| Other projects | 551 | 1 388 |
| **Total** | **14 724** | **12 299** |

* Refers to both internal and external expenses for upscaling to large-scale production of silica. The depreciation period is 5 years and is made linearly.

## NOTE 17 PATENTS

See note 1 (XIV) for accounting principles.

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| *Accumulated acquisition values* | | |
| Opening balance | 4 241 | 3 558 |
| Investments for the year | 574 | 981 |
| Divestments and disposals | -1 939 | -298 |
| **Closing balance** | **2 876** | **4 241** |
| | | |
| *Accumulated amortizations* | | |
| Opening balance | -1 960 | -1 531 |
| Reversal of amortizations of divestments and disposals | 1 040 | 143 |
| Amortizations for the year | -549 | -573 |
| **Closing balance** | **-1 469** | **-1 960** |
| | | |
| *Accumulated write-downs* | | |
| Opening balance | -401 | -401 |
| Write-backs (disposed assets) | 401 | 0 |
| **Closing balance** | **0** | **-401** |
| | | |
| **Reported value at the end of the year** | **1 407** | **1 880** |

## NOTE 18 EQUIPMENT, TOOLS, FIXTURES AND FITTINGS

See note 1 (XV) for accounting principles.

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| *Accumulated acquisition values* | | |
| Opening balance | 5 279 | 4 416 |
| Acqusitions | 1 634 | 863 |
| Divestments and disposals | -297 | 0 |
| **Closing balance** | **6 616** | **5 279** |
| | | |
| *Accumulated depreciations* | | |
| Opening balance | -3 030 | -2 398 |
| Reversal of depreciations and disposals | 233 | 0 |
| Depreciations for the year | -637 | -632 |
| **Closing balance** | **-3 434** | **-3 030** |
| | | |
| **Reported value at the end of the year** | **3 182** | **2 248** |

## NOTE 19 RIGHT-OF-USE ASSETS AND LEASING LIABILITIES

See note 1 (XVI) for accounting principles.

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

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

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

| Amounts reported in the balance sheet - right-of-use assets (TSEK) | 2021 Dec 31 Buildings/ premises (offices etc) | Machinery and other technical facilities | Total right-of-use assets |
|---|---|---|---|
| Opening balance | 6 389 | 23 039 | 29 428 |
| Acquisitions | 0 | 2 026 | 2 026 |
| Depreciation during the year | -2 130 | -4 239 | -6 369 |
| **Closing balance** | **4 259** | **20 825** | **25 085** |

| Amounts reported in the balance sheet - leasing liabilities (TSEK) | 2022 Dec 31 Long-term debt | Short-term debt | Total leasing debt |
|---|---|---|---|
| Opening balance | 3 359 | 2 739 | 6 098 |
| New leases | 0 | 0 | 0 |
| Terminated leases | 0 | 0 | 0 |
| Transfer | -2 693 | 2 693 | 0 |
| Amortization | 0 | -2 739 | -2 739 |
| **Closing balance** | **666** | **2 693** | **3 359** |

| Amounts reported in the balance sheet - leasing liabilities (TSEK) | 2021 Dec 31 Long-term debt | Short-term debt | Total leasing debt |
|---|---|---|---|
| Opening balance | 4 434 | 2 116 | 6 550 |
| New leases | 1 504 | 476 | 1 980 |
| Terminated leases | 0 | 0 | 0 |
| Transfer | -147 | 147 | 0 |
| Amortization | -2 432 | - | -2 432 |
| **Closing balance** | **3 359** | **2 739** | **6 098** |

| Amounts reported in the income statement - leasing agreements (TSEK) | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| *Depreciation of right-of-use assets* | | |
| Building/premises (offices etc) | 2 130 | 2 130 |
| Machinery and other technical facilities | 4 408 | 4 239 |
| **Total depreciation of right-of-use assets** | **6 538** | **6 369** |
| | | |
| **Interest expenses (included in financial expenses)** | **194** | **273** |

In addition to leases under IFRS16, the company only has leases of software, etc. which is of insignificant value. The total cash flow of leases was 2 929 TSEK (2 700 TSEK). For information on the maturity of the lease liability, see Note 38 liquidity risk.

## NOTE 20 FINANCIAL ASSETS AND LIABILITIES

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

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

### Valuation at fair value

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

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

### Short-term financial investments

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

### Other financial assets and liabilities

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

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

| Financial assets and liabilities in the balance sheet December 31, 2021 (TSEK) | Financial assets/liabilities valued at fair value | Financial assets/liabilities valued at accrued acquisition value | Total reported value |
|---|---|---|---|
| **Assets** | | | |
| Accounts receivable | 0 | 1 421 | 1 421 |
| Other current recievables | 0 | 493 | 493 |
| Current financial instruments | 714 | 0 | 714 |
| Cash and cash equivalents | 0 | 10 987 | 10 987 |
| **Total financial assets** | **714** | **12 902** | **13 616** |
| | | | |
| **Liabilities** | | | |
| Long- and short-term liabilities | 0 | 30 693 | 30 693 |
| Long- and short-term leasing liabilities | 0 | 6 098 | 6 098 |
| Accounts payable | 0 | 3 685 | 3 685 |
| Accrued expenses | 0 | 3 325 | 3 325 |
| **Total financial liabilities** | **0** | **43 802** | **43 802** |

## NOTE 21 INVENTORIES

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

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| Raw materials and consumables | 288 | 53 |
| Semi-finished products and products in progress | 757 | 2188 |
| Finished products and goods for resale | 125 | 167 |
| **Total** | **1 170** | **2 408** |
| | | |
| Valued at acquisition cost | 857 | 1 921 |
| Valued at net sales value | 313 | 487 |
| **Total** | **1 170** | **2 408** |

During the year, write-downs of inventories amounted to TSEK 1,002 (1,885). Write-down of inventories during the financial year (and comparison year) primarily refers to the write-down of semi-finished products where the company believes that the completion cost exceeds the net realizable value or in cases where possible end products lack demand in the foreseeable future.

## NOTE 22 ACCOUNTS RECEIVABLE

See note 1 (XIX) for accounting principles.

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| Accounts receivable, not overdue | 0 | 1 102 |
| Accounts receivable, 0-180 days | 401 | 319 |
| Accounts receivable, 181-365 days | 0 | 0 |
| Accounts receivable, > 365 days | 509 | 122 |
| **Total (gross)** | **910** | **1 543** |
| | | |
| Write-down | -140 | -122 |
| **Total accounts receivables (net)** | **770** | **1 421** |
| | | |
| *Reported amounts, per currency* | | |
| SEK | 0 | 1 010 |
| EUR | 0 | 0 |
| USD | 770 | 411 |
| **Total** | **770** | **1 421** |

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

## NOTE 23 PREPAID EXPENSES AND ACCRUED INCOME

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| Prepaid production costs | 41 623 | 39 686 |
| Other items | 1 906 | 1 094 |
| **Total** | **43 529** | **40 780** |

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

## NOTE 24 SHORT-TERM FINANCIAL INVESTMENTS

See note 1 (XIX) for accounting principles.

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| Vicore Pharma Holding AB (publ), number of shares as of December 31, 2022 amounts to 0 (51,285) | 0 | 714 |
| **Total** | **0** | **714** |

During 2018, the group received shares as partial payment for delivered services. The shares are listed on Nasdaq Stockholm (Small Cap) and are continuously valued at fair value. The holdings have been divested in full during the autumn of 2022.

## NOTE 25 CASH AND CASH EQUIVALENTS

See note 1 (XXI) for accounting principles.

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| Swedish crowns (SEK) | 70 165 | 10 228 |
| Euro (EUR) | 8 | 568 |
| US dollar (USD) | 55 | 119 |
| Singapore dollar (SGD) | 27 | 23 |
| Australian dollar (AUD) | 67 | 50 |
| **Total** | **70 322** | **10 987** |

The full amount, excluding a deposit of TSEK 50 (50), relates to bank balances available on request.

# NOTE 26 EQUITY

See note 1 (XXII) for accounting principles.

**The share capital** consisted as of Dec 31, 2022, of 36,146,142 ordinary shares with a quota value of SEK 0.41002779 (rounded to SEK 0.41). All shares issued are fully paid and no shares are reserved for transfer.

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

| Amounts in TSEK | Number of shares # | Share capital | Ongoing rights issue | Other contributed capital |
|---|---|---|---|---|
| Opening balance January 1, 2019 | 16 619 447 | 6 814 | 0 | 126 196 |
| **Closing balance December 31, 2019** | **16 619 447** | **6 814** | **0** | **126 196** |
| Premiums for issued warrants | 0 | 0 | 0 | 61 |
| Rights issue 2020-04-01 | 5 539 815 | 2 271 | 0 | 53 127 |
| Rights issue 2020-06-09 | 5 539 815 | 2 271 | 0 | 54 789 |
| Premiums for issued warrants | 0 | 0 | 0 | 663 |
| Rights issue 2020-12-03 | 77 773 | 32 | 0 | 691 |
| Rights issue, ongoing | 0 | 0 | 7 | 157 |
| Transaction costs | 0 | 0 | 0 | -4 315 |
| **Opening balance January 1, 2021** | **27 776 850** | **11 389** | **7** | **231 368** |
| Rights issue 2021-02-02 | 17 630 | 7 | -7 | 0 |
| Repurchased warrants | 0 | 0 | 0 | -19 |
| Rights issue 2021-06-15 | 371 346 | 152 | 0 | 3 301 |
| Premiums for issued warrants | 0 | 0 | 0 | 24 |
| **Closing balance December 31, 2021** | **28 165 826** | **11 549** | **0** | **234 674** |
| Rights issue 2022-11-08 | 7 980 316 | 3 272 | 0 | 76 531 |
| Transaction costs | 0 | 0 | 0 | -3 010 |
| **Closing balance December 31, 2022** | **36 146 142** | **14 821** | **0** | **308 195** |

### Issued warrants

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

An incentive program including warrants was resolved at the annual general meeting on May 27, 2021 and implemented in December 2021. The total number of warrants in the program amounts to 800,000 options and the program was fully subscribed by both employees and senior executives. The terms of the option program mean that each warrant shall entail a right to subscribe for one (1) share in the company at a subscription price corresponding to SEK 45. Based on the existing number of shares in the company, the dilution will be a maximum of approximately 2.2 percent if all warrants are exercised. Subscription of shares based on the warrants shall, in accordance with the terms of program, take place from and including 1 April 2024 up to and including 1 July 2024. A premium, calculated using the Black-Scholes price model, was paid for the warrants to Nanologica's subsidiary Nanghavi AB. The premium totalling SEK 24,000 was transferred to Nanologica in January 2022 and was added to the company's premium fund.

During the third quarter of 2022, two incentive programs expired (program 2020/22 for the Board of Directors and program 2020/22 for management and employees). No warrants

| Outstanding warrants | 2022 | 2021 |
|---|---|---|
| **Program 1** | | |
| Opening balance | 0 | 389 426 |
| - Repurchased | 0 | 0 |
| - Exercised | 0 | -388 976 |
| - Expired | 0 | -450 |
| **Closing balance** | **0** | **0** |
| **Program 2020/2022 for the voard of directors** | | |
| Opening balance | 350 000 | 350 000 |
| - Expired | -350 000 | 0 |
| **Closing balance** | **0** | **350 000** |
| **Program 2020/2022 for management and employyes** | | |
| Opening balance | 569 949 | 597 449 |
| - Repurchased | 0 | -27 500 |
| - Expired | -569 949 | 0 |
| **Closing balance** | **0** | **569 949** |
| **Program 2021/2024*** | | |
| Opening balance | 800 000 | 0 |
| - Allotted | 0 | 800 000 |
| **Closing balance** | **800 000** | **800 000** |
| **All programs** | | |
| Opening balance | 1 719 949 | 1 336 875 |
| - Allotted | 0 | 800 000 |
| - Repurchased | 0 | -27 500 |
| - Exercised | 0 | -388 976 |
| - Expired | -919 949 | -450 |
| **Closing balance** | **800 000** | **1 719 949** |

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

## NOTE 27 DEVELOPMENT OF THE SHARE CAPITAL

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

## NOTE 28 LOANS

See note 1 (XX) for accounting principles.

- During the first half of 2022, Nanologica used a credit facility of a total of TSEK 50,000 issued by Flerie Invest AB (related parties).
- During the third quarter of 2022, loans of TSEK 10,000 to Mikael Lönn were paid in full.
- In 2022, monthly amortizations were paid on loans from credit institutions. Loans to Almi are fully regulated and loans to Swedbank will be paid in full in 2023.

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| *Liabilities due within one year from the balance sheet date* | 1 333 | 2 360 |
| Other liabilities to credit institutions | 1 333 | 2 360 |
| Other liabilities | 0 | 0 |
| | | |
| *Liabilities due later than one year from the balance sheet date* | 67 000 | 28 333 |
| Other liabilities to credit institutions | 0 | 1 333 |
| Other liabilities | 67 000 | 27 000 |
| | | |
| Arrangement fees (one-time payments distributed over the duration of the loan period) | -399 | 0 |
| **Total** | **67 934** | **30 693** |

| | December 31, 2022 | | December 31, 2021 | |
|---|---|---|---|---|
| *Lenders and terms* | Debt | Of which current | Debt | Of which current |
| Swedbank, floating interest rate on the balance day amounting to 8,78% (6,03%), amortization TSEK/month 167 | 1 333 | 1 333 | 3 333 | 2 000 |
| Flerie Invest AB, interest rate 8%, due for payment July 1, 2025 according to agreement* | 17 000 | 0 | 17 000 | 0 |
| Flerie Invest AB, interest rate 8%, due for payment July 5, 2025 according to agreement* | 50 000 | 0 | 0 | 0 |
| | **68 333** | **1 333** | **30 693** | **2 360** |

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

There are no covenants in the above loans.

## NOTE 29 PROVISIONS

See note 1 (XXIII) for accounting principles.

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| Other provisions | 574 | 530 |
| **Total other provisions** | **574** | **530** |

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

## NOTE 30 CONTRACTUAL LIABILITIES

See note 1 (I) for accounting principles.

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

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| Opening balance | 946 | 2 444 |
| Additional contractual liabilities | 0 | 0 |
| Settled contractual liabilities (delivered goods) | -633 | -1 362 |
| Contractual liabilities written off without consideration | 0 | -295 |
| Foreign currency translation contractual liabilities | 114 | 159 |
| **Total current contractual liabilities** | **427** | **946** |

## NOTE 31 ACCRUED EXPENSES AND DEFERRED INCOME

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| Accrued salary costs | 2 061 | 1 637 |
| Accrued social security expenses | 1 031 | 514 |
| Other items | 722 | 1 173 |
| **Total accrued expenses and deferred income** | **3 814** | **3 325** |

## NOTE 32 ITEMS NOT AFFECTING CASH FLOW

| Amounts in TSEK | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| Depreciations | 11 862 | 10 463 |
| Write-downs/disposals of intangible assets | 498 | 1 167 |
| Divestment of fixed assets | -10 | 0 |
| Other items | 0 | 1 |
| **Total** | **12 350** | **11 630** |

## NOTE 33 CHANGES IN FINANCIAL LIABILITIES WHOSE CASH FLOW IS REPORTED IN FINANCING ACTIVITIES

| | Liabilities to credit institutions | Other financial loan liabilities | Leasing liabilities | Total group |
|---|---|---|---|---|
| **Opening balance January 1, 2022** | **3 693** | **27 000** | **6 098** | **36 791** |
| Loans | 0 | 50 000 | 0 | 50 000 |
| Amortizations | -2 360 | -10 000 | -2 739 | -15 099 |
| Items not affecting cash flow | 0 | -399 | 0 | -399 |
| **Closing balance December 31, 2022** | **1 333** | **66 601** | **3 359** | **71 293** |
| | | | | |
| **Opening balance January 1, 2021** | **6 413** | **27 000** | **6 550** | **39 963** |
| Amortizations | -2 720 | 0 | -2 343 | -5 063 |
| Items not affecting cash flow, new leases agreement | 0 | 0 | 1 980 | 1 980 |
| Items not affecting cash flow | 0 | 0 | -89 | -89 |
| **Closing balance December 31, 2021** | **3 693** | **27 000** | **6 098** | **36 791** |

## NOTE 34 PLEDGED ASSETS AND CONTINGENT LIABILITIES

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| *Pledged collateral* | | |
| Corporate mortgages | 13 000 | 13 000 |
| Other pledged assets | 50 | 50 |
| **Total** | **13 050** | **13 050** |

## NOTE 35 RELATED PARTY TRANSACTIONS

During the year, Nanologica has had related party transactions with Flerie Invest AB regarding loans and regarding underwriting fees in connection to the rights issue. Flerie Invest AB is Nanologica's largest owner and is owned by Thomas Eldered who is a board member of Nanologica. Nanologica has also had related party transactions with board member Lena Torlegård regarding consulting in connection to the rights issue, and sales of analytical columns to Nanghavi Chromatography Solutions Pvt. Ltd. In India where CEO Andreas Bhagwani and CFO Eva Osterman serve on the board.

Loans from Flerie Invest AB amounted to MSEK 67 as of September 30, 2022, and were raised on market terms.

- Loan 1 totalling MSEK 17 was raised during autumn 2019 and spring 2020. The interest rate is 8 percent, and the loan is due for payment in July 2025.
- Loan 2 totalling MSEK 50 was raised during the first half of 2022. The interest rate is 8 percent, and the loan is due for payment in July 2025. Interest payments for the loans are made quarterly in advance.

All transactions have been made on market terms. In 2022, the following related party transactions were made:

- Costs for loans from Flerie Invest AB amounted to TSEK 2,782 and relate to costs for interest and set-up fees. Payments amounted to a total of TSEK 4,124. Cost of underwriting fees amounted to TSEK 1,170.
- Board member Lena Torlegård received remuneration of TSEK 24 regarding consultation in connection with the rights issue.
- Nanghavi Chromatography Solutions Pvt. Ltd. has during the year purchased goods from Nanologica with a total value of TSEK 128.

## NOTE 36 INFORMATION ON PURCHASES AND SALES WITHIN THE GROUP

No purchases or sales have been made within the group.

## NOTE 37 CURRENCY RISK, SENSITIVITY ANALYSIS

See note 3 regarding financial risks.

| Assets and liabilities in foreign currencies, TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| Accounts receivable (EUR) | 0 | 0 |
| Accounts receivable (USD) | 770 | 411 |
| Other receivables (AUD) | 3 | 5 |
| Cash and cash equivalents (AUD) | 67 | 50 |
| Cash and cash equivalents (EUR) | 8 | 568 |
| Cash and cash equivalents (USD) | 55 | 119 |
| Provisions (EUR) | -574 | -529 |
| Accounts payable (EUR) | -300 | -30 |
| Accounts payable (GBP) | -629 | -1 953 |
| Accounts payable (USD) | -267 | -75 |
| **Total** | **-867** | **-1 435** |

| Summary and sensitivity analysis, TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| Net (USD) | 558 | 454 |
| *Effect on equity if the exchange rate fluctuates +/-5%* | *28* | *23* |
| *Effect on equity if the exchange rate fluctuates +/-10%* | *56* | *45* |
| *Effect on equity if the exchange rate fluctuates +/-15%* | *84* | *68* |
| Net (EUR) | -866 | 9 |
| *Effect on equity if the exchange rate fluctuates +/-5%* | *-43* | *0* |
| *Effect on equity if the exchange rate fluctuates +/-10%* | *-87* | *1* |
| *Effect on equity if the exchange rate fluctuates +/-15%* | *-130* | *1* |
| Net (GBP) | -629 | -1 953 |
| *Effect on equity if the exchange rate fluctuates +/-5%* | *-31* | *-98* |
| *Effect on equity if the exchange rate fluctuates +/-10%* | *-63* | *-195* |
| *Effect on equity if the exchange rate fluctuates +/-15%* | *-94* | *-293* |
| Net (AUD) | 70 | 55 |
| *Effect on equity if the exchange rate fluctuates +/-5%* | *4* | *3* |
| *Effect on equity if the exchange rate fluctuates +/-10%* | *7* | *6* |
| *Effect on equity if the exchange rate fluctuates +/-15%* | *11* | *8* |
| **Total** | **-867** | **-1 435** |
| | | |
| Effect on equity if the exchange rate fluctuates +/-5% | -43 | -72 |
| Effect on equity if the exchange rate fluctuates +/-10% | -87 | -143 |
| Effect on equity if the exchange rate fluctuates +/-15% | -130 | -215 |

## NOTE 38 LIQUIDITY RISK

See note 3 on financial risks.

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

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

| | December 31, 2021 | | |
|---|---|---|---|
| Expiry structure for undiscounted cash flow, TSEK | Within 1 year | Year 2 | Year 3 - 4 |
| Long-term liabilities, interest bearing | 2 340 | 29 495 | 0 |
| Leasing liabilities | 2 933 | 2 775 | 684 |
| Current liabilities, interest bearing | 2 425 | 0 | 0 |
| Accounts payable and other financial liabilities | 7 956 | 0 | 0 |
| **Total** | **15 655** | **32 270** | **684** |

## NOTE 39 DEFINITIONS OF KEY FIGURES

The company presents certain financial measures that are not defined under IFRS. The company believes that these measures provide valuable supplementary information to investors and the company's management, as

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

### Alternative performance measure definitions

***Operating profit/loss (EBIT)***

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

***Operating margin, %****

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

***Earnings before depreciation and amortization (EBITDA)****

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

***Equity/assets ratio****

Equity in relation to the balance sheet total.

***Equity per share****

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

***Average number of shares during the period***

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

### Derivation of alternative performance measures

| | Group | | | |
|---|---|---|---|---|
| | 2022 Dec 31 | 2021 Dec 31 | 2021 Dec 31 | 2019 Dec 31 |
| A. Operating profit/loss, TSEK | -50 850 | -40 689 | -19 571 | -20 066 |
| B. Net sales, TSEK | 1 555 | 12 914 | 16 135 | 9 227 |
| **A/B Operating profit loss, %** | **neg** | **neg** | **neg** | **neg** |
| A. Operating profit/loss, TSEK | -50 850 | -40 689 | -19 571 | -20 066 |
| B. Depreciation and amortization of tangible, intangible and right-of-use assets, TSEK | -11 862 | -10 463 | -5 672 | -5 450 |
| **A-B Earnings Before Interest, Tax, Depreciation and Amortization (EBITDA), TSEK** | **-38 988** | **-30 226** | **-13 899** | **-14 616** |
| A. Equity according to balance sheet, TSEK | 73 158 | 51 596 | 92 966 | 5 411 |
| B. Number of shares before and after dilution* | 36 146 142 | 28 165 826 | 27 776 850 | 16 619 447 |
| **A/B*1 000 Equity per share, SEK** | **2,02** | **1,83** | **3,35** | **0,33** |
| A. Equity according to balance sheet, TSEK | 73 158 | 51 596 | 92 966 | 5 411 |
| B. Total assets according to balance sheet, TSEK | 154 513 | 98 316 | 146 345 | 51 397 |
| **A/B. Equity/assets ratio %** | **47** | **52** | **64** | **11** |

## NOTE 40 SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

No significant events after the end of the year.

# INCOME STATEMENT FOR THE PARENT COMPANY

| Amounts in TSEK | Note | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|---|
| Net sales | 4,5 | 1 555 | 12 914 |
| Change in inventories, finished goods | | -1 276 | -2 301 |
| Capitalized work for own use | | 4 272 | 1 809 |
| Other operating income | 6 | 265 | 1 088 |
| | | 4 815 | 13 511 |
| **Operating expenses** | | | |
| Raw materials and consumables | | -1 316 | -7 502 |
| Other external costs | 7, M2 | -17 140 | -15 187 |
| Staff costs | 8 | -27 375 | -21 222 |
| Depreciation and amortization of tangible, intangible and right-of-use assets | M3 | -9 497 | -9 245 |
| Other operating expenses | 10 | -971 | -2 430 |
| Total operating expenses | | -56 299 | -55 586 |
| **Operating profit/loss** | | **-51 484** | **-42 075** |
| **Financial items** | | | |
| Profit/loss from group companies | M4 | -117 | -282 |
| Profit/loss from other financial items | 11 | 630 | -902 |
| Interest income and similar profit/loss items | 12 | 41 | 3 |
| Interest expense and similar profit/loss items | M5 | -4 859 | -2 969 |
| Profit/loss from financial items | | -4 304 | -4 150 |
| **Profit/loss after financial items** | | **-55 788** | **-46 225** |
| **Profit/loss before income tax** | | **-55 788** | **-46 225** |
| Income tax | M6 | 0 | 0 |
| **Profit/loss for the year** | | **-55 788** | **-46 225** |

# THE PARENT COMPANY'S REPORT ON COMPREHENSIVE INCOME

| Amounts in TSEK | Note | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|---|
| **Profit/loss for the period** | | **-55 788** | **-46 225** |
| **Other comprehensive income** | | | |
| Items included in the total profit/loss | | 0 | 0 |
| **Comprehensive income for the period** | | **-55 788** | **-46 225** |

# BALANCE SHEET FOR THE PARENT COMPANY

| Amounts in TSEK | Note | 2022 31 Dec | 2021 31 Dec |
|---|---|---|---|
| **ASSETS** | | | |
| **Fixed assets** | | | |
| *Intangible assets* | | | |
| Capitalized expenditure for research and development and similar | M7 | 24 479 | 26 228 |
| Concessions, patents, licenses, trademarks and similar rights | 17 | 1 407 | 1 880 |
| Total intangible assets | | 25 886 | 28 108 |
| *Tangible assets* | | | |
| Equipment, tools, fixtures and fittings | 18 | 3 181 | 2 248 |
| Total fixed assets | | 3 181 | 2 248 |
| *Financial assets* | | | |
| Participation in group companies | M8 | 100 | 100 |
| Total financal assets | | 100 | 100 |
| **Total fixed assets** | | **29 167** | **30 456** |
| **Current assets** | | | |
| *Inventories etc* | | | |
| Inventories | 21 | 1 170 | 2 408 |
| Total inventories etc | | 1 170 | 2 408 |
| *Current receivables* | | | |
| Accounts receivable | 22 | 770 | 1 421 |
| Deferred tax assets | | 0 | 0 |
| Receivables from group companies | | 0 | 24 |
| Other receivables | | 861 | 464 |
| Prepaid expenses and accrued income | M9 | 44 663 | 42 087 |
| Total current receivables | | 46 294 | 43 996 |
| *Current financial assets* | | | |
| Financial assets at actual value through income statement | 24 | 0 | 714 |
| Total current financial assets | | 0 | 714 |
| *Cash and cash equivalents* | | | |
| Cash and cash equivalents | M10 | 70 157 | 10 839 |
| Total cash and cash equivalents | | 70 157 | 10 839 |
| **Total current assets** | | **117 621** | **57 957** |
| **TOTAL ASSETS** | | **146 788** | **88 413** |

# BALANCE SHEET FOR THE PARENT COMPANY

| Amounts in TSEK | Note | 2022 31 Dec | 2021 31 Dec |
|---|---|---|---|
| **EQUITY AND LIABILITIES** | | | |
| **Equity** | | | |
| *Restricted equity* | | | |
| Share capital | 26, 27, M11 | 14 821 | 11 549 |
| Ongoing rights issues | | 0 | 0 |
| Fund for development expenditure | | 6 571 | 4 386 |
| Total restricted equity | | 21 392 | 15 935 |
| *Non-restricted equity* | | | |
| Share premium reserve | | 308 195 | 234 674 |
| Profit/loss brought forward | | -204 960 | -156 549 |
| Profit/loss for the period | | -55 788 | -46 225 |
| Total non-restricted equity | | 47 447 | 31 900 |
| **Total equity** | | **68 840** | **47 834** |
| **Liabilities** | 28 | | |
| *Provisions* | | | |
| Provisions | 29 | 574 | 530 |
| Total provisons | | 574 | 530 |
| *Long-term liabilities* | | | |
| Liabilities to credit institutions | | 0 | 1 333 |
| Other long-term liabilities | | 66 601 | 27 000 |
| Total long-term liabilities | | 66 601 | 28 333 |
| *Current liabilities* | | | |
| Liabilities to credit institutions | | 1 333 | 2 360 |
| Advanced payment from customers | 30 | 427 | 946 |
| Accounts payable | | 2 258 | 3 685 |
| Other liabilities | | 1 730 | 1 408 |
| Accrued expenses and deferred income | M12 | 5 026 | 3 317 |
| Total current liabilities | | 10 774 | 11 716 |
| **Total liabilities** | | **77 948** | **40 579** |
| **TOTAL EQUITY AND LIABILITIES** | | **146 788** | **88 413** |

# STATEMENT OF CHANGES IN EQUITY FOR THE PARENT COMPANY

| | Restricted equity | | | Non-restricted equity | | | |
|---|---|---|---|---|---|---|---|
| Amounts in TSEK | Share capital | Share capital, ongoing rights issues | Fund for development costs | Share premium reserve | Retained earnings | Profit/loss for the year | Total equity |
| **Equity January 1, 2021** | **11 389** | **7** | **5 416** | **231 368** | **-132 791** | **-24 788** | **90 601** |
| Transfer of previous year's loss | | | | | -24 788 | 24 788 | **0** |
| Redistribution of items | | | -1 030 | | 1 030 | | **0** |
| *Profit/loss for the year, total profit/loss* | | | | | | *-46 225* | ***-46 225*** |
| **Transactions with shareholders** | | | | | | | |
| Rights issues | 159 | -7 | | 3 301 | | | **3 454** |
| Premiums for issued warrants | | | | 24 | | | **24** |
| Premiums for repurchased warrants | | | | -19 | | | **-19** |
| Transaction costs | | | | | | | **0** |
| **Total transaction with owners** | **159** | **-7** | **0** | **3 306** | **0** | **0** | **3 459** |
| **Equity December 31, 2021** | **11 549** | **0** | **4 386** | **234 674** | **-156 549** | **-46 225** | **47 835** |
| **Equity January 1, 2022** | **11 549** | **0** | **4 386** | **234 674** | **-156 549** | **-46 225** | **47 835** |
| Transfer of previous year's loss | | | | | -46 225 | 46 225 | **0** |
| Redistribution of items | | | 2 186 | | -2 186 | | **0** |
| *Profit/loss for the year, total profit/loss* | | | | | | -55 788 | ***-55 788*** |
| **Transactions with shareholders** | | | | | | | |
| Rights issues | 3 272 | | | 76 531 | | | **79 803** |
| Premiums for issued warrants | | | | | | | **0** |
| Premiums for repurchased warrants | | | | | | | **0** |
| Transaction costs | | | | -3 010 | | | **-3 010** |
| **Total transaction with owners** | **3 272** | **0** | **0** | **73 521** | **0** | **0** | **76 793** |
| **Equity December 31, 2022** | **14 821** | **0** | **6 572** | **308 195** | **-204 960** | **-55 788** | **68 840** |

# CASH FLOW STATEMENT FOR THE PARENT COMPANY

| Amounts in TSEK | Note | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|---|
| **OPERATING ACTIVITIES** | | | |
| Operating profit/loss | | -51 484 | -42 075 |
| Adjustment for items not affecting cash flow | M13 | 9 985 | 10 412 |
| | | | |
| Interest received | | 43 | 0 |
| Interest paid | | -5 860 | -5 286 |
| Income tax paid | | 0 | 0 |
| **Cash flow from operating activities before changes in working capital** | | **-47 316** | **-36 949** |
| | | | |
| Increase (-) / decrease (+) of inventories | | 1 239 | 2 182 |
| Increase (-) / decrease (+) of operating receivables | | -1 653 | -13 279 |
| Increase (+) / decrease (-) of operating liabilities | | -127 | -1 795 |
| **Cash flow from operating activities** | | **-47 857** | **-49 841** |
| | | | |
| **INVESTING ACTIVITIES** | | | |
| Investments in intangible assets | | -6 959 | -5 122 |
| Investments in tangible fixed assets | | -1 598 | -808 |
| Compensation for sold tangible assets | | -116- | |
| Investments in group companies | | 72 | -281 |
| Compensation for divested financial assets | | 1 344- | |
| **Cash flow from investing activities** | | **-7 257** | **-6 211** |
| | | | |
| **FINANCING ACTIVITIES** | | | |
| Rights issue | | 79 803 | 3 454 |
| Premiums for issued/repurchased warrants | | 0 | -19 |
| Transaction costs | | -3 010 | 0 |
| New loans | 33 | 50 000 | 0 |
| Amortization of financial loans | 33 | -12 360 | -2 730 |
| **Cash flow from financing activities** | | **114 433** | **705** |
| | | | |
| **Total cash flow for the year** | | **59 320** | **-55 347** |
| Cash and cash equivalents, opening balance | | 10 839 | 66 183 |
| Exchange rate difference in cash and cash equivalents | | -2 | 3 |
| **Cash and cash equivalents, closing balance** | M10 | **70 157** | **10 839** |

# NOTES TO THE PARENT COMPANY'S FINANCIAL STATEMENTS

### General information

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

## NOTE M1 ACCOUNTING AND VALUATION PRINCIPLES OF THE PARENT COMPANY

The parent company has prepared its annual report in accordance with the Annual Accounts Act (1995:1554) and the recommendation of the Swedish Financial Reporting Council RFR 2, Reporting for Legal Entities. The Council's rules on listed companies are also applied. According to RFR 2, the parent company must apply in the annual accounts of the legal entity all IFRS approved by the EU and statements as far as possible within the framework of the Annual Accounts Act and taking into account the connection between accounting and taxation. This recommendation defines exemptions and additional disclosure requirements compared to IFRS. The financial statements include financial information for the parent company for the period from January 1 to December 31, 2022. Unless otherwise stated below, the stated accounting principles of the parent company have been applied consistently during the period.

### Changes in accounting standards

Neither revised IFRS nor revised RFR 2 that entered into force on January 1, 2022 has brought about any practical change in the parent company's accounting principles.

### Differences between the group's and the parent company's accounting principles

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

### Classification and presentation

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

### Shares and units in subsidiaries

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

### Group contributions and shareholder contributions

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

### Untaxed reserves

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

### Financial instruments

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

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

### Lease agreements

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

## NOTE M2 OPERATIONAL LEASING – LESSEE

| Amounts in TSEK | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| *Future minimum leasing fees regarding operational leasing agreements that cannot be cancelled:* | | |
| Within one year | 3 272 | 3 208 |
| Between one and five years | 3 515 | 3 446 |
| **Total** | **6 787** | **6 654** |
| | | |
| Expensed leasing fees for the fiscal year | 2 962 | 3 172 |

In accounting, the operational lease consists essentially of rented premises and leasing / rental of IT equipment and software including so-called cloud service for storage and documentation. The lease with Södertälje P19 AB extends until 2023-12-31 (with annual extension).

## NOTE M3 DEPRECIATION AND AMORTIZATION OF TANGIBLE, INTANGIBLE AND RIGHT-OF-USE ASSETS

| Amounts in TSEK | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| Depreciation and amortization of capitalized expenses for development work and similar | -8 311 | -8 040 |
| Amortization patents | -549 | -573 |
| Depreciation equipment, tools, fittings and fixtures | -637 | -632 |
| **Total** | **-9 497** | **-9 245** |

## NOTE M4 PROFIT/LOSS FROM PARTICIPATION IN GROUP COMPANIES

| Amounts in TSEK | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| Write-down of claims on subsidiary | -117 | -282 |
| **Total** | **-117** | **-282** |

## NOTE M5 INTEREST EXPENSE AND SIMILAR PROFIT AND LOSS ITEM

| Amounts in TSEK | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| *Liabilities valued at accrued acquisition value* | | |
| Changes in exchange rates, liabilities | -44 | -8 |
| Interest costs, loans | -4 815 | -2 961 |
| **Total** | **-4 859** | **-2 969** |

## NOTE M6 INCOME TAX

| Reported tax (TSEK) | 2022 Jan - Dec | | 2021 Jan - Dec | |
|---|---|---|---|---|
| **Current and reported tax** | **0** | **0** | **0** | **0** |
| **Reconciliation of effective tax rate** | | | | |
| Profit/loss before tax / tax according to applicable tax rate (20,6%) | -55 788 | 11 492 | -46 225 | 9 522 |
| Other non-deductable expenses | 65 | -13 | 34 | -7 |
| Increase of loss carry-forwards without corresponding of capitalization of deferred tax | 55 723 | -11 479 | 46 191 | -9 515 |
| **Tax basis / tax expense** | **0** | **0** | **0** | **0** |
| **Tax-deductible expenses reported against equity** | | | | |
| Skattemässigt avdragsgilla emissionskostnader | -3 010 | 620 | 0 | 0 |
| Increase of loss carry-forwards without corresponding of capitalization of deferred tax | 3 010 | -620 | 0 | 0 |
| **Tax basis / tax expense** | **0** | **0** | **0** | **0** |
| **Total increase of loss carry-forwards without corresponding of capitalization of deferred tax** | **58 734** | **-12 099** | **46 191** | **-9 515** |
| **Amounts reported as temporary differences** | | | | |
| Valuation of financial assets at fair value | -513 | 106 | 1 184 | -244 |
| Profit/loss form sold financial assets | 590 | -121 | 0 | 0 |
| Change/off-set against deferred tax | -76 | 16 | -1 184 | 244 |
| **Tax basis / tax expense** | **0** | **0** | **0** | **0** |

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

| Deferred tax (TSEK) | 2022 Jan - Dec | | 2021 Jan - Dec | |
|---|---|---|---|---|
| | 2022 Jan - Dec | 0 | 2021 Jan - Dec | 0 |
| Opening balance | 207 324 | 42 709 | 162 316 | 34 736 |
| Effect of changed tax rate | 0 | 0 | 0 | -1 299 |
| Loss deduction for the year | 58 657 | 12 083 | 45 008 | 9 272 |
| **Total loss carry-forwards** | **265 981** | **54 792** | **207 324** | **42 709** |

## NOTE M7 CAPITALIZED EXPENDITURE ON DEVELOPMENT WORK AND SIMILAR

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| *Accumulated acquisition values* | | |
| Opening balance | 52 610 | 50 653 |
| Capitalized expenses for the year | 6 563 | 4 093 |
| Disposal of finished projects | 0 | -2 136 |
| **Closing balance** | **59 173** | **52 610** |
| | | |
| *Accumulated depreciations* | | |
| Opening balance | -26 383 | -19 465 |
| Depreciations for the year | -8 312 | -8 040 |
| Disposal of finished projects | 0 | 1 123 |
| **Closing balance** | **-34 694** | **-26 383** |
| | | |
| **Reported value at the end of the year** | **24 479** | **26 227** |
| | | |
| **Specification of significant items (TSEK)** | | |
| Up-scaling of silica production* | 18 872 | 23 169 |
| Inhouse development drug development | 5 126 | 1 671 |
| Other projects | 481 | 1 388 |
| **Total** | **24 479** | **26 228** |

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

## NOTE M8 SHARES IN GROUP COMPANIES

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| *Accumulated acquisition values* | | |
| Opening balance | 100 | 100 |
| **Reported value at the end of the year** | **100** | **100** |

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

| *Subsidiary / reg no / reg office* | Number of shares | as % | 2022 Dec 31 Reported value | 2021 Dec 31 Reported value |
|---|---|---|---|---|
| Nanghavi AB / 559074-2515 / Stockholm, Sweden | 50 000 | 100 | 50 | 50 |
| Nanologica Australia Pty Ltd / 638 898 727 / Queensland, Australia | 12 | 100 | 0 | 0 |
| Nanologica Yellow AB / 559290-2620 / Stockholm, Sweden | 250 | 100 | 25 | 25 |
| Nanologica Black AB / 559290-2646 / Stockholm, Sweden | 250 | 100 | 25 | 25 |
| Nlab Bioscience S.A / B85814820 / Malaga, Spain* | 3 003 | 100- | - | |
| **Total** | | | **100** | **100** |

| *Subsidiary / reg no / reg office* | | | Equity | Equity |
|---|---|---|---|---|
| Nanghavi AB / 559074-2515 / Stockholm, Sweden | | | 48 | 49 |
| Nanologica Australia Pty Ltd / 638 898 727 / Queensland, Australia* | | | -724 | -570 |
| Nanologica Yellow AB / 559290-2620 / Stockholm, Sweden | | | 25 | 25 |
| Nanologica Black AB / 559290-2646 / Stockholm, Sweden | | | 25 | 25 |
| Nlab Bioscience S.A / B85814820 / Malaga, Spain* | | - | - | |

* Nanologica Australia Pty Ltd and Nlab Bioscience are in liquidation.

## NOTE M9 PREPAID EXPENSES AND ACCRUED INCOME

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| Prepaid rent | 201 | 0 |
| Prepaid leasing | 886 | 1 063 |
| Prepaid production costs* | 41 623 | 39 686 |
| Other items | 1 954 | 1 338 |
| **Total** | **44 663** | **42 087** |

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

## NOTE M10 CASH AND BANK

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| Swedish crowns (SEK) | 70 067 | 10 152 |
| Euro (EUR) | 8 | 568 |
| US dollar (USD) | 55 | 119 |
| Singapore dollar (SGD) | 27 | 0 |
| **Total** | **70 157** | **10 839** |

## NOTE M11 EQUITY

### Share capital

See notes 26 and 27 for information on the parent company's share capital.

### Unrestricted equity

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

## NOTE M12 ACCRUED EXPENSES AND DEFERRED INCOME

| Amounts in TSEK | 2022 Dec 31 | 2021 Dec 31 |
|---|---|---|
| Accrued salary costs | 3 277 | 1 637 |
| Accrued social security costs | 1 030 | 514 |
| Other items | 719 | 1 165 |
| **Total accrued costs and deferred income** | **5 026** | **3 317** |

## NOTE M13 ITEMS NOT AFFECTING LIQUIDITY

| Amounts in TSEK | 2022 Jan - Dec | 2021 Jan - Dec |
|---|---|---|
| Depreciations | 9 497 | 9 245 |
| Amortization/disposal of intangible assets | 498 | 1 167 |
| Other items | -10 | 0 |
| **Total** | **9 985** | **10 412** |

# ASSURANCE

The board of directors and the CEO hereby assure that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and that the consolidated financial statements have been prepared in accordance with international accounting standards IFRS, as adopted by the EU. The annual accounts and consolidated accounts give a true and fair view of the position and results of the parent company and the group. The annual report for the parent company and the group gives a fair overview of the development of the parent company's and the group's operations, position and results, and describes significant risks and uncertainties that the parent company and the companies that are part of the group face. The group's income statement and balance sheet and the parent company's income statement and balance sheet will be subject to adoption at the annual general meeting on May 4, 2023.

*Södertälje*
*March 23, 2023*

Gisela Sitbon
*Chairman of the board*

Mattias Bengtsson
*Board member*

Eva Byröd
*Board member*

Thomas Eldered
*Board member*

Tomas Kramar
*Board member*

Anders Rabbe
*Board member*

Lena Torlegård
*Board member*

Andreas Bhagwani
*Chief Executive Officer*

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**Our auditor's report was left on March 23, 2023**

BDO Mälardalen AB

Niclas Nordström
*Authorized public accountant*

# AUDITORS REPORT

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

## Report on the annual accounts and consolidated accounts

### Statement

We have audited the annual accounts and consolidated accounts of Nanologica AB (publ) for the year 2022. The annual accounts and consolidated accounts of the company are included on pages 48-112 in this document.
In our opinion, the annual report has been prepared in accordance with the Annual Accounts Act and gives a true and fair view of the parent company's financial position as of December 31, 2022, and of its financial results and cash flow for the year in accordance with the Annual Accounts Act. The consolidated financial statements have been prepared in accordance with the Annual Accounts Act and provide a true and fair view in all material respects of the group's financial position as of 31 December 2022 and of its financial results and cash flow for the year in accordance with international financial reporting standards (IFRS), as adopted by the EU, and the Annual Accounts Act. The board of director's report is consistent with the other parts of the annual report and consolidated financial statements.

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

### Basis for statement

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

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

### Areas of particular significance

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

#### *Accounting for capitalized expenditure on development and similar works*

The group's reported value for capitalized expenditure on development and similar works amounts to TSEK 14,724 as of December 31, 2022, which refers to internally generated development expenses. Capitalized development expenses are recognized as intangible assets, provided that the criteria described in the group's accounting principles in Note 1 are met. The activation and subsequent valuation of internally

incurred development expenses is based on the assessment by management of the company whether the project will be successful, given its commercial and technical capabilities. There is a risk that development expenses do not meet the requirements for activation and that the reported amount exceeds the recoverable amount, which may have a material impact on the group's earnings and financial position. Furthermore, there is a risk that these assets do not create economic benefit for the company over the entire useful life that management has deemed reasonable. For further information, please refer to information in Note 1 on key accounting policies, Note 3 on important estimates and judgments, and Note 16 on Capitalized expenditure for development and similar works.

*How our audit took into account the area of particular significance*
Our audit covered the following audit measures but was not limited to these

- Mapping of the process for activation, valuation and impairment testing of development expenses and evaluation of the design and implementation of relevant controls
- Evaluation of the group's principles for capitalization of internally generated development expenses
- Review of a sample of internally generated development expenditure and evaluation of management's assessment of the prerequisites for its activation
- Involved BDO's IFRS specialists in matters where several alternative accounting methods have been acceptable.
- Taken note of internal reports and forecasts that formed the basis for management's evaluation of the value of assets.
- Examination of the application of appropriate accounting principles and the disclosure of the necessary information

**Information other than the annual report and consolidated financial statements**
This document also contains information other than the annual report and the consolidated financial statements, which can be found on pages 2-47. It is the board of directors and the CEO who are responsible for this other information. Our statement regarding the annual accounts and consolidated financial statements does not include this information and we do not make a statement in support of this other information.

In connection with our audit of the annual accounts and consolidated accounts, it is our responsibility to read the information identified above and consider whether the information is materially incompatible with the annual report and consolidated financial statements. In this review, we also take into account the knowledge we have otherwise acquired during the audit and assess whether the information otherwise appears to contain material misstatements. If, based on the work that has been done regarding this information, we conclude that the other information contains a material misstatement, we are obliged to report this. We have nothing to report in that regard.

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

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

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

**Auditor's responsibility**
Our objectives are to achieve a reasonable degree of certainty as to whether the annual accounts and consolidated financial statements as a whole do not contain any material

misstatements, whether due to irregularities or mistakes, and to provide an auditor's report containing our statements. Reasonable assurance is a high degree of assurance but is no guarantee that an audit carried out in accordance with ISA and good audit practice in Sweden will always detect a material misstatement if one exists. Inaccuracies may arise due to irregularities or mistakes and are considered material if they can reasonably be expected to affect the financial decisions that users make on the basis of the annual report and consolidated financial statements.

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

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

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

## Report on other requirements under laws and regulations

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

#### Statement

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

We recommend that the general meeting disposes of the profit in accordance with the

proposal in the annual report and discharges the members of the board of directors and the CEO from liability for the financial year.

### Basis for statement

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

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

### Responsibilities of the board of directors and the CEO

It is the board of directors that is responsible for the proposed appropriations regarding the company's profit or loss. When proposing a dividend, this includes, among other things, an assessment of whether the dividend is justifiable taking into account the requirements that the company's and the group's operating nature, scope and risks place on the size of the company's and the group's equity, consolidation needs, liquidity and position in general.

The board of directors is responsible for the company's organization and the management of the company's affairs. This includes, among other things, continuously assessing the financial situation of the company and the group and ensuring that the company's organization is designed so that the accounting, asset management and the company's financial affairs are otherwise controlled in a reassuring manner. The CEO shall manage the day-to-day management in accordance with the board's guidelines and instructions and, among other things, take the necessary measures for the company's accounting to be carried out in accordance with the law and for the management of funds to be managed in a satisfactory manner.

### Auditor's responsibility

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

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

Our objective regarding the audit of the proposed appropriation of the company's profit or loss, and thus our statement on this, is to assess with a reasonable degree of certainty whether the proposal is compatible with the Swedish Companies Act.

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

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

### Auditor's review of the ESEF report

### Statement

In addition to our audit of the annual accounts and consolidated accounts, we have also carried out an audit that the board of directors and the CEO have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the ESEF report) in accordance with Chapter 16 section 4a of the Securities Market Act (2007:528) for the year 2022.

Our review and statement relate only to the statutory requirement.

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

### Basis for statement

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

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

### Responsibilities of the board of directors and the CEO

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

### Responsibilities of the auditor

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

Reasonable assurance is a high degree of certainty but is no guarantee that an audit conducted in accordance with RevR 18 and good auditing practice in Sweden will always detect a material misstatement if one exists. Inaccuracies may arise from irregularities or mistakes and are considered material if, individually or collectively, they can reasonably be expected to influence the financial decisions made by users on the basis of the ESEF report. The audit firm applies the International Standard on Quality Management 1, which requires the firm to design, implement and manage a quality management system including policies or procedures regarding compliance with professional ethics requirements, professional standards and applicable requirements in laws and regulations.

The audit includes obtaining, through various measures, evidence that the ESEF report has been prepared in a format that allows for uniform electronic reporting of the annual accounts and consolidated accounts. The auditor chooses which actions to perform, including by assessing the risks of material misstatements in reporting, whether these are due to irregularities or mistakes. In this risk assessment, the auditor takes into account those parts of the internal control that are relevant to how the board of directors and the CEO produce the documentation for the purpose of designing audit measures that are appropriate to the circumstances, but not for the purpose of making an opinion on the effectiveness of internal control. The review also includes an evaluation of the appropriateness and reasonableness of the board's and CEO's assumptions. The audit measures mainly include the validation of the preparation of the ESEF report in a valid XHTML format and the reconciliation of the consistency of the ESEF report with the audited annual accounts and consolidated accounts. Furthermore, the review also includes an assessment of whether the group's earnings, balance sheet and equity accounts, cash flow statement and notes in the ESEF report have been marked with iXBRL in accordance with what follows from the ESEF Regulation.

BDO Mälardalen AB, Sveavägen 53, SE-113 59 Stockholm, Sweden, was appointed Nanologica AB's auditor by the Annual General Meeting on 2 June 2022 and has been the company's auditor since 18 June 2020.

Stockholm March 23, 2023

BDO Mälardalen AB

Niclas Nordström
Authorized Public Accountant

# GLOSSARY

**Aerosolize**
Aerosolization is the process of converting a substance into particles that are small and light enough to be transported in the air, i.e. into an aerosol.

**Amorphous structure**
Substances whose atoms have a disordered, unstable form. For some drug substances, it is crucial that the structure is amorphous to achieve sufficiently high concentration in the body for the drug to have a therapeutic effect.

**Bioavailability**
Term within pharmacology that show how much of an administered dose of a drug reaches the systemic circulation (the blood) in unchanged form.

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

**Chromatography**
A separation method in chemistry to separate different molecules in a solution from each other.

- ***Analytical chromatography***
  Analytical chromatography is used to investigate whether a particular substance is present in a solution or what substances are present and in what quantity.

- ***Preparative chromatography***
  Preparative chromatography is used to separate different components from each other, as a purification step in drug production.

**Clearance**
Term within pharmacology that is a measure of the plasma volume purified from a certain substance per unit of time.

**Clinical study**
A study in healthy or sick people to study the safety and efficacy of a potential drug or treatment method.

**Column**
A hollow tube filled with silica used for chromatography.

**Crystalline structure**
A crystalline or crystalline solid is a solid material whose constituents (such as atoms, molecules or ions) are arranged in a well-ordered, stable microscopic structure. Some drug substances are insoluble in their crystalline forms.

**DPI**
A dry powder inhaler (DPI) is a device that delivers drugs to the lungs in the form of a dry powder. The drug is usually found either in a capsule for manual charging or inside the inhaler. When the inhaler is charged or activated, the patient inserts the inhaler mouthpiece into the mouth and makes a vigorous, deep inhalation to ensure that the medicine reaches the lungs.

**Drug candidate**
A substance in development. The drug candidate is the substance that is then tested in humans in clinical studies.

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

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

**Evergreening**
Strategy used to extend the term of protection of a patent. A small change is made to the reference medicine with a "new" medicine (sequel) and a new term of protection as a result.

**Generics**
Generics contain the same active substance as an original drug, which has lost its patent protection. Generic drugs are medically interchangeable drugs with the same function, quality and safety as an original medicine.

**Glucagon-like-peptide-1 (GLP-1)**
GLP-1 stimulates the release of insulin from the pancreas, which lowers blood sugar. GLP-1 also lowers the release of glucagon, which is a hormone that increases blood sugar levels.

**GLP-1 analogue**
Drugs that mimic the endogenous hormone GLP-1.

**GMP**
Good Manufacturing Practice is a system to ensure that products are produced and controlled consistently according to quality standards. It is designed to minimize the risks in drug production that cannot be eliminated by testing the final product. GMP covers all aspects of production, from raw materials, to premises and equipment, as well as training and personal hygiene of the personnel. Detailed written procedures are necessary for any process that can affect the quality of the finished product. There must be systems in place to provide documented evidence that proper procedures are consistently followed at every stage of the manufacturing process – every time a product is manufactured.

cGMP means current GMP and refers to the standard currently in force.

**HPLC**
HPLC is short for *high-performance liquid chromatography* and is a separation method for chemical compounds, using a two-phase system, such as water and oil.

**In vivo**
In vivo means "in living" and refers to studies conducted in animals or humans.

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

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

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

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

**Phase I, II, III, IV study**
The different phases of studying the safety and effects of a drug in humans.

- Phase I studies the safety of the drug in healthy individuals.
- Phase II studies the safety and efficacy of the drug in the patient with the actual disease the drug is designed to treat and gives a first indication of how effective the treatment is and which dose is optimal.
- Phase III is a larger study that will confirm the efficacy and safety of treatment compared to a standard treatment or placebo, over a longer period of time and in a larger patient group.
- Phase IV investigates rare side effects and monitors the safety of treatment, efficacy and optimal treatment area after the drug reaches the market.

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In the development of new drugs where different doses are studied and where safety is studied in patients with the actual disease, phase II is often divided into IIa and IIb. In phase IIa, different doses of the drug are studied with a focus on the safety and metabolism of the drug in the body. In phase IIb, the safety and efficacy of the selected doses are studied.

**pMDI - pressurized metered dose inhaler**
An inhaler with a measured dose that is a small handheld device filled with drugs to deliver a certain amount of medicine through the mouth and into the lungs. Each inhaler consists of a small container of drugs connected to a mouthpiece. The container is pressurized and when pressed down, it releases medicine using a gas propellant. You breathe the medicine into your lungs.

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

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

**Systemic delivery**
Mode of delivery in which the drug reaches the blood and spreads throughout the body, as opposed to local delivery where the drug acts in the target organ with less effect on the rest of the body.

NANOLOGICA

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