Pharmacolog

2022

ANNUAL REPORT – PHARMACOLOG I UPPSALA AB

TABLE OF CONTENTS

Pharmacolog in brief	**3**	Administration report	**13**
CEO's introduction	**4**	Income statement	**18**
Milestones 2022	**5**	Balance sheet	**19**
Timeline 2007–2022	**6**	Cash flow statement	**21**
About the business	**7**	Notes	**26**
Market potential	**9**	Signatures	**38**
Offices & distributors	**11**	Auditor's report	**39**
10 largest shareholders	**12**	Board of Directors	**41**
Market trend 2022	**12**	Management team	**42**

PHARMACOLOG IN BRIEF

Pharmacolog is active in the field of 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 a fast and cost-effective quality control of prepared drugs prior to patient administration. WasteLog™ is used to prevent drugs from falling into the wrong hands and is primarily intended for the North American market. In addition to three different measuring instruments, Pharmacolog also provides Pharmacolog Dashboard™, which is a web-based tool for the analysis and verification of quality controls performed on prepared drugs.

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

Lars Gusch, CEO

CEO'S INTRODUCTION

In 2022, Pharmacolog passed an important milestone. A total of more than 100 DrugLog™ and WasteLog™ have been sold to the US and key markets in Europe. During the year, order intake amounted to MSEK 13.1, which is an increase of 49% compared to 2021. The sales amounted to MSEK 10.1, which means an increase of 15% compared to the previous year.

Pharmacolog's sales strategy so far has been based on collaborations with the American company Codonics and the German company B. Braun. Most of the sales are attributable to these two companies.

Codonics is focused on the sale of WasteLog™. Hospitals in the US face enormous challenges in managing opiates as narcotic drugs intended for patients or left over after surgery are sometimes diverted by hospital personnel. US authorities have recognized the problem and require hospitals to have documented procedures for opiate management, so-called Drug Diversion Prevention programs. The establishment of WasteLog™ as a key element in managing controlled substances means great future opportunities for the company.

In December, Pharmacolog participated in the important ASHP conference in Las Vegas. Drug diversion was a major theme at the conference, confirming the importance of safe opiate management and, thus, the crucial role of WasteLog™ in Drug Diversion Prevention programs for hospitals. The company received important orders from UT Southwestern in Dallas and the University of Wisconsin Hospital and Clinics.

B. Braun has established DrugLog™ in the Spanish market and sells the system for quality control of toxic drugs. Complete systems were installed in hospitals such as La Fe in Valencia, Hospital Provincial de Castellón, and Hospital Universitaro de Badajoz. As the initial challenges have been resolved with Closed System Transfer Devices in connection with DrugLog™ measurements, we expect B. Braun to broadly launch an integrated solution with DrugLog™ in more key markets. At the end of the year, Pharmacolog Dashboard™ was launched as a completely new concept within Pharmacolog's product portfolio. The concept offers several software modules to provide users with a remote overview and analysis capability of all measurements performed with Pharmacolog's instruments. Pharmacolog Dashboard™ will be of strategic importance for the company's development.

In order to expand into new markets, Pharmacolog is collaborating with Business Sweden in Tokyo regarding a market introduction in Japan. A first reference customer wants to use DrugLog™ to verify compounded pharmaceuticals at the hospital pharmacy.

The beginning of 2023 has been characterized by turbulence in the management of Pharmacolog. A CEO change took place in January. A failed recruitment resulted in another change of CEO, with the Board deciding to appoint me as CEO of the company. As we move forward, we will focus on a new strategic direction for the company and financing. With a changed strategy and the right resources, we expect to create greater value for both customers and shareholders.

MILESTONES 2022

CODONICS ORDERS BOTH DRUGLOG™ AND WASTELOG™ SYSTEMS AND EXPANDS MARKETS

Leading hospitals in the US show great interest in implementing WasteLog™ in their Drug Diversion Prevention programs, and Pharmacolog's strategic partner Codonics Inc. orders a total of 30 systems during the year, of which 17 are delivered. Codonics also orders the first two DrugLog™ systems that will be installed at one of the leading university hospitals in the US. Pharmacolog has seen increased demand and has therefore chosen to expand to more markets. The agreement with Codonics for distribution of WasteLog™ in the Middle East is expanded to include distribution of DrugLog™ to GCC countries and Jordan.

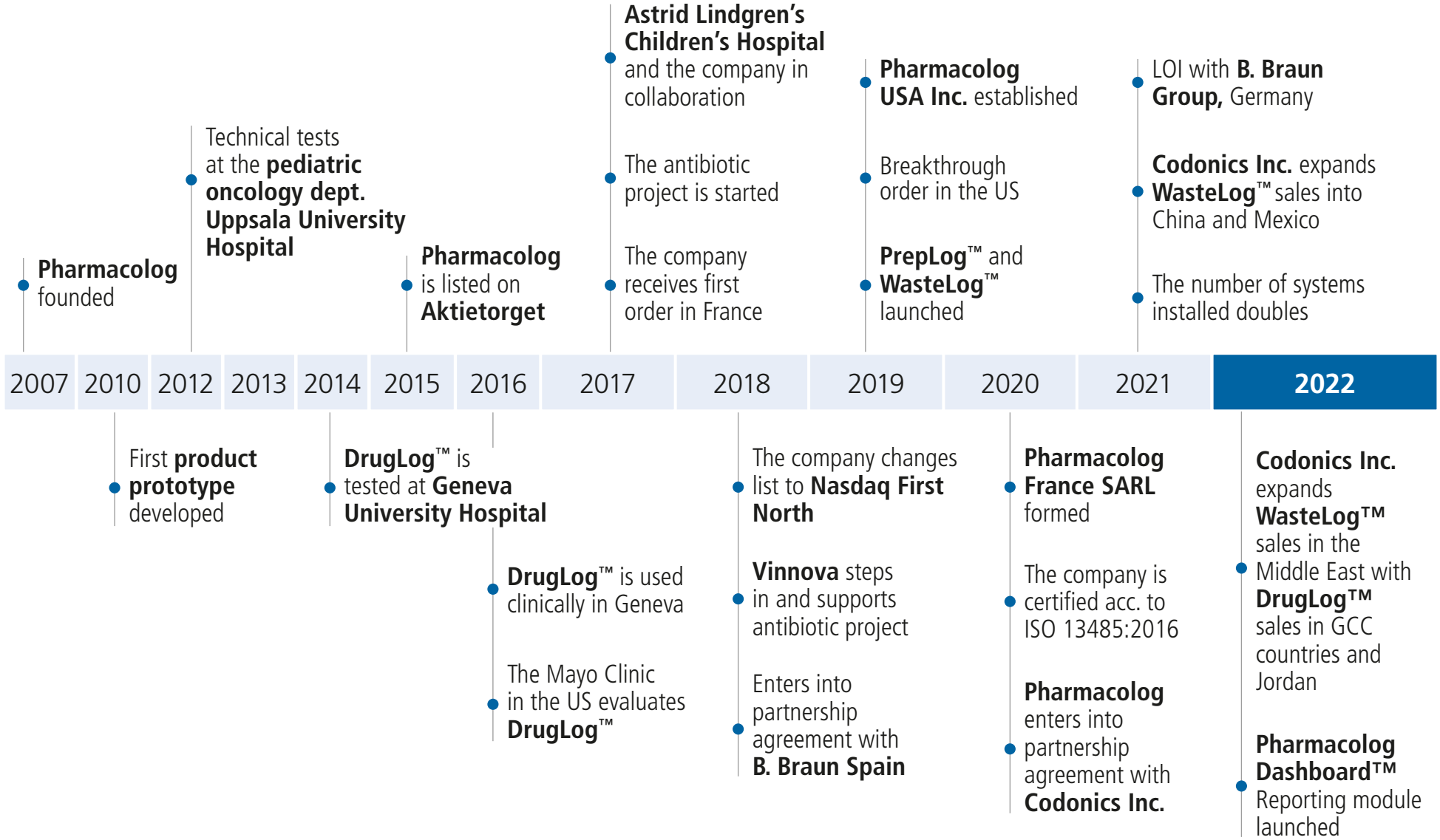
B. BRAUN SPAIN WORKS METHODICALLY AND LONG-TERM

The collaboration works very well with Pharmacolog's partner in Spain, B. Braun, which works methodically and long-term. The launch of DrugLog™ and PrepLog™ was prepared a long time back but was delayed due to the pandemic. Several deals in Spain during the year are the result of the investment that B. Braun initiated in the fall of 2021 and Pharmacolog sees continued good development in Spain.

PHARMACOLOG DASHBOARD™ LAUNCHED

Pharmacolog Dashboard™ is a web-based tool for remote analysis of performed quality control checks of compounded pharmaceuticals that provide Pharmacolog with an additional potential revenue stream. The new product attracted great interest when it was demonstrated in March at the annual EAHP congress that brought together pharmacists from all over the world. The first module, Pharmacolog Dashboard™ Reporting, was launched later in the year and well-received by the first customers.

TIMELINE PHARMACOLOG



ABOUT THE BUSINESS

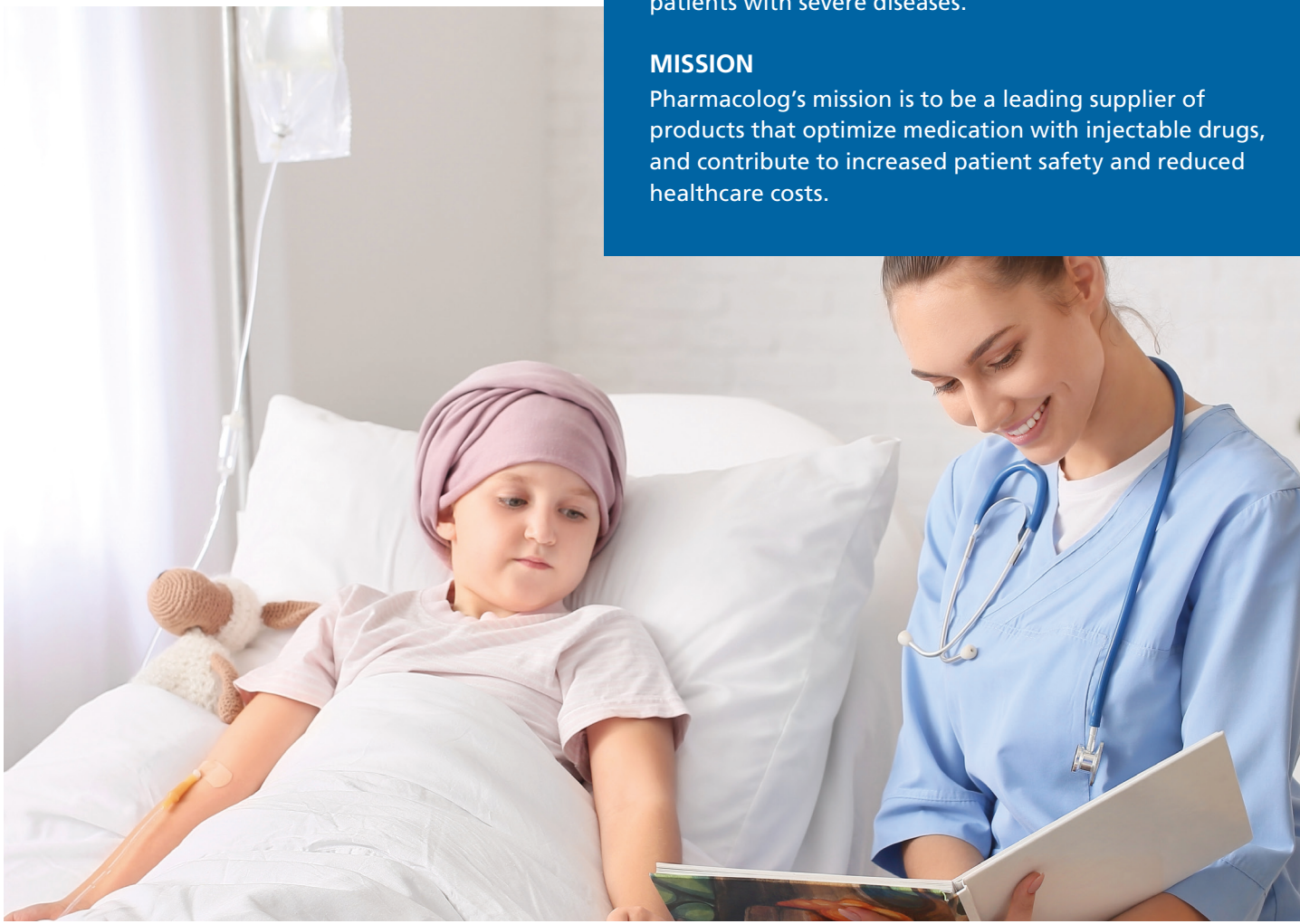
Pharmacolog is active in the field of medical technology and develops systems and solutions that aim to optimize and ensure correct and effective treatment with injectable drugs. The company offers three different solutions, where DrugLog™ and PrepLog™ offer a fast and cost-effective quality control 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 found 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, where drugs are administered 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 right dose. Overdose, too low a dose, or the use of the wrong drug, can have serious consequences for the patient.

Pharmacolog Dashboard™ is a new and unique web-based tool for the analysis and verification of quality controls performed on prepared drugs.

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 PRODUCTS AND DEVELOPMENT PROJECTS

The company's three products offered to the market are all based on the same technology, however, each individual product has specially developed software for managing the specific workflows found in each segment.

WasteLog™

WasteLog™ is a system that efficiently manages the workflow when analyzing returned narcotic drug preparations within so-called Drug Diversion Prevention programs and is specially developed for the American market. Narcotic medications that have only been partially used during a procedure shall be discarded under controlled conditions, however, before this is done, the remaining drug is checked to ensure it has not been replaced or tampered with, so-called Waste Screening.

PrepLog™

PrepLog™ is an integrated solution for the control of drugs prepared at hospital pharmacies and care wards, where the expected substance and concentration are imported automatically. The result after the measurement is performed is also sent to an electronic prescription system or patient record to ensure full traceability.

DrugLog™

DrugLog™ is offered to those customers who need a stand-alone instrument for the quality control of the preparation of drugs or process control, for example when checking preparation robots.

Pharmacolog Dashboard™

Together with Pharmacolog's products DrugLog™, PrepLog™ and WasteLog™, Pharmacolog Dashboard™ provides a completely new potential to obtain an overview of the preparation of drugs carried out, and the possibility to adjust routines in order to ensure maximum patient safety. Pharmacolog Dashboard™ offers several valuable tools, including for preparing reports and statistics on measurements performed, or providing the possibility for a senior pharmacist to assist a colleague in the preparation room during a complicated preparation, without being on site in the pharmacy. During the fourth quarter of 2022, the first module, Pharmacolog Dashboard™ Reporting, was launched and installed at customers. Additional modules are expected to be launched in 2023.

Software as a service (SaaS) development project

Development work is currently underway to offer the analysis software through a SaaS model to, among other things, reduce the initial investment for customers and secure recurring revenue for the company.

MARKET POTENTIAL

The market for Pharmacolog's launched products, WasteLog™, PrepLog™ and DrugLog™ is extensive. The market potential in the area of Drug Diversion, which is the target market for WasteLog™, and primarily focused on the US market, is described below, 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 the latter market segment.

OPIATE EPIDEMIC IN THE UNITED STATES AND DRUG DIVERSION

During a 12-month period ending in April 2022, nearly 82 000 people in the United States died as a result of opioid-related drug overdoses, which is currently the leading 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 USD 78.5 billion a year in the United States alone. This has resulted in the healthcare system being placed under very strict demands from the authorities to control their handling of narcotic drug preparations, in order to prevent so-called Drug Diversion.

Drug Diversion relates to how controlled substances, such as narcotic and other prescription drugs, that are legally held end up in illegal channels, where they are sold or used for drug abuse. This includes, among other things, health-care professionals who misappropriate drugs or swap out narcotic drug preparations with, for example, ordinary saline solution. An estimated 92% of incidents involve opioids.

The most common situation is that the drugs which are misappropriated are for personal use rather than being resold. Surveys carried out in the United States show that 10–15% of healthcare workers will abuse narcotic drugs or alcohol at some point 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 greater resources.

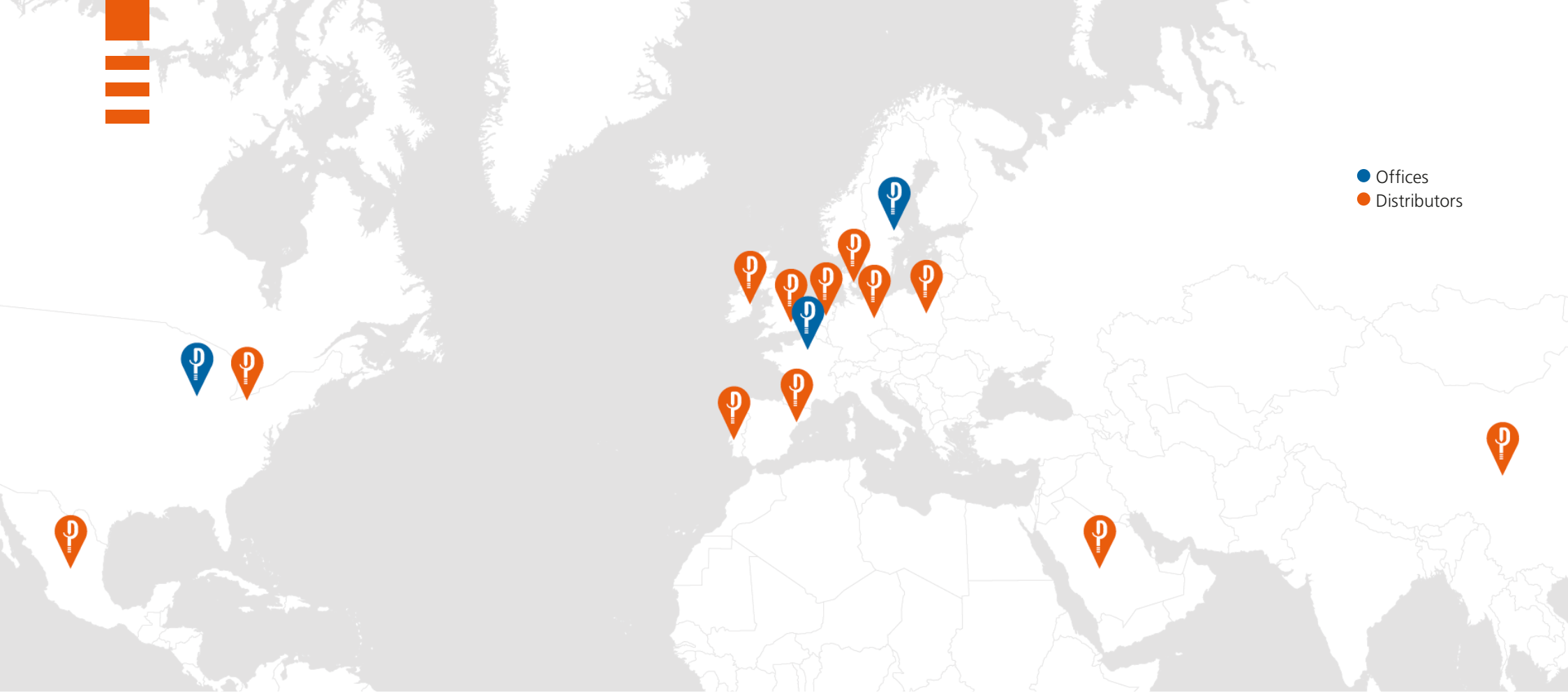
It is worth highlighting that data relating to Drug Diversion is difficult to compile in order to obtain a true overview. It is often said that the figures which can be reported are only the tip of the iceberg, for two main reasons. First and foremost, many incidents that health-care organizations detect are not reported further. These cases are resolved internally within the organization and its licensing board, without involving the judicial system. The second reason is due to the fact that only a fraction of all Drug Diversion is detected as the majority of hospitals still lack formal programs to monitor and control it.

NEED FOR SYSTEMS FOR QUALITY CONTROL OF 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 concluded that there are approximately 200 hospitals and processing centers for cytotoxic drugs of interest in France, of which about 70 at present have implemented a solution for the safety control of substance and concentration, to a value of KSEK 500–600 per system. The company's estimate, as such, is that the total French market amounts to approx. MSEK 110, plus annual service, as well as consumables comprising an estimated 20% of the 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. Furthermore, the company believes that the market for quality control of compounded pharmaceuticals in hospital wards is 2–3 times greater than that.

The customers in the field of quality control for cytostatics are found in larger healthcare institutions, hospitals and hospital pharmacies, and, in addition to France, the demand for systems for quality control is also increasing significantly in the rest of Europe.University hospitals play a particularly important role in the stage in which the company and the market currently find themselves, as the conclusions and reports resulting from the various research collaborations are important for increasing the awareness of relevant stakeholders and, as such, continued market development.



OFFICES

Pharmacolog i Uppsala AB
Sweden, Denmark and Finland

Pharmacolog France SARL
France and Belgium

Pharmacolog USA Inc.
North America

DISTRIBUTORS

CODONICS
North America

CODONICS
Mexico

CODONICS
Middle east

CODONICS
China

B. Braun Medical
Spain and Portugal

MEDIM Co. Ltd.
Poland

ADDED PHARMA
Germany and Denmark

ADDED PHARMA
UK and Ireland

ADDED PHARMA
The Netherlands

10 LARGEST SHAREHOLDERS 2022-12-31

Owners	No. of shares	Votes and capital
Avanza Pension	1 674 127	8,60%
Nolsterby Invest AB[1]	1 668 882	8,57%
Nordnet Pensionsförsäkring	1 275 217	6,55%
Bjarke Iversen	481 800	2,47%
Gunvald Berger	345 168	1,77%
Gerhard Dal	279 208	1,43%
Kenneth Ögren	266 500	1,37%
Bo Millstam	265 000	1,36%
Hans Dahlin[2]	264 340	1,36%
Mats Ekberg	240 157	1,23%
Other	12 714 283	65,29%
Total number of shares	**19 474 682**	**100,00%**

1) 80% owned by Erik Hedlund, Chair of the Board in Pharmacolog AB

2) 22% in private ownership and 78% through wholly owned company Helax Medical AB

MARKET TREND 2022

ADMINISTRATION REPORT

The Board of Directors and the CEO of Pharmacolog i Uppsala AB (publ) hereby submit the following annual report and consolidated financial statements for the financial year 2022. 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 that develops systems and solutions aimed at optimizing and ensuring 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, for the purpose of controlling preparations of toxic drugs.

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™ and 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 changed its sales strategy, which meant it would, to a greater extent, focus on direct sales via its own subsidiaries and deeper partner collaborations. A consequence of the new strategy was the establishment of the subsidiary Pharmacolog France SARL in France and the establishment of partnerships with Codonicsin the US and B. Braun in Spain. In 2020, the company also carried out certification of its quality system in accordance with ISO 13485:2016. In 2021, the product DrugLog™ was registered with the Food and Drug Administration, FDA, as a medical device.

The company has its registered office in Uppsala.

RESEARCH AND DEVELOPMENT

Development work is continually carried out on the company's launched products; WasteLog™, PrepLog™ and DrugLog™, with the aim of developing new functionality and improved integration, as well as faster and more stable software. Pharmacolog has for some time been working on developing a new hardware platform to handle higher production volumes, ensure future supply of critical components, and prepare for upcoming product configurations. In 2022, PrepLog™ was introduced on the new platform, and other products, DrugLog™

and WasteLog™, are gradually being migrated to the new platform. The company also launched the first module of Pharmacolog Dashboard™, a unique web-based tool for the analysis and verification of quality controls performed on prepared drugs, which complements and extends the functionality of existing products to increase efficiency in drug validation. A further module was launched in March 2023.

As part of the company's focus on its core business, the antibiotic project has been terminated.

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

B. Braun Spain installs three complete DrugLog™ systems at La Fe Hospital in Valencia, Hospital General Universitari de Castelló, and Hospital Universitaro De Badajoz.

Gundersen Lutheran Medical Center, La Crosse, Wisconsin in the USA, chooses WasteLog™ as an important addition to their drug diversion prevention program.

Pharmacolog introduces its latest software innovation Pharmacolog Dashboard and presents the next generation hardware platform at the EAHP Congress in Vienna, March 23–25.

Pharmacolog's partner Codonics orders its first two DrugLog™ units for the US market.

Together with Uppsala University Hospital and Skåne University Hospital in Malmö, Pharmacolog initiates the next step towards developing a system for rapidly determining antibiotic concentration in the blood of patients treated for severe infection.

B. Braun Spain places another order for a complete DrugLog™ system for installation at the Hospital General Universitari de Valencia.

Västra Götaland Region orders a DrugLog™ system for placement at Sahlgrenska University Hospital. The system will be used at the Children's Intensive Care Unit for quality control of drug preparations.

Pharmacolog SARL receives three orders for DrugLog™ systems for placement at Hospital Delta, Auderghem (Belgium), Lannion Hospital in Brittany, and L'Institut du Cancer de Montpellier.

The shareholders of Pharmacolog i Uppsala AB (publ) are convened to an extraordinary general meeting at the company's premises on August 24. The meeting resolves to elect Björn Varnestig as a new member of the Board of Directors.

The Board of Directors resolves, with the authorization from the Annual General Meeting on May 24, 2022, on a rights issue of units consisting of B shares and warrants of series TO2 of approximately MSEK 19.2. The rights issue was completed on September 30 and subscribed to a total of 80 percent, of which around 41.09 percent was subscribed with unit rights and approximately 0.70 percent was subscribed without unit rights. Pharmacolog thus received approximately MSEK 15.3 before issue costs.

UT Southwestern in Dallas, Texas, purchases two more WasteLog™ systems as part of an expanded Drug Diversion Prevention Program. After installation, UT Southwestern has a total of six WasteLog™ systems.

Pharmacolog's distributor and strategic partner, Codonics, continues to supply WasteLog™ units to leading hospitals in the US. In total, Pharmacolog delivered 17 WasteLog™ systems to Codonics during the year.

B. Braun Spain orders two complete DrugLog™ systems for installation at Hospital General Universitario Los Arcos and Hospital Provincial de Castellón.

Pharmacolog and Codonics expand their strategic agreement to now include Codonics' distribution of DrugLog™ to Bahrain, Kuwait, Oman, Qatar, Saudi Arabia, United Arab Emirates, and Jordan.

Pharmacolog appoints Asal Attabipour as Director of QA-RA in November.

Pharmacolog launches the first module, Reporting, of the new web-based tool Pharmacolog Dashboard™ that provides a comprehensive overview of all performed drug validations.

Pharmacolog SARL receives an order for a DrugLog™ system to be located at the Mouscron Hospital, Belgium. The system will be used for the final control of chemotherapy preparations at the hospital pharmacy.

EXPECTED FUTURE DEVELOPMENTS, AND SIGNIFICANT RISKS AND UNCERTAINTIES

During the year, Pharmacolog has developed according to plan in all material respects but is still affected by the conditions brought about by restrictions attributable to the outbreak of Covid-19. This is mainly reflected in changed sales processes, where the company has identified a shift among customers from investment budgets to operational budgets. To better meet the market, the company is now working on developing customized business models.

Another factor that continues to create heightened interest in the company's products, both from customers and potential partners, is the increased requirements from the authorities for improved procedures when preparing medicines. Within the EU, UK, and USA, several directives have been published in recent years, which emphasize the need for qualified quality control in drug preparation.

Key individuals

Pharmacolog is a small and knowledge-intensive company that is dependent on a number of key individuals in order to achieve success. If one or more key individuals 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 and strategic partners, or in-house. If existing or future collaborations cannot be established, cannot be achieved, or do not function as intended, then Pharmacolog's commercialization opportunities may be adversely affected. Phamacolog also collaborates 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 a significant amount of 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, as well as financing risk

The company is in an establishment phase, where expected revenues do not cover planned costs. In order to manage continued operations over the next 12-month period, a capital increase of approximately MSEK 5 is required. A decision has been made to carry out a rights issue of approximately MSEK 27.3 with associated free warrants, which can provide the company with a further approximately MSEK 40 at a later date.

Work on the rights issue is ongoing at the time of submission of this annual report, and guarantee commitments have been signed that exceed the company's needs for continued operation in 2023. The issue will close on July 10, 2023. Moreover, there will be warrants of series TO2 associated with the completed rights issue in September 2022, which can provide the company with additional capital depending on both the utilization rate and the volume-weighted average price of the company's share during the specified period.

There is a risk that Pharmacolog may also need to raise additional capital in the future. Access to additional financing is affected by a number of factors, such as market conditions, general availability of 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, its operations, financial position, and results 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.

MULTI-YEAR OVERVIEW (KSEK)

GROUP

	2022	2021	2020	2019
Net revenue	10 114	8 816	1 901	1 072
Result after financial items	-19 164	-13 712	-14 588	-17 578
Balance sheet total	18 850	25 595	18 962	19 437
Equity/assets ratio (%)	74	81	79	83

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

PARENT COMPANY

	2022	2021	2020	2019	2018
Net revenue	9 090	7 511	1 385	2 182	1 035
Result after financial items	-18 935	-14 066	-16 001	-16 729	-12 385
Balance sheet total	17 362	24 274	18 157	20 254	17 866
Equity/assets ratio (%)	77	83	80	84	77

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

CHANGE IN EQUITY (KSEK)

GROUP

	Share capital	Other contributed capital	Share premium fund	Other equity incl. result for the year	Total
Amount at the beginning of the year	9 225	774	18 003	-7 169	20 833
Appropriation according to the decision of the year's AGM:					
To be carried forward			-18 003	18 003	0
New issue	2 460		9 734		12 194
Translation difference				169	169
Transfer between restricted and unrestricted reserves		890		-890	0
Result for the year				-19 164	-19 164
Amount at the end of the year	**11 685**	**1 664**	**9 734**	**-9 051**	**14 031**

PARENT COMPANY

	Share capital	Fund for development expenditure	Share premium fund	Retained earnings	Results for the year	Total
Amount at the beginning of the year	9 225	774	18 003	6 142	-14 066	**20 079**
Appropriation according to the decision of the year's AGM:						
To be carried forward			-18 003	3 938	14 066	**0**
New issue	2 460		9 734			**12 194**
Changes in fund for development expenditure		890		-890		**0**
Result for the year					-18 935	**-18 935**
Amount at the end of the year	**11 685**	**1 664**	**9 734**	**9 190**	**-18 935**	**13 337**

PROPOSED APPROPRIATION OF PROFIT/LOSS

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

Share premium fund	9 733 899
Retained earnings	9 189 810
Losses for the year	-18 935 064
	-11 354
to be carried forward	-11 354
	-11 354

The Group's and the Parent Company's results and financial position in general are shown in the following income statements and balance sheets, as well as cash flow statements with notes.

GROUP INCOME STATEMENT

Amounts in SEK	Notes	2022	2021
Net revenue		10 113 932	8 815 610
Other operating income		303 270	180 328
Total operating income		**10 417 202**	**8 995 938**
Operating expenses			
Raw materials and supplies		-3 467 580	-2 886 494
Other external expenses		-10 368 874	-8 292 287
Personnel costs	2	-15 187 839	-11 075 385
Depreciation and impairments of tangible and intangible fixed assets		-388 540	-384 233
Other operating expenses		-113 889	-41 436
Total operating expenses		**-29 526 722**	**-22 679 835**
Operating result		**-19 109 520**	**-13 683 897**
Result from financial items			
Other interest income and similar items		74 345	121 527
Interest expenses and similar items		-129 190	-149 171
Total financial items		**-54 845**	**-27 644**
Result after financial items		**-19 164 365**	**-13 711 541**
Result before tax		**-19 164 365**	**-13 711 541**
Result for the year		**-19 164 365**	**-13 711 541**

GROUP BALANCE SHEET

Amounts in SEK	Notes	2022-12-31	2021-12-31
ASSETS			
Non-current assets			
Intangible fixed assets			
Capitalized expenditure for development and similar work		1 664 018	773 826
Concessions, patents, licenses, trademarks and similar rights		0	50 702
		1 664 018	**824 528**
Tangible fixed assets			
Machinery and other technical facilities	8	265 249	393 710
Equipment, tools and installations	9	354 724	72 550
		619 973	**466 260**
Financial fixed assets			
Other long-term receivables	13	58 974	562 088
		58 974	**562 088**
Total fixed assets		**2 342 965**	**1 852 876**
Current assets			
Inventory etc.			
Raw materials and supplies		663 333	239 915
		663 333	**239 915**
Current receivables			
Accounts receivable		3 092 936	2 502 666
Other receivables		1 363 583	1 433 380
Prepaid expenses and accrued income	15	693 036	506 646
		5 149 555	**4 442 692**
Cash and bank balances		10 693 669	19 059 478
Total current assets		**16 506 557**	**23 742 085**
Total assets		**18 849 522**	**25 594 961**

GROUP BALANCE SHEET

Amounts in SEK	Notes	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
Equity			
Equity attributable to the Parent Company's shareholders			
Share capital		11 684 809	9 224 850
Other contributed capital		1 664 018	773 826
Other equity incl. result for the year		682 290	10 833 982
Equity attributable to the Parent Company's shareholders		**14 031 117**	**20 832 658**
Total equity		**14 031 117**	**20 832 658**
Long-term liabilities	18		
Liabilities to credit institutions		55 555	416 004
Total long-term liabilities		**55 555**	**416 004**
Current liabilities			
Liabilities to credit institutions		333 333	333 333
Accounts payable		1 475 733	1 765 424
Current tax liabilities		0	53 864
Other liabilities		824 422	522 400
Accrued expenses and prepaid income		2 129 362	1 671 278
Total current liabilities		**4 762 850**	**4 346 299**
Total equity and liabilities		**18 849 522**	**25 594 961**

GROUP CASH FLOW STATEMENT

Amounts in SEK	Notes	2022	2021
Operating activities			
Result after financial items		-19 164 365	-13 711 541
Adjustments for items not included in the cash flow etc.	20	690 104	418 921
Cash flow from operating activities before changes in working capital		**-18 474 261**	**-13 292 620**
Cash flow from changes in working capital			
Change in inventory and work in progress		-423 418	-239 915
Change in accounts receivable		-590 270	-1 836 449
Change in current receivables		-116 592	-1 041 536
Change in accounts payable		-289 691	902 995
Change in current liabilities		706 080	171 614
Cash flow from operating activities		**-19 188 152**	**-15 335 911**
Investment activities			
Investments in intangible fixed assets		-1 050 570	-613 448
Investments in financial assets		-464 212	-181 948
Investments in tangible fixed assets		503 266	-503 904
Cash flow from investment activities		**-1 011 516**	**-1 299 300**
Financing activities			
New issue		12 193 859	19 594 097
Amortization of loans		-360 000	-333 333
Cash flow from financing activities		**11 833 859**	**19 260 764**
Cash flow for the year		**-8 365 809**	**2 625 553**
Cash and cash equivalents at the beginning of the year		19 059 478	16 433 925
Cash and cash equivalents at the end of the year		**10 693 669**	**19 059 478**

PARENT COMPANY INCOME

Amounts in SEK	Notes	2022	2021
Operating income			
Net revenue		9 089 643	7 511 317
Other operating income		303 270	180 328
Total operating income		**9 392 913**	**7 691 645**
Operating expenses			
Raw materials and supplies		-3 399 851	-2 914 509
Other external expenses	3	-8 850 555	-6 690 059
Personnel costs	2	-9 640 373	-7 185 806
Depreciation and impairments of tangible and intangible fixed assets		-387 369	-384 991
Other operating expenses		-113 889	-39 468
Total operating expenses		**-22 392 037**	**-17 214 833**
Operating result		**-12 999 124**	**-9 523 188**
Result from financial items			
Result from shares in Group companies	4	-5 940 254	-4 539 330
Other interest income and similar items		119 127	76 527
Interest expenses and similar items		-114 813	-79 846
Total financial items		**-5 935 940**	**-4 542 649**
Result after financial items		**-18 935 064**	**-14 065 837**
Result before tax		**-18 935 064**	**-14 065 837**
Tax on the result for the year		0	0
Result for the year	5	**-18 935 064**	**-14 065 837**

PARENT COMPANY BALANCE

Amounts in SEK	Notes	2022-12-31	2021-12-31
ASSETS			
Non-current assets			
Intangible fixed assets			
Capitalized expenditure for development and similar work	6	1 664 018	773 826
Concessions, patents, licenses, trademarks and similar rights	7	0	50 702
		1 664 018	**824 528**
Tangible fixed assets			
Machinery and other technical facilities	8	265 250	393 710
Equipment, tools and installations	9	353 489	68 583
		618 739	**462 293**
Financial fixed assets			
Shares in Group companies	10, 11	1 165 360	1 377 585
Receivables from Group companies	12	0	0
Other long-term receivables	13	50 070	50 000
		1 215 430	**1 427 585**
Total fixed assets		**3 498 187**	**2 714 406**
Current assets			
Inventory etc.	14		
Raw materials and supplies		663 333	239 915
		663 333	**239 915**
Current receivables			
Accounts receivable		2 559 819	1 907 629
Receivables from Group companies		303 254	433 709
Other receivables		781 637	721 974
Prepaid expenses and accrued income	15	572 555	411 055
		4 217 265	**3 474 367**
Cash and bank balances		8 983 073	17 845 152
Total current assets		**13 863 671**	**21 559 434**
Total assets		**17 361 858**	**24 273 840**

PARENT COMPANY BALANCE

Amounts in SEK	Notes	2022-12-31	2021-12-31
EQUITY AND LIABILITIES			
Equity	16,17		
Restricted equity			
Share capital		11 684 809	9 224 850
Fund for development expenditure		1 664 018	773 827
		13 348 827	**9 998 677**
Unrestricted equity			
Premium fund		9 733 899	18 003 466
Profit or loss brought forward		9 189 810	6 142 373
Result for the year		-18 935 064	-14 065 837
		-11 355	**10 080 002**
Total equity		**13 337 472**	**20 078 679**
Long-term liabilities	18		
Liabilities to credit institutions		55 555	388 889
Total long-term liabilities		**55 555**	**388 889**
Current liabilities			
Liabilities to credit institutions		333 333	333 333
Accounts payable		1 300 626	1 530 024
Liabilities to Group companies		31 684	10 615
Other liabilities		428 449	261 021
Accrued expenses and prepaid income	19	1 874 739	1 671 279
Total current liabilities		**3 968 831**	**3 806 272**
Total equity and liabilities		**17 361 858**	**24 273 840**

PARENT COMPANY CASH FLOW STATEMENT

Amounts in SEK	Notes	2022	2021
Operating activities			
Result after financial items		-18 935 064	-14 065 837
Adjustments for items not included in cash flow	20	6 459 014	4 947 321
Cash flow from operating activities before change in working capital		**-12 476 050**	**-9 118 516**
Cash flow from changes in working capital			
Change in inventory and work in progress		-423 418	-239 915
Change in accounts receivable		-652 190	-1 690 273
Change in current receivables		-90 707	-658 989
Change in accounts payable		-229 398	717 795
Change in current liabilities		391 953	204 204
Cash flow from operating activities		**-13 479 810**	**-10 785 694**
Investment activities			
Investments in intangible fixed assets		-1 050 570	-613 448
Investments in tangible fixed assets		-464 197	-182 228
Investments in financial assets		-5 728 028	-5 022 572
Cash flow from investment activities		**-7 242 795**	**-5 818 248**
Financing activities			
New issue		12 193 859	19 594 097
Amortization of loans		-333 333	-333 333
Cash flow from financing activities		**11 860 526**	**19 260 764**
Cash flow for the year		**-8 862 079**	**2 656 822**
Cash and cash equivalents at the beginning of the year		17 845 152	15 188 330
Cash and cash equivalents at the end of the year		**8 983 073**	**17 845 152**

NOTES

Note 1 Accounting and valuation principles

GENERAL INFORMATION

The annual report and consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and BFNAR 2012:1 Annual Report and Consolidated Financial Statements (K3).

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. Exchange rate gains and losses on operating receivables and operating liabilities are reported in operating result, while exchange rate gains and losses on financial receivables and liabilities are reported as financial items.

The accounting principles are unchanged compared with the previous year.

REVENUE RECOGNITION

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.

CONSOLIDATED FINANCIAL STATEMENTS

Consolidation method

The consolidated financial statements have been prepared in accordance with the acquisition method. This means that the identifiable assets and liabilities of acquired businesses are reported at market value in accordance with the prepared acquisition analysis. If the acquisition value of the business exceeds the estimated market value of the expected net assets according to the acquisition analysis, the difference is reported as goodwill.

Transactions between Group companies

Intra-group receivables and liabilities and transactions between group companies, as well as unrealized gains, are eliminated in their entirety. Unrealized losses are also eliminated, unless the transaction corresponds to a need for impairment.

Changes in internal profit during the financial year have been eliminated in the consolidated income statement.

FIXED ASSETS

Intangible fixed assets

Intangible fixed assets are reported at acquisition value less accumulated depreciation and impairment. The capitalization model is applied to internally generated intangible assets, but with a cautious application. The development project that started last year has continued during the year with some delays due to expanded requirements for the instrument and the related development work. Under the new conditions, the project is expected to be completed in spring 2023. During the year, the project was capitalized as expenses for development work of SEK 1 050 570. Depreciation begins as soon as the product is released into use.

Depreciation is made on a straight-line basis over the estimated useful life. The following depreciation periods are applied:

Capitalized expenditure for development work	5 years
Concessions, patents, licenses, trademarks	5 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 financial 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. The straight-line depreciation method is used for other types of tangible assets.

The following depreciation periods are applied:

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

FINANCIAL INSTRUMENTS

Financial instruments are valued on the basis of acquisition value. The instrument is reported in the balance sheet when the company becomes a party to the instrument's 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.

Shares in subsidiaries

Shares in subsidiaries are reported at acquisition value after deductions for any depreciation. 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 depreciation.

Other long-term receivables

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

Other current 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 bad or doubtful debts.

Loan liabilities and accounts payable

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

Impairment assessment of financial fixed assets

At each balance sheet date, an assessment is made as to 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.

LEASING AGREEMENTS

At the first reporting date, the group, as the lessor, reports an asset in accordance with financial leasing agreements as a receivable in the balance sheet. The reported amount corresponds to the net investment in the leasing agreements. Expenses in connection with the conclusion and arrangement of financial leasing agreements are reported as an expense when the profit from the sale is reported.

The Parent Company reports all leasing agreements, both financial and operational, as operational leasing agreements. Operational leasing agreements are reported as an expense on a straight-line basis over the leasing period.

INCOME TAXES

Total tax consists of current tax and deferred tax. Taxes are reported in the income statement, except when the underlying transaction is reported directly against equity, whereby associated tax effects are reported in equity.

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 that are 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 settled against surpluses in future taxation. The parent company's total unutilized deficit as of the balance sheet date amounts to KSEK -105 823 (KSEK -92 861). In view of the fact that the company has historically not reported tax surpluses, and that there is a certain degree of uncertainty when tax surpluses arise, no deferred tax asset is reported attributable to the deficit deduction.

GROUP RELATIONSHIPS

The Parent Company, Pharmacolog i Uppsala AB (publ), Corp. ID No. 556723-6418, with its registered office in Uppsala, prepares consolidated financial statements with the wholly owned subsidiaries Pharmacolog USA Inc., Corp. ID No. 35-2641884, with its registered office in Chicago, USA and Pharmacolog France SARL, Corp. ID No. 882502149, with its registered office in Paris, France.

CASH FLOW STATEMENT

The cash flow statement is prepared using the indirect method. The reported cash flow only includes transactions that resulted in inflows or outflows.

In addition to cash, the company classifies cash and cash equivalents as available balances with 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. Changes in blocked funds are reported in investment activities.

DEFINITIONS OF KEY FIGURES

Net revenue

Operating main revenue, invoiced expenses, side revenue and revenue corrections.

Result after financial items

Result after financial income and expenses but before year-end appropriation 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 percentage of the balance sheet total.

NOTE 2 Employee and personnel costs

GROUP

Amounts in SEK	2022	2021
Average number of employees		
Women	1	1
Men	10	8
Total	**11**	**9**
Salaries and other remuneration		
Board of Directors and CEO	1 478 491	1 429 897
Attendance fees and similar remuneration to the Board of Directors and CEO	101 140	93 145
Other employees	9 002 260	6 527 024
	10 581 891	**8 050 066**
Social security costs		
Pension costs for the Board of Directors and CEO	192 660	162 535
Pension costs for other employees	906 918	794 583
Other social security contributions according to law and agreement	3 093 909	1 766 385
	4 193 487	**2 723 503**
Total salaries, remuneration, social security costs and pension costs	**14 775 378**	**10 773 569**

PARENT COMPANY

Amounts in SEK	2022	2021
Average number of employees		
Women	1	1
Men	6	5
Total	**7**	**6**
Salaries and other remuneration		
Board of Directors and CEO	1 478 491	1 429 897
Attendance fees and similar remuneration to the Board of Directors and CEO	101 140	93 145
Other employees	4 474 709	3 464 036
	6 054 340	**4 987 078**
Social security costs		
Pension costs for the Board of Directors and CEO	192 660	162 535
Pension costs for other employees	600 631	434 208
Other social security contributions according to law and agreement	2 463 779	1 364 223
	3 257 070	**1 960 966**
Total salaries, remuneration, social security costs and pension costs	**9 311 410**	**6 948 044**

Gender distribution among senior executives		
Proportion of women on the Board of Directors	0%	0%
Proportion of men on the Board of Directors	100%	100%
Proportion of women among other senior executives	40%	40%
Proportion of men among other senior executives	60%	60%

NOTE 3 Leasing agreements

PARENT COMPANY

Leasing costs for the year relating to leasing agreements amount to SEK 549 414 (478 843). Future leasing fees, for non-cancellable leasing agreements, are due for payment as follows:

Amounts in SEK	2022	2021
Within a year	548 068	531 631
Later than one year but within five years	462 143	937 249
Later than five years	0	0
Total	**1 010 211**	**1 468 880**

In the company's accounts, the operating lease consists, in all material respects, of leased premises. The agreement on renting the premises runs for three years with the possibility of extending, by an additional three years at a time.

NOTE 4 Results from shares in Group companies

PARENT COMPANY

Amounts in SEK	2022	2021
Impairment	5 940 254	4 539 330
Total	**5 940 254**	**4 539 330**

NOTE 5 Earnings per share

PARENT COMPANY

Amounts in SEK	2022	2021
Result for the year	-18 935 064	-14 065 837
Average number of shares	16 411 122	13 607 382
Earnings per share, calculated on the average number of shares during the period	-1.15	-1.03

NOTE 6 Capitalized expenditure for development work and similar work

PARENT COMPANY

Amounts in SEK	2022-12-31	2021-12-31
Opening acquisition value	5 540 712	4 927 264
Purchases	1 050 570	613 448
Closing accumulated acquisition value	**6 591 282**	**5 540 712**
Opening depreciation	-4 766 886	-4 606 507
Depreciation for the year	-160 378	-160 379
Closing accumulated depreciation	**-4 927 264**	**-4 766 886**
Closing carrying amount	**1 664 018**	**773 826**

NOTE 7 Concessions, patents, licenses, trademarks and similar rights

PARENT COMPANY

Amounts in SEK	2022-12-31	2021-12-31
Opening acquisition value	2 199 620	2 199 620
Closing accumulated acquisition value	**2 199 620**	**2 199 620**
Opening depreciation	-1 448 918	-1 398 217
Depreciation for the year	-50 702	-50 701
Closing accumulated depreciation	**-1 499 620**	**-1 448 918**
Opening impairment	-700 000	-700 000
Closing accumulated impairment	**-700 000**	**-700 000**
Closing carrying amount	**0**	**50 702**

NOTE 8 Machinery and other technical facilities

GROUP

Amounts in SEK	2022-12-31	2021-12-31
Opening acquisition value	677 567	799 307
Purchases	89 900	180 260
Sales/disposals	-158 975	-302 000
Closing accumulated acquisition value	**608 492**	**677 567**
Opening depreciation	-283 857	-435 052
Sales/disposals	33 297	279 383
Depreciation for the year	-92 683	-128 188
Closing accumulated depreciation	**-343 243**	**-283 857**
Closing carrying amount	**265 249**	**393 710**

PARENT COMPANY

Amounts in SEK	2022-12-31	2021-12-31
Opening acquisition value	677 567	799 307
Purchases	89 900	180 260
Sales/disposals	-158 975	-302 000
Closing accumulated acquisition value	**608 492**	**677 567**
Opening depreciation	-283 857	-435 052
Sales/disposals	33 297	279 383
Depreciation for the year	-92 683	-128 188
Closing accumulated depreciation	**-343 243**	**-283 857**
Closing carrying amount	**265 249**	**393 710**

NOTE 9 Equipment, tools and installations

GROUP

Amounts in SEK	2022-12-31	2021-12-31
Opening acquisition value	564 755	564 755
Purchases	374 298	0
Closing accumulated acquisition value	**939 053**	**564 755**
Opening depreciation	-492 205	-446 626
Depreciation for the year	-92 124	-45 579
Closing accumulated depreciation	**-584 329**	**-492 205**
Closing carrying amount	**354 724**	**72 550**

PARENT COMPANY

Amounts in SEK	2022-12-31	2021-12-31
Opening acquisition value	558 898	558 898
Purchases	374 297	0
Closing accumulated acquisition value	**933 195**	**558 898**
Opening depreciation	-490 315	-444 592
Depreciation for the year	-89 391	-45 723
Closing accumulated depreciation	**-579 706**	**-490 315**
Closing carrying amount	**353 489**	**68 583**

NOTE 10 Shares in Group companies

PARENT COMPANY

Amounts in SEK	2022-12-31	2021-12-31
Opening acquisition value	8 235 533	4 567 088
Purchases	3 384 545	3 668 445
Closing accumulated acquisition value	**11 620 078**	**8 235 533**
Opening impairment	-6 857 948	-3 672 745
Impairment for the year	-3 596 770	-3 185 203
Closing accumulated impairment	**-10 454 718**	**-6 857 948**
Closing carrying amount	**1 165 360**	**1 377 585**

NOTE 11 Specification, shares in Group companies

PARENT COMPANY

Name	Capital share	Share of voting rights	No. of shares	Book value
Pharmacolog USA Inc.	100	100	5 000	1 165 360
Pharmacolog France SARL	100	100	100	0
				1 165 360

	Corp ID No.	Headquarters	Equity	Result
Pharmacolog USA Inc.	35-2641884	Chicago, USA	1 173 475	-3 700 404
Pharmacolog France SARL	882502149	Paris, France	-5 073 928	-2 018 672

NOTE 12 Receivables from Group companies

PARENT COMPANY

Amounts in SEK	2022-12-31	2021-12-31
Opening acquisition value	3 650 367	2 296 240
Additional receivables	2 343 484	1 354 127
Closing accumulated acquisition value	**5 993 851**	**3 650 367**
Opening impairment	-3 650 367	-2 296 240
Impairment for the year	-2 343 484	-1 354 127
Closing accumulated impairment	**-5 993 851**	**-3 650 367**
Closing carrying amount	**0**	**0**

NOTE 13 Other long-term receivables

GROUP

Amounts in SEK	2022-12-31	2021-12-31
Opening acquisition value	562 088	58 032
Additional receivables	942	504 056
Outgoing receivables	-504 056	0
Closing accumulated acquisition value	**58 974**	**562 088**
Closing carrying amount	**58 974**	**562 088**

Refers to the deposit submitted to supplier and the long-term portion of accrued leasing income.

PARENT COMPANY

Amounts in SEK	2022-12-31	2021-12-31
Opening acquisition value	50 000	50 000
Additional receivables	70	0
Closing accumulated acquisition value	**50 070**	**50 000**
Closing carrying amount	**50 070**	**50 000**

Refers to the deposit submitted to supplier.

NOTE 14 Inventory

PARENT COMPANY

Amounts in SEK	2022-12-31	2021-12-31
Subcomponents	489 668	144 474
Finished products	173 666	95 441
Total	**663 334**	**239 915**

NOTE 15 Prepaid expenses and accrued income

GROUP

Amounts in SEK	2022-12-31	2021-12-31
Prepaid rental costs	108 735	100 032
Other items	584 301	406 613
Total	**693 036**	**506 645**

PARENT COMPANY

Amounts in SEK	2022-12-31	2021-12-31
Prepaid rental costs	108 735	100 032
Other items	463 820	311 023
Total	**572 555**	**411 055**

NOTE 16 Number of shares and quota value

PARENT COMPANY

Name	No. of shares	Quota value
Number of B shares	19 474 682	0.6
Total	**19 474 682**	**-**

NEW SHARE ISSUE AND WARRANTS

Pharmacolog completed a rights issue of units, consisting of B shares and series TO2 warrants on September 30, 2022. The rights issue was subscribed to approximately 80 percent and the company received approximately MSEK 15 before issue costs. The number of shares increased by 4 099 932 shares to a total of 19 474 682 shares and the share capital increased by SEK 2 459 959.20 to a total of SEK 11 684 809.20. The dilution effect for shareholders who have not participated in the rights issue thus amounts to approximately 21.05 percent.

In the event that all adhering warrants of series TO2 are fully exercised to subscribe for new shares in the company, the number of shares will increase by an additional 2 049 966 shares, from 19 474 682 to 21 524 648 shares, and the share capital will increase by an additional SEK 1 229 979.60, from SEK 11 684 809.20 to SEK 12 914 788.80, corresponding to a dilution effect of approximately 9.52 percent. Each warrant of series TO2 entitles the holder to subscribe for one (1) new B-share at a subscription price corresponding to seventy (70) percent of the volume-weighted average price (VWAP) of the company's share on First North Stockholm during the period from September 19, 2023, up to and including October 2, 2023, however, not less than the share's quota value and not more than SEK 7.50. The exercise period for the warrants of series TO2 runs from October 4, 2023, to October 18, 2023.

PERSONNEL OPTION PROGRAM

Pharmacolog introduced, according to a resolution at the Extraordinary General Meeting on March 23, 2021, in accordance with the Board's proposal, a personnel option program 2021/2026 through a directed issue of 636 185 warrants to the company itself. The program comprises a maximum of 445 329 personnel options to be granted free of charge to the participants in the personnel option program. Participants may exercise granted and vested personnel options no earlier than 36 months and no later than 40 months after the grant but never later than July 23, 2026. Each personnel option shall entitle the participant to acquire one (1) new B-share in the company during the exercise period 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 to March 22, 2021.

The increase in the company's share capital may, upon full exercise of the warrants, amount to SEK 381 711. The maximum dilution effect of the personnel option program is estimated to amount to a maximum of approximately 4.7 percent of the share capital and votes in the company. The number of personnel options granted amounted to 400 000 on the balance sheet date.

NOTE 17 Appropriation of profit or loss

PARENT COMPANY

Proposed treatment of accumulated losses The Board proposes that the accumulated loss:	**2022-12-31**
Share premium fund	9 733 899
Retained earnings	9 189 810
Losses for the year	-18 935 064
Total	**-11 354**
Be carried forward	-11 354
Total	**-11 354**

NOTE 18 Long-term liabilities

GROUP

Amounts in SEK	**2022-12-31**	**2021-12-31**
Due later than five years after the balance sheet date		
Liabilities to credit institutions	0	0
Total	**0**	**0**

PARENT COMPANY

Amounts in SEK	**2022-12-31**	**2021-12-31**
Due later than five years after the balance sheet date		
Liabilities to credit institutions	0	0
Total	**0**	**0**

NOTE 19 Accrued expenses and prepaid income

GROUP

Amounts in SEK	2022-12-31	2021-12-31
Accrued vacation pay including social security contributions	1 008 764	874 025
Other accrued expenses	717 775	122 411
Other items	402 821	674 844
Total	**2 129 360**	**1 671 280**

PARENT COMPANY

Amounts in SEK	2022-12-31	2021-12-31
Accrued vacation pay including social security contributions	1 008 764	874 025
Other accrued expenses	628 862	122 411
Other items	237 110	674 844
Total	**1 874 736**	**1 671 280**

NOTE 20 Adjustment for items not included in the cash flow

GROUP

Amounts in SEK	2022-12-31	2021-12-31
Depreciation	388 540	384 233
Loss on disposal of fixed assets	125 678	23 000
Translation difference	175 886	11 688
Total	**690 104**	**418 921**

PARENT COMPANY

Amounts in SEK	2022-12-31	2021-12-31
Depreciation	387 369	384 991
Exchange rate losses	5 713	0
Loss on disposal of fixed assets	125 678	23 000
Impairment	5 940 254	4 539 330
Total	**6 459 014**	**4 947 321**

NOTE 21 Pledged collateral

PARENT COMPANY

Amounts in SEK	2022-12-31	2021-12-31
For liabilities to credit institutions:		
Company mortgage	2 650 000	2 650 000
Total	**2 650 000**	**2 650 000**
For other long-term liabilities:		
Pledged bank account	50 000	50 000
Total	**50 000**	**50 000**

NOTE 22 Contingent liabilities

PARENT COMPANY

Pharmacolog has entered into a transfer agreement in relation to patent application number PCT/SE2016/050049, which is published with number WO2016/122382. The agreement provides the inventors with a remuneration of 2% each of the company's net revenue from own sales of products or methods where the invention is included, and 3% each of the company's license revenue 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 revenue and/or license revenue up to a total amount of MSEK 20 each calendar year (only for the excess). In the event of a transfer of the invention to a third party, the inventors receive compensation 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, however, at least 20 years.

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

NOTE 23 Significant events after the end of the financial year

Per Persson is appointed as the new CEO of Pharmacolog in January. Per has extensive experience from international business and the MedTech industry and comes most recently from the role of CEO of Acarix AB, a Swedish company in the field of coronary diagnostics listed on Nasdaq First North.

Pharmacolog's partner Codonics installs WasteLog™ in two new hospitals and places an additional order for 13 WasteLog™ systems at a value of approximately MSEK 3.

Vivalia Health Care Group, based in the province of Luxembourg, Belgium, orders a DrugLog™ system for immediate installation. Vivalia is a healthcare organization consisting of six hospitals with more than 1600 inpatient beds.

The University of Wisconsin Hospital and Clinics, UW Health, orders two WasteLog™ systems for its campuses in Madison, USA. The Drug Diversion Prevention team at UW Health will conduct an assessment with the first two sites to determine best practices and workflow.

Pharmacolog launches a new software module, Expert guidance, which provides remote access to measurements for real-time analysis and thus facilitates remote expert guidance.

Pharmacolog presents DrugLog™ on a new hardware platform at the 27th Annual Conference of the European Association of Hospital Pharmacists (EAHP) in Lisbon, Portugal, March 22–24. The new version of DrugLog™ is designed, among other things, to improve data processing and user experience along with improved connectivity for communication.

Per Persson leaves the company at the end of March, and Erik Hedlund is appointed as the new CEO, while Björn Varnestig is appointed as the new Chair of the Board.

Pharmacolog is implementing a change in the current strategy to pave the way for a strong commercial development. By selling the company's analytics software through a SaaS model, customers' initial investment is reduced while the company secures recurring revenue.

Björn Varnestig, Chair of the Board, is stepping down at his own request.

Acting CEO Erik Hedlund returns to his role as Chair of the Board and Lars Gusch, former COO, is appointed as the company's CEO.

Pharmacolog and B. Braun extend existing agreement to include sales of Druglog™ and PrepLog™ and related services in Portugal.

Pharmacolog announces that the Board of Directors, subject to approval from the Extraordinary General Meeting on June 16, 2023, has decided to carry out a rights issue of approximately MSEK 27.3.

SIGNATURES

Uppsala, May 19, 2023

Erik Hedlund
Chair of the Board

Ragnar Linder

Carl-Johan Spak

Lars Gusch
CEO

Our audit report has been submitted May 22, 2023
Folkesson Råd & Revision AB

Sten Eriksson
Approved auditor

AUDITOR'S REPORT

To the general meeting of the shareholders of Pharmacolog i Uppsala AB (publ) Corp.
ID No. 556723-6418

REPORT ON THE ANNUAL REPORT AND CONSOLIDATED ACCOUNTS

Opinions

We have audited the annual report and consolidated accounts of Pharmacolog i Uppsala AB (publ) for the year 2022. The annual report and consolidated accounts of the company are included on pages 13–38 in this document.

In our opinion, the annual report and consolidated accounts have been prepared under the Swedish Annual Accounts Act and present a true and fair view of the financial position of the Parent Company and the Group on December 31, 2022, and of its financial performance and cash flow for the year under the Swedish Annual Accounts Act. The statutory administration report is consistent with the other parts of the annual report 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 generally accepted auditing practices in Sweden and have otherwise fulfilled our professional, ethical responsibilities under these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinions.

Other information than the annual report and consolidated accounts

This document also contains information other than the annual report and consolidated accounts, which can be found on pages 2–12, 41–43. The Board of Directors and the Chief Executive Officer (CEO) are responsible for this other information. Our opinion on the annual report 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 report and consolidated accounts, our responsibility is to read the information identified above and consider whether the information is materially inconsistent with the annual report 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 and the CEO

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

In preparing the annual report and consolidated accounts, the Board of Directors and the CEO 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 CEO 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 report 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 no guarantee that an audit conducted under ISA and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise

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

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

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Opinions

In addition to our audit of the annual report and consolidated accounts, we have also audited the administration of the Board of Directors and the CEO of Pharmacolog i Uppsala AB (publ) for the year 2022 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 CEO 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 responsibility according to this is described in more detail in the section "Auditor's responsibility". 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 CEO

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 CEO shall manage the ongoing administration according to the Board of Directors' guidelines and instructions and among other matters take measures that are necessary to fulfill the company's accounting in accordance with law and handle the management of assets in a reassuring manner.

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the CEO 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 Swedish Companies Act, the Annual Accounts Act or the Artides 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 accord-ance with the Swedish 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 Swedish Companies Act.

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

Uppsala, May 22, 2023
Folkesson Råd & Revision AB

Sten Eriksson
Approved Public Accountant

BOARD

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 and Oncodia AB.

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

Holding: 1 668 882 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, and Tegnér Biotech Consulting AB.

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

Holding: 19 045 shares.

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 undergraduate education as a dentist and a doctorate in cariology and pharmacology at Karolinska Institutet in 1984.

Other board assignments: Atrogi AB, XSpray Pharma AB (publ), Symcel AB, Buzzard Pharmaceuticals AB, KAHR Medical Ltd, Israel EpiEndo Pharmaceuticals EHF, Iceland, Provell Pharmaceuticals LLC, USA, and Lipum AB.

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

Holding: 27 381 shares.

MANAGEMENT

Lars Gusch

CEO

Since: 2023, COO since 2022
Year of birth: 1974

Lars was previously Director of Development at the company during 2019–2020. He has extensive experience throughout the entire product life cycle of medical devices, including product development, QA/RA, service and sales. Lars has worked with both hardware and software products in image-guided surgery, radiation therapy, pharmacology and cardiology in small to large organizations. Lars holds a Master of Science in Biomedical Engineering.

Holding: 1 332 shares.

Liselotte Söder

CFO

Since: 2021
Year of birth: 1964

Liselotte has extensive experience of working in financial management in listed companies. She leads the company's finance and accounting function and develops the company's financial strategy. 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. She comes most recently from an assignment as interim CFO for First North-listed Unibap AB (publ). Liselotte is an authorized accounting consultant and a certified controller.

Holding: 6 666 shares.

Torbjörn Norberg

Director of Product Management

Since: 2018
Year of birth: 1965

Torbjörn has over 30 years of managerial experience within the domestic and international Life science industry, from large organizations to small start-ups within the medical technology and diagnostics sectors. His strengths include product and process development, as well as quality regulated laboratory work. Torbjörn has a university degree in microbiology/molecular biology and a PhD in experimental oncology.

Holding: 1 066 shares.

Markku Matkoski

Director 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 mathematics and computer science.

Holding: 10 285 shares.

Åsa Stroofe

Director of Marketing

Since: 2021
Year of birth: 1968

Åsa has extensive Life Science experience, primarily in the medical device industry. With a background in technology, physiological science and marketing, she has held global roles in product management and marketing management, both in large corporations as well as small startup companies. Her focus has been on commercializing novel technologies within healthcare, and she has been based in Scandinavia, Germany and the United States during many years. Åsa has a B.Sc. in Physiological Science and master classes in Global Marketing and Marketing Management.

Holding: 2 666 shares.

Asal Attabipour

Director of QA-RA

Since: 2022
Year of birth: 1983

Asal has held several global positions in R&D, Operation, Quality Assurance and Regulatory Affairs at various corporations. For the past four years, her focus has been on Quality Assurance and Regulatory Affairs. Asal has a bachelor's degree in biology and a master's degree in toxicology.

Holding: 0 shares.

Pharmacolog
pharmacolog.com

PHARMACOLOG I UPPSALA AB (PUBL) Ekeby Bruk 2H • SE-752 63 Uppsala • Sweden • +46 18 500 101 • pharmacolog.com