Annual Report 2022

XVIVO Perfusion AB (publ)

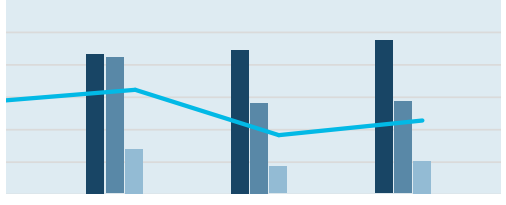
XVIVO

We believe in an extended life of organs. Nobody should die waiting for a new organ.

At XVIVO, we have millions of reasons to go to work every day, namely all the people who desperately need new lungs, a new kidney, a new liver, or a new heart. We know that far too many people do not receive the help they need in time due to an acute shortage of donated organs. XVIVO is determined to change this and realize our vision: nobody should die waiting for a new organ. This is a huge challenge that we address alongside dedicated and highly-skilled transplantation teams around the world. They would all be able to save more lives if they could only access more organs. Thanks to our innovative technologies for transporting, preserving and assessing organs outside the body, they will be able to.

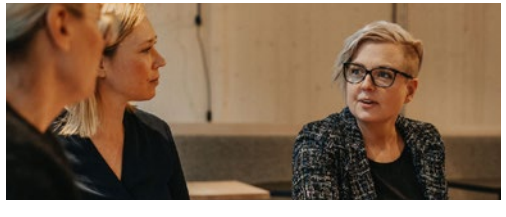
Content

Strategic focus areas
Five strategic focus areas will make us the industry market leader in preserving organs outside the body during our strategy period 2023-2027. **Read more on page 15.**



Market drivers
There is an acute shortage of donated organs globally. According to the WHO, the number of transplants carried out only corresponds to 10 percent of the actual need.
Read more on page 22.

Offering for all four major organs
XVIVO's technologies save organs so others can save lives. Our offering addresses 98% of the market. **Read more on page 26.**



Sustainability is a part of our DNA
We continued to conduct more structured sustainability efforts in 2022.
Read more on page 44.

This is XVIVO

Our technologies save organs so others can save lives

According to the WHO, some 150,000 organ transplants are carried out annually worldwide, unfortunately corresponding to only 10% of the total need. The shortage of organs means that many patients either die while waiting for an organ, or their health deteriorates so much that they are removed from the waiting list.

Founded in 1998, XVIVO is a medical technology company dedicated to extending the life of all major organs so transplant teams around the world can save more lives. Our technologies and service offerings allow leading clinicians and researchers to push the boundaries of transplantation medicine.

Our vision is that "Nobody should die waiting for a new organ" and our name reflects our focus – to preserve organs outside the body.

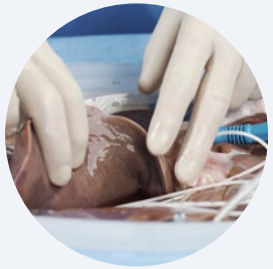
The Company is active in all four major organ areas (lung, heart, liver and kidney) and the operations are conducted in three business areas: Thoracic (lung and heart transplantation), Abdominal (liver and kidney transplantation and perfusion services) and Services (organ recovery).

The XVIVO share is listed on Nasdaq Stockholm Mid-Cap. More information can be found on the website www.xvivogroup.com.

Follow us on

Business area

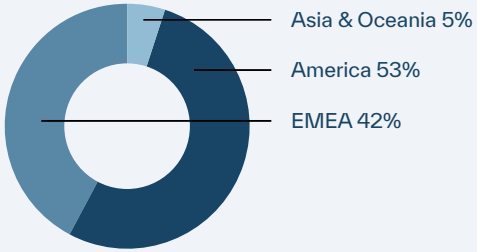
Thoracic



Abdominal

Services

Main markets 2022



Founded
1998

HQ in Gothenburg
Sweden

Employees
~140

The share is listed on
Nasdaq
Stockholm mid-cap

Significant events in 2022

1. XVIVO's heart technology was used in the world's first ever successful heart xenotransplantation (pig to human)
2. XVIVO's Kidney Assist Transport granted 510(k) clearance by the US FDA
3. XVIVO obtains its first certificate under EU Medical Device Regulation (MDR) for Kidney Assist Transport
4. XVIVO gained regulatory approval in China for PERFADEX® Plus
5. An IDE application for the heart preservation study in the US was submitted to the US FDA
6. XVIVO granted a Breakthrough Device Designation by the FDA for its Liver Assist
7. Positive results presented from the heart preservation study in Australia and New Zealand
8. XVIVO acquired the machine and perfusion business from Avionord S.r.l.
9. XVIVO appoints Christoffer Rosenblad as new CEO

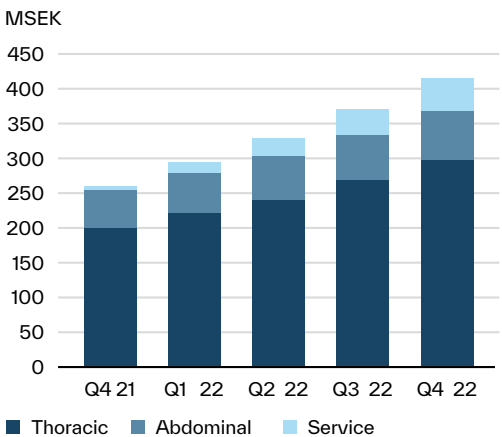
Outcome and key ratios 2022

Sales
SEK 415 M

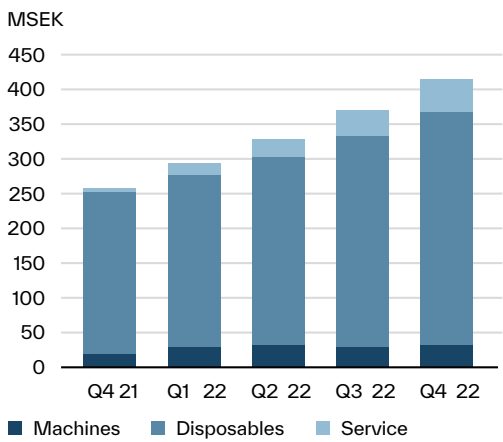
Organic growth
30%

Adjusted EBITDA margin
14%

Sales by business area (R12)



Sales by product category (R12)



Key ratios

	2022	2021
Gross margin, %	72	73
Gross margin disposables, %	79	76
EBIT, %	2	-7
EBIT (adjusted[1]), %	3	-1
EBITDA, %	12	5
EBITDA (adjusted[1]), %	14	11
Net margin, %	4	3
Equity/assets ratio, %	83	83
Earnings per share, SEK	0.62	0.28
Shareholders' equity per share, SEK	47.94	43.58
Share price on closing day, SEK	183	278.50
Market cap on closing day, SEK M	5,459	8,230
Sales growth		
Organic growth in local currencies, %	30	27
Acquired growth, %	15	22
Exchange rate effects, %	16	-5
Total growth, %	61	44

1) Adjusted for effect from costs attributable to cash-based incentive program for employees outside Sweden, integration costs and costs associated with the acquisition process. Net adjustment totals SEK -7.9 (-15.8) million for the period.

CEO interview

A record year that strengthens our future

XVIVO's goal is to become market leader in the preservation and perfusion of organs ahead of transplantation, while ensuring the realization of our vision: *nobody should die waiting for a new organ*. 2022 was a record year in many respects, and we made important strides towards realizing our vision. Our total sales amounted to SEK 415 million with organic growth of 30 percent. We continued to increase our profitability and achieved an adjusted EBITDA of 14 percent. I am proud of these results, but above all I am proud of our organization and the way we achieved them. We saw the effects of the Covid-19 pandemic subside in late 2022 and can now embark on 2023 with confidence.

XVIVO has historically had a strong research and development focus, which remains at the company's core, but today we have an equally strong commercial focus. We believe in close, genuine collaboration with customers, partners and the research community, so that we can do our best to give patients worldwide access to life-changing organ transplantations. We are a learning organization that is continuously adapting to developments in the surrounding world. I am very humbled to have the privilege of leading XVIVO into the future. At the same time, I am confident we will achieve our goals and deliver on our established strategy.

How did XVIVO perform financially in 2022?

We have three business areas, Thoracic, Abdominal and Services, which all broke sales records during the year. Thoracic generated organic growth of 32 percent driven by a rise in transplantation activity and increased penetration for machine perfusion. Abdominal saw organic growth of 24 percent, primarily as a result of consolidating and developing our leading position in liver transplantation in Europe. Our third business area, Services, was comprised of our organ recovery offering in the US in 2022. Our operations grew by 44 percent after the customer base was expanded with new contracts.

Moreover, in 2022 we continued to improve our gross margins despite operating in an environment with increased prices of input supplies, transport and freight. Our profitable core business gives us the resources to continue developing and expanding our operations at a fast pace. With strong

profitability in 2022, we have taken a further step towards our stated financial targets of achieving an EBIT margin of at least 20 percent and an EBITDA margin of at least 30 percent during the strategy period up until 2027.

Which significant events drove your business during the year?
This has been a highly eventful year, and we achieved most of our key set milestones towards our goal of becoming the leading company in the preservation and perfusion of organs ahead of transplantation. This applies to all major organs. We were granted 510(k) FDA clearance for Kidney Assist Transport in the US, which is the world's largest kidney transplantation market. We are now accelerating the introduction of the technology in the US and Europe. We have already had excellent feedback from the first customers, which is very inspiring. Another extremely important milestone is that we have gained MDR certification in Europe for our entire abdominal product portfolio. The transition to the new regulatory framework is considered a significant challenge by many medical device manufacturers, and could potentially make it more difficult for many medtech companies, especially smaller ones, to keep their products on the market. Our attainment of the certificate future-proofs our strong position in Europe.

"There is an enormous global need for new organs. To put this in perspective, the WHO reports that the demand for available organs outstrips supply ten times over."

We completed another business acquisition in 2022, our Italian distributor. This company has a unique business model which we will now continue to develop together. The business model entails combining our technologies with a service with perfusionists to carry out the perfusion process, which is in demand by transplant clinics. The reason for this is a significant lack of suitable expertise in hospitals. This is a profitable business model which also enables us to build strong, lasting relationships with our customers, who we essentially become partners to.

In addition to helping our customers with innovative technologies, we also open up platforms where leading transplantation surgeons can share their knowledge. Just over a year ago we held a successful XVIVO Masterclass on lungs, which was followed up last fall with a highly appreciated XVIVO Masterclass on liver perfusion. More than 90 surgeons and opinion leaders from all over the world participated and exchanged experiences with each other. We will definitely continue pursuing this highly appreciated concept.

XVIVO's heart technology also attracted strong attention during the year. The year started with the world's first successful heart xenotransplant from pig to human. In my opinion, this step in organ transplantation is at least as important as when the first heart transplant was performed in 1967. The transplant was carried out by a team in the US, and our heart technology was used when the heart was transported between donor and recipient. Moreover, very promising interim results from a clinical trial in Australia/New Zealand were presented at a conference in the US. This trial focuses on long transport times for donated hearts, all exceeding six hours. The generally recognized time limit for preserving a heart outside the body is approximately four hours, but these results show that our technology can successfully preserve a donated heart for up to nine hours followed by a successful transplant.

From a purely strategical standpoint, what does XVIVO focus on?
We have five well-defined focus areas to deliver on during the strategy period 2023-2027. These focus areas will take us to a market-leading position. They will enable us to become the industry leader in perfusion in the abdominal area (liver and kidney), accelerate our market leadership in lungs, become our customers' preferred partner, expand to new markets and change the paradigm of heart preservation. We are currently well equipped to achieve these goals during the strategy period.

Research, development and innovation – how important are they for you?
They are a natural part of XVIVO's DNA. Clinical trials are currently underway for our latest innovation, our heart technology, both in Europe and Australia/New Zealand. In Europe,

roughly 80 percent of all planned patients are included in the trial. In Australia/New Zealand, the last patient was included at the end of 2022 and the initial results are very promising. We look forward to the publication of the in-depth results during the coming year. A clinical trial of the heart technology is also planned to start in the US in 2023. We will continue to develop technologies for machine perfusion and perfusion solutions. The development is mainly internally funded, and in 2022 we reinvested 44 percent of sales in research and development.

How does XVIVO view sustainability?

Sustainability is an essential part of our operations, in addition to being very important to me personally. Our products and services enable more lives to be saved, increases quality of life and improves health economics. In 2022 we took an active and structured approach to developing our sustainability efforts. For example, we conducted a comprehensive materiality analysis to identify the most important sustainability areas. In this analysis we asked employees, shareholders, suppliers and customers to answer questions, and the results now form the basis for our continued work.

Which trends do you see in organ transplantation?

There are many exciting trends in the sector which we will act on over the coming years. One of them is the centralization of machine perfusion of donated organs ahead of transplants. It is important to remember that demand for new organs is many times higher than the supply of donated organs, but unfortunately it doesn't stop there. Far too few of the the donated available organs actually end up being transplanted. In the case of lungs, for example, the figure is two in ten. There are many reasons for this, of course. One solution is centralization, meaning that transplant clinics set up machine perfusion hubs in collaboration with other clinics in the same geographical area. This results in increased volumes for each machine and, in the longer term, an increase in experience and knowledge, which ultimately leads to more available organs being used. XVIVO has already taken major steps in this area by supporting and guiding transplant clinics in establishing these hubs in collaboration with other clinics.

Another important trend is the whole service concept. Today, it is not enough to only deliver outstanding technologies. Like many other businesses, transplant clinics have several obstacles to overcome in order to deliver to their full potential. They are looking for a partner who can support them, and they are willing to pay for it. This type of partnership is a win-win situation for transplant clinics, both for the clinic itself and, above all, for patients, since transplant volumes increase and more people can have a life-changing transplant. Today, XVIVO can provide surgeons for organ recovery and perfusionists to take care of the perfusion process.

How is your outlook for the future?

Very positive. However, as we all know, we still face a turbulent environment with many factors beyond our control. We are responding to this by planning ahead for different scenarios. Transplantation is a life-saving treatment, and we expect transplants to continue to be highly prioritized in medical care globally. A positive development is that transplant volumes have returned to nearly the same levels as before the pandemic. We also saw a significant increase in demand for and use of XVIVO's machine perfusion technologies towards the end of 2022, and the last quarter of 2022 was our strongest quarter ever.

There is an enormous global need for new organs. To put this in perspective, the WHO reports that the demand for available organs outstrips supply ten times over. In light of this, I am absolutely convinced that machine perfusion will become clinical practice, and we are already well on our way. 2023 will be an exciting year for XVIVO. We will accelerate the introduction of Kidney Assist Transport in the US and Europe, strengthen our service concepts, plan for a PMA application for Liver Assist in the US and prepare for the launch of our heart technology. I greatly look forward to meeting customers, partners and investors in person during the coming year. No individual can build the future alone. It is together that we create the right conditions for ensuring that *nobody should die waiting for a new organ*.

Operations

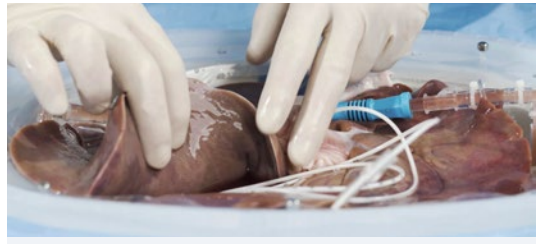
Our business is growing and is conducted in three business areas

XVIVO's operations are conducted in three business areas: Thoracic (lung and heart transplantation), Abdominal (liver and kidney transplantation and perfusion services) and Services (organ recovery).

Our business areas

Thoracic

The Thoracic business area consists of XVIVO's lung and heart transplantation business. In lung transplantation: The product PERFADEX Plus for cold static preservation and XPS and STEEN Solution for machine perfusion. In heart transplants, we have a new groundbreaking technology where performance is currently being evaluated in several trials. The technology includes a machine, disposables and a solution with supplements.



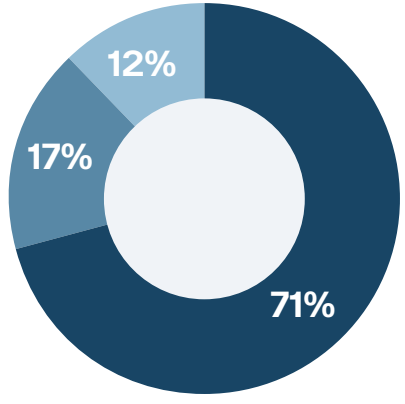
Abdominal

The Abdominal business area consists of XVIVO's liver and kidney transplantation business. For liver transplantation: Liver Assist for machine perfusion. For kidney transplantation: Kidney Assist and Kidney Assist Transport for machine perfusion. In 2022, XVIVO added a perfusion service as an integrated part of its product offering, with employed perfusionists handling the perfusion process for transplant clinics when using XVIVO's technologies. This service is currently available on the Italian market only, but there is a growing need for this type of service in other markets as well.

Services

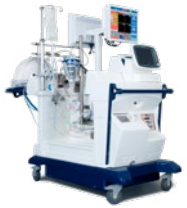
The Services business area consists of an organ recovery service. STAR Teams' surgeons are available around the clock to recover donated organs and transport them to the recipient's transplant clinic.

Sales by business area 2022

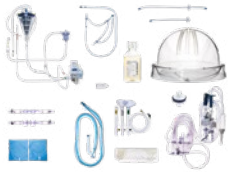


Thoracic business area

Lung



XPS™



XPS™ Disposable Lung Kit

STEEN Solution™

PERFADEX® Plus

Heart

Undergoing evaluation in clinical trials

XVIVO™ Heart Assist Transport
XVIVO™ Heart Assist Transport Perfusion Set
XVIVO™ Heart Solution
XVIVO™ Heart Solution Supplement

Abdominal business area

Liver

Liver Assist™

Kidney

Kidney Assist Transport™

Kidney Assist™

Services business area

STAR Teams®

XVIVO's registered trademarks: PERFADEX® Plus and PrimECC®. XVIVO's trademarks: XVIVO™, STEEN Solution™, XPS™, Liver Assist™, Kidney Assist™, Kidney Assist Transport™, XPS™ Disposable Lung Kit, XVIVO Organ Chamber™, XVIVO Lung Cannula Set™, XVIVO Heart Assist Transport™

Business concept, goals and strategy

Nobody should die waiting for a new organ

Business concept and goals

XVIVO's business concept is to develop and market effective, innovative technology for preserving, transporting and assessing organs outside the body while awaiting transplant, and to facilitate the transplant process by offering services in the form of organ recovery and organ perfusion.

Our goals

To become the world leader in the preservation of organs outside the body for all major organs (lung, heart, liver and kidney) and establish machine perfusion as the standard method for preserving, transporting and assessing donated organs ahead of transplantation.

Purpose and vision

We believe in an extended life of organs. Nobody should die waiting for a new organ.

Strategic focus areas

XVIVO believes in an extended life of organs and that nobody should die waiting for a new organ. From that base, we have established five strategic focus areas that will make us the world leader in preserving organs outside the body during our strategy period 2023-2027.

1	**Market leader abdominal**
2	**Change the paradigm of heart preservation**
3	**Preferred partner in the transplant process**
4	**Accelerate market leadership lungs**
5	**New market expansion**

Financial targets 2023-2027

EBIT	EBITDA
>20%	>30%

1 Market leader abdominal

XVIVO shall be the fastest growing company within transplantation of abdominal organs.

We continuously strive to challenge the boundaries of what is possible in organ transplantation. The compelling clinical evidence on our abdominal technologies confirms our strength in innovation, e.g. Kidney Assist Transport in The Lancet[1] and Liver Assist in the NEJM[2]. During the first part of the strategy period, we will accelerate the introduction of Kidney Assist Transport in our key markets and start the planning of a clinical multicenter trial in the US for our liver technology, while supporting initiatives to improve publicly funded reimbursement systems in many markets.

1. Jochmanns I, et al. The Lancet, 2020. 2. van Rijn R, et al. New England Journal of Medicine, 2021.

Strategic focus areas

2 Change the paradigm of heart preservation

XVIVO shall become market leader in heart preservation. Our heart technology is so revolutionary that it has the potential to change the entire process used today for heart preservation, in other words: change the paradigm. Our long-term goal is to establish cold oxygenated perfusion as standard for all heart transplants. Our innovative technology will make it possible to preserve hearts in an optimal condition outside the body for significantly longer than today's limit of approximately four hours. This will open up possibilities for using more of the donated available organs, better matching organs with recipients and transporting hearts for longer distances. Within a clinical trial, today's record for preserving a heart outside the body is 8 hours 47 minutes using our technology, followed by a successful transplant.

When clinical trials in Europe and Australia/New Zealand are completed, we will introduce the technology in the first markets during 2024. We will also start a clinical multicenter trial in 2023 in the US, the world's largest transplant market.

3 Preferred partner in the transplant process

Technologies for preserving and assessing organs outside the body are currently established in countless transplant clinics around the world. Despite this, the technologies are not used to the extent that these clinics want and have the capacity for. The clinics face some obstacles that they are unable to overcome. The global trend for transplant clinics is to request support from external partners to overcome these obstacles. XVIVO always works close to its customers and listens to the needs that arise in the market. Therefore, XVIVO does not only develop and offer products, but also provides services to increase the utilization rate of available organs and shorten hospitals' waiting lists. This makes us an even stronger partner, as we develop and refine the transplant process in collaboration with clinics.

As a result of XVIVO's two latest acquisitions – STAR Teams and Avionord M&P – our offering includes organ recovery and perfusion services. XVIVO will focus on integrating and developing these services during the strategy period. We will also develop services in other areas such as digitalization, to further minimize limiting factors for transplant clinics.

Strategic focus areas

4 Accelerate market leadership lungs

With 25 years' experience in the field of lung transplantation, XVIVO is the clear market leader in both machine perfusion and cold static lung preservation. Lung transplantation is a complex process, which is reflected in the fact that only two in ten available lungs are used for transplantation. With ex vivo lung perfusion (EVLP), marginal lungs can be assessed, which allows for more lungs than standard lungs to be used for transplantation. If combining the technology with improved logistics solutions, the number of transplants can be increased. Today, centralization of organ transplants is a global trend which is being driven by XVIVO, primarily within lungs. We have already taken significant steps in centralization by supporting and guiding transplant clinics in the establishment of EVLP hubs in collaboration with other clinics. XVIVO is currently developing the next generation of the XPS technology, which will enable the EVLP process to become less complex and more user-friendly.

More than 90 percent of all transplant clinics in the world use PERFADEX® Plus for cold static preservation of lungs. This business will also grow in volume during the strategy period by more clearly consolidate its strong clinical results.

5 New market expansion

The need for organs is a global phenomenon. At XVIVO we believe that nobody should die waiting for a new organ, wherever in the world they are. We will increase and strengthen our presence, primarily in South America and Asia, with a focus on fast-growing transplantation markets during the strategy period. We will implement product registrations in key markets and continue to invest in strengthening our commercial infrastructure. When launching our technologies in key markets, we will utilize our network of key opinion leaders to accelerate introductions.

XVIVO believes in an extended life of organs and that nobody should die waiting for a new organ.

Value model

From innovation to market – XVIVO's process

With 25 years of experience, XVIVO has built a unique position in the transplant industry by successfully transforming innovative ideas into approved, usable products. We continue to balance innovation and new research and development projects with the expansion of our commercial operations to ensure that our products and services are available for transplant teams around the world.

Research and development

Product development and manufacturing

Clinical trials and regulatory work

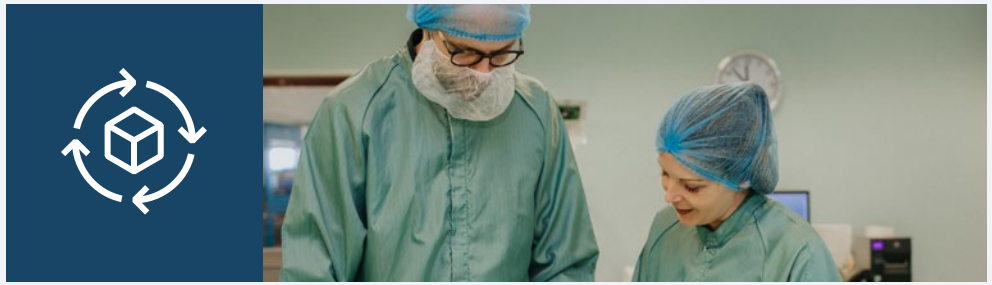
Commercialization

Value model driven by our core values

Research and development

(Core value: Research-driven and customer-oriented)

- In order to remain at the leading edge of clinical development and challenge the status quo, much of XVIVO's research takes place in collaboration with world-leading institutions and researchers.
- All our research and development is done with our customers in focus and the patient at the center. By working closely together with our customers during the innovation and development process, we can ensure that our products meet their needs and requirements, which streamlines the commercialization of our products and services.

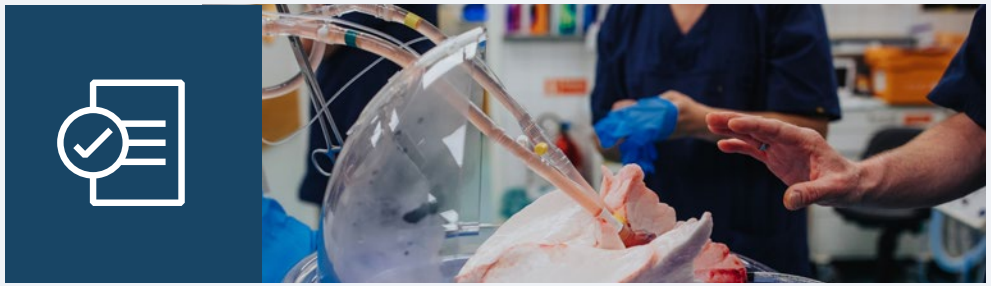


Product development and manufacturing

(Core value: Collaborative)

- Product development primarily takes place in-house at one of our four global development centers: Gothenburg, Sweden (solutions); Lund, Sweden (heart); Groningen, Netherlands (kidney and liver); Denver, US (lung).
- XVIVO's products are largely manufactured externally by carefully selected subcontractors. By working with experienced subcontractors, we avoid costly investments in production and can focus on our core business. With 25 years' experience in the industry we have built close partnerships with our manufacturers, who meet high quality standards.

Value model driven by our core values



Clinical trials and regulatory work

(Core value: Collaborative)

- Clinical trials are a major part of our process for bringing products to market. We collaborate closely with hospitals and universities worldwide to perform pre-clinical and clinical trials to prove safety and efficacy of our products.
- Clinical trials are of major significance to XVIVO, partly to obtain approval for products and partly to increase products' indications. Results from clinical trials, which are often presented at internationally renowned scientific conferences or in scientific journals, are used by XVIVO to communicate the value of our products.
- Regulatory requirements for obtaining market approvals to commercialize our products have become more stringent and the processes increasingly complex. XVIVO's regulatory team works to create conditions that enable our products to reach market in the shortest possible time by ensuring that they meet the requirements for approval.

Commercialization

(Core value: Purposful and customer centric)

- XVIVO's products are sold globally through our own sales organization and through a network of distributors in specific markets. Our products are usually distributed directly from our business units in Denver, USA and Groningen, the Netherlands.
- XVIVO's organization is responsible for installation, training, service and support for our products throughout their lifecycles. XVIVO offers customer training locally at the customer's premises or at one of our training facilities in Denver in the US, Lund in Sweden and Groningen in the Netherlands.
- By working close to transplant clinics before, during and after installation, we can support the use of XVIVO's products. This enables us to continuously interact with our customers to ensure that their experience and expertise are taken into account in future innovation work, product development and marketing.

Revenue model

The rate of utilization of our products for machine perfusion drive revenue

Thoracic and Abdominal business area – revenue per installed machine

In the Thoracic and Abdominal business areas, XVIVO's revenue model for machine perfusion is based on the razor model, where profitability comes from sales and the rate of utilization of consumables rather than from machines that are either sold or installed at transplant centers.

Machine sales are recognized as sales of capital goods. The goal is to expand the installed base of machines for all organs, but the strategy is not to maximize profit on each sold machine. Instead, the strategy is to offer flexible and attractive financing solutions for customers to encourage and drive a high rate of utilization per installed machine.

For each installed machine, regardless of whether it is intended for transport, preservation or assessment of organs, consumables are used for each handled organ. These consumables, usually disposable items and solutions, comprise the business areas' main source of income.

The gross margin is strong, and was approximately 80 percent for machine perfusion in Thoracic in 2022. In Abdominal, margins have historically been lower, around 50-55 percent, mainly because XVIVO does not currently market proprietary, patented solutions in Abdominal, like in Thoracic, and sales have primarily been focused on Europe. Given XVIVO's unique products and expanding service offering such as the perfusion service in Italy, supported by strong clinical data, there is significant potential for continued price increases and margin improvements in both business areas.

Services business area – revenue per recovered organ

The revenue model in the Services business area for organ recovery has two components. One relates to fixed monthly subscription revenue from the hospitals' subscription for the organ recovery service. Although the duration of customer agreements varies, one-year terms are the most common. Additional compensation is paid for each completed organ recovery.

Our market

Organ shortages drive demand for machine perfusion

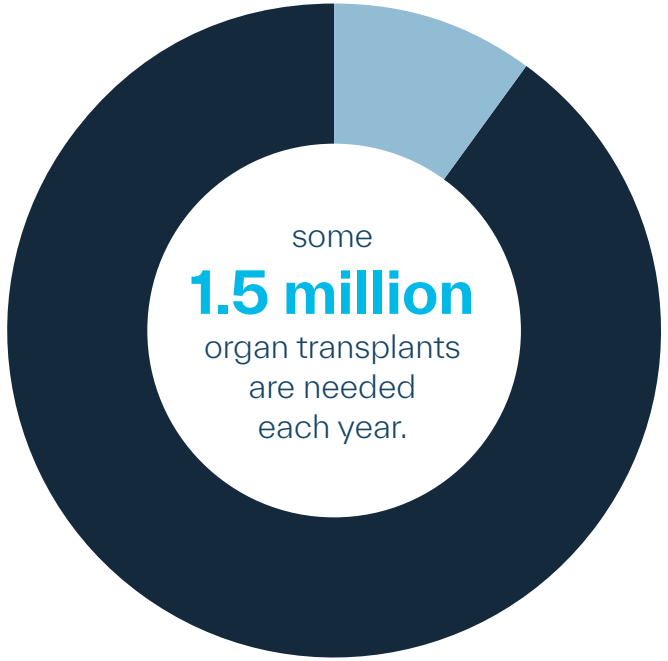
Organ transplantation – high and growing demand

Organ transplantation is the last option for patients with organ failure at the terminal stage, where all medical or surgical treatment alternatives are insufficient and the expected survival period is less than two years.

Approximately 150,000 transplants are performed per year globally[1]. Although the number of donors has increased, it is not enough – according to the WHO, the number of transplants performed only corresponds to 10 percent of the need.

As a result of the shortage of donated organs, the number of patients on the waiting list has increased steadily. The result of the growing waiting lists is that patients die while waiting for an organ, or are removed from the waiting list because their health deteriorates to a degree where transplantation is no longer viable. In Sweden, an average of one person per week dies while awaiting a new organ, in the US the corresponding figure is 17 per day.

The shortage of donated organs is a global health crisis. The individuals included on a country's waiting list are only a small proportion of patients with organ disease at the terminal stage who would be able to live longer and healthier lives with a new organ. In the US alone, the world's largest transplantation market, 114,000[2] patients were included on the waiting list for a new organ at the end of 2022. At the same time, only 42,800 transplants were carried out in the same year. This is to be compared to the just over 700,000 people who die of organ failure each year.



With only

150,000

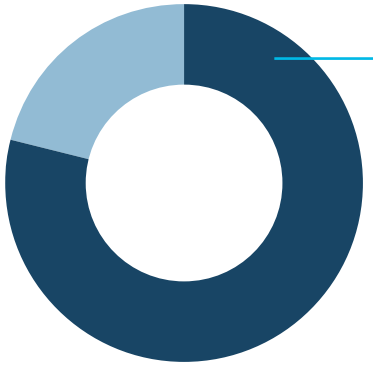
organ transplants each year, only

10% of total global demand is met

Reports demonstrate that the health economic benefits of replacing organs on-demand are in line with curing cancer[3].

1. http://www.transplant-observatory.org Statistics for 2022 are not yet available at global level.
2. https://optn.transplant.hrsa.gov/data/view-data-reports/national-data/#) | 3. Giwa et al., Nat Biotechnol. 2017

Demand drivers



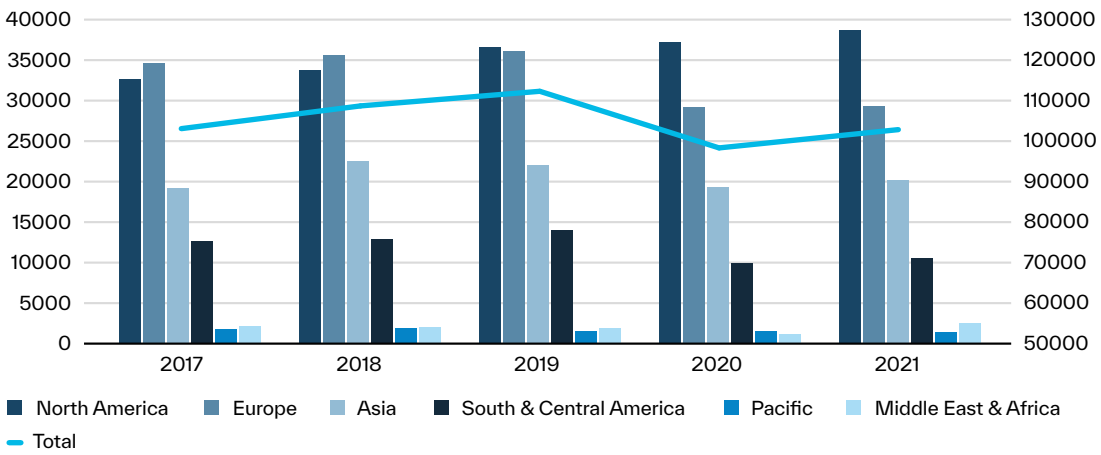
66-79%

of the expected healthcare costs over a 10-year period were avoided through kidney transplants,

resulting in cost savings of

EUR 380,000 per patient[1]

Transplants per region (2017–2021) from deceased donors



A growing and aging population

The global population continues to grow, at the same time as the average life span and the proportion of elderly people is rising. An increased proportion of elderly people in the population is an important factor affecting supply and demand for organ transplantation. An increasing number of elderly people donate and receive donated organs – age is no longer a contraindication.

Increased health care costs

The healthcare sector continues to grow faster than the global economy overall. At the same time the funding of healthcare services is undergoing a transition, from privately funded to publicly funded healthcare. This development favors the transplantation market as a high proportion of transplants tends to coincide with increased total health-care costs and a low proportion of privately funded healthcare.

More people suffer from chronic disease

An increasing number of people are affected by chronic disease (or non-contagious diseases, NCD), mainly due to smoking, unhealthy diet, insufficient physical activity and dangerous alcohol use. Chronic disease is the main underlying cause of organ failure which leads to increased demand for transplants.

1 Jarl et al., Clinical Kidney Journal, 2018.

Organ donation – acute shortages

One of the biggest challenges in transplantation is the lack of suitable organ donors. If more donated organs were available, more patients would be able to receive a transplanted organ and thus have the opportunity to live a longer and better life. Machine perfusion is an important key to expanding the donor pool. An individual donor can save up to eight people by transplanting the heart, lungs, kidneys, liver, pancreas and small bowel.

Various types of donor

It is possible to transplant organs from donors that have died as a result of primary brain injury, DBD (Donation after Brain Death) and donors who have died as a result of circulatory death, DCD (Donation after Circulatory Death). Organ shortages have led to organs that were previously classed as unusable, also known as marginal organs, now being accepted for donation.

Donation after brain death (DBD)

Most of the organs that are transplanted come from patients with brain damage who are treated on a ventilator and declared dead based on neurological criteria, known as brain death. The introduction of the definition of brain death has been critical to organ donation and transplantation surgery. In connection with DBD, the heart is beating to maintain circulation while a respirator oxygenates the blood, which facilitates the donation process. There is also time to talk to relatives and handle the organs.

Donation after circulatory death (DCD)

The shortage of organs has meant that in recent years donation after circulatory death, DCD, has increased, with good results. This has also meant that more people have been offered the opportunity to donate organs after their death.

For DCD donations, the donation process needs to be much faster from the time of death to the start of donation surgery. If the process takes too long, the organs become unusable, and generally speaking the uncertainty of the function of these donated organs is greater.

Extended/Expanded Criteria Donation (ECD)

Another possibility that an increasing number of clinicians are investigating is whether methods can be found to take advantage of organs that have previously been rejected due to poor function that would risk making the recipient even sicker after a transplant. Marginal organs may come from older donors, infected donors (such as Hepatitis B&C and HIV) or donors with high BMI, diabetes or high blood pressure. The inclusion of extended criteria organs in the donation process has made the decision whether or not to accept an organ more complex than before. However, for most patients waiting for an organ, the benefit outweighs the risk of an extended criteria organ.

An individual donor can save up to eight people.

A minority of deceased people are suitable as organ donors

Very few people die in a way that makes organ donation possible. To become an organ donor, the person needs to die in an intensive care unit while receiving respirator care. This is a prerequisite for the organs to be oxygenated and maintain function after death. But many other factors also influence organ supply; see summary below.

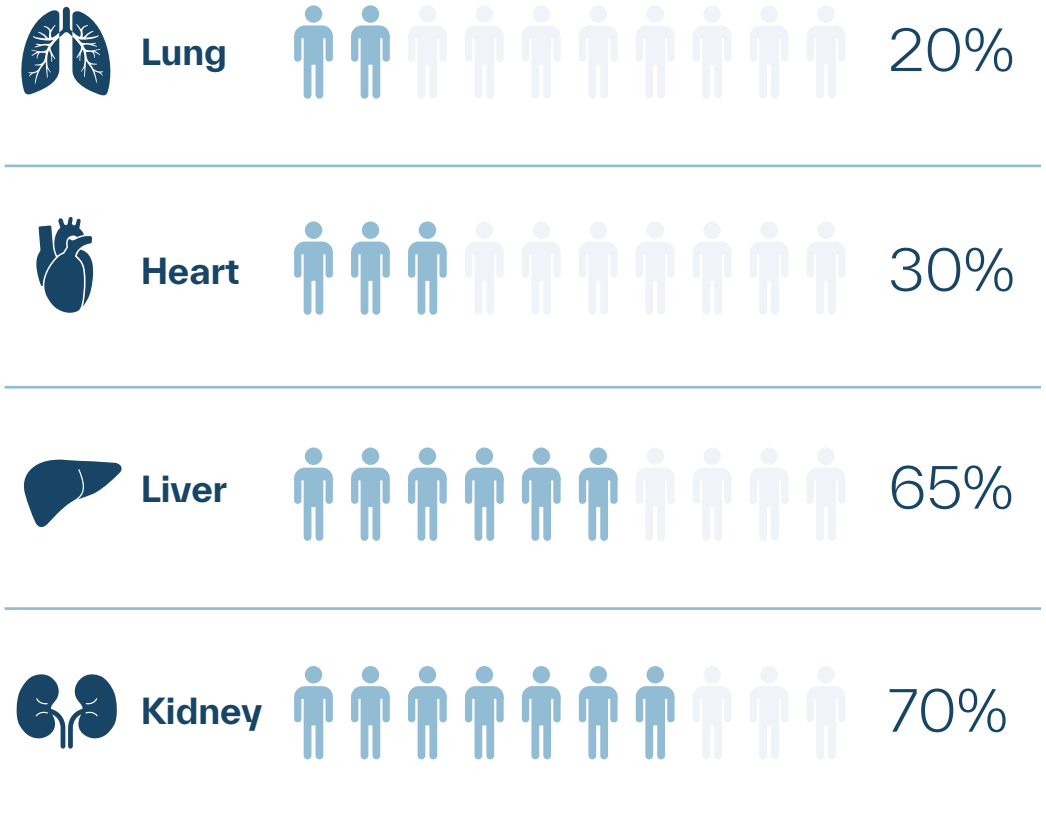
After a donor has been identified and accepted, the organs are offered to transplant clinics. Unfortunately all donated organs are rarely removed for use in transplantation. The reasons for refraining from using an organ might include the donor's medical background and age, poor organ function, insufficient time, or that no matching recipient can be found in time. The rate of utilization varies depending on organ; see figure. Only 20 percent of donated lungs are transplanted, 30 percent of hearts, 65 percent of livers and 70 percent of kidneys.

Factors that limit organ supply

The system	Donor not identified by healthcare services, brain death cannot be diagnosed (DBD), circulatory death does not occur within the right time frame (DCD), logistical problems (no surgical team available to recover organs).
Donor/organ	Not medically suitable, unstable donor/sudden cardiac arrest, anatomy or function of organs unsatisfactory, organs damaged during removal, insufficient circulation of organs.
Consent	The individual has expressed that they do not wish to donate organs, the family objects to donation.

Organ utilization rates

Global utilization rates of available organs 2015-2021 (average value)



Our offering

XVIVO's products and services enable utilization of more organs

XVIVO's technologies save organs so others can save lives. Our offering covers the four most transplanted organs – lung, heart, liver and kidney. We thereby address 98 percent of the market. Our proprietary perfusion solutions and technologies for machine perfusion improve organ preservation and allow more organs to be used. XVIVO's service offering currently includes organ recovery and organ perfusion.

Methods for preserving and evaluating donated organs

Cold static storage – standard method for preservation of donated organs

For the last 50 years, the established preservation method has been based on cold static storage. The aim of cooling is to reduce metabolism, thereby decreasing the need for oxygen and nutrients. However, durability is limited with this method and the preservation period vary depending on organ. Also, the method does not enable the organs' suitability for transplantation to be evaluated.

Machine perfusion – for preserving and/or evaluation of donated organs

Machine perfusion means that the donated organ's blood vessels are continuously perfused with a solution. Machine perfusion can be used for storage of organs during transport, as an alternative to cold static storage. The method can also be applied after cold static storage for organs that have been damaged by lack of oxygen during organ procurement and transport. Machine perfusion is also used to evaluate organs to assess if they are suitable for transplantation.

Perfusion temperatures can vary depending on organ and purpose;

Cold or hypothermic perfusion, significantly below normal body temperature; 0–12°C

Sub-normothermic perfusion, below normal body temperature; 20–34°C

Warm or normothermic perfusion, at normal body temperature; 35–37°C

Service providers – a supportive resource

Transplantation is a complex process with many parties involved – from the donor hospital to organ-coordinating organizations and the various transplantation teams and clinics that recover and carry out the implantation of donated organs. There are many obstacles in the form of human resources and logistics that mean that organs cannot be taken care of and therefore go to waste. For example, there may be limited availability of organ recovery surgeons, but also perfusionists who can carry out machine perfusion.

This means that a new market is currently emerging for services related to organ transplantation. With the wholly owned company

STAR Teams, XVIVO can offer organ recovery for heart and lung as a service (read more about STAR Teams on page 35). In 2022, XVIVO acquired its Italian distributor XVIVO S.r.l. This business unit offers a different service concept comprising of XVIVO's machines in combination with perfusionists who handle the machines during the perfusion process.

Thoracic business area

Lung transplantation

Products for cold static storage of donated lung

XVIVO's main product for cold static storage is the proprietary and patented solution PERFADEX Plus. The product has been the standard treatment in lung transplants for more than 25 years and is used by more than 90 percent of transplant clinics globally. PERFADEX Plus is approved on all major markets.

Cold static preservation means that the lungs are cooled by major blood vessels being flushed with a cold solution. Cooling slows metabolism and thus preserves organ function. In addition to lowering the temperature, PERFADEX Plus also flushes out donor blood that contains substances that can damage the lungs. Lungs are subsequently stored in PERFADEX Plus in bags on ice during transport to the recipient hospital and until transplantation. In a cooled state, lungs can be stored for up to twelve hours outside the body and transplanted with good results.

Cold preservation is an established and safe method. However, one limitation is that it is not possible to evaluate donated lungs in a cooled state. Since lung transplantation is a life-changing but complicated procedure for the patient, surgeons refrain from using lungs where they are uncertain of the quality of the donated organ. This means that up to 80 percent of donated lungs are rejected and not used for transplantation.

Products for warm perfusion of donated lungs

Normothermic Ex Vivo Lung Perfusion (EVLP) is a method used to assess donated lungs ahead of transplantation. Upon arrival at the transplant clinic, the lungs are connected to a machine and perfused with oxygenated STEEN Solution and warmed to body temperature. A pump provides circulation and a ventilator simulates breathing. The method using Normothermic EVLP recreates a non-harmful environment, similar to that in the body (in vivo), which gives the lung and its cells the opportunity to recover. In the period the lungs are outside the body, transplantation teams can assess lung function using various parameters that can be read from the machine.

XVIVO offers two systems for EVLP:

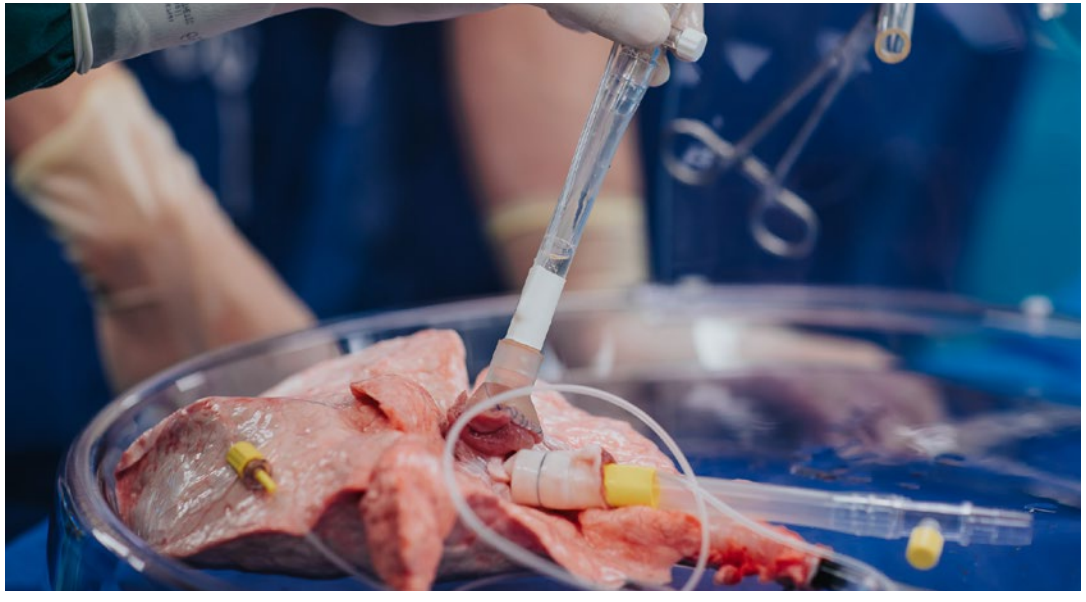
- XPS (XVIVO Perfusion System), an integrated machine with all components required for normothermic EVLP
- Products for manual EVLP where clinics put together their own system, using equipment available in the hospital

Both systems are used alongside XVIVO's proprietary STEEN Solution for warm perfusion of donated lungs. XPS and STEEN Solution are approved on all major markets.

Access to donated lungs can be doubled

Several studies show that patients who have received lungs initially judged to be suboptimal, but deemed to be acceptable after EVLP with STEEN Solution, achieve similar results to patients who receive standard lungs. Our method has the potential to increase utilization of donated lungs from around 20 to 40 percent.

It has been clinically demonstrated that EVLP with the STEEN Solution may extend the time that lungs can be stored outside the body to approximately 20 hours in some cases, compared to twelve hours with the standard method. This provides clinics with more opportunities to find the right recipient and to plan and streamline their work.



Extensive studies of EVLP with the STEEN Solution method

HELP study

In 2012, Toronto published the results of 50 lung transplants performed after EVLP. The conclusion was that transplant of donated high-risk lungs is safe after 4 hours of EVLP and gives equivalent results to conventional transplantation. EVLP also increased the utilization of donated lungs.

THE NOVEL/NOVEL Extension study

The first part of the NOVEL study was ongoing in the US between 2012 and 2014 and formed the basis XVIVO's application for HDE approval in the US. The study was designed to show that EVLP can safely increase the number of usable lungs from the donor pool in the US. The study compared the clinical results after transplantation of lungs that had undergone warm perfusion after initially being deemed unusable, with a control group of lungs deemed viable. The NOVEL study then continued (NOVEL Extension) and the inclusion of 220 patients was completed in 2017, which formed the basis of the PMA application submitted in 2018 and subsequently approved in 2019. Data from the NOVEL Extension study demonstrates that EVLP with XPS and STEEN Solution is safe and effective.

The Vienna study

In a study conducted in Vienna, cold static preservation was compared with PERFADEX and cold static preservation with PERFADEX followed by EVLP on so-called standard lungs. The study was the first of its kind to examine the effect of EVLP in a randomized prospective design. The study demonstrated no statistically reliable difference between the groups, but showed a trend towards minor primary graft dysfunction (PGD) in the EVLP group.

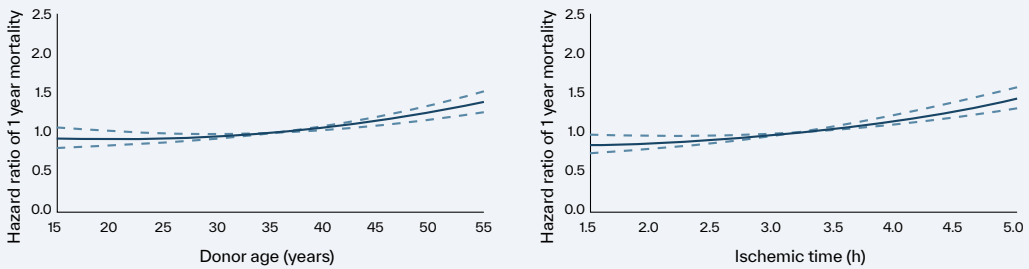
Heart transplantation

The standard method for storing donated hearts is cold static preservation. Of all donated organs, heart is the most sensitive to ischemia, a lack of oxygen in the tissues. In addition, transplantation teams reject 70 percent of all donated hearts, mainly because of reduced or uncertain organ function.

During conventional heart transplants, the lack of circulation and oxygen supply during transport of the donor heart can lead to poorer clinical results. This means that the period a heart is stored using cold static preservation should preferably not exceed four hours. The time outside the body is directly correlated to the survival of the recipient. This is even more evident if the donor is older – then the time outside the body should not exceed two hours. See figure below.

New method coming: for non-ischemic heart preservation (NIHP)

In collaboration with Professor Stig Steen at Igelösa Life Science, XVIVO has developed products for a new, non-ischemic preservation method, NIHP (non-ischemic heart preservation). The new method means that the resting heart is circulated with the help of a machine and a cold solution that provides oxygen. Circulation provides the heart with oxygen and important substances, which preserves organ function. The new method can potentially improve results after transplantation and significantly extend the period a heart can be preserved outside the body. This would mean that more hearts could be used and simultaneously facilitate the logistics of the complicated procedure a heart transplant constitutes.



Source: http://ishltregistries.org

The new heart technology comprises a machine, a disposable item and a basic solution with supplements and is currently in clinical trials in Europe, and also in Australia and New Zealand where the inclusion of patients is complete and the first preliminary results were presented at AHA. A multicenter trial is planned in the US and is expected to start in 2023. The objective of the clinical trials is to investigate whether the new technology can improve clinical results and reduce complications after heart transplantation. The overarching purpose is to make more hearts available and to transplant them with good results. The clinical documentation from the studies will form the basis for an application for regulatory approval on all major markets.

Towards the end of 2020, the first patient was transplanted within the framework of XVIVO's European heart preservation study. The objective of the study is to investigate the efficacy of the new technology, and the last

XVIVO will change the paradigm of heart preservation.

patient will be included in 2023. The patients will be monitored for 12 months and the study report will be issued in 2024. At the end of 2022, just over 160 of 202 patients had been included from fifteen clinics in eight countries. Interest in participating in the trial has been extensive and the inclusion rate is progressing according to plan.

The study in Australia and New Zealand is researcher-initiated and intends to investigate if the new preservation technology can extend the transport period for donated hearts beyond the current limit of four hours with retained high safety. The large geographical distances mean that the four hours a heart can survive without circulation limits the number of possible transplants in Australia and New Zealand. In 2022, a heart was preserved for 8 hours and 47 minutes before being successfully transplanted. The last of 36 patients was included at the end of 2022, and the research team will publish the results in 2023.

A multicenter trial is planned and scheduled to start in the US in 2023. Discussions are underway with the FDA after filing an IDE application (Investigational Device Exemption) in 2022. IDE is an application to use medical equipment to carry out a clinical trial intended to to collect safety and efficacy data to support an application for product approval, in this case premarket approval (PMA). XVIVO already has Breakthrough Device Designation approval from the FDA for the heart technology, which enables prioritized review and feedback during the application process.

In January 2022, leading surgeons at the University of Maryland School of Medicine in the US completed the world's first successful pig to human xenotransplant, a groundbreaking milestone in organ transplantation.

XVIVO's innovative heart technology played an important role in preserving the heart from recovery to the historical transplantation.

The recipient of the pig heart was a severely ill 57-year-old man who underwent the surgery under a compassionate use permit from the FDA. The patient survived for two months after the transplant. The researchers remain optimistic and plan to continue their work in the hope that xenotransplantation will ultimately contribute to solving the global organ shortage.

Photo: University of Maryland School of Medicine, Baltimore, USA.

Abdominal business area

Liver transplantation

The standard method for storing donated livers is currently cold static preservation. The liver is also sensitive to ischemia, i.e. lack of oxygen in the tissues and the maximum period for storing a liver outside the body is 12 hours. Utilization is better for liver than for lung and heart, but only two in three livers qualify for transplantation.

The risk of complications for patients transplanted with a liver donated after circulatory death are greater than if the liver comes from a donation after brain death. Bile ducts in particular are sensitive to damage from a lack of oxygen and bile duct strictures (constrictions) are a common complication in addition to reduced or delayed organ function.

Machine perfusion is increasingly used to improve the quality of donated livers, extend preservation and enable evaluation ahead of transplantation. Several clinical trials have been completed that show that machine perfusion leads to more livers being transplanted and reduces complications after transplantation. Machine perfusion of liver can be carried out using different protocols, including different temperatures. The mapping of the respective methods' advantages and optimal areas of use continues in clinical trials.

Flexible products for machine perfusion of donated livers

XVIVO's offering in liver transplantation comprises the proprietary machine Liver Assist with related consumables. The machine includes a pump that handles perfusion of the organ, a heating unit that regulates temperature and an oxygenator.

Liver Assist is used at the recipient hospital, either for hypothermic (i.e. cold) perfusion or for normothermic (i.e. warm) assessment of donated livers. In addition, the machine can also be used for sub-normothermic perfusion, or for a combination of cold and warm perfusion. The temperature and protocol used depends on the organ and clinical preferences. Liver Assist is CE marked under MDR.

In 2021, the scientific publication the New England Journal of Medicine published an article that showed that cold oxygenated machine perfusion of donated livers has a significant positive effect on post-transplant outcomes. The study showed that the frequency of bile duct complications is reduced by two thirds, that circulatory instability decreases and that the prevalence of early liver dysfunction is almost halved. The randomized study was carried out in a large international consortium of liver transplant centers and included 156 patients and organs donated after circulatory death. The machine used in the study was Liver Assist.

Kidney transplantation

For patients with chronic kidney failure there are two treatment alternatives: transplantation or dialysis. Transplantation is the best option, primarily for the patient's quality of life and survival[1], but also from a socioeconomic perspective since the alternative, dialysis, is both costly and resource-intensive. An estimated 4 million patients receive dialysis globally. Of these, 800,000 are in the US alone, where the estimated cost is approximately 10,000 USD per month per dialysis patient.[1]

Kidney transplants are the most common form of transplantation, although kidneys are also the organ where the need is the greatest. Kidneys can be transplanted from deceased donors and from living donors. Living donation is viable because it is possible to live a full life with only one kidney. In living donation the donor is often a family member or other closely related person, even if anonymous donation does occur.

Cold static storage is the standard method for preservation of donated kidneys. Kidneys are the organ that can best tolerate cold ischemia, and can therefore be stored outside the body for up to 24 hours. However, the period of cold ischemia is correlated with organ function after transplantation, i.e. the longer the period outside the body, the greater the risk that the kidney does not function after transplantation. This is even more pronounced when using ECD and DCD organs.

In order to extend the preservation period, reduce impact and enable assessment ahead of transplantation, machine perfusion is increasingly being used. There is significant scientific evidence that cold machine perfusion of kidneys positively affects outcomes after transplantation. Mapping of different temperatures and protocols for evaluation is currently underway.

XVIVO's offering in kidney transplantation consists of Kidney Assist Transport for machine perfusion during transport and Kidney Assist for stationary machine perfusion at the recipient hospital. XVIVO markets related consumables for both of these perfusion machines .

Kidney Assist Transport – improved transplantation results

Kidney Assist Transport is a portable unit for cold continuous oxygenated machine perfusion of kidney during transport. The machine includes a pump that manages circulation of the organ, an oxygenator for continuous oxygenated perfusion and an ice container for cooling. Kidney Assist Transport is available on the market in a version that has been CE marked since 2010. It will gradually be replaced with a new version which received CE marking under MDR and an FDA market approval in early 2022.

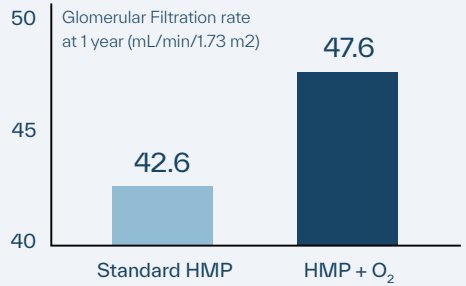
In 2020, the results from a randomized study were published that show improved survival rates for transplanted kidneys after cold machine perfusion with added oxygen.

Kidney Assist Transport (previous version)

Kidney Assist Transport (new version)

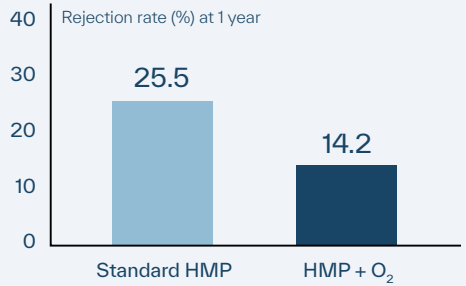
1 United States Renal Data System (USRDS) 2020 Annual Data

Improved renal function at one year



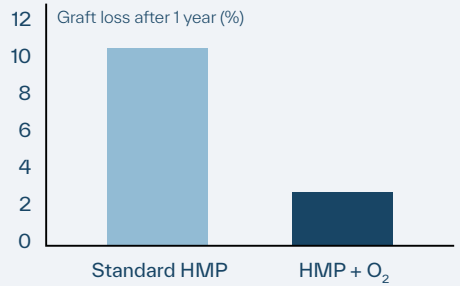
Significantly improved renal function by 11.7%

Reduction in acute rejection



44% reduced risk or biopsy proven acute rejection

Lower incidence of graft loss at one year



73.1% lower incidence of graft loss

Study with Kidney Assist Transport demonstrates improved survival of transplanted kidneys

Source: Jochmans I, et al. The Lancet, 2020

Towards the end of 2020, the results from a randomized study were published that show improved survival rates for transplanted kidneys after cold machine perfusion with added oxygen. The results described in the study confirm that a lack of oxygen during transport causes damage and that this can be reduced through oxygenated perfusion with Kidney Assist Transport.

Kidney Assist – the only option for warm machine perfusion of kidney

Kidney Assist is a machine that includes a pump that handles perfusion of the organ, a heating unit that regulates temperature and an oxygenator. The construction allows Kidney Assist to be used at different temperatures and using different protocols, depending on the clinic's preferences. Kidney Assist is CE marked under MDR.

Kidney Assist can be used at different temperatures and using different protocols.

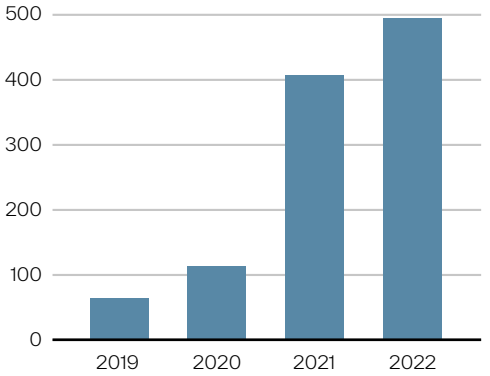
Services business area

Organ recovery as a service

The acquisition of STAR Teams in 2021 provides XVIVO with organ recovery as a service on the US market. STAR Teams are responsible for the recovery of donor organs and for transporting them to transplant clinics where the implantation surgery is performed by the clinic's own surgeons. STAR Teams' surgeons are on call around the clock and have more than 15 years' experience of nearly 1,700 organ recoveries. The covered geographical area is primarily the East Coast, but extends to the Mid West.

By allowing a third party to collect organs, transplant clinics can focus on their patients and increase the number of transplants. This leads to more lives being saved while reducing costs and saving time. The number of customers is increasing rapidly and consists of transplant clinics and OPOs (Organ Procurement Organizations) in the US. The offering currently covers heart and lung, and it is in the business plan to extend the organ recovery service in the coming years to include kidney and liver.

Number of organ recoveries



STAR Teams process

Referral
A transplant clinic or OPO makes the initial referral to STAR Teams regarding a potential organ recovery

Report
STAR Teams reports to the donor hospital to assess the organ's suitability

Recover
STAR Teams travels to the donor hospital, recovers and preserves the donated organ

Deliver
STAR Teams delivers the organ to the transplant surgeon and the waiting patient

Competitors

Machine perfusion – few market players

The market players in machine perfusion are mainly smaller companies, often based on innovations originating with a university hospital.

US company TransMedics, listed on Nasdaq, has the Organ Care System (OCS) for lung, heart and liver. The products are CE marked and have FDA approvals. The system is used for preserving and transporting organs from donor to recipient using warm machine perfusion. TransMedics also has proprietary perfusion solutions for heart, lung and liver. TransMedics offers a US national service program comprising machines, perfusion service, assessment, technical and clinical support, recovery surgeons and transport logistics.

UK company OrganOx has the platform Metra, which is used for warm perfusion of donated livers, either during transport or after traditional transport on ice. Metra is CE marked and has FDA market approval. OrganOx does not have a proprietary perfusion solution.

US company Organ Recovery Systems (ORS) has LifePort Kidney Transporter for cold kidney perfusion during transport. LifePort Kidney is CE marked and has FDA market approval. The company also has LifePort Liver Transporter, which does not yet have regulatory approval. ORS also has KPS-1, a solution for cold machine perfusion of kidney.

US company Bridge to Life has VitaSmart, which is a multiorgan system for cold perfusion of kidney or liver. VitaSmart is CE marked, and a US study on liver is currently ongoing. Bridge to Life also owns the rights to the Belzer MPS brand, a solution for cold machine perfusion of kidneys.

French Institut Georges Lopez (IGL) has two machines for cold perfusion of kidneys: WAVES and RM4. WAVES is approved for sale in Europe and the US, RM4 is approved in the US. IGL does not have a solution for machine perfusion.

Cold static storage of lung

PERFADEX Plus is used by more than 90 percent of lung transplant clinics globally. Competing products include Celsior from French Institut Georges Lopez (IGL), Servator P from the Italian company S.A.L.F., OCS Solutions from TransMedics and LungProtect from Carnamedica of Poland. Only the OCS Solution for lung has been approved on the US market. Some countries have locally produced solutions, such as China and Japan.

US company Paragonix has developed a technology for maintaining a stable temperature of 4–8°C in a system for cold static preservation. The product range includes SherpaPak Cardiac Transport System, LUNGguard and LIVERguard which are CE marked and have FDA approvals. Paragonix also has systems for kidney and pancrea which are CE marked and have FDA approvals, but have not yet been commercially launched. Paragonix offers organ recovery and transport logistics as a service in partnership with Transplant Advocates.

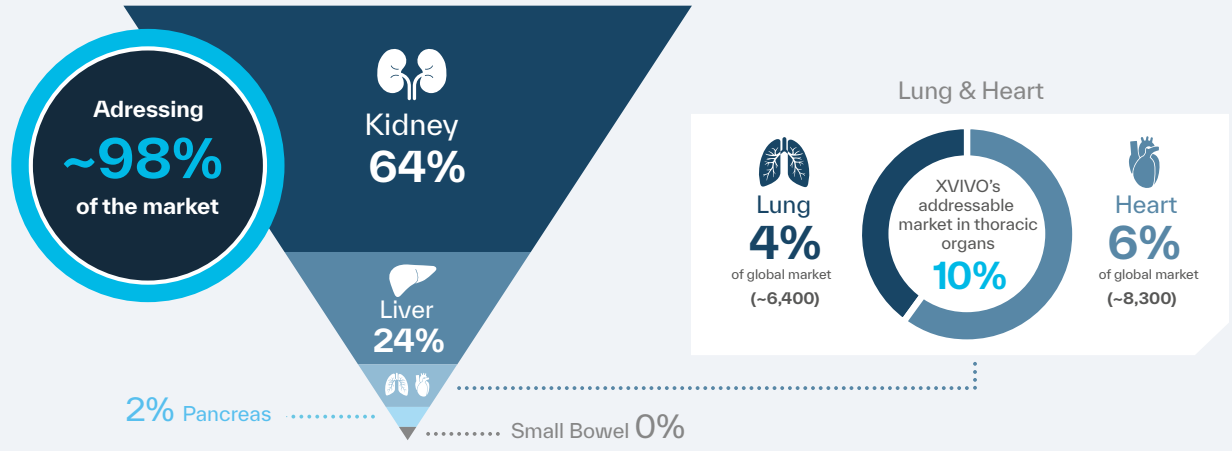
XVIVO is the only company to offer products for all major organs – lung, heart, liver and kidney.

An extended offer with great potential for growth

XVIVO – a strong brand with a new identity

To demonstrate our expanding offering and strategic focus on becoming the global leader for all major organs, we launched a new brand identity in 2021, which clarifies who we are, what we do and where we are heading. Our vision that nobody should die waiting for a new organ was complemented with a purpose that is more organ centered: "we believe in an extended life of organs". Our core values are a key part of the brand platform – research-driven, customer centric, collaborative and purposful. We also redesigned the visual identity to become clearer and increase recognition. Our logo has been updated with a new design that communicates exactness, forward movement and technology but which is also warm and human.

Our offering addresses 98 percent of the market



Global focus with local presence

Organ transplantation is carried out at highly specialized clinics focused on the US and Europe, but with strong growth e.g. in Brazil. Our customers are mainly transplantation surgeons, perfusionists and organ procurement organizations (OPOs), but we also work to increase knowledge and awareness of machine perfusion amongst other stakeholders such as funding bodies (reimbursement), politicians and patient organizations.

Since 2012, XVIVO has invested in establishing a strong commercial presence with our own sales organization in Europe, North America, Oceania, China and most recently in Brazil. We work closely with our customers to ensure that we can predict their needs and meet, or even exceed, their expectations. In 2022, XVIVO continued to expand its commercial organization in Europe and North and South America by adding resources in sales, clinical support and technical service. At the same time, we also strengthened the part of the organization that works with distributor markets and new market development.

Significant growth potential

The number of donors and transplantations is increasing, and the global market is expected to grow by an average of 5–7 percent annually over the coming five years. However, this only covers 10 percent of the need for donated organs, and the shortages are acute. This means that it is not the waiting list that determines the scale of market growth, but the number of available organs. We want to contribute to closing the gap between supply and demand, and make more organs available for transplantation. This will save lives, have socioeconomic benefits and strengthen XVIVO's position and results of operations.

XVIVO can contribute to market and company growth by increasing usage of machine perfusion and by expanding on growth markets.

More donations

Organ shortages can partly be addressed by increasing the number of donations to increase the number of available organs. This is possible by introducing presumed consent (that one is considered positive for donation unless one did not express the opposite), improving the infrastructure and logistics surrounding donation and the transplant process, and raising public awareness.

More donated organs transplanted

However, the greatest potential lies in increasing actual utilization of donated organs. In practice, this means that organs from older donors and marginal organs will need to be accepted for transplantation. With regards to marginal organs, there is a significant potential in DCD donation, i.e. using organs from people who have died a circulatory death. DCD is expected to increase significantly more than DBD, 10–15 percent annually for DCD compared with 3 percent for DBD. To use marginal organs new technologies are needed for preservation and assessment of organs – this is where we have our great opportunity.

Machine perfusion has a higher value

Products for machine perfusion have a higher value than products for cold static storage, and simultaneously provide clear healthcare benefits. The market potential for consumables, including perfusion solutions, in connection with machine perfusion is significant. Consumables are used for every transplantation with machine perfusion. Annual growth for cold preservation, which comprises PERFADEX Plus, has been 6–7 percent, which is in line with market growth. Machine perfusion has experienced a stronger annual growth, 42 percent, during the period leading up to 2019. A decline was seen globally during the pandemic years, but the figure has now returned to the previous level. I.e. revenue for machines and consumables, including STEEN Solution.

Right to reimbursement – an important prerequisite

A distinct reimbursement system is a prerequisite for XVIVO's products and services. An increasing number of countries are strengthening their reimbursement models for transplantations, including machine perfusion, based on health economic analyses. Health benefits are mainly proven with clinical data, and reimbursement systems are decided at national levels. Each country, particularly in Europe, perform its own analysis of clinical data to find the right reimbursement level to satisfy clinical practice.

XVIVO is directly or indirectly involved in several initiatives that will allow for new or redefined reimbursement models for machine perfusion in EU countries. Transplantation is reimbursed throughout the EU, although machine perfusion of organs is only reimbursed in some EU countries. Very positive developments are now taking place in France, Belgium, the Netherlands, Germany and the

An increasing number of countries are strengthening their reimbursement models for transplantations, including machine perfusion, based on health economics.

UK. Reimbursement is approved for machine perfusion of lung and kidney in France, and we expect it to also be introduced for liver. The Netherlands now reimburses kidney, liver and lung. In the UK, NICE (the National Institute for Health and Care Excellence) has issued guidance that recommends ex vivo lung perfusion (EVLP) for the preservation of lung.

In the US, machine perfusion is covered both by Medicare/Medicaid and private insurance as part of the organ procurement cost. In Asia, including China, there is no nationwide reimbursement for machine perfusion.

Growth on new markets

One of our strategic focus areas is geographical expansion, as we see market potential for our machine perfusion technologies on growth markets in Asia, the Middle East and South America. In 2021 we signed an agreement with Contatti Medical which has an extensive network of transplant clinics in Brazil, where we in 2022 employed our first XVIVO employee. Through this collaboration, we expect to increase our presence in the world's fourth largest transplantation market.

Service providers – a supportive resource

We also a see a growing need for transplantation services in order to facilitate the process for clinics, such as organ recovery and organ perfusion.

A service that is growing, mainly in the US, is providing surgeons for recovery and transportation of organs. This kind of service has come from the strong demand for specialized surgeons responsible for the recovery and transport process. With the acquisition of STAR Teams, XVIVO is now able to offer this service for heart and lung (read more about STAR Teams on page 35).

As mentioned previously, providing a service for the perfusion process is another area that has emerged from clinics' logistical challenges. In Italy, this is an integrated part of our offering. One of XVIVO's largest customers in the US, Lung Bioengineering, provides EVLP (ex vivo lung perfusion; read more on page 28) as a service in facilities that are staffed around the clock. They provide several lung transplant clinics with lungs that have undergone EVLP. Today, they have four XPS machines for which they purchase disposable items and perfusion solutions.

XPS (XVIVO Perfusion System). An integrated machine with all components required for normothermic EVLP.

Research and development

For tomorrow's transplantations

XVIVO's offering optimizes the conditions for donated organs while outside the body, which leads to improved organ function after transplantation. Some of XVIVO's technologies also enable assessment of organ function outside the body ahead of a potential transplantation.

Collaborations relating to early research and development

Professor Stig Steen's research relating to perfusion solutions and machine perfusion is the foundation for XVIVO's technologies for lung and heart. The collaboration with Professor Stig Steen has been ongoing since 1998, with research carried out at Igelösa Life Science, a medical research center in Lund, Sweden. The focus is on developing new clinical methods and innovations in organ transplantation for the benefit of patients.

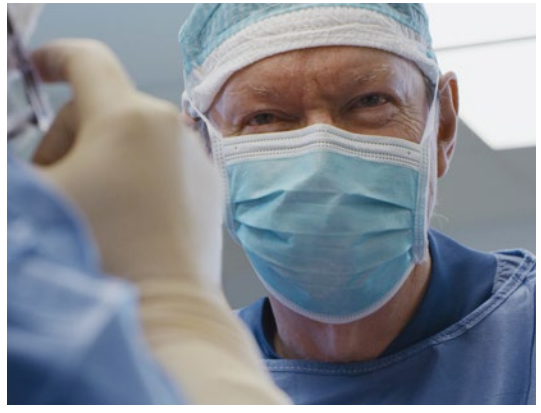
For technologies relating to abdominal organs (liver and kidney), have Dr Arjan van der Plaats, XVIVO's R&D Director Abdominal, in collaboration with University Medical Center Groningen, carried out the fundamental development. The development work in abdominal has been ongoing since 1999 and is focused on the implementation of oxygenated machine perfusion and generating clinical data that supports the innovative technologies and methods used.

XVIVO's research is mainly done in collaboration with world-leading institutions and researchers. The technologies attract major interest from external clinics and researchers, who initiate pre-clinical and clinical research. By conducting different research projects together with partners in the US, Canada and Europe, we ensure our competence and remain at the forefront of clinical development.

In-house product development

Product development is multidisciplinary and based on collaboration between our specialists in mechanics, biochemistry, electronics and software development. The lead times for development and evaluation in pre-clinical and clinical trials are extensive. Apart from being competent and creative, this means that we also need to be persistent and goal-oriented.

Product development mainly takes place in-house at our head office in Gothenburg (solutions), at the subsidiaries in Lund (heart), in Denver (lung) and Groningen (kidney and liver). As a result of sound knowledge of product development and manufacturing, and the applicable regulatory demands, we are able to streamline the process and shorten the time to launch.



The collaboration with Professor Stig Steen has been ongoing since 1998 and research is carried out at Igelösa Life Science.

Clinical evidence

In order to document the safety and efficacy of our products, we conduct pre-clinical and clinical trials in collaboration with leading researchers and clinics. Clinical data is the foundation for obtaining market approvals for our products, but is also critical for demonstrating their value to our target groups.

Demanding processes for product approval

To introduce products on different markets, regulatory approvals are necessary. The regulatory demands have become more stringent, and the approval processes more complex.

We emphasize coordination between the various departments within the organization that are affected: research & development, clinical trials and quality & regulatory affairs. The approval processes vary, not just depending on product, but also depends on which market and associated authorities and regulatory framework affected. There is an increased focus on patient safety, but also on clinical evidence, i.e. proof of the products' efficacy and safety. Once a machine or a solution has been approved and introduced on a market, follow-up including documentation and reporting to the relevant authorities continues.

R&D portfolio

Development projects

Project	Description	Status
Heart transplantation 	The primary restriction on the number of heart transplants possible today comes from the number of available, usable donated organs based on current technology, coupled with the period when a donated heart can survive outside the body. In collaboration with Professor Stig Steen, XVIVO has developed a comprehensive solution consisting of fluids and machinery that better preserve the function of the donated heart during transport, which contributes to improved outcomes after heart transplantation as well as enabling longer transport. In the ongoing clinical trials, patients are selected at random to be transplanted either with donated hearts transported by XVIVO's method or by the conventional ice-box method.	XVIVO has a program of clinical multicenter trials. These will form the basis for the application for regulatory approval for the products on all major global markets. In Europe, fifteen clinics actively include patients in XVIVO's study. The initial experiences reported by the users of the technology have been positive. A multicenter trial is in the planning phase in the US. The company has submitted an IDE application and is currently working closely with the FDA. In addition to the studies conducted by XVIVO, researcher-initiated clinical trials with XVIVO's technology are ongoing in Lund and Australia. The research group in Australia presented excellent interim data at the biggest US conference for cardiologists (AHA) in November 2022. The data came from transplantations performed using XVIVO technology with transport times of up to almost nine hours. An interim analysis comprising all the included patients will be presented at the 2023 Annual Meeting & Scientific Sessions of the ISHLT. An additional number of pre-clinical and clinical initiatives are underway or have been started by leading researchers within heart transplantation.
Kidney transplantations 	As with other organs, there is a shortage of transplantable kidneys. Kidneys that are continuously perfused with a solution during transport achieve improved outcomes after transplantation.	An international study published in *The Lancet* in 2020 illustrates the advantages for the recipient when the kidney is transported perfused with an oxygenated solution. This is a technology that is unique to XVIVO and is currently being launched in the US and in Europe. This step has taken kidney technology into a more mature phase. New perfusion technology, including warm perfusion and solutions, are the focus of research in the field of organ transplantation.

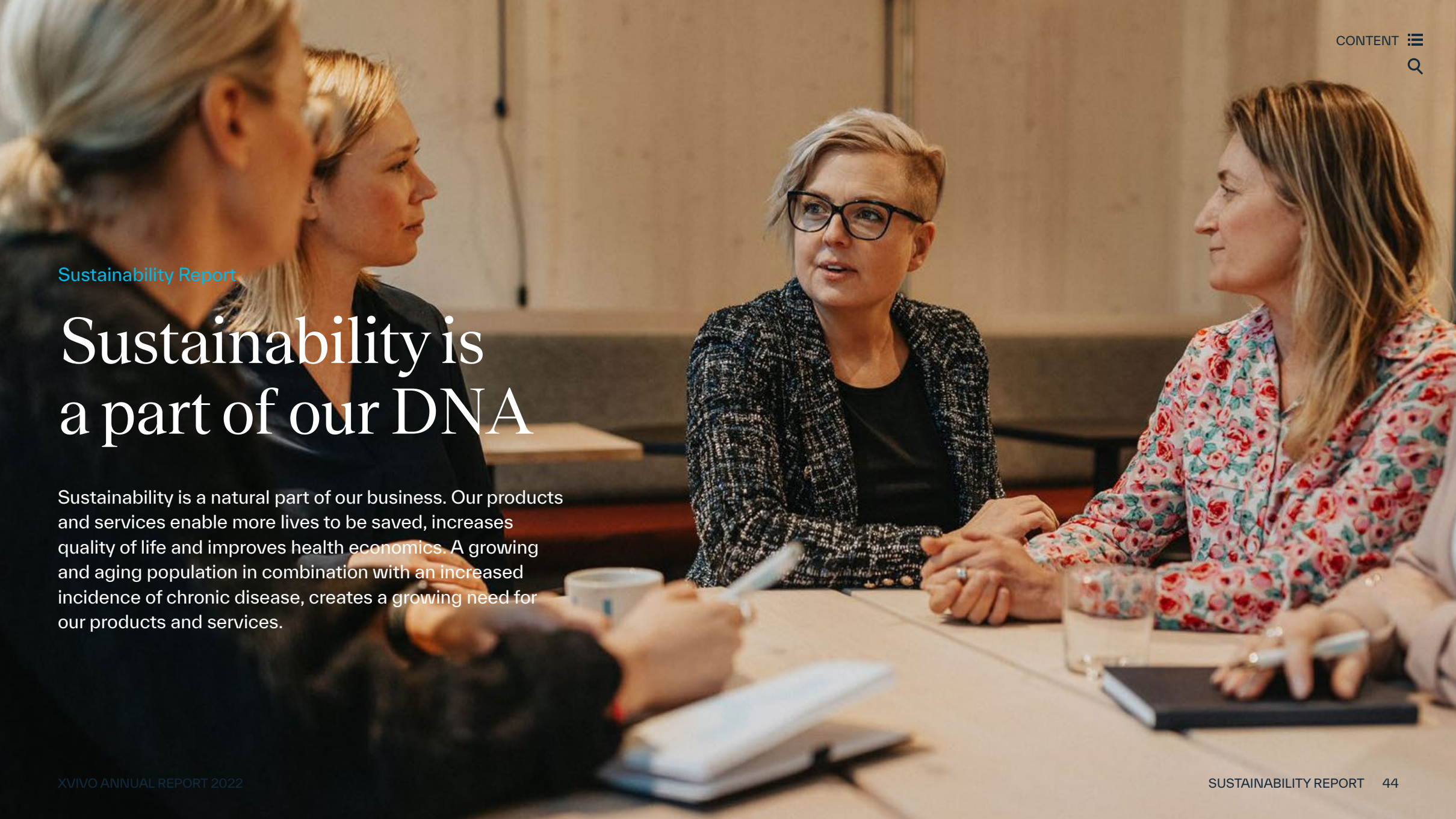
R&D Portfolio (cont'd)

Development projects

Project	Description	Status
Liver transplantation 	There are significant shortages of transplantable livers. By optimizing the process for preserving and evaluating the function of the donated liver, more organs with good function potentially become available for transplant. Studies show that oxygenated perfusion of a liver before transplantation reduces the risk of serious complications in many cases.	The results of a study after using XVIVO's technology were published in *The New England Journal of Medicine* in 2021 and demonstrate significant benefits of cold oxygenated machine perfusion of livers prior to transplantation with donation after circulatory death (DCD). Further investigator-driven studies using XVIVO's technology are ongoing and the suitability of the technology in different clinical environments is being investigated. Future research in the field will focus on the combination of new perfusion technology and optimized solutions.
PrimECC 	PrimECC® is a fluid developed in collaboration with Professor Stig Steen intended for use in heart-lung machines. Before connecting the heart-lung machine to a patient, it must be filled with fluid. Simple saline solutions are usually used at present. In 2016 and 2017, a randomized clinical trial on 80 patients indicated reduced side effects related to the use of heart-lung machines when using PrimECC®.	XVIVO has patents for PrimECC® in the key markets USA, EU, China, and Japan. Several hundred thousand heart surgeries are performed each year, which means considerable sales potential if good clinical outcomes can be demonstrated. The company will carry out a product launch once the results from the ongoing study in Sweden, Denmark and Germany are available. Several new German centers are in the start-up phase.

Research projects

Project	Description	Status
Xeno-transplantation 	Xenotransplantation involves the use of non-human organs in transplantation. The method is currently at the research stage for several organs.	The first successful transplantation to a human was performed in January 2022, attracting significant media attention. XVIVO will continue to support groundbreaking research in the area and our technology for preserving heart function is currently used by three world-leading research teams in xenotransplantation.



Sustainability Report

Sustainability is a part of our DNA

Sustainability is a natural part of our business. Our products and services enable more lives to be saved, increases quality of life and improves health economics. A growing and aging population in combination with an increased incidence of chronic disease, creates a growing need for our products and services.

We continued to conduct more structured sustainability efforts in 2022. As a key part of this work, XVIVO conducted a materiality analysis to identify the most important sustainability areas.

Materiality analysis

Through an analysis of XVIVO's value chain, the most relevant sustainability aspects were identified from an environmental, social and economic perspective. The key stakeholder groups were included in the analysis to gain an understanding of their requirements and expectations regarding our sustainability work. The management analyzed the positive and negative impacts this can have on XVIVO in the various sustainability areas, both in the short and long term. The analysis results were compiled in a matrix, which were used to define the sustainability areas that XVIVO should focus on.

We continued to conduct more structured sustainability efforts in 2022.

Value chain analysis

To understand XVIVO's sustainability impact, an analysis of XVIVO's entire value chain was done. A cross-functional group carried out a step-by-step analysis of the value chain to identify areas where XVIVO has a positive or a negative impact. By involving various parts of the organization, it was possible to gain an overall picture and an understanding of how our actions affect sustainability. 23 sustainability aspects were identified as the most essential.

Stakeholder dialog

A stakeholder means a group of people or a unit that is affected by or has interests in XVIVO. Stakeholders can be both internal and external. The key stakeholders we chose to have a dialog with were invited to express their views on needs and priorities for sustainability in relation to XVIVO. Key stakeholders include our employees, shareholders, customers, suppliers and the Board of Directors. The dialog took place through questionnaires and meetings.

Materiality analysis results

A matrix was compiled based on the results of the stakeholder dialogs and the management team's analysis of where the greatest impact occurs in relation to XVIVO. The identified key areas are:

Anti-corruption, business ethics, working environment, ethical organ donation, legal compliance of suppliers and distributors, employee development, product quality and product availability.

This is used as a basis for XVIVO's sustainability efforts. Based on the results, three main areas were defined for the ESG work:

- **Ethical and responsible business**
- **Employee commitment**
- **Innovative, accessible and high quality products**

By working with our three main areas with related essential aspects, we primarily contribute to the Sustainable Development Goals number 3, 5, 8 and 9.

Our product offering contributes to more lives saved and improved health

The health, safety and development of our employees are critical, in parallel with sustainable economic growth

Gender equality and workplace inclusion

We are making substantial investments in innovation and leading technologies to create long-term value for the society

Ethical and responsible business

Good business ethics and compliance with laws and rules are the basis of XVIVO's Code of Conduct. Unethical business practices, such as corruption and actions that limit competition, prevent sustainable economic and social development. The negative effects of unethical business practices can affect innovations, customers and, ultimately, patients' health.

Policies and guidelines

XVIVO and its employees shall comply with the laws in all countries where we operate, in accordance with international and national industry rules and our Code of Conduct. In situations where neither the law nor the Code of Conduct provide guidance, XVIVO shall apply its own standards based on the Company's values and culture.

XVIVO's Code of Conduct includes guidelines for business principles, human rights and working principles. It is based on the United Nations Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights in the Workplace, the UN's Global Compact and the OECD Guidelines for Multinational Enterprises. The Code is reviewed and approved annually by the Board.

All our primary suppliers must comply with XVIVO's Supplier Code of Conduct.

In addition to the Code of Conduct, XVIVO applies several internal policies to ensure sustainable working methods, including information policy, HSEQ policy (including diversity and inclusion), health and safety routines and personal data and privacy policy.

Demands on suppliers and partners

XVIVO imposes high requirements for sustainable business on its suppliers and partners. XVIVO's Supplier Code of Conduct is based on the principles set out in international standards and covers areas including equal treatment, equal pay, occupational health and safety, elimination of child labor and bribes. All our primary suppliers must comply with XVIVO's Supplier Code of Conduct.

Employee commitment is key in order for XVIVO to contribute to saving more lives and improving health.

Our distributors have agreed to comply with relevant legislation on distribution, marketing, promotion and sale of XVIVO's products, and to avoid misleading and unethical business methods. Distributors must comply with XVIVO's Code of Conduct.

Whistleblower function

In 2022, we established an external whistleblower function that employees and partners can contact anonymously to report violations of the Code of Conduct or unlawful behavior. The function can be accessed via XVIVO's website (www.xvivogroup.com). All reported cases are investigated. If a violation is found to have taken place, corrective measures are carried out.

Employee commitment

Employee commitment is key in order for XVIVO to contribute to saving more lives and improving health. Employees are also key in order for XVIVO to fulfill its business goals and act responsibly as a company. XVIVO wants its employees to have a healthy, inclusive working environment where they are treated with respect. It is also important for our employees to develop and feel that their work contributes to XVIVO's development.

Through our Supplier Code of Conduct, we expect our suppliers to treat their employees with the same respect and to provide safe and healthy working conditions.

XVIVO's culture is largely characterized by the vision that "Nobody should die waiting for a new organ". We work towards a joint goal that is highly motivating. Our culture is also extensively shaped by Swedish corporate culture, which is based on trust, participation and personal responsibility. This is simultaneously linked to the ability to operate in different cultures.

Attractive workplace

To maintain our leading position with innovative technology for organ transplantation, it is crucial to attract and retain qualified workers. In return, we offer our employees a highly meaningful job where our work makes a difference to patients.

In fall 2022, XVIVO carried out its first employee survey. The response rate among our employees was 82%. The survey questions covered areas including work situation, appreciation, communication, cooperation, commitment, inclusion, goals and customers.

Employee commitment is measured with an index based on four questions (satisfaction with the workplace, proud to work at XVIVO, continue to work at XVIVO for the next two years, and recommending a friend to work at XVIVO).

Another strength highlighted in our employee survey, which directly relates to our core values, is the collaboration that exists in projects and in the line functions. An identified area for improvement is employees' opportunities for development and career advancement.

Safe and secure working environment

No work-related accidents were reported for 2022. All employees are covered by insurance policies intended to secure their and their families' health, wellbeing and safety. Arrangements vary slightly between countries. XVIVO also provides extensive health benefits, including rehabilitation plans when needed.

XVIVO respects human rights. Respect for individuals and their integrity and dignity is fundamental to all relations, both within XVIVO and in relation to our customers, partners and other external stakeholders.

XVIVO's employees are entitled to join or establish any form of association and to organize themselves and negotiate collectively and individually in accordance with local legislation and regulations.

Attracting talent

It is crucial for XVIVO to attract and retain highly qualified employees. During the year, all departments continued to recruit new staff with long experience of marketing and sales, development and clinical trials. The recruitment process is continuously improved to find and attract the right employees. All new employees participate in an onboarding program, tailor made for the relevant position.

XVIVO's core values

Research-driven	**Drive progress and challenge the status quo**
Customer centric	**Create outstanding customer experience**
Collaborative	**Connect and work together to achieve more**
Purposeful	**Make a difference for the transplant community**

Employee commitment, index

4.0

Response options from 1 (= very dissatisfied) to 5 (= very satisfied)

Increase in number of employees

2022	2021
19%	**47%**

During the year, all departments have recruited new staff and we continue to recruit.

Structured performance reviews take place twice a year between the manager and employee where goals are created and followed up on. A digital portal provides employees and managers with support for implementing follow-up, planning, feedback and establishing a development plan. The company allocates a budget to employees' skills development based on their wishes. We want to increase the body of knowledge in the field of transplantation, both to improve our products and to find new and better solutions to our customers' problems.

Equality and inclusion

Equal treatment is crucial in order for all employees, regardless of their identity, to develop to their full potential, and is the basis for health and wellbeing. XVIVO is a workplace where diversity is respected regardless of gender, religion, ethnicity or sexual orientation. In the recruitment process, we strive to ensure diversity and gender equality.

Innovative, accessible and high quality products

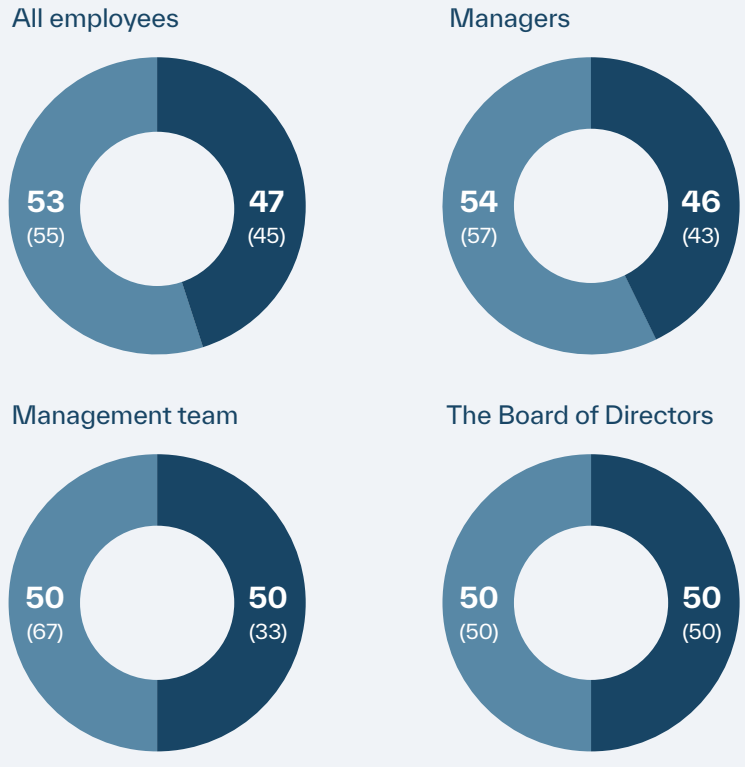
Our greatest contribution to sustainability is creating opportunities to save more lives, increase quality of life and improve health economics. Our core business is based on our vision that "nobody should die waiting for a new organ". The medical benefits in turn lead to health economic and thereby socioeconomic benefits. XVIVO's profit is largely reinvested in research and development. In 2022, some 40 percent of sales were reinvested in various research and development projects with the aim of developing transplantation healthcare by bringing new life-saving products to the market in future. The high quality and safety of our products is critical to our operations. We ensure quality and safety through compliance with applicable laws and regulations and our process-based quality management system. We continuously analyze and review quality throughout the product lifecycle.

Quality work

XVIVO has established, documented and implemented a global process-based quality management system. We are dedicated to maintaining the efficiency of the system and to continuous improvement. Our unit in Groningen currently has a local quality system. In 2023, XVIVO will make the transition to having only one quality system.

Gender distribution at the end of 2022, in percent

Men **Women** (2021 percentage in parentheses)



The quality control system is reviewed at management level and is organization-wide.

Our quality management systems are certified according to the standards that apply to the products we manufacture. XVIVO complies with the regulations that apply in markets where our products are sold. Our certifications include ISO 13485 (requirement for organizations that supply medical devices to have a quality management system) and MDSAP (Medical Device Single Audit Program) for compliance with standards and legal requirements in markets for medical devices.

In order to continuously deliver improvements and benefits to customers, we focus on design and quality control, audits, management reviews, supplier management and follow up on launched and sold products.

Product development and clinical trials

Our product development process ensures that customer needs are satisfied and that safety standards are met. All ideas are thoroughly evaluated and potential design risks identified and eliminated or minimized.
We limit the use of animal testing and actively work to develop alternative test methods. We test our products on animals only when it is legally required.

We carry out clinical trials to test our products. All clinical trials carried out or outsourced are planned and completed in accordance with the ethical principles indicated in the Helsinki declaration and follow GCP principles (Good Clinical Practice) and applicable legislation and guidelines.

XVIVO carries out clinical trials in accordance with applicable local regulations and international legal requirements. These include EU directives 2007/47/EG and 95/46/EG (on the protection of individuals with regard to the processing of personal data and on the free movement of such data) and ISO standard 14155 (Clinical investigation of medical devices for human subjects — Good clinical practice).

To ensure that patient rights, safety and wellbeing are protected, that reported data is reliable and robust and that the conduct of clinical trials corresponds to MDR 2017/745, XVIVO undertakes to subject itself to sufficient oversight of all clinical operations. The extent of such oversight is determined on the basis of assessments that include all the characteristics of the clinical trial.

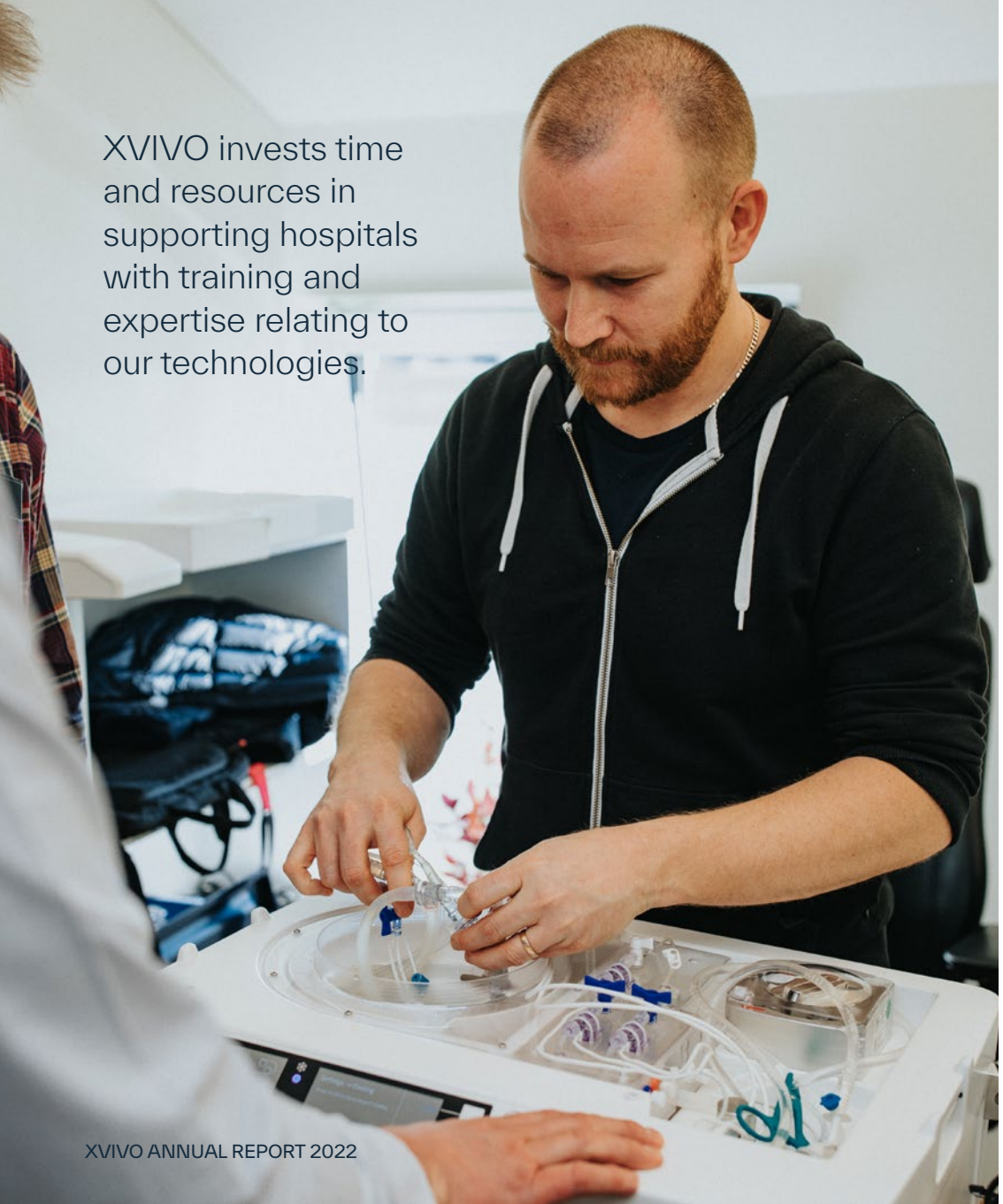
Follow-up

We follow up on compliance in the quality control system and our internal audit process. We are also subject to external audits, which also contribute to driving improvements.

The quality control system is reviewed at management level and is organization-wide. The efficiency of our quality management system is analyzed in the review process. We identify areas of improvement and introduce necessary measures when we do not meet our quality targets and demands.

XVIVO monitors processes and products during the production phase to ensure that our products satisfy quality requirements. We implement continuous improvements in our CAPA process (Corrective and Preventive Action) and conduct extensive investigations of root causes. This is followed up with corrective measures aimed at solving problems and preventing repeat occurrences.

All our suppliers are evaluated to ensure they meet our quality standards. When required, we carry out inspections on site, based on a risk assessment. We require all suppliers to



accept and follow our supplier demands. After a product has been launched, we continue to monitor it through our clinical follow-up, risk management and aftermarket review processes. We measure and consider all customer complaints related to our products. Customer satisfaction is measured regularly through surveys to ensure that our products live up to customer expectations. We use this feedback and the lessons learned from it to continuously adapt and improve our products.

Training aimed at our customers and distributors ensures the safe and effective use of our products. We offer training and workshops at our customers' clinics and in our premises.

Demands on suppliers and partners

XVIVO places high demands on compliance with the Code of Conduct and on the quality of our suppliers and collaboration partners. Before we accept a primary supplier, we complete an extensive review process to ensure the supplier satisfies our requirements. Our Supplier Standard Checklist includes requirements regarding quality, environment and sustainability.

Product availability

Our products are available on most transplantation markets globally. Well-established markets have knowledge, infrastructure and often reimbursement systems in place, which means that hospitals are able to run high-quality transplantation programs. XVIVO invests time and resources in supporting hospitals with training and expertise relating to our technologies. Because we conduct commercial operations, we have limited ability to influence pricing levels, as financial sustainability is also a prerequisite for our long-term operations.

Environmental aspects

XVIVO is committed to supplying safe, sustainable products and ensuring compliance with laws, regulations and standards where the environment plays a key role. We are also engaged in minimizing the environmental impact of our operations and products. We adopted an Environmental Policy in 2022.

Materials and chemicals

New materials and chemicals are evaluated in the product development process to ensure that we satisfy directives and regulations such as REACH – Registration, Evaluation and

Restriction of Chemicals, Restriction of Hazardous Substances (RoHS) and Waste Electrical and Electronic Equipment (WEEE). According to XVIVO's policy, potential hazardous chemicals shall be replaced with less hazardous alternatives.

Production

All production of commercial products is carried out by suppliers. We require our suppliers to comply with applicable laws and environmental regulations. Our suppliers must constantly strive to reduce their environmental impact and improve environmental performance in a systematic manner.

Our suppliers have suitable environmental management systems in place and some are certified according to ISO 14001.

Transport

Time is a critical factor as organ transplants often need to take place urgently, which is why organs are transported by air by our service unit STAR Teams.

Our products are distributed by well-known transport companies that conduct active environmental management. We are constantly working to reduce air freight. We offset the carbon footprint of our air travel wherever possible.

Waste

Our operations have some impact on the environment and climate, primarily through the use of our disposable products. Due to strict sterility requirements, a prerequisite for guaranteeing patient safety, the reuse of materials is prohibited, something that is also clearly stipulated by the WHO. Biological contamination prevents the reuse of our disposable items.

One way to reduce the environmental impact of our disposable items is to find design solutions that result in less material being used. However, use of less material must never jeopardize product safety and quality.

Social responsibility

We engage with patient organizations to raise awareness of the shortage of donated organs and our products and their contribution to solving this shortage. Our partnerships vary locally. In Sweden we collaborate with, for example, MOD (Mer Organdonation). We provide financial support to various research projects carried out by clinics, academic institutions and other external parties.

Sustainability management

XVIVO's management is ultimately responsible for our sustainability efforts. The sustainability efforts are led and coordinated by the company's global R&D Director. XVIVO's Board of Directors monitors and participates in the sustainability efforts and receives regular reports on the current situation and future plans.

One way to reduce the environmental impact of our disposable items is to find design solutions that result in less material being used.

Our sustainability efforts are based on relevant laws, leading global standards and principles. The Code of Conduct is the basis for our sustainability work and is supplemented with specific policies as needed.

ESG risks

Unethical organ sourcing

There are reports indicating that in a few markets where XVIVO has very limited sales, transplants occur using organs donated involuntarily and without consent. Such cases may involve organ donation that was ostensibly voluntary but actually occurred as a result of economic coercion, systematic illegal organ trade and/or human trafficking for the purpose of organ removal. These are extremely grave violations of human rights. Under no circumstances may XVIVO's products be used in operations where organs are sourced in violation of global human rights.

Our distributors have agreed to ensure that all purchasers of our products comply with the ethical standards for use of organs for transplantation as set out in the Convention on Human Rights and Biomedicine (European Commission). Our distributors are required to report any violations to XVIVO. If any violations come to our attention, our relationship and business with the distributor will be terminated immediately.

Bribes and corruption

In the global healthcare sector, business relationships are established between private and public operators and there is an inherent risk of corruption, including improper payments made in good faith. It is therefore important to have clear and detailed guidelines on how business should be conducted. XVIVO's Code of Conduct and XVIVO's Supplier and Distributor Code of Conduct set out guidelines for avoiding bribes and corruption.

The US is the market where XVIVO has the most sales and plans to invest the most financial resources over time. In the US, there is established legislation aimed at ensuring that financial relationships and transactions with the healthcare sector are reported to the authorities. This takes place through the Open Payments Program (the Sunshine Act). The information is public, and publication of XVIVO's data enables the company's financial transactions with the sector to be assessed with full transparency by an external party.

Similar legislation exits in many of our major markets, primarily in the EU, which ensures transparency in our transactions.

Employees and external stakeholders can report suspected or detected misconduct to an external whistleblower function via our website.

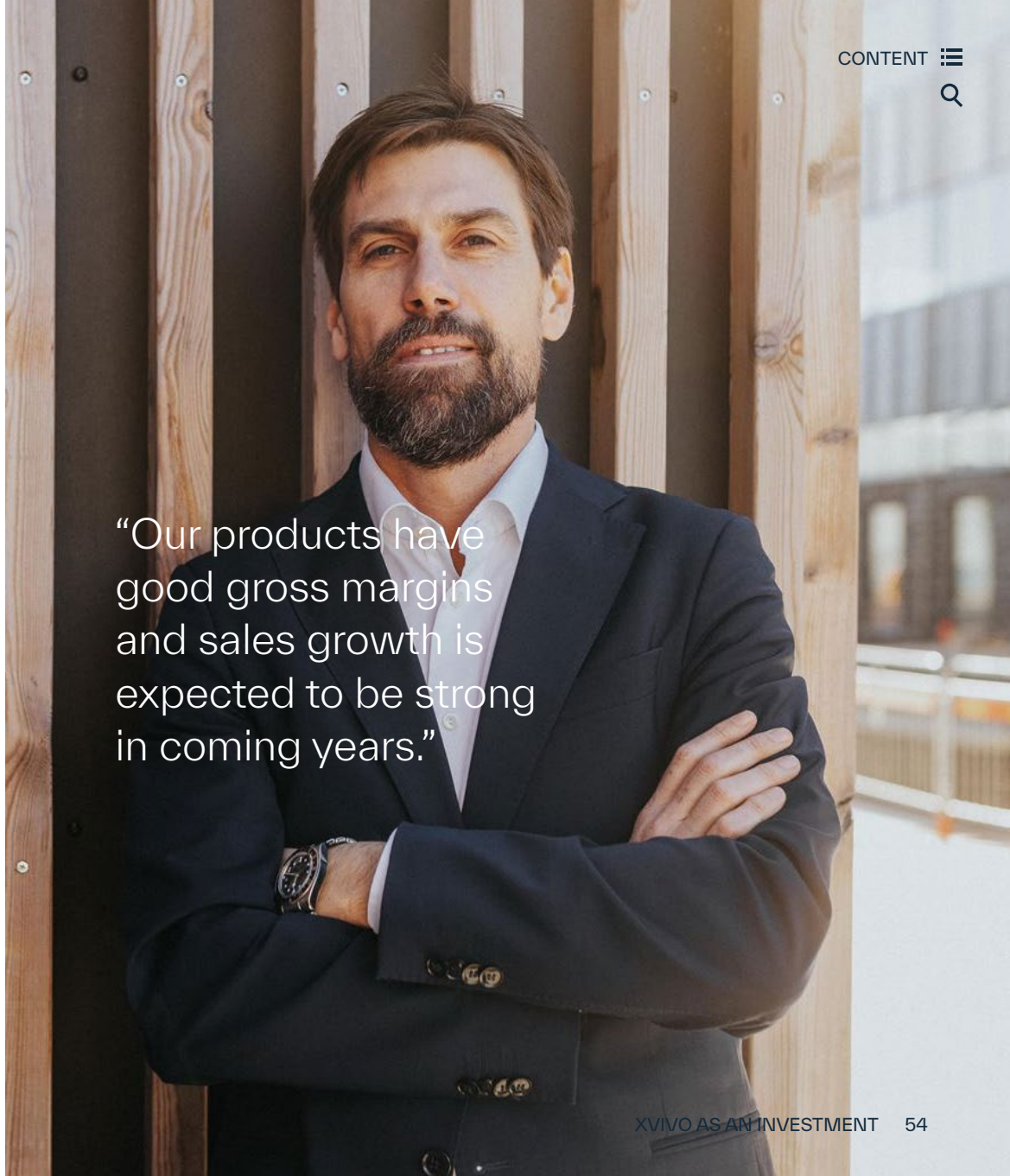
Data integrity and IT security

Cyberthreats have become a serious problem for companies, and can impact significantly both on the organization and on personal privacy. XVIVO works actively with security related to IT systems and sensitive data. We collect patient data in our clinical trials. We do our utmost to ensure that this data is processed confidentially and that personal privacy is always protected. Our clinical trials are conducted in accordance with ISO14155 and GCP and all data processing takes place in accordance with the GDPR. Data from our clinical trials are collected and stored in electronic data collection systems that are certified for or compatible with relevant certifications (ISO27001, ISO9001) and/or national or international standards (HIPAA, NEN7510) for data processing and security.

Under no circumstances may XVIVO's products be used in operations where organs are sourced in violation of global human rights.

An investment with considerable growth potential that contributes to saving lives

1	**Market potential for machine perfusion is 10x larger than current standard of care**
2	**XVIVO's offer increases the availability of transplantable organs**
3	**History of continuous profitable growth and high margins**
4	**Future secured product portfolio and track-record of successfully bringing innovation to market**



1 Market potential for machine perfusion is 10x larger than current standard of care

The growth potential in organ transplantation is significant. Despite the number of transplants increasing with a market growth of 5-7 percent per year, the demand for an organ remains ten times higher than supply. The market for machine perfusion is expected to grow significantly, as the technology is key to increasing the donor pool and organ utilization - unlocking an untapped potential.

2 XVIVO's offer increases the availability of transplantable organs

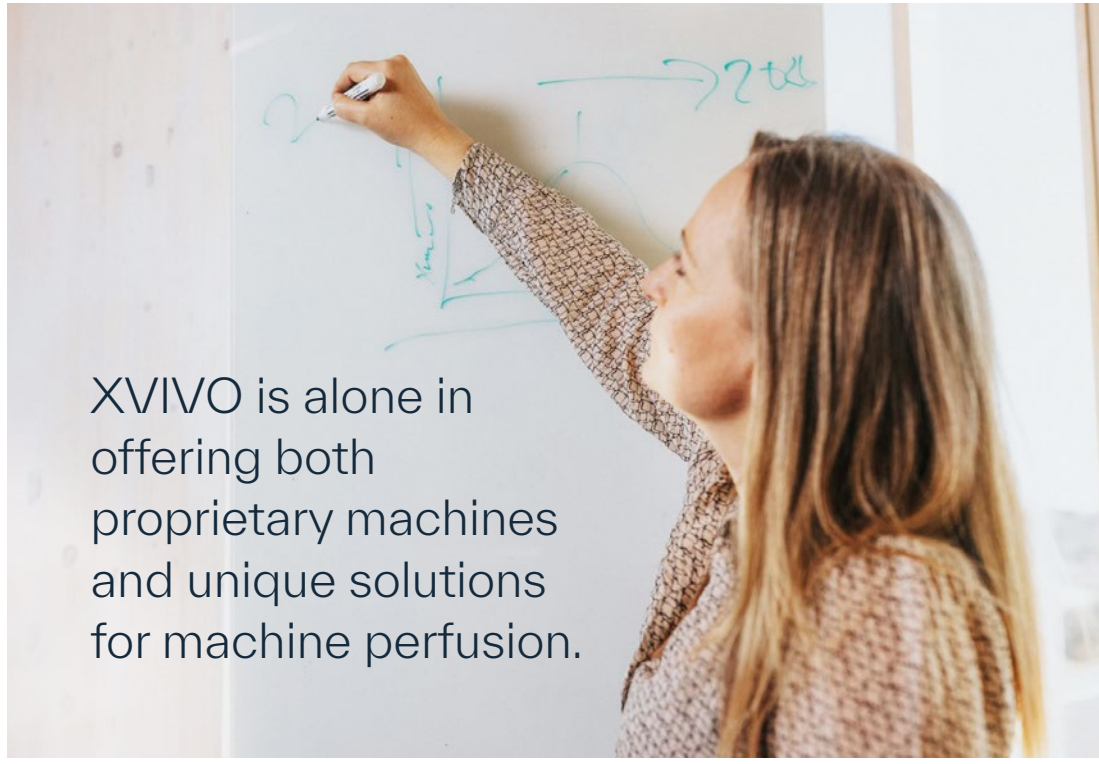
Traditional preservation of organs on ice has many limitations, and all too often this results in only standard organs being transplanted. The greatest potential lies in increased utilization of so-called marginal organs, e.g. organs from older donors or donors who have died due to circulatory death. Our technology – machine perfusion – together with our service offer in organ recovery and organ perfusion, can realize this potential.

3 History of continuous profitable growth and high margins

Our average annual growth (until end 2022) is approximately 30 percent. With the exception of the year of our IPO (2012) and the pandemic (2020), we have generated positive EBITDA every quarter. Our products have good gross margins and sales growth is expected to be strong in coming years.

4 Future secured product portfolio and track-record of successfully bringing innovation to market

XVIVO is alone in offering both proprietary machines and unique solutions for machine perfusion. We bring innovations to market that address a real need. Our technologies are well-documented and published, e.g. Kidney Assist Transport in The Lancet and Liver Assist in The New England Journal of Medicine. The commercialization of our heart preservation technology will mark the start of a new era, not just for XVIVO but for heart transplantation as a whole. The fact that our technologies are crucial to continued development in xeno-transplantation for both heart and kidney provides further confirmation that our portfolio is future-proof.



The share

The XVIVO share has been listed on Nasdaq Stockholm under the ticker XVIVO since 2016. The share was listed on Nasdaq First North between 2012 and 2016. One trading block comprises one (1) share.

-34% Share price 2022

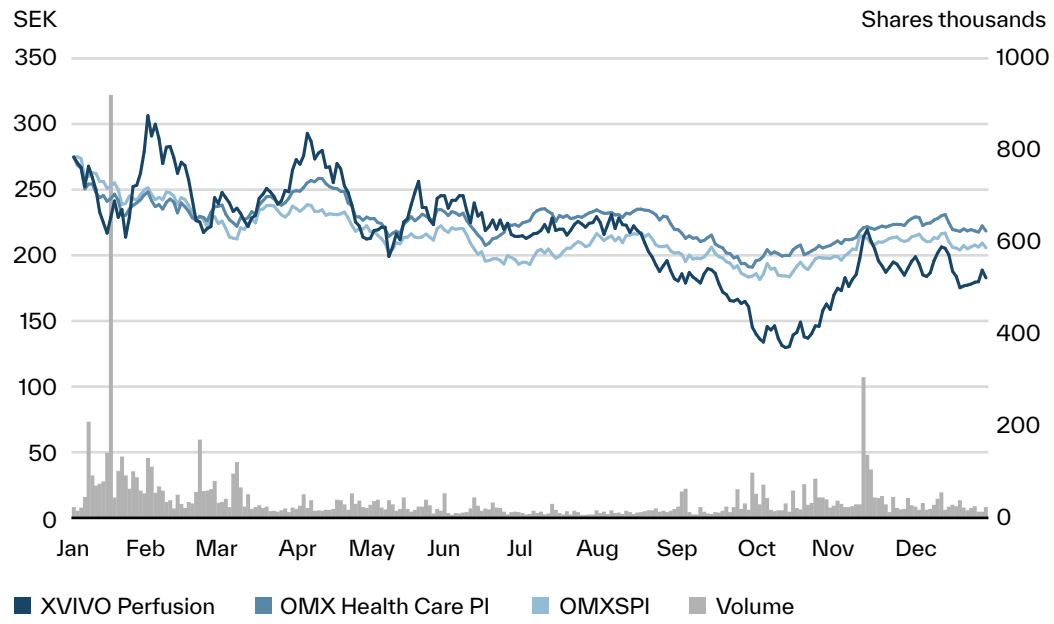
Share structure

As of December 31, 2022, the share capital of XVIVO Perfusion AB (publ) amounted to SEK 762,467 (753,949) divided into 29,831,919 shares. Trading takes place on Nasdaq Stockholm, Mid Cap. All shares have equal voting rights and have equal rights to a share in XVIVO's assets and earnings.

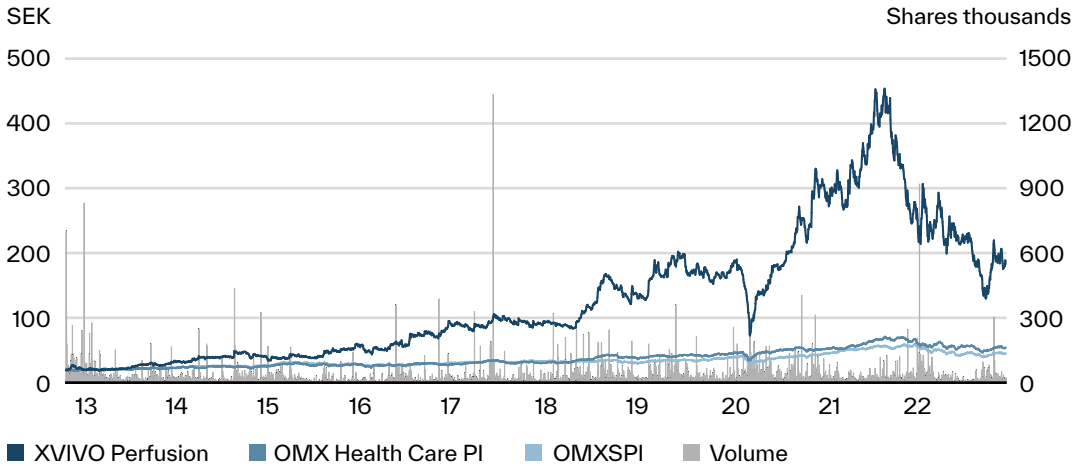
Share price and turnover

On December 31, 2022, the share price was SEK 183 (278.50) per share last paid, which represents a decrease of -34 (-11) percent compared to the closing price on December 31, 2021. The OMX Health Care index recorded a decrease of -21 (+31) percent and the OMX Stockholm index decreased by -25 (+35) percent over the same period. At the end of 2022, XVIVO's market capitalization was SEK 5,459 M (8,230) based on the latest price paid. The highest price quoted in the year was SEK 312.50 (459.00) and was quoted on February 2. The lowest price quoted in the year was SEK 127.80 (242.00), which was quoted on October 13.

The XVIVO share in 2022



The XVIVO share since listing in 2012



XVIVO's ten largest shareholders as of December 31, 2022 are listed below

Shareholder	Number of shares	Shares and votes, %
Bure Equity	4,367,504	14.64%
Swedbank Robur Fonder	2,897,000	9.71%
Fourth AP Fund	2,735,553	9.17%
Eccenovo AB	1,793,361	6.01%
Premier Miton Investors	1,158,040	3.88%
Invesco	1,017,026	3.41%
Handelsbanken Funds	814,409	2.73%
Deka Investments	499,142	1.69%
Nordnet Pensionsförsäkring	472,915	1.59%
Second AP Fund	443,257	1.49%
Other	13,633,712	45.69%
Total	29,831,919	100%

Source: Monitor's figures as of 31 December 2022.

Share turnover in the year amounted to 8,906,840 (7,084,250) at a value of SEK 1,964 M (2,378). The number of trades was 111,641 (120,462). Total share turnover corresponds to 30 (25) percent of the average number of outstanding shares during the year.

Dividend policy and dividend

XVIVO's Board of Directors considers that the company should have a strong capital base in order to enable continued growth, organically and through acquisitions. The Board of Directors and the CEO propose that no dividend be paid for 2022.

Continuous updates

XVIVO's share is listed on Nasdaq Stockholm, Mid Cap. Continuous updates about the company such as press releases, quarterly reports and Annual Reports can be found on the company's website www.xvivogroup.com.

Insiders

XVIVO is obliged to notify the Swedish Financial Supervisory Authority of persons that have insight into the company. These individuals must notify their holdings of shares and any changes in the holdings. The Board members and the CEO and CFO are considered to have an insider position.

A full list of individuals with an insider position and their holdings is presented on the company's website www.xvivogroup.com.

Stock option program

In total, there are 121,500 outstanding stock options under two programs.

The 2021 Annual General Meeting resolved to issue a maximum of 148,000 stock options (series 2021/2024) with the accompanying right to subscribe for a maximum of 148,000 new shares to employees of the XVIVO Group. Of these warrants, all 76,000 have been subscribed for by employees. The stock option program 2021/2024 gives the stock option holder the right to subscribe for a new share at SEK 489.26 during May 2024.

The 2022 Annual General Meeting resolved to issue a maximum of 130,000 stock options (series 2022/2025) with the accompanying right to subscribe for a maximum of 130,000 new shares to employees of the XVIVO Group. Of these warrants, all 45,500 have been subscribed for by employees. The stock option program 2022/2025 gives the stock option holder the right to subscribe for a new share at SEK 336.01 during May 2025.

During the period January-December 2022, both the average share price for the period and the closing share price per December 31 were below the strike price of the stock option programs.

Analysts

During the year, Carnegie, Pareto Securities, Danske Bank and Bryan & Garnier regularly covered XVIVO.

Ownership structure

According to Monitor's shareholder register, XVIVO had 8,242 verified shareholders as of December 31, 2022, an increase of 11 percent year-on-year.

Financial calendar and contacts

Financial Reports 2023

Interim Report January-March 2023:	Monday, April 24, 2023
Interim Report January-June 2023:	Thursday, July 13, 2023
Interim Report January-September 2023:	Tuesday, October 24, 2023
Report on Operations 2023:	Thursday, January 25, 2024

Investor relations

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Financial statements

Administration Report

The Board of Directors and the CEO of XVIVO Perfusion AB (publ), corporate registration number 556561-0424, hereby submit the Annual Report and Consolidated Financial Statements for the financial year 2022.

Operations

XVIVO is a medical technology company that develops and markets machines and perfusion solutions for selecting usable organs and maintaining them in optimal condition pending transplantation. XVIVO is the only medical technology company dedicated to extending the life of all major organs so transplant teams around the world can save more lives. The business is conducted in three business areas: Thoracic (heart and lung), Abdominal (liver and kidney) and Services (organ recovery).

XVIVO employs around 133 people at its headquarters in Gothenburg, Sweden, its offices in Lund in Sweden, Groningen in the Netherlands, Denver in the US, Philadelphia in the US and Milan in Italy. XVIVO's share has been listed on NASDAQ Stockholm since 2016 and trades under the XVIVO ticker. The number of shares and votes were 29,831,919.

Thoracic

XVIVO's operations have their basis in lung transplantation. The company's product PERFADEX Plus is used by 90 percent of all clinics in the traditional static preservation of lungs for transplantation. A major problem in transplant care is the lack of available organs. Today, just over 20 percent of available donation lungs are used in the company's largest market, the US, as it is deemed too risky to use other donated lungs in transplantation. By using XVIVO's product – STEEN Solution – the organ is cleared of harmful substances from the donor, creating a better environment for the organ's cells. The technology thereby allows the organ to "recover" when possible. It also allows functional testing to be performed on the organ outside of the body. In clinical use in the US, Europe, Australia and Canada it has become apparent that once EVLP with STEEN Solution has been carried out, many of the organs that were initially "rejected" are assessed as being usable and have been successfully transplanted into patients with terminal stage lung disease. The use of STEEN Solution therefore has the potential to increase the total number of lung transplants in the world. The company's products for warm perfusion, XPS and STEEN Solution, have regulatory approval in all major markets in the world, and were the first products to receive regulatory approval in the US for warm perfusion of marginal organs outside the body ahead of transplantation.

Based on the research of Professor Stig Steen and his research group, XVIVO's heart transplantation competence center in Lund (Sweden) has developed a machine and disposable items for heart preservation. The products have been developed to increase the availability of donated hearts so that more heart transplants can be performed and more patients can be given a last chance of a longer life. Clinical multicenter trials are underway in Europe and Australia, and the initial experiences reported by users of the technology have been positive. In the US, trials are in the final planning phase. The company has submitted an IDE application and is currently working closely with the FDA. The trials form the basis for applications for regulatory approvals for the products in all major markets. In addition to the studies conducted by XVIVO, researcher-initiated clinical trials with XVIVO's technology are ongoing in Lund and Australia. The research group in Australia presented excellent interim data at the biggest US conference for cardiologists (AHA) in November 2022. The data came from transplants performed using XVIVO technology with transport times of up to almost nine hours. An interim analysis comprising all the

included patients will be presented at the 2023 Annual Meeting & Scientific Sessions of the ISHLT. An additional number of pre-clinical and clinical initiatives are underway or have been started by leading researchers in heart transplantation.

Abdominal

Like for the thoracic organs lung and heart, there is also a severe shortage of transplantable abdominal organs, liver and kidney. Studies have demonstrated that transport of kidneys with continuous circulation of oxygenated perfusion significantly improves post-transplant outcomes. In 2020, a high-quality international study was published in The Lancet that shows significant benefits for the recipient when the kidney is transported with continuous oxygenated perfusion. Oxygenated machine perfusion is unique to XVIVO, and the technology was launched in the area of kidneys on the US market in connection with XVIVO gaining 510(k) FDA approval in January 2022 for its product Kidney Assist Transport. Another important milestone was reached in 2022 when XVIVO B.V received EU MDR certification for its entire abdominal product portfolio.

Ahead of liver transplant, oxygenated machine perfusion has been shown to outperform cold static preservation. At the start of 2021, the New England Journal of Medicine published a high-quality study that demonstrated significant advantages with cold oxygenated machine perfusion of liver ahead of transplantation. The technology highlighted in the study is the technology used in XVIVO's product Liver Assist. XVIVO's technology, research and development in combined warm and cold perfusion of liver is used in both pre-clinical and clinical investigator-initiated studies. In 2022, XVIVO was granted a Breakthrough Device Designation by the US Food and Drug Administration (FDA) for its Liver Assist technology.

Services

The Services business area comprises STAR Teams' operations for organ recovery in thoracic. Organ recovery means the removal of organs from the donor body, preservation of organs in cold fluid during transport and logistics and coordination ahead of and during organ recovery. STAR Teams are pioneers on the US market and provide around 10-15 US thoracic clinics with their services. The company was acquired by XVIVO in November 2021. Services in organ recovery, perfusion and transport add significant value to transplantation clinics, and the efficiency and quality of these processes can contribute to increased transplantation volumes with clinics and improved transplant results for patients.

Business concept

XVIVO's business concept is to develop and market effective innovative technology for preserving, transporting and evaluating organs outside the body while awaiting transplant.

Vision

Nobody should die waiting for a new organ.

Purpose

We believe in an extended life of donated organs.

Target

Establish machine perfusion as a standard method for preserving, evaluating and transporting donated organs before transplantation.

Strategy

XVIVO's strategy focuses on increasing the number of organs available for transplantation. By developing products and services for perfusion of organs and conducting clinical studies with these on all major markets globally, XVIVO demonstrates that perfusion of organs makes more organs available for transplantation, meaning that more patients gain access to this lifesaving treatment.

Impact of external factors on operations

Although XVIVO and the transplantation industry in general are making significant progress, there is uncertainty in the wider world. The geopolitical situation unfortunately remains tense. XVIVO currently has very limited sales exposure to Eastern Europe and the procurement chain is not exposed to these markets. Manufacturing takes place either in Western Europe or the US. Accordingly, we do not judge that the war in Ukraine is having any direct negative impact on the company's operations at present.

For 2022, we can conclude that the healthcare sector is starting to recover from the Covid-19 pandemic, which has impacted global transplant operations in the last couple of years. However, regional differences have been significant. On XVIVO's main market, the US, the number of lung transplants performed

was the same in 2022 as in 2019, the year preceding the pandemic. In Europe, transplant activity has not yet returned to normal but is well on the way. Transplantation is a life-saving treatment with long waiting lists. Accordingly, XVIVO assesses that the number of transplants, and thereby demand for XVIVO's products, will continue to increase.

Significant events during the year

XVIVO's heart technology was used in the world's first ever successful heart xenotransplantation (pig to human)

On January 7, 2022, the world's first ever successful pig-to-human heart transplant took place, a groundbreaking milestone in the field of organ transplants. A team at the University of Maryland School of Medicine, USA, performed the procedure. After retrieval, the pig heart was preserved using XVIVO's heart perfusion device and patent protected solution until transplanted. The patient was a 57-year-old terminally ill man, who lived for two months with the transplanted pig heart. One of the biggest challenges in transplantation is the shortage of organs. Xenotransplantation, i.e. transplantation between species, presents a potential solution to the critical organ shortage.

XVIVO's Kidney Assist Transport granted 510(k) clearance by the US FDA

In January 2022, the US Food & Drug Administration (FDA) granted clearance for Kidney Assist Transport, a transportable organ perfusion system for kidneys with unique technology that allows for continuous oxygenated perfusion for up to 24 hours. The advantages of the technology over technology currently available on the market were highlighted in The Lancet journal in December 2020[1]. A pre-launch of Kidney Assist Transport began in the US during the second quarter, and Kidney Assist Transport was presented at key trade fairs in the US and Europe during the year.

XVIVO obtains its first certificate under EU Medical Device Regulation (MDR) for Kidney Assist Transport

In the first quarter, an important milestone was reached when XVIVO B.V received EU MDR certification for Kidney Assist Transport. This signifies that XVIVO B.V.'s quality management system, and the corresponding abdominal perfusion product, meet the requirements of the new EU Medical Device Regulation (MDR). The new Medical Device Regulation (MDR) came into force in 2017 and has been applicable since May 26, 2021.

XVIVO gained regulatory approval in China for PERFADEX® Plus

XVIVO has gained regulatory approval in China from the NMPA (National Medical Products Administration) for its ready-to-use product PERFADEX® Plus. China is the second largest transplant market in the world. It is also currently the fastest growing lung transplant market with an average annual growth rate of 28 percent during the six-year period 2015-2020.

An IDE application for the heart preservation study in the US was submitted to the US FDA

In the second quarter, XVIVO filed an Investigational Device Exemption (IDE) application to the US Food & Drug Administration (FDA). The application seeks approval for conducting: "PRESERVE Clinical Trial: A Prospective, Multi-center, Single-Arm, Open-Label Study of Hearts Transplanted after Non-Ischemic Heart PRESERVation from Extended Donors" with XVIVO's heart technology for machine perfusion, which should form the basis for an application for Premarket Approval (PMA). The FDA responded to the application and XVIVO is currently in the process of submitting additional documentation in accordance with the FDA's responses.

XVIVO granted a Breakthrough Device Designation by the FDA for its Liver Assist

XXVIVO has been granted a Breakthrough Device Designation by the US Food and Drug Administration (FDA) for its Liver Assist technology. Liver Assist is indicated for oxygenated machine perfusion for the preservation of donor livers ex vivo prior to transplantation. In 2021, an article published in The New England Journal of Medicine showed that oxygenated hypothermic perfusion of DCD donor livers before transplantation has a significant positive impact on post-transplant clinical outcomes.[2]

Positive results presented from the heart preservation study in Australia and New Zealand

The Australian and New Zealand investigator-initiated Multicenter Trial of Extended (6-8 hours) Non-Ischemic Heart Preservation (NIHP) of Donor Hearts for Transplantation included five hospitals, and the last patient was given a transplant during the fourth quarter. The study was led by Professor David Kaye and Professor David McGiffin from The Alfred in Melbourne.

1. http://www.thelancet.com/journals/lancet/article/PIIS0140-6736(20)32411-9/fulltext
2. https://www.nejm.org/doi/full/10.1056/NEJMoa2031532

Professor David Kaye presented his experiences from the study, which focuses on, among other things, longer transport times for donated hearts, at the American Heart Association (AHA) 2022 conference in Chicago. The impressive results show that there was no mortality in the first 20 patients in the study to receive a donated heart preserved using XVIVO's heart technology, despite considerably longer transport times of up to 8 hours and 47 minutes.

XVIVO completes the acquisition of the machine and perfusion business from Avionord S.r.l.

On November 30, 2022, XVIVO completed the acquisition of all shares in XVIVO S.r.l., whose machine and perfusion business was transferred from Avionord S.r.l. through a so-called carve-out. The initial purchase consideration comprised a cash payment of EUR 4.2 million (approx. 40 percent of the initial purchase consideration) and newly issued shares in XVIVO for a value of SEK 60.1 million (approx. 60 percent of the initial purchase price). An additional purchase consideration of a maximum of EUR 2.4 million may be paid in 2023. Costs attributable to the acquisition totaled SEK 8.4 million and were recognized as Administrative expenses in the Group Income Statement in 2022. Avionord S.r.l. was XVIVO's Italian distributor and the acquisition strengthens XVIVO's European presence while broadening its service offering with the aim of further accelerating the establishment of machine perfusion. The Italian operation initially comprises six employees, including management.

XVIVO appoints a new CEO

The CEO of XVIVO, Dag Andersson, passed away suddenly in September. The Board decided that Christoffer Rosenblad, former Deputy CEO of XVIVO, would be Acting CEO until a successor had been appointed. Upon preparing a clear job specification for the role, the Board found that Christoffer Rosenblad met the specified requirements. Christoffer Rosenblad was appointed the new CEO on November 30, 2022.

Change in number of shares and votes in XVIVO Perfusion AB (publ)

The number of shares and votes in XVIVO Perfusion AB (publ) increased by 269,952 in December 2022 as a result of the new share issue in relation to the acquisition of XVIVO S.r.l. As of December 31, 2022, there were a total of 29,831,919 shares and votes in the company.

The number of shares and votes in XVIVO Perfusion AB (publ) also changed in June 2022. As a result of the utilization of warrants under the company's incentive scheme 2020/2022, the number of shares and votes increased by 63,301.

Research and development

XVIVO mainly conducts product development on its own, while research is mainly carried out in collaboration with world-leading institutions and researchers in all major markets in the world. Considerable resources are spent on research and development and the company is one of the leading innovators in the industry. Of the total operating expenses of SEK 293 million (207), research and development costs accounted for SEK 69 million (54), corresponding to 24 (26) percent. During the year, development expenses of SEK 112 million (81) were capitalized as intangible assets.

In lung transplantation, there is ongoing development together with our customers to ensure that our products are market leaders. During 2022, the company focused on developing an updated version of its current machine platform.

In heart transplantation the company's technology is being used in several clinical multicenter trials. Focus is currently being placed on completing the European trial and starting the American trial in 2023. The researcher-initiated trial in Australia/New Zealand included its last patient at the end of 2022.

The combination of new perfusion technology and XVIVO's solutions will be the company's focus of future research and development, both in kidney and liver transplantations.

In addition to development projects, in the transplantation area, the company is carrying out an extended clinical trial for the CE-marked product PrimECC®, a priming solution whose characteristics are currently being documented in an extended trial with participating hospitals in Scandinavia and Germany. Furthermore, the company supports research in the pre-clinical phase to potentially expand the use of our technologies to xeno-transplantation and to pharmaceuticals administration for isolated organs.

Significant risks and uncertainties

There are several risk factors which impact XVIVO's business, and which may do so in the future.

The risks are presented in the following areas:

- Market risks
- Operational risks
- Legal and regulatory risks
- Financial risks

Market risk

Transplantations are an expensive but life-saving procedure for which there are no medical treatment alternatives. The cost of a transplantation is largely balanced by the decreased treatment costs that are otherwise associated with the patient. Today there is a lack of organs, which is most often the main obstacle to performing more transplants. Other market risks are access to funding and medical resources at clinics in the world. In the assessment of XVIVO, the business is not currently significantly impacted by changes in the world economy. Organ transplantation is a prioritized treatment by health authorities around the world.

Operational risks

These primarily comprise risks that limit or prevent XVIVO from developing, manufacturing and selling qualitative, efficient and safe products. The risks have been identified and essentially reduced to manageable levels, among other things by signing agreements with suppliers, partners and customers. XVIVO is a company of limited size and the organization is still in the process of being built up. XVIVO's future development is partly dependent on key persons with specialist knowledge remaining in the organization

Legal and regulatory risks

The market for XVIVO is impacted by applicable legislation and other regulations. Changes in legislation or political decisions may impact the company's ability to run or develop the business. XVIVO's products need regulatory approval on the markets where they are marketed. The market for medical technology products is being regulated to an increasing extent with a view to increasing patient safety and reducing the risk of incorrect treatment. This means increased product development costs for XVIVO but also greater barriers for new competitors who want to break into the market.

Due to the nature of the business, there is a risk of claims for damages and liability. To protect the Group against the economic effects of any claims, XVIVO is insured against general and business-related claims for damages. XVIVO performs regular reviews with brokers and insurance advisors and the applicable insurance cover is presented to the Board annually.

Financial risks

XVIVO has most of its sales in other currencies than SEK. The USD and the EUR are the most important currencies. Expenses are largely in SEK but a considerable portion is in USD. XVIVO does not currently hedge its revenues in foreign currency, which means there is a currency risk for the business (see Note 25 for further information).

Sustainability and responsibility

The Board of Directors of XVIVO adopted a Code of Conduct that has been agreed throughout the global organization. The Code of Conduct is based on the United Nations Universal Declaration of Human Rights, the International Labor Organization Declaration on Fundamental Principles and Rights in the Workplace, the UN's Global Compact and the OECD Guidelines for Multinational Enterprises. The Code is reviewed and approved annually by the Board. The Code applies to all employees and sets the standard for professionalism and integrity, with the aim of ensuring that all employees act legally and appropriately in relation to the company's stakeholders.

XVIVO's management of personnel-related matters is based on a number of policies and routines. The most important are our Code of Conduct, the HSEQ policy, health and safety routines and our information policy.

The high quality and safety of our products is critical to our operations. We constantly analyze and review the quality of the product's entire life cycle. Our quality management systems are certified according to the standards that apply to the products we manufacture. XVIVO complies with the regulations that apply on markets where our products are sold.

XVIVO's business does not entail any specific environmental risks and does not require any special environmentally related permits or decisions from authorities. However, our business impacts the environment in several ways. Our customers are to be found all over the world, which means that our products are

Group's key ratios - 5 year summary

	2022	2021	2020	2019	2018
Net sales, SEK M	415	258	180	221	188
Gross margin, %	72	73	72	74	72
Gross margin disposables, %	79	76	75	77	77
EBITDA, %*	12	5	-9	13	16
EBIT (Operating margin), %*	2	-7	-25	2	7
Net margin, %	4	3	-24	2	7
Total Assets, SEK M	1,733	1,543	1,150	634	587
Equity/assets ratio, %	83	83	88	91	92
Earnings per share, SEK	0.62	0.28	-1.61	0.19	0.48
Shareholders' equity per share, SEK	47.94	43.58	35.11	21.71	20.47
Share price on the record date, SEK	183	279	314	170	132
Average number of employees	114	92	63	46	35

*Operating profit before depreciation and amortization (EBITDA), adjusted for costs associated with the share-based bonus programs for employees outside Sweden as well as integration and acquisition costs, amounts to SEK 56.5 million (29.5), corresponding to an EBITDA margin of 14 percent (11). Adjusted reported operating profit (EBIT) amounted to SEK 14.3 million (-2.7), corresponding to an adjusted EBIT margin of 3 percent (-1).

partly transported by air. The company strives to make its processes efficient in dialog with customers and suppliers and tries to minimize the amount of transportation as far as possible. Global product ranges and extended shelf-life for products are examples of initiatives in recent years which reduce the company's impact on the environment. XVIVO has employees in most continents, so internal meetings are held digitally to as great extent as possible and travel within the company only takes place when necessary. The company assesses that the business is run in accordance with the applicable health and safety rules and offers its employees a safe and healthy environment. Since transplantations are life-saving treatments, the products are governed by regulatory authorities.

Legal disputes

The company was not involved in any legal disputes in 2022 that had any significant impact on the company's finances or business.

Outlook for 2023

XVIVO starts 2023 with the wind in its sails from a positive 2022. We see continued growing interest in our product and service offering across all organ areas. The commercial focus will continue to be on increasing the installed base and the use of our leading perfusion technologies.

The goal for the next six months is to include the final patients in the European heart preservation study. The aim is still to launch our heart technology in Europe in the first quarter of 2024. The study in Australia/New Zealand included its final patient during the fourth quarter of 2022, and discussions are in progress with the participating clinics about the best way that XVIVO can support their work in 2023 pending product approval. We are engaged in positive dialog with the FDA regarding the heart study in the US and we intend to plan for the start of the study as soon as the FDA allows. As a result of the increased focus on regulatory studies and product launches, we will continue to invest in our organization, primarily in our main market, the US.

Although XVIVO and the transplantation industry in general are making significant progress, there is uncertainty in the wider world. The geopolitical situation unfortunately remains tense. XVIVO currently has very limited sales exposure to Eastern Europe and the procurement chain is not exposed to these markets. Manufacturing takes place either in Western Europe or the US. Accordingly, we do not judge that the war in Ukraine is having any direct negative impact on the company's operations at present.

The extent to which the Covid-19 pandemic will affect XVIVO's sales and clinical trials in 2023 remains largely dependent on whether intensive care operations in our main markets in the US and Europe have returned to normal. The vast majority of markets are undergoing a recovery, which bodes well for continued positive development for XVIVO and for transplantation operations worldwide.

Guidelines for remuneration to senior executives

Guidelines for remuneration to senior executives cover the management of XVIVO Perfusion AB (publ) ("XVIVO") and the Board of Directors, insofar as remuneration other than that decided by the general meeting is paid to Board members. The executive management includes the CEO, the Deputy CEO and other members of the executive management. Other members of the executive management refer to senior managers and those who report directly to the CEO. Managers who report directly to the CEO are in the company's case CFO, COO, CCO, CMO, Global QA&RA Director and Global Research and Development Director and Vice President Clinical and Regulatory Affairs (US).

The current guidelines were approved by the Annual General Meeting 2021 and the Board will present proposed new guidelines at least every four years. The guidelines are forward-looking, i.e. they are applicable to remuneration agreed and amendments to remuneration already agreed, after adoption of the guidelines by the annual general meeting 2021. These guidelines do not apply to any remuneration decided or approved by the general meeting.

For employment terms governed by rules other than Swedish, pension benefits and other benefits may be duly adjusted for compliance with mandatory rules or established local practice, considering, to the extent possible, the overall purpose of these guidelines.

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

XVIVO is a medical technology company that develops and markets solutions and systems for selecting usable organs and maintaining them in optimal condition pending transplantation. The company is active in all of the major organ areas: heart, lung, liver and kidney.

The company is currently the market leader in lung transplantation and liver transplantation and provides transplant clinics all over the world with high-tech products for storing and evaluating lungs and livers. XVIVO employs around 133 people. The head office is located in Gothenburg, Sweden and our subsidiaries are located in Lund, Sweden, USA, Italy, France, Brazil, China, Australia and the Netherlands. XVIVO also has employees based in several other countries in Europe.

For further information about the company's business strategy, see www.xvivogroup.com.

Successfully implementing the company's business strategy and pursuing the company's long-term interests, including sustainability, require the company to have the ability to recruit, motivate and retain skilled employees. For this, the company needs to be able to offer competitive remuneration. These guidelines enable senior executives to be offered competitive total remuneration.

The company has established two long-term share-related incentive programs. They have been resolved by the General Meeting and are therefore not covered by these guidelines. For the same reason, the long-term share-related incentive program proposed by the Board for the 2023 Annual General Meeting is also not covered. The proposed program essentially corresponds to existing programs, but the number of participants has been limited. The programs include key employees in the Group as well as senior executives in the company. The programs have a clear connection to the business strategy and thus to the company's long-term value creation, including its sustainability. The programs also impose requirements regarding longer periods of holding. For further information about these programs, see www.xvivogroup.com.

Types of remuneration, etc.

The remuneration shall be on market terms and may consist of the following components: fixed cash salary, variable cash remuneration, pension benefits and other benefits. Additionally, the general meeting may – irrespective of these guidelines – resolve on, among other things, share-related or share price-related remuneration.

The fixed cash salary shall be determined with consideration of the concerned individual's responsibilities and experience. The fixed salary shall be reviewed annually.

The satisfaction of criteria for awarding variable cash remuneration shall be measurable over a period of one year. The variable cash remuneration may amount to a maximum of 50 percent of the fixed annual cash salary for the CEO and 30 percent of the fixed annual cash salary for other members of management.

Additional variable remuneration may be awarded in extraordinary circumstances,

provided such extraordinary arrangements are limited in time and only made on an individual basis, either for the purpose of recruiting or retaining executives, or as remuneration for extraordinary performance beyond the individual's ordinary tasks. Such remuneration may not exceed an amount corresponding to 30 percent of the fixed annual cash salary and may not be paid more than once each year per individual. Any resolution on such remuneration shall be made by the Board of Directors based on a proposal from the Remuneration Committee.

Pension

For the CEO of the company, pension benefits, including health insurance, shall be defined-contribution. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for defined-contribution pension shall amount to a maximum of 35 percent of the fixed annual cash salary. For other executives, pension benefits, including health insurance, shall be defined-contribution less the individual concerned is subject to defined-benefit pension under mandatory collective agreement provisions. Variable cash remuneration shall not qualify for pension benefits. The pension premiums for defined-contribution pension shall amount to a maximum of 31.5 percent of the fixed annual cash salary.

Other benefits may include, for example, life insurance, medical insurance and company cars. Such benefits shall be determined based on the criteria of marketability and competitiveness.

For executives stationed in another country than their home country, additional remuneration and other benefits may be awarded to a reasonable extent with consideration of the special circumstances that are associated with such foreign stay, whereby the general purpose of these guidelines shall be satisfied to the furthest extent possible.

Termination of employment

The notice period may not exceed six months if notice of termination of employment is made by the company. If notice of termination of employment is made by the company, severance pay corresponding to no more than the same amount as twelve monthly salaries shall be awarded to the CEO. No severance pay shall be awarded to other members of the executive management upon termination of their employment. The period of notice may not to exceed six months when termination is made by the executive, without any right to severance pay.

Additionally, remuneration may be paid for non-compete undertakings. Such remuneration shall compensate for loss of income and shall only be paid insofar as the previously employed executive is not entitled to severance pay. The remuneration shall be based on the fixed cash salary at the time of termination of employment and be paid during the time that the non-compete undertaking applies, subject to a maximum of 12 months following termination of employment.

Criteria for awarding variable cash remuneration, etc.

The variable cash remuneration shall be linked to predetermined and measurable criteria which can be financial or non-financial and be individualized quantitative or qualitative targets. The criteria shall be designed to contribute to the company's business strategy and long-term interests, including its sustainability, by for example being clearly linked to the business strategy or promote the executive's long-term development.

The extent to which the criteria for awarding variable cash remuneration has been satisfied shall be evaluated/determined when the measurement period has ended. The Remuneration Committee is responsible for the evaluation so far as it concerns variable remuneration to the CEO. For variable cash remuneration to other executives, the CEO is responsible for the evaluation. For financial objectives, the evaluation shall be based on the latest financial information made public by the company.

Salary and employment terms for employees

In the preparation of the Board of Directors' proposal for these remuneration guidelines, salary and employment terms for employees of the company have been taken into account by including information on the employees' total remuneration, the components of the remuneration and increase and growth rate of the remuneration over time, in the Remuneration Committee's and the Board of Directors' basis of decision when evaluating whether the guidelines and the limitations set out herein are reasonable. The gap between remuneration to executives and remuneration to other employees is disclosed in the remuneration report.

The decision-making process to determine, review and implement the guidelines

The Board of Directors has established a Remuneration Committee. The Committee's tasks include preparing the Board of Directors' decision to propose guidelines for executive remuneration. Current guidelines were adopted by the Annual General Meeting 2021 and the Board will present proposed new guidelines at least every four years. The guidelines shall be in force until new guidelines are adopted by the General Meeting. The Remuneration Committee shall also monitor and evaluate programs for variable remuneration for the executive management, the application of the guidelines for executive remuneration as well as the current remuneration structures and compensation levels in the company. The ordinary members of the Remuneration Committee are independent of the company and its executive management. The CEO and other members of the executive management do not participate in the Board of Directors' processing of and resolutions regarding remuneration-related matters in so far as they are affected by such matters.

Board of Directors' service assignments

Directors elected by the General Meeting shall in special cases be eligible for remuneration for services in their respective area of expertise, which is not Board work. Remuneration for such services shall be made on market terms and approved by the Board of Directors and may not exceed SEK 300,000 excluding VAT per year and director.

Derogation from the guidelines

The Board of Directors may resolve to temporarily derogate from the guidelines, in whole or in part, if in a specific case there is special cause for such action and a derogation is necessary to serve the company's long-term interests, including its sustainability, or to ensure the company's financial viability. As set out above, the Remuneration Committee's tasks include preparing the Board of Directors' resolutions in remuneration-related matters, which includes resolutions to derogate from the guidelines.

Parent Company

The business focuses on sales of lung transplant products outside of North America, global research and development and global marketing. During the year, research and development expenses totaled SEK 52 million (45). In addition, SEK 90 million (60) was invested in development projects constituting intangible assets.

Proposal for profit appropriation

The following equity is at the disposal of the Annual General Meeting:

Share premium reserve	SEK 1,299,346,535
Retained earnings	SEK -328,756,208
Net income for the year	SEK 34,731,864
	SEK 1,005,322,191

The Board of Directors proposes that the non-restricted equity is allocated as follows:

To be carried forward SEK 1,005,322,191

The financial reports were approved for issuance by the Board of the Parent Company on April 3, 2023.

Regarding the company's results and financial position, please refer to the following Income Statements and Balance Sheets, together with the accompanying Notes to the Financial Statements.

Corporate Governance Report

"Good corporate governance means ensuring that companies are run sustainably, responsibly and as efficiently as possible on behalf of their shareholders. The confidence of legislators and the public that companies act responsibly is crucial if companies are to have the freedom to realize their strategies to create value. The confidence of existing and potential shareholders that such is the case is crucial to their interest in investing in companies, Thus securing corporate Sweden's freedom to develop and its supply of competence and venture capital." (Extract from the Swedish Corporate Governance Code)

XVIVO Perfusion AB (publ) is a Swedish public limited company listed on Nasdaq Stockholm's main market since November 28, 2016. The corporate governance policies applied by XVIVO are based on Swedish legislation, primarily the Swedish Companies Act and the Swedish Annual Accounts Act, and NASDAQ Stockholm AB's regulations. The company has applied the Swedish Corporate Governance Code ("the Code") as from the day the company's shares were listed on Nasdaq Stockholm's main market. Further information on corporate governance in XVIVO is to be found at www.xvivogroup.com.

Ownership

According to Monitor's shareholder register, XVIVO had 8,242 verified shareholders as of December 31, 2022, an increase of 28 percent year-on-year.

Shares

As of December 31, 2022, the share capital of XVIVO Perfusion AB (publ) amounted to SEK 762,467, divided into 29,831,919 shares. Trading takes place on Nasdaq Stockholm's main list. All shares have equal voting rights and have equal rights to a share in XVIVO's assets and earnings.

XVIVO's Annual General Meeting on April 26, 2022 decided to authorize the Board, for the period until the next Annual General Meeting, on one or more occasions, to decide to complete new share issues of a maximum of 10 percent of the total number of shares and votes in the company, corresponding to 2,983,192 shares based on the number of shares as of December 31, 2022.
The Annual General Meeting on April 26, 2022 decided to complete the issue of a maximum of 130,000 stock options with the associated rights to subscribe for new shares. The offer of stock options was aimed at senior executives and key personnel in the XVIVO Group. Of these stock options, 45,500 have been subscribed for by employees, which implies a dilution effect of 0.2 percent of the total number of shares and votes in the

XVIVO's ten largest shareholders as of December 31, 2022 are listed below

Shareholder	Number of shares	Shares and votes, %
Bure Equity	4,367,504	14.64%
Swedbank Robur Fonder	2,897,000	9.71%
Fourth AP Fund	2,735,553	9.17%
Eccenovo AB	1,793,361	6.01%
Premier Miton Investors	1,158,040	3.88%
Invesco	1,017,026	3.41%
Handelsbanken Funds	814,409	2.73%
Deka Investments	499,142	1.69%
Nordnet Pensionsförsäkring	472,915	1.59%
Second AP Fund	443,257	1.49%
Other	13,633,712	45.69%
Total	29,831,919	100%

Source: Monitor's figures as of 31 December 2022.

company and an increase in share capital of SEK 1,163.

The number of shares and votes increased by 63,301 shares and votes in June as a result of the utilization of stock options under the company's incentive scheme 2020/2022. After the new share issue, there were a total of 29,561,967 shares and votes in the company. Share capital increased by SEK 1,618 and totaled SEK 755,567 after the new share issue. Dilution was approximately 0.2 percent of the number of shares and votes in the company.

In November, in connection with the acquisition of XVIVO Srl, the company completed a directed new issue raising SEK 60,071,205 before issue expenses. Issue expenses totaled SEK 163,900. Share capital increased by SEK 6,900 and the surplus, SEK 60,064 305, was posted to the share premium reserve. As a result of the new issue, the number of shares and votes increased to 29,831,919. The new issue resulted in a dilution effect of approximately 0.9 percent of the number of shares and votes in the company.

Corporate Governance

The figure below illustrates XVIVO's corporate governance model and who appoints the central bodies.

Annual General Meeting

XVIVO's highest decision-making body is the general meeting of shareholders The Annual General Meeting shall be held within six months of the end of the financial year. A notice convening the AGM is issued no earlier than six and no later than four weeks prior to the meeting. All shareholders entered in the shareholders' register and who have notified their intent to attend in time are entitled to participate in and vote at the meeting. Shareholders who are unable to attend may be represented by a proxy.

Annual General Meeting 2022

The most recent Annual General Meeting was held on April 26 in Gothenburg. At the Meeting it was decided to re-elect the Board members Gösta Johannesson, Camilla Öberg, Yvonne Mårtensson, Lena Höglund and Lars Henriksson, and to elect Göran Dellgren as a new Board member. Gösta Johannesson was elected Chairman of the Board. A resolution was passed to adopt Board fees of a total of SEK 1,850,000 SEK, of which SEK 440,000 to the Chairman, SEK 220,000 to each of the other Board members and SEK 75,000 to the Chairman of the Audit Committee, SEK 75,000 to the Chairman of the Remuneration Committee and SEK 40,000 to each of the other members of these committees.

The proposal not to pay any dividend for the financial year 2021 was approved.

The Board was authorized, for the period up until the next Annual General Meeting, to decide on one or more occasions to issue new shares in the company, corresponding to maximum 10% of the total number of shares and votes in the company.

The proposed policies for remuneration and other terms of employment for the executive management were adopted. The proposed issue of 130,000 stock options entitling holders to subscribe for new shares was approved. The Board's remuneration report was presented. The Annual General Meeting decided, in accordance with the Board's proposal, to authorize the remuneration report for the financial year 2021.

Annual General Meeting 2023

The Annual General Meeting will be held on Tuesday, April 25, 2023 at 3:00 p.m. CET at the Swedish Exhibition & Congress Centre (Svenska Mässan), visiting address: Mässans gata 24, in Gothenburg. Advance voting by postal ballot will be allowed in accordance with information in the notice. Shareholders

who wish to participate in the Annual General Meeting shall be registered in the share register kept by Euroclear Sweden AB no later than Thursday, April 17, 2023.

Shareholders who wish to attend the Annual General Meeting shall notify the company no later than Tuesday April 18, 2023. Either by writing to XVIVO Perfusion AB (publ), the Annual General Meeting 2023, c/o Advokatfirman Vinge KB, Box 110 25, 404 21 Gothenburg, by e-mail to xvivoperfusion@vinge.se, or by sending their postal vote in accordance with the instructions in the notice.

The Board of Directors

General

The Board is responsible for the company's administration of its affairs and organization. At the Annual General Meeting in 2022, six Board members were elected, with competence in both medical devices and biotechnology as well as in the areas of finance and strategy. In 2022, the Board held 20 meetings (16), and minutes were kept at all meetings.

The CEO has participated at all the Board meetings. Other senior executives have attended dependent on the addressed issues. The company's CFO acted as secretary at all meetings. Remuneration and other benefits paid to the Board of XVIVO are detailed in Note 7 of the 2022 Annual Report.

The Board's work

Each year, the Board is to convene for a minimum of seven scheduled meetings, equally distributed over the year, and one statutory Board meeting. The meetings are normally held in the form of physical meetings at XVIVO's headquarters in Gothenburg. If it is preferable for practical reasons, the meetings are held digitally or in special cases per capsulam.

The Chairman leads and organizes the Board's work. A proposed agenda and decision data regarding the items to be addressed at the meeting are sent ahead of each meeting. The proposed agenda is drawn up by the CEO in consultation with the Chairman. Items presented to the Board are for information purposes, discussion, or decision. Decisions are only taken following discussion and after all members present have been given the opportunity to be heard. The Board's extensive experience in various areas generates constructive and open discussion. During the year, no Board member registered dissent with regard to any Board decision. Any open issues are followed up on an ongoing basis.

Board members' attendance at each meeting is presented in the following table

Name	Dependent*	Attendance Board meetings	Attendance Remuneration Committee	Attendance Audit Committee
Gösta Johannesson	Yes	20/20	5/5	
Folke Nilsson		6/6		3/3
Göran Dellgren		12/14		2/2
Camilla Öberg		20/20		5/5
Yvonne Mårtensson		20/20		5/5
Lena Höglund		20/20	5/5	
Lars Henriksson		20/20	5/5	

*Dependent in relation to the company's major shareholders

During the year, the Board of Directors followed and assessed sales and cost forecasts carefully, and a number of Board meetings focused on progress in clinical trials and the impact of the pandemic on them. We made a customer visit to a European transplant clinic. During the year, the Board of Directors also dealt with the effects of the tragic passing of XVIVO's late CEO. Christoffer Rosenblad, then Deputy CEO, was immediately appointed as Acting CEO and a recruitment process started. Upon preparing a clear job specification for the role, the Board found that Christoffer Rosenblad met the specified requirements. Christoffer Rosenblad was appointed the new CEO on November 30, 2022.

One of the meetings held during the year focused on strategic issues. In addition, parts of the Board have met on several occasions to discuss questions they have been tasked with investigating further.

The rules of procedure for the Board of Directors were adopted at the statutory Board meeting on April 26, 2023. The Board's rules of procedure are reviewed at least once a year. The rules of procedure regulate areas such as the allocation of responsibilities, the number of scheduled meetings, the form of notifications, decision data and minutes, conflicts of interest, mandatory items to be submitted by the CEO to the Board and authorized signatories. The Board addresses

ongoing matters such as business conditions, interim reports, budgets, strategies, and external information.

In addition to the Board material, the CEO distributes monthly reports containing a financial report and a description of current events in operations and in the market. The aim is to keep the Board informed about the development of the company's operations to enable the Board to take well-founded decisions. Once each year, the Board holds a meeting that evaluates the work of the CEO, which the executive management does not attend. The Board ensures the quality of the financial reporting through its own work and through contact with the auditor. The company's auditor participated at the meeting addressing the annual accounts, where the audit results were reported.

In the fall of 2021, the Board evaluated its work by hiring an external board evaluation provider. This led to a self-evaluation procedure where each Board member assessed statements about the Board's role and function, Board meetings, Board material, Board members, the Chairman of the Board and the CEO. The Board members also weighted the importance of each statement for the Board's work and the company's long-term value growth. The responses were compiled by independen third parties and compared with the benchmark index of listed companies in the Nordic region. The evaluation is a part of constantly developing the Board work. In the fall of 2022, an internal evaluation was carried out of the results from 2021, and an extensive re-evaluation is intended to be carried out in 2023. The Nomination Committee carried out interviews with all the Board members in 2022.

Members of the Board

XVIVO's Board comprises six members, including the Chairman. For details about the Board members and their shareholdings, please refer to the 2022 Annual Report, page 118, and the company's website (www.xvivogroup.com).

Remuneration Committee

At the inaugural Board meeting, the Board of XVIVO appoints a Remuneration Committee, which prepares proposals concerning questions of remuneration. The Remuneration Committee's areas of responsibility are defined in the Board's Rules of Procedure and in the Remuneration Committee's instructions. The Group's guidelines for remuneration of executive management are included in the Administration Report on pages 66–68 of the 2022 Annual Report and on the company's website (www. xvivogroup.com).

The Remuneration Committee comprises three Board members: Gösta Johannesson (Chairman of the Remuneration Committee), Lars Henriksson and Lena Höglund.

Audit Committee

At the inaugural Board meeting, the Board of Directors of XVIVO appoints an audit committee. The tasks of the Audit Committee are described in a set of instructions for the Audit Committee. The purpose of the Audit Committee's activities is to assist the Board of Directors of XVIVO in questions regarding financial reporting, auditing and risk management. The Audit Committee is a preparatory body and the Board has overriding responsibility for the questions related to auditing. The members of the Audit Committee shall consist of at least three Board members appointed by the Board at the inaugural Board meeting or whenever otherwise necessary. The members of the Committee may not be employed by the company. At least one member shall be independent in relation to the company's major shareholders and should have accounting or audit experience.

The Audit Committee consists of Camilla Öberg (Chairman of the Audit Committee), Yvonne Mårtensson and Göran Dellgren.

The Audit Committee shall in particular monitor (i) the audit of the Annual Report and the Consolidated Financial Statements, (ii) transactions with related parties, important accounting principles and important correspondence between the company's auditors and management, (iii) the effectiveness of the company's internal controls regarding financial reporting, (iv) the company's routines concerning comments on the company's accounts, internal control and auditing, (v) the scope, focus and quality of auditing work, including follow-up of the audit performed, (vi) budgeted and actual auditing expenses, (vii) the auditors' recommendations, conclusions, observations and proposals after an audit has been performed, (viii) the auditor's impartiality and independence and in this connection pay particular attention to whether the auditor provides the company with other services than auditing work and (ix) assist in the drawing up of proposals for adoption by the Annual General Meeting regarding election of an auditor.

Management Team

For information on members of the management team and their shareholdings, please refer to page 120 of the 2022 Annual Report and the company's website (www.xvivogroup.com). XVIVO's management team comprises eight members including the CEO. The management team has competence and experience relating to research and development, regulatory matters, quality assurance, marketing, production and distribution of medical device equipment. Furthermore, the members of the management team have the necessary competence in economics and finance. The management team meets every other week. Twice a year the team meets for all-day meetings, which provides the opportunity to deal with issues of a more strategic nature. The rules of procedures for the Board of Directors and the CEO was determined on the statutory Board meeting on April 26, 2022 and regulates the segregation of duties between the Board of Directors, the Chairman of the Board and the CEO. The operative management is based on the decision-making process determined by the Board.

Election of auditor

At the Annual General Meeting 2022, KPMG AB was appointed as the company's audit firm. During the year, KPMG AB have appointed authorized public accountant Daniel Haglund as auditor in charge up until the Annual General Meeting 2023. Daniel Haglund has reported his observations from the audit to the Board. The annual report, accounts and the administration of the Board and the CEO were examined within the scope of the above work.

Nomination Committee

The Nomination Committee for the 2023 Annual General Meeting has been appointed in accordance with the principles adopted at the 2018 Annual General Meeting. These principles stipulate that the Chairman of the Board – no later than the end of the third quarter of 2022 – shall contact the three largest shareholders of XVIVO on the basis of known shareholdings at the end of August 2022 and ask them to appoint one member each to be included in the Nomination Committee. In addition to these three members, the Chairman of the Board shall also be part of the Nomination Committee. If any of the three shareholders waives their right to appoint a member of the Nomination Committee, or if a member resigns from the Nomination Committee without being replaced by a new member appointed by the same shareholder, the next shareholder in order of size shall be afforded the opportunity to appoint a member of the Nomination Committee. Unless otherwise agreed by the members of the Committee, the Chairman of the Nomination Committee shall be the Committee member appointed by the largest shareholder. The mandate period shall run until a new Nomination Committee has taken over.

If during the mandate period of the Nomination Committee one or more shareholders who have appointed Nomination Committee members are no longer one of the three largest shareholders, committee members appointed by these shareholders shall step down and the shareholder or shareholders who have become one of the three largest shareholders shall be entitled to appoint their committee members. Except in special circumstances, there shall be no changes in the composition of the Nomination Committee if only marginal changes in the number of votes have occurred or if the change occurs later than three months before the Annual General Meeting.

The composition of the Nomination Committee was published on the website at least six months before the Annual General Meeting.

The work of the Nomination Committee includes making proposals before the Annual General Meeting regarding (i) election of a Chairman for the meeting, (ii) a resolution regarding the number of Board members, (iii) election of and a resolution regarding fees for the Chairman of the Board and the Board members, (iv) election of and a resolution regarding the fees for the auditor, and (v) a resolution regarding a new Nomination Committee procedure, if the Nomination Committee deems this appropriate.

The Board's description of the key elements in the company's system for internal control, follow-up and risk management.

The Board is responsible for internal control pursuant to the Swedish Companies Act. This report is limited to a description of how the internal control regarding financial reporting is organized. It pertains to the 2022 financial year.

The objective of internal financial control regarding financial reporting at XVIVO is to create an efficient decision making process in which requirements, targets and frameworks are clearly defined. Ultimately, the controls aim to protect the company's assets and, thereby, the shareholders' investments.

Control environment

The control environment forms the basis for the internal control. XVIVO's control environment includes healthy values, integrity, competence, leadership philosophy, organizational structure, responsibility and authorities. XVIVO's internal work procedures, instructions, policies, guidelines and manuals provide guidance to employees. At XVIVO, a clear allocation of roles and responsibilities for efficient management of operational risks is ensured through measures including the Board's rules of procedure and the instructions for the CEO. The CEO reports regularly to the Board. The CEO is responsible, in terms of the operating activities, for the system of internal controls required to construct a control environment for significant risks. XVIVO also has guidelines and policies for financial governance and follow-up as well as for communication issues, etc. The Group's eleven companies essentially have the same structure, financial system and accounting plan. XVIVO continually reviews this system.

Risk assessment and control activities

XVIVO works with risk analysis on an ongoing basis to identify potential sources of error in the financial reporting. Traceability in the financial statements is ensured by good documentation. A system has been developed which follows up various activities in detail and compares them with the budget. The follow-up ensures communication with the different parts of the company, so that the Finance Department is also well acquainted with future activities and any deviations from the budget. The work on securing the processes where it has been identified that the risk of material error in the financial reporting may be assumed to be relatively higher than in other processes is continuously ongoing.

Normal control activities comprise monthly reconciliation of accounts and supplementary checks. The aim of all control activities is to prevent, detect and correct any errors or deviations in the financial reporting. The company intends to continue developing and following up selected control activities during the coming financial year. The company has a system for scanning invoices from suppliers which includes automatic approval control, and this raises the level of security in the internal control.

Follow-up

The Board continuously evaluates the information submitted by the executive management, which comprises both financial information and material issues pertaining to the internal control. The Board continuously follows up the effectiveness of the internal control, which, in addition to ongoing updates in the event of deviations, is carried out, inter alia, by ensuring that measures are implemented in respect of the proposed actions that may have arisen after external audits.

As of the start of 2022, the operations are followed up based on three business areas: Thorax, Abdominal and Services. In 2022, a new segment reporting process was introduced in the financial statements, which reflects the new business area structure.

Acquisitions and integration of operations

Over the past three years, XVIVO acquired three international companies. In 2021, management produced, and the Board approved, an internal framework relating to processes for acquisitions and business development. The aim is to work in a structured and methodical manner with these issues. The Board also continuously follows up the progress of the integration work after an acquisition.

Information and communication

Proper disclosures and clear lines of communication, both internal and external, mean that all parts of operations exchange and report relevant, significant operational data in an efficient manner. To achieve this, XVIVO has issued a communication policy regarding information management in the financial process, as well as policies and guidelines for other types of information. The executive management has communicated these to employees and employees are acquainted with the communication policy. Guidelines have been set out for how communication with external parties should take place, who is authorized to provide certain types of information and when a logbook should be kept. The ultimate aim of the aforementioned policies is to ensure compliance with disclosure requirements pertaining to legislation and listing agreements, and that investors receive the correct information in time.

Internal auditing

XVIVO has so far not had reason to set up a special internal audit function in the financial area. This is because the company is relatively small in size and the constantly ongoing work on internal control has led to awareness of internal control in the Group being perceived as high and to a number of control activities being in place. The issue of a financial internal audit function will be reviewed as the company grows. On the other hand, XVIVO has an internal audit function focused on quality management.

Consolidated Income Statement

January 1 – December 31

SEK 000	Note	2022	2021
Net sales	2	415,292	258,386
Costs of goods sold		-118,336	-70,107
Gross profit	3	**296,956**	**188,279**
Selling expenses		-152,398	-97,688
Administration costs		-70,979	-55,687
Research and development expenses		-69,343	-54,039
Other operating income	5	4,712	1,249
Other operating expenses	6	-2,539	-612
Operating income	7, 8, 9, 10, 12	**6,409**	**-18,498**
Financial income		71,598	45,368
Financial expenses		-55,693	-20,205
Net financial items	11, 12	**15,905**	**25,163**
Profit before tax		**22,314**	**6,665**
Tax on income for the year	13	-3,887	1,487
Net income for the year		**18,427**	**8,152**
Net income for the year attributable to:			
Parent Company's shareholders		18,427	8,152
Earnings per share before dilution, SEK		0.62	0.28
Earnings per share after dilution, SEK*		0.62	0.28
Average number of outstanding shares before dilution		29,525,946	28,845,691
Average number of outstanding shares after dilution*		29,525,946	28,936,075
Number of shares on the record date before dilution		29,831,919	29,498,666
Number of shares on the record date after dilution*		29,831,919	29,872,666

*After dilution. See Note 23 for information about stock option programs.

Consolidated Statement of Total Comprehensive Income

January 1 – December 31

SEK 000	Note	2022	2021
Net income for the year		18,427	8,152
Other comprehensive income			
Exchange rate differences on foreign operations for the year		65,693	22,271
Total other comprehensive income for the year	22	**65,693**	**22,271**
Total comprehensive income for the year		**84,120**	**30,423**
Total comprehensive income for the year attributable to:			
Parent Company's shareholders		84,120	30,423

Consolidated Statement of Financial Position

SEK 000	Note	12/31/2022	12/31/2021
ASSETS	25, 26		
Non-current assets			
Intangible assets	14		
Capitalized development expenditure		544,510	456,551
Patents, licenses and trademarks		6,228	6,231
Goodwill		625,319	460,228
Computer programs		2,257	2,427
Property, plant and equipment	15		
Machinery, equipment, fixtures and fittings		47,579	26,297
Financial non-current assets			
Deferred tax asset	13	39,272	42,171
Other financial assets		411	1,159
Total non-current assets		**1,265,576**	**995,064**
Current assets			
Inventories	17	106,566	77,590
Current receivables			
Accounts receivable	19	94,500	52,036
Tax receivables		4,439	4,286
Other receivables		5,320	7,589
Prepaid expenses and accrued income	20	10,138	7,335
Cash and cash equivalents	21	246,545	398,696
Total current assets		**467,508**	**547,532**
TOTAL ASSETS		**1,733,084**	**1,542,596**

SEK 000	Note	12/31/2022	12/31/2021
Shareholders' Equity	22, 23		
Equity attributable to Parent Company shareholders			
Share capital		762	754
Other capital contributions		1,313,839	1,253,330
Reserves		87,782	22,089
Retained Earnings incl. Net income for the year		27,753	9,277
Total Shareholders' Equity		**1,430,136**	**1,285,450**
LIABILITIES			
Other provisions		701	1,499
Deferred tax liability	13	25,766	25,084
Other non-current liabilities	25	137,130	124,522
Interest-bearing liabilities, non-current	10	4,455	1,522
Total non-current liabilities	25, 26, 27	**168,052**	**152,627**
Interest-bearing liabilities, current	10	5,550	4,199
Accounts payable		38,469	21,445
Current tax liability		1,284	301
Other liabilities		33,774	28,604
Accrued expenses and deferred income	24	55,819	49,970
Total current liabilities	25, 26, 27	**134,896**	**104,519**
TOTAL LIABILITIES		**302,948**	**257,146**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,733,084**	**1,542,596**

Consolidated Changes in Shareholders' Equity

SEK 000	Attributable to Parent Company shareholders				Total share-holder's equity
	Share capital	Other capital contributions	Reserves	Retained earnings incl. net income for the year	
Opening shareholders' equity at 01/01/2021	**734**	**1,006,784**	**-182**	**1,125**	**1,008,461**
Total comprehensive income for the year					
Net income for the year	-	-	-	8,152	8,152
Total other comprehensive income for the year	-	-	22,271	-	22,271
Total comprehensive income for the year	-	-	22,271	8,152	30,423
Transactions with Group's shareholders					
Contributions from and value transfers to shareholders					
New share issue minus transaction expenses, net after tax*	20	245,307	-	-	245,327
Premium paid upon issue of stock options	-	1,239	-	-	1,239
Total contributions from and value transfers to shareholders	20	246,546	-	-	246,566
Closing shareholders' equity at 12/31/2021	**754**	**1,253,330**	**22,089**	**9,277**	**1,285,450**
Total comprehensive income for the year					
Net income for the year	-	-	-	18,427	18,427
Total other comprehensive income for the year	-	-	65,693	-	65,693
Total comprehensive income for the year	-	-	65,693	18,427	84,120
Transactions with Group's shareholders					
Contributions from and value transfers to shareholders					
New share issue minus transaction expenses, net after tax*	8	59,694	-	49	59,751
Premium paid upon issue of stock options	-	815	-	-	815
Total contributions from and value transfers to shareholders	8	60,509	-	49	60,566
Closing shareholders' equity at 12/31/2022	**762**	**1,313,839**	**87,782**	**27,753**	**1,430,136**

* Transaction costs in connection with new share issue amount to SEK 0.368 million (4.674).

Consolidated Cash Flow Statement

January 1 – December 31

SEK 000	Note	2022	2021
Operating activities	29		
Income after financial items		22,314	6,665
Adjustment for non-cash items		27,510	7,195
Tax paid		199	-2,701
		50,023	**11,159**
Increase (-) / decrease (+) in inventories		-6,325	-13,802
Increase (-) / decrease (+) in operating receivables		-26,860	-8,294
Increase (+) / decrease (-) in operating liabilities		11,018	-1,122
Cash flow from operating activities		**27,856**	**-12,059**
Investing activities			
Acquisition of intangible assets		-112,761	-83,880
Acquisition of property, plant and equipment		-18,185	-10,194
Acquisition of subsidiaries		-67,447	-93,228
Acquisition of other financial assets		769	-401
Cash flow from investment activities		**-197,624**	**-187,703**
Financing activities			
Stock options program		815	1,239
New share issue		-368	244,114
Loan amortizations		-	-5,940
Amortization of lease liability		-7,289	-4,802
Cash flow from financing activities		**-6,842**	**234,611**
Cash flow for the year		**-176,610**	**34,849**
Opening cash and cash equivalents		398,696	354,236
Exchange rate differences in cash and cash equivalents		24,459	9,611
Cash and cash equivalents at the end of the year	21	**246,545**	**398,696**

Income Statement for the Parent Company

January 1 – December 31

SEK 000	Note	2022	2021
Net sales	2	243,737	161,287
Costs of goods sold		-54,599	-30,757
Gross profit		**189,138**	**130,530**
Selling expenses		-59,489	-54,003
Administration costs		-55,691	-39,907
Research and development expenses		-52,355	-45,372
Other operating income	5	4,020	1,935
Other operating expenses	6	-1,696	-543
Operating income	7,8,9,10,12	**23,927**	**-7,360**
Profit from financial items			
Interest income and similar items		74,597	27,079
Interest expenses and similar items		-54,615	-20,604
Income after financial items	11, 12	**43,909**	**-885**
Tax on income for the year	13	-9,177	-181
Net income for the year		**34,732**	**-1,066**

The Parent Company has no items to be recognized in other comprehensive income and therefore no statement of comprehensive income has been presented.

Parent Company Balance Sheet

SEK 000	Note	12/31/2022	12/31/2021
ASSETS	25, 26		
Non-current assets			
Intangible assets	14		
Capitalized development expenditure		355,904	284,522
Patents, licenses and trademarks		5,619	5,659
Computer programs		1,874	2,048
Property, plant and equipment	15		
Machinery, equipment, fixtures and fittings		10,775	8,980
Financial non-current assets			
Participating interests in Group companies	4, 16	752,242	611,702
Receivables from Group companies	18	171,418	95,113
Deferred tax asset	13	5,871	14,953
Other financial assets		1,106	1,061
Total non-current assets		**1,304,809**	**1,024,038**
Current assets			
Inventories	17	27,549	21,805
Current receivables			
Accounts receivable	19	22,896	12,735
Receivables from Group companies		2,175	56
Current tax receivables		1,367	1,368
Other receivables		2,586	5,957
Prepaid expenses and accrued income	20	7,865	5,142
Cash and cash equivalents	21	196,281	369,479
Total current assets		**260,719**	**416,542**
TOTAL ASSETS		**1,565,528**	**1,440,580**

SEK 000	Note	12/31/2022	12/31/2021
Shareholders' Equity	22, 23		
Total equity			
Share capital		762	754
Statutory reserve		20	20
Development expenditure reserve		335,462	253,622
Unrestricted equity	28		
Share premium reserve		1,299,347	1,238,837
Retained earnings		-328,756	-245,850
Net income for the year		34,732	-1,066
Total Shareholders' Equity		**1,341,567**	**1,246,317**
PROVISIONS			
Other provisions		1,374	1,499
Total provisions		**1,374**	**1,499**
NON-CURRENT LIABILITIES			
Other non-current liabilities	25	137,130	124,522
Total non-current liabilities		**137,130**	**124,522**
CURRENT LIABILITIES	26		
Accounts payable		18,802	11,977
Liabilities to Group companies	18	8,656	5,849
Other liabilities	24	34,405	27,323
Accrued expenses and deferred income	25, 26, 27	23,594	23,093
Total current liabilities		**85,457**	**68,242**
TOTAL LIABILITIES		**223,961**	**194,263**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,565,528**	**1,440,580**

Parent Company changes in shareholders' equity

	Total equity			Non restricted equity			
SEK 000	Share capital	Statutory reserves reserve	Development expenditure fund	Share premium reserve	Retained earnings	Net income for the year	Total shareholder's equity
Opening shareholders' equity at 01/01/2021	**734**	**20**	**198,151**	**992,291**	**-151,943**	**-38,436**	**1,000,817**
Total comprehensive income for the year							
Net income for the year	-	-	-	-	-	-1,066	-1,066
Total other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-1,066	-1,066
Proposed appropriation of profits	-	-	-	-	-38,436	38,436	-
New share issue minus transaction expenses, net after tax*	20	-	-	245,307	-	-	245,327
Premium paid upon issue of stock options	-	-	-	1,239	-	-	1,239
Allocation to reserve for development expenditure	-	-	55,471	-	-55,471	-	-
Closing shareholders' equity at 12/31/2021	**754**	**20**	**253,622**	**1,238,837**	**-245,850**	**-1,066**	**1,246,317**
Total comprehensive income for the year							
Net income for the year	-	-	-	-	-	34,732	34,732
Total other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	34,732	34,732
Proposed appropriation of profits	-	-	-	-	-1,066	1,066	-
New share issue minus transaction expenses, net after tax*	8	-	-	59,695	-	-	59,703
Premium paid upon issue of stock options	-	-	-	815	-	-	815
Allocation to reserve for development expenditure	-	-	81,840	-	-81,840	-	-
Closing shareholders' equity at 12/31/2022	**762**	**20**	**335,462**	**1,299,347**	**-328,756**	**34,732**	**1,341,567**

* Transaction costs in connection with new share issue amount to SEK 0.368 million (4.674).

Parent Company Cash Flow Statement

January 1 – December 31

SEK 000	Note	2022	2021
Operating activities	29		
Income after financial items		43,909	-885
Adjustment for non-cash items		18,521	17,617
Tax paid		1	-1,367
		62,431	**15,365**
Increase (-) / decrease (+) in inventories		-1,695	-3,550
Increase (-) / decrease (+) in operating receivables		-15,529	2,436
Increase (+) / decrease (-) in operating liabilities		12,844	1,167
Cash flow from operating activities		**58,051**	**15,418**
Investing activities			
Acquisition of intangible assets		-91,090	-62,979
Acquisition of property, plant and equipment		-4,136	-5,909
Sales of property, plant and equipment		12	-
Acquisition of subsidiaries		-82,245	-105,029
Cash flow from investment activities		**-177,459**	**-173,917**
Financing activities			
Stock options program		815	1,239
Change in loan to Group company		-75,112	-58,893
New share issue, net after transaction expenses		-368	244,114
Cash flow from financing activities		**-74,665**	**186,460**
Cash flow for the year		**-194,073**	**27,961**
Opening cash and cash equivalents		369,479	333,318
Exchange rate differences in cash and cash equivalents		20,875	8,200
Cash and cash equivalents at the end of the year	21	**196,281**	**369,479**

Supplementary disclosures and Notes to the Financial Statements

Notes to the financial statements for the full year 2022 for the XVIVO Group and its Parent Company, XVIVO Perfusion AB (publ), corporate identity number 556561-0424, with its registered office in Gothenburg, Sweden, visiting address Mässans gata 10, postal address Box 53015, SE-400 14 Gothenburg. The Parent Company's share is listed on the Mid Cap list of NASDAQ Stockholm.

Note 1. Accounting principles

Compliance with standards and regulations

The consolidated financial statements have been prepared in accordance with IFRS published by the International Accounting Standards Board (IASB) such as they have been adopted by the EU. Furthermore, recommendation RFR 1 of the Swedish Financial Reporting Board, "Supplementary Accounting Rules for Groups", has been applied.

The Parent Company Annual Report has been prepared pursuant to the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 of the Swedish Financial Reporting Board, "Accounting for Legal Entities", has been applied. This means that IFRS measurement and disclosure requirements are applied. Deviations are presented in the "Parent Company accounting policies" section.

Classification

Non-current assets, long-term liabilities and provisions essentially consist only of amounts that are expected to be recovered or paid more than 12 months after the record date. Current assets and current liabilities essentially consist only of amounts that are expected to be recovered or paid within 12 months of the record date.

Consolidation policies

The Group consists of the Parent Company XVIVO Perfusion AB (publ) and the subsidiaries the Parent Company has direct or indirect control over.

Subsidiaries' financial reporting is included in the consolidated financial statements as from the acquisition date until the date when the controlling interest ceases.

Intra-group receivables and liabilities, income and expenses, and unrealized profits or losses arising from intra-group transactions are eliminated in their entirety in the presentation of the consolidated financial statements.

Functional currency and reporting currency

The functional currency is the currency in the primary economic environments where the companies included in The Group conduct operations. The Parent Company's functional currency is SEK, which is also the reporting currency for the Parent Company and the Group. This means that the financial statements are presented in SEK. All figures, unless otherwise stated, are rounded off to the nearest thousand.

Assets and liabilities in foreign subsidiaries, including goodwill and other Group surpluses and deficits, are translated to SEK at the exchange rate prevailing on the record date. Income and expenses in foreign subsidiaries are translated to SEK at the average exchange rate for the relevant year. Translation differences that arise upon translation of foreign subsidiaries are reported under Other comprehensive income.

Foreign currency

Transactions in foreign currency are translated to the functional currency at the exchange rate prevailing on the transaction date. Monetary assets and liabilities denominated in foreign currency are translated to the functional currency at the exchange rate prevailing on the record date. Exchange rate differences arising on translation are recognized in the Income Statement. Non-monetary assets and liabilities that are recognized at historical cost are translated at the exchange rate applicable on the transaction date. Non-monetary assets and liabilities that are recognized

at fair value are translated to the functional currency at the exchange rate applicable on the date of fair-value measurement.

The following exchange rates have been applied in these statements:

	Average exchange rate		Closing rate	
Currency	2022	2021	12/31/2022	12/31/2021
USD	10.1245	8.5815	10.4371	9.0437
EUR	10.6317	10.1449	11.1283	10.2269
AUD	7.0135	6.4415	7.0892	6.5625
BRL	1.9619	1.5906	1.9746	1.5856
CNY	1.5020	1.3307	1.5017	1.4186

Source: Sweden´s Riksbank

Revenue

Revenue from sales of goods and services is recognized in the Income Statement when significant risks and rewards associated with ownership of the goods have been transferred to the purchaser. Control is either transferred over time or at a point in time. Within the framework for the relevant customer contract, the performance commitments that XVIVO has undertaken to deliver are identified. A contract can include one or several performance commitments. The agreed price is in turn distributed to the the relevant performance commitment.

The Group's net sales are divided into three categories for reporting purposes: consumables, machines and services (see Note 2).

An overwhelming majority of XVIVO's sales comprise products, which clearly represent separate performance commitments. Sales of products are recognized at the time the customer gains control over the products, which is assessed to be in connection with delivery to the customer. In connection with sales of machines, an assessment is made of the various performances: delivery, installation and training, and income is reported according to the performance delivered. XVIVO also provides services relating to machines. These services are largely invoiced in advance, and are recognized at a pace with the term of service contracts. These services are assessed to constitute separate performance commitments. The Group's services in organ recovery are invoiced and recognized continuously over the term of agreements.

Segment reporting

Operating segments are presented according to a management approach, which means that they are presented in the way they are used in internal reporting. The basis for identification of reportable segments is the internal reporting such as it is reported to and followed up by the chief operating decision maker. The Group has identified the Group's CEO as the chief operating decision maker. Three segments are used in internal reporting to the CEO. For further information, see Note 3.

Leasing

Lessees

Lease assets such as leases for premises and equipment are recognized as right-of-use assets with an obligation to make future lease payments, such as a lease liability in the Balance Sheet. Short-term leases and lease contracts of low value are not recognized in the Balance Sheet but are expensed in the period consumption takes place. The company defines short-term leases as contracts where the remaining lease term is less than 12 months and by contracts of low value is meant contracts whose cost is less than SEK 50,000.

Lessors

At December 31, 2022 XVIVO had entered into 2 (3) leases with customers regarding XPS machines and 2 (0) lease regarding Liver Assist machines. Due to the fact that XVIVO is liable for all risk regarding the machines' residual value and service needs, it has been assessed that by and large all financial risks and benefits associated with the machines relate to XVIVO. Based on these qualitative factors, the conclusion is drawn that that the leases are operating leases. Lease payments, including an initial higher rent payment but excluding expenses for services that are insurance and maintenance, are recognized as revenue on a straight-line basis over the term of the lease.

Financial instruments

Financial instruments recognized in the Balance Sheet include cash and cash equivalents, accounts receivable, other receivables, accounts payable and other liabilities.

A financial asset or a financial liability is recognized in the Balance Sheet when the company becomes a party to the contractual provisions of the instrument. Accounts receivable are normally recognized in the Balance Sheet when an invoice has been sent. Accounts payable are normally recognized when an invoice has been received. A financial asset is removed from the Balance Sheet when the contractual rights are realized or expire or when the company loses control over them. The same applies to part of a financial asset. A financial liability is removed from the Balance Sheet when the contractual obligation is fulfilled or in some other way expires. The same applies to part of a financial liability. At each reporting date, the Group evaluates whether there is objective evidence that that there is an impairment requirement for a financial asset or group of assets. Objective evidence comprises observable events that have occurred and which have a negative impact on the ability to recover the cost of acquisition as well as a considerable or extensive decline in the fair value of a financial investment classified as a financial asset that can be sold.

Receivables and liabilities in foreign currency are measured at the exchange rate prevailing on the record date. Exchange rate differences for operating receivables and operating liabilities are included in operating income while exchange rate differences for financial receivables and liabilities are included in financial income and expenses.

Regarding impairment of financial assets, the company uses a model based on expected future credit losses, the "expected credit loss model". The impairment model is applied to financial assets measured at amortized cost or at fair value via other comprehensive income, except for investments in equity instruments (shares and participations) and contract assets. There were not any significant credit losses during the year and the Group's provisions for future credit losses as of the record date do not total a significant amount.

All financial instruments, with the exception of commitment to pay additional purchase consideration, are valued and recognized at accrued cost. All recognized amounts in this case correspond to the fair value of the items. Level 3 liabilities include additional purchase consideration and these have been valued at fair value and changes in these values are recognized in the Income Statement. The calculation has been performed by future expected payments being discounted by current market rates in line with the term of the liabilities.

Interest-bearing financial assets

Accounts receivable and other receivables are included in interest-bearing financial assets. These financial assets are recognized and valued at accrued cost. In cases where the term of the receivables is short, nominal amounts are recognized without discounting. If the expected period of holding is longer than 12 months, they are recognized as long-term receivables. Accounts receivable are initially valued at fair value and subsequently at accrued cost.

XVIVO uses the simplified model for expected credit losses for customer receivables, under which provisions for expected credit losses are made at an amount corresponding to expected credit losses over the term of the receivable and is considered at the first reporting date. This effect is not considered to be material for the financial year. Indications that a receivable is at risk of impairment might include that the customer is in financial difficulty, that corporate reconstruction or bankruptcy is probable, delayed payments, disputes or other events that indicate that the customer will be unable to pay. Impairment of accounts receivable are recognized as selling expenses.

Intangible assets

The items recognized in the Consolidated Balance Sheet are goodwill, capitalized development expenditure, patents, licenses, trademarks and computer programs.

Goodwill

Goodwill represents the difference between acquisition cost and the net assets acquired including contingent liabilities. Goodwill is valued at cost less potential accumulated impairment. Goodwill is distributed to the relevant cash-generating unit and is not amortized, but is tested annually for impairment.

Capitalized development expenditure

Research costs are expenditure for research with the aim of gaining new scientific or technical knowledge. Development expenditure is expenditure where research results or other knowledge are applied to achieve new or improved products or processes.

Expenditure on research activities is recognized as an expense in the period in which it is incurred. In the Group, development expenditure is recognized as an intangible asset if it is assessed that the asset is able to generate future financial rewards, but only if it is technically and financially possible to complete the asset, the aim is and it is possible that the asset can be used in the business or sold, and the value can be estimated in a reliable way.

Capitalized development expenditure is recognized in the Consolidated Balance Sheet at cost minus accumulated amortization and write-downs.

Additional expenses

Additional expenses for an intangible asset are added to cost only if they increase the future financial rewards that exceed the original assessment and the expenses can be estimated in a reliable manner. All other expenses are expensed when they arise.

Amortization of intangible assets

Straight-line amortization is applied in the Income Statement over intangible assets' estimated useful life, unless the useful life is indefinite. Intangible assets that can be amortized are amortized from the date when they are available for use. The estimated useful life of the assets is as follows:

Capitalized development expenditure	5-10 years
Patents	10 years
Licenses and trademarks	10 years
Computer programs	5 years

Property, plant and equipment

Property, plant and equipment is recognized as an asset in the Balance Sheet if it is probable that future financial rewards will accrue to the company and the cost of the asset can be estimated in a reliable manner. All tangible fixed assets are booked at cost, with a deduction for depreciation. Cost includes expenses that are directly attributable to acquisition of the asset.

Additional expenses

Additional expenses are added to the carrying amount of the asset or are recognized as a separate asset, depending on which is appropriate, only when it is probable that the future financial rewards associated with the asset will accrue to the Group and the cost of the asset can be measured in a reliable manner. All other forms of repairs and maintenance are recognized as expenses in the Income Statement when they arise.

Depreciation of property, plant and equipment

Depreciation according to plan of property, plant and equipment is based on a determined useful life. Straight-line depreciation is applied over the assets' estimated useful life and taking residual value into account. The estimated useful life of the assets is as follows:

Plant and machinery	5–10 years
Equipment, tools, fixtures and fittings	5 years
Computer equipment	3 years
Cars and means of transport	5 years

The useful life of assets is assessed annually.

Profit or loss that arises when divesting or disposing of property, plant and equipment comprises the difference between the sales price and the carrying amount less direct selling expenses. The item is recognized as other operating revenues or as other operating expenses in the Income Statement.

Impairment of intangible and tangible assets

On each record date, an assessment is made as to whether there is any indication of a decrease in the value of the Group's tangible and intangible assets. Goodwill that is not amortized on an ongoing basis is tested for impairment at least once annually. The asset is impaired if its recognized value exceeds the recoverable amount which in turn comprises the higher of the fair value of the asset, less deductions for selling expenses, and its value in use. Value in use is defined as the present value of future cash flow attributable to the asset including the present value of the amount a sale at the end of the useful life would raise.

Inventories

Inventories are recognized at cost or net realizable value, whichever is the lower. The risk of obsolescence is taken into account, and this is assessed on an individual basis. Cost is estimated in accordance with weighted average prices. The cost of in-house produced semi-finished products and finished products consists of direct manufacturing costs and a reasonable share of indirect manufacturing costs based on normal capacity. Internal gains arising from intra-group sales are deducted from the value of inventories.

Earnings per share

Calculation of earnings per share is based on the Group's net income for the year attributable to the Parent Company shareholders and on the weighted average number of shares outstanding during the year. Potential ordinary shares are only seen as diluting in periods when they lead to a lower profit or a greater loss per share.

Pensions

All employees' pension plans are defined contribution plans. The premiums are expensed on an ongoing basis and there are no commitments to pay further fees. Expenses are charged against income in the Group as and when benefits are earned. For further information, see Note 7.

Shareholders' Equity

Transaction costs that are directly attributable to an issue of new shares or stock options are recognized, net after tax, in shareholders' equity as a deduction from the funds raised through the share issue.

Stock option programs

There are two outstanding stock option programs directed at the company's employees. Employees who have wished to participate in a stock option program have paid a premium corresponding to the market value of the stock option calculated pursuant to Black & Scholes' formula. As the market value has been paid, there is no effect on the company's net income for the period or on its financial position. A description of the stock option programs is to be found in Note 23.

Income tax

The current tax expense is calculated on the basis of the tax rules that are in force on the record date or de facto in force in countries where the Parent Company and the subsidiary operate and generate taxable revenues. Management regularly evaluates claims made in tax returns regarding situations where applicable tax rules are subject to interpretation and, when it is assessed appropriate, provisions are made for amounts that will probably be paid to the tax authority.

Deferred tax is stated in its entirety, pursuant to the Balance Sheet method, for all temporary differences that arise between the taxable value of assets and liabilities and their carrying amounts in the consolidated accounts. Deferred income tax is estimated by applying tax rates (and laws) which are in force or will be in force on the record date and which are expected to apply when the relevant deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax is estimated for temporary differences that arise in participations in subsidiaries, except where the time for reversal of the temporary

difference can be controlled by the Group and it is likely that the temporary difference will not be reversed in the foreseeable future.

Total tax is current tax and deferred tax.

Taxes are stated in the Income Statement except when the underlying transaction is stated in Other comprehensive income, in which case the accompanying tax effect is stated in Other comprehensive income. Current tax is tax that is to be paid or received regarding the current year. This also includes adjustment of current tax attributable to earlier periods. Deferred tax is estimated in accordance with the Balance Sheet method on the basis of temporary differences between recognized and taxable values for assets and liabilities. The amounts are estimated on the basis of how the temporary differences are expected to be settled and by applying the tax rates and tax rules that are in force or will be in force on the record date. Temporary differences are not taken into consideration in consolidated goodwill and normally not in differences attributable to participations in subsidiaries which are not expected to be taxed in the foreseeable future. In the consolidated accounts untaxed reserves are divided up into a deferred tax liability and shareholders' equity.

Deferred tax assets regarding tax deductible temporary differences and tax loss carry forwards are recognized only to the extent that it is likely that these will entail lower tax payments in the future.

Parent Company accounting policies

The Parent Company has prepared its Annual Report pursuant to the Swedish Annual Accounts Act (1995:1554) and recommendation RFR 2 of the Swedish Financial Reporting Board, "Accounting for Legal Entities". The pronouncements that the Swedish Financial Reporting Board has published regarding listed companies have also been applied. Under RFR2 the Parent Company shall apply in the annual financial statements for the legal entity all the IFRS and pronouncements adopted by the EU as far as is possible within the framework of the Swedish Annual Accounts Act and the Pension Obligations Vesting Act and taking into account the connection between accounting and taxation. The recommendation states which exceptions and additions shall be made in respect of IFRS.

Differences between the Group and the Parent Company's accounting policies are stated below. The accounting principles stated below for the Parent Company have been applied consistently in all periods presented in the Parent Company's financial reports.

Shares and participations

Participations in subsidiaries are recognized in accordance with the cost method. This means that transaction expenses are included in the carrying amount for holdings in subsidiaries. In the Consolidated Financial Statements, transaction expenses attributable to subsidiaries are recognized directly against income statement when they arise. Adjustments of additional purchase considerations reduce or increase the value of shares and participations in the Parent Company. This is recognized as an expense or income in the Group. Testing of the value of subsidiaries is carried out when there is an indication of a decrease in value.

Income tax

In the Parent Company, untaxed reserves are recognized including a deferred tax liability. In the consolidated accounts, however, untaxed reserves are divided up into a deferred tax liability and shareholders' equity.

Leased assets

The Parent Company applies the exemption rule under RFR 2 whereby legal entities are not required to apply IFRS 16. This means that in the Parent Company all lease agreements are classified as operating leases in cases where the Parent Company is the lessee. Lease payments pursuant to operating lease contracts, including an initial higher rent payment but excluding expenses for services that are insurance and maintenance, are recognized as an expense on a straight line basis over the term of the lease.

Note 2. Net sales

Distribution of Net Sales

	Group		Parent Company	
	2022	2021	2022	2021
Revenues from sales of disposables	336,466	233,971	233,578	160,208
Revenues from sales of machines	28,938	16,864	8,349	-
Revenues from services	48,078	6,050	-	-
Total	413,482	256,885	241,927	160,208
Revenues from operational leasing	1,810	1,501	1,810	1,079
Total	415,292	258,386	243,737	161,287

In 2022 and 2021, the Group had no customers that constituted more than 10% of total sales.

Distribution between segments - the Group

	Thoracic		Abdominal		Services		Consolidated total	
SEK 000	2022	2021	2022	2021	2022	2021	2022	2021
Revenues from sales of disposables	276,589	192,063	59,877	41,908	-	-	336,466	233,971
Revenues from sales and leasing of machines	19,764	6,565	10,984	11,800	-	-	30,748	18,365
Revenues from services	-	-	-	-	48,078	6,050	48,078	6,050
Net sales	296,353	198,628	70,861	53,708	48,078	6,050	415,292	258,386

Note 3. Operating segments

The Group's business is divided up into operating segments on the basis of what parts of the business the company's chief operating decision maker follows up in a management approach.

Group management follows up the sales and gross margin of the business and makes decisions regarding the distribution of resources on the basis of the goods and services the Group develops and sells in the respective segments.

The Group's internal reporting is thus constructed so that Group management can follow up all goods' performance. It is on the basis of this internal reporting that the Group's operating segments have been identified, as the various parts have undergone a process that has aimed at combining segments that are similar.

The following operating segments have been identified:

- Thoracic: Sales of lung and heart transplant products.
- Abdominal: Sales of liver and kidney transplant products.
- Services: Revenue from sales of services in organ recovery (carried out by subsidiary STAR Teams Inc).

The segments' gross profit includes directly attributable costs and costs that can be divided up into segments in a reasonable and reliable manner. The items recognized in the segments' gross income are measured in accordance with the gross margin that Group management follows up.

Consolidated operating segments

	Thoracic		Abdominal		Services		Consolidated total	
	2022	2021	2022	2021	2022	2021	2022	2021
Net Sales	296,353	198,628	70,861	53,708	48,078	6,050	415,292	258,389
Costs of goods sold	-60,677	-41,532	-33,128	-25,726	-24,531	-2,849	-118,336	-70,107
Gross profit	235,676	157,096	37,733	27,982	23,547	3,201	296,956	188,279

Note 3. Operating segments (cont'd.)

Geographical areas

	Group			
	Revenues from external customers		Non-current assets	
	2022	2021	2022	2021
Sweden	1,670	2,293	505,659	434,414
The US	224,874	119,638	288,263	245,306
The Netherlands	25,989	19,420	311,770	272,014
Italy	21,481	14,782	120,128	-
North and South America, excluding the US	25,485	19,027	-	-
EMEA excluding Sweden, Netherlands and Italy	96,985	69,844	6	-
Asia/Pacific and Oceania	18,808	13,383	66	-
Total	415,292	258,386	1,225,893	951,734

Revenues from external customers have been allocated to individual countries according to the country sales were made to. Non-current assets refer to all of the Group's intangible assets and property, plant and equipment.

Note 4. Business combinations

STAR Teams Inc.

On November 9, 2021, XVIVO acquired 100 percent of the shares and votes in the US organ recovery company STAR Teams Inc. The acquisition took place for a cash purchase consideration of up to USD 26.1 million with an initial payment of USD 12.3 million and additional purchase consideration of a maximum of USD 13.8 million. The additional purchase consideration will be paid provided a combination of revenue and gross margin targets are met in 2023. In the event the targets are not met in 2023, a recovery period will begin, where the additional purchase consideration will instead be based on a combination of revenue and gross margin targets in 2024.

STAR Teams is a pioneer and the leading US operator in organ recovery, consisting of a team with more than 15 years of clinical experience that, at the time of acquisition, had successfully recovered more than 1,200 organs in the US states where it is based. At present, STAR Teams is active in the field of lung and heart organs and plans to expand to kidney and liver organs. The expansion is in line with XVIVO's strategy of becoming a global provider of solutions and systems for all major organs.

The acquisition analysis, which was a preliminary analysis in 2022, was completed in connection with the annual financial statements for December 31. Goodwill primarily consists of synergy effects that do not meet the requirements for accounting as intangible assets at the time of the acquisition. Primary synergies are potentially increased sales values per client as well as increased sales potential for new clients, which can be achieved by utilizing XVIVO's knowledge and experience in marketing and established networks for the acquired operations. Synergies that could create future sales values are also to be found in research and development, in particular information and product development.

The table below presents the final acquisition analysis.

Transferred compensation	**Fair value (SEK 000)**
Cash and cash equivalents	94,618
Retained payment	10,784
Conditional consideration	112,408
Total	217,810
Acquired Net Assets	
Accounts receivable and other receivables	5,946
Cash and cash equivalents	1,390
Accounts payable and other liabilities	-9,857
Fair value of acquired net assets	-2,521
Goodwill	220,331
Total	217,810
Effect on cash flow from acquisition of business	
Purchase consideration, initial cash portion	94,618
Less cash and cash equivalents in acquired company	-1,390
Impact on the Group's cash and cash equivalents	93,228

Note 4. Business combinations (cont'd.)

XVIVO S.r.l.

On November 30, 2022, XVIVO acquired 100 percent of the shares in Avionord S.r.l's machine and perfusion business, which was transferred to the new start-up XVIVO S.r.l. The initial purchase consideration comprised a cash payment of EUR 4.2 million (approx. 40 percent of the initial purchase price) and newly issued shares in XVIVO for a value of SEK 60.1 million (approx. 60 percent of the initial purchase price). An additional purchase consideration of a maximum of EUR 2.4 million may be paid in 2023. The additional purchase consideration will be paid provided an EBITDA target for the business in 2022 is met. Costs attributable to the acquisition totaled SEK 8.4 million and were recognized as Administrative expenses in the Group Income Statement in 2022.

Avionord S.r.l. was XVIVO's Italian distributor and approximately 90 percent of its revenue is generated from organ perfusion machines purchased from XVIVO. The acquisition strengthens XVIVO's European presence while broadening its service offering with the aim of further accelerating the establishment of machine perfusion. The Italian operations initially comprise six employees, including management.

For administrative reasons, the acquisition date has been set at December 1 and profit and cash flow have been included in the Consolidated Financial Statements as of this date. In the period after the acquisition, XVIVO S.r.l contributed SEK 5.3 million to Group revenue and SEK 0.9 million to Group profit. If the acquisition had taken place on January 1, 2022, this acquisition would have had a total effect on Group revenue of SEK 38.6 million and profit for the year of SEK 6.4 million.

The acquisition analysis as of 31 December 2022 is still preliminary and will be completed during 2023. Goodwill primarily consists of synergy effects such as greater profitability per customer and increased sales potential for new customers. The table below presents the initial, preliminary acquisition analysis*.

Transferred compensation	**Fair value (SEK 000)**
Cash and cash equivalents	45,889
New share issue	60,071
Conditional consideration	26,224
Total	132,184
Acquired Net Assets*	
Intangible assets	146
Property, plant and equipment	4,829
Inventories	5,532
Accounts receivable and other receivables	10,937
Cash and cash equivalents	6,442
Accounts payable and other liabilities	-7,944
Fair value of acquired net assets	19,942
Goodwill	112,242
Total	132,184
Effect on cash flow from acquisition of business	
Purchase consideration, initial cash portion	45,889
Less cash and cash equivalents in acquired company	-6,442
Impact on the Group's cash and cash equivalents	39,447

* The work associated with performing a complete valuation of the identified, acquired intangible assets is underway. Accordingly, the acquisition analysis will be adjusted when the fair values of acquired intangible assets have been determined. This valuation will be completed in 2023.

Note 5. Other operating income

	Group		Parent Company	
	2022	2021	2022	2021
Exchange rate gains	4,494	856	3,662	849
Other operating income	219	393	358	1,086
Total	4,712	1,249	4,020	1,935

Note 6. Other operating expenses

	Group		Parent Company	
	2022	2021	2022	2021
Exchange rate losses	-2,277	-571	-1,688	-543
Capital loss, sale of non-current asset	-262	-41	-8	-
Total	-2,539	-612	-1,696	-543

Note 7. Employees, personnel costs and Board fees

Average number of employees

	Total		Of which men	
	2022	2021	2022	2021
Parent Company, Sweden	40	36	14	13
Subsidiary, Sweden	8	8	5	6
Subsidiaries, USA	40	25	25	16
Subsidiary, Netherlands	20	19	16	15
Subsidiary, Italy	1	-	-	-
Subsidiary, France	2	2	1	1
Subsidiary, China	1	1	1	1
Subsidiary, Brazil	1	-	-	-
Subsidiary, Australia	1	1	1	1
Total	114	92	63	53

Percentage of women in senior positions

Group	2022	2021
The Board of Directors	50%	50%
Management Team	44%	33%

Personnel costs

Group	2022	2021
Salary and other remuneration	135,858	91,590
Pension expenses, defined contribution plans	10,066	9,141
Social security contributions	22,380	21,353
Total	168,303	122,084

Parent Company	2022	2021
Salary and other remuneration	45,950	38,320
Pension expenses, defined contribution plans	6,899	6,605
Social security contributions	13,480	13,087
Total	66,329	58,012

Of the Group's pension expenses, SEK 0.968 million (1.246) relate to the Board and CEO, of which SEK 0.968 million (1.246) to the CEO.

Salary and other remuneration divided between Board members/CEO and other employees

	The Board of Directors/ CEO		Other employees	
	2022	2021	2022	2021
Parent Company	6,159	5,130	39,791	33,190
- of which bonus payments and similar remuneration	(1,173)	(949)	(3,487)	(2,234)
Subsidiaries	-	-	89,908	53,270
- of which bonus payments and similar remuneration	(-)	(-)	(14,089)	(2,909)
Total	6,159	5,130	129,699	86,460
- of which bonus payments and similar remuneration	(1,173)	(949)	(17,576)	(5,143)

Note 7. Employees, personnel costs and Board fees (cont'd.)

The Board of Directors

Board fees of SEK 1,710,000 (1,005,000) were paid during the year, in accordance with the resolution adopted at the 2021 Annual General Meeting. SEK 400,000 (250,000) was paid to Gösta Johannesson and SEK 200,000 (150,000) to each of the other Board members, as well as SEK 75,000 (40,000) to the Chairman of the Audit Committee, SEK 75,000 (40,000) to the Chairman of the Remuneration Committee and SEK 40,000 (25,000) to each of the other members of these committees. There are no pension expenses or pension obligations for the Board members.

At the Annual General Meeting held on April 26, 2022 in Gothenburg a resolution was adopted that Board fees will total SEK 1,850,000 (1,710,000) until the next Annual General Meeting. SEK 440,000 (400,000) was paid to Gösta Johannesson and SEK 220,000 (200,000) to each of the other Board members, as well as SEK 75,000 (75,000) to the Chairman of the Audit Committee, SEK 75,000 (75,000) to the Chairman of the Remuneration Committee and SEK 40,000 (40,000) to each of the other members of these committees.

CEO

During the financial year 2022, CEO Dag Andersson was paid renumeration totaling SEK 4,003,000 (4,475,000) including vacation allowance and other benefits of which SEK 1,043,000 (949,000) was variable renumeration. A car allowance and health-insurance benefit of SEK 86,000 (114,000) was paid. During the financial year 2022, the current CEO Christoffer Rosenblad was paid remuneration totaling SEK 782,000 (-) including vacation allowance and other benefits for the time when he was both CEO and Deputy CEO, of which SEK 130,000 (-) was variable renumeration. A car allowance and health-insurance benefit of SEK - (-) was paid.

As long as the CEO is based in Sweden, his pension follows a defined contribution plan and pension premiums of 35% of his salary are paid by the company. If the company terminates the CEO's employment, notice of 6 months shall be given. If the company terminates the CEO's employment, severance pay of 12 months' salary shall be paid. The CEO's retirement age is 65. His employment is regulated by a CEO agreement.

Other senior executives

Salary of SEK 15,552,000 (12,005,000) was paid during the 2022 financial year to senior executives, the Group's management team of 8 (8) people excluding the CEO, including a vacation allowance, of which SEK 2,393,000 thousand (1,539,000) was variable remuneration. The variable remuneration is based on the outcome of various parameters compared with set objectives. The parameters relate to the company's sales and results as well as individually set objectives. Premiums for normal occupational pension were paid. The retirement age is 65 for these senior executives. If the company terminates the senior executives' employment, notice of 3-6 months shall be given. No senior executives are entitled to severance pay. There are no loans to senior executives.

Defined contribution pension plans

In Sweden the Group has defined contribution pension plans for employees. The entire cost of these is met by the company. Outside Sweden there are defined contribution plans which are partly paid for by the subsidiaries and partly covered by fees paid by the employees. Payment for these plans is done on an ongoing basis according to the rules of each individual plan.

Costs for defined contribution pension plans

	2022	2021
Group	10,066	9,141
Parent Company	6,899	6,605

Endowment insurance

The company has a pension obligation to the previous CEO, Dag Andersson, that is covered by the outcome of endowment insurance owned by the company. Pursuant to IAS 19, the pension obligation has been classified as a defined contribution pension plan. During 2022 SEK 458,000 was paid for this endowment insurance.

Costs for stock option program for employees abroad

The 2021 Annual General Meetings adopted a resolution to approve a cash-based incentives program for Group employees in countries outside of Sweden as these employees are not entitled to participate in the Swedish stock option programs. The cash-based program shall, as far as practically possible, be designed so that it correspond to the Swedish stock option programs but have a ceiling for maximum outcome. The cost of this cash-based incentive programs is recognized in the periods XVIVO's share price is higher than the strike price for each Swedish stock options program. The Group's cost amounted to SEK +6,687,000 (+2,602,000) (see Note 23) and is included in the item bonus payments/ variable remuneration above.

Government support

Government support has been received in the USA and Australia of SEK 0.0 million (3.8), which has been reported as reduced personnel cost, mainly in the sales and R&D functions within the Group. In Sweden, government support has been received through reduced employer contribution fees for personnel in R&D functions. Information on labor costs listed in this Note is reported before deduction of contributions received.

Note 8. Auditor's fees and reimbursement of costs

	Group		Parent Company	
KPMG	2022	2021	2022	2021
Auditing	943	685	443	355
Auditing activities in addition to auditing	132	108	132	108
Tax consulting	58	4	58	4
Other services	114	-	114	-
Total	1,248	797	748	467

Auditing involves review of the Annual Report, of the accounting records, and of the management of the Board of Directors and CEO, and other tasks that the company's auditors are required to undertake, as well as advice and other assistance that arise from observations as a result of this review or the carrying out of these other tasks. Auditing activities in addition to auditing involve quality assurance services, including assistance as a result of such review as shall be carried out in accordance with national statutes, the articles of association, company statutes or agreements and which result in a report intended for other parties than the client. Tax consulting is recognized separately. Anything else is other services.

Note 9. Operating expenses by type of cost

	Group	
	2022	2021
Raw materials and consumables	-106,507	-69,142
Change in inventories of finished goods and products in progress	2,110	4,650
Personnel costs	-140,071	-117,345
Depreciation/amortization and impairment	-42,167	-32,257
Other external expenses	-124,421	-63,427
Other operating expenses	-2,539	-612
Total	-413,595	-278,133

Note 10. Leases

The Group rents office premises in Gothenburg. The current lease for office premises expires on December 31, 2023. A new lease for new premises was entered into, which will be effective from February 1, 2023 to January 31, 2026. The Group also rents office premises and warehouse facilities in Denver, Colorado in the US. The current rental agreement expires on September 30, 2023 with an option for extension. The lease for the warehouse expires on August 31, 2023, and work to lease a new warehouse is ongoing and will be completed before the existing warehouse lease expires. The Group also rents office premises and warehouse facilities in Lund, Sweden. The current lease expires on October 31, 2025 with an option for extension. The Group also rents office premises and warehouse facilities in Groningen, Holland. The current lease expires on December 31, 2024 with an option for extension. The Group also rents office premises in Philadelphia, in the US, which expires November 30, 2024.

Rental payments are linked to CPI and vary with the market as a whole. Variable payments are invoiced 1:1 in arrears after an annual review. There are no restrictions as a result of lease agreements already entered into. Where rebuilding or extension work has been paid for by the Group, individual testing is carried out to ascertain whether the costs can be included in the Balance Sheet or whether they are to be expensed in their entirety. Otherwise, the Group has entered into lease agreements for three company cars and some office equipment.

Cost disclosures, leases:

	Group	
	2022	2021
Depreciation of right-of-use assets	6,380	4,842
- Of which buildings	6,351	4,450
- Of which cars	28	392
Interest expense, lease liability	165	138
Lease expense for short-term leases	152	340
Variable lease expenses	-	596
Total	6,696	5,916

Note 10. Leases (cont'd.)

Cash flow disclosures, leases

	Group	
	2022	2021
Amortization of lease liability	7,290	4,802
Interest expense, lease liability	165	138
Lease expense for short-term leases	152	340
Variable lease expenses	-	596
Total	7,607	5,876

Additional right-of use assets

	Group	
	2022	2021
Buildings	3,921	813
Cars	541	-
Total	4,462	813

Carrying amount of right-of-use asset

	Group	
	2022	2021
Buildings	10,064	6,034
Cars	675	222
Total	10,739	6,256

Carrying amount of lease liabilities

	Group	
	2022	2021
Lease liabilities	10,005	5,721
Total	10,005	5,721

A lease analysis for agreed minimum future lease payments payable pursuant to non-reversible contracts is presented in Note 25.

Expensed fees relating to operating leases are as follows:

	Parent Company	
	2022	2021
Minimum lease charges	2,205	2,316
Total lease charges	2,205	2,316

Lease analysis

	Parent Company	
	2022	2021
Year 1	3,399	1,968
Year 2	2,363	3,296
Year 3	2,342	2,363
Year 4	193	2,342
Year 5	-	193
Later than year 5	-	-
Total	8,297	10,161

The Group leases machines for lung perfusion under operating leases. Revenue amounted to SEK 1.810 million (1.501). Future non-cancelable lease payments become due as follows:

	Group		Parent Company	
	2022	2021	2022	2021
Year 1	1,236	2,024	17	1,104
Year 2	-	-	-	-
Year 3	-	-	-	-
Year 4	-	-	-	-
Year 5	-	-	-	-
Later than year 5	-	-	-	-
Total	1,236	2,024	17	1,104

Note 11. Net financial income

	Group		Parent Company	
	2022	2021	2022	2021
Interest income	2,123	-	5,317	1,515
Exchange rate gains	69,475	25,621	69,280	25,564
Other financial income*	-	19,747	-	-
Financial income	71,598	45,368	74,597	27,079
Interest costs	-605	-276	-458	-122
Exchange rate losses	-54,599	-19,929	-53,618	-19,893
Other financial expenses	-489	-	-539	-589
Financial expenses	-55,693	-20,205	-54,615	-20,604
Total	15,905	25,163	19,982	6,475

* See Note 26, Additional purchase considerations

Note 12. Exchange rate differences

	Group		Parent Company	
	2022	2021	2022	2021
In operating income, net	2,217	285	1,974	306
In financial items, net	14,876	5,692	15,662	5,671
Total	17,093	5,977	17,636	5,977

Note 13. Income taxes

Recognized in Statement of Total Comprehensive Income and Income Statement

	Group		Parent Company	
	2022	2021	2022	2021
Current tax expense (-)				
Tax expense for the year	-896	-222	-	-
Adjustment of tax pertaining to previous years	-19	1,244	-	-
Total current tax expense	-915	1,022	-	-
Deferred tax expense (-)				
Deferred tax on temporary differences	1,312	-207	-1,299	-575
Deferred tax in taxable value capitalized/utilized during the year in loss carry-forwards	-5,030	672	-7,878	394
Deferred tax on acquired excess value	746	-	-	-
Total deferred tax expense	-2,972	465	-9,177	-181
Total tax expense recognized	**-3,887**	**1,487**	**-9,177**	**-181**
Reconciliation effective tax rate				
Profit before tax	22,314	6,665	43,909	-885
Tax pursuant to current tax rate for Parent Company (20.6%)	-4,597	-1,373	-9,045	182
Difference in foreign tax rates	-1,439	-197	-	-
Non-deductible expenses	-2,805	-745	-1,600	-1,110
Non-taxable income	4,614	3,031	1,369	773
Non-capitalized losses	-62	-597	-	-
Capitalized losses and utilization of previously non-capitalized losses	328	145	-	-
Difference in recorded and paid tax previous year	-19	1,230	-	-26
Other	94	-8	99	-
Total tax expense	**-3,887**	**1,487**	**-9,177**	**-181**

Note 13. Income taxes (cont'd)

Tax attributable to other comprehensive income

	Group					
	2022			2021		
	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Translation differences for the year after translation of foreign businesses	12,844	-	12,844	6,312	-	6,312
Translation differences for the year after translation of foreign businesses (extended investment)	52,849	-	52,849	15,959	-	15,959
Other comprehensive income	65,693	-	65,693	22,271	-	22,271

Recognized directly in Shareholders' Equity

	Group		Parent Company	
Tax items recognized directly in Shareholders' Equity	**2022**	**2021**	**2022**	**2021**
Tax expense (-)				
Current tax related to transaction expenses for new share issue	-96	-1,213	-96	-1,213
Total Tax items recognized directly in Shareholders' Equity	-96	-1,213	-96	-1,213

Recognized in Statement of Financial Position and Balance Sheet

	Group		Parent Company	
Deferred tax asset	**2022**	**2021**	**2022**	**2021**
Deferred tax related to internal profit on inventories	6,137	3,316	-	-
Deferred tax related to pensions and similar obligations	283	1,582	283	1,582
Deferred tax related to capitalized loss carry-forwards	32,675	37,249	5,588	13,371
Deferred tax relating to leases	177	23	-	-
Total deferred tax asset	39,272	42,171	5,871	14,953

	Group		Parent Company	
Deferred tax liability	**2022**	**2021**	**2022**	**2021**
Deferred tax on acquired excess value Intangible assets	25,393	25,084	-	-
Deferred tax on temporary differences	373	-	-	-
Total deferred tax liability	25,766	25,084	-	-

Note 14. Intangible assets

	Group		Parent Company	
Capitalized development expenditure	**2022**	**2021**	**2022**	**2021**
Capitalized expenditure				
Opening acquisition cost	376,816	316,559	372,941	312,466
Capitalized expenditure for the year	87,437	60,257	89,966	60,475
Reclassification in the year	-3,876	-	-3,122	-
Exchange rate differences for the year	29	-	-	-
Closing accumulated acquisition cost	460,406	376,816	459,785	372,941
Opening depreciations	-88,419	-72,957	-88,419	-72,957
Depreciations for the year	-15,468	-15,462	-15,462	-15,462
Reclassification in the year	13	-	-	-
Closing accumulated depreciations	-103,874	-88,419	-103,881	-88,419
Closing carrying amount	356,532	288,397	355,904	284,522
Acquired development projects				
Opening acquisition cost	186,071	163,650	-	-
Capitalized expenditure for the year	21,069	20,771	-	-
Exchange rate differences for the year	10,672	1,650	-	-
Closing accumulated acquisition cost	217,811	186,071	-	-
Opening amortization	-17,917	-13,283	-	-
Amortization for the year	-10,896	-4,576	-	-
Exchange rate differences for the year	-1,019	-58	-	-
Closing accumulated depreciations	-29,833	-17,917	-	-
Closing carrying amount	187,979	168,154	-	-
Total closing balance of recognized value of capitalized expenditure	544,510	456,551	355,904	284,522

	Group		Parent Company	
Patents, licenses and trademarks	**2022**	**2021**	**2022**	**2021**
Opening acquisition cost	12,637	11,028	9,717	8,292
Capitalized expenditure for the year	915	1,619	808	1,425
Exchange rate differences for the year	14	-10	-	-
Closing accumulated acquisition cost	13,566	12,637	10,525	9,717
Opening depreciations	-6,406	-5,561	-4,058	-3,307
Depreciations for the year	-932	-846	-848	-751
Exchange rate differences for the year	-	1	-	-
Closing accumulated depreciations	-7,338	-6,406	-4,096	-4,058
Closing carrying amount	6,228	6,231	5,619	5,659

	Group		Parent Company	
Goodwill	**2022**	**2021**	**2022**	**2021**
Opening acquisition cost	460,228	223,938	-	-
Acquired assets for the year	112,242	220,331	-	-
Exchange rate differences for the year	52,849	15,959	-	-
Closing accumulated acquisition cost	625,319	460,228	-	-
Closing carrying amount	625,319	460,228	-	-

Note 14. Intangible assets (cont'd.)

	Group		Parent Company	
Computer programs	**2022**	**2021**	**2022**	**2021**
Opening acquisition cost	2,921	1,441	2,521	1,441
Capitalized expenditure for the year	380	1,233	316	1,080
Reclassification in the year	-	247	-	-
Exchange rate differences for the year	35	-	-	-
Closing accumulated acquisition cost	3,336	2,921	2,837	2,521
Opening depreciations	-494	-159	-474	-159
Depreciations for the year	-574	-335	-490	-315
Reclassification in the year	-5	-	1	-
Exchange rate differences for the year	-6	-	-	-
Closing accumulated depreciations	-1,079	-494	-963	-474
Closing carrying amount	2,257	2,427	1,874	2,048

Amortization has been divided up by function in the Income Statement as follows:

	Group		Parent Company	
	2022	**2021**	**2022**	**2021**
Administration costs	-574	-335	-490	- 315
Research and development expenses	-27,297	-20,884	-16,310	-16,213
Total	-27,871	-21,219	-16,800	-16,528

The Group's goodwill is attributable to acquisitions of subsidiaries and their businesses. Goodwill primarily consists of synergy effects that do not meet the requirements for accounting as intangible assets at the time of the acquisition. Primary synergies are potentially increased sales values per client as well as increased sales potential for new clients, which can be achieved by utilizing XVIVO's knowledge and experience in global marketing and regulatory issues in acquired operations. Synergies which could contribute to future net sales is also to be found in research and development.

Goodwill and capitalized expenditure have been tested for impairment on the basis of budgets and forecasts, where the first year of the forecast is based on the company's budget and the subsequent four years on the basis of the historical growth rate adjusted by the company management's forecasts for the future. The forecasts have been produced internally by the company management on the basis of historical data, management's cumulative experience and their best assessment of the company's development potential and market growth. The present value of forecast cash flows has been calculated using a discount rate of 12.2 percent before tax for assets in lung operations, 14.2 percent before tax for heart operations, 15.2 percent before tax for assets in liver operations, 14.2 percent before tax for assets in kidney operations, and 15.2 percent for assets linked to organ recovery operations. The main variables in the forecast are market share and growth, gross margin, sales costs and investments. The calculation is based on continued good gross margin and the investment need to replace existing assets has been deemed to be relatively low. Working capital has been assumed to change in proportion to turnover and the debt/equity ratio is expected to remain unchanged as growth has been assumed to take place within the framework of the existing operations and with own resources. The recoverable amount, which is calculated in the Group as value in use, exceeds the carrying amount for all impairment tested assets. Management believes that no reasonable changes in the important variables and assumptions result in the entity's recoverable amount being lower than the carrying amounts.

In order to support the impairment testing of goodwill that has been carried out, a comprehensive analysis has been made of the sensitivity of the variables used in the model. An assumed increase in the discount rate of an additional 2–5 percent demonstrates that the recoverable amounts are still greater than the carrying amounts. Other assumptions, such as the gross margin, capital expenditure requirements and the growth rate, have been assumed to be constant. Conceivable changes in these assumptions over time are not expected to lead to any indication that the carrying amount for goodwill cannot be defended.

Note 15. Property, plant and equipment

	Group		Parent Company	
Machinery, equipment, fixtures and fittings	**2022**	**2021**	**2022**	**2021**
Opening acquisition cost	68,041	55,419	24,313	20,156
Acquisitions for the year	28,389	11,007	4,136	5,910
Acquired assets for the year	5,209	-	-	-
Reclassification in the year	469	4,845	-142	-
Sales/disposals for the year	-7,608	-4,431	-420	-1,753
Exchange rate differences for the year	4,015	1,201	-	-
Closing accumulated acquisition cost	98,516	68,041	27,887	24,313
Opening depreciations	-42,453	-35,064	-15,333	-14,254
Sales/disposals for the year	7,201	4,060	412	1,753
Depreciations for the year	-13,794	-10,685	-2,333	-2,832
Reclassification in the year	-490	-	142	-
Exchange rate differences for the year	-2,500	-764	-	-
Closing accumulated depreciations	-52,036	-42,453	-17,112	-15,333
Closing carrying amount	46,480	25,588	10,775	8,980

	Group		Parent Company	
Leasing assets	**2022**	**2021**	**2022**	**2021**
Opening acquisition cost	3,529	3,353	1,667	1,667
Acquisitions for the year	730	-	-	-
Exchange rate differences for the year	315	176	-	-
Closing accumulated acquisition cost	4,573	3,529	1,667	1,667
Opening depreciations	-2,820	-2,374	-1,667	-1,667
Depreciations for the year	-502	-353	-	-
Exchange rate differences for the year	-152	-93	-	-
Closing accumulated depreciations	-3,474	-2,820	-1,667	-1,667
Closing carrying amount	1,099	709	-	-
Total closing balance of recognized value of property, plant and equipment	**47,579**	**26,297**	**10,775**	**8,980**

Depreciation has been divided by function in the Income Statement as follows:

	Group		Parent Company	
	2022	**2021**	**2022**	**2021**
Costs of goods sold	-744	-922	-	-
Selling expenses	-6,997	-4,922	-956	-1,504
Administration costs	-2,828	-2,993	-878	-1,268
Research and development expenses	-3,727	-2,201	-499	-60
Total	-14,296	-11,038	-2,333	-2,832

Note 16. Participations in Group companies

	Parent Company	
	2022	2021
Opening acquisition cost	611,702	404,467
Acquisitions for the year	140,540	228,221
Adjustments related to additional purchase consideration in the year	-	-20,986
Closing carrying amount	752,242	611,702

Companies owned by XVIVO Perfusion AB (Publ):

					Book value	
Company	**Corp. ID No.**	**Domicile**	**No. of shares**	**Participation in %**	**2022**	**2021**
XVIVO Perfusion Inc.	45-5472070	Denver, USA	1,000	100	14,475	14,475
XVIVO Perfusion Lund AB	556761-1701	Lund, Sweden	11,402,818	100	146,651	146,651
XVIVO Perfusion SAS	531,229,219	Lyon, France	5,000	100	48	48
XVIVO Perfusion Pacific Pty Ltd	637303381	Melbourne, Australia	1	100	-	-
XVIVO Holding B.V.	02082540	Groningen, Netherlands	1,035,170	100	222,307	222,307
XVIVO B.V.	01135421	Groningen, Netherlands	18,000	100	-	-
Shanghai XVIVO Life Technology Co. Ltd.	91310000MA1 GF1MR9N	Shanghai, China	-	100	340	340
XVIVO Latin America Ltda	40.481.062/0001-87	Sao Paulo, Brazil	320,000	100	504	504
STAR Teams Inc.	83-4562983	Bethesda, USA	5,000	100	227,377	227,377
XVIVO S.r.l.	0979077151	Milan, Italy	-	100	140,540	-
Total					752,242	611,702

Note 17. Inventories

	Group		Parent Company	
	2022	2021	2022	2021
Raw materials and consumables	39,216	23,654	7,867	7,998
Work in progress	2,562	592	1,686	81
Finished goods and goods for resale	64,788	53,344	17,996	13,726
Total	106,566	77,590	27,549	21,805

The Group's closing inventories include impairment of SEK 3.820 million (5.301) for obsolescence of inventories. In the Parent Company there is impairment of SEK 1.973 million (3.062).

Note 18. Receivables from and liabilities to Group companies

The Parent Company has net receivables from the subsidiary XVIVO Perfusion Inc. in the amount of SEK 51.281 million (27.670) and receivables on XVIVO Holding B.V. of SEK 104.937 million (53.807), receivables on STAR Teams Inc. of SEK 16.083 (13.636) and receivables from subsidiary XVIVO S.r.l. of SEK 0.236 million (-). The Parent Company has net liabilities to the subsidiary XVIVO Perfusion Lund AB of SEK 0.895 million (1.510), liabilities to the subsidiary XVIVO Perfusion Pacific Pty Ltd of SEK 0.868 million (0.877), liabilities to the subsidiary XVIVO Perfusion SAS of SEK 3.238 million (2.036), liabilities to the subsidiary Shanghai Xvivo Life Technology Co. Ltd of SEK 0.341 million (0.522), liabilities to the subsidiary XVIVO Latin America LTDA of SEK 1.082 million (0.271) and liabilities to the subsidiary XVIVO B.V. Of SEK 1.176 million (0.577).

Note 19. Accounts receivable

Accounts receivable are recognized after bad debt losses that have arisen during the year have been taken into account. Recorded bad debt losses in the Group for 2022 amounted to SEK 0 (5,000), of which SEK 0 (5,000) was in the Parent Company. Bad debt losses in the Group for which provisions were made during the year amount to SEK 30,000 (568,000), of which SEK 30,000 (568,000) was in the Parent Company.

	Group		Parent Company	
	2022	2021	2022	2021
Accounts receivable	95,478	52,984	23,874	13,683
Minus provisions for doubtful receivables	-978	-948	-978	-948
Total	94,500	52,036	22,896	12,735

	Group		Parent Company	
Age structure – trade accounts receivable	2022	2021	2022	2021
Not due	63,055	28,966	10,968	5,885
Due in 0-30 days	8,717	10,521	9,149	4,273
Due in 31-90 days	15,368	5,042	426	982
Due in 91-180 days	4,101	6,029	859	889
Due in > 180 days	4,237	2,426	2,472	1,654
Total	95,478	52,984	23,874	13,683

Note 20. Prepaid expenses and accrued income

	Group		Parent Company	
	2022	2021	2022	2021
Rent and other property costs	-	480	346	372
Prepaid insurance	4,188	3,399	3,473	2,867
Other prepaid expenses	5,950	3,456	4,046	1,903
Total	10,138	7,335	7,865	5,142

Note 21. Cash and cash equivalents and bank overdraft facility

Cash and cash equivalents in the cash flow statement comprise the following subcomponents:

	Group		Parent Company	
	2022	2021	2022	2021
Cash and cash equivalents	175,234	398,696	124,970	369,479
Short-term investments	71,311	-	71,311	-
Total	246,545	398,696	196,281	369,479

Short-term investments in the form of fixed income securities in SEK and USD were added during the year. In the full-year financial statements on December 31, 2022, the amount in fixed-income securities was SEK 71,311,000 (-). With regard to fixed-income securities, accrued interest is recognized as interest income in the Income Statement. The return is 1.75 % for SEK and 4.39% for USD.

Cash and cash equivalents include blocked funds as collateral for bank guarantees of SEK 0.3 million (0.3) in both the Parent Company and the Group.

A bank overdraft facility was utilized in the amount of SEK 0 million (0) in the Group and SEK 0 million (0) in the Parent Company. The bank overdraft facility granted is in the amount of SEK 30 million (30) in the Group and SEK 30 million (30) in the Parent Company.

Note 22. Shareholders' Equity

Share capital

There is only one class of shares and all shares carry the same rights. At December 31, 2022 the registered share capital comprised 29,831,919 (29,498,666) shares.

Other capital contributions

This is equity contributed by shareholders.

Reserves

Reserves consist of a statutory reserve in the Parent Company and translation reserves including all exchange rate differences that arise when translating financial reports from foreign businesses that have prepared their financial reports in another currency than the currency that the Group's financial reports are presented in. The Parent Company and the Group present their financial reports in SEK.

Accumulated exchange rate difference in shareholders' equity

	Group	
	2022	2021
Opening value	22,089	-182
Exchange rate difference for the year in foreign subsidiaries, net after tax	65,693	22,271
Total	87,782	22,089

The disclosure requirement according to Chapter 5 §14 of the Annual Accounts Act relating to specification of change in equity compared to the previous year's Balance Sheet is presented in the report on Change in Equity.

Retained Earnings incl. net income for the year

Retained earnings including net income for the year include profits earned in the Parent Company and its subsidiaries.

Restricted reserves

Restricted reserves in the Parent Company may not be reduced by the distribution of profit.

Statutory reserve

The purpose of the statutory reserve has been to save part of net profits. These are not to be used to cover an accumulated loss.

Development expenditure reserve

The amount capitalized regarding development expenditure shall be transferred from non-restricted equity to a development expenditure reserve in restricted equity. The reserve shall be reduced as and when the capitalized expenditure is amortized or written down. It is managed in a similar way to a revaluation reserve.

Non restricted equity

Retained earnings in the Parent Company, that is the previous year's retained earnings and income minus dividend paid during the year, together with net income for the year, constitute non-restricted equity, which is the amount that is available for dividend to the shareholders.

XVIVO is in an expansion phase and the company's policy is that the company's profits are best used to finance continued development and expansion of the business rather than as dividend to the shareholders.

Note 23. Earnings per share

Earnings per share	2022	2021
Consolidated net income for the year	18,427	8,152
Weighted average number of shares before dilution	29,525,946	28,845,691
Dilution effect of stock option program	-	90,383
Weighted average number of shares after dilution	29,525,946	28,936,075
Earnings per share before dilution, SEK	0.62	0.28
Earnings per share after dilution, SEK	0.62	0.28

Calculations have been made in accordance with IAS 33 Earnings per share. Earnings per share are based on net income for the year in the Group attributable to the Parent Company's shareholders divided by the weighted average number of shares outstanding during the year.

Stock options program

In total, there are 121,500 outstanding stock options in two programs.

The 2021 Annual General Meeting resolved to issue a maximum of 148,000 stock options (series 2021/2024) with the accompanying right to subscribe for a maximum of 148,000 new shares to employees of the XVIVO Group. Of these warrants, all 76,000 have been subscribed for by employees. The stock option program 2021/2024 gives the stock option holder the right to subscribe for a new share at SEK 489.26 during May 2024.

The 2022 Annual General Meeting resolved to issue a maximum of 130,000 stock options (series 2022/2025) with the accompanying right to subscribe for a maximum of 130,000 new shares to employees of the XVIVO Group. Of these warrants, all 45,500 have been subscribed for by employees. The stock option program 2022/2025 gives the stock option holder the right to subscribe for a new share at SEK 336.01 during May 2025.

During the period January-December 2022, both the average share price for the period and the closing share price per December 31 were below the strike price of the stock option programs. Upon maturity, the stock option program is estimated to entail a total dilution effect for existing shares of approximately 0.4%.

The 2020 Annual General Meetings adopted a resolution to approve a cash-based incentives program for Group employees in countries outside of Sweden as these employees are not entitled to participate in the Swedish stock option programs. The cash-based programs shall as far as practically possible be designed so that they correspond to the Swedish stock option programs but have a ceiling for maximum outcome. The cost of these cash-based incentive programs is recognized in the periods XVIVO's share price is higher than the strike price for each Swedish stock options program. These programs were terminated in 2022. The cost is recognized under the relevant function.

Note 24. Accrued expenses and deferred income

	Group		Parent Company	
	2022	2021	2022	2021
Vacation pay	8,266	7,182	5,294	4,657
Accrued social security contributions	5,029	4,096	2,352	2,197
Accrued special employer's contribution for pension expense	1,876	3,153	1,646	2,579
Accrued salary, pension and bonus	22,436	23,911	6,954	7,157
Board fees	1,621	1,500	1,621	1,500
Auditing	400	200	350	150
Other accrued expenses	13,022	6,914	3,486	4,341
Deferred income	3,169	3,014	1,891	512
Total	55,819	49,970	23,594	23,093

Note 25. Financial instruments and financial risk management

Through its operations the Group is exposed to various types of financial risk. Financial risk pertains to fluctuations in the company's earnings and cash flow as a result of changes in exchange rates and interest rates, refinancing risks and credit risks.

Capital risk

The Group's aim regarding the capital structure is to secure the Group's ability to continue operations, so that it can continue to generate returns for shareholders and benefits for other stakeholders, and to maintain an optimal capital structure to keep the cost of capital down. The Group can change the dividend to shareholders, repay capital to shareholders, issue new shares, buy back its own shares or sell/buy assets with the aim of maintaining or adjusting the capital structure.

XVIVO's Board of Directors believes that the company should have a strong capital base to enable continued high growth, both organically and through acquisitions. The aim is that the Group will be able to meet its financial obligations in good times and bad without significant unforeseen costs and without risking the Group's reputation. Liquidity risks are managed centrally for the entire Group by the Finance Department.

Financial policy

XVIVO has a Group policy for its financial operations, which defines financial risks and states how the company should manage these risks. Furthermore, the policy states which reports must be prepared. Under this policy, the company must always maintain liquidity corresponding to known future net cash outflows over a period of not less than three months.

Lease analysis

Maturity structure of financial liabilities:

	Within 1 year	2 years	3 years	4 years	5 years	> 5 years	Total
12/31/2021							
Interest-bearing liabilities (leases)	4,199	915	607	-	-	-	5,721
Other non-current liabilities (non interest-bearing)	-		124,522	-	-	-	124,522
Accounts payable	21,445	-	-	-	-	-	21,445
Other liabilities	78,574	-	-	-	-	-	78,574
12/31/2022							
Interest-bearing liabilities (leases)	5,550	3,186	1,269	-	-	-	10,005
Other non-current liabilities (non interest-bearing)	-	-	137,130	-	-	-	137,130
Accounts payable	38,469	-	-	-	-	-	38,469
Other liabilities	89,593	-	-	-	-	-	89,593

XVIVO's total credit facilities amounted to SEK 30 million (30), of which SEK 0 million (0) was utilized.

Note 25. Financial instruments and financial risk management (cont'd.)

Credit risks

The Group's financial assets are recognized at SEK 361 million (470), of which SEK 247 million (399) is cash and cash equivalents. Historically, the Group has had low credit losses and this was also true for 2022. Risk is limited through the use of credit assessments and advance payments from new customers, as well as through close customer monitoring by the finance and marketing functions conjunctively. Furthermore, individual testing is performed of accounts receivable in terms of solvency and credit rating on the record date.

Currency risks

Currency risk is the risk of fluctuations in the value of financial instruments due to exchange rate fluctuations. This risk is related to changes in expected and contracted payment flows (transaction exposure), the remeasurement of foreign subsidiaries' assets and liabilities in foreign currencies (translation exposure) and financial exposure in the form of currency risks in payment flows for loans and investments. The company is impacted by variations in exchange rates. The aim is to minimize the impact of these changes wherever practically possible.

Changes in EUR and USD have the greatest impact. External sales from the US subsidiary are entirely in USD. Inflows are matched with the subsidiary's outflows in the form of costs, which are also primarily in USD. External sales from the Dutch subsidiary are entirely in EUR. Inflows are matched with the subsidiary's outflows in the form of costs, which are also primarily in EUR. External sales from the Swedish Parent Company during 2022 was primarily in EUR, 80 percent (80). Most of the costs for the Swedish units are in SEK, but there are some costs in EUR. These outflows are matched as far as possible with inflows in EUR. In the other subsidiaries intra-Group revenues in local currency are matched with costs, which are essentially in the same local currency.

Sensitivity analysis

In order to manage interest and currency risks, the Group aims to reduce the impact of short-term fluctuations on the Group's results. However, in the long term lasting changes in exchange rates and interest rates will have an impact on the consolidated results.

It has been calculated that a general increase of 5 percent in SEK against all other foreign currencies reduced the Group's operating income before tax by approximately SEK 8 million (6) for the year that ended on December 31, 2022.

Note 26. Fair value and carrying amounts of financial assets and liabilities

Group

Financial assets and liabilities amounted to SEK 361 million (470) and SEK 106 million (80), respectively. There has been no forward cover for the currency components included in the above figures. The carrying amount is an approximation of the fair value, and these items are thus not divided into levels in accordance with the measurement hierarchy.

Parent Company

Financial assets and liabilities amounted to SEK 233 million (395) and SEK 48 million (39), respectively. There has been no forward cover for the currency components included in the above figures.

Financial assets measured at amortized cost

	Group		Parent Company	
	2022	2021	2022	2021
Balance Sheet assets				
Account receivables	94,500	52,036	22,896	12,791
Other current receivables	19,897	19,210	13,993	12,467
Cash and cash equivalents	246,545	398,696	196,281	369,479
Total	360,942	469,942	233,170	394,737

Financial liabilities measured at amortized cost

	Group		Parent Company	
	2022	2021	2022	2021
Balance Sheet liabilities				
Interest-bearing liabilities (leases)	10,005	5,721	-	-
Accounts payable	38,469	21,445	18,802	11,977
Other liabilities	57,591	52,721	29,156	27,176
Total	106,065	79,887	47,958	39,153

Financial liabilities measured at fair value

	Group		Parent Company	
	2022	2021	2022	2021
Balance Sheet liabilities				
Other liabilities	170,416	150,676	170,416	150,676
Total	170,416	150,676	170,416	150,676

The Group's assets and liabilities in the Balance Sheet are measured at amortized cost except for liabilities for additional purchase considerations related to acquisition of businesses, which are measured at fair value. Additional purchase considerations are classified under Level 3 and valued at fair value with changes recognized in the Income Statement. The fair value of the Group's additional purchase considerations has been calculated as the present value of the amount expected to be paid under each agreement. The calculation of fair value relating to financial liabilities in level 3 affected the Income Statement by SEK -21,515,000 in the year (-1,330,000) and was recognized in financial items. The calculation has taken place in accordance with the Accounting principles indicated in Note 1.

	Group		Parent Company	
	2022	2021	2022	2021
Opening carrying amount	150,676	40,150	150,676	40,150
Additional purchase considerations	26,224	129,650	26,224	129,650
Reversal of additional purchase consideration [1]	-	-20,454	-	-20,454
Payment of additional purchase consideration	-27,999	-	-27,999	-
Exchange-rate differences [1]	21,515	1,330	21,515	1,330
Closing carrying amount	170,416	150,676	170,416	150,676

1) Recognized in net financial items

XVIVO has outstanding commitments for additional purchase considerations relating to acquisitions of subsidiaries. In 2021, the company acquired the subsidiary STAR Teams INC. Additional purchase considerations contingent on sales and profit targets amounted to USD 13.75 million and were likely to be paid. In 2022, the company acquired the subsidiary XVIVO S.r.l. An additional purchase considerations of a maximum of EUR 2.4 million is expected to become due for payment in 2023.

Note 26. Fair value and carrying amounts of financial assets and liabilities (Cont'd.)

Additional purchase considerations are based on assumptions that acquired operations will meet certain sales and profit targets during a set time period. In connection with preparing the financial statements, management updated the forecasts made in relation to the acquisition of the operations. The forecasts are based on factors including market trends, organic development and budgets. As per December 31, 2022, the additional purchase considerations recognized as liabilities have been recorded at values that anticipate maximum outcome.

Note 27. Pledged assets for own liabilities

	Group		Parent Company	
	2022	2021	2022	2021
Chattel mortgages	30,000	30,000	27,000	27,000
Blocked funds as collateral Bank guarantees	250	341	250	341
Total	30,250	30,341	27,250	27,341

Note 28. Appropriation of non-restricted equity

Proposed allocation of non-restricted equity

Share premium reserve	1,299,346,535
Retained earnings	-328,756,208
Net income for the year	34,731,864
Earnings at the disposal of the AGM	1,005,322,191
To be carried forward	SEK 1,005,322,191

Note 29. Cash flow statement

	Group		Parent Company	
Interest received and paid	2022	2021	2022	2021
Interest received	2,123	-	5,317	1,515
Interest paid	-605	-276	-458	-122
Total	1,518	-276	4,859	1,393

	Group		Parent Company	
Adjustment for non-cash items	2022	2021	2022	2021
Depreciation, amortization and impairment of assets	42,167	32,257	19,133	19,360
Provisions for doubtful trade accounts receivable	30	568	30	568
Inventory obsolescence	-1,218	-1,425	-927	-1,694
Capital gain from sales of fixed assets	416	142	-4	-
Changes in provisions	-1,237	188	-125	188
Reversal of additional purchase considerations	-	-20,290	-	-
Translation differences/exchange rate differences	-12,618	-4,245	414	-805
Total	27,540	7,195	18,521	17,617

Changes in liabilities attributable to financing activities	**Leasing liabilities**
Opening carrying amount	**5,721**
Cash items	-7,289
Non-cash items	
- new agreements	4,462
- remeasured contracts	6,975
- disposals	-146
- translation differences	282
Closing carrying amount	**10,005**

Note 30. Related-party transactions

Related parties
The Parent Company is closely associated with the subsidiaries. Of the Parent Company's total revenues and purchases, SEK 126.080 million (85.839) are revenues from the subsidiaries and SEK 110.151 (54.446) purchases from the subsidiaries. Internal pricing within the Group is based on the arm's length principle, that is between parties that are independent of each other, well-informed and with a vested interest in the transactions.

Transactions with key persons in senior positions
In 2022, the Group's former CEO invoiced the company SEK 225,000 for the letting of his apartment to one of the Group's employees. The lease, which is based on market terms, expired in the third quarter. Otherwise there were no related-party transactions during the period. Total remuneration paid is presented in the Note "Employees, personnel costs and Board fees" (see Note 7).

Note 31. Events after the record date

No events have occurred after the end of the reporting period that significantly affect the assessment of the financial information in this report.

Note 32. Critical assessments and estimates

Recovery of value of development expenditure
There are no indications of further impairment requirements as at December 31, 2022. The projects that have been entered as assets can reasonably be assumed to lead to products that will generate revenues in the near future. For further information, see Note 1, Accounting Policies.

Impairment testing of Goodwill
When calculating cash-generating units' recoverable amount for the assessment of any impairment requirement for goodwill, several assumptions regarding future conditions and estimates of parameters have been made. A description can be found in Note 14.

Note 33. Reconciliation of alternative performance measures

For definitions of performance measures, see **page 123**

EBITDA

SEK 000	2022	2021
Operating income	**6,409**	**-18,498**
Amortization and impairment of intangible assets	27,871	21,219
Depreciation and impairment of Property, Plant and Equipment	14,296	11,038
EBITDA (Operating income before depreciation and amortization)	**48,576**	**13,759**

EBITDA (adjusted)

SEK 000	2022	2021
EBITDA (Operating income before depreciation and amortization)	**48,576**	**13,759**
Acquisition costs	8,146	13,350
Integration costs	6,102	6,334
Incentive program for foreign employees	-6,372	-3,902
EBITDA (adjusted)	**56,452**	**29,541**

EBIT (adjusted)

SEK 000	2022	2021
EBIT (Operating income)	**6,409**	**-18,498**
Acquisition costs	8,146	13,350
Integration costs	6,102	6,334
Incentive program for foreign employees	-6,372	-3,902
EBIT (adjusted)	**14,285**	**-2,716**

Gross margin

SEK 000	2022	2021
Operating income		
Net sales	415,292	258,386
Operating expenses		
Costs of goods sold	-118,336	-70,107
Gross profit	**296,956**	**188,279**
Gross margin, %	**72**	**73**
Gross margin, disposables		
Operating income		
Net sales	336,466	233,971
Operating expenses		
Costs of goods sold	-71,585	-56,765
Gross profit	**264,881**	**177,206**
Gross margin, %	**79**	**76**

Equity/assets ratio

SEK 000	221,231	211231
Shareholders' Equity	1,430,136	1,285,450
Total assets	1,733,084	1,542,596
Equity/assets ratio, %	**83**	**83**

Certification

The Board of Directors and the CEO hereby certify that the annual accounts have been prepared in accordance with generally accepted accounting principles in Sweden and have been drawn up in accordance with the international accounting standards referred to in Regulation (EC) No 1606/2002 of the European Parliament and of the Council of July 19, 2002 on the application of international accounting standards. The annual accounts and the consolidated accounts provide a fair representation of the Parent Company's and the Group's position and performance. The Administration Report for the Parent Company and the Group provides a true and fair overview of the development of the company's operations, financial position and earnings, and describes the significant risks and uncertainty factors to which the Parent Company and the companies included in the Group are exposed.

As indicated above, the annual accounts and the consolidated annual accounts were approved for release by the Board of Directors and the CEO on April 3, 2023. The Consolidated Income Statement, the Consolidated Statement of Other Comprehensive Income and the Consolidated Statement of Financial Position, as well as the Parent Company Income Statement and Statement of Financial Position are subject to adoption by the Annual General Meeting on April 25, 2023.

Gothenburg, April 3, 2023

Gösta Johannesson
Chairman of the Board

Christoffer Rosenblad
CEO

Göran Dellgren
Board member

Camilla Öberg
Board member

Yvonne Mårtensson
Board member

Lars Henriksson
Board member

Lena Höglund
Board member

Our audit report was issued on April 3, 2023

KPMG AB

Daniel Haglund
Authorized public Accountant

Auditor's report

To the general meeting of the shareholders of Xvivo Perfusion AB (publ), corp. id 556561-0424.

Report on the annual accounts and consolidated accounts

Opinions

We have audited the annual accounts and consolidated accounts of Xvivo Perfusion AB (publ) for the year 2022, except for the corporate governance statement on pages 69-74. The annual accounts and consolidated accounts of the company are included on pages 60-110 in this document.

In our opinion, the annual accounts have been prepared in accordance with the Annual Accounts Act, and present fairly, in all material respects, the financial position of the Parent Company as of 31 December 2022 and its financial performance and cash flow for the year then ended in accordance with the Annual Accounts Act. The consolidated accounts have been prepared in accordance with the Annual Accounts Act and present fairly, in all material respects, the financial position of the Group as of 31 December 2022 and their financial performance and cash flow for the year then ended in accordance with International Financial Reporting Standards (IFRS), as adopted by the EU, and the Annual Accounts Act. Our opinions do not cover the corporate governance statement on pages 69-74. The statutory administration report is consistent with the other parts of the annual accounts and consolidated accounts.

We therefore recommend that the general meeting of shareholders adopts the income statement and balance sheet for the Parent Company and the Group.

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

Basis for Opinions

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

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

Key Audit Matters

Key audit matters of the audit are those matters that, in our professional judgment, were of most significance in our audit of the annual accounts and consolidated accounts of the current period. These matters were addressed in the context of our audit of, and in forming our opinion thereon, the annual accounts and consolidated accounts as a whole, but we do not provide a separate opinion on these matters.

Revenue recognition

See disclosure 2 and accounting principles on page 83 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Revenue for 2022 in the Group amounted to SEK 415.3 million. Revenue for sale of goods is reported in the income statement when significant risks and benefits associated with the ownership of the goods have been transferred to the buyer, which normally occurs in connection with the loan loss.

Normally revenue is reported when the buyer accepts delivery, and installation and control have been made. Revenue can also be reported as soon as delivery has taken place but not installation, if it is stipulated in the agreement that risks and benefits with delivery have passed to the buyer. Sales refers to revenue from sales of goods and services and invoiced freight and is reported excluding VAT, returns and discounts. Billing takes place in connection with delivery. Revenue is reported at the fair value of what has been received or will be received for goods and services sold in the Group's ongoing operations.

Response in the audit

We have assessed the design of the company's controls regarding revenue reporting of goods and services and how these controls have been implemented.

We have reviewed a selection of contracts to analyze the relevant contractual relationships and how these have been reported, as well as the assessment of the profitability of the applied income statement. We have examined, on a selection basis, sales transactions reported before and after the year-end to assess whether correct terms have been applied to the contract and that risks and benefits have been transferred to customers.

We have checked by sampling that reported revenues are consistent with information in the delivery system. We have also verified the security of IT systems and that there are controls between the systems and accounts so that revenue is recognized in the accounting period when delivery has taken place.

Valuation of goodwill capitalized expenditure for development

See disclosure 14 and accounting principles on page 84 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

As of 31 December 2022, the Group reported goodwill of SEK 625.3 million and capitalized development costs of SEK 544.5 million, representing 67 percent of total assets. Goodwill will be subject to at least one so-called impairment test, which contains both complexity and significant elements of assessments from the management of the Group. An impairment test must be prepared for each of the cash-generating units, which for the Group is a unit.

Goodwill refers to operations in perfadex sales and the acquired subsidiaries. Capitalized expenses for development work mainly pertain to the operations within heart transplantation, sales of XPS and STEEN Solution in the US market as well as acquired assets relating to the kidney and liver areas identified in connection with the acquisition of XVIVO BV. Balanced expenses for development work primarily relate to the activities of cardiac transplantation and sales of XPS and STEEN Solution in the US market.

In the Parent Company, shares in subsidiaries are reported for an amount of SEK 752.2 million, the value is largely affected by the assessment of goodwill and capitalized expenses for development work carried out in the Group. The test should be carried out according to the applicable regulations according to a certain technique where management must make future assessments of the company's internal and external conditions and plans. Examples of such assessments are future payments and deposits, which imply assumptions about future market outlets indirectly about how competitors can be expected to act. Another important assumption is which discount rate should be used to take into account that future assessed payments are associated with risk and are therefore less than liquid funds that are directly available to the Group.

Response in the audit

We have inspected the company's impairment tests to assess whether they are implemented in accordance with the technology provided.
In addition, we have assessed the fairness of future payments and the assumed discount rate by taking part in and evaluating management's written documentation and plans.

We have also interviewed management and evaluated previous years' assessments in relation to actual outcomes. We have inspected the company's impairment tests to assess whether they are implemented in accordance with the technology provided. In addition, we have assessed the fairness of future payments and the assumed discount rate by taking part in and evaluating management's written documentation and plans. We have also interviewed management and evaluated previous years' assessments in relation to actual outcomes. We have involved our own valuation specialists in the audit team to ensure experience and expertise in the field, primarily regarding assumptions related to external markets and competitors.

An important part of our work has also been to evaluate how changes in assumptions can affect the valuation, that is, performing and taking part in the Group's so-called sensitivity analysis.

We have also checked the completeness of the disclosures in the annual report and assessed whether they are consistent with the assumptions applied by the Group in its impairment test and if the information is sufficiently comprehensive to understand management's assessments.

Other Information than the annual accounts and consolidated accounts

This document also contains other information than the annual accounts and consolidated accounts and is found on pages 1-59. The other information comprises also of the remuneration report which we obtained prior to the date of this auditor's report. The Board of Directors and the Managing Director are responsible for this other information.

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

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

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

Responsibilities of the Board of Directors and the Managing Director

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

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

Auditor's responsibility

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

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

We also:

- Identify and assess the risks of material misstatement of the annual accounts and consolidated accounts, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of the company's internal control relevant to our audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors and the Managing Director.

- Conclude on the appropriateness of the Board of Directors' and the Managing Director's, use of the going concern basis of accounting in preparing the annual accounts and consolidated accounts. We also draw a conclusion, based on the audit evidence obtained, as to whether any material uncertainty exists related to events or conditions that may cast significant doubt on the company's and the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual accounts and consolidated accounts or, if such disclosures are inadequate, to modify our opinion about the annual accounts and consolidated accounts. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause a company and a group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the annual accounts and consolidated accounts, including the disclosures, and whether the annual accounts and consolidated accounts represent the underlying transactions and events

in a manner that achieves fair presentation.

- Obtain sufficient and appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated accounts. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our opinions.

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

We must also provide the Board of Directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, measures that have been taken to eliminate the threats or related safeguards.

From the matters communicated with the Board of Directors, we determine those matters that were of most significance in the audit of the annual accounts and consolidated accounts, including the most important assessed risks for material misstatement, and are therefore the key audit matters. We describe these matters in the auditor's report unless law or regulation precludes disclosure about the matter.

Report on other legal and regulatory requirements

Auditor's audit of the administration and the proposed appropriations of profit or loss

Opinions

In addition to our audit of the annual accounts and consolidated accounts, we have also audited the administration of the Board of Directors and the Managing Director of Xvivo Perfusion 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 Managing Director be discharged from liability for the financial year.

Basis for Opinions

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

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

Responsibilities of the Board of Directors and the Managing Director

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

The Board of Directors is responsible for the company's organization and the administration of the company's affairs. This includes among other things continuous assessment of the company's and the Group's financial situation and ensuring that the company's organization is designed so that the accounting, management of assets and the company's financial affairs otherwise are controlled in a reassuring manner.

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

Auditor's responsibility

Our objective concerning the audit of the administration, and thereby our opinion about discharge from liability, is to obtain audit evidence to assess with a reasonable degree of assurance whether any member of the Board of Directors or the Managing Director in any material respect:

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

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in

accordance with generally accepted auditing standards in Sweden will always detect actions or omissions that can give rise to liability to the company, or that the proposed appropriations of the company's profit or loss are not in accordance with the Companies Act.

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

The auditor's examination of the Esef report

Opinion

In addition to our audit of the annual accounts and consolidated accounts, we have also examined that the Board of Directors and the Managing Director have prepared the annual accounts and consolidated accounts in a format that enables uniform electronic reporting (the Esef report) pursuant to Chapter 16, Section 4(a) of the Swedish Securities Market Act (2007:528) for Xvivo Perfusion AB (publ) for year 2022.

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

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

Basis for opinion

We have performed the examination in accordance with FAR's recommendation RevR 18 Examination of the Esef report. Our responsibility under this recommendation is described in more detail in the Auditors' responsibility section. We are independent of Xvivo Perfusion AB (publ) in accordance with professional ethics for accountants in Sweden and have otherwise fulfilled our ethical responsibilities in accordance with these requirements.

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

Responsibilities of the Board of Directors and the Managing Director

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

Auditor's responsibility

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

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

Reasonable assurance is a high level of assurance, but it is not a guarantee that an engagement carried out according to RevR 18 and generally accepted auditing standards in Sweden will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the Esef report.

The audit firm applies ISQC 1 Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and other Assurance and Related Services Engagements and accordingly maintains a comprehensive system of quality control, including documented policies and procedures regarding compliance with professional ethical requirements, professional standards and legal and regulatory requirements.

The examination involves obtaining evidence, through various procedures, that the Esef report has been prepared in a format that enables uniform electronic reporting of the annual accounts and consolidated accounts. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement in the report, whether due to fraud or error. In carrying out this risk assessment, and in order to design procedures that are appropriate in the circumstances, the auditor considers those elements of internal control that are relevant to the

preparation of the Esef report by the Board of Directors and the Managing Director, but not for the purpose of expressing an opinion on the effectiveness of those internal controls. The examination also includes an evaluation of the appropriateness and reasonableness of the assumptions made by the Board of Directors and the Managing Director.

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

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

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 69-74 has been prepared in accordance with the Annual Accounts Act.

Our examination of the corporate governance statement is conducted in accordance with FAR´s auditing standard RevR 16 The auditor´s examination of the corporate governance statement. This means that our examination of the corporate governance statement is different and substantially less in scope than an audit conducted in accordance with International Standards on Auditing and generally accepted auditing standards in Sweden. We believe that the examination has provided us with sufficient basis for our opinions.

A corporate governance statement has been prepared. Disclosures in accordance with chapter 6 section 6 the second paragraph points 2-6 of the Annual Accounts Act and chapter 7 section 31 the second paragraph the same law are consistent with the other parts of the annual accounts and consolidated accounts and are in accordance with the Annual Accounts Act.

KPMG AB, Box 11908, SE-404 39 , Göteborg, Sweden, was appointed auditor of Xvivo Perfusion AB (publ) by the general meeting of the shareholders on the April 25, 2023. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2013.

Gothenburg, April 3, 2023

KPMG AB

Daniel Haglund
Authorized public Accountant

Board of Directors and Auditors

Gösta Johannesson
Chairman of the Board

Göran Dellgren

Camilla Öberg

Yvonne Mårtensson

Lena Höglund

Lars Henriksson

Gösta Johannesson

Chairman of the Board

Born 1959, MBA from Uppsala University. Senior advisor at Bure Equity AB.

Other assignments: Deputy Chairman of Interflora AB, Board member of Mentice AB (publ), Yubico AB, Scandinova Systems AB and others. Gösta Johannesson was previously a partner in Provider VenturePartners, before that in leading positions in Öhman Fondkommission and Handelsbanken Markets. Gösta Johannesson is dependent on the company's major shareholders. Gösta Johannesson has been a Board member of the company since 2013.

Shareholding in XVIVO: 3,200 shares

Göran Dellgren

Born 1961. Thoracic surgeon and a leader in research and development in transplantation nationally and internationally for the past 15 years. Currently Professor of Thoracic Surgery at Sahlgrenska Hospital and Chairman of Department of Surgery at Blekinge Hospital.

Other assignments: Göran Dellgren has and has had several assignments, including as chairman of the Swedish Association for Cardiothoracic Surgery, President of the European Society for Heart and Lung Transplantation (ESHLT) and as Director of the International Society for Heart and Lung Transplantation (ISHLT). Göran Dellgren is independent in relation to the company and the company's major shareholders. Göran Dellgren has been a Board member of the company since 2022.

Shareholding in XVIVO: 0 shares

Camilla Öberg

Born 1964, MBA from the Stockholm School of Economics.

Other assignments: Board member of Instalco Intressenter AB. Chief Financial Officer at Yubico AB. Former CFO at Cybercom Group AB and Logica Sweden, leading positions in WM-data, Swegro Group and Lexicon. Camilla Öberg is independent in relation to the company and the company's major shareholders. Camilla Öberg has been a Board member of the company since 2016.

Shareholding in XVIVO: 1,000 shares

Yvonne Mårtensson

Born 1953. M.Sc. Industrial Engineering and Management, Linköping University, Institute of Technology. Independent Board Director and Business Advisor.

Other assignments: Chair of the Board of Boule Diagnostics AB and YCM Consulting AB, Board member of Ortoma AB and Uniogen OY. Former CEO of CellaVision AB 1998–2014. Yvonne Mårtensson is independent in relation to the company and the company's major shareholders. Yvonne Mårtensson has been a Board member of the company since 2018.

Shareholding in XVIVO: 2,000 shares

Lena Höglund

Born 1960, management training at The Centre for Outstanding Leadership AB, Stockholm and Management Centre Europe, Brussels. 35 years' experience from leading commercial positions with Medical technology company Elekta.

Other assignments: Board member at Bergvik Group AB and Industry Mentor for Sting – Stockholm Innovation & Growth AB. Lena Höglund is independent in relation to the company and the company's major shareholders. Lena Höglund has been a Board member of the company since 2020.

Shareholding in XVIVO: 1,300 shares

Lars Henriksson

Born 1955. DDM at Gothenburg University. Thirty years' experience from medtech companies such as Astra Tech and and Dentsply Sirona.

Other assignments: Board member of AddBio. Lars Henriksson is independent in relation to the company and the company's major shareholders. Lars Henriksson has been a Board member of the company since 2020.

Shareholding in XVIVO: 1,500 shares

Auditors

The company's Auditor is KPMG AB. The principal auditor is Authorized Public Accountant Daniel Haglund (born 1974).

KPMG AB
Visiting Address: Vikingsgatan 3
SE-411 06 Gothenburg
Tel no. +46 31 614800

Shareholdings include the holdings of spouses, minor children and related companies.

Senior Management

Christoffer Rosenblad
CEO

Kristoffer Nordström
CFO

Johan Holmström
CCO

Charlotte Walldal
Global Research & Development Director

Andreas Wallinder
CMO

Katrin Gisselfält
Global Quality Assurance &
Regulatory Affairs Director

Jaya Tiwari
Vice President Clinical and
Regulatory Affairs (US)

Lena Hagman
COO

Christoffer Rosenblad
CEO

Born 1975. M.Sc. (Mech. Eng.) Chalmers Institute of Technology and B.Sc. (Econ.) Gothenburg School of Economics. Christoffer has worked at XVIVO for 10 years in many leading positions including CFO, Vice President/CEO, COO and Head of North America. Formerly Business Controller at Ciba Vision Nordic AB and various financial positions at LG Electronics. Christoffer Rosenblad has been an employee of XVIVO since 2012.

Other assignments: Board member of Sedana Medical AB (publ.)

Shareholding in XVIVO: 55,623 shares and 17,500 stock options

Kristoffer Nordström
CFO (Chief Financial Officer)

Born 1985, M.Sc. Business and Economics from University of Borås. Previously Head of Accounting and Controlling at XVIVO. 10 years of experience as Authorized Public Accountant and Senior Manager at KPMG Sweden. Kristoffer Nordström has been an employee of XVIVO since 2017.

Shareholding in XVIVO: 2,665 shares and 5,000 stock options

Johan Holmström
CCO (Chief Commercial Officer)

Born 1970, M.Sc. Business Administration and Finance at University of Gothenburg. Formerly Executive VP Marketing at Permobil, before that various senior management positions in sales, marketing and business development at Lohmann & Rauscher and Mölnlycke Health Care. Johan Holmström has been an employee of XVIVO since 2020.

Shareholding in XVIVO: 3,708 shares and 10,000 stock options

Charlotte Walldal
Global Research & Development Director

Born 1967, M.Sc. Chemistry. Eng. at Chalmers University of Technology and Ph.D Physical Chemistry at University of Gothenburg. Previously VP R&D Personal Care at Essity and before that management positions in development and innovation. Charlotte Walldal has been an employee of XVIVO since 2020.

Shareholding in XVIVO: 2,708 shares and 2,500 stock options

Andreas Wallinder
CMO (Chief Medical Officer)

Born 1977. Doctor of Medicine from Karolinska Institute. Board exam in Cardiothoracic surgery. PhD in Lung Transplantation at University of Gothenburg. Previously Consultant Cardiothoracic Surgeon at Sahlgrenska University Hospital and before that Cardiothoracic Surgery Fellow at Alfred Health, Melbourne. Andreas Wallinder has been an employee of XVIVO since 2019.

Shareholding in XVIVO: 3,407 shares and 5,000 stock options

Katrin Gisselfält
Global Quality Assurance & Regulatory Affairs Director

Born 1969. Ph.D., Polymer Chemistry, Chalmers University of Technology. Formerly R&D and Regulatory Affairs Director at Abigo Medical AB and before that VP R&D with responsibility for R&D, Regulatory and clinical trials at Artimplant AB. Katrin Gisselfält has been an employee of XVIVO since 2019.

Shareholding in XVIVO: 2,708 shares and 3,000 stock options

Jaya Tiwari
Vice President Clinical and Regulatory Affairs (US)

Born 1987. B.Sc. (Neural Science) New York University, and PICTOR (Pulmonary & Intensive Care Translational Outcomes Research) scholar at Columbia University. Formerly North American Clinical Affairs Director and Clinical Research Program Manager with XVIVO, before that Senior Research Program Manager at University of Pennsylvania and Columbia University for studies in organ perfusion, transplantation and oncology. Jaya Tiwari has been an employee of XVIVO since 2015.

Shareholding in XVIVO: 0 shares and 2,500 stock options

Lena Hagman
COO (Chief Operating Officer)

Born 1965. B.Sc. Chemistry and Textile Engineering, Chalmers University of Technology. Formerly Executive Vice President, Quality Compliance, Regulatory & Medical Affairs Getinge AB, and many other leading positions in the past 12 years at Getinge Group, in quality, R&D and operations. Previously also held leading positions at Capio, Neoventa Medical AB and Mölnlycke Health Care. Lena Hagman has been an employee of XVIVO since 2022.

Shareholding in XVIVO: 2,000 shares and 0 stock options

Shareholdings include the holdings of spouses, minor children and related companies.

Glossary

The following explanations are intended to help the reader understand certain specific terms and expressions in XVIVO's reports:

Evaluation Evaluation of the function of an organ.

Ex vivo (Latin for "outside a living organism") Biological processes in living cells and tissues when they are in an artificial environment outside the body. The opposite of in vivo.

EVLP (Ex Vivo Lung Perfusion) Perfusion of a lung outside the body. The procedure is normally carried out to evaluate a lung before transplantation.

FDA or US Food and Drug Administration The FDA is the USA's food and drug authority with responsibility for food, dietary supplements, drugs, cosmetics, medical equipment, radiology equipment, and blood products. FDA approval is required to market a medical device on the US market.

HDE or Humanitarian Device Exemption A humanitarian device exemption (HDE) application can be submitted to the FDA for a medical device that is intended to benefit patients by treating or diagnosing a disease or condition that affects or is manifested in fewer than 8,000 individuals in the United States per year. An HDE is similar in both form and content to a Premarket Approval (PMA) application but is exempt from the efficacy requirements of a PMA.

Hypothermic non-ischemic perfusion of heart Circulation of the cooled, dormant donated heart with a supply of oxygen and necessary nutrients during transport to the recipient.

In vivo Biological processes in living cells and tissues when they are in their natural place in intact organisms.

Machines Revenues from the sale or leasing of machinery for mechanical perfusion and preservation of organs.

Clinical study/trial A study in healthy or sick people to study the effect of a drug or treatment method.

Machine perfusion New technology that improves preservation and evaluation of organs, which means more organs can be used for transplants. In the Thoracic business area this includes STEEN Solution™, XPS™, LS™, Lung Assist and Heart Assist as well as other products and services related to the use of those products. In the Abdominal business area this includes Kidney Assist Transport, Kidney Assist and Liver Assist as well as other products and services related to the use of those machines

Medical device Comprises devices used to diagnose a disease or treat a disease and as rehabilitation.

Obstructive lung disease Disease where there is airway obstruction.

OPO or Organ Procurement Organization In the United States, an organ procurement organization (OPO) is a non-profit organization responsible for the evaluation and procurement of deceased-donor organs for organ transplantation. There are approximately 58 such organizations in the United States.

Perfusion Passage of a fluid through an organ's blood vessels.

PMA or Premarket Approval	Premarket approval (PMA) is the FDA process of scientific and regulatory review to evaluate the safety and efficacy of Class III medical devices. Class III devices support or sustain human life, are of substantial importance in preventing impairment of human health, or potentially present an unreasonable risk of illness or injury.
Pre-clinical study	Research performed before a drug or method of treatment is sufficiently documented to be studied in humans. for example the testing of substances in tissue samples and subsequent testing in experimental animals.
Preservation	Storage and maintenance of an organ outside the body before transplantation.
Reimbursement	Reimbursement Reimbursement is used in the health insurance system in order for healthcare providers to be reimbursed faster and more easily for accrued expenses from a private or public insurance company (in the United States, e.g. Medicare).
Static preservation	Static preservation refers to preservation methods where the organ is cooled during transport and before transplantation. In the Thoracic business area, this refers to Perfadex® Plus as well as other products and services related to the use of that product.
Xenotransplantation	Transplantation of cells, tissues or organs from one species to another.
Other sales	The Other sales product category refers to revenues relating to freight, service and training.

Definitions

Key ratio	Definition	Motivation
Gross margin non-durable goods, %	Gross profit for disposables during the period divided by net sales for disposables during the period.	The company believes that the key ratio provides an in-depth understanding of the company's profitability. Since the pricing strategy for machines differs from the pricing strategy from all other operations, the gross margin is presented separately for machines and disposables
Gross margin, %	Gross profit for the period divided by net sales for the period.	The company believes that the key ratio provides an in-depth understanding of the company's profitability.
EBITDA margin, %	EBITDA (operating income before depreciation and amortization for the period) divided by net sales for the period.	The company believes that the key ratio provides an in-depth understanding of the company's profitability.
Adjusted EBITDA margin,%	EBITDA (operating income before depreciation and amortization for the period) adjusted for items affecting comparability and divided by net sales for the period.	The company believes that the key ratio provides an in-depth understanding of the company's profitability. The company also considers that adjusted EBITDA provides a more true and fair view of the company's EBITDA for the core operations.
Adjusted EBIT margin,%	EBIT (operating income for the period) adjusted for items affecting comparability, divided by net sales for the period.	The company believes that the key ratio provides an in-depth understanding of the company's profitability. The company also considers that adjusted EBIT provides a more true and fair view of the company's EBIT for the core operations.

Key ratio	Definition	Motivation
Operating margin, %	Operating income for the period divided by net sales for the period.	The company believes that the key ratio provides an in-depth understanding of the company's profitability.
Net margin, %	Operating income for the period divided by net sales for the period.	The company believes that the key ratio provides an in-depth understanding of the company's profitability.
Equity/assets ratio, %	Shareholders' equity divided by total assets.	The ratio indicates what percentage of total assets consists of shareholders' equity and it has been included to help provide investors with an in-depth understanding of the company's capital structure.
Shareholders' equity per share, SEK	Shareholders' equity in relation to the number of shares outstanding on the balance sheet date.	The key ratio has been included to give investors an overview of how the company's equity per share has evolved.
Earnings per share, SEK	Earnings for the period in relation to the average number of outstanding shares before dilution for the period.	The key ratio has been included to give investors an overview of dividends paid in the relevant period.
Earnings per share after dilution, SEK	Earnings for the period in relation to the average number of outstanding shares after dilution for the period	The key ratio has been included to give investors an overview of how the company's share price has evolved.

Key ratio	Definition	Motivation
Organic growth	Organic growth refers to sales growth compared to the same period the previous year, adjusted for currency translation effects and acquisitions. Acquisitions carried out in the current or previous year are adjusted for by excluding net sales in the current year that are attributable to the period during which the acquisition did not contribute to sales during the same period in both years. Effects of acquiring a distributor (e.g. acquisition of XVIVO S.rl. in 2022) are adjusted for by omitting the distributor margin added to the Group's sales in connection with acquisition and recognizing it as acquired growth. Currency effects are calculated by recalculating the period's and previous period's sales in local currencies in SEK at the same exchange rate.	Organic growth enables comparison of net sales over time, excluding the impact of currency translation effects and acquisitions.

Extending horizons

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