NANOLOGICA

ANNUAL REPORT 2020

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THIS IS NANOLOGICA

Nanologica manufactures, develops, and sells nanoporous silica particles for applications within life science. Nanologica is world-leading in controlling the shape, size, porosity, and surface characteristics of silica particles. Through the two business areas, Drug Development and Chromatography, we are serving the industry by providing products for developing better and cheaper medicine for the benefits of patients. Nanologica has 20 employees and operates from the headquarters in Södertälje, Sweden. The share is listed on Spotlight Next, a premium segment of Spotlight Stock Market.

Vision

Better and cheaper medicine through porous silica.

Mission

We aim to make insulin available to more patients in need by reducing the production cost.

We are committed to exploiting our technology platform in order to provide new treatments for patients with severe lung diseases.

Objectives

Within the business area of Chromatography, Nanologica's objective is to establish a fast-growing, sustainable, and profitable business by providing silica-based products for the analysis and purification of substances. The target is to lower the costs of medicines, with a focus on diabetes products.

Within the business area of Drug Development, Nanologica's objective is to create long-term value with our own assets, as well as together with partners. The ambition is to bring innovation to the inhalation field in particular, by providing a platform for local delivery of medicine to the lung.

*"We believe that all of us in the life science industry must strive towards either making medicines **better** – by significantly improving existing treatments or providing treatments where there are no available today – or **cheaper,** making it more widely available to patients in need. When we are true to the vision of providing treatment to more patients worldwide for the betterment of mankind, we are also building substantial monetary value."* – **Andreas Bhagwani, CEO**

SILICA

Silica, or silicon dioxide, is a chemical compound of silicon and oxygen (SiO_2). Crystalline silica in the form of quartz is a common mineral found in the earth's crust and is a component of many rocks, such as granite and clay, as well as the major constituent of sand. Silica also occurs in amorphous form, an unstructured form naturally occurring as minerals such as opal and in seashells. Amorphous silica can be manufactured synthetically and is used in many products such as fillers or anticaking agents in food, and pharmaceuticals.

Nanologica manufactures micrometre sized amorphous silica particles, that are visible as a fine white powder. The particles are porous, "sponge-like", where the pores are in nanometre size.

The particle size, porosity, and surface characteristics are precisely controlled through the company's proprietary techniques and methods. Particle size is the critical component for Nanologica's business areas. Particle size determines the performance in chromatography, and for medicines it is the factor that decides where the drug ends up in the body.

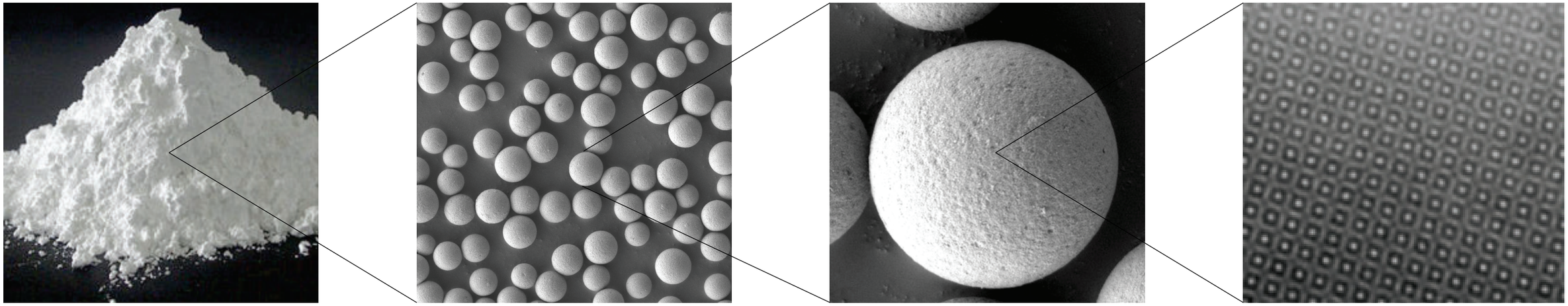
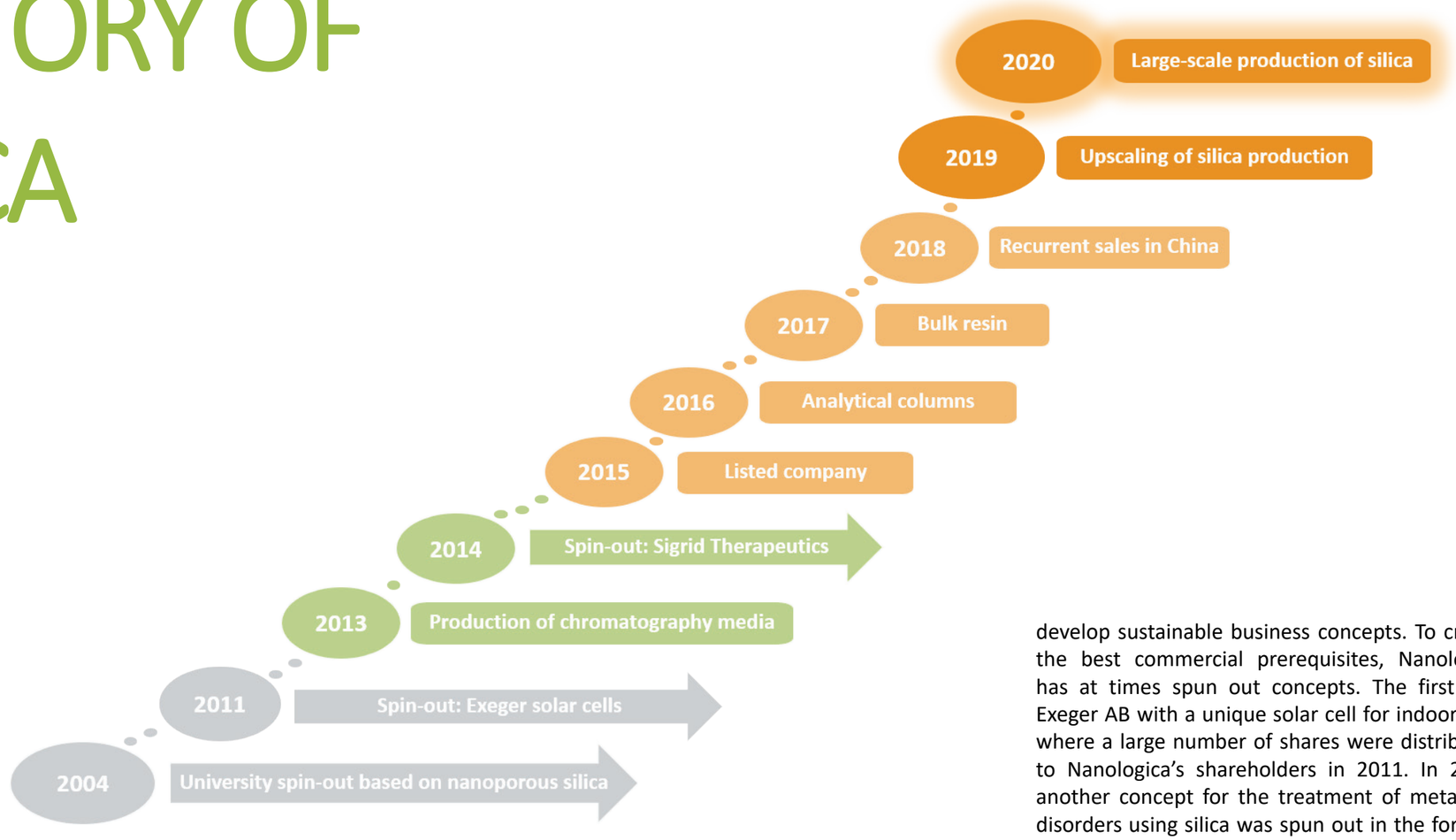


Image: Silica particles in a scanning electron microscope

A BRIEF HISTORY OF NANOLOGICA



Nanologica was established in 2004 by Dr. Alfonso Garcia-Bennett and stems from research within material sciences on the synthesis of new porous materials. The research was originally based at the University of Stockholm and the Ångström laboratory at Uppsala University. In 2011, Nanologica shifted focus towards building a commercial business. A new management team was put in place in 2012 and the business was narrowed down to two business areas – Chromatography and Drug Development. The target was set for developing better and cheaper medicine for the benefits of patients. These are still the business areas where Nanologica operates, as they are areas where the company's proprietary silica can provide clear value – for patients as well as for investors.

During 2016, a product line of analytical columns for chromatography with high performance and long lifetime was launched. Today, the company has recurrent sales of columns with China as the largest market. In 2017, the first batches of high-quality silica media for purification in preparative chromatography were produced. In 2019, Nanologica initiated a successful upscaling of silica production to industrial scale and in 2021 the first test material from upscaling of silica production was approved.

In Drug Development, Nanologica has performed numerous preclinical proof of concept studies for several big pharmaceutical companies around the world. In 2016, a strategic shift was made to develop our own assets to reach the market. The driving force is to bring new drugs to the market or to improve existing drugs, by using the company's technology. This is done by driving inhouse drug development projects, as well as projects together with partners.

Currently, the company is running several partner projects and have finalized the preclinical development for one internal project.

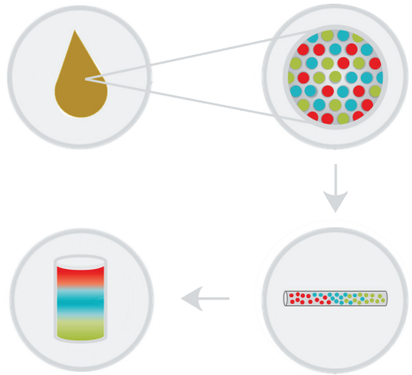
Nanologica has a proven ability to identify and develop sustainable business concepts. To create the best commercial prerequisites, Nanologica has at times spun out concepts. The first was Exeger AB with a unique solar cell for indoor use, where a large number of shares were distributed to Nanologica's shareholders in 2011. In 2014, another concept for the treatment of metabolic disorders using silica was spun out in the form of Sigrid Therapeutics AB. These shares were also distributed to the shareholders of Nanologica.

Nanologica is headquartered in Södertälje, Sweden, where the company conducts research, development and production of silica. The company also has large-scale manufacturing capabilities in the UK. Nanologica was listed on Spotlight Stock Market, in 2015 where the share is currently traded on Spotlight Next, a premium segment of Spotlight Stock Market.

ONE TECHNOLOGY – TWO BUSINESS AREAS

The company's core competency lies within developing and manufacturing porous silica particles, which both of the company's business areas, Chromatography and Drug Development, are based on. As both areas depend on technological development of the silica particles and their manufacturing processes, there are strong synergies between them. The Chromatography business is developed to continuously generate a stable and growing cash flow, while a great potential for large occasional revenues is assessed to lie within the business area of Drug Development.

CHROMATOGRAPHY

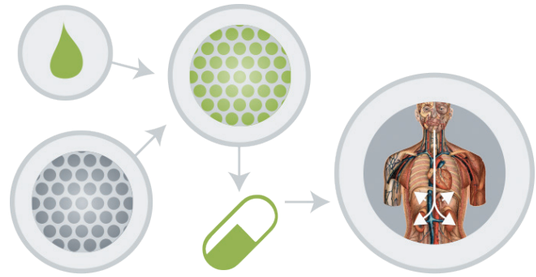


Chromatography is a separation method based on the fact that different substances pass through a chromatography column at different paces. The pace depends on how strongly the substances bind to the silica particles inside the column.

Analytical chromatography
Analytical chromatography is used in the pharmaceutical and the food control industries, among others. Here, Nanologica's products consist of prepacked analytical columns containing a few grams of the company's proprietary silica.

Preparative chromatography
Preparative chromatography is used as a purification step in the production of drugs, for example insulin. Thousands of kilos of silica are used as purifying media in preparative columns. Here, Nanologica's product consists of the silica bulk media inside the columns, produced using proprietary methods.

DRUG DEVELOPMENT



Drug Development is the process of developing new drugs or improving existing drugs on the market. Nanologica bases its drug development on the company's drug delivery platforms NLAB Spiro® and NLAB Silica™.

The platforms are based on loading APIs inside the pores of silica particles. That way, the solubility and bioavailability of an API (active pharmaceutical ingredient) can be improved, and APIs can be protected from degradation.

The loaded particles are then formulated for the desired administration route, either as oral tablets or as inhaled powder. The API is released to achieve a therapeutic effect, whereafter the silica particles are dissolved.

NANOLOGICA IN NUMBERS

Net revenue TSEK **16,135**

The net revenue amounted to 16,135 TSEK (9,227). The increase compared to the previous year is mainly related to increased sales in the partner project with Vicore Pharma and the crop protection project, within Drug Development.

Operating loss TSEK **-19,571**

The operating loss for the period was TSEK -19,571 (-20,066). The improved operating loss relates to increased revenues. The operating loss was affected by higher costs due to an increased number of permanent and temporary employees, costs relating to upscaling of silica production, and development costs for the NLAB Spiro® platform.

Loss after tax TSEK **-22,199**

Loss after tax for the period was TSEK -22,199 (-21,080).

Cash flow TSEK **65,189**

Total cash flow amounted to TSEK 65,189 (-20,804).

Cash and cash equivalents TSEK **66,364**

Cash and cash equivalents at the end of the period amounted to TSEK 66,364 (1,176).

Equity TSEK **92,966**

Total equity amounted to TSEK 92,966 (5,411).

Equity ratio in percent **64**

The equity ratio as of December 31 was 64 percent (11).

Employees 19

The average number of permanent employees for the year was 19 (18), whereof 13 (12) female and 6 (6) male.

PhD 6

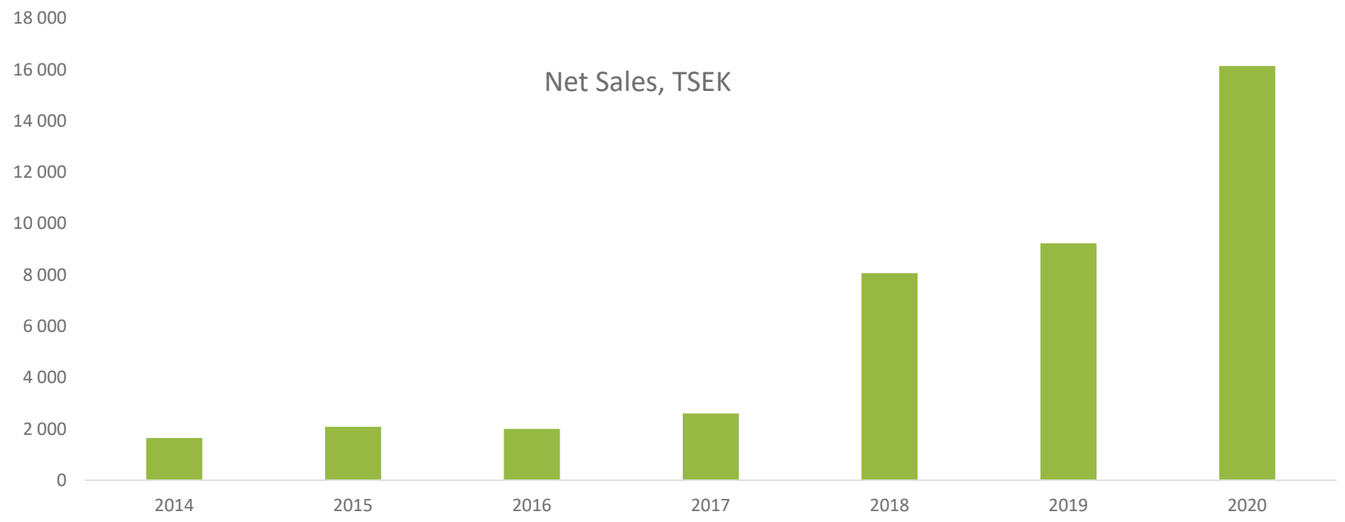
6 of the company's employees have an education degree of PhD or higher.

Nationalities 8

The employees of the company are of 8 different nationalities.

Shareholders 2,242

As of December 30, 2020, the number of registered shareholders was 2,242.



SIGNIFICANT EVENTS DURING

2020

Q1

- Subsidiary started in Australia for conducting clinical studies
- Grant received for research project using Nanologica's technology as a drug carrier for inhalation
- Distributor agreement for analytical columns signed with AIC for the American, Canadian, and European markets

Q2

- Preferential rights issue of approximately MSEK 55.4 completed
- Agreement signed with Vicore Pharma for the production of GMP classified material
- Directed rights issue of approximately MSEK 57.1 completed
- Per Möller engaged as scientific advisor within preparative chromatography
- The clinical trial with NIC-001 delayed as an effect of the Corona pandemic

Q3

- Chief Medical Officer engaged
- Nanologica's patent*" A process for manufacturing porous silica particles loaded with at least one bioactive compound adapted for lung, nasal, sublingual and/or pharyngeal delivery*" granted in Europe

Q4

- Test material from upscaling to large-scale production of silica delivered
- Extended agreement with crop protection partner regarding formulation of one further active ingredient for crop protection
- Clinical trial with NIC-001 postponed
- Nanologica listed on Spotlight Next
- Conversion to IFRS as accounting standard

SIGNIFICANT EVENTS AFTER THE REPORTING PERIOD

- Test material from large-scale production approved
- Scientific advisory board within inhalation established
- Collaboration agreement signed with the pharmaceutical company Zentiva for the use of the NLAB platforms for drug delivery
- SVP Sales and Senior Advisor for chromatography recruited for the US market
- Thomas Eldered proposed as new member of the board of directors at Nanologica AB

CEO Andreas Bhagwani

POSITIONED FOR CONTINUED GROWTH

In 2020, we passed a pivotal milestone when achieving a successful upscaling of our silica production. The binary risk of transferring a kilo scale method into ton scale has been eliminated, enabling our venture in preparative chromatography to fully take off. This puts the company in an excellent position for accelerated growth and for taking Nanologica to the next level.

In 2020, Nanologica managed to reach net sales of TSEK 16,135 – despite the ongoing pandemic hindering the growth in sales of analytical columns – due to strong performance within the Drug Development business area. We expect the growth to continue, first driven by our partner projects within Drug Development, but later in 2021 or in early 2022 by preparative chromatography taking over as the main growth driver.

The first products we received from the large-scale manufacturing in the UK are identical to what we have previously produced at our pilot plant in Södertälje. This means that we have passed a major milestone, upscaling the production, and that we can focus on the next one, delivering larger samples of silica to potential customers for them to evaluate at larger scale. This advances our dialogues with customers and brings us closer to securing further contracts within the preparative field. This is an important step towards the goal – to establish us as a fast-growing business that manufactures and sells products globally for the benefit of peptide manufacturers in general and insulin producers in particular.

The years to come will be very exciting. Aside from getting large amounts of products from the manufacturing facility in late 2021, we are in parallel working with a few larger accounts to be able to sell and deliver products manufactured. We have also started to set up a stellar sales organization, with the latest recruitment covering the US, one of the most important markets. It is with confidence and excitement we look forward to the coming years and the expansion of the preparative chromatography business.

” The years to come will be very exciting ”

Great progress has also been made in our business area Drug Development. Our partner projects continue to develop in a positive way with for example the VP02 project run by Vicore Pharma, advancing towards clinical studies. This project is an excellent example of what we can achieve with our drug delivery technologies. By taking an API that has a proven therapeutical effect but severe side effects in its current formulation and reformulating it with NLAB Spiro® for local delivery in the lung, the side effects are expected to dramatically decrease or be eliminated. This can lead to new treatment options for patients with unmet medical needs.

The large-scale production manufactures silica under GMP (good manufacturing practice), making Nanologica the only manufacturer worldwide for inhalable silica. The first GMP manufactured batch of silica is expected in the second quarter this year.

The clinical trial with the inhouse drug candidate NIC-001, that we intended to perform in Australia during 2020, has been put on hold due to the Corona pandemic. We have instead turned our full focus to our inhalation platform NLAB Spiro®, where we are working on further technical development as well as preparing for a toxicity study program. We have also initiated animal studies with interesting APIs for inhalation, with the aim of showcasing the versatility of the technology and identifying assets for clinical development. We believe the platform has the potential of becoming the next generation drug carrier for inhaled formulations, significantly improving current treatments and creating new treatment options for respiratory diseases. The pre-clinical *Proof of Concept* studies are expected to be finalized during 2021.

Like many other companies, Nanologica has been strongly affected by the Corona pandemic. The major negative effect has been seen on the sales of analytical chromatography columns on all geographical markets. However, apart from our clinical study being postponed, the Drug Development and the preparative chroma-tography parts of the business have only been moderately affected by the pandemic, leaving us in strong shape moving forward.

2021 is looking to be another eventful year for Nanologica and it is with high ambition and great confidence I look forward to leading the team towards reaching new milestones and continuing the positive development of the company, with the aim of creating benefits for patients worldwide as well as shareholders!

May 2021

Andreas Bhagwani
CEO

DRUG DEVELOPMENT

Drug development is the process of bringing a new pharmaceutical drug to the market, from the discovery phase through preclinical and clinical studies, to obtaining regulatory approval for a new drug application to market the drug. Nanologica operates in several parts of the chain, with its drug delivery platforms.

Drug delivery is a broad term within the pharmaceutical industry, comprising of the method or process of administering a pharmaceutical compound to achieve a therapeutic effect in the body, and various techniques for formulating and producing drugs. The target is to deliver the right amount of drug, at the right place in the body, and at the right time. Nanologica's drug delivery platforms, NLAB Spiro® and NLAB Silica™, aim to produce better medicines for the benefit of patients. NLAB Spiro® and NLAB Silica™ offer improvements such as faster onset, longer duration, or easier administration.

Nanologica's platform technologies are being developed for internal projects such as NIC-001, and with pharma partners as in the partnering project VP02, to reformulate active pharmaceutical ingredients, APIs, that in the current formulations do not provide optimal treatment for the patients.

NIC-001, a reformulation using Nanologica's NLAB Silica™ platform, can lead to patients taking the drug as a sublingual tablet (under the tongue) instead of being swallowed. This is expected to result in a more consistent absorption and higher efficiency of the drug.

VP02, a reformulation using Nanologica's NLAB Spiro® platform, enables the API to be delivered locally in the lung, instead of via oral tablets, which means the dose can be lowered substantially. This is expected to decrease or eliminate the side effects while the therapeutic effect is maintained or increased, resulting in a higher quality of life for the patients.

These are two examples of how Nanologica's technology within drug delivery can be used to improve the lives of patients with unmet medical needs, while creating substantial value for the company's shareholders.

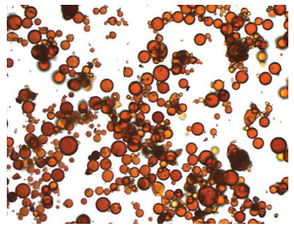
DRUG DELIVERY PLATFORMS

Nanologica's drug delivery technology is based on spherical porous amorphous silica particles of micrometre size. The pores are of nanometre size, and the APIs are loaded inside the pores. Particles loaded with APIs can then be formulated into various administration routes, such as a free-flowing powder for inhalation, or tablets for sublingual or oral administration.

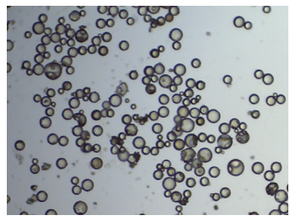
Formulation of APIs using Nanologica's drug delivery platforms address several of the challenges the pharmaceutical industry is faced with today. Common challenges are APIs with low solubility, and unstable APIs that are difficult to handle. By applying Nanologica's drug delivery techniques, both these challenges may be addressed, enabling new product attributes.

Low solubility of an API can lead to difficulties in reaching a therapeutic concentration of the API in the body. A common problem with APIs is that they are usually occurring in a *crystalline* form (firm, orderly structure) that cannot be readily dissolved in the body, leading to a low bioavailability. The *amorphous* form (disorderly structure) of the API is dissolved and released a lot faster, often leading to a higher bioavailability, but can be more sensitive and difficult to handle than the crystalline form. By loading the amorphous form of the API inside the pores of Nanologica's silica particles, the API is stabilized and protected, enabling formulating it into a drug, while the higher solubility is maintained. Formulation of APIs using Nanologica's NLAB platforms can generate drug exposures in the body several times higher compared to traditional formulations. This way, more efficient therapy can be produced, doses may be lowered, and at times totally new drugs or treatment options may be created.

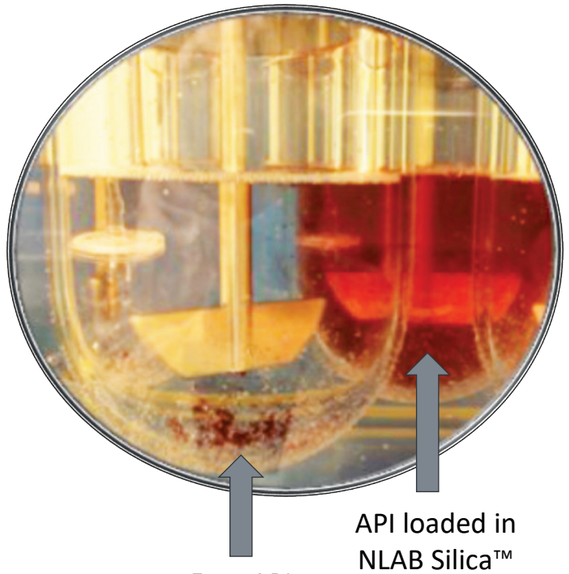
Nanologica's technology platforms are continuously being developed and more administration routes, techniques and release mechanisms have been added over the recent years, such as inhalation and the use of empty porous silica particles.



Drug loaded into NLAB Silica™



Empty NLAB Silica™ particles



Dissolution of red drug after 10 minutes in simulated body fluid. The left vessel is the drug crystals and no dissolution has taken place. The right vessel shows the same amount of drug loaded into NLAB Silica™ particles where the drug is fully dissolved after 10 minutes.

NLAB SPIRO® – NANOLOGICA'S DRUG DELIVERY PLATFORM FOR INHALATION

NLAB Spiro® is Nanologica's drug delivery platform for inhalation. The platform consists of biologically degradable nanoporous spherical silica particles, that can be loaded with APIs. The particles' size and aerodynamical properties are optimised for inhalation. The particles have a tight size distribution, so they can reach a desired part of the lung for best therapeutic effect – the smaller the particle, the deeper into the lung it can reach. The microspheres are non-aggregating and appear as a free-flowing powder. They have a high loading capacity and are soluble in simulated lung fluid.

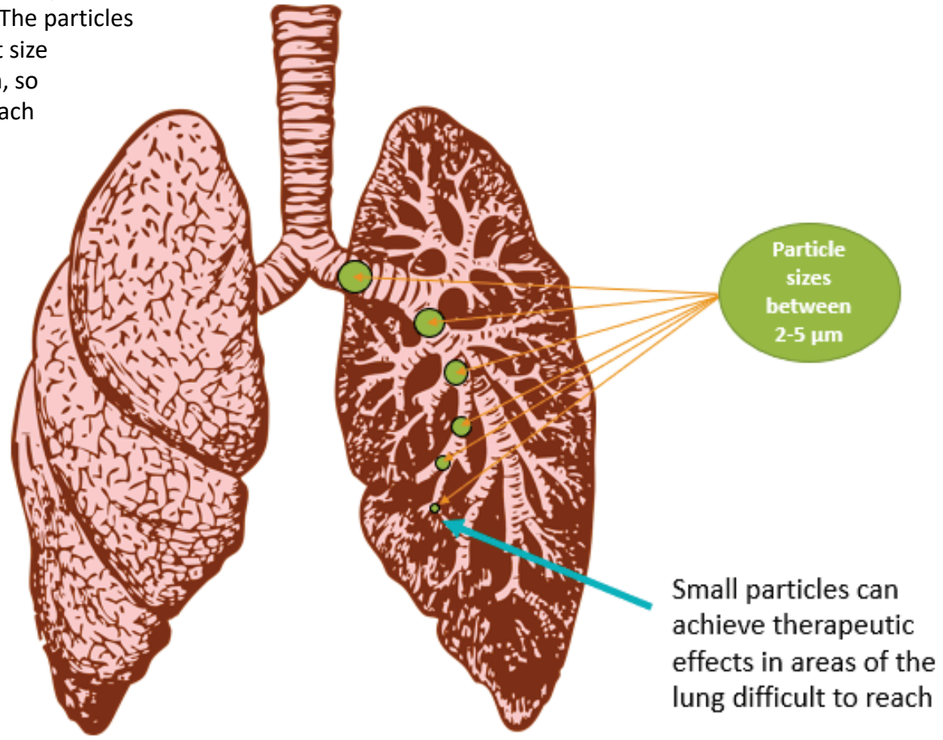


Image: The smaller the particle, the further into the lung it can reach

NLAB Spiro® can

- increase solubility and/or bioavailability of APIs
- protect APIs from degradation
- provide a controlled release profile, enabling new possibilities in the treatment of lung diseases

NLAB Spiro® is suitable for most APIs, including smaller biologics and enables formulation of several APIs in the same formulation for combination therapy.

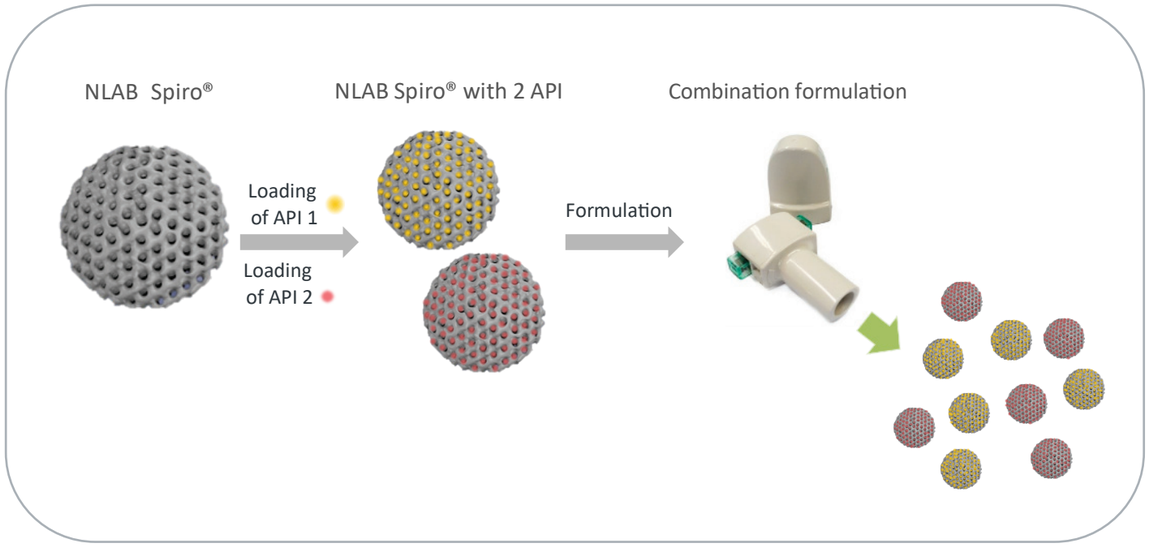


Image: NLAB Spiro enables formulation of two or more drugs in combination products.

For dry powder inhalers (DPI), the standard formulations are based on combining micronized drug particles with a lactose-based carrier or on using spray-dried particles of the drug. When using a lactose carrier, the actual delivered dose of an inhaled medicine is often very low since much of the drug remains attached to the lactose particle which is retained in the throat and upper airways. For spray dried formulations, the particle size of the drug is often broad leading to a low delivered dose and high manufacturing costs.

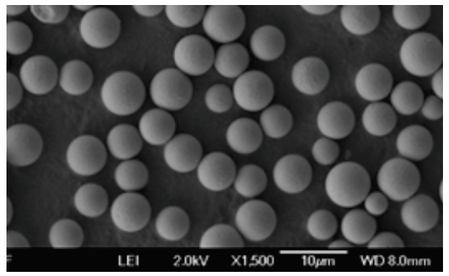
With the NLAB Spiro® platform, the particles are optimised to reach the target of the lung, which provides a great opportunity for effective and consistent delivered dose and improved manufacturing capabilities.

Currently, a toxicology study program for the NLAB Spiro® platform is being prepared. The aim of the studies is to validate the platforms safety regarding toxicity for empty NLAB Spiro® particles. Animal studies with interesting APIs loaded in NLAB Spiro® for inhalation have also been initiated to showcase the versatility of the technology and to identify assets for potential clinical development. These pre-clinical Proof of Concept studies are expected to be finalized during 2021.

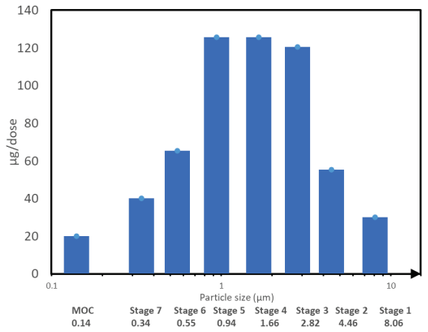
Innovation

There is a great need for innovation within the respiratory field and delivery of drugs to the lung. Development areas within lung administration include reformulation of oral or intravenous drugs, new methods for local lung delivery, delivering biologics to the lung, and a shift from pressurized metered dose inhalers (pMDI) to dry powder inhalers (DPI) for environmental reasons. Life cycle management and improving treatment for the patients, for example taking medicine once daily instead of twice or using a simple hand-held inhaler rather than for example nebulizers, are examples of drivers for continued development of already approved products.

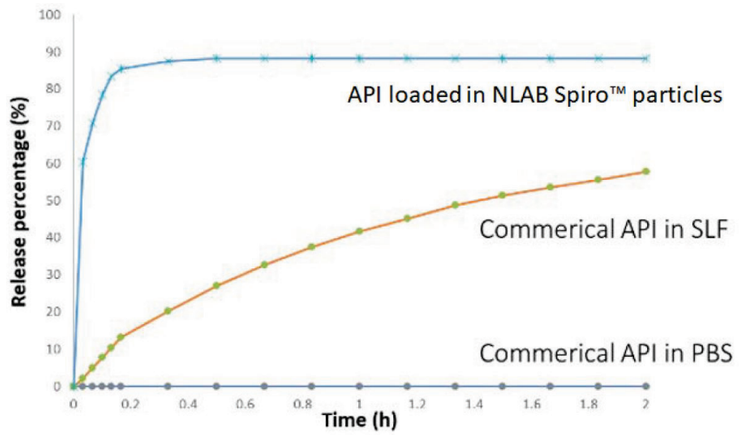
NLAB Spiro® properties



NLAB Spiro® particles are spherical porous silica particles with very narrow particle size distribution.



NLAB Spiro® particles have excellent aerodynamic properties for lung delivery.



When the API was loaded in the NLAB Spiro® particles, the bioavailability increased significantly compared to the commercial formulation of the API. SLF is simulated lung fluid, PBS is phosphate-buffered saline.

Market for inhalation

Respiratory diseases are a large global health burden. It is estimated that 344 million people have asthma, more than 300 million suffer from chronic obstructive pulmonary disorder (COPD), of which 65 million have modest to severe COPD, more than 100 million people experience sleep apnoea, 8.7 million develop tuberculosis (TB) each year, millions live with pulmonary hypertension, and more than 50 million people are struggling with work-related lung diseases. In total, more than one billion people suffer from respiratory diseases and the health care costs for this is an increasing burden.

The global market for drugs for treating asthma was MUSD 19,000 in 2019, expected to grow to MUSD 26,000 by 2027. For COPD drugs, the global market was MUSD 10,000 in 2015 and is expected to grow to MUSD 14,000 by 2025. In 2018, the total sales of inhalers for asthma and COPD were approximately MUSD 10,400 and is expected to grow with a compound annual growth rate (CAGR) of 3.0 percent to approximately MUSD 12,100 in 2023.

In addition to the increased incidence of respiratory diseases such as COPD, asthma, and cystic fibrosis, the growth is driven by increased preference for local administration in the lung, technological development of digital inhalers and the environmental need for a technical shift from MDI to DPI.

NLAB SILICA™ – NANOLOGICA'S DRUG DELIVERY PLATFORM FOR ORAL AND SUBLINGUAL ADMINISTRATION

NLAB Silica™ is Nanologica's drug delivery platform for oral and sublingual administration. The technology is based on the same technique as for NLAB Spiro® – loading APIs inside the pores of nanoporous silica particles. The particles are then formulated and compressed into tablets for sublingual or oral use. For sublingual administration, the tablets dissolve rapidly which ensures a high uptake of the API through the capillaries under the tongue. For oral administration, NLAB Silica™ particles are easily compacted into tablets and various techniques such as coating can be used to create the desired release profile for the API.

BUSINESS MODEL DRUG DEVELOPMENT

PRODUCT DEVELOPMENT IN COLLABORATION

Pre-clinical and clinical development of new innovative drugs in collaboration

TECHNOLOGY COLLABORATIONS

Feasibility/proof of concept studies, formulation design and early product evaluations

NLAB MATERIAL PROVIDER

cGMP manufacturing capabilities of NLAB Spiro® up to ton scale

DEVELOPMENT OF OWN ASSETS

Internal development programs for new drugs

INHOUSE PROJECTS

NIC-001

NIC-001 is Nanologica's inhouse project for treating nausea in gastroparesis. Gastroparesis (delayed emptying of the stomach) is a condition affecting many diabetic patients. The symptoms include pain, nausea, and vomiting. Metoclopramide is a substance used for treating lowered motility in the gastrointestinal tract and nausea, and is the only FDA (U.S. Food and Drug Administration) approved drug for the treatment of gastroparesis. The drug is currently available as an oral tablet, and as an injectable for use in hospitals. However, the efficiency of current metoclopramide-based drugs varies widely and for some patients lacks effect completely.

NIC-001 is a sublingual formulation of metoclopramide, meaning it is a rapidly dissolving tablet placed under the tongue. The drug is absorbed into the bloodstream through the capillaries under the tongue and reaches the systemic circulation without passing the gastrointestinal tract. Gastroparesis patients have an impaired gastrointestinal function and may also have difficulties swallowing, due to the nausea the disease usually causes. A sublingual formulation avoiding the stomach, is anticipated to be beneficial. The expected advantage of NIC-001 is a faster and more consistent onset of relief, and an increased quality of life for the patients.

In the US, there are approximately 2.3 million diabetes patients seeking medical treatment for gastroparesis. The market is assessed to be growing as the number of diabetes patients continues to grow; the National Diabetes Statistics Report from 2017 shows that more than 30 million people in the US suffer from diabetes.

Nanologica has planned to perform a clinical study to assess and compare the pharmacokinetics and safety of different formulations of NLAB Silica™ formulated metoclopramide. With a positive clinical study, Nanologica believes there is a significant commercial opportunity.

Due to the ongoing Corona pandemic, the project is currently on hold.

Pre-clinical development program within inhalation

Nanologica is conducting a pre-clinical development program within inhalation, based on the NLAB Spiro® platform. The aim of the program is to secure knowledge and IP for novel applications of NLAB Spiro® and to identify assets for clinical development.

PARTNER PROJECTS

VP02 – partner project with Vicore Pharma within idiopathic pulmonary fibrosis (IPF)

In 2018, Nanologica signed a license agreement with INIM Pharma (subsequently Vicore Pharma) for the use of the NLAB Spiro® platform for drug delivery formulations. Vicore Pharma focusses on developing drugs for the treatment of interstitial lung diseases, including idiopathic pulmonary fibrosis (IPF).

IPF is an incurable disease with severe persistent cough. VP02 aims to provide a new treatment option for patients with IPF by investigating a novel formulation and delivery route for an existing API that has both anti-inflammatory and antifibrotic effects. The API has been shown in the clinic to reduce the severe, persistent dry cough that is associated with IPF. This is a unique feature, which Vicore Pharma believes will likely have a pronounced effect on IPF patients' quality of life.

Nanologica is currently manufacturing NLAB Spiro® under GMP in preparation for the VPO2 clinical program.

Nanologica and AstraZeneca in joint evaluation project

In 2019, Nanologica and AstraZeneca entered into a collaboration agreement which has been extended several times and is still ongoing. The collaboration is a continuation of a successful *in vitro* evaluation Nanologica performed for AstraZeneca earlier. The purpose of the project is to evaluate if Nanologica's drug delivery platform can improve the formulation of AstraZeneca APIs. The collaboration includes both *in vitro* and pre-clinical in vivo studies.

Crop protection project

In September 2017, Nanologica entered a collaboration with a global company specialized

in crop protection, with the purpose of improving the formulation of an active ingredient for crop protection. The project uses the same technology as Nanologica's other drug delivery projects, with loading the active ingredient inside the pores of silica particles for protection and controlled release. The aim is to reduce environmental impact by decreasing the amount of substance used in field.

OTHER INDUSTRIAL AND ACADEMIC COLLABORATIONS

Empty mesoporous silica particles for the treatment of ALS and other neurodegenerative diseases

Nanologica has, together with the research group of Regenerative Neurobiology at the Neuroscience Department, Uppsala University, led by Prof. Elena Kozlova, developed a method to deliver neurotrophic factor mimetics to transplanted cells using mesoporous silica particles.

The work led to the investigation of using empty silica particles delivered directly to the spinal cord to sequester toxins associated with neurodegenerative diseases with a focus on Amyotrophic lateral sclerosis (ALS). Dramatic improvement in delay of onset of the disease and extension of life length of ALS diseased mice was seen in an animal study model.

Ongoing experiments show that NLAB Silica™ particles absorb TDP43, SOD1 and other aggregated proteins, that are the hallmarks of neurodegenerative diseases. The work will continue to gain deeper understanding of the mechanisms behind the results.

Porous drug carrier platform for inhalation of antibiotic molecules

Nanologica, together with Iconovo, a company that develops a full range of inhalation devices, are collaborating in a project funded by the Knowledge Foundation and led by Dr. Sabrina Valetti at Biofilms - Research Center for Biointerfaces at Malmö University. The aim of the project is to design a novel drug delivery technology to administer drugs safely and effectively to the lung. An effective inhaled drug therapy requires an appropriate powder formulation together with a well-designed medical device. This project addresses central scientific questions for the development of medicinal products. The main part of the project is performed by Dr. Sabrina Valetti at Biofilms Research Center for Biointerfaces, Malmö University. The project started in the second quarter of 2020 and is expected to run for three years.

Nanoporous silica particles for pharmaceutical formulations

The research project Nanoporous silica particles for pharmaceutical formulations, led by Dr. Sabrina Valetti at Malmö University, was initiated in 2017 and concluded at the end of February 2021. Nanologica was one of three industrial partners for the project, the other being Orexo AB and CTC Clinical Trial Consultants AB. The aim of the project was to study if Nanologica's silica particles could increase bioavailability for specific APIs formulated as sublingual formulation with a focus on treating migraine headaches. The project was highly successful and fulfilled all the milestones, generating scientific understanding permeation mechanisms of soluble APIs relevant for sublingual administration. The work resulted in preparation of several scientific manuscripts and the development of novel lab equipment to study API permeation through natural ex vivo and artificial membranes. The project generated important intellectual property and knowhow and was considered to have been valuable for the partners as well as the academic group.

CHROMATOGRAPHY

Chromatography is a technique for separating components of a mixture. Within the pharmaceutical and the food industry, *analytical chromatography* is used as quality control and for analysing purity of products available on the market and under development. *Preparative chromatography* is based on the same technique but is used as a purification step in the production of various drugs, for example insulin.

Nanologica is active within HPLC (High Performance Liquid Chromatography). In as well analytical as preparative HPLC there is a mobile phase and a stationary phase. The mobile phase is a solvent which dissolves the analytes and works as a carrier. The mobile phase is pumped through the system through a second substance called the stationary phase and consists of a column filled with silica. The stationary phase attracts and retains the various substances in the mobile phase by creating stronger or weaker interaction bonds between the analytes in the mobile phase and the silica particles of the stationary phase. Depending on how strong the attraction is, the different components of the mixture travel through the stationary phase at different speeds, causing them to separate from one another. The silica in the stationary phase can be functionalized, meaning the surface of the silica particles can be given different characteristics, to be able to create prerequisites for separating many different substances.

Within analytical chromatography, columns with a smaller inner diameter are used for analysing low quantity samples. At the end of the column there is a detector, registering when a certain substance passes out of the column. In preparative chromatography, the inner diameter of the columns is much larger, and the columns are used for removing impurities from a drug within large-scale production. At the end of the preparative column, the purified drug is collected.

PREPARATIVE CHROMATOGRAPHY

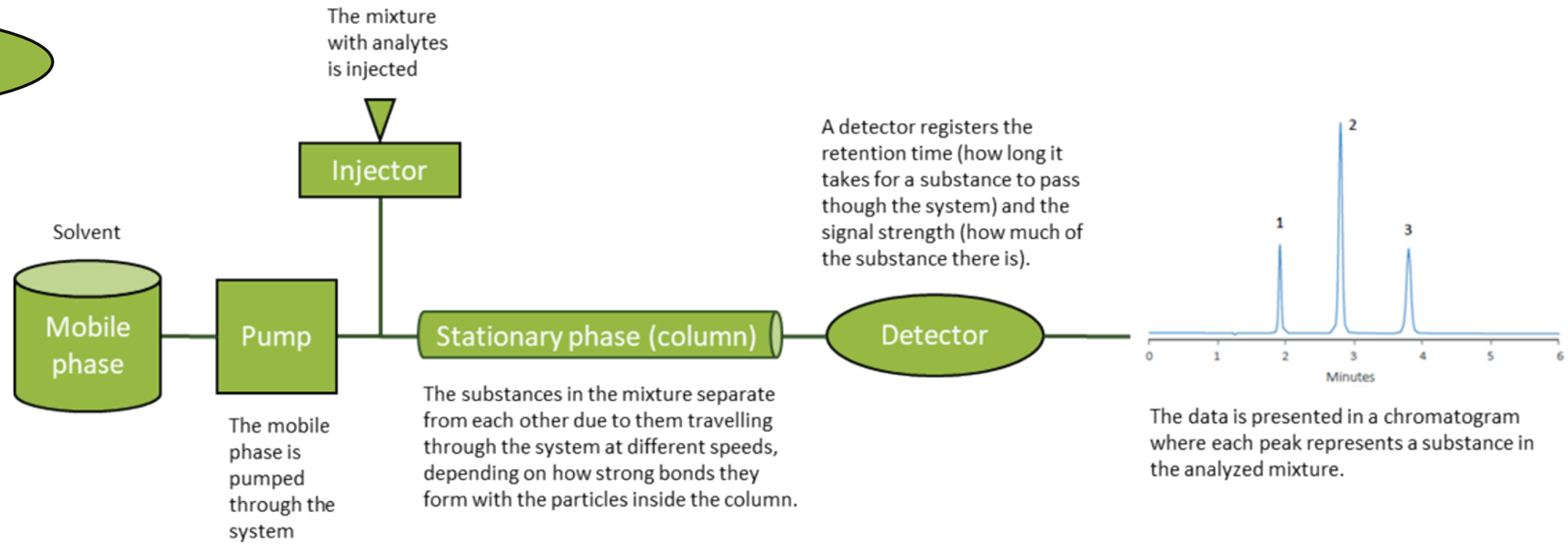
Nanologica manufactures and supplies silica media for preparative chromatography, under the brand NLAB Saga®, for purification of drugs in industrial scale production.

Nanologica's position within preparative chromatography

Nanologica's product has been tested and evaluated with excellent results for quality, withstand the conditions of insulin purification. performance, and durability by several potential customers. Cost reduction is an important driver for the pharmaceutical producers, as for example this particular purification step in insulin production often accounts for as much as 25 percent of the total production cost. Therefore, the lifetime of the silica becomes very important. Here, Nanologica is at the forefront, being one of few suppliers with a silica that is mechanically and chemically stable enough to withstand the conditions of insulin purification.

Due to the high quality of the company's product, Nanologica's commercial potential for strong business within preparative chromatography is large. The company has several ongoing discussions with potential customers. However,

Schematic sketch of a HPLC system



the sales process within preparative chromatography is long since the material is to be included in industrial pharmaceutical production processes. Nanologica's successful upscaling of production will allow larger samples to be provided in the process of securing a large supply contract.

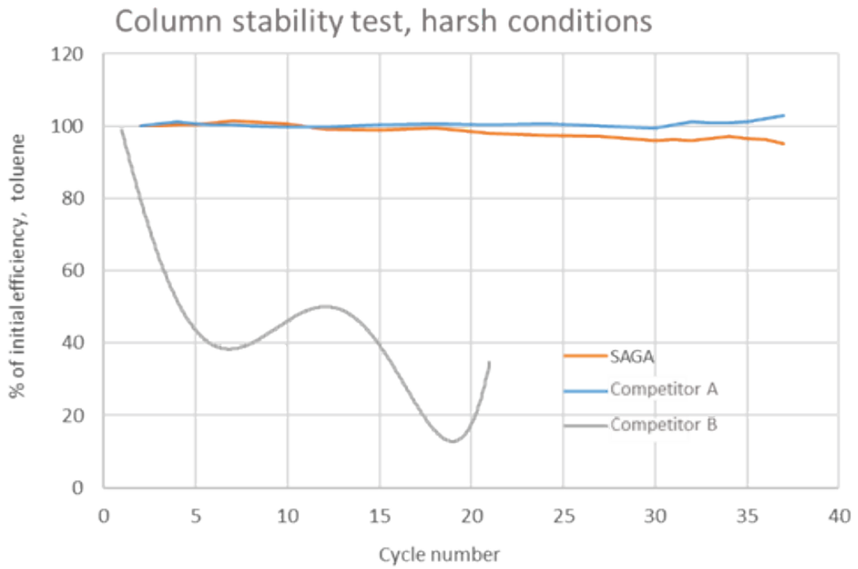
To further strengthen its position within the business area, Nanologica has set up an application laboratory, to be able to support customers in method development and problem solving. Access to an application laboratory adds value to the customer offer, enabling stronger customer relations. Additionally, Nanologica has world-leading scientific advisors bringing experience, networks and a vast knowledge of the chromatography field.

In July 2019, the company secured its first large chromatography customer contract. An agreement for the delivery of preparative silica to a value of approx. MSEK 120 was signed with the Chinese distributor Yunbo Technology (Beijing) Co. The agreement stretches between 2021–2026 and gives Yunbo the right to distribute Nanologica's products for preparative chromatography on the Chinese market.

Nanologica is currently working on securing further contracts within preparative chromatography. Dialogues with potential customers are ongoing and have only been moderately delayed by the ongoing Corona pandemic. In the beginning of 2021, test material is expected to be delivered to potential customers as part of their ongoing evaluations. Furthermore, the sales organization has been strengthened by the recruitment of a SVP Sales and Senior Advisor for the US market, as the first step in building a strong sales organization with the ability to cover more markets.

Market for preparative chromatography

The market for preparative HPLC was assessed by the company to reach MSEK 4,200 in 2018 with an expectancy to grow to MSEK 5,900 by 2025, corresponding to a compound annual growth rate (CAGR) of 4.3 percent. The numbers are estimations as no official data is available.



Graph: Durability study of NLAB Saga® and two competitors in conditions simulating the cleaning-in-process cycles run in insulin production. The durability of NLAB Saga® matches the market leader.

Nanologica estimates that the addressable market for the company is approximately MSEK 1,200.

Diabetes products

Treatment of diabetes is currently mainly done with recombinant human insulin, a product which is expensive to produce and where a price erosion has discouraged generic producers to enter the field. This has led to a high price for the end product, which leaves many diabetes patients without treatment due to its high cost.

During the last 20 years, several other diabetes products such as long-acting insulin, short-acting insulin, and GLP-1 analogues have been launched. All these products are purified in a similar way, in conditions that are harsh on the purification media. Nanologica believes cost reduction to be a major driver for producers, especially in Asia, thus the lifetime of the purification media becomes pivotal.

Nanologica estimates the number of insulin producers worldwide to be around ten, with a similar number developing generic products.

Peptides

Preparative HPLC is also used to purify peptides. This is a more fragmented market with several thousands of smaller producers, some of which use silica in the purification step.

Competitors

There are relatively few large-scale manufacturers of silica in the world. In preparative chromatography, Nanologica stands as one of two manufacturers producing a mechanically and chemically stable silica, robust enough to withstand the conditions that apply in the purification steps of insulin production. A few other producers supply less chemically stable silica to a lower price, for applications outside the diabetes purification segment. For the purification of peptides and small molecules, production is less demanding than for the production of insulin. However, Nanologica believes an increasing demand of these drugs will lead to an increased request of high-quality silica.

ANALYTICAL CHROMATOGRAPHY

Nanologica produces pre-packed analytical columns under the brand name SVEA® used for analysis within the pharmaceutical and the food industries. Since the start of large-scale production of the company's silica, this segment is transforming from being the main segment in chromatography to becoming a supporting business and a steppingstone for preparative chromatography.

PRODUCTION OF NANOLOGICA'S SILICA

At the pilot plant in Södertälje, Sweden, Nanologica produces silica in kilo scale. A move into preparative chromatography requires silica volumes of ton scale, why a large-scale manufacturing facility has been set up. Here, GMP classified silica is produced in ton scale, making the company unique in this field.

In July 2019, the first supply contract for delivery of preparative silica was signed, which initiated the commitment for the large investment in upscaling the production. During 2020, the scale-up of production was started with the manufacturing of a process demonstration batch. The manufactured intermediates and the process were validated continuously and at the end of the year the final test material was delivered and subsequently approved. The quality of the material is identical to that previously produced at the pilot plant in Södertälje, meaning that all the data that Nanologica and customers have generated on the material is applicable also on the material derived from the large-scale manufacturing. Ton-scale production is now underway with the first commercial material expected to be delivered during the second half of 2021.

EMPLOYEES

As Nanologica grows, large focus is put on meeting the business areas' future competency needs, and one of the top priorities is to attract and retain promising talents in the respective field. The company strives to run a structured recruitment process to ensure competent and skilled employees are hired. Nanologica will increase its collaborations with students through for example internships, as well as collaborations with research groups and industry, to establish Nanologica as an attractive employer brand within the life science industry. Having the right people, at the right places, at the right time, increase the chances of success, competitiveness, and ultimately profitability for the company.

To ensure that the employees are engaged and motivated, Nanologica conducts annual and interim performance and development discussions, as well as compensation reviews. As part of the annual performance and development discussion, each employee and their manager decide on an individual development plan with individual goals, to help employees grow in their roles and to support their aspirations.

To further keep employees motivated and involved in the business, information on projects, products and processes are shared regularly. We believe feeling part of the company and the feeling of contributing to the goals is important for all employees.

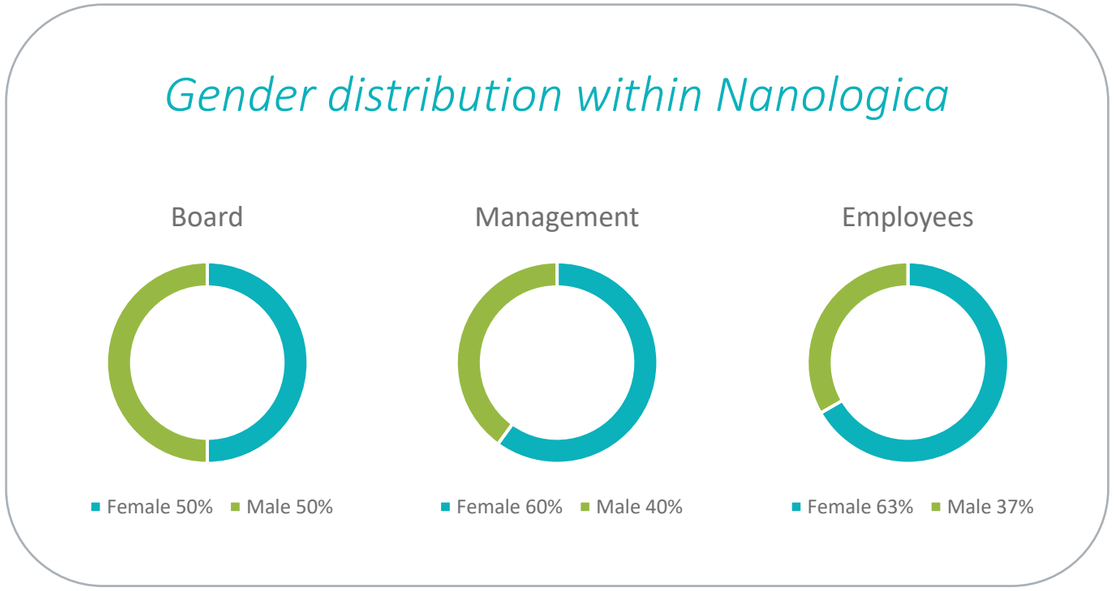
At Nanologica, we strive for diversity in all parts of the company, from the board of directors, to the management team, to the employee force.

We believe diversity to be a competitive advantage in the work environment. Leveraging different perspectives, experiences, and ideas, will lead to a more innovative, competitive, and productive organization. A multifaceted work-force also reflects the international market in which Nanologica operates.

Nanologica's Code of Conduct outlines ethical principles and gives guidance to employees on how to act and conduct business responsibly. It outlines the company's expectations regarding employees' behaviour towards their colleagues, supervisors, overall organization, as well as towards external parties. The purpose of the Code of Conduct is to foster a well-organized, respectful, and collaborative environment.

The safety of our employees is crucial. Safety inspection tours are conducted on a regular basis in both the laboratories and the office environment. Briefing of safety routines, as well as safety educations, are carried out regularly for all employees.

In 2020, eight different nationalities were represented in the workforce, reflecting the international market in which Nanologica operates.



PATENTS AND TRADEMARKS

Nanologica continuously revises the commercial values of its patents and trademarks. Only the patents and trademarks that support the company's business model and that are assessed to be of commercial value are upheld.

At the end of 2020, the company had three patent families (*Lung delivery, Stem cells and Solubility*) with 28 granted patents, one patent family (*Empty particles*) where the patent application during the year became public and where the company has progressed the application into international phase, and one patent family (*Sublingual tablet*) where the patent application is pending in national phase.

Nanologica's patents protect technologies, properties, and applications for the company's drug delivery platforms, as well as methods for producing silica particles.

PATENTS

Patent number	Patent family	Geographic market	Status
WO2012004291	Stem cells	US, Denmark, France, Italy, Netherlands, Switzerland, Spain, UK, Sweden, Germany	Granted
		India	Pending
WO2012035074	Solubility	US, China, Japan	Granted
		India	Pending
WO3618811	Lung delivery	Germany, UK, Italy, France, Turkey, Spain, Ireland, Switzerland, Norway, Poland, Netherlands, Sweden, Belgium, Denmark, Finland	Granted
		US, Canada, China, Japan, Australia, India, South Korea, Hong Kong	Pending
N.A.	Sublingual tablet	EU, US, China, Japan, Australia	Pending
N.A.	Empty particles	World	Published

The company has nine registered trademarks on several geographical markets.

REGISTERED TRADEMARKS

Name	Geographic region
Nanologica (wordmark)	Sweden, WIPO, EU, US, China, India, Japan, Russia
Logotype	Sweden, WIPO, EU, US, India, Japan, Russia
Logotype+wordmark	China
NLAB	WIPO, EU, US, China, India, Japan, Russia, South Korea, Egypt, Turkey, UK, Australia
SVEA	Sweden, WIPO, EU, US, China, India, Russia, South Korea, Switzerland, Singapore, Vietnam
Nanghavi	Sweden, WIPO, India
Kanak	Sweden, WIPO, India
NLAB Saga	Sweden, WIPO, EU, US, China, India, Russia
NLAB Spiro	Sweden, WIPO, EU, China, Australia, Russia

THE SHARE AND OWNERS

Nanologica's share is traded on Spotlight Stock Market since October 30, 2015. Since November 4, 2020, the share is listed on Spotlight Next, a premium segment of Spotlight Stock Market.

VOLUME, MARKET CAP AND TRADE
During 2020, the total turnover of shares was approximately 12.3 million shares (16.8) corresponding to a total value of approximately MSEK 146 (163). The average daily turnover was 48,847 shares (67,183) corresponding to a value of approximately TSEK 578 (650) per day. The market cap at the end of the year was approximately MSEK 372 (175). The share is traded through banks and stockbrokers under the ticker NICA. The ISIN code is SE0005454873.

DEVELOPMENT OF THE SHARE DURING 2020
At the end of 2020, the share price was SEK 13.40. The share's highest price in 2020 was recorded on Sep 21 at SEK 15.20, and the lowest price was SEK 8.40 on March 17. The share price increased by 25.8 per cent during the year.

Share price performance

Share price performance graph: Closing price (green curve) and volume (blue stacks)

SHARE CAPITAL
The share capital in Nanologica AB amounted as of December 31, 2020 to SEK 11,389,278, distributed among 27,776,850 shares, each with a quota value of SEK 0.41. Nanologica has only one class of shares.

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	Bonus issue	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	2 271 479	11 357 392
2020-12-03	Warrant excersise	77 773	27 776 850	31 909	11 389 301
2021-02-26	Warrant excersise	17 630	27 794 480	7 233	11 396 534

RIGHTS ISSUES
In March 2020, Nanologica completed a preferential rights issue of 5,539,815 shares, with gross proceeds amounting to MSEK 55.4 before issuance cost. The total number of shares after the issue was 22,159,262.

In May 2020, Nanologica completed a directed rights issue of 5,539,815 shares, with gross proceeds amounting to MSEK 57.1 before issuance cost. The total number of shares after the issue was 27,776,850.

OWNERSHIP
On December 30, 2020, the number of shareholders totalled 2,242 (1,922). The largest shareholder, Thomas Eldered through Flerie Invest AB, held 32.4 percent of the total number of shares, followed by Swedbank Robur Medica with 9.0 percent, and CEO Andreas Bhagwani through Vega Bianca AB with 7.6 per cent. Overall, the holdings of the ten largest shareholders amounted to 64.8 percent of the total number of shares.

Nanologica's board of directors and management team together owned 8.1 percent of the shares.

DIVIDEND
The board of directors and the CEO propose no dividend for the fiscal year 2020-01-01 – 2020-12-31.

SHARE-BASED INCENTIVE PROGRAMS
A share-based incentive program (2018/21) was decided by the AGM May 31, 2018 and was implemented in 2019. The total number of options in the program was 484,833, with a strike price of SEK 9.30. 14 persons, from the management team and other employees, subscribed to 96.4 percent of the options in the program, corresponding to a maximum dilution of 1.7 percent if all options are exercised. Parts of the options in the program were exercised in September 2020. This increased the total number of shares in Nanologica AB to 27,776,850 and the share capital to SEK 11,389,278. As of December 31, 2020, 389,426 options remain in the program that expires July 1st, 2021.

At the AGM on May 28, 2020, two further share-based incentive programs were decided, which were implemented in September 2020. In the program 2020/22 for Nanologica's board members, all of the 350 000 options have been subscribed, and in the program 2020/22 for Nanologica's management team and employees, 597,449 of the 698,577 options were subscribed. In total, this corresponds to a maximum dilution of 3.8 percent if all options are exercised. The strike price for the options is SEK 18 and the program expires on July 1, 2022.

The purpose of the incentive programs is to encourage broad share ownership among Nanologica's employees and board members, attract and retain skilled employees, and increase employee motivation and fulfilment of targets.

INFORMATION
As Nanologica is a public company, there are rules and regulations on what, when and how information shall be released. Important events and financial reports are made public through press releases, and on the company website www.nanologica.com, where they are also kept available. Through the website it is possible to subscribe to the press releases and financial reports. Moreover, the website contains general company information, other news, video presentations, and information on corporate governance.

The communication from Nanologica should be characterized by swiftness, reliability, and transparency. To be reliable, the information must be relevant and correct, which among other things mean that Nanologica refrains from speculating in future developments or hypothetical events.

Any questions may be directed to info@nanologica.com and will be addressed as soon as possible.

ANNUAL GENERAL MEETING
Nanologica's Annual General Meeting 2021 will be held on Thursday May 27, 2021. Notice has been published on the company's website. Due to the pandemic, the Annual General Meeting will be carried out through advance voting (postal voting), in accordance with temporary legislation being in effect in 2021.

Owners as of December 30, 2020	Shares	Share %
Flerie Invest AB	8 982 639	32,3
Swedbank Robur Medica	2 500 000	9,0
Vega Bianca AB	2 115 198	7,6
Försäkringsaktiebolaget Avanza Pension	1 135 178	4,1
Konstakademien	855 036	2,9
CJ Hall Invest AB	550 000	2,0
Rahal Investment AB	547 783	2,0
Mikael Lönn	530 423	1,9
Niklas Sjöblom	450 033	1,6
Wilhelm Risberg	391 163	1,4
The ten largets share holders	**18 057 453**	**64,8**
Other share holders (2 232)	**9 719 397**	**35,2**
Total	**27 776 850**	**100,0**

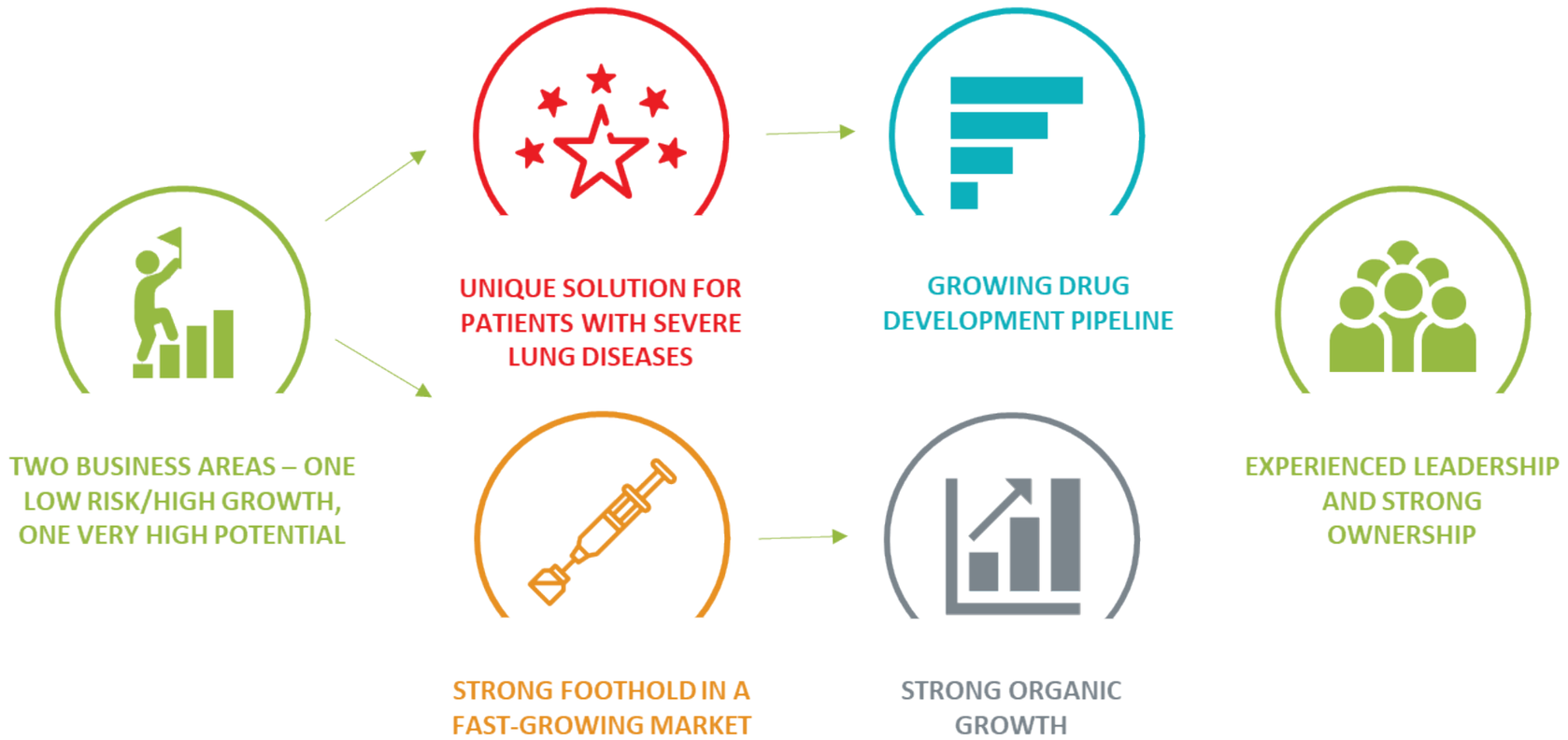
**According to the register of shareholders issued by Euroclear on December 30, 2020, the holdings for Vega Bianca AB amounted to 1,647,999 shares. This deviation relates to Vega Bianca AB (owned by CEO Andreas Bhagwani) lending shares to Aktieinvest AB to enable a cashless procedure for option holders when exercising options from the 2018/20 stock option program. The lent shares will be handed back to Vega Bianca AB when the cashless procedure has ended, why Vega Bianca's actual holdings of 2,115,198 shares is stated in the table above.*

FINANCIAL CALENDAR

Interim report January-June	July 9, 2021
Interim report January-September	Oct 29, 2021
Year-end report 2021	Feb 25, 2022

NANOLOGICA AS AN INVESTMENT

By creating better and cheaper medicine through porous silica, we aim not only to create value for our shareholders, but to contribute to more patients receiving treatments for their unmet medical needs. The chromatography business is developed to continuously generate a stable and growing cash flow, while a great potential for large occasional revenues is assessed to lie within the business area of drug development.



IT IS PERFECTLY NORMAL FOR SOMETHING ABNORMAL TO HAPPEN

Risk analyses constitutes a large part of the board's work. We monitor information, production, product, logistics, and financial risks, and we know that business risks depend on the company's own operations, as well as on external factors, and that almost all risks ultimately depend on the human factor. Continuous work with analysis and mitigation of risks prepares us for meeting the challenges we face.

Sometimes, however, risks arise that we are not at all prepared for and where we cannot draw on our existing knowledge and experience. This we have become very aware of in 2020. Then it is still important to be able to act fast, even if the decision-making process is hampered by incomplete information. With or without complete information, business risks are a comprehensive whole and when they are examined, one must be able to reach out to the most distant links in the risk chains. In that work, we have learned that it is us humans - employees, partners, and the board - who are the most important risk to take care of AND the greatest asset.

The pandemic has clearly put its finger on how fundamental health, well-being, and safety are, for the business internally, as well as externally. Also, on how "external and unknown threats" can highlight new forces within us. For Nanologica, collaboration, curiosity and courage have been key words. Our work with risk analysis and implementation of risk prevention measures has increased employees' competence and insight into the company's operations and the lesson from this year is that risk management does not have to take place at the expense of creativity but can instead ensure continued creativity and continued opportunities for good results. A company that knows its risks dares to invest and acts decisively based on the knowledge that it is perfectly normal for something abnormal to happen.

Despite the challenging conditions, the company has still delivered on the goal we set for the year. Thanks to cooperation, passion, and decisive action from both the employees and the board, great strides have been made in the company's both business areas. The successful upscaling to large-scale production of silica means that one of the company's greatest risks has been eliminated and means that the foundation for building a significantly larger business than today is in place.

May 2021

Gisela Sitbon
Charirman of the board

CORPORATE GOVERNANCE REPORT

GOVERNANCE MODEL
Nanologica AB, corporate registration number 556664-5023, is a Swedish limited company that has been listed on Spotlight Stock Market since October 30, 2015 and is from November 4, 2020 listed on Spotlight Next. The headquarter is in Södertälje, Sweden.

Corporate governance at Nanologica, which can be divided into external and internal governance documents, is in compliance with Swedish law, the rules and regulations of Spotlight Stock Market, and the Swedish Code of Corporate Governance (the Code) as well as internal regulations and instructions.

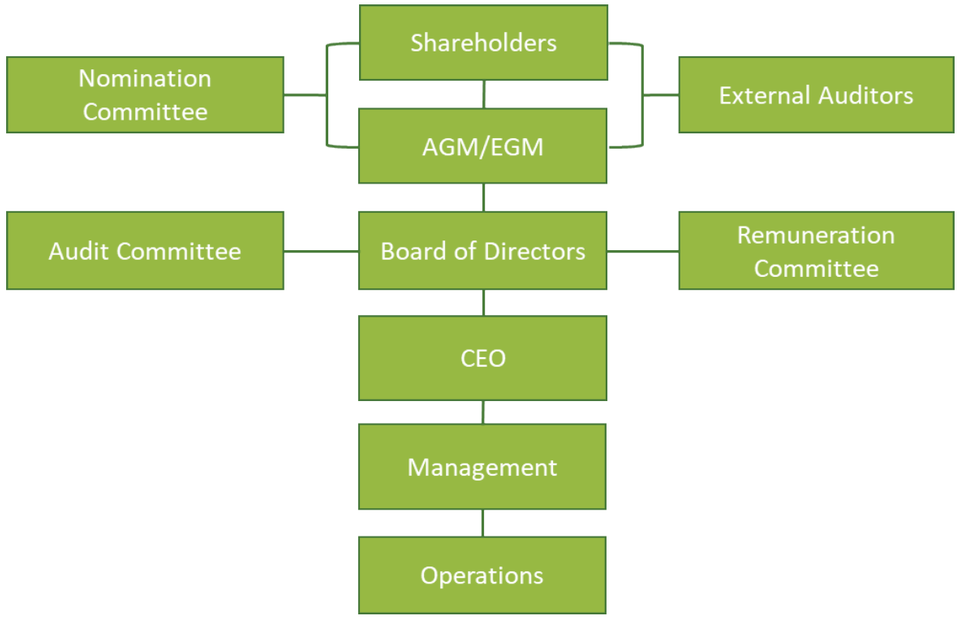
External governance documents
The external governance documents constitute the framework for corporate governance. These include the Swedish Companies Act, the Swedish Annual Accounts Act, the Spotlight Stock Market Issuer Rules, and the Code. Nanologica deviated from the Code in that there were no audit committee and remuneration committee until December 2020. Before December 2020, the board had the full responsibility for the decision on audit issues and remunerations. No other deviations from the Code occurred during the year. The company was not subject to any decision of the Spotlight Stock Market disciplinary board or any statement by the Swedish Securities Council during the year.

Internal governance documents
Internal governance documents include the articles of association adopted by the annual general meeting, internal instructions, and guidelines. Examples of internal instructions and guidelines include the board of directors' rules of procedure, formal work plans for the committees, and instructions to the CEO. In addition, the board of directors of Nanologica has adopted several policies and guidelines that control the company's operations, as well as instructions for financial reporting.

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 of Nanologica are the ultimate decision makers regarding the group's governance through their election of the company's board of directors at the annual general meeting. In turn, the board of directors is responsible for ensuring that corporate governance is in compliance 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 December 31, 2020 the share capital of Nanologica amounted to SEK 11,389,278 and the number of shares to 27,776,850 with a quotient value of SEK 0.41.



During 2020, two rights issues were conducted, totalling in 11,079,630 new shares, with gross proceeds amounting to MSEK 112.5 before issuance cost. The total number of shares after the issues was 27,776,850.

According to Euroclear the number of shareholders at year-end was 2,242 (1,922) and the ten largest shareholders owned 64.8 percent of the total number of shares.

As of December 31, 2020, Flerie Invest AB (Thomas Eldered) owned more than 30 percent of the voting power of all shares in the company.

For more information about the Nanologica share, see the section about the share on pages 20-21 or on www.nanologica.com.

Annual General meeting /AGM
According to the Companies Act (2005: 551), the general meetings of shareholders is the company's highest decision-making body. At the general meetings, the shareholders exercise their voting rights in the company. The annual general meeting (AGM) shall be held within six months from the end of the financial year.

At the AGM, the balance sheet and income statement are presented, and resolutions are passed on such matters as appropriation of the company's earnings, election of and fees to board members and auditors, guidelines for remuneration to the CEO and other senior executives, discharge from liability for the board of directors and the CEO for the past year, how the nomination committee is to be appointed, and other matters submitted to the AGM in accordance with the law.

The articles of association stipulate that the annual general meeting shall be held in Stockholm. Shareholders who wish to attend general meetings, in person or through a representative, must be included in the register of shareholders kept by Euroclear Sweden AB five (5) working days before the general meeting and make a notification to the company in accordance with the notice. Notice of general meetings is made through advertising and via the company's website www.nanologica.com.

AGM 2020

The AGM 2020 was held on May 28, 2020 in Stockholm. At the AGM 53.8 percent of the total votes were represented. Mårten Steen was elected chairman of the meeting. At the meeting, the following resolutions were passed:

- Discharge of the board members and the CEO from liability for the 2019 financial year
- Re-election of the board members Gisela Sitbon (chairman), Mattias Bengtsson, Eva Byröd and Lena Torlegård, and the election of Tomas Kramar and Anders Rabbe as new board members.
- Appointment of BDO as auditors, with Niclas Nordström as auditor in charge
- Approval of the establishment of stock option programs intended for the company's board of directors, management and staff
- The process of the nomination committee
- Approval of issuing of shares at the maximum of twenty (20) percent of the total share capital in the company after the rights issue
- Change of the articles of association according to the board's suggestion

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

Extraordinary General Meeting 2020

An EGM were held on February 26, 2020 in Stockholm. At the EGM 10.2 percent of the total votes were represented. Mårten Steen was elected chairman at the meeting. The following resolutions were passed:

- Issuance of a maximum of 5,539,815 new shares in a preferential rights issue and that the share capital can increase with a maximum of SEK 2,271,478.09.

AGM 2021

The AGM 2021 will be held on May 27, 2021 at 12:00 in Stockholm. In order to participate and for more information, see Nanologica's website www.nanologica.com. Minutes from the AGM will be published on Nanologica's website, www.nanologica.com, after the meeting.

Nomination committee

The Nomination committee for the AGM 2021 consists of

- Thomas Eldered (Flerie Invest AB)
- Mattias Häggblom (Swedbank Robur Medica)
- Nina Rawal (Vega Bianca AB)

Chairman is Thomas Eldered. The Nomination committee represents 49.1 percent of the total votes in the company as per September 30, 2020.

The task of the nomination committee is to prepare and present proposals for the election of the chairman and other members of the board of directors, the board fees and remunerations for committee work, the election of auditors (if applicable) and auditor fees (if applicable) and proposals for the appointments to the nomination committee for the next annual general meeting. The proposals will be published at the latest in conjunction with the notice of the AGM 2021.

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, leading a discussion with the board of directors without the CEO or any other senior executive present.

According to Nanologica's articles of association, the company must have an authorised public accountant or a registered accounting firm as its external auditor. As from the AGM 2020, the accounting firm BDO AB has been the auditor of the company with the certified public accountant Niclas Nordström as the auditor in charge. From the AGM 2011 to AGM 2020 Nanologica had the accounting firm PwC as auditors. The certified public accountant Leonard Daun was in charge between the AGM 2017 and the AGM 2020. For information about fees paid to the auditors, please refer to note 5 of the 2020 Annual Report.

The board of directors

The board of directors is the company's second highest decision-making body after the annual general meeting. The board has the overall responsibility for the company's organization and the administration of Nanologica's operations, as well as for working for creating long-term value for the shareholders and other stakeholders. Together with the company management, the board is responsible for the overall strategy as well as the company's financing and financial position and ensures that the company has a proper risk management and internal control.

The board of directors adheres to written rules of procedure that is reviewed annually and is decided at the statutory board meeting each year. The rules of procedure govern, among other things, the practices, and tasks of the board of directors, decision-making within the company, the board of directors' meeting agenda, the chairman's duties, and the allocation of responsibilities between the board of directors and the CEO. Instructions for financial reporting and instructions for the CEO are also decided in connection with the statutory board meeting.

The board of directors meet in accordance with a yearly schedule and following an annual cycle determined by the board of directors at the statutory board meeting in conjunction with the annual general meeting. If necessary, extraordinary decisions are made through extra board meetings, such as possible acquisitions or divestments, other investment decisions, financing decisions and decisions on structural or organizational issues. CEO Andreas Bhagwani and CFO Eva Osterman are present at all board meetings. Eva Osterman serves as secretary of the board. Other senior executives participate in connection with particular issues.

Board of directors 2020

According to Nanologicas articles of association, the board of directors shall consist of a minimum of three (3) and a maximum of nine (9) members with a maximum of three (3) deputy members. The current board of directors consist of six members without deputies. The assignment for all members runs until the end of the upcoming AGM. Nanologica's board members for 2020 are presented in the section "The Board".

At the end of the financial year the board of directors consisted of: Gisela Sitbon, Chairman, Mattias Bengtsson, Eva Byröd, Tomas Kramar, Anders Rabbe, and Lena Torlegård. For further information on the board of directors, see page 28 or at www.nanologica.com.

Board of directors' work 2020
During 2020, the board of directors held nine board meetings, of which three were extra board meetings. The board of directors also made decision per capsulam on six occasions, to make decisions to carry out two new share issues and to approve interim reports. During the fall of 2020 the board formed an audit committee and a remuneration committee. Attendance, remuneration and independency for the members of the board are shown in the table below.

Evaluation of the board of directors' work
According to the Code, the board of directors shall evaluate its work annually, using a systematic and structured process, with the aim of developing the board of directors' working methods and efficiency. The work of the board of directors has been evaluated by having the board members anonymously answer a number of questions about the board of directors' activities.

The results of the evaluation have been compiled and reported orally to the members of the board of directors and the nomination committee.

Board committees
As of December 2020, Nanologica has two committees, one audit committee and one remuneration committee. Minutes are taken at all committee meetings and the minutes are reported in connection to board meetings. The major roles and tasks are presented below:

Audit committee
The audit committee is appointed by the board of directors and consists of Lena Torlegård (chairman) and Mattias Bengtsson.

The primary task of the audit committee is to support the board in its work to fulfil its financial reporting responsibilities including accounting, internal control, internal audits, and risk management. The audit committee also has a regular contact with the company's auditor and stays informed and active in decisions concerning financial issues, risks, interim and annual reports, and internal control. The audit committee is also responsible for reviewing and evaluating the auditor's work.

The audit committee was formed in December 2020 and the first meeting was held in January 2021 which was called for setting up the committee's formal workplan and meeting schedule, as well as working with the company's internal control.

Remuneration committee
The remuneration committee is appointed by the board of directors and consists of Gisela Sitbon (Chairman), Tomas Kramar and Anders Rabbe.

The primary task of the remuneration committee is to submit proposals to the board regarding remuneration to the CEO and principles of remunerations and other conditions of employment for the management team, as well as monitoring and evaluating variable remuneration and long-term incentive programs.

The renumeration committee was formed in December 2020 and the first meeting was held in February 2021, which was called for setting up the committee's formal workplan and meeting schedule, as well as setting a structure for the remuneration to the CEO and management team.

CEO and management
The senior management of Nanologica consists of a CEO, CFO, CTO, Director Strategies and Operations, and Director Drug Development. Three executives are women and two are men. For summary and presentation of the senior management, see pages 29-30.

Remuneration to the CEO
In 2020, Nanologica's CEO Andreas Bhagwani received a fixed compensation of SEK 1,396,388 and a non-pensionable variable remuneration of SEK 300,000.

Remuneration to senior management
Senior executives refer to CEO and the management group which consists of five persons in total. The remuneration consists of fixed salary and variable remuneration, the customary employment benefits, and market-based pensions.

Fixed salary and variable remuneration
The fixed salary is based on the individual's competence, areas of responsibility and experience. The fixed salaries are reviewed on an annual basis. The proportion between fixed salary and variable remuneration will be evaluated with regard to the executive's responsibility and authority.

Variable remuneration may consist of bonuses to senior executives in the form of cash. Variable remuneration can be paid but should not exceed an amount corresponding to more than six month's salary. The variable remuneration should be based on the outcome of predetermined and measurable criteria which in turn should be designed to contribute to an increased value for the company.

An incentive program in addition to the variable bonus is described below.

Other benefits and pensions
The company offers its employees other staff benefits in accordance with local practices. Benefits of this kind can include, for example, occupational health services. Pension terms should be market-based in relation to the regulations in force for similar positions in the local market.

Incentive programs
Share based and share price based incentive programs shall, if applicable, be decided by the AGM. Current incentive programs are described on page 21.

Termination and severance pay
For the CEO, a notice period of six months is in effect in the event of termination of employment by Nanologica and six months in the event of notice of termination from the CEO. Upon termination by the company, there is no work obligation during the notice period, but the CEO must be available to the company as needed. Severance pay is not applied. The other senior executives and all other employees have a mutual termination period of three months.

			Independent in relation to		Remuneration [1]				Attendance [2]		
Board member	Function	Elected	The company and its management	Major shareholders	Board fee	Audit Committee [3]	Remuneration committee [3]	Total	Board of Directors	Audit Committee [3]	Remuneration committee [3]
Gisela Sitbon	Chairman	2012	Yes	Yes	220 125	-	0	220 125	9/9	-	-
Mattias Bengtsson	Board member	2019	Yes	Yes	136 750	0	-	136 750	9/9	-	-
Eva Byröd	Board member	2017	Yes	Yes	136 750	-	-	136 750	9/9	-	-
Tomas Kramar	Board member	2020	Yes	Yes	70 000	-	0	70 000	5/5	-	-
Lena Torlegård	Board member	2014	Yes	Yes	136 750	0	-	136 750	9/9	-	-
Anders Rabbe	Board member	2020	Yes	Yes	70 000	-	0	70 000	5/5	-	-
Hans Lennernäs (Jan-May)	Board member	2014-2020	Yes	Yes	66 750	-	-	66 750	4/4	-	-

1) Fees set by the AGM excluding social securties contribution for June 2020 to May 2021 financial year.
2) Total number of meetings attendended vs total number of meetings. Excluding per capsulam meetings.
3) The committees started in November 2020 and no remuneration has been paid out for the financial year 2020.

Board proposals for new guidelines for remunerations to senior executives

Prior to the 2021 annual general meeting, the board of directors of Nanologica will revise the principles for remuneration to senior executives in accordance with the new amending directive legislation. The proposal for the new guidelines will be presented in advance of the 2021 AGM, in conjunction with the notice to attend.

BOARD OF DIRECTORS

Gisela Sitbon (1958)
Board member since 2012,
Chairman of the board since 2014

Education: PhD in Medical Science from Karolinska Institute in Solna

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

Other assignments: Active as business coach within the life science sector. Chairman of the Board of Beactica Therapeutics AB, Enginzyme AB and Gradientech AB. Board member of Annexin Pharmaceuticals AB, CollaboDoc AB, Encare AB, In Singulo AB, and Sitbon Bioscience Partner Zenz AB.

Own and closely associated shareholdings: 20,000 shares through the company Sitbon Bioscience Partner Zenz AB and 75,000 options.

Mattias Bengtsson (1969)
Board member since 2019

Education: Master of Science in Engineering at Chalmers University of Technology, MBA from Gothenburg School of Economics

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

Other assignments: CEO and board member of Biolin Scientific AB. Board member of MaBeRo Consulting AB.

Own and closely associated shareholdings: 55,000 options.

Eva Byröd (1952)
Board member since 2017

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

Main experience: Eva Byröd has more than 25 years of experience as a line manager in pharmaceutical research and development and ten years' experience as a Project Manager/Project Director, working in early as well as late phase pharmaceutical development projects.

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

Own and closely associated shareholdings: 55,000 options.

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' experience of leading large companies, as well as start-ups. Most recently CEO in Sweden of Siemens Healthineers and before that CEO in Sweden for Siemens Healthcare Diagnostics. Tomas has also been a board member and chairman of the board in large and small companies.

Other assignments: Chairman of the board of T.M. Kramar Group AB and Percy Falk cancerstiftelse. Board member of Corsmed AB, Cytacoat AB, Gentian A/S and Lundonia Biotech AB.

Own and closely associated shareholdings: 55,000 options.

Anders Rabbe (1971)
Board member since 2020

Education: Bachelor of Science in business administration from Webster University, Genève.

Main experience: Anders Rabbe has been the CEO of several companies within the biotech and the financial sector. The last 10 years, Anders has held the position as CEO of Isofol Medical AB.

Other assignments: CEO of Wntresearch AB. Board member of Baricol Bariatrics AB, Investmentaktiebolaget Akkumula AB and Albonja AB.

Own and closely associated shareholdings: 55,000 options.

Lena Torlegård (1963)
Board member since 2014

Education: Bachelor of Science in business administration from the Stockholm School of Economics

Main experience: Lena Torlegård has more than 20 years of experience as a communications consultant for a large number of companies, including companies in the life science industry. Lena acts as an independent advisor in financial and corporate communications with several clients in the life science sector through her company Lena Torlegård AB.

Other assignments: Board member of Annexin Pharmaceuticals AB, CoDesignSweden AB, IRLAB Therapeutics AB, Integrative Research Laboratories Sweden AB and Synartro AB.

Own and closely associated shareholdings: 5,739 shares and 55,000 options.

MANAGEMENT

Andreas Bhagwani (1975)
CEO since 2011

Education: MBA from Stockholm School of Economics, studies in agronomy at the Swedish University of Agricultural Sciences in Uppsala.

Main experience: Andreas is the co-founder of several companies, the most recent being Sigrid Therapeutics AB (obesity therapy) and Atrogi AB (diabetes). Andreas has worked as a management consultant for over a decade, specializing in sales and leadership. In addition to the above companies, he is a co-founder of WideNarrow, Kichisaga Leadership (management consultancy) and GenderTimer (cell phone app).

Other assignments: CEO of Nanghavi AB. 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, deputy board member and co-owner of Kichisaga Leadership AB, as well as co-owner of Atrogi AB and Sigrid Therapeutics AB.

Own and closely associated shareholdings: 2,115,198 shares through the company Vega Bianca AB and 310,450 options.

Kia Bengtsson (1969)
Director Drug Development since 2019

Education: Registered nurse, Karolinska University Hospital

Main experience: Kia has more than 20 years' experience from the pharmaceutical industry and clinical R&D whereof the last ten years in leading positions at Eurocine Vaccines, Ipsen and AstraZeneca.

Other assignments: Board member of Nanologica Australia Pty. Ltd and deputy board member of Digital Trial Consultants in Stockholm AB and Sverre Bengtsson AB.

Own and closely associated shareholdings: 17,000 shares and 103,483 options.

Adam Feiler (1974)
CTO since 2012

Education: Doctorate in physical chemistry from The Ian Wark Research Institute at the University of South Australia, Adelaide, Australia.

Main experience: Adam Feiler has nearly two decades' academic research experience in the area of nanoparticles, biomaterials and medical implants. His experience also includes a broad range of analytical methodologies within microscopy and spectroscopy. Adam also has several years' industrial experience from the Institute for Surface Chemistry (currently SP Chemistry, Materials and Surfaces) as head of research and business manager. Whilst there he was in charge of managing contract research projects within the pharmaceutical, cosmetics and food industries.

Other assignments: Adjunct professor of nanotechnology at the Royal Institute of Technology (KTH), Stockholm.

Own and closely associated shareholdings: 1,000 shares and 106,083 options.

Eva Osterman (1971)
CFO since 2017

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

Main experience: Eva Osterman has many years of experience in finance at larger companies. Eva has worked within business control, financial control, reporting and internal audit. Eva also has extensive experience from major international firms in the pharmaceutical industry.

Other assignments: Board member of Nanghavi Chromatography Solutions Private Limited and Nanologica Australia Pty. Ltd, deputy board member of Nanghavi AB, Nanologica Black AB, Nanologica Yellow AB and Consensor AB.

Own and closely associated shareholdings: 49,783 shares and 60,000 options.

Anna-Karin Renström (1964)
Director Operations and Strategies since 2019

Education: MSc Industrial Engineering and Management from The Institute of Technology at Linköping University, Business Performance Diploma and Executive Management Program, Stockholm School of Economics, Certification in Board work, Styrelsekraft via ALMI.

Main experience: Anna-Karin was the CEO of Telge Inköp for 10 years before joining Nanologica. She has also held the positions as Chairman of Telge Kraft AB and board member at Telge Nät AB. Before that she worked in various positions within purchasing and finance at AstraZeneca.

Other assignments: No other assignments.

Own and closely associated shareholdings: 48,483 shares and 60,000 options.

BOARD OF DIRECTORS REPORT

The board of directors and the CEO of Nanologica AB (publ), 556664-5023, hereby submit the annual report for the financial year 2020.

GENERAL INFORMATION
Nanologica AB is based in Sweden with its registered office in Stockholm. The company has an office and manufacturing facilities in Södertälje.

The nature and focus of the business
Nanologica develops and manufactures nano-porous silica particles for life science applications. The business is based on knowledge in manufacturing silica particles with predetermined structures. By precisely controlling the shape and surface properties of the silica particles, as well as the size of the pores, Nanologica has the capability to produce silica with specific properties that entail important advantages in medical applications.

Nanologica has chosen to focus its operations on two areas; Drug Development and Chromatography. In drug development the silica particles can be loaded with drug molecules to enable more effective drugs. In Chromatography, the silica is used in products for analysis and purification of pharmaceutical products in connection with the development and the production of market-launched drugs.

As Nanologica is active in both chromatography and drug development, the company can apply a business model that combines financial stability with significant future potential. Within the business area of Chromatography, Nanologica's objective is to establish a fast-growing, sustainable, and profitable business by providing silica-based products for the analysis and purification of substances. In drug development, Nanologica's objective is to create long-term value with our its assets, as well as together with partners.

In the Chromatography business area, Nanologica develops and manufactures products for separation and purification.

Drug development is the process of bringing a new pharmaceutical drug to the market, from the discovery phase through preclinical and clinical studies, to obtaining regulatory approval for a new drug application to market the drug. Nanologica operates in several parts of the chain, with its drug delivery platforms.

Drug delivery is a broad term within the pharmaceutical industry, comprising of the method or process of administering a pharmaceutical compound to achieve a therapeutic effect in the body, and various techniques for formulating and producing drugs. The target is to deliver the right amount of drug, at the right place in the body, at the right time. Nanologica's drug delivery platforms, NLAB Spiro® and NLAB Silica™, aim to produce better medicines.

The average number of permanent employees for the full year was 19 (18), of which 13 (12) women and 6 (6) men.

DEVELOPMENT DURING 2020
In 2020, Nanologica successfully scaled up the silica production to ton scale eliminating the risk of transferring kilo scale methods into ton scale.

Despite the pandemic hindering sales of analytical columns, Nanologica managed to reach net sales of TSEK 16,135, due to strong performance within the Drug Development business area.

The first products received from the ton-scale manufacturing are identical to what are produced at the pilot plant in Södertälje. This means that Nanologica will be able to deliver larger samples of silica to potential customers for evaluations.

Within the business area Drug Development, the company's partner projects continue to develop in a positive way with for example the VP02 project run by Vicore Pharma, advancing towards clinical studies.

The clinical trial with the inhouse drug candidate NIC-001, that was intended to be performed in Australia during 2020, has been put on hold. For the inhalation platform NLAB Spiro®, further technical development is ongoing a toxicology study program is being prepared.

The Corona pandemic
Like many other companies, Nanologica has been strongly affected by the Corona pandemic. During the year, the company has monitored the situation closely and adjusted its actions and contingency plans accordingly, to be able to comply with recommendations as well as to run the business with as little impact as possible. At Nanologica's headquarter, both production and laboratory work have proceeded without major interruptions.

The largest financial effect for Nanologica has been in analytical chromatography, where travel and other restrictions has had a negative impact on sales in all geographical markets. Some effects have also been seen at Nanologica's suppliers, with longer lead times for some products and delays in the delivery of raw materials and equipment.

In the upscaling project within preparative chromatography at Sterling Pharma Solutions, some pandemic related delays have been seen. The first test batches were delivered somewhat behind schedule, which made deliveries of samples to customers a bit delayed as a result.

In the business area of Drug Development, the company's clinical study with NIC-001 has been postponed.

FINANCIAL OVERVIEW
Net sales for the year amounted to TSEK 16,135 (9,227). Net sales mainly relate to project revenues from the Drug Development business area and sales revenues of chromatography products in China.

Operating expenses for the year amounted to TSEK -39,601 (-34,285). The higher costs for 2020 compared to the previous year are mainly related to higher personnel costs due to an increased number of permanent and temporary employees.

The operating loss for the year amounted to TSEK -19,571 (-20,066) and the loss after tax amounted to TSEK -22,199 (-21,080).

Development costs and patents are capitalized on an ongoing basis when they arise. The capitalized expenses for development work and similar work amounted to TSEK 12,108 (11,274). These expenses mainly relate to costs for products within Chromatography and Drug Development, and development costs for upscaling to large-scale production of silica. The book value of right-of-use assets amounted to TSEK 29,428 (29,351), relating to equipment for large-scale production of silica at the contract manufacturer Sterling Pharma Solutions.

The book value for the patent portfolio was TSEK 1,627 (1,372), whereof the majority relates to patents and patent applications within Drug Development. Investments in tangible fixed assets amounted to TSEK 2,018 (960) on the closing day.

Financial position and liquidity
To date, the business has mainly been financed through new issues of shares, Swedish and international research grants, credit facility agreements and corporate loans from Almi Företagspartner.

Total cash flow amounted to TSEK 65,189 (-20,804). Cash flow from operating activities amounted to TSEK -43,340 (-9,771). Cash flow from operating activities has decreased due to an increase in receivables relating to pre-payments for material for large-scale production of silica.

Cash flow from investing activities amounted to TSEK -6,523 (-30,540). Investments relate to development costs at the contract manufacturer Sterling Pharma Solutions. Cash flow from financing activities amounted to TSEK 115,052 (19,508). This includes net proceeds from the preferential rights issue and the directed rights issue carried out in H1 2020.

As of December 31, 2020, cash and cash equivalents amounted to TSEK 66,364 (1,176).

Taking current financial position and expected revenue into account, the board assesses that the existing working capital is sufficient to run the company over the next twelve months.

MULTI-YEAR OVERVIEW, GROUP (TSEK)

Multi-year overview, group (TSEK)	IFRS 2020	IFRS 2019	IFRS/K3** 2018	K3 2017	K3 2016	K3 2015	K3 2014
Net sales	16 135	9 227	8 066	2 600	2 000	3 263	1 645
Operating profit/loss	-19 571	-20 066	-17 399	-19 302	-22 198	-14 143	-14 730
Profit/loss after income tax	-22 199	-21 080	-18 107	-20 095	-22 460	-14 291	-14 724
Cash and cash equivalents	66 364	1 176	21 878	7 086	16 857	18 951	9 125
Total equity	92 966	5 411	26 491	1 938	22 034	24 139	8 161
Total balance sheet	146 345	51 397	35 362	25 914	31 872	32 768	19 595
Earnings per share (basic and diluted) (SEK)*	-0.93	-1.27	-1.56	-4.35	-6.18	-6.33	-8.65
Number of shares, end of period	27 776 850	16 619 447	16 619 447	4 617 452	4 617 452	3 358 147	1 645 280
Average number of shares	23 888 809	16 619 447	11 618 616	4 617 452	3 633 405	2 259 089	1 701 812
Equity ratio (%)*	64	11	75	7	69	74	42
Equity per share (SEK)*	3.35	0.33	1.59	0.40	4.80	7.20	5.00
Average number of employees	19	18	16	16	19	16	16

Multi-year overview, parent company (TSEK)	RFR2 2020	RFR2 2019	RFR2 2018	K3 2017	K3 2016	K3 2015	K3 2014
Net sales	16 135	9 227	8 066	2 600	2 000	3 263	1 645
Operating profit/loss	-22 153	-20 223	-17 399	-19 302	-22 198	-14 143	-14 730
Profit/loss after income tax	-24 788	-20 856	-18 107	-20 095	-22 460	-14 291	-14 724
Cash and cash equivalents	66 183	1 065	21 828	7 036	16 807	18 951	9 125
Total equity	90 601	5 635	26 491	1 938	22 034	24 139	8 161
Total balance sheet	137 404	43 050	35 362	25 914	31 872	32 768	19 595
Earnings per share (basic and diluted) (SEK)*	-1.04	-1.25	-1.56	-4.35	-6.18	-6.33	-8.65
Number of shares, end of period	27 776 850	16 619 447	16 619 447	4 617 452	4 617 452	3 358 147	1 645 280
Average number of shares	23 888 809	16 619 447	11 618 616	4 617 452	3 633 405	2 259 089	1 701 812
Equity ratio (%)*	66	13	75	7	69	74	42
Equity per share (SEK)*	3.26	0.34	1.59	0.40	4.80	7.20	5.00
Average number of employees	19	18	16	16	19	16	16

PROPOSED APPROPRIATION OF THE COMPANY'S PROFIT OR LOSS FOR THE 2020 FINANCIAL YEAR)

The following profit/loss stated in SEK is at the disposal of the Annual General Meeting	SEK
Share premium reserve	231 368 038
Loss brought forward	-132 791 109
Loss of the year	-24 788 393
Total	73 788 536

The board of directors proposes that the following amount will be carried forward	
Total	73 788 536

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

RISKS AND UNCERTAINTIES

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

Project development
Nanologica carries out continuous development projects together with pharmaceutical customers and other partners, for which Nanologica normally receives compensation. There is a risk that customers close down projects or choose to pursue them further with competing technology or competing companies, which means that future revenues may not be forthcoming for Nanologica. There is also a risk that the company will not succeed in concluding further agreements with customers regarding development projects.

Nanologica also conducts development projects under its own auspices for which there is a risk that the company will not receive positive results in preclinical studies or clinical trials and that the company will not have the opportunity to pursue such projects further or license them to external parties. There is a risk that Nanologica invests resources in projects that do not result in any financial value for the company.

Commercialization
Nanologica and the company's customers carry out continuous testing of new products and there is a risk that the products tested will not be commercially successful. Different customers have different test methods and conditions, which means that the company's products can perform more or less well in tests and also in other ways be 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 may lead to the company continuing to invest in products with good test results and that these investments later prove to be unprofitable.

In 2020, Nanologica has taken important steps to develop its operations in both Drug Development and Chromatography. There is a risk that the outcome of the company's investment in both business areas does not correspond to the company's expectations. The inclusion of 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 perspective of their suppliers. 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 reasonably has a greater negative impact on the company's earnings, profitability and earnings compared with a company with a more diversified business.

Depending on key staff
Nanologica can be regarded as a small organization relative to the industry's major industrial players, measured in both turnover and number of employees and otherwise in committed people. The company's success is strongly dependent on the extensive competence and experience of senior executives and key personnel. The work of these people is considered to be of great importance for the company's continued operational and financial development. There is a risk that one or more key persons choose to terminate their employment, which could delay or cause interruptions in various development projects, out-licensing of, or commercialization of the company's products.

Depending on partners
Nanologica is, and is assessed to continue to be, dependent on collaborations in connection with the development of products, the implementtation of preclinical and clinical studies and out-licensing/partnerships for sales of the company's products in both existing and new markets. There is a risk that one or more of Nanologica's partners does not fulfil the agreed cooperation with the company, or that this does not happen according to conditions working for the company and that Nanologica in such a situation cannot replace such supplier or partner in a timely, qualitative, or financially satisfactory manner. Several of Nanologica's partners are located outside of Sweden. The geographical distance may lead to reduced opportunities for Nanologica to monitor and follow up on how the collaboration is progressing. In addition, political and economic uncertainties in such countries may adversely affect 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 requirements. The generated cash flow is judged to remain negative until Nanologica enters into significant agreements for the sale of existing or new products that the company may market.

A continued lack of positive and even operating revenue streams may mean that Nanologica will be forced to make further capital acquisitions in the future. Access to, and conditions for, such capital acquisitions are affected by several factors, including the prevailing economic and investment climate, the current credit market, and the company's creditworthiness and market position. Raising financing through the issue of shares or share-related financial instruments can have significant dilution effects for the company's existing shareholders. Credit financing may include restrictive conditions regarding 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 required capital to implement a current business plan, or alternatively that such capital raising can only take place on unfavourable terms. In the event that Nanologica is not provided with sufficient financing, the company may be forced to restrict, or ultimately suspend, 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, and insufficient insurance coverage.

Growth risks
A sudden and sharp increase in demand for the company's products may occur. Such an increase in demand can place demands on significant business expansion, ultimately through increased production capacity, staff and the development of new internal processes, which is assessed 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 aforementioned need for change in a satisfactory manner, it risks undermining the exchange of the company's market investments thereby having a negative impact on the company's revenue generation.

Competition and competing technologies
Nanologica is active in a competitive industry in which 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. Competitors may develop products that are more efficient, affordable, qualitative and/or useful than what the company can offer. Furthermore, competitors can have greater financial resources, higher production and distribution capacity and better conditions in general for developing and achieving commercial success. Nanologica's competitiveness is strongly dependent on the company's ability to be at the forefront of a product offering that is on a par with current market demand. Research and development within 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 does not have sufficient capacity to sustainably compete.

Patents, intellectual property rights and trade secrets
Nanologica is a knowledge-intensive research company whose business model is to develop, manufacture and market nanoporous silica particles for applications in life science. The company's knowledge in manufacturing silica particles with certain predetermined structures is based on many years of research and development.

The 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 the knowledge and technology can be preserved and produced within Nanologica. Patents and other intellectual property rights, including trademarks, constitute significant assets in the company's operations as a result. Nanologica may have decided not to patent certain specific innovations, in order not to run the risk of technically specifying them for competitors, with the effect that certain know-how and certain trade secrets naturally have a risk of exposure. As of December 31, 2020, Nanologica has a total of a broad patent portfolio of 28 patents that cover methods, processes and combinations that include both drugs 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, are of great importance to the company. The patent situation in Drug Development is considered significant, while the products' performance in Chromatography is a consequence of trade secrets that the company has refrained from patenting. Nanologica is dependent on non-patented trade secrets, know-how 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 will not provide the company with full protection. Even if a patent is granted, there is a risk that this will not be able to be maintained, or that this can only be maintained to a limited extent. The scope of protection for a patent can potentially be non-existent or insufficient, with the result that competitors with similar technologies may circumvent the patent. In addition, there is a risk that third parties may infringe on the company's patent. Such attempts can involve very costly and time-consuming litigation. In the event that patent applications are rejected, the company may be left, in whole or in part, without intangible protection regarding technology and product innovations. This risk is considered to be of great importance for the company's future development.

Production risk
Nanologica carries out production at the Södertälje site as well as at the contract manufacturer Sterling Pharmaceuticals in the UK. As with all production there are several risks, for example

- Shortage of raw materials
- Manufacturing process problems
- Equipment problems

All of the above can lead to delays in production which in turn can delay delivery to customers and in the end lead to financial risk if product cannot be sold.

Regulatory risk
Nanologica is active in life science, which is surrounded by, among other things, extensive and continuously changing regulations regarding, among other things, the manufacture of, and the right to market, products. There is a risk that Nanologica may not meet the conditions set by the authorities or may set for production or the right to sell and market products. Nanologica's customers, in turn, are also dependent on government permits and/or approvals to, for example, be able to carry out clinical projects and sell finished medicines.

Risk management
Nanologica works continuously with risk assessment and management. Risk analysis and a plan for managing risks are made on an ongoing basis for individual projects as well as for the company as a whole.

Taking current financial position and expected revenue into account, the board assesses that the existing working capital is sufficient to run the company over the next twelve months.

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STATEMENT OF COMPREHENSIVE INCOME

Statement of comprehensive income (TSEK)	Note	2020 Jan-Dec	2019 Jan-Dec
Operating income			
Net sales	3	16 135	9 227
Change in inventory, finished goods		797	1 102
Capitalized work for own account		2 089	2 651
Other operating income	4	1 009	1 239
Total operating income		20 030	14 219
Operating expenses			
Raw materials and consumables		-4 028	-5 316
Other external expenses	5	-11 511	-8 468
Personnel costs	6	-18 037	-14 541
Depreciation, amortization and impairment of plant,property, and equipment		-5 672	-5 450
Other operating expenses	7	-354	-510
Total operating expenses	3	-39 601	-34 285
Operating profit/loss		**-19 571**	**-20 066**
Financial items			
Valuation of financial assets at fair value	8	851	-46
Financial income	9	-21	155
Financial costs	10	-3 458	-1 124
Total financial items		-2 627	-1 014
Profit/loss after financial items		**-22 199**	**-21 080**
Income tax	11	0	0
Profit/loss for the year attributable to owners of the parent company		**-22 199**	**-21 080**
Other comprehensive income		0	**0**
Total comprehensive profit/loss for the year attributable to the owners of the parent company		**-22 199**	**-21 080**
Earnings per share (basic and diluted), amount in SEK	12	-0.93	-1.27
Avarage number of ordinary shares during the period		23 888 809	16 619 447
Ordinary shares outstanding at closing date		27 776 850	16 619 447

THE GROUP'S CONSOLIDATED FINANCIAL POSITION

The group's consolidated financial position (TSEK)	Note	2020 Dec 31	2019 Dec 31	*2018 Dec 31*
ASSETS				
Noncurrent assets				
Intangible assets				
Capitalized expenses for development work and similar work	13	12 108	11 274	*5 120*
Concessions, patents, licenses, trademarks and similar rights	14	1 627	1 372	*1 185*
Total intangible assets		13 734	12 646	*6 305*
Tangible fixed assets				
Equipment, tools and installations	15	2 018	960	*999*
Total tangible fixed assets		2 018	960	*999*
Right-of-use assets				
Right-of-use assets	16	29 428	29 351	*10 596*
Total right-of-use assets		29 428	29 351	*10 596*
Total noncurrent assets		**45 180**	**42 957**	***17 901***
Current assets				
Inventories				
Inventories		4 589	3 792	*2 690*
Total inventories		4 589	3 792	*2 690*
Current receivables				
Accounts receivable	19	6 812	905	*900*
Deferred tax assets		0	0	*0*
Other receivables		180	754	*639*
Prepaid expenses and accrued income	20	21 604	1 050	*729*
Total current receivables		28 597	2 709	*2 268*
Financial assets (current)				
Financial assets at fair value through profit/loss	21	1 615	764	*1 032*
Total financial assets		1 615	764	*1 032*
Cash and cash equivalents				
Cash and cash equivalents	22	66 364	1 176	*21 878*
Total cash and cash equivalents		66 364	1 176	*21 878*
Total current assets		**101 165**	**8 440**	***27 868***
TOTAL ASSETS		**146 345**	**51 397**	***45 768***

THE GROUP'S CONSOLIDATED FINANCIAL POSITION

The group's consolidated financial position (TSEK)	Note	2020 Dec 31	2019 Dec 31	*2018 Dec 31*
EQUITY AND LIABILITIES				
Equity	23			
Share capital including ongoing issues		11 397	6 814	*6 814*
Additional paid-in capital		231 368	126 196	*126 196*
Retained earnings incl. profit/loss from tye year		-149 799	-127 600	*-106 519*
Total equity attributable to the shareholders of the parent company		92 966	5 411	*26 491*
Liabilities				
Non-current liabilities				
Liabilities to credit institutions	24	3 693	6 413	*1 595*
Lease liabilities	16	4 434	6 529	*8 511*
Provisions	25	518	538	*533*
Other noncurrent liabilities	24	27 000	17 000	*0*
Total non-current liabilities		35 645	30 480	*10 638*
Current liabilities				
Liabilities to credit institutions	24	2 720	2 720	*1 131*
Advanced payment from customers	26	2 444	5 738	*0*
Accounts payable		3 009	1 858	*1 436*
Lease liabilities	16	2 116	1 982	*1 896*
Short-term liabilities		0	0	*2 000*
Other liabilities		1 727	934	*906*
Accrued expenses and deferred income	27	5 719	2 275	*1 271*
Total current liabilities		17 735	15 507	*8 639*
Total liabilities		**53 379**	**45 987**	***19 277***
TOTAL EQUITY AND LIABILITIES		**146 345**	**51 397**	***45 768***

THE GROUP'S CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

The group's consolidated statement of changes in equity (TSEK)	Share capital	Ongoing issues	Additional paid-in capital	Retained earings incl. Profit/loss from actual period	Total equity
Equity January 1, 2019	**6 814**	**0**	**126 196**	**-106 519**	**26 491**
Profit/loss for the year				-21 080	-21 080
Other comprehensive income				0	0
Total comprehensive income for the year	**0**	**0**	**0**	**-21 080**	**-21 080**
Transactions with owners					
Rights issue					0
Premiums for issued warrants					0
Issue cost					0
Total transactions with owners	**0**	**0**	**0**	**0**	**0**
Equity December 31, 2019	**6 814**	**0**	**126 196**	**-127 600**	**5 411**
Equity January 1, 2020	**6 814**	**0**	**126 196**	**-127 600**	**5 411**
Profit/loss for the year				-22 199	-22 199
Other comprehensive income				0	0
Total comprehensive income for the year	**0**	**0**	**0**	**-22 199**	**-22 199**
Transactions with owners					
Rights issue	4 575	7	108 763		113 345
Premiums for issued warrants			724		724
Issue cost			-4 315		-4 315
Total transactions with owners	**4 575**	**7**	**105 172**	**0**	**109 754**
Equity December 31, 2020	**11 389**	**7**	**231 368**	**-149 799**	**92 966**

THE GROUP'S CONSOLIDATED STATEMENT OF CASH FLOW

The group's consolidated statement of cash flow (TSEK)	Note	2020 Jan-Dec	2019 Jan-Dec
Operating activities			
Operating profit/loss		-19 571	-20 066
Adjustment for items not affecting cash flow	28	5 663	5 705
		-13 909	**-14 361**
Interest received		0	4
Interest paid		-1 696	-1 114
Income taxes received/paid		0	0
Cash flow from operating activities before changes in working capital		**-15 605**	**-15 470**
Increase (-) / decrease (+) of inventories		-797	-1 102
Increase (-) / decrease (+) of operating receivables		-25 949	-474
Increase (+) / decrease (-) of operating liabilities		-989	7 275
Cash flow from operating activities		**-43 340**	**-9 771**
Investing activities			
Acquisitions in intangible assets		-1 928	-9 515
Acquisitions in right-of-use assets		-3 097	-20 874
Acquisitions in tangible fixed assets		-1 499	-373
Compensation for divested financial assets		0	222
Cash flow from investing activities		**-6 523**	**-30 540**
Financing activities			
Rights issue for the year		113 345	0
Premiums for issued/reissued warrants		724	0
Issue costs		-4 315	0
New borrowings		10 000	25 000
Amortization of lease liabilities		-1 982	-1 896
Amortization of financial loans		-2 720	-3 597
Cash flow from financing activities		**115 052**	**19 508**
Total cash flow for the year 2020		**65 189**	**-20 804**
Cash and cash equivalents, opening balance		1 176	21 828
Exchange rate difference in cash and cash equivalents		0	152
Cash and cash equivalents, closing balance		**66 364**	**1 176**

THE PARENT COMPANY'S INCOME STATEMENT

The parent company's income statement (TSEK)	Note	2020 Jan-Dec	2019 Jan-Dec
Operating income			
Net sales	3	16 135	9 227
Change in inventory, finished goods		797	1 102
Capitalized work for own account		2 089	2 651
Other operating income	4	999	1 239
Total operating income		20 020	14 219
Operating expenses			
Raw materials and consumables		-4 028	-5 316
Other external expenses	5, 29	-13 483	-10 744
Personnel costs	6	-18 037	-14 541
Depreciation, amortization and impairment of plant, property, and equipment		-6 272	-3 331
Other operating expenses	7	-354	-510
Total operating expenses	3	-42 173	-34 442
Operating profit/loss		**-22 153**	**-20 223**
Financial items			
Profit/loss from group companies	30	-312	0
Profit/loss from other financial items	31	851	-46
Interest income and similar income	9	-21	155
Interest expense and similar expenses	10	-3 154	-742
Profit/loss from financial items		-2 635	-633
Profit/loss after financial items		**-24 788**	**-20 856**
Profit/loss before income tax		**-24 788**	**-20 856**
Tax	11	0	0
Profit/loss for the year		**-24 788**	**-20 856**

The parent company's statement of comprehensive income (TSEK)	Note	2020 Jan-Dec	2019 Jan-Dec
Profit/loss for the year		**-24 788**	**-20 856**
Other comprehensive income for the year		0	0
Comprehensive income for the year		**-24 788**	**-20 856**

THE PARENT COMPANY'S FINANCIAL POSITION

The parent company's financial position (TSEK)	Note	2020 Dec 31	2019 Dec 31	*2018 Dec 31*
ASSETS				
Noncurrent assets				
Intangible assets				
Capitalized expenses for development work and similar work	13	31 187	32 148	*5 120*
Concessions, patents, licenses, trademarks and similar rights	14	1 627	1 372	*1 185*
Total intangible assets		32 814	33 520	*6 305*
Tangible fixed assets				
Equipment, tools and installations	15	2 018	960	*999*
Total tangible fixed assets		2 018	960	*999*
Financial non-current assets				
Participations in group companies	31	100	50	*50*
Total financial non current assets		100	50	*50*
Total current assets		**34 932**	**34 530**	***7 354***
Current assets				
Inventories				
Inventories		4 589	3 792	*2 690*
Total inventories		4 589	3 792	*2 690*
Current receivables				
Accounts receivable	19	6 812	905	*900*
Deferred tax assets		133	133	*257*
Receivables from group companies		61	0	*0*
Other receivables		39	621	*382*
Prepaid expenses and accrued income	20	23 039	1 240	*919*
Total current receivables		30 084	2 899	*2 458*
Financial assets (current)				
Financial assets at fair value through profit or loss	21	1 615	764	*1 032*
Total financial assets		1 615	764	*1 032*
Cash and cash equivalents				
Cash and cash equivalents	22	66 183	1 065	*21 828*
Total cash and cash equivalents		66 183	1 065	*21 828*
Total current assets		**102 472**	**8 520**	***28 008***
TOTAL ASSETS		**137 404**	**43 050**	***35 362***

THE PARENT COMPANY'S FINANCIAL POSITION

The parent company's financial position (TSEK)	Note	2020 Dec 31	2019 Dec 31	*2018 Dec 31*
EQUITY AND LIABILITIES				
Equity				
Restricted equity				
Share capital	23	11 389	6 814	*6 814*
Ongoing issues	23	7	0	*0*
Fund for development expenditure		5 416	4 939	*3 500*
Total restricted equity		16 812	11 753	*10 314*
Non-restricted equity				
Share premium reserve	23	231 368	126 196	*126 196*
Retained earnings		-132 791	-111 458	*-89 130*
Profit/loss for the year		-24 788	-20 856	*-20 889*
Total non-restricted equity		73 789	-6 118	*16 177*
Total equity		**90 601**	**5 635**	***26 491***
Liabilities				
Provisions				
Other provisions	25	518	538	*533*
Total provisions		518	538	*533*
Noncurrent liabilities				
Liabilities to credit institutions	24	3 693	6 413	*1 595*
Other noncurrent liabilities	24	27 000	17 000	*0*
Total noncurrent liabilities		30 693	23 413	*1 595*
Current liabilities				
Liabilities to credit institutions	24	2 720	2 720	*1 131*
Advanced payment from customers	26	2 444	5 738	*0*
Accounts payable		3 009	1 858	*1 436*
Short term liabilities		0	0	*2 000*
Other liabilities		1 727	873	*906*
Accrued expenses and deferred income	27	5 693	2 275	*1 271*
Total current liabilities		15 592	13 464	*6 743*
Total liabilities		**46 803**	**37 415**	***8 871***
TOTAL EQUITY AND LIABILITIES		**137 404**	**43 050**	***35 362***

THE PARENT COMPANY'S REPORT FOR CHANGES IN EQUITY

	Restricted equity			Non-restricted equity			
The parent company's report for changes in equity (TSEK)	Share capital	Ongoing new share issue	Fund for development cost	Share premium reserve	Loss carried forward	Result for the year	Total equity
Equity January 1, 2019	**6 814**	**0**	**3 500**	**126 196**	**-89 130**	**-20 889**	**26 491**
Transfer of previous years loss					-20 889	20 889	**0**
Fund for development cost			1 439		-1 439		**0**
Profit/loss for the year						-20 856	**-20 856**
owners	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Equity December 31, 2019	**6 814**	**0**	**4 939**	**126 196**	**-111 458**	**-20 856**	**5 635**
Equity January 1, 2020	**6 814**	**0**	**4 939**	**126 196**	**-111 458**	**-20 856**	**5 635**
Transfer of previous years loss					-20 856	20 856	**0**
Fund for development cost			477		-477		**0**
Profit/loss for the year						-24 788	**-24 788**
Transactions with owners							
Rights issue	4 575	7		108 763			113 345
Premiums for issued warrants				724			724
Issue cost				-4 315			-4 315
Total transactions with owners	**4 575**	**7**	**0**	**105 172**	**0**	**0**	**109 754**
Equity December 31, 2020	**11 389**	**7**	**5 416**	**231 368**	**-132 791**	**-24 788**	**90 601**

THE PARENT COMPANY'S STATEMENT OF CASH FLOW

The parent company's statement of cash flow (TSEK)	Note	2020 Jan-Dec	2019 Jan-Dec
Operating activities			
Operating profit/loss		-22 153	-20 223
Adjustment for depreciations	15,16,17	6 272	3 586
Adjustment for items not affecting cash flow			
		-15 881	**-16 637**
Interest received		0	4
Interest paid		-1 392	-732
Income taxes received/paid		0	90
Cash flow from operating activities before changes in working capital		**-17 273**	**-17 275**
Increase (-) / decrease (+) of inventories		-797	-1 102
Increase (-) / decrease (+) of operating receivables		-5 907	-5
Increase (+) / decrease (-) of operating liabilities		-21 278	-559
Increase (+) / decrease (-) of operating payables		1 051	422
Increase (+) / decrease (-) of other short term liabilities		-825	6 742
Cash flow from operating activities		**-45 030**	**-11 777**
Investing activities			
Acquisitions in intangible assets		-5 025	-30 389
Acquisitions in tangible fixed assets		-1 499	-373
Divestment of tangible fixed assets		-	-
Investment in daughter companies		-362	-
Compensation for divested financial assets		-	222
Increase/decrease of financial assets		-	-
Cash flow from investing activities		**-6 886**	**-30 540**
Financing activities			
Rights issue		113 345	-
Premiums for issued/reissued warrants		724	-
Issue costs		-4 315	-
New borrowings		10 000	25 000
Amortization of lease liabilities		-2 720	-3 597
Amortization of financial loans		-	-
Cash flow from financing activities		**117 034**	**21 403**
Total cash flow for actual period		**65 118**	**-20 915**
Cash and cash equivalents, opening balance		1 065	21 828
Exchange rate difference in cash and cash equivalents		0	152
Cash and cash equivalents, closing balance		**66 183**	**1 065**

NOTES

NOTE 1 ACCOUNTING PRINCIPLES

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

This is the first time Nanologica's consolidated financial statements are shown in public reports (the financial impact of the daughter companies has previous years been acknowledged as marginal). The group reporting of Nanologica is based on International Financial Reporting Standards (IFRS) as adopted by the EU. The parent company's annual report is prepared in accordance with the Swedish Accounting Act and The Swedish Financial Reporting Board's recommendation RFR 2 Reporting for Legal Entities.

The date for transition to IFRS has been set to January 1st 2019, resulting in that the Nanologica Group has retroactively prepared consolidated accounts as from January 1st 2019.

GENERAL INFORMATION

This report covers the Swedish parent company Nanologica AB (publ), corporate registration number 556664-5023, and its subsidiaries. The parent company is a limited liability company with its registered office in Stockholm, Sweden. The address of the main office is Forskargatan 20 G, 151 36 Södertälje, Sweden. The main operation of the group is sales of silica-based chromatography products, and research and development of pharmaceutical products. The annual report for 2020 was approved for publication on May 5, 2021, in accordance with a board decision on May 5, 2021.

Basis of preparation

Group

The group applies International Financial Reporting Standards (IFRS) as endorsed by the EU Commission and interpretations of these (IFRIC). The group also applies the Swedish Annual Accounts Act and the recommendation from the Swedish Financial Reporting Board, RFR 1, Supplementary accounting rules for groups. This is the first year that consolidated accounts are prepared for the group. The consolidated financial reports are prepared in accordance with IFRS 1, First time adoption of International Financial Reporting Standards. This means that the group has applied the same accounting principles, the principles that apply at the end of the period, in the report on the period's opening financial position and during all periods reported in this report. As no consolidated financial statements have previously been prepared, there is no transition from another set of rules for the group and thus no information is provided on the transition in the note.

The consolidated financial statements have been prepared in accordance with the acquisition value method, with the exception of certain financial assets that are valued at fair value.

Parent Company

The annual report for the parent company has been prepared in accordance with RFR 2 Accounting for Legal Entities and the Annual Accounts Act. RFR 2 means that the annual report for the legal entity must apply all IFRSs and statements approved by the EU as far as possible within the framework of the Annual Accounts Act and with regard to the connection between accounting and taxation. The recommendation states which exceptions and additions are to be made from IFRS.

Previously, the parent company applied the Swedish Accounting Standards Board's general advice 2012: 1 Annual Report and Consolidated Accounts (K3) and the Swedish Annual Accounts Act. . The transition date to RFR 2 has been set to January 1st 2019, which means that the comparative figures for the financial year 2019 and the opening balance 31st of Dec 2018 have been recalculated in accordance with RFR 2, see more information page 57-58.

ACCOUNTING PRINCIPLES

Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS requires the use of judgements and estimates by management. The actual outcome can later, to some extent, differ from the estimates and the assumptions made. Areas that are in particular associated with critical judgements and estimates are described in note 2.

New standards, interpretations, and amendments not yet effective

The preparation of financial statements in accordance with IFRS requires the use of judgements and estimates by management. The actual outcome can later, to some extent, differ from the estimates and the assumptions made. Areas that are in particular associated with critical judgements and estimates are described in note 2.

Consolidation

Subsidiaries are all entities over which the group has control. Control exists when Nanologica is exposed to variability in returns from its investments in another entity and has the ability to affect those returns through its power over the other entity. Intragroup transactions and balances between the consolidated group undertakings are eliminated. The group undertakings are included in the consolidated accounts as from the date on which control is transferred to Nanologica and are no longer consolidated as from the date on which control ceases.

Receivables and liabilities in foreign currencies

The functional currency of the parent company and the reporting currency of the group is Swedish Kronor (SEK). Items in the financial reports of the different entities in the group are measured in the currency of the financial environment where each entity operates (functional currency).

Transactions in foreign currencies are translated to the functional currency at the closing rate. Currency exchange gains and losses which arise on payment of those transactions and in translation of monetary assets and liabilities in foreign currency at closing rate, are recognized in the operating result. Foreign exchange gains and losses applicable to liabilities and cash are

recognized as financial income or financial expense in the income statement.

In the consolidation, assets and liabilities of foreign subsidiaries are translated at the closing rate. Revenue and expenses are translated at the average exchange rate for the reporting period. Foreign exchange rate differences are recognized as other comprehensive income, as part of the translation reserve.

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. Two segments have been identified in the group; Drug Development and Chromatography. Segment information is provided only for the group.

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

Distribution agreement
These agreements usually consist of a number of components (products in the form of silica, sales rights, marketing services and materials). As 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. Revenue for performed performance, delivery of products, is reported at a given time when control passes to the customer. Control is expected to be transferred to the customer when delivery to the carrier takes place upon delivery from Nanologica's warehouse. The shipping terms mean that the buyer bears the risk of the shipping and legal ownership then passes to the customer. The transaction price is fixed and there are no significant financing components in the agreements.

Any advances from customers are debited and settled as quantities are purchased.

Research and development assignments
These agreements mean that Nanologica performs specific research or development services for customers. The work is performed based on the customer's specific substances/drugs (API) but 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 calls 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 are in many agreements a combination of the following:
- Research and development service according to established work orders - milestones
- License
- Patent

Each part of the agreements has been assessed 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 for the customer.

The transaction price is a fixed price per work order/milestone, or a fixed price per hour worked and materials performed. A variable component regarding “success fees” exists. Variable fees have been assessed as uncertain to be included in the initial transaction price. These are recognized as income as soon as the assessment is made that it is very probable that the compensation will not have to be reversed in the subsequent period. In some cases, there are "up-front fees". These are not treated as payment for a separate commitment but are seen as advance payment for research and development services and are indebted until the commitment is delivered. Part of the compensation 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 performed. In some cases, the customer also owns and controls a product (API) that is developed together with Nanologica. The degree of completion is measured based on output (completed milestones) or on input (costs incurred, hours worked and materials).

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

Revenue for patent sales is reported at a given time when control of the patent has been transferred to the customer.

The group applies the exemption, which means that information on remaining performance commitments attributable to agreements with a shorter term than one year is not provided.

Government grants
Income from government grants without future fulfilment conditions are recognized as revenue when the group fulfils the conditions of the grant, the group is likely to receive the economic rights and advantages associated with the grant, and the income can be reliably measured.

Income from government grants with future fulfilment conditions are recognized as revenue as the performance obligation is performed and the group is likely to receive the economic rights and advantages associated with the transaction and the income can be reliably measured.

Government grants are measured at the fair value of the goods received.

Government grants that have been received before the conditions of the grant have been fulfilled are recognized as liabilities.

Financial items
Interest income and interest expense are recognized in profit or loss by using the effective interest rate method. Financial expense is comprised of interest and other financing expenses.

Employee benefits
Employee benefits such as salaries and social expenses, paid vacation and paid sick leave are recognized as expenses in the period when the employees have performed services to Nanologica.

Post-employment benefits are funded with defined contribution plans. Plans where Nanologica's obligation is limited to the agreed fee are defined as defined contribution plans. For those plans, the size of the employee benefit depends on the fees paid by Nanologica to the plan and the return on that capital, thus the employee takes the actuarial risk and the investment risk. Nanologica's obligation for fees to defined contribution plans are recognized as expenses in the period when the employees have performed services to Nanologica.

Income taxes
The item "Income tax expense" in the income statement comprises current and deferred income tax. The current tax expense is the expected tax expense on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date.

Deferred tax assets and liabilities are recognized, using the balance sheet method, for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for temporary differences arising on initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted at the reporting date.

Deferred tax assets are recognized only to the extent that there is a high probability that future taxable profits will be available against which the temporary differences, tax losses carry forward and unused tax credits can be utilized.

Intangible assets
Separate acquisitions
Separately acquired intangible assets are recognized at cost less accumulated amortization and impairment. The assets are depreciated on a straight-line basis over the estimated useful life of the asset. Current estimated useful life for patents is 5 years.

Internally generated intangible assets
Product development is divided into a research phase and a development phase. All expenses during the research phase are recognized as expenses in the income statement as they are incurred. All expenditures are capitalized if the following conditions are fulfilled:

- It is technically feasible to complete the intangible asset so that it will be available for use or sale
- The group has the intention of completing the asset
- The group has the ability to use or sell the asset
- It is probable that the asset will generate future economic benefits
- The group has the adequate technical, financial and other resources to complete the development and to use or sell the intangible asset
- The expenditure attributable to the asset can be reliably measured

Capitalized directly attributable expenses include employee expenses, expenses for services and direct material.

At each balance sheet date internally generated intangible assets are recognized at cost less accumulated amortization and impairment. Amortization begins when the asset can be taken into use. Capitalized expenses are depreciated on a straight-line basis over an estimated useful life of five years.

Reassessment of useful life
Estimated useful lives and amortization methods are reassessed when there is an indication of a change since the estimate on the prior balance sheet date. The effect of changes in estimates are recognized forward-looking. Amortization begins when the asset can be taken into use.

Removal from the balance sheet
An intangible asset is removed from the balance sheet when the asset is scrapped or sold or when no future economic advantages are expected from the use of the asset. Any profit or loss that arises upon removal of the asset from the balance sheet is the difference between consideration received, after deduction of direct selling expenses, and the carrying amount of the asset. This profit or loss is recognized as other operating income or other operating expenses.

Tangible assets
Tangible assets are recognized at cost less accumulated amortization and impairment. Cost includes all expenditure directly attributable to bringing the asset to the location and condition necessary for its intended use. The cost also includes the estimated cost of its dismantlement, removal or restoration. Additional expenses that qualify for asset recognition are added to the carrying amount of the asset. Expenses for repairs are recognized as expenses as they are incurred. Tangible assets are depreciated on a straight-line basis over the estimated useful life of the asset. Amortization begins when the asset can be taken into use. Tangible assets of the group consist of equipment and have an estimated useful life of 5-10 years.

Any profit or loss from sales of a tangible asset is recognized as Other operating income or Other operating expenses.

Impairment of intangible and tangible assets
At each balance sheet date, the group analyzes the carrying amounts of tangible and intangible assets to determine whether there is any indication of impairment. If any such indication exists,

the recoverable amount is calculated in order to determine the amount of an impairment. If the recoverable amount for an individual asset cannot be determined, the recoverable amount is calculated for the cash-generating unit to which the asset belongs. Development not yet taken into use are not amortized but tested for impairment annually irrespective of any indications of impairment.

The recoverable amount is the highest of fair value less costs of disposal and the value in use of the asset. Fair value less costs of disposal is the price expected to be received in a transaction less costs directly attributable to the transaction. When determining value in use future cash flows are discounted to present value using a discount rate before tax reflecting current market conditions of the time value of money and the risks associated with the asset.

At each balance sheet date, the group estimates whether a previous impairment is no longer motivated. If this is the case, the impairment is reversed. A reversal of an impairment is recognized in the income statement.

The group as a lessee

The group has lease agreements for premises and production equipment. The group recognizes all lease agreements in the balance sheet as a lease liability for the obligation to pay future fixed lease payments, and a right-of-use asset reflecting the right to use an underlying asset. The lease liability is recognized at amortized cost using the effective interest rate method which distributes lease payments between amortization of the lease liability and interest expense. Lease liabilities are recognized as the present value of all remaining lease payments in the balance sheet and includes the following lease payments:

- Fixed payments
- Variable payments that depend on an index or a rate
- The exercise price of a purchase option if the group is reasonably certain to exercise that option

The lease liability is measured as the lease payments discounted with the incremental borrowing rate of the lessee. To calculate the lease liability, the lease payments are discounted with the implicit interest in the lease agreement. If this interest rate cannot be easily determined, the lessee's marginal borrowing rate is used.

The right-of-use asset is measured at cost and recognized at the amount of the lease liability with adjustment for initial expenses and expenses for restoring the lease asset according to the lease agreement. Right-of-use assets are amortized on a straight-line basis over the shortest of the useful life of the asset or the lease term. If the group is reasonably certain to exercise a purchase option, the right-of-use asset is amortized over the useful life of the underlying asset.

The group has chosen not to report in the statement of financial position leasing agreements for which the underlying asset is of low value or with a leasing period (including an extension period that the group is reasonably sure is expected to utilize) of less than 12 months. The group reports leasing fees that are covered by the exemption rules as a leasing cost on a straight-line basis over the leasing period. The group has chosen to apply the practical solution that gives a lessee the opportunity to choose not to separate leasing components from non-leasing components from non-leasing components for premises leases and instead report 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 leasing agreement. 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 will probably be exercised. The equipment is reported as a right-of-use asset in the group. As the group has already paid the supplier for the equipment, has been responsible for the investment, no leasing debt is reported in the balance sheet.

Financial instruments

The group's financial instruments consist of:

- Accounts receivable
- Short-term investments
- Cash and bank
- Liabilities to credit institutions
- Other long-term liabilities
- Accounts payable

The group has no derivatives and does not use hedge accounting.

Financial assets

Financial assets at amortized cost

Assets in this category primarily arise from the sales of goods and services to customers but also include other types of financial assets where the objective is to hold the assets to collect the contractual cash flows and these cash flows are exclusively payments of principal and interest. These assets are initially recognized at fair value plus costs of transaction directly attributable to the acquisition, and are carried at amortized cost in subsequent periods, using the effective interest rate method.

Impairment

Impairment requirements for account receivables are reported based on the simplified approach using the expected credit losses for the entire remaining life of the contract. To calculate the credit loss reserve on accounts receivable, the group uses a matrix. The historical loss rates are adjusted to reflect current and forward-looking information that affects customers' ability to pay the claim. For account receivables, which are reported net, provisions are reported in a separate reserve for feared customer losses, and the cost is reported as a sales cost in the income statement. Upon confirmation that the accounts receivable will not be payable by the customer, the gross value of the asset is depreciated against the associated reserve. The group has historically reported low customer losses, customer loans are relatively short-term, and the company has relatively few unpaid outstanding overdue accounts receivable. The credit risk is assessed as low.

Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, other short-term high-liquidity investments with original maturities of three months or less. Cash and cash equivalents in the

cash flow analysis also include, for example, overdrafts on bank accounts and overdraft facilities. However, these are reported as current liabilities in the consolidated balance sheet.

Financial assets valued at fair value via the income statement
Financial assets valued at fair value via the income statement refer to the Group's holdings in listed shares. All changes in value in these items are reported directly in the income statement.

Financial liabilities
The financial liabilities are classified and valued as liabilities valued at accrued acquisition value.

Financial liabilities include the following items:

- **Bank loans and other loans** are initially reported 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 method, which ensures that the interest expense is calculated based on a fixed interest rate on the reported amount of the liability in the balance sheet. The reported effective interest rate includes initial transaction costs and any premiums to be paid upon redemption as well as interest or coupons that are paid while the debt is outstanding.

- **Accounts payable** are obligations to pay for goods or services that have been acquired in the current accounts. Accounts payable and are classified as current liabilities if they fall due within a year or earlier (or during the normal business cycle if this is longer).

Inventories
Inventories have been valued according to the lowest value principle, i.e. at the lower of acquisition value and net sales value. The acquisition value consists of direct cost of goods, direct salary, and attributable indirect manufacturing costs (based on normal manufacturing capacity). The acquisition value for individual items in the inventory is distributed based on weighted average costs calculated according to the manufacturing price calculation. In determining the acquisition value, the first-in-first-out principle has been applied. The net sales value consists of estimated sales value less estimated sales cost.

Provisions
Provisions are recognized when the group has a present obligation as a result of a past event and it is likely that payments will be required to settle the obligation. One condition is that it is possible to make a reliable estimate of the amount to be paid. The provisions are calculated as the present value of the amounts expected to be paid to settle the obligation. In the calculation, a discount rate before tax is used, reflecting a current valuation of the time value of money and of the risks associated with the provision. Any increase in the provision caused by the passage of time is accounted for as a financial expense.

Contingent liabilities
The group provides information on contingent liabilities if there is a possible commitment that is confirmed only by several uncertain future events and it is not probable that an outflow of resources is required or that the size of the commitment cannot be determined with sufficient certainty.

Contingent assets
The group provides information on 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.

Statement of cash flows
The group prepares its statement of cash flows using the indirect method, whereby adjustments have been made for transactions not generating any payments during the reported period. Adjustments have also been made for cash flows of revenue and expenses belonging to investment or financing activities.

Earnings per share
Basic earnings per share are calculated by dividing the profit or loss attributable to shareholders of the parent company by the weighted average number of ordinary shares outstanding during the period. For the periods reported there were no potential ordinary shares requiring an adjustment for dilution.

Parent company accounting principles
In cases where the parent company applies other accounting principles than the group, this is stated below.

Shares and participations in subsidiaries
Holdings in subsidiaries are valued on the basis of acquisition value, which includes acquisition-related expenses. In cases where the carrying amount of the investment exceeds the recoverable amount, an impairment loss is recognized. Dividends from subsidiaries are reported as income when the right to receive dividends is deemed secure and can be calculated in a reliable manner.

Group contributions and shareholder contributions
Shareholder contributions are entered directly against equity at the recipient and are capitalized as shares in subsidiaries at the donor, insofar as impairment is not required. Group contributions are reported according to the alternative rule, i.e. as appropriations.

Untaxed reserves
In the parent company, untaxed reserves are reported, including deferred tax liabilities.

Financial instruments
The parent company has chosen not to apply IFRS 9 in a legal entity. Shares and participations are thus reported at fair value in the parent company in the same way as in the group.

Impairment testing of accounts receivable and consolidated receivables is performed in accordance with the simplified method in IFRS 9.

Leasing agreements
The parent company applies the exemption in RFR 2 and thus does not apply IFRS 16 in legal entity. In the parent company, leasing fees are reported as costs on a straight-line basis over the leasing period.

NOTE 2 IMPORTANT SOURCES OF UNCERTAINTY IN ESTIMATES

Important sources of uncertainty in estimates
The most important assumptions about the future and other important sources of uncertainty in estimates as of the balance sheet date, which entails a significant risk of significant adjustments in reported values of assets and liabilities during the coming financial year, are described below.

Important assessments when applying the group's accounting principles
The following sections describe the most important assessments, in addition to those that include estimates (see above), that management has made in applying the group's accounting principles and that have the most significant effect on the reported amounts in the financial statements.

Intangible assets - capitalization of development expenses
The group conducts development activities. An intangible asset that arises through development shall only be recognized as an asset in the balance sheet if all the conditions in IAS 38 are met. For each development project, the group's management team takes an ongoing position on whether there are conditions for selling the finished product and whether there are technical expertise and financial resources to complete the supply.

Valuation of loss carryforwards
Deferred tax assets relating to deductible temporary differences and loss carryforwards are only reported to the extent that it is probable that these will be utilized. Significant assessments are required to estimate future taxable surpluses and when in time these will occur. As of December 31, 2020, the group had loss carryforwards amounting to approximately 150 (128) MSEK, of which SEK 0 (0) million was taken into account when calculating deferred tax assets.

NOT 3 NET INCOME AND OPERATING RESULT PER SEGMENT

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 about the results in different parts of the group that form the basis for the segment information. Two segments have been identified in the group; drug development and chromatography. Segment information is provided only for the group.

Net sales distributed on segment and region, group (TSEK)	2020 Jan-Dec	2019 Jan-Dec
Chromatography	4 467	4 934
Sweden	*319*	*0*
China	*3 324*	*4 781*
USA	*410*	*12*
RoW	*414*	*141*
Drug development	11 668	4 293
Sweden	*9 717*	*4 293*
RoW	*1 951*	*0*
Total net sales	**16 135**	**9 227**

Net sales distributed per customer, group (TSEK)	2020 Jan-Dec	2019 Jan-Dec
Customer A - Drug Development	9 655	2 413
Customer A (%)	*60%*	26%
Customer B - Drug Development	1 952	0
Customer B (%)	*12%*	0%
Customer C - Chromatography	3 235	4 781
Customer C (%)	*20%*	52%
Customer D - Drug Development	0	1 875
Customer D (%)	*0%*	20%
Other customers	1 293	158
Other customers (%)	*8%*	2%
Total net sales	**16 135**	**9 227**

	Group			
2020 Jan - Dec (TSEK)	Chroma	DD	Corporate	Total
Net sales	4 466	11 669	0	16 135
Raw materials, consumables and change in inventory	-2 945	-278	-8	-3 231
Gross profit	**1 521**	**11 391**	**-8**	**12 904**
Gross margin (gross profit/net sales)	*34%*	*98%*	*n/a*	*80%*
Other operating items	-12 013	-8 894	-11 569	-32 476
Operating result	**-10 492**	**2 497**	**-11 577**	**-19 571**
Net finance			-2 627	-2 627
Profit/loss after financial items	**-10 492**	**2 497**	**-14 204**	**-22 199**

	Group			
2019 Jan - Dec (TSEK)	Chroma	DD	Corporate	Total
Net sales	4 934	4 293	0	9 227
Raw materials, consumables and change in inventory	-4 051	-148	-15	-4 214
Gross profit	**883**	**4 145**	**-15**	**5 013**
Gross margin (gross profit/net sales)	*18%*	*97%*	*n/a*	*54%*
Other operating items	-10 736	-5 196	-9 148	-25 080
Operating result	**-9 853**	**-1 051**	**-9 162**	**-20 066**
Net finance			-1 014	-1 014
Profit/loss after financial items	**-9 853**	**-1 051**	**-10 176**	**-21 081**

NOT 4 OTHER OPERATING INCOME

	Group		Parent company	
Other operating income (TSEK)	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
EU grants for finalised project	0	343	0	343
Grants for increased sick leave cost	112	0	112	0
Operational foreign exchange gains	887	896	887	896
Other items	10	0	0	0
Total	**1 009**	**1 239**	**999**	**1 239**

NOTE 5 AUDITOR FEES

Audit assignments refer to the audit of the annual report, accounting, the administration of the board and the CEO, as well as other tasks that it is the company's auditor to perform, as well as advice or other assistance caused by observations in such auditing or performance of such other tasks. The increased cost for other services mainly consists of the IFRS conversion.

	Group		Parent company	
Audit fees (TSEK)	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
BDO	608	0	608	0
Audit fee	*243*	*0*	*243*	*0*
Tax consultancy services	*4*	*0*	*4*	*0*
Other services	*361*	*0*	*361*	*0*
PWC	25	338	25	338
Audit fee	*0*	*307*	*0*	*307*
Tax consultancy services	*2*	*0*	*2*	*0*
Other services	*22*	*31*	*22*	*31*
Total	**633**	**338**	**633**	**338**

NOTE 6 EMPLOYEES AND PERSONNEL COST

Average number of employees	2020 Jan-Dec	of which are women	2019 Jan-Dec	of which are women
Sweden	19	68%	18	72%
Group total	**19**	**68%**	**18**	**72%**

Gender breakdown among senior executives	2020 Dec 31	2019 Dec 31
of which are women		
Board members	50%	60%
CEO and other senior executives	60%	67%

	Group		Parent company	
Personnel cost for the board of directors, senior executives and other employees (TSEK)	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
The board and other senior executives				
Salaries and other remunerations	6 516	5 485	6 516	5 485
Social security contributions	2 191	1 819	2 191	1 819
Pension cost	590	395	590	395
Total	**9 297**	**7 699**	**9 297**	**7 699**
Other employees				
Salaries and other remunerations	13 010	10 468	13 010	10 468
Social security contributions	3 676	3 181	3 676	3 181
Pension cost	1 020	576	1 020	576
Total	**17 706**	**14 226**	**17 706**	**14 226**

Salaries and other remuneration
Senior executives include the board as well as the CEO and other senior executives

Pensions
In the group there are only defined pension plans.

CEO and other senior executives
In addition to a fixed monthly salary, variable remuneration is paid to the CEO and senior executives if the set operational goals are met. The remuneration is determined by the board. During the financial year, variable remuneration amounted to SEK 300,000 (SEK 0,000) to the CEO and SEK 318,000 (SEK 200,000) to other senior executives.

A mutual notice period of six months applies between the company and the CEO. No agreements on severance pay have been made for either the CEO or other employees.

The board of directors
According to the AGM resolution of 28 May 2020, board fees for the period up to the next Annual General Meeting amount to a total of SEK 940,000 (SEK 734,000), of which SEK 240,000 (SEK 200,000) to the chairman of the board and SEK 140,000 (134,000) to each of the other members.

Remuneration to the board and other executives 2020	Basic salary/ board fee	Variabel remuneration	Other remuneration	Pension cost	Total
Chairman of the board, Gisela Sitbon	220 125				220 125
Board member, Hans Lennernäs (Jan-May)	66 750				66 750
Board member, Lena Torlegård	136 750				136 750
Board member, Eva Byröd	136 750				136 750
Board member, Mattias Bengtsson	136 750				136 750
Board member, Anders Rabbe (Jun-Dec)	70 000				70 000
Board member, Tomas Kramar (Jun-Dec)	70 000				70 000
CEO	1 396 388	300 000	7 772	157 836	1 861 996
Other senior executivees (5 individuals)	3 664 751	318 112	2 776	432 554	4 418 193
Total	**5 898 264**	**618 112**	**10 548**	**590 390**	**7 117 314**

Variable remuneration for the 2020 financial year refers to expensed bonuses, which were paid during 2020 and 2021. The number of "other senior executives" at the balance sheet date consists of 4 people (in addition to the CEO).

Remuneration to the board and other executives 2019	Basic salary/ Board fee	Variabel remuneration	Other remuneration	Pension cost	Total
Chairman of the board, Gisela Sitbon	200 250				200 250
Board member, Peter von Ehrenheim (Jan-May)	66 750				66 750
Board member, Hans Lennernäs	133 500				133 500
Board member, Lena Torlegård	133 500				133 500
Board member, Eva Byröd	133 500				133 500
Board member, Mattias Bengtsson (Jun-Dec)	66 750				66 750
CEO	965 950		7 772	101 715	1 075 437
Other senior executives (5 individuals)	3 584 406	200 178	5 875	293 336	4 083 795
Summa	**5 284 606**	**200 178**	**5 875**	**395 051**	**5 893 482**

Variable remuneration for the financial year 2019 refers to expensed bonuses, which were also paid out in 2019. The number of senior executives was increased in October by one person.

NOTE 7 OTHER OPERATING EXPENSES

	Group		Parent company	
Other operating expenses	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
Exchange rate losses on receivables/liabilities of an operating	-354	-255	-354	-255
Loss after disposal of fixed assets	0	-255	0	-255
Total	**-354**	**-510**	**-354**	**-510**

NOTE 8 VALUATION OF FINANCIAL ASSETS

	Group		Parent company	
Assets valued at fair value in profit or loss (TSEK)	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
Change in value of short-term securities holdings	851	-46	851	-46
Total	**851**	**-46**	**851**	**-46**

NOTE 9 FINANCIAL INCOME

	Group		Parent company	
Financial income/interest income and similar income items (TSEK)	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
Assets valued at fair value in profit or loss				
Change in exchange rates in financial ssets	-21	152	-21	152
Assets valued at accrued acquisition value				
Interest income	0	4	0	4
Total	**-21**	**155**	**-21**	**155**

NOTE 10 FINANCIAL COSTS

	Group		Parent company	
Interest expenses and similar items (TSEK)	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
Liabilities valued at fair value in profit or loss				
Change in exchange rates in liabilities	20	-5	20	-5
Liabilities valued at accrued acquisition value				
Interest expenses, debt	-3 174	-737	-3 174	-737
Interest expenses, leasing contracts	-304	-382	-	-
Total	**-3 458**	**-1 124**	**-3 154**	**-742**

NOTE 11 INCOME TAX

	2020 Jan-Dec		2019 Jan-Dec	
Reported tax, group (TSEK)	Tax base	Tax effect	Tax base	Tax effect
Current and reported tax	**0**	**0**	**0**	**0**
Reconciliation of effective tax rate				
(21,4%)	-22 199	4 751	-21 080	4 511
Other deductable expenses	348	-74	59	-13
Valuation of financial items at fair value	-851	182	62	-13
Tax-deductible expenses booked against equity	-4 315	923	0	0
Total	**-27 017**	**5 782**	**-20 959**	**4 485**
Increase in loss carryforwards without corresponding capitalization of deferred tax	27 017	-5 782	20 959	-4 485
Reported tax (0% / 0%)	**0**	**0**	**0**	**0**

There is tax loss carryforwards for which deferred tax assets have not been reported in the balance sheet or income statement (amounts are shown in the table below).

Deferred tax assets have not been reported for these items as the company cannot demonstrate with certainty that these can be utilized within the next few years.

Deferred tax, group (TSEK)	2020 Jan-Dec Tax base	2020 Jan-Dec Tax effect	2019 Jan-Dec Tax base	2019 Jan-Dec Tax effect
Opening balance	132 934	28 448	111 974	23 963
Effect of changed tax rate				
The year's loss deduction	27 017	5 782	20 959	4 485
Total loss carryforwards	**159 951**	**34 230**	**132 934**	**28 448**

Reported tax, parent company (TSEK)	2020 Jan-Dec Tax base	2020 Jan-Dec Tax effect	2019 Jan-Dec Tax base	2019 Jan-Dec Tax effect
Current and reported tax	**0**	**0**	**0**	**0**
Reconciliation of effective tax rate				
(21,4%)	-24 788	5 305	-20 856	4 463
Other deductable expenses	348	-74	59	-13
Valuation of financial items at fair value	-851	182	62	-13
Tax-deductible expenses booked against equity	-4 315	923	0	0
Total	**-29 607**	**6 336**	**-20 735**	**4 437**
Increase in loss carryforwards without corresponding capitalization of deferred tax	29 607	-6 336	20 735	-4 437
Reported tax (0% / 0%)	**0**	**0**	**0**	**0**

There is tax loss carryforwards for which deferred tax assets have not been reported in the balance sheet or income statement (amounts are shown in the table below).

Deferred tax assets have not been reported for these items as the company cannot demonstrate with certainty that these can be utilized within the next few years.

Deferred tax, parent company	2020 Jan-Dec Tax base	2020 Jan-Dec Tax effect	2019 Jan-Dec Tax base	2019 Jan-Dec Tax effect
Deferred tax				
Opening balance	132 709	28 400	111 974	23 963
The year's loss deduction	29 607	6 336	20 735	4 437
Total loss carryforwards	**162 316**	**34 736**	**132 709**	**28 400**

NOTE 12 EARNINGS PER SHARE

Earnings per share before and after dilution (SEK)	2020 Jan-Dec	2019 Jan-Dec
Profit/loss for the year attributable to shareholders of the parent company	-22 199	-21 080
Average number of ordinary shares	23 888 809	16 619 447
Earnings per share before and after dilution	**-0.93**	**-1.27**

When calculating earnings per share after dilution, the weighted average number of outstanding ordinary shares is adjusted for the dilution effect of all potential ordinary shares. These potential ordinary shares are attributable to outstanding options to the board, management and employees, see information on equity for the group. If the result for the year is negative, potential ordinary shares are not considered dilutive.

NOTE 13 CAPITALISED EXPENSES FOR DEVELOPMENT WORK AND SIMILAR

Capitalised expenses for development work and similar work (TSEK)	Group 2020 Dec 31	Group 2019 Dec 31	Parent company 2020 Dec 31	Parent company 2019 Dec 31
Accumulated acquisition values				
Opening balance	25 384	16 733	46 258	16 733
Development cost (external)	2 006	6 000	2 306	26 874
Internally developed assets	2 089	2 651	2 089	2 651
Closing balance	**29 479**	**25 384**	**50 653**	**46 258**
Accumulated depreciations				
Opening balance	-14 109	-11 614	-14 109	-11 614
Depreciations during the year	-3 262	-2 496	-5 356	-2 496
Closing balance	**-17 371**	**-14 109**	**-19 465**	**-14 109**
Reported value at the end of the year	**12 107**	**11 274**	**31 187**	**32 148**

NOTE 14 CONCESSIONS, PATENTS, LICENSES, TRADEMARKS, AND SIMILAR RIGHTS

	Group		Parent company	
Concessions, patents, licenses, trademarks, and similar rights (TSEK)	2020 Dec 31	2019 Dec 31	2020 Dec 31	2019 Dec 31
Accumulated acquisition values				
Opening balance	2 855	3 360	2 855	3 360
Other investments	703	865	703	865
Divestments and discards during the year	0	-1 370	0	-1 370
Closing balance	**3 558**	**2 855**	**3 558**	**2 855**
Accumulated depreciation				
Opening balance	-1 083	-1 774	-1 083	-1 774
Returned depreciation on divestments and discards	0	1 115	0	1 115
Depreciation during the year	-448	-424	-448	-424
Closing balance	**-1 531**	**-1 083**	**-1 531**	**-1 083**
Accumulated write-downs				
Opening balance	-401	-401	-401	-401
Write-downs during the year	-	-	-	-
Closing balance	**-401**	**-401**	**-401**	**-401**
Reported value at the end of the year	**1 627**	**1 372**	**1 627**	**1 372**

NOTE 15 EQUIPMENT, TOOLS AND INSTALLATIONS

	Group		Parent company	
Equipment, tools and installations (TSEK)	2020 Dec 31	2019 Dec 31	2020 Dec 31	2019 Dec 31
Accumulated acquisition values				
Opening balance	2 890	2 518	2 890	2 518
Aquisitions	1 525	373	1 525	373
Divestments and discards during the year	0	0	0	0
Closing balance	**4 416**	**2 890**	**4 416**	**2 890**
Accumulated depreciation				
Opening balance	-1 930	-1 519	-1 930	-1 519
Returned depreciation on divestments and discards	0	0	0	0
Depreciation during the year	-468	-412	-468	-412
Closing balance	**-2 398**	**-1 930**	**-2 398**	**-1 930**
Reported value at the end of the year	**2 018**	**960**	**2 018**	**960**

NOTE 16 RIGHT-OF-USE ASSETS AND LEASES

The effects on the group's financial report for the application of IFRS 16 as of January 1, 2019 are explained below. Reclassification and adjustments resulting from the new lease rules are therefore recognized in the opening balance sheet as of January 1, 2019. The new accounting policies are described in Note 1.

During the transition to IFRS 16 and IFRS 1, the group recognizes lease liabilities attributable to leases previously classified as operating leases in accordance with the rules in K3. These liabilities have been valued at the present value of future minimum lease fees. For the calculation, the lessee's marginal loan rate as of 1 January 2019 has been used. The lessee's weighted average marginal loan rate applied to these lease liabilities regardless of the asset type as of January 1, 2019 was 4,0 percent.

All rights-of-use are valued at the transition as of January 1, 2019 at an amount corresponding to the lease liability adjusted for deferred lease payments attributable to the agreement as of December 31, 2018. When IFRS 16 was applied for the first time, the group uses the following practical solutions allowed in IFRS 16 and in the transitional rules regulated in IFRS 1:

- the use of a uniform discount rate for the portfolio of leases of a similar nature,
- the recognition of operating leases with a lease period of less than 12 months from January 1, 2019 as a short-term lease,
- exclusion of initial direct costs in the calculation of the utilization asset at the date of initial implementation and
- the exercise of extension options or options to terminate a lease has been assessed in connection with the transition to IFRS.

Nanologica's right-of-use assets consist partly of lease contracts for premises in Södertälje (offices and production) and embedded leases for machinery and technical facilities at the partner Sterling Pharma Solutions. The purchase has been financed by Nanologica with a buy-out right of GBP 1.

Adjustments recognized in the balance sheet on January 1, 2019 and effects on profit or loss and cash flow in 2019.

For leases previously classified as operating leases with the group as lessees, a lease liability at the present value of future lease payments is recognized, amounting to TSEK 10,406 as of January 1, 2019. The group recognizes right-of-use assets amounting to TSEK 10,596 as of January 1, 2019.

Accounting for depreciation of assets with right-of-use assets instead of lease payments has had a positive impact on operating profit by TSEK 39. Interest on lease liabilities has had a negative impact on net financial items of TSEK 88. Profit before tax has been negatively impacted by TSEK 49 due to IFRS 16. Since the main payment is recognized as financing activities, cash flow from financing activities decreases with a corresponding increase in cash flow from operating activities. The interest portion of the lease fee remains cash flow from operating activities and is included in net financial items. The group recognizes a right-of-use asset in the balance sheet and a lease liability at the present value of future lease payments. The leased asset is depreciated on a straight-line basis over the lease term or over the useful life of the underlying asset if it is deemed reasonably certain that the group will take ownership at the end of the lease term. The lease cost is recognized as depreciation in operating profit and interest expense in net financial items. If the lease is deemed to include a low-value asset or has a lease period that ends within 12 months, or includes service components, these lease payments are recognized as operating expenses in the income statement over the lease term.

As of January 1, 2019, leased assets are recognized in a separate item in the balance sheet called right-of-use assets. Information on these leases is presented below:

Amounts reported in the balance sheet - assets with a right of use

Right-of-use assets (TSEK)	2019 Dec 31 Building/premises (office etc)	Machinery and other technical facilities	Total right-of-use assets
Initial value when applying IFRS 16	10 596	-	10 596
Acquisitions	-	20 874	20 874
Depreciation during the year	-2 119	-	-2 119
Closing balance	**8 477**	**20 874**	**29 351**

Right-of-use assets (TSEK)	2020 Dec 31 Building/ premises (office etc)	Machinery and other technical facilities	Total right-of-use assets
Opening balance	8 477	20 874	29 351
Acquisitions	186	4 338	4 524
Terminated leases	-155	-	-155
Depreciation during the year	-2 119	-2 173	-4 292
Closing balance	**6 389**	**23 039**	**29 428**

Leasing liabilities (TSEK)	2019 Dec 31 Long-term debt	Short-term debt	Total leasing debt
Initial value when applying IFRS 16	8 511	1 896	10 406
New leasing agreements	-	-	0
Transfer	-86	86	0
Amortisation	-1 896	-	-1 896
Closing balance	**6 529**	**1 982**	**8 511**

Leasing liabilities (TSEK)	2020 Dec 31 Long-term debt	Short-term debt	Total leasing debt
Opening balance	6 529	1 982	8 511
New leasing agreements	122	58	181
Terminated leases	-108	-52	-160
Transfer	-127	127	0
Amortisation	-1 982	-	-1 982
Closing balance	**4 434**	**2 116**	**6 550**

Amounts reported in the income statement

The following amounts are reported in the income statement related to leasing agreements (TSEK)	2020 Dec 31	2019 Dec 31
Depreciation on right-to-use assets		
Building/premises (office etc)	2 119	2 119
Machinery and other technical facilities	2 173	0
Total depreciation on right-to-use assets	**4 292**	**2 119**
Interest expenses (included in financial expenses)	**304**	**382**

NOTE 17 FINANCIAL ASSETS AND LIABILITIES

Financial assets and liabilities on December 31st, 2019 (TSEK)	Financial assets / liabilities valued at fair value	Financial assets / liabilities valued at accrued acquisition value	Reported value
Assets			
Accounts receivables		905	905
Other current receivables		754	754
Current financial instruments	764		764
Cash and cash equivalents		1 176	1 176
Total Assets	**764**	**2 835**	**3 599**
Liabilities			
Long- and short term liabilities		26 133	26 133
Long- and short term leasing debts		8 511	8 511
Prepayments from customers		5 738	5 738
Accounts payables		1 858	1 858
Accrued expenses		2 275	2 275
Total liabilities	**0**	**44 515**	**44 515**

Financial assets and liabilities on December 31st, 2020 (TSEK)	Financial assets / liabilities valued at fair value	Financial assets / liabilities valued at accrued acquisition value	Reported value
Assets			
Accounts receivables		6 812	6 812
Other current receivables		180	180
Current financial instruments	1 615		1 615
Cash and cash equivalents		66 364	66 364
Total assets	**1 615**	**73 357**	**74 972**
Liabilities			
Long- and short term liabilities		33 413	33 413
Long- and short term leasing debts		6 550	6 550
Prepayments from customers		2 444	2 444
Accounts payables		3 009	3 009
Accrued expenses		5 719	5 719
Total liabilities	**0**	**51 135**	**51 135**

Fair value valuation
IFRS 13 Fair value valuation 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.

NOTE 18 FINANCIAL RISKS

Financial risk
The group Nanologica is exposed to financial risks throughout the business. The aim for handling the financial risks is to minimise the risks for negative impact on the result of the group. Nanologica has divided its financial risks into currency risks, interest risks, financing risk and the cash and cash equivalent risk.

Currency risk
The currency risk can have impact on the result and financial position due to changes in currencies. The group does not have any loans in foreign currency and are therefore not exposed to any currency risk in regard to loans. Sales and purchasing however expose the group for positive and negative currency exchange effects.

Interest risk
The group has assets in cash and cash equivalents at bank which will be impacted due to change in interest. The majority of the financial assets at the bank is without interest and therefore the risk is low.

The group has two kinds of loans, from banks and credit institutions and from private investors. The loans from banks and credit institutions have a fixed interest as well as the loans from private investors. The interest risk is therefore considered relatively low.

Financing risk
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 requirements. The generated cash flow is judged to remain negative until Nanologica enters into significant agreements for the sale of existing or new products that the company may market. The group management as well as the board, closely monitors the development of the financial situations to be able to acknowledge and take actions towards upcoming financial- and cash liquidity risk.

Future financing needs is dependent on the outcome of current milestone payments with current partners, if the group manages to enter new partner and business contracts and the markets reception of future potential products.

The general availability of credits and the credit worthiness of Nanologica is also a factor that impacts the finance risk. At the moment it seems as the availability of capital within the biotech sector is still good as many new rights issues has been performed during the year.

Cash liquidity risk
Managing the cash liquidity risk is to ensure that the group has sufficient cash to meet the need in current operations. The risk is assessed as low in the short term (1-1,5 years) and to medium in the medium term (1,5-3 years) as the group currently has a good access to cash and cash equivalents.

NOTE 19 ACCOUNTS RECEIVABLES

	Group		Parent company	
Accounts receivables (TSEK)	2020 Dec 31	2019 Dec 31	2020 Dec 31	2019 Dec 31
Accounts receivables	6 812	905	6 812	905
Total	**6 812**	**905**	**6 812**	**905**
Amounts reported, per currency				
SEK	5 736	771	5 736	771
EUR	111	8	111	8
USD	966	126	966	126
Total	**6 812**	**905**	**6 812**	**905**

The maximum exposure to credit risk as of the balance sheet date for accounts receivable is the carrying amount as described above.

The fair value of accounts receivable corresponds to its carrying amount, as the discounting effect is not significant

No accounts receivable have been provided as security for any debt.

NOTE 20 PREPAID EXPENSES AND ACCRUED INCOME

	Group		Parent company	
Prepaid expenses and accrued income (TSEK)	2020 Dec 31	2019 Dec 31	2020 Dec 31	2019 Dec 31
Prepaid rent	0	0	681	581
Accrued contract revenue	0	204	0	204
Prepaid leasing	0	0	1 241	0
Prepaid development costs for ongoing development at Sterling	2 306	0	2 306	0
Prepaid production costs	17 316	0	17 316	0
Other items	1 982	845	1 496	455
Total	**21 604**	**1 050**	**23 039**	**1 240**

NOTE 21 SHORT-TERM FINANCIAL INVESTMENTS

	Group		Parent company	
Short-term financial investments (TSEK)	2020 Dec 31	2019 Dec 31	2020 Dec 31	2019 Dec 31
Vicore Pharma Holding AB (publ.), number of shares as of December 31, 2020 amounts to 65 316 (51 285)	1 615	764	1 615	764
Total	**1 615**	**764**	**1 615**	**764**

In 2018, the group/company received shares as partial payment for delivered services. The shares are listed on the Stockholm Stock Exchange (Small Cap) and are valued on an ongoing basis at fair value.

NOTE 22 CASH AND CASH EQUIVALENTS

	Group		Parent company	
The entire amount refers to bank balances, reported below by currency (TSEK)	2020 Dec 31	2019 Dec 31	2020 Dec 31	2019 Dec 31
SEK	65 659	1 109	65 499	998
EUR	508	3	508	3
USD	177	64	177	64
AUD	20	0	0	0
Total	**66 364**	**1 176**	**66 183**	**1 065**

The maximum exposure to credit risk as of the balance sheet date for accounts receivable is the carrying amount as described above.
The fair value of accounts receivable corresponds to its carrying amount, as the discounting effect is not significant.
No accounts receivable have been provided as security for any debt.

NOTE 23 SHARE CAPITAL AND OTHER CONTRIBUTED CAPITAL

Share capital and other contributed capital (TSEK)	Number of shares	Share capital	Ongoing new share issue	contributed capital / Share premium reserve
Opening balance on January 1, 2019	16 619 447	6 814	0	126 196
Closing balance on December 31, 2019	**16 619 447**	**6 814**	**0**	**126 196**
Premiums for issued warrants	0	0	0	61
Rights issue April 1st, 2020	5 539 815	2 271	0	53 127
Rights issue June 9th, 2020	5 539 815	2 271	0	54 789
Premiums for issued warrants	0	0	0	663
Share issue December 3, 2020	77 773	32	0	691
Ongoing new share issue	0	0	7	157
Issue cost	0	0	0	-4 315
Closing balance on December 31, 2020	**27 776 850**	**11 389**	**7**	**231 368**

As of December 31, 2020, the **share capital** consists of 27,776,850 ordinary shares with a quota value of SEK 0.41. All shares issued are fully paid and no shares are reserved for transfer.

The **ongoing issue** relates to 17,630 shares subscribed for through exercising of warrants. The shares are paid and registered with the Swedish Companies Registration Office in February 2021.

Other contributed capital (group)/premium fund (parent company) consists of capital contributed by the company's owner that exceeds the quota value and less transaction costs. The amount also includes remuneration for issued warrants.

Issued warrants
The company has ongoing incentive programs that include warrants. The purpose of the incentive programs is to encourage broad shareholding among Nanologica's employees and board members, to attract and retain competent employees and to increase employee motivation and achievement of goals.

An incentive program including warrants was resolved at the Annual General Meeting on May 31, 2018 and implemented in 2019. The total number of options in the program amounts to 484,833. 14 persons, both employees and senior executives, subscribed for 467,199 (96.4 percent) of available options, corresponding to a maximum dilution of 1.7 percent if all warrants were used. A premium, calculated using Black-Scholes' pricing model, was paid for the warrants to Nanologica's subsidiary Nanghavi AB. The premium of SEK 60,733.51 was transferred to Nanologica in January 2020 and added to the company's premium fund. The strike price for the warrants is SEK 9.30 and the program expires on July 1, 2021. During 2020, a total of 95,403 options were exercised, which led to a new share issue of a total of 95,403 shares, which has contributed with a total of SEK 887,247.90 to the company. In the program, 407,949 warrants remained to be exercised no later than July 1, 2021.

Two incentive programs including warrants were resolved at the Annual General Meeting on May 28, 2020 and implemented in September 2020. One program includes Nanologica's board members and amounts to 350,000 options. All options were subscribed (100 percent). The second program includes Nanologica's employees including senior executives. The total number of options amounted to 698,577, of which 569,949 have been allotted and subscribed (81.6 percent). The maximum dilution amounts to 3.8 percent if all warrants are used. A premium, calculated using Black-Scholes' pricing model, was paid for the warrants to Nanologica's subsidiary Nanghavi AB. The premium of SEK 723,947.81 was transferred to Nanologica in September 2020 and added to the company's premium fund. The strike price for the warrants is SEK 18.00 and the program expires on July 1, 2022.

NOTE 24 BORROWING TRANSACTIONS

Borrowing transactions (TSEK)	2020 Dec 31	2019 Dec 31
Liabilities due within one year from balance sheet date		
Other liabilities to credit institutions	2 720	2 720
Other liabilities	0	0
Liabilities due later than one year from balance sheet date		
Other liabilities to credit institutions	3 693	6 413
Other liabilities	27 000	17 000
Liabilities due later than five years from balance sheet date		
Other liabilities to credit institutions	-	-
Total	**33 413**	**26 133**

There are no covenants in the above loans.

NOTE 25 OTHER PROVISIONS

	Group		Parent company	
Other provisions (TSEK)	2020 Dec 31	2019 Dec 31	2020 Dec 31	2019 Dec 31
Other provisions	518	538	518	538
Total other provisions	**518**	**538**	**518**	**538**

Refers to a provision for estimated repayment of EU grants received when actual support-based costs have been lower than was the case with an initial assessment. Change refers to conversion to the closing day rate.

NOTE 26 CONTRACTUAL LIABILITIES

	Group		Parent company	
Contractual liabilities (TSEK)	2020 Dec 31	2019 Dec 31	2020 Dec 31	2019 Dec 31
Prepayment from customers	2 444	5 738	2 444	5 738
Total short-term contractual liabilities	**2 444**	**5 738**	**2 444**	**5 738**

Contractual liabilities consist entirely of advances from customers. No income has been reported regarding the above contractual liabilities at each balance sheet date.

NOTE 27 ACCRUED EXPENSES AND PREPAID INCOME

	Group		Parent company	
Accrued expenses and prepaid income (TSEK)	2020 Dec 31	2019 Dec 31	2020 Dec 31	2019 Dec 31
Accrued salary costs	1 667	866	1 667	866
Accrued social security charges	524	272	524	272
Accrued interest expenses	1 803	0	1 803	0
Prepaid income	997	0	997	0
Other items	728	1 137	702	1 137
Total accrued expenses and prepaid income	**5 719**	**2 275**	**5 693**	**2 275**

NOTE 28 ITEMS NOT AFFECTING CASH FLOW

	Group		Parent company	
Adjustment for items not affecting cash flow (TSEK)	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
Depreciation	5 672	4 335	6 272	2 216
Write downs/discards	0	1 370	0	1 370
Other items	-9	0	0	0
Total	**5 663**	**5 705**	**6 272**	**3 586**

NOTE 29 OPERATIONAL LEASING - LESSEE

Operational leasing, parent company (TSEK)	2020 Jan-Dec	2019 Jan-Dec
Future minimum lease payments for non-cancellable operating leases:		
Within one year	3 070	2 057
Between one and five years	3 659	2 098
Total	**6 729**	**4 155**
Reported leasing fees	2 840	2 057

In the accounts, the operational leasing essentially consists of leased premises and leasing/rental of IT equipment and software, including so-called cloud services for storage and documentation. The lease with Södertälje P19 AB extends to 2022-12-31 (with annual extension).

NOTE 30 PROFIT FROM PARTICIPATIONS IN GROUP COMPANIES

	Group		Parent company	
Profit from participation in group companies (TSEK)	2020 Jan-Dec	2019 Jan-Dec	2020 Jan-Dec	2019 Jan-Dec
Impairment of claim from subsidiary	-	-	-312	0
Total	**0**	**0**	**-312**	**0**

NOTE 31 PARTICIPATION IN GROUP COMPANIES

Participation in group companies (TSEK)	2020 Dec 31	2019 Dec 31
Accumulated acquistion values		
Opening balance	290	290
Aquisitions	50	-
Divestments, liquidations	-240	-
Closing balance	**100**	**290**
Accumulated write-downs		
Opening balance	-240	-240
Returned write-downs on divestments and liquidations	240	-
Write-down during the year	-	-
Closing balance	**0**	**-240**
Reported value at the end of the year	**100**	**50**

Specification of the parent company's holdings of shares and participations in group companies.
The ownership share of the capital is referred to, which also corresponds to the share of the votes for the total number of shares.

Subsidiary / VAT number / headquarters	Number of shares	%	2020 Dec 31 Reported value	2019 Dec 31 Reported value
Nanghavi AB / 559074-2515 / Stockholm, Sweden	50 000	100	50	50
Nlab Bioscience S.A / B85814820 / Malaga, Spain*	3 003	100	-	-
Nanologica Australia Pty Ltd / 638 898 727 / Queensland, Australia				
Nanologica Yellow AB / 559290-2620 / Stockholm, Sweden				
Nanologica Black AB / 559290-2646 / Stockholm, Sweden				
Total			**50**	**50**

Subsidiary / VAT number / headquarters	Equity	Equity
Nanghavi AB / 559074-2515 / Stockholm, Sweden	50	50
Nlab Bioscience S.A / B85814820 / Malaga, Spain*	-	-
Nanologica Australia Pty Ltd / 638 898 727 / Queensland, Australia	-310	
Nanologica Yellow AB / 559290-2620 / Stockholm, Sweden	25	-
Nanologica Black AB / 559290-2646 / Stockholm, Sweden	25	-

* The subsidiary Nlab Bioscience S.A is under liquidation

NOTE 32 LONG TERM DEBT

Long term debt, parent company (TSEK)	2020 Dec 31	2019 Dec 31
Liabilities that are due later than one year from balance sheet date		
Other liabilities to credit institutions	3 693	6 413
Other liabilities	27 000	17 000
Liabilities that are due later than five years from balance sheet date		
Other liabilities to credit institutions	-	-
Total	**30 693**	**23 413**

There are no covenants in the above loans.

NOTE 33 PLEDGED COLLATERAL AND CONTINGENT LIABILITIES

	Group		Parent company	
Pledged collateral and contingent liabilities (TSEK)	2020 Dec 31	2019 Dec 31	2020 Dec 31	2019 Dec 31
Pledged collateral				
Corporate mortgages	13 000	13 000	13 000	13 000
Other pledges	50	50	50	50
Summa	**13 050**	**13 050**	**13 050**	**13 050**
Contingent liabilities				
Contingent liabilities	None	None	None	None

NOTE 34 RELATED PARTY TRANSACTIONS

Related party transactions have been made on market terms.

- Board member Mattias Bengtsson has, through his own company MaBeRo Consulting AB, provided consulting services to Nanologica corresponding to SEK 148,500 in consulting fees.
- Recipharm AB, in which Nanologica's largest owner Thomas Eldered is also a partner, has received compensation for the performance of production services to the equivalent of SEK 2,512,612.
- Nanologica's largest owner, Thomas Eldered, has lent SEK 17,000,000 to Nanologica through his company Flerie Invest AB. Borrowing costs (interest and set-up fee) amount to SEK 1,802,891. Loans run at 8 percent interest.
- Nanologica's largest owner, Thomas Eldered, has, through his company Flerie Invest AB, was the underwriter of a rights issue. Remuneration amounts to SEK 1,028,000 (4 percent of the underwritten amount).

NOTE 35 DEFENITIONS OF KEY FIGURES

Earnings per share
Earnings after tax divided by the average number of shares for the period.

Equity/assets ratio
Equity on the closing day divided by the closing balance.

Equity per share
Equity on the closing day divided by the number of shares on the closing day.

NOTE 36 TRANSITION TO IFRS AND RFR2

Nanologica AB has previously applied the Annual Accounts Act and BFNAR 2012: 1 Annual Report and Consolidated Accounts ("K3"). As of 1 January 2020, Nanologica AB prepares its annual and consolidated financial statements in accordance with EU approved International Financial Reporting Standards (IFRS) and interpretations from the IFRS Interpretations Committee (IFRIC).

The transition date to IFRS has been set for January 1, 2019. The transition to IFRS is reported in accordance with IFRS 1 The first time International Financial Reporting Standards are applied. The main rule in IFRS 1 is that a company applies all advice retroactively when determining the opening balance. However, there are some mandatory and voluntary exceptions to the retroactive application. The Group has chosen to apply the following exceptions:

Leasing liabilities have been valued at the present value of the remaining leasing fees, discounted at the marginal borrowing rate at the time of transition to IFRS.

In the following tables, the effects assessed by the company management on the Parent Company's report on comprehensive income and financial position at the transition to RFR 2 for the Parent Company are presented and quantified. These adjustments have been made in the transition to RFR 2:

Note A: Recognition of income;
Revenues that were previously accrued evenly over the period October-18 - September-20 have in accordance with RFR 2 been moved to be reported in full in October 2018. The effect means that sales (and earnings) increase during the fourth quarter, 2018 by TSEK 1 750. Equity at the beginning of 2019 will also increase by TSEK 1 750. This also means that sales and earnings decrease during other months; for the first quarter 2019 up to and including the third quarter 2020, sales and earnings will decrease by TSEK 250/quarter. For the full year 2019, sales and earnings will decrease by TSEK 1 000 and for 2020, the reduction will be TSEK 750.

Note B: Valuation of financial instruments at fair value.

a) At the time of sale during the third quarter, 2018, compensation was received from the customer in the form of the customer's own shares (listed on the market). According to RFR 2, the shares shall be considered part of the transaction (net sales) and valued at market value. This means that equity at the beginning of 2019 will increase by TSEK 2 171.

b) In the parent company accounts, IFRS 9 is applied, with the application that e.g. listed shares are valued at fair value. Previously (with reference to point a) the reported value was SEK 1. Valuation at fair value has affected the value in the balance sheet (short-term investments) and in the income statement (profit from other financial operating items).

Change in equity (TSEK)	Note	2019 31 dec	2018 31 dec
Opening balance		2 782	0
A, Recognition of income	A	-1 000	1 750
Ba, Valuation of financial instruments at fair value (acquisition)	Ba	0	2 171
Bb, Valuation of financial instruments at fair value (balance day)	Bb	-268	-1 139
Total change in equity		**1 514**	**2 782**

Transition between principles (KR to RFR2) for current accounting period

Income statement for parent company (TSEK)	Note	2019 Jan - Dec According to previous accounting principles (K3)	Adjustments RFR 2	According to RFR2
Operating income				
Net sales	A	10 227	-1 000	9 227
Change in inventory, finished goods		1 102	0	1 102
Capitalized work for own account		2 651	0	2 651
Other operating income		1 239	0	1 239
Total operating income		15 219	-1 000	14 219
Operating expenses				
Raw materials and consumables		-5 316	0	-5 316
Other external expenses		-10 744	0	-10 744
Personnel costs		-14 541	0	-14 541
equipment		-3 331	0	-3 331
Other operating expenses		-510	0	-510
Total operating expenses		-34 442	0	-34 442
Operating profit/loss		**-19 223**	**-1 000**	**-20 223**
Financial investments				
Profit/loss from group companies		0	0	0
Profit/loss from other financial items	B	222	-268	-46
Currency effects		147	0	147
Interest income and similar income		4	0	4
Interest expense and similar expenses		-737	0	-737
Summa resultat från finansiella poster		-365	-268	-633
Profit/loss before income tax		**-19 588**	**-1 268**	**-20 856**
Income tax		0	0	0
Profit/loss for the year		**-19 588**	**-1 268**	**-20 856**

Balance sheet, parent company (TSEK)	Note	2019 Dec 31 According to previous accounting principles	Adjustments RFR 2	According to RFR2	2018 Dec 31 According to previous accounting principles	Adjustments RFR 2	According to RFR2
ASSETS							
Total noncurrent assets		34 530	0	34 530	7 354	0	7 354
Inventories		3 792	0	3 792	2 690	0	2 690
Current receivables		2 899	0	2 899	2 458	0	2 458
Financial assets at fair value through profit or loss	A,B	0	764	764	0	1 032	1 032
Cash and cash equivalents		1 065	0	1 065	21 828	0	21 828
Total current assets		7 756	764	8 520	26 976	1 032	28 008
TOTAL ASSETS		**42 286**	**764**	**43 050**	**34 330**	**1 032**	**35 362**
EQUITY AND LIABILITIES							
Restricted equity		11 753	0	11 753	10 314	0	10 314
Non-restricted equity	A,B	-7 632	1 514	-6 118	13 395	2 782	16 177
Total equity		4 121	1 514	5 635	23 709	2 782	26 491
Provisions		538	0	538	533	0	533
Noncurrent liabilities		23 413	0	23 413	1 595	0	1 595
Current liabilities	A	14 214	-750	13 464	8 493	-1 750	6 743
Total liabilities		38 165	-750	37 415	10 621	-1 750	8 871
TOTAL EQUITY AND LIABILITIES		**42 286**	**764**	**43 050**	**34 330**	**1 032**	**35 362**

Change in equity (TSEK)	Note	2019 31 dec	2018 31 dec
Opening balance		2 782	0
A, Recognition of income	A	-1 000	1 750
Ba, Valuation of financial instruments at fair value (acquisition)	Ba	0	2 171
Bb, Valuation of financial instruments at fair value (balance day)	Bb	-268	-1 139
Total change in equity		**1 514**	**2 782**

ASSURANCE

The board of directors and the CEO hereby assure that the consolidated accounts and annual report were prepared as per the International Financial Reporting Standards (IFRS) as adopted by the EU, and generally accepted accounting principles, respectively, and provide a true and fair view of the development of the group's and parent company's financial position and performance, and that the board of directors' report provides a true and fair view of the group's and parent company's operations, financial position and performance as well as describing material risks and uncertainties faced by the companies that are part of the group. The income statements and balance sheets of the parent company and the group are subject to adoption by the annual general meeting on May 27, 2021.

May 5, 2021

Gisela Sitbon
Chairman of the board

Mattias Bengtsson
Board member

Eva Byröd
Board member

Tomas Kramar
Board member

Anders Rabbe
Board member

Lena Torlegård
Board member

Andreas Bhagwani
CEO

Our auditor's report was left on May 5, 2021
BDO Mälardalen AB

Niclas Nordström
Authorized public accountant

AUDITORS REPORT

To the Annual General Meeting for the shareholders of Nanologica AB (publ), corporate identity number 556664-5023.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Nanologica ab (publ) for the year 2020. The annual accounts and consolidated accounts of the company are included on pages 31-58 in this document.

In our opinion, the annual accounts have been prepared in accordance with the annual accounts act and present fairly, in all material respects, the financial position of parent company as of 31 December 2020 and its financial performance and cash flow for the year then ended in accordance with the annual accounts act. The consolidated accounts have been prepared in accordance with the annual accounts act and present fairly, in all material respects, the financial position of the group as of 31 December 2020 and their financial performance and cash flow for the year then ended in accordance with international financial reporting standards (IFRS), as adopted by the EU, and the annual accounts act. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

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

Basis for opinions

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

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

Other matter

The audit of the annual accounts and consolidated accounts for the year 2019 was performed by another auditor who submitted an auditor's report dated 2 April 2020, with unmodified opinions in the Report on the annual accounts and consolidated accounts.

Other information than the annual accounts and consolidated accounts

The board of directors and the managing director are responsible for the other information. The other information comprises pages 3-30.

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

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

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

Responsibilities of the board of directors and the managing director

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

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

Auditor's responsibility

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

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the board of directors and the managing director.
- Conclude on the appropriateness of the board of directors and the managing director's use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our opinions.

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

Report on other legal and regulatory requirements

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the board of directors and the managing director of Nanologica AB (publ) for the year 2020 and the proposed appropriations of the company's profit or loss.

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

Basis for Opinions

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

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

Responsibilities of the board of directors and the managing director

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

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

Audit***or's responsibility***

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

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

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

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

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

Stockholm May 5, 2021

BDO Mälardalen AB

Niclas Nordström
Authorized public accountant

GLOSSARY

Amorphous structure
An amorphous or non-crystalline solid is a solid that lacks the long-range order that is characteristic of a crystal. The atoms are arranged in a loose, disorderly form. For some APIs it is pivotal hat the structure is amorphous in order to make an oral drug of the API.

API
Active Pharmaceutical Ingredient. The ingredient in the drug that has a therapeutic effect in the body.

Bioavailability
Within pharmacology, a term expressing how large part of the administered dose of a drug that reaches the systemic circulation (the blood) in unchanged form.

Crystalline structure
A crystal or crystalline solid is a solid material whose constituents (such as atoms, molecules, or ions) are arranged in a highly ordered, stable microscopic structure. Some APIs are poorly soluble in their crystalline forms.

Chromatography
A separation method within chemistry used to separate molecules in a mixture from each other.

Analytical chromatography
Analytical chromatography is used to analyse whether a substance is present in a mixture, or to determine which substances are in a mixture and which amount.

Preparative chromatography
Preparative chromatography is used in pharmaceutical production to purify drugs from impurities, by separating substances in a mixture.

Clinical study
A study in healthy or sick humans to study the safety and efficacy of a drug candidate or a treatment method.

Column
A tube used for chromatography.

Drug candidate
A substance under development. The drug candidate is the substance which is later tested in humans in clinical studies.

Drug delivery
A term within the pharmaceutical industry, comprising of the method or process of administering a pharmaceutical compound to achieve a therapeutic effect in the body, and various techniques for formulating and producing drugs.

Drug development
The process of bringing a new pharmaceutical drug to the market, from the discovery phase through preclinical and clinical studies, to a product on the market available for treating patients.

DPI
A dry-powder inhaler (DPI) is a device that delivers medication to the lungs in the form of a dry powder. The medication is commonly held either in a capsule for manual loading or a proprietary from inside the inhaler. Once loaded or actuated, the operator puts the mouthpiece of the inhaler into their mouth and takes a sharp, deep inhalation to ensure that the medication reaches the lower parts of the lungs.

FDA
Food and Drug Administration. The American pharmaceutical authorities.

Gastroparesis
Delayed emptying of the stomach. A disease often affecting diabetes patients. Symptoms include pain, nausea, and vomiting.

Generics
Generics contains the same API as the original drug and are interchangeable due to having the same function, quality, and safety as the original drug. Generics may be produced once the patent protection for a drug expires.

Glucagon-like-peptide-1 (GLP-1)
GLP-1 stimulates release of insulin from the pancreas, which lowers the blood sugar. GLP-1 also lowers the release of glucagon, which is a hormone that increases the blood sugar level.

GMP
Good Manufacturing Practice is a system for ensuring that products are consistently produced and controlled according to quality standards. It is designed to minimize the risks involved in any pharmaceutical production that cannot be eliminated through testing the final product.

GMP covers all aspects of production from the starting materials, premises, and equipment to the training and personal hygiene of staff. Detailed written procedures are essential for each process that could affect the quality of the finished product. There must be systems to provide documented proof that correct procedures are consistently followed at each step in the manufacturing process - every time a product is made.

HPLC
HPLC, High Performance Liquid Chromatography, is a separation method using a two-phase system, for example oily and aqueous compounds.

In vivo
In vivo means “in living” and refers to studies made on animals or humans.

In vitro
In vitro means ”in glass” and refers to studies made on living material outside their normal biological context, for example on cells in a test tube.

IP
Intellectual property. IP refers to creations of the mind, such as inventions, designs, symbols, names, and images used in commerce. IP is protected in law by, for example, patents, copyright, and trademarks, which enable people and companies to earn financial benefit from what they invent or create.

IPF
Idiopathic pulmonary fibrosis (IPF) is a lung disease that results in scarring (fibrosis) of the lungs for an unknown reason (idiopathic). Over time, the scarring gets worse and it becomes hard to take deep breaths and the lungs cannot take in enough oxygen. Symptoms include severe cough, shortness or breath and recurring infections of the lung. The disease often leads to death within 3-5 years after diagnosis.

Mesoporous
Mesoporous materials are a class of nanoporous materials with pores sizes between 2 and 50nm.

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 publishing an enabling public disclosure of the invention.

Pharmacokinetics
Pharmacokinetics describe how the body affects a drug after through absorption, distribution, metabolism, and excretion.

Phase (I, II, III, IV) studies
The different phases for studying safety and the effects of a drug in human beings.

- Phase I studies the safety of the drug in healthy individuals.
- Phase II studies the efficacy of the drug in patient with the actual disease the drug is designed to treat and gives a first indication of how effective the treatment is and what dose is the optimal.
- Phase III is a larger study that is supposed to confirm the treatment effect and safety compared to a standard treatment or placebo, during a longer time and in a larger patient group.
- Phase IV surveys rare side effects and monitors the safety of the treatment, the efficacy, and the optimal treatment area after the drug reaches the market.

In the development of new drugs where different doses are studied and where the 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 focus on safety and metabolism of the drug in the body. In phase IIb, studies on efficacy of the chosen dose(s) is studied.

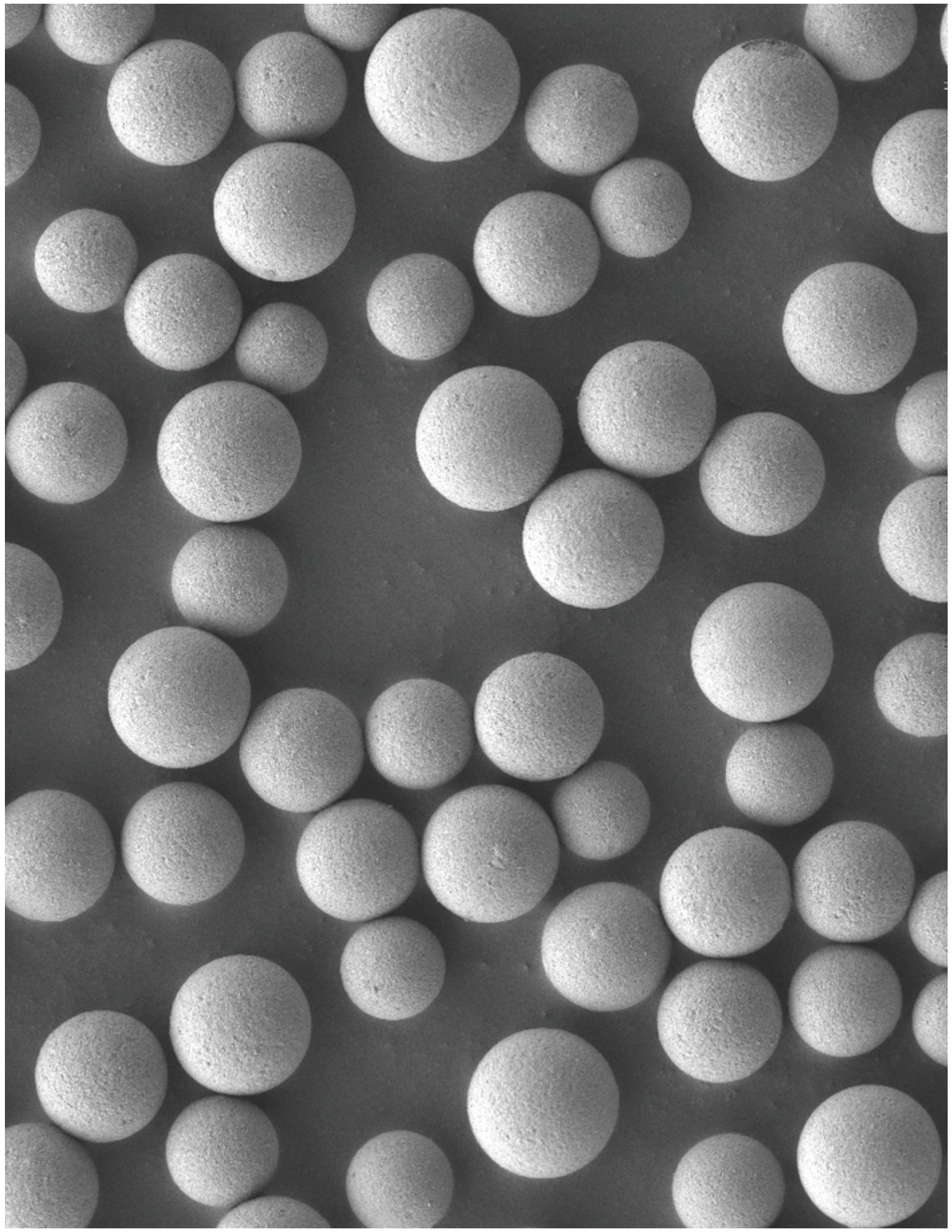
pMDI
A pressurized metered-dose inhaler, MDI, is a small, hand-held device filled with medicine for delivering a certain amount of medicine through the mouth and into the lungs. Each inhaler consists of a small canister of medicine connected to a mouthpiece. The canister is pressurized and when pressed down, it releases a mist of medicine with the help of a gas propellant. You breathe that mist into your lungs.

Proof of Concept, POC
Proof of Concept, POC, studies are made to provide early evidence in a smaller scale if a concept is likely to be successful in later larger. Hence, POC studies (preclinical or clinical) can guide drug developers to make smarter "go or no-go" decisions before proceeding with larger, more expensive studies in the next stage of drug development.

Sublingual
Sublingual administration involves placing a drug under your tongue to dissolve and absorb into your blood through the tissue there, without being swallowed.

Systemic delivery
Reaching the blood stream, spreading through the entire body, as opposed to local delivery where the drug acts in the target organ with less effect on the rest of the body.

WIPO
World Intellectual Property Organization.



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NANOLOGICA

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