2020

ANNUAL REPORT – PHARMACOLOG I UPPSALA AB

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PHARMACOLOG IN BRIEF

Pharmacolog is active in medical technology and develops systems and solutions that aim to optimize and ensure correct and effective treatment with injectable drugs. The company offers three different solutions, where **DrugLog**® and **PrepLog**® offer fast and cost-effective quality control of prepared drugs before they are given to the patient. The company's third product, **WasteLog**®, is used to prevent medicines from falling into the wrong hands, and is primarily intended for the North American market.

Pharmacolog also manages development projects in collaboration with, among others, the University Hospital, which aim to make the use of intravenous antibiotics more effective. The goal is to offer the intensive care set-up a system that can quickly provide the treating physician information on whether a patient with sepsis or severe infection has optimal antibiotic levels in the blood during treatment. This is in order to maximize the effect of the drug and reduce the risk of the development of resistant bacterial strains.

Production: Pharmacolog i Uppsala AB
Graphic design: Komson AB
Photographers/image agencies: Göran Ekeberg, Shutterstock etc.

Mats Högberg, CEO

CEO'S INTRODUCTION

2020 was a very special year with a raging pandemic that resulted in trials for the company but which, despite the challenges, ended positively. During the last month of the year, we succeeded in securing two important orders, and signed a partnership agreement with **Codonics Inc.** in relation to the sale of **WasteLog®** on the US market: A partnership agreement which almost immediately generated a significant order. Since the end of the year, we have also noted a sharp increase in incoming orders and, at the time of writing, the company has an order book totaling eight systems and an installed base of 25 systems.

Duirng the year we continued our work with further developing our three products, **DrugLog®**, **PrepLog®** and **WasteLog®** in order to offer effective integration opportunities and improved workflow. This has further increased our competitiveness, as well as the interest of potential partners.

The antibiotic project that we are managing together with the University Hospital was also impacted by the pandemic, as the infection clinic had to temporarily stop all ongoing clinical trials. We now see an improvement there, and have made significant progress after the end of the period in, above all, blood separation technology. During the financial year 2021, the company will increase the pace of this very important and interesting project.

We also changed our sales strategy during the year in order to focus more on those markets where we have important reference installations, and which have the greatest potential. Therefore, we formed our own company in France and employed our own sales resources. In the US, we have recruited another salesperson located on the East Coast: A focus that has been successful and laid the foundation for a good start in 2021. Having our own resources in place in the United States has also greatly contributed to a rapid start-up of our collaboration with **Codonics Inc.**

I am convinced we are looking at the beginning of a period of intense growth in the company.

As we were prevented from traveling and meeting customers physically during the year, we developed methods to demonstrate our products and train new customers digitally. The team has done an outstanding job here, which made it possible to take orders and carry out installations despite an ongoing pandemic. Procedures have been established which will mean that we greatly reduce the cost of installation and training, something that will continue even when the pandemic is over.

We are already seeing signs of easing in a number of markets as vaccinations against COVID-19 increase. The pressure on healthcare has begun to abate, and we see clear signs that healthcare organizations around the world are now planning to return to more normal operations and implement long-planned investments.

With regard the US market, the recent presidential election has had a stabilizing effect on the market. Therefore, my assessment is that we will see more normal market conditions from mid-year onwards. However, we have, even now during the first quarter, noted a sharp increase in demand.

Our ambition for 2021 is to continue to develop our core markets while also expanding geographically. Work to establish additional strategic partnerships with major players in the industry will also continue, as the interest in our technology is apparent, and our systems are well fit well with several of the companies' more comprehensive solutions for safer and more effective drug management.

Now that we finally put this strange year behind us, it is very gratifying that, despite significant trials, we succeeded in completing a number of important deals during the last months of the year, and that the positive trend continued during the first quarter.

We are well prepared right now when economies are waking up after almost a year of trying shutdowns and a healthcare system under great pressure. This bodes well for the future, and I am convinced we are looking at the beginning of a period of intense growth in the company.

MILESTONES 2020

OPERATIONS IN THE US ARE EXPANDED, PLUS A NEW BREAKTHROUGH ORDER

Pharmacolog has recruited additional sales resources with a focus on the US East Coast, and takes another prestigious order for four WasteLog® devices to UT Southwestern Medical Center in Dallas, Texas. Following an extensive evaluation of various systems for screening returned narcotic drugs, Pharmacolog and WasteLog® were selected. The hospital is acquiring four WasteLog® systems as part of its recently created Drug Diversion Prevention Program.


Didier Dubois
Sales Manager,
France

FRENCH SUBSIDIARY FORMED

In order to better focus on the markets where the company has important reference installations, and also have the greatest potential, Pharmacolog forms its own-company in France and employs its own sales resources. A local Sales Manager was recruited and started his employment in March 2020.


Certificate
ISSUED TO
Pharmacolog
Pharmacolog i Uppsala AB
Uppsala, Sweden
Svensk Certifiering Norden AB certifies that the management system has been reviewed and complies with:
ISO 13485:2016
Details of scope and the range of the certificat
are defined in the certificatio

PHARMACOLOG IS CERTIFIED IN ACCORDANCE WITH ISO 13485:2016

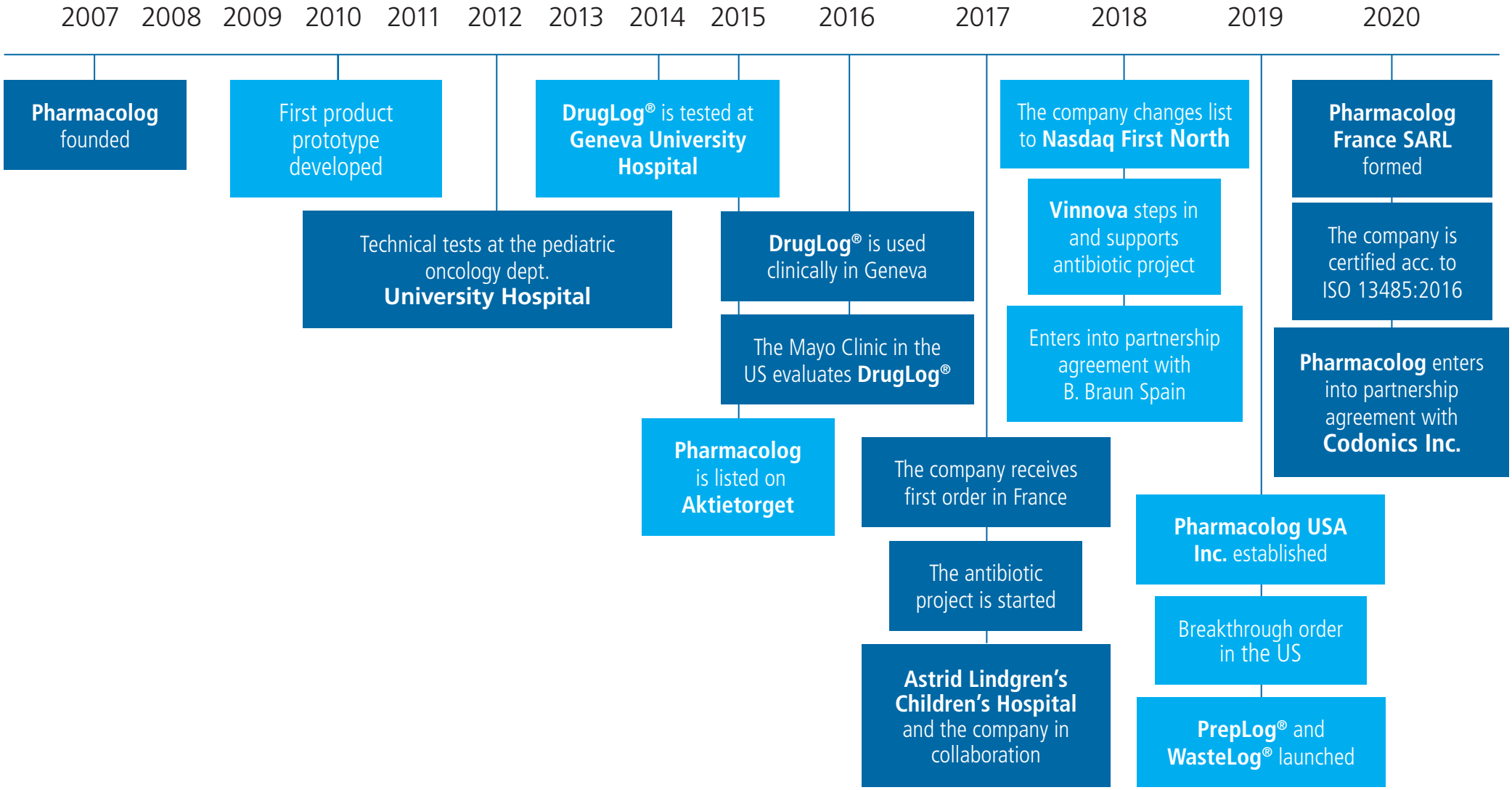
A certification of the company's quality system was carried out in accordance with ISO 13485: 2016 at the beginning of February 2020. The review and certification was carried out by Svensk Certifiering AB. The certificate is issued by Svensk Certifiering Norden AB and attests that Pharmacolog has a quality management system that meets the requirements for development, manufacture, distribution, installation and service of medical devices.

CODONICS

ENTERS INTO STRATEGIC PARTNERSHIP WITH CODONICS INC.

Pharmacolog enters into a partnership agreement in early December with Codonics Inc., USA, for the sale and distribution of WasteLog® in the North American market. The agreement also includes extensive collaboration regarding marketing and service. Codonics Inc. is an American company active in the handling of drugs within anesthesia and surgery. Their main product; Codonics Safe Label System (SLS), is at present installed in a total of 700 hospitals in 17 different countries, the majority of which are in the United States.

TIMELINE PHARMACOLOG



ABOUT THE BUSINESS

Pharmacolog is active in medical technology and develops systems and solutions that aim to optimize and ensure correct and effective treatment with injectable drugs. The company markets three different solutions, where DrugLog® and PrepLog® offer a fast and cost-effective quality control of prepared drugs before they are given to the patient. WasteLog® is used to prevent drugs from falling into the wrong hands, and is specially adapted to meet the significant demand that exists in the North American market.

PrepLog® and DrugLog® are aimed at a large number of treatment areas, such as; oncology, infectious diseases, and intensive care, which administer drugs intravenously by infusion or injection. Pharmacolog's system reduces the risk of medical errors by ensuring that the patient receives the correct medication and the correct dose. Over-/underdosing, or use of the wrong medication, can have serious consequences for the patient.

VISION

Pharmacolog's vision is individually tailored medication with injectable drugs where the goal is to optimize the effect of treatment and minimize side effects for patients with severe diseases.

MISSION

Pharmacolog's mission is to be a leading supplier of products that optimize medication with injectable drugs, and contribute to increased patient safety and reduced healthcare costs.

PHARMACOLOG'S PRODUCTS AND DEVELOPMENT PROJECTS

The company's three products offered to the market are all based on the same technology, but each product has specially developed software to handle the specific workflows that exist in each segment.

WasteLog®

WasteLog® is a system that better manages the workflow that exists when analyzing returned narcotic drugs within the so-called Drug Diversion Prevention program, and is specially developed for the American market. Narcotic drugs that have only been partially used during an operation shall be discarded under controlled conditions, but before this is done, the remaining drug is checked to ensure it has not been replaced or manipulated, so-called Waste Screening.

PrepLog®

PrepLog® is an integrated solution for the control of prepared drugs at hospital pharmacies and care wards where input of expected substance and concentration takes place automatically. The result after the measurement is completed is also sent to an electronic prescription system or patient record to ensure full traceability.

DrugLog®

DrugLog® is offered to those customers who need an independent instrument for quality assurance of drug formulations or process control, for example when checking formulation robots.

Development project for effective antibiotic treatment

The development work is managed together with Uppsala University and the University Hospital, where, in 2018, financial support from Vinnova was received. The project aims to develop a system that makes it possible to carry out near-patient analysis of the antibiotic concentration in the blood during treatment of patients with severe infections. The purpose is to develop a method that quickly gives an indication of whether the patient has an optimal amount of antibiotics in the bloodstream at any given time. A recently published study shows that up to 45% of those treated acutely with antibiotics receive too low a dose, which leads to complications for recovery. Pharmacolog's product will enable a rapid correction of the antibiotic concentration in order to achieve optimal results of the treatment. The method will also result in reduced overuse of antibiotics, and as such counteract the development of antibiotic-resistant bacteria.

MARKET POTENTIAL

The market for Pharmacolog's launched products: WasteLog®, PrepLog® and DrugLog® is extensive. Below is a description of the market potential in the area of Drug Diversion, which is the target market for WasteLog® and primarily focused on the US market, as well as the potential in the market for quality control of processed and prepared drugs. The DrugLog® and PrepLog® products are both focused on that particular market segment. The market for systems aimed at more effective antibiotic use is also briefly described below.

OPIATE EPIDEMIC IN THE UNITED STATES AND DRUG DIVERSION

During 2019, nearly 50 000 people in the United States died as a result of overdoses with opiate-based drugs. This means that overdose is currently the most common cause of death among Americans under the age of 50. The US Center for Disease Control and Prevention estimates that the cost of the opiate crisis is $ 78.5 billion a year in the United States alone. This has resulted in the healthcare system being placed under enormous demands from the authorities to control their handling of narcotic drugs, i.e. prevent so-called Drug Diversion. Drug Diversion is how controlled substances, such as narcotic drugs and other prescription drugs, that are held legally, end up in illegal channels where they are sold or used for abuse. This includes, among other things, healthcare professionals who disperse drugs or replace narcotic drugs with, for example, ordinary saline. An estimated 92% of incidents involve opioids.

What is most common is that the drugs which are mis-appropriated are used for personal use rather than being resold. Surveys conducted in the United States show that 10-15% of health care workers will abuse narcotic drugs or alcohol during their employment. Here, hospitals account for the majority (37%) of the reported cases of Drug Diversion, which is mainly a consequence of being better prepared to detect this type of activity due to gre-ater resources. It is worth pointing out that data relating to Drug Diversion is difficult to compile in order to get a true image. It is usually said that the figures which can be reported are only the tip of the iceberg, for two main reasons. First of all, many incidents that health care organizations discover are not reported further. These cases are resolved internally within the organization and its licensing board without involving the judicial system. The second reason has to do with the fact that only a fraction of all Drug Diversion is detected. Hospitals at present find it difficult to monitor and control.

THE NEED FOR QUALITY CONTROL SYSTEMS FOR PREPARED DRUGS

Pharmacolog's market, the preparation control of intravenous drugs in wards and pharmacies, is in an early phase, but with an expressed need and clear signs that demand is starting to pick up. Several countries, including Sweden, have initiated national programs to improve drug management in general, and more specifically within pediatric care. When it comes to the preparation control of cytotoxic drugs, development has

advanced furthest in France, where an active, competitive market has already been established with a defined price structure and an understanding of the benefits of the control of intravenous drugs before being given to the patient. An analysis of the French market came to the conclusion that there are around 200 significant hospitals and processing centers for cytotoxic drugs in France, of which about 50 at present have implemented a solution for safety control of substance and concentration to a value of 500-600 KSEK per system. The company's estimate is thereby that the total French market amounts to approximately MSEK 110 plus annual service, as well as consumables comprising an estimated 20% of installed value. As the French market, according to the company's calculations, constitutes around 17% of the Western European market, which in turn is estimated to be 25% of the global market, this creates an aggregate market of MSEK 650 in Western Europe and around MSEK 2 600 globally. The company believes that the market for processing control of drugs prepared in hospital wards is 2-3 times greater than that. The customers within preparation control for cytostatics are found in larger healthcare institutions, hospitals and hospital pharmacies, and, in addition to France, the demand for preparation control systems is also increasing significantly in the rest of Europe. University hospitals have a particularly important role in the stage in which the company and the market are currently in, as the conclusions and reports that various research collaborations result in are important for increasing the awareness of relevant stakeholders and as such, the continued market development.

THE NEED FOR MORE EFFECTIVE ANTIBIOTIC TREATMENT

The market for traditional microbial infection diagnostics for 2018 was valued at MSEK 32 000, and is expected to grow until 2022, with an average annual growth rate of 4%, to MSEK 39 000. Simple and fast systems for controlling the concentration of antibiotics in the blood are currently lacking, and are an important step towards optimizing the effect of medication and preventing the development of resistant bacterial strains. Antibiotic resistance is one of the absolute greatest threats to global health, food safety and development. Antibiotics are used to treat bacterial infections. Resistance occurs when bacteria adapt and become resistant to antibiotics. So it is the bacterium that becomes immune, and not the human or the animal. The consequences can be devastating as it becomes much more difficult to treat very serious diseases, such as the treatment of pneumonia, tuberculosis, gonorrhea and salmonella. Right now, approximately 700 000 people die each year globally as a result of antibiotic resistance. Resistance leads to longer hospital stays, higher medical costs and increased deaths. The United Nations Interagency Coordination Group on Antimicrobial Resistance (IACG) estimates that by 2050, 10 million lives per year, and $100 trillion cumulatively, will be at risk if the world does not find solutions to the overuse of antibiotics. With regard antibiotic treatments, correct dosing is critical. For example, sepsis is a serious medical condition in which prompt and proper treatment with antibiotics is essential for recovery. In the United States, sepsis, when aggregated, is calculated to be the most costly condition to treat, and around 30 million people globally are estimated to be affected each year. These patients must quickly undergo a course of antibiotics, and at present the dose determination is very uncertain, and there are currently no methods that are quick in order to correctly verify the amount of drugs in the patient's blood. In addition, sepsis is only a small part of all antibiotic use where control of the antibiotic concentration in the blood is necessary.

10 LARGEST SHAREHOLDERS 2020-12-31

Owner	No. of shares	Votes and capital
Nolsterby Invest AB[1]	1 079 157	8.48%
Avanza Pension	906 704	7.13%
Nordnet Pensions	770 039	6.05%
Gunvald Berger	564 320	4.44%
Hans Dahlin[2]	324 043	2.55%
Robert Joki	276 305	2.17%
Bjarke Iversen	270 000	2.12%
Mats Ekberg	205 731	1.62%
Hans Nygren	161 888	1.27%
Bo Millstam	150 000	1.18%
Other	8 015 511	63.00%
Total number of shares	**12 723 698**	**100.00%**

1) 80% owned by Erik Hedlund, Chair of the Board of Pharmacolog i Uppsala AB.
2) Owns 69 620 shares privately and 254 423 shares through Helax Medical AB.

MARKET TREND 2020

ADMINISTRATION REPORT

The Board of Directors and the CEO of Pharmacolog i Uppsala AB (publ), based in Uppsala, hereby submit the following annual report for the financial year 2020. The annual report has been prepared in Swedish kronor, SEK. Unless otherwise stated, all amounts are reported in full kronor (SEK). Information in parentheses refers to the previous year.

INFORMATION ABOUT THE BUSINESS

Pharmacolog is a medical technology company and develops systems and solutions that aim to optimize and ensure correct and effective treatment with injectable drugs. The company was founded in 2007 by Hans Dahlin and Kjell Westerlund, with the objective of developing fast and easy working systems for safer and more effective drug management. The product development began in earnest around 2010, whereupon several prototypes were produced and the technology was verified through studies at, among others, the University Hospital in Geneva (HUG).

In 2015, Pharmacolog's share was introduced onto Aktietorget (now Spotlight), and the following year the first system of DrugLog® was installed at the University Hospital in Geneva in order to control preparations of toxic drugs. In conjunction with a private placement in 2017, Erik Hedlund became the company's largest owner, and shortly afterwards joined as the Chair of the board. In the same year, Mats Högberg, the company's current CEO, took office.

In May 2018, the company changed its trading venue and has since traded on Nasdaq First North. Later that year, Pharmacolog USA Inc., based in Chicago, was formed. In 2019, the company decided to expand its product portfolio with two further products, WasteLog® och PrepLog®. Both are based on the technology found in the existing DrugLog®, but have newly developed software to better meet the healthcare requirements in each application area.

In 2020, the company announced a change in its sales strategy, meaning it will, to a greater extent, focus on direct sales via its own subsidiaries and deeper partner collaborations. A consequence of the new strategy is the establishment of a subsidiary in France. During the year, the company also carried out a certification of its quality system in accordance with ISO 13485:2016.

RESEARCH AND DEVELOPMENT

Development work is continually carried out on the company's launched products; WasteLog®, PrepLog® and DrugLog® in order to develop new functionality and improved integration, as well as faster and more stable software. In addition to the launched products, development work is also being carried out in order to be able to launch a system for near-patient control of intravenous antibiotic treatment. In July 2018, the project was granted a research grant from Vinnova, and is run in collaboration with Uppsala University and the University Hospital.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

January

Pharmacolog changes its sales strategy to increasingly focus more on direct sales via its own subsidiaries and deeper partner collaborations. The company has previously announced that it will suspend collaboration with Pharmed SAM and form its own company in France, with headquarters in Nice.

Pharmacologist's strategic partner B. Braun Spain orders two PrepLog® devices after a successful study at Hospital Sant Pau in Barcelona. The systems shall be delivered with updated software to meet specific Spanish requirements.

February

The company carries out a certification of its quality system in accordance with ISO 13485:2016. ISO 13485 is an internationally recognized standard that complies with the regulations and statutory requirements that are necessary in order to supply medical devices and related services in Europe. The review and certification was carried out by Svensk Certifiering AB.

March

Pharmacolog receives an order for a DrugLog® system to be located at Groupe Hospitalier Intercommunal in Montfermeil, France. The system will be used for final control of cytotoxic drugs at the hospital pharmacy.

April
The University Hospital submits its final report to Vinnova relating to a project run in collaboration with Pharmacolog. The purpose of the project is to develop a near-patient method for determining the concentration of antibiotics in blood.

May
Queens Hospital, which is part of Barking, Havering and Redbridge University Hospitals NHS Trust, orders a DrugLog® system. The system will mainly be used to control finished preparations of insulin.

Pharmacolog signs a letter of intent with Codonics Inc. to enter into a long-term collaboration relating to sales in the US and China, and to integrate Pharmacolog's technology into the company's system for safe and effective handling of drugs within anesthesia and surgery.

June
Pharmacolog approves DrugLog® software version 4.5 for official release. The software has undergone comprehensive further development and includes several new functions and improved workflow.

Pharmacolog launches completely new software for WasteLog®. The software is developed to offer a fast and efficient solution when controlling returns of narcotic drugs. WasteLog® contains several completely unique functions, as well as an improved workflow.

Pharmacolog carries out a private placement that is heavily oversubscribed. The issue provides the company with approximately MSEK 15, before deductions for issue costs.

July
Pharmacolog signs a letter of intent with HiperScan GmbH to enter into a mutual collaboration relating to sales in selected markets. The companies will also investigate possible areas of collaboration in relation to technology and product integration.

Pharmacolog signs an agreement with the Capstone Health Alliance to initiate a long-term collaboration relating to sales in the United States. Capstone Health Alliance is one of the country's largest regional purchasing organizations (GPOs).

August
Pharmacolog appoints new Head of Development with extensive experience in product development and project management.

September
The company's DrugLog® product exposes theft of morphine from the University Hospital in Uppsala.

Pharmacolog expands its sales force in the United States in the form of a salesperson with many years of experience in selling medical technology and services to pharmacies and hospitals internationally.

October
A study conducted by Uppsala University in collaboration with Pharmacolog ascertains that DrugLog®, with a high degree of accuracy, enables the detection of new and old blood in spinal fluid.

November
Through its distributor, Medim Co. Ltd, Pharmacolog receives an order for a DrugLog® device from the Greater Poland Children's Health Center i Poznañ, Poland.

December
Pharmacolog enters into a partnership agreement with Codonics Inc., USA, for the sale and distribution of WasteLog® in the North American market.

Pharmacolog receives an order for four WasteLog® system from UT Southwestern i Dallas, Texas. The systems will be used to control the return of narcotic drugs at four of UT Southwestern's hospitals in Dallas.

Pharmacolog France SARL receives an order from L'Hôpital Privé du Confluent in Nantes, France, for a PrepLog® system. The system will be used for final control of cytotoxic drugs at the hospital's pharmacy and will be integrated with the hospital's prescription system.

Pharmacolog appoints a new CFO with effect from January 1, 2021.

EXPECTED FUTURE DEVELOPMENTS, AND SIGNIFICANT RISKS AND UNCERTAINTIES

During the financial year, Pharmacolog has, in all material aspects, developed according to plan during the conditions resulting from the restrictions attributable to the outbreak of Covid-19. The company's sales performance, in the short term, may be negatively affected as a result of Covid-19. However, this is not expected to have a decisive effect on the company's operations in 2021.

Key people

Pharmacolog is a small and knowledge-intensive company, and is dependent on a number of key people to achieve success. If one or more key people leave Pharmacolog it may have negative impacts on the business and results.

Distributors, suppliers and other collaboration partners

Pharmacolog bases its strategy on, among other things, development and sales together with distributors, strategic partners or in-house. If existing or future collaborations cannot be established, aren't achieved, or do not function as intended, then Pharmacolog's commercialization opportunities may be adversely affected. Phamacolog also has collaborations with suppliers. If one or more of these players chooses to suspend their collaboration, it would have a negative impact on the business.

Technology and product development

Pharmacolog's products are in a commercialization phase. Although much work has been done to ensure the technology used, it cannot be completely ruled out that complementary or alternative technical solutions will be necessary. This would mean that development work, in addition to what is already planned, must be carried out.

Financing and working capital needs and financing risk

The company is in an establishment phase, where expected revenues do not cover planned costs. There is a risk that Pharmacolog may also need to raise further capital in the future. Access to additional financing is affected by a number of factors, such as market conditions, general access to credit, and Pharmacolog's creditworthiness and credit capacity. Disruptions and uncertainty in the capital and credit markets may also limit access to the capital required to conduct operations. In the event that Pharmacolog fails to raise the necessary capital on reasonable terms for the company in the future, the operations, t he financial position, and the result may be adversely affected. To the extent that Pharmacolog obtains additional financing by issuing shares or share-related instruments, Pharmacolog's shareholders will be subject to dilution, insofar as such new issues take place with deviation from the shareholders' preferential rights.

OPTIONS

On June 30, it was announced in a press release that Pharmacolog had carried out a private placement of shares and subscription warrants of series TO1. In order to give existing shareholders in the company the opportunity to compensate to some extent for the dilution effect that the private placement entailed, the Board of Directors for Pharmacolog decided to also issue subscription warrants of series TO1 (the same series received in the private placement) to the company, which are subsequently allocated free of charge to the shareholders of the company.

The record date for receiving subscription warrants of series TO1 was determined as July 9, 2020. The last day for trading in the company's share, including the right to receive subscription warrants, was July 7, 2020. The first day for trading excluding the right to receive subscription warrants was July 8, 2020.

For every whole seven (7) shares held on the record date, one (1) subscription warrant of series TO1 was received. A maximum of 1 417 671 TO1 series subscription warrants were able to be issued and delivered to existing shareholders.

Each TO1 series subscription warrant entitles the holder to subscribe for one (1) new Series B share in the company against cash payment corresponding to 70% of the volume-weighted average price of the company's share on the Nasdaq First North Growth Market during the period July 26, 2021 to August 6, 2021, however, the subscription price may amount to a maximum of SEK 12 and a minimum quota value for Pharmacolog's shares. The subscription period for subscription of shares with the support of subscription warrants of series TO1 will run from August 9, 2021 to August 20, 2021.

MULTI-YEAR OVERVIEW (KSEK)

Amounts in KSEK	2020	2019	2018	2017
Net revenue	1 385	2 182	1 035	798
Result after financial items	-16 001	-16 729	-12 385	-9 944
Balance sheet total	18 157	20 254	17 866	15 362
Equity/assets ratio (%)	80.1	84.1	76.8	73.2

For definitions of key figures, see Accounting and valuation principles.

CHANGE IN EQUITY

Number of shares 12 723 698

	Share capital	Premium fund	Fund for development expenditure	Retained earnings	Results for the year	Total
Amount at the beginning of the year	5 954 219	18 331 476	576 585	8 894 512	-16 729 446	**17 027 346**
New issue	1 680 000	13 440 000				**15 120 000**
Appropriation according to the decision of the year's AGM:				-16 729 446	16 729 446	**0**
Transfer free reserves		-18 331 476		18 331 476		**0**
Issue cost		-1 596 305				**-1 596 305**
Change fund for development expenditure			-255 828	255 828		**0**
Result for the year					-16 000 623	**-16 000 623**
Amount at the end of the year	**7 634 219**	**11 843 695**	**320 757**	**10 752 370**	**-16 000 623**	**14 550 418**

PROPOSED APPROPRIATION OF PROFIT

The Board of Directors proposes that available profits (SEK):

Premium fund	11 843 695
Retained earnings	10 752 370
Losses for the year	-16 000 623
	6 595 442
are appropriated	
to be carried forward	**6 595 442**

The company's results and financial position in general are shown in the following income statement, balance sheet and cash flow statement with notes.

INCOME STATEMENT

Amounts in SEK	Notes	2020	2019
Net revenue		1 385 161	2 181 724
Other operating income	2	865 514	36 699
Total operating income		**2 250 675**	**2 218 423**
Operating expenses			
Raw materials and supplies		-838 829	-640 778
Other external expenses	3	-5 933 374	-9 355 706
Personnel costs	4	-6 071 614	-6 126 508
Depreciation and impairments of tangible and intangible fixed assets		-496 754	-1 414 563
Other operating expenses		-99 098	-156 350
Total operating expenses		**-13 439 669**	**-17 693 905**
Operating result		**-11 188 994**	**-15 475 482**
Result from financial items			
Result from shares in group companies	5	-4 740 407	-1 228 578
Other interest income and similar items		76 395	44 791
Interest expenses and similar items		-147 617	-70 177
Total financial items		**-4 811 629**	**-1 253 964**
Result after financial items		**-16 000 623**	**-16 729 446**
Result before tax		**-16 000 623**	**-16 729 446**
Tax on the result for the year		-	-
Result for the year	6	**-16 000 623**	**-16 729 446**

BALANCE SHEET

Amounts in SEK	Notes	2020-12-31	2019-12-31
ASSETS			
Fixed assets			
Intangible fixed assets			
Capitalized expenditure for development and similar work	7	320 757	555 236
Concessions, patents, licenses, trademarks and similar rights	8	101 403	174 567
		422 160	**729 803**
Tangible fixed assets			
Machinery and other technical facilities	9	364 255	311 346
Equipment, tools and installations	10	114 306	160 029
		478 561	**471 375**
Financial fixed assets			
Shares in group companies	11, 12	894 343	1 447 153
Receivables from group companies	13	-	-
Other long-term receivables	14	50 000	50 000
		944 343	**1 497 153**
Total fixed assets		**1 845 064**	**2 698 331**
Current assets			
Current receivables			
Accounts receivable		217 356	92 419
Receivables from group companies		129 570	-
Other receivables		420 737	477 899
Prepaid expenses and accrued income	15	355 857	385 424
		1 123 520	**955 742**
Cash and bank balances		15 188 330	16 599 896
Total current assets		**16 311 850**	**17 555 638**
Total assets		**18 156 914**	**20 253 969**

BALANCE SHEET

Amounts in SEK	Notes	2020-12-31	2019-12-31
EQUITIES AND LIABILITIES			
Equity	16		
Restricted equity			
Share capital		7 634 219	5 954 219
Fund for development expenditure		320 757	576 585
		7 954 976	**6 530 804**
Unrestricted equity			
Premium fund		11 843 695	18 331 476
Profit or loss brought forward		10 752 370	8 894 512
Result for the year		-16 000 623	-16 729 446
		6 595 442	**10 496 542**
Total equity		**14 550 418**	**17 027 346**
Long-term liabilities	17, 18		
Liabilities to credit institutions		722 222	1 055 555
Total long-term liabilities		**722 222**	**1 055 555**
Current liabilities			
Liabilities to credit institutions	18	333 333	333 333
Accounts payable		812 229	283 744
Other liabilities		216 796	271 234
Accrued expenses and accrued income	19	1 521 916	1 282 757
Total current liabilities		**2 884 274**	**2 171 068**
Total equity and liabilities		**18 156 914**	**20 253 969**

CASH FLOW STATEMENT

Amounts in SEK	Notes	2020	2019
Operating activities			
Result after financial items		-16 000 623	-16 729 446
Adjustments for items not included in the cash flow	20	5 245 229	2 799 491
Result after financial items		**-10 755 394**	**-13 929 955**
Cash flow from changes in working capital			
Change in accounts receivable		-124 937	944 800
Change in current receivables		-42 841	-288 815
Change in accounts payable		528 485	-788 453
Change in current liabilities		184 721	239 904
Cash flow from operating activities		**-10 209 966**	**-13 822 519**
Investment activities			
Investments in tangible fixed assets		-204 365	-229 943
Investments in financial fixed assets		-4 187 597	-2 584 525
Cash flow from investment activities		**-4 391 962**	**-2 814 468**
Financing activities			
New issue		13 523 695	20 032 682
Amortisation of loans		-333 333	-366 648
Cash flow from financing activities		**13 190 362**	**19 666 034**
Cash flow for the year		**-1 411 566**	**3 029 047**
Cash and cash equivalents at the beginning of the year		16 599 896	13 570 849
Cash and cash equivalents at the end of the year		**15 188 330**	**16 599 896**

NOTES

NOTE 1 Accounting and valuation principles

GENERAL INFORMATION

The annual report has been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Accounts (Q3).

Receivables and liabilities in foreign currency have been valued at the exchange rate on the balance sheet date. Transactions in foreign currency are translated at the spot rate on the transaction date.

The accounting principles are unchanged compared with the previous year.

REVENUE REPORTING

Revenue has been recognized at fair value of what has been or will be received and is reported to the extent that it is probable that the financial benefits will be credited to the company and the revenue can be calculated in a reliable manner.

INTANGIBLE FIXED ASSETS

Intangible fixed assets are reported at acquisition value less accumulated depreciation and impairments. The capitalization model is applied to internally generated intangible assets, but with a cautious application. Following the commercial launch of DrugLog®, PrepLog® and WasteLog®, the company's development work has aimed at improvements and certain functional additions to these products, which is why no new activations have taken place. Depreciation is linear over the estimated useful life. The depreciation period on internally generated intangible fixed assets is five years.

TANGIBLE FIXED ASSETS

Tangible fixed assets are reported at acquisition value less depreciation. The acquisition value includes expenses that can be directly attributed to the acquisition of the asset. When a component in a fixed asset is replaced, any remaining part of the old component is discarded and the acquisition value of the new component is activated.

Additional expenses relating to assets that are not divided into components are added to the acquisition value if they are expected to provide the company with future economic benefits, to the extent that the asset's performance increases in relation to the asset's value at the time of acquisition. Expenses for ongoing repairs and maintenance are reported as costs.

Capital gains and capital losses on the sale of a fixed asset are reported as Other operating income and Other operating expenses, respectively.

Tangible fixed assets are depreciated systematically over the asset's estimated useful life. When the depreciable amount of the assets is determined, the residual value of the asset is taken into account, where applicable. A linear depreciation method is used for other types of tangible assets. The following depreciation periods are applied:

- Equipment, tools and installations	5 years
- Machinery and other technical facilities	5 years

FINANCIAL FIXED ASSETS

Shares in subsidiaries

Shares in subsidiaries are reported at acquisition value after deductions for any impairments. The acquisition value includes the purchase price paid for the shares and acquisition costs. Any capital injections are added to the acquisition value when they arise.

Long-term receivables from group companies

Long-term receivables from group companies are reported at acquisition value after deductions for any impairments.

Other long-term receivables

Other long-term receivables are reported at acquisition value after deductions for any impairments.

Impairment testing of financial fixed assets

At each balance sheet date, it is assessed whether there are indications of a need for impairment of any of the financial fixed assets. Impairment occurs if the decline in value is deemed to be permanent and is tested individually.

FINANCIAL INSTRUMENTS

Financial instruments reported in the balance sheet include other receivables, accounts payable, and loan liabilities. The instruments are reported in the balance sheet when the company becomes a party to the instruments' contractual terms. Financial assets are removed from the balance sheet when the right to receive cash flows from the instrument has expired or been transferred, and the company has transferred virtually all risks and benefits associated with ownership. Financial liabilities are removed from the balance sheet when the obligations have been settled or otherwise ceased.

Other receivables
Receivables are reported as current assets, with the exception of items maturing more than 12 months after the balance sheet date, which are classified as fixed assets. Receivables are recognized at the amount that is expected to be paid after deductions for individually assessed doubtful receivables.

Loan liabilities and accounts payable
Loan liabilities and accounts payable are initially reported at acquisition value after a deduction of transaction costs.

LEASING AGREEMENTS
The company reports all leasing agreements, both financial and operational, as operational leasing agreements. Operational leasing agreements are reported as an expense linearly over the leasing period.

INCOME TAXES
Current taxes are valued on the basis of the tax rates and tax rules that apply on the balance sheet date. Deferred taxes are valued on the basis of the tax rates and tax rules decided before the balance sheet date. Deferred tax assets relating to deficit deductions or other future tax deductions are reported to the extent that it is probable that the deduction can be offset against surpluses in future taxation.

The total unutilized deficit amounts to KSEK -83 508 (KSEK -72 010). Given that the company has historically not reported tax surpluses, and that there is some uncertainty when tax surpluses will arise, no deferred tax asset attributable to the deficit deductions is reported.

YEAR-END APPROPRIATIONS
Changes in untaxed reserves are reported as appropriations in the income statement.

GROUP RELATIONSHIPS
The company is a parent company, but with reference to the exemption rules in the Swedish Annual Accounts Act, Chapter 7, Section 3, no consolidated accounts are prepared.

CASH FLOW STATEMENT
The cash flow statement is prepared according to an indirect method. The reported cash flow only includes transactions that resulted in incoming or outgoing payments.

In addition to cash, the company classifies available receivables from banks and other credit institutions, as well as short-term liquid investments that are listed on a marketplace and have a maturity of less than three months from the date of acquisition, as cash and cash equivalents. Changes in frozen funds are reported in investing activities.

KEY FIGURE DEFINITIONS
Net revenue
Operating main income, invoiced costs, side income and income corrections.

Result after financial items
The result after financial income and expenses, but before appropriations and taxes.

Balance sheet total
The company's total assets.

Equity/assets ratio (%)
Adjusted equity (equity and untaxed reserves with a deduction for deferred tax) as a % of total assets.

NOTE 2 Government grants

During the year, the company received SEK 840 015 in compensation for curtailed operations during the period April to September, which is attributable to the effects of restrictions as a result of Covid-19.

NOTE 3 Leasing agreements

Amounts in SEK	2020	2019
The year's leasing costs regarding leasing agreements amount to SEK 602 000 (541 000).		
Future leasing fees, for non-cancellable leasing agreements, are due for payment as follows:		
Within one year	416 282	610 140
Later than one year but within five years	-	526 320
Later than five years	-	-
Total	**416 282**	**1 136 460**

In the company's accounts, the operational leasing essentially consists of leased premises. The agreement on the lease of the premises runs for three years, with the possibility to extend for a further three years at a time.

NOTE 4 Employees and personnel costs

Amounts in SEK	2020	2019
Average number of employees		
Women	1	-
Men	5	5
Total	**6**	**5**
Salaries and other remuneration		
Board of Directors and CEO	1 382 114	1 358 063
Attendance fees and similar remuneration to the Board of Directors and CEO	10 273	-
Other employees	3 140 038	2 799 784
	4 532 425	**4 157 847**
Social costs		
Pension costs for the Board of Directors and the CEO	157 728	150 950
Pension costs for other employees	205 336	229 362
Other social security contributions according to law and agreement	1 385 582	1 433 056
	1 748 646	**1 813 368**
Total salaries, benefits, social costs and pension costs	**6 281 071**	**5 971 215**
Gender distribution among senior executives		
Percentage of women on the Board of Directors	0%	0%
Percentage of men on the Board of Directors	100%	100%
Percentage of women among other senior executivese	20%	20%
Percentage of men among other senior executives	80%	80%

NOTE 5 Result from shares in group companies

Amounts in SEK	2020	2019
Impairments	4 740 407	1 228 578
Total	**4 740 407**	**1 228 578**

NOTE 6 Earnings per share

Amounts in SEK	2020	2019
Result for the year	-16 000 623	-16 729 446
Average number of shares	11 253 698	8 585 019
Earnings per share, SEK, calculated on the average number of shares during the period	-1.42	-1.95

NOTE 7 Capitalized expenses for development and similar work

Amounts in SEK	2020-12-31	2019-12-31
Opening acquisition values	4 927 264	4 927 264
Closing accumulated acquisition values	**4 927 264**	**4 927 264**
Opening depreciations	-4 372 028	-3 482 802
Depreciations for the year	-234 479	-889 226
Closing accumulated depreciations	**-4 606 507**	**-4 372 028**
Closing carrying amount	**320 757**	**555 236**

NOTE 8 Concessions, patents, licenses, trademarks and similar rights

Amounts in SEK	2020-12-31	2019-12-31
Opening acquisition values	2 199 620	2 199 620
Closing accumulated acquisition values	**2 199 620**	**2 199 620**
Opening depreciations	-1 325 053	-1 055 551
Depreciations for the year	-73 164	-269 502
Closing accumulated depreciations	**-1 398 217**	**-1 325 053**
Opening impairments	-700 000	-700 000
Closing accumulated impairments	**-700 000**	**-700 000**
Closing carrying amount	**101 403**	**174 567**

NOTE 9 Machinery and other technical facilities

Amounts in SEK	2020-12-31	2019-12-31
Opening acquisition values	776 942	783 000
Purchases	204 365	229 942
Sales/disposals	-182 000	-236 000
Closing accumulated acquisition values	**799 307**	**776 942**
Opening depreciations	-465 596	-354 283
Sales/disposals	173 933	79 650
Depreciations for the year	-143 389	-190 963
Closing accumulated depreciations	**-435 052**	**-465 596**
Closing carrying amount	**364 255**	**311 346**

NOTE 10 Equipment, tools and installations

Amounts in SEK	2020-12-31	2019-12-31
Opening acquisition values	558 898	558 898
Closing accumulated acquisition values	**558 898**	**558 898**
Opening depreciations	-398 869	-333 997
Depreciations for the year	-45 723	-64 872
Closing accumulated depreciations	**-444 592**	**-398 869**
Closing carrying amount	**114 306**	**160 029**

NOTE 11 Shares in group companies

Amounts in SEK	2020-12-31	2019-12-31
Opening acquisition values	2 675 731	91 206
Purchases	1 891 357	2 584 525
Closing accumulated acquisition values	**4 567 088**	**2 675 731**
Opening impairments	-1 228 578	-
Impairments for the year	-2 444 167	-1 228 578
Closing accumulated impairments	**-3 672 745**	**-1 228 578**
Closing carrying amount	**894 343**	**1 447 153**

NOTE 12 Specification of shares in group companies

Name	Capital share	Voting rights share	Number of shares	Book value
Pharmacolog USA Inc.	100	100	5 000	894 434
Pharmacolog France SARL	100	100	100	0
				894 434
	Corp. ID no.	**HQ**	**Equity**	**Result**
Pharmacolog USA Inc.	35-2641884	Chicago, USA	894 360	-2 014 569
Pharmacolog France SARL	882502149	Nice, France	-1 472 948	-1 523 148

NOTE 13 Receivables from group companies

Amounts in SEK	2020-12-31	2019-12-31
Opening acquisition values	-	-
Additional receivables	2 296 240	
Closing accumulated acquisition values	**2 296 240**	**-**
Opening impairments	-	-
Impairments for the year	-2 296 240	-
Closing accumulated impairments	**-2 296 240**	**-**
Closing carrying amount	**-**	**-**

Refers to long-term receivables from Pharmacolog France SARL.

NOTE 14 Other long-term receivables

Amounts in SEK	2020-12-31	2019-12-31
Opening acquisition values	50 000	50 000
Closing accumulated acquisition values	**50 000**	**50 000**
Closing carrying amount	**50 000**	**50 000**

Refers to a deposit submitted to a supplier.

NOTE 15 Prepaid expenses and accrued income

Amounts in SEK	2020-12-31	2019-12-31
Prepaid rents	98 582	98 558
Other items	257 275	286 866
Total	**355 857**	**385 424**

NOTE 16 Number of shares and quota value

Name	No. of shares	Quota value
Number of A shares	-	-
Number of B shares	12 723 698	0.6
Total	**12 723 698**	**-**

NOTE 17 Long-term liabilities

Amounts in SEK	2020-12-31	2019-12-31
Due later than five years after the balance sheet date		
Liabilities to credit institutions	-	-
Total	**-**	**-**

NOTE 18 Liabilities relating to several items

Amounts in SEK	2020-12-31	2019-12-31
The company's bank loan of SEK 1 055 555 is reported under the following items in the balance sheet.		
Long-term liabilities		
Other liabilities to credit institutions	722 222	1 055 555
	722 222	**1 055 555**
Current liabilities		
Other liabilities to credit institutions	333 333	333 333
Total	**333 333**	**333 333**

NOTE 19 Accrued expenses and prepaid income

Amounts in SEK	2020-12-31	2019-12-31
Accrued holiday pay including social security contributions	686 724	505 865
Other items	835 191	776 891
Total	**1 521 915**	**1 282 756**

NOTE 20 Adjustment for items not included in the cash flow

Amounts in SEK	2020-12-31	2019-12-31
Depreciations	496 754	1 414 563
Impairment of shares in and receivables from subsidiaries	4 740 407	1 228 578
Loss on sale of fixed assets	8 068	156 350
Total	**5 245 229**	**2 799 491**

NOTE 21 Contingent liabilities

Pharmacolog has entered into a transfer agreement regarding patent application No. PCT/SE2016/050049, which is now published with No. WO2016/122382. The agreement provides the inventors with remuneration of 2% each of the company's net income from own sales of products or methods in which the invention is included, and 3% each of the company's license income from licensing the right to use the invention in whole or in part. However, the company shall not be obliged to pay any remuneration for net income and/or license income up to a total amount of MSEK 20 each calendar year (but only for the excess part). In the event of a transfer of the invention to a third party, the inventors receive remuneration of 5% each of the company's revenue from the sale, but only on revenue in excess of MSEK 20. The company has the possibility, under certain circumstances, to terminate its commitments to the inventors for a one-time fee of MSEK 5 each. The agreement is valid as long as there is patent protection, though for at least 20 years.

Pharmacolog also has an agreement with the inventor of the company's patent, EP 1634060B1. The agreement entitles the inventor to EUR 200 per unit sold/installed which is based on the patent. The agreement is valid until June 2024.

NOTE 22 Collateral pledged

Amounts in SEK	2020-12-31	2019-12-31
For liabilities to credit institutions:		
Company mortgage	2 650 000	2 650 000
	2 650 000	**2 650 000**
For other long-term liabilities:		
Pledged bank account	50 000	50 000
Total	**50 000**	**50 000**

NOTE 23 Significant events after the end of the financial year

Codonics Inc. orders eight WasteLog® systems from Pharmacolog. The systems will be equipped with modified software to be able to read the barcodes created by Codonics Safe Label System.

Pharmacolog Inc. receives an order for two WasteLog® systems from Southern Illinois Healthcare Systems Carbondale, Illinois. The systems will be used to control the return of narcotic drugs at two of Southern Illinois Healthcare's hospitals.

Center Hospitalier Universitaire, Angers, France orders a PrepLog® system. The system will be used for the final control of cytotoxic drugs at the hospital pharmacy, and will be integrated with the hospital's prescription system. The agreement is concluded with Pharmacolog France SARL.

The private pharmacy Obertor Apotheke, in Esslingen, Germany, has ordered a DrugLog® system. The system shall be used for the final control of ophthalmic drugs. The transaction was carried out by Pharmacolog's distributor in Germany, AddedPharma GmbH.

The Extraordinary General Meeting on March 23, 2021 decided, in accordance with the Board's proposal, to introduce an employee stock option program 2021/2026 through a private placement of 636 185 subscription warrants to the company itself. Each employee stock option shall entitle the participant, during the exercise period, to acquire one (1) new B share in the company at an exercise price corresponding to 110% of the average last price paid for the company's B share on Nasdaq First North Growth Market during the period March 9, 2021 - March 22, 2021 The increase in the company's share capital may, at full exercise of the subscription warrants, amount to SEK 381 711. The maximum dilution effect of the employee stock option program is estimated to amount to a maximum of approximately 4.7% of the share capital and votes in the company.

Clinique universitaires Saint-Luc, Brussels, Belgium has ordered a DrugLog® system. The system will be used for the final control of cytotoxic drugs at the hospital pharmacy. The agreement is concluded with Pharmacolog France SARL, and is the first installation of DrugLog® in Belgium.

SIGNATURES

Uppsala, May 3, 2021

Erik Hedlund
Chair of the Board

Olof Johansson

Ragnar Linder

Carl-Johan Spak

Mats Högberg
CEO

Our audit report has been submitted
Folkesson Råd & Revision AB

Sten Eriksson
Approved auditor

AUDITOR'S REPORT

To the Annual General Meeting of Pharmacolog i Uppsala AB (publ) Corp. ID 556723-6418

ACCOUNT OF THE ANNUAL REPORT

Statements

We have performed an audit of the annual report for Pharmacolog i Uppsala AB (publ) for the year 2020. The company's annual report is included on pages 13-29 in this document.

In our opinion, the annual report has been prepared in accordance with the Swedish Annual Accounts Act, and provides a true and fair view of Pharmacolog i Uppsala AB's (publ) financial position as of December 31, 2020, and of its financial results and cash flow for the year in accordance with the Swedish Annual Accounts Act. The administration report is consistent with the other parts of the annual report.

We therefore recommend that the Annual General Meeting establishes the income statement and balance sheet.

Basis for the statements

We have conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities in accordance with these standards are described in more detail in the section "Auditor's responsibilities". We are independent in relation to Pharmacolog i Uppsala AB (publ), in accordance with good auditing practice in Sweden, and have otherwise fulfilled our professional ethical responsibility according to these requirements.

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

Information other than the annual report

This document also contains information other than the annual report, found on pages 2–12 and 32–34. The Board of Directors and the CEO are responsible for the other information.

Our statement relating to the annual report does not include this information and we do not make a statement of assurance regarding this other information.

In connection with our audit of the annual report, it is our responsibility to read the information identified above and consider whether the information is materially incompatible with the annual report. In this review, we also take into account the knowledge we otherwise acquired during the audit and assess whether the information in general appears to contain significant inaccuracies.

If, based on the work carried out in relation to this information, we conclude that the other information contains a material inaccuracy, we are obliged to report this. We have nothing to report in this regard.

Responsibilities of the Board of Directors and CEO

The Board of Directors and the CEO are responsible for ensuring that the annual report is prepared, and that it gives a true and fair view in accordance with the Swedish Annual Accounts Act. The Board of Directors and the CEO are also responsible for the internal control that they deem necessary in order to prepare an annual report that does not contain any material inaccuracies, whether these are due to irregularities or error.

When preparing the annual report, the Board of Directors and the CEO are responsible for assessing the company's ability to continue operations. Where applicable, they disclose conditions that may affect the ability to continue operations, and to use the assumption of continued operations. However, the assumption of continued operations is not applied if the Board of Directors and the CEO intend to liquidate the company, cease operations, or have no realistic alternative to doing any of these.

Responsibility of the auditor

Our goal is to achieve a reasonable degree of certainty as to whether the annual report as a whole does not contain any material inaccuracies, whether due to irregularities or errors, and to provide an audit report that contains our statements. Reasonable assurance is a high degree of assurance, but is no guarantee that an audit performed in accordance with ISA and good auditing practice in Sweden will always detect a material inaccuracy, if one exists. Inaccuracies can occur due to irregularities or errors, and are considered significant if they, individually or together, can reasonably be expected to influence the financial decisions that users make on the basis of the annual report.

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

REPORT ON OTHER REQUIREMENTS ACCORDING TO LAWS AND OTHER STATUTES

Statements

In addition to our audit of the annual report, we also performed an audit of the Board of Directors' and the CEO's administration of Pharmacolog i Uppsala AB (publ) for the year 2020, and of the proposed appropriations regarding the company's profit or loss.

We recommend that the Annual General Meeting appropriate the profit in accordance with the proposal in the administration report, and grant the members of the Board and the CEO discharge from liability for the financial year.

Basis for the statements

We have conducted the audit in accordance with International Standards on Auditing (ISA) and generally accepted auditing standards in Sweden. Our responsibilities in accordance with these standards are described in more detail in the section "Auditor's responsibilities".

We are independent in relation to Pharmacolog i Uppsala AB (publ), in accordance with good auditing practice in Sweden, and have otherwise fulfilled our professional ethical responsibility according to these requirements.

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

Responsibilities of the Board of Directors and CEO

The Board of Directors is responsible for the proposed appropriations regarding the company's profit or loss. When proposing a dividend, this includes, among other things, an assessment of whether the dividend is justifiable with regard to the requirements that the company's type of business, scope, and risks place on the size of the company's equity, consolidation needs, liquidity and position in general.

The Board of Directors is responsible for the company's organization and management of the company's affairs. This includes, among other things, continually assessing the company's financial situation, and ensuring that the company's organization is designed so that the accounting, asset management, and the company's financial affairs in general are controlled in a satisfactory manner. The CEO shall handle the day-to-day administration in accordance with the Board of Directors' guidelines and instructions and, among other things, take the measures necessary in order for the company's accounting to be carried out in accordance with law, and for the asset management to be handled in a satisfactory manner.

Responsibility of the auditor

Our goal regarding the audit of the administration, and as such our statement on discharge from liability, is to obtain audit evidence in order to be able to assess with a reasonable degree of certainty whether any board member or the CEO in any significant respect:

- has taken any action or has committed any negligence which may give rise to liability for damages against the company, or
- in any other way acted in violation of the Swedish Companies Act, the Swedish Annual Accounts Act, or the Articles of Association.

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

Reasonable security is a high degree of security, but no guarantee that an audit performed in accordance with good auditing practice in Sweden will always detect measures or omissions that may give rise to liability for damages against the company, or that a proposal for appropriation of the company's profit or loss is not compatible with the Swedish Companies Act.

A further description of our responsibility for the audit of the administration can be found on the Auditors' Inspectorate's website: *www.revisorsinspektionen.se/revisornsansvar*. This description is part of the auditor's report.

Uppsala

Folkesson Råd & Revision AB

Sten Eriksson
Approved auditor

BOARD OF DIRECTORS

Erik Hedlund
Chair of the Board

Since: 2017
Year of birth: 1948

Erik Hedlund has a long career in, among others, Ericsson, Siemens Medical, and Saab-Scania Combitech, before he focused on starting new, and developing existing, companies, primarily within radiation therapy for cancer. Two of these companies, RaySearch Laboratories AB and C-Rad AB, are traded on Nasdaq Stockholm's main list. Erik has an MSc in Electrical Engineering at the Royal Institute of Technology and an MSc in Economics from the University of Stockholm.

Other board assignments: Nolsterby Invest AB, hh Design AB, Oncodia AB.

Independence: Independent of the company and company management, and independent of major shareholders.

Holding: 1 079 157 shares (indirectly)

Ragnar Linder
Board member

Since: 2019
Year of birth: 1953

Ragnar Linder has a MSc in chemical engineering from the Royal Institute of Technology. Ragnar is a co-founder of Pygargus, a research company in the field of Real World Evidence, which was acquired by IMS Health (now IQVIA) in 2013 and where Ragnar has held senior positions. Ragnar has also held several leading positions within Amgen Nordic (CEO), Aventis, HMR and Hoechst. Furthermore, Ragnar has held board positions in several biotech, pharmaceutical and CRO companies. Ragnar is today an independent consultant.

Other board assignments: AlzeCure Pharma AB, 3D Trace AB.

Independence: Independent of the company and company management, and independent of major shareholders.
Holding: 12 500 shares

Olof Johansson
Board member

Since: 2008
Year of birth: 1952

Olof Johansson has extensive experience from leading positions in the high-tech and Life Science industry, following his MBA (from the Stockholm School of Economics and IMD Lausanne). Over the past 20 years, he has developed a group of BioTech and MedTech companies from an early stage to international market implementation and growth. Olof currently leads the investment and business development group BBD Bridging Business Development AB, as well as BBD Ozonator Sverige AB.

Other board assignments: Självstarten Fastighets AB, Ozonator Sverige AB, SCC Intressenter AB, BBD Bridging Business Development AB.

Independence: Independent of the company and company management, and independent of major shareholders.

Holding: 128 385 shares (indirectly)

Carl-Johan Spak
Board member

Since: 2019
Year of birth: 1956

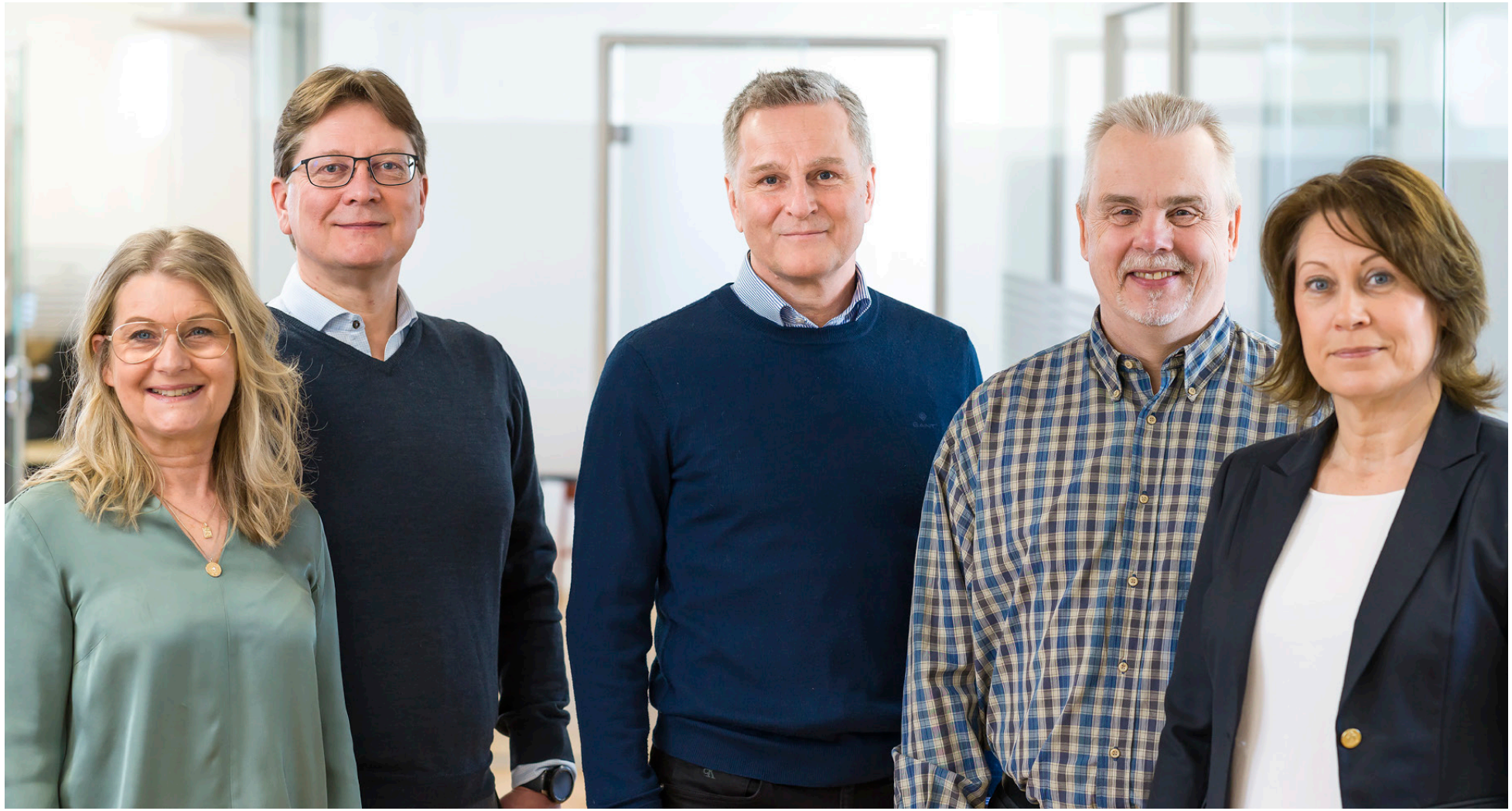
Carl-Johan Spak is Senior Advisor at Flerie Invest AB. Carl-Johan has held senior positions at Recipharm since 2009 and has, until 2020, been responsible for strategic investments and special projects. Prior to that, Carl-Johan was head of Meda's Nordic organization and CEO of Recip AB. Carl-Johan has an under-
graduate education as a dentist and a doctorate in cariology and pharmacology at Karolinska Institutet in 1984.

Other board assignments: SwedenBIO Service AB, Atrogi AB, XSpray Pharma AB (publ), Empros Pharma AB, Symcel AB, Recipharm Venture Fund AB, Follicum AB (publ), Buzzard Pharmaceuticals AB, KAHR Medical Ltd, Israel, and Binx Health Ltd, UK.

Independence: Independent of the company and company management, and independent of major shareholders.

Holding: 7 539 shares

MANAGEMENT TEAM



From the left: Susanne Grimsby, Markku Matkoski, Mats Högberg, Torbjörn Norberg and Liselotte Söder.

MANAGEMENT TEAM

Mats Högberg
CEO

Since 2017
Year of birth: 1964

Mats has worked in leading roles in several international companies active in Life Science. He is a medical engineer and has a master's degree in industrial marketing and commercial law from Uppsala University, where he also completed an Executive MBA at a later time. After several leading roles in a number of medical technology companies, he became CEO of Nucletron Scandinavia AB. He later held the position of EMEA Marketing Manager at Nucletron B.V. Prior to his current assignment at Pharmacolog, he held a Vice President position at Elekta AB (publ).

Holding: 41 257 shares

Markku Matkoski
Head of Development

Since 2020
Year of birth: 1966

Markku has been involved in product development in healthcare and oncology since the early nineties. He has more than 25 years of experience in leading and guiding product creation and maintenance, and in exploring new opportunities within small to large organizations. Markku has studied computer science and numerical analysis at Uppsala University and previous experience includes a number of positions at Helax AB, Nucletron AB and Elekta AB, including as Manager Treatment Planning Software.

Holding: 9 000 shares

Torbjörn Norberg
Product Manager

Since 2018
Year of birth: 1965

Torbjörn has over 25 years of management experience in the national and international Life Science industry, from large organizations to small start-ups in medical technology and diagnostics. His strengths include product and process development, as well as quality-regulated laboratory work. Torbjörn also has a university degree in microbiology/molecular biology, and a doctorate in experimental oncology.

Holding: 700 shares

Susanne Grimsby
QA-RA Manager

Since 2018
Year of birth: 1961

Susanne holds the position of Head of QA-RA at Pharmacolog. She has a degree in biochemistry from Uppsala University and has worked in several biotechnology companies before focusing on quality assurance and regulatory issues for medical technology. Over the past seven years, Susanne has held several senior positions in QA-RA.

Holding: 0 shares

Liselotte Söder
CFO

Since 2021
Year of birth: 1964

Liselotte has extensive experience of working in financial management in listed companies. Liselotte has been active in the accounting and tax industry for more than 25 years, among other things by running her own accounting firm. She has held senior positions as office manager and senior consultant with assignments as CFO and interim CFO. Liselotte comes most recently from an assignment as interim CFO for First North-listed Unibap AB (publ).

Holding: 0 shares

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