Annual Report 2021

XVIVO Perfusion AB (Publ)

XVIVO

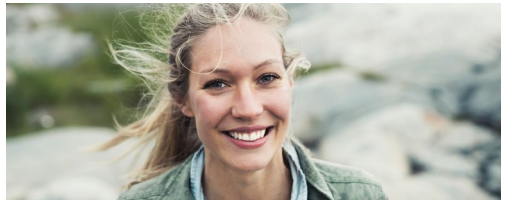
We believe in an extended life of organs. Nobody should die waiting for a new organ.

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 had access to more organs. Thanks to our innovative technology for preserving, improving and evaluating organs they will be able to.

Content

Vision, business concept, goals and strategy

XVIVO has determined five strategic focus areas that will support our goal of becoming the transplantation industry market leader. Read more on page 16.

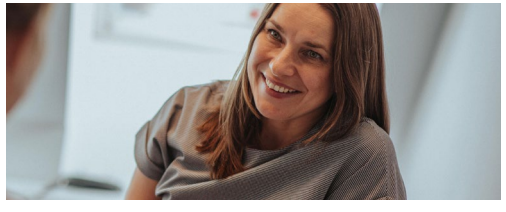


Market drivers

There is an acute shortage of donated organs globally. According to WHO, the number of transplants carried out only corresponds to 10 percent of the actual need. Read more on page 21.

Offering for all four major organs

XVIVO's technology saves organs so others can save lives. Our offering addresses 98% of the market. Read more on page 26.



Sustainability – the opportunity to save more lives

Our core business is based on our vision: "nobody should die waiting for a new organ". Read more on page 44.

This is XVIVO

Our technology saves organs so others can save lives

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

Founded in 1998, 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. Our technology 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 ex vivo (outside the body).

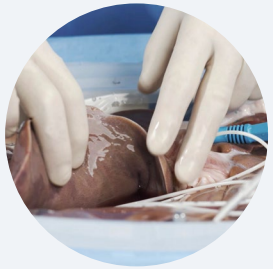
The Company is active in all four major organ areas (lung, heart, liver and kidney) and the operations are conducted in three business areas: Thoracic (transplantation of lung and heart), Abdominal (transplantation of liver and kidney) and Services (services in organ recovery).

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

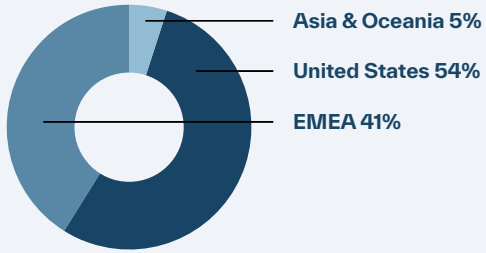
Thoracic



Abdominal

Services

Main markets 2021



Founded
1998

HQ in Gothenburg
Sweden

Employees
~110

The share is listed on
NASDAQ
Stockholm mid-cap

Significant events in 2021

- Article published in the New England Journal of Medicine showing that oxygenated perfusion of donated livers before transplantation has a significant positive impact on outcomes after transplantation.
- First patients transplanted in a Australian heart preservation study. In the study, with the help of XVIVO's heart preservation technology, a donor heart was preserved for 7 hours and 18 minutes before being successfully transplanted. This was a record for using XVIVO's technology in clinical studies.
- A 510(k) application for Kidney Assist Transport filed with the FDA in the US.
- In the UK, NICE issued guidelines recommending EVLP as the standard arrangement for preservation of lungs.
- Strategic focus areas presented on XVIVO's first capital markets day. These are intended to support the Company's goal of becoming the leading player in the transplant industry in the strategic period 2022-2026.
- XVIVO had a strong presence at the ESOT Congress in Milan. The Congress focused sharply on machine perfusion.
- Pilot project in advanced analytics using liver perfusion data started in partnership with UMC Groningen.
- XVIVO acquired 100 percent of the shares in US organ recovery company Star Teams. The purchase consideration totaled SEK 26.1 million.
- The acquisition of STAR Teams was financed through a new share issue, raising some SEK 250 million before transaction costs.
- XVIVO accelerated its business operations in Brazil, the world's third largest organ transplantation market, through the signing of a partnership contract with Contatti Medical, the market leader on Brazil's organ transplantation market.
- The North American organization was further strengthened with the appointment of Fredrik Dalborg as Managing Director North America, and by the appointment of Jaya Tiwari as Vice President Clinical and Regulatory Affairs for the US. A new office also opened in Philadelphia in the US.

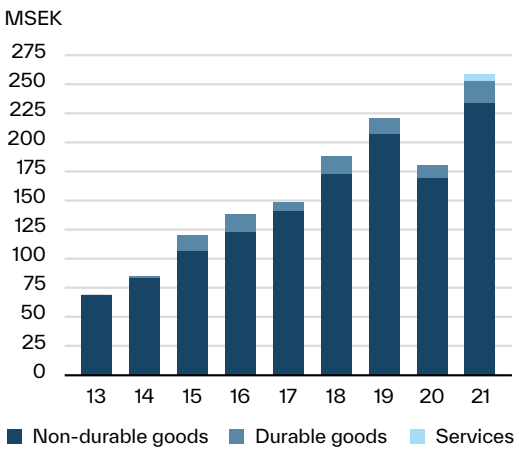
Events after the end of the year

- On January 7, 2022 XVIVO's innovative technology for heart preservation was used in the world's first ever successful pig to human heart transplant.
- On January 21, 2022, XVIVO obtained 510(k) clearance by the FDA for marketing and sales of the product Kidney Assist Transport on the US market.

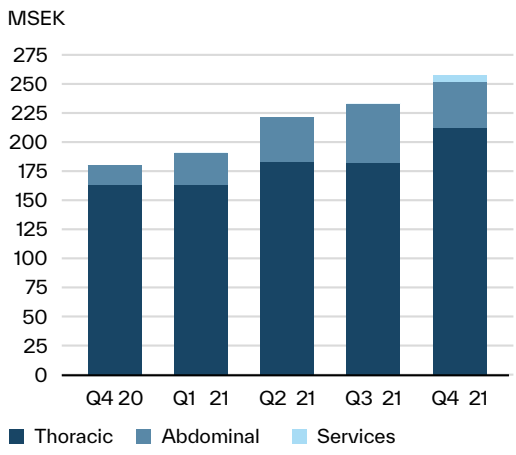
Outcome and key ratios 2021

Sales	Organic growth	Adjusted EBITDA margin
SEK 258M	27%	11%

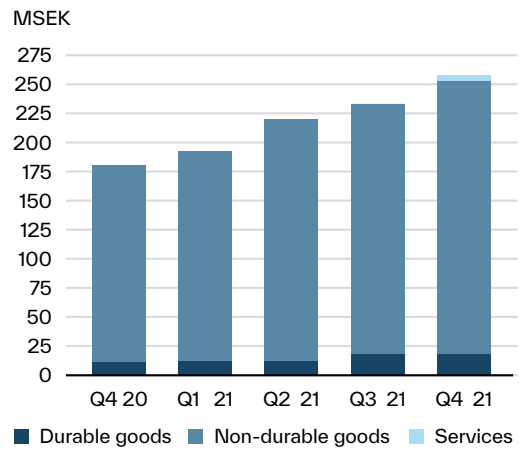
Sales



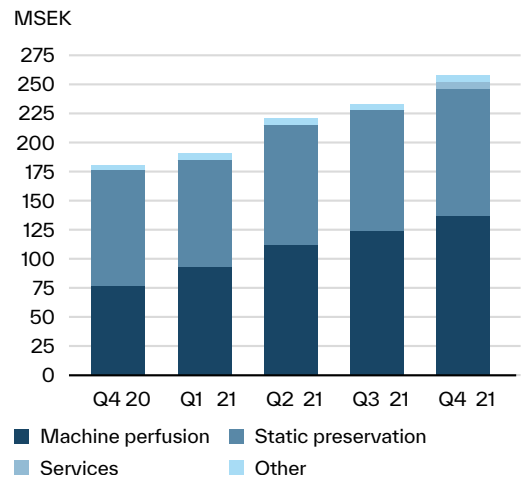
Sales by business area (R12)



Sales by segment (R12)



Sales by product category (R12)



Key ratios

	2021	2020
Gross margin non-durable goods, %	76	75
Gross margin, %	73	72
EBIT, %	-7	-25
EBIT (adjusted[1]), %	-1	-5
EBITDA, %	5	-9
EBITDA (adjusted[1]), %	11	11
Operating margin, %	-7	-25
Net margin, %	3	-24
Equity/assets ratio, %	83	88
Earnings per share, SEK	0.28	-1.61
Shareholders' equity per share, SEK	43.58	35.11
Share price on closing day, SEK	278.50	314.00
Market cap on closing day, SEK M	8215	9018
Sales growth		
Organic growth in local currencies, %	27	-24
Acquired growth, %	22	7
Exchange rate effects, %	-5	-2
Total growth, %	44	-19

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 15.8 (35.8) million for the period.

"I am tremendously proud of what we achieved together in southern Europe in 2021.

Despite the continued impact of the global pandemic, we returned to positive sales growth. Growth was mainly driven by increased use of machine perfusion in the region, but was also a result of the price increases introduced at the start of the year. It was very pleasing that several clinics completed their first lung evaluations with EVLP. At the same time, we increased the number of installations of liver perfusion machines, including in France where an important multicenter study is currently ongoing. I look forward to continuing to establish our technology for machine perfusion, and to help our customers in their work to save more lives."
Estelle Peslerbe, Sales Director Europe

CEO interview

Extended offering strengthens our business

Looking back at the year, what comments do you have?

I am incredibly proud of what XVIVO achieved in 2021. The Covid-19 pandemic continued to affect transplantation activity globally, but despite this we successfully built an organization that is ready to accelerate operations sharply. We completed the strategically important acquisition of STAR Teams and strengthened our presence on several key markets, both in terms of staff and collaboration partners. Organic growth was 27 percent, and adjusted EBITDA was 11 percent.

What difference does XVIVO make in the world?

The biggest challenge in organ transplants is the global shortage of transplantable organs. According to WHO, only 10% of the need is currently being met. In brief, XVIVO's unique technology saves organs so that transplantation teams can save lives. We have products to preserve, transport and evaluate organs outside the body, ex vivo, in a way that allows more organs to be used and more patients to get a life-saving transplant.

Since 2021, we also offer a service for organ recovery in the US as a result of the acquisition of STAR Teams. By allowing a third party to retrieve organs, transplant clinics can focus more on their patients and increase the number of transplants performed, which means that more lives can be saved.

You communicated five strategic focus areas in 2021, what will they lead to?

They will lead to the strategic goal of XVIVO becoming the transplantation industry market leader for all organs. This will occur by delivering on five strategic focus areas in the period

2022-2026: 1) Become the global leader in Abdominal, 2) Launch a market-leading heart preservation system, 3) Increase penetration of machine perfusion, 4) Secure comprehensive reimbursement systems on important geographical markets, and 5) Develop China as XVIVO's second biggest market.

You have several revenue models, what are they?

First and foremost, we focus closely on our economic engine which is machine perfusion where we measure sales of consumables per machine.

In this area, we apply our primary revenue model which is the razor model. The machine generates one-off revenue while consumables generate revenue per use. We also have certain consumables that are not linked to machine perfusion, which comprise a separate model.

STAR Teams generates service revenue in the US through billing per organ recovery, i.e. we measure revenue per organ handled.

The organ shortage is a global problem and XVIVO is already present on major markets, what is the plan for geographical expansion?

We focus on the major markets, but have direct or distributor sales in some 70 countries. As machine perfusion becomes clinical practice and is allocated increased resources, we are able to expand our market presence. In addition to the US, our most important market followed by Europe, we are also becoming established on several other major markets. We recently obtained approval from the authorities for PERFADEX Plus in China, the second largest transplantation market in the world and currently the fastest-growing lung transplantation market. Within a 5-year period, we will extend our product offering to include all major organs on this important market.

Brazil is another promising market, which is currently the world's third largest market for transplantation of abdominal organs. We signed an agreement with the Brazilian distributor Contatti Medical at the end of 2021, and will increase our presence significantly as a result of their well-established network.

Your organization is growing, which functions are being strengthened?

In recent years, we have strengthened all areas of the business, from research and development to marketing and sales. Marketing and sales are becoming increasingly important as a physical presence on our major markets with direct sales and clinical competence is a pre-requisite for building trust and developing business opportunities. During the year, we increased our presence in the US with an office in Philadelphia, and employed a North America manager to further consolidate our position on our main market. We also appointed a sales manager in China as part of our establishment, and plan to expand with more resources in 2022 in line with regulatory approvals being received.

How are you developing your offering?

We are currently focusing sharply on areas such as the clinical trials for XVIVO Heart Preservation System in Europe and Australia, and which we intend to start in the US in 2022. We are also carrying out clinical studies on PrimECC, a patented solution for priming heart lung machines ahead of open heart surgery, where a pilot study has shown to improve fluid balance.

The continued development of machine perfusion technologies is a pre-requisite for our long-term existence. Development is mainly financed through internal funds. In 2021, we reinvested over 50 percent of sales in research and development. Our capacity for innovation and often unique product development will ensure that we remain a global market leader in the future.

> "Our capacity for innovation and often unique product development ensure that we will remain a global market leader in the future."

You established the business area Services through the acquisition of STAR Teams in 2021. Are you looking to make more acquisitions?

We have made two strategically important acquisitions since 2020. The acquisition of Organ Assist made us the world's first "All organ company", and the acquisition of STAR Teams means that we are now able to combine product and service in a total offering. We are focusing sharply on expanding our offering, both organically and through acquisitions.

XVIVO attracted a great deal of attention by contributing to the world's first pig to human heart transplant. What does this mean to you?

It clearly illustrated the potential of our technology and its contribution to saving lives. To quote Professor Muhammad M. Mohiuddin who led the transplant: "Without XVIVO's new heart technology this transplant would never have happened, and I am grateful for all the support we have received". Our technology has emerged as a very important part of these highly specialized transplantation processes, and we will obviously continue to support these research programs.

To conclude, what challenges do you foresee?

There is a great deal of uncertainty in the surrounding world at present. The geopolitical situation is tense and the pandemic is not over yet. Furthermore, supply shortages and inflation are affecting the economy on many markets. This means that businesses need to stay on their toes and monitor developments closely.

However, the transplantation industry continues to move in a positive direction. The clinical evidence supporting the use of machine perfusion has grown over time, and health economic data also shows that the method is cost effective. The challenges we now face in the establishment of machine perfusion as clinical practice are of a more practical nature, e.g. relating to logistics and financing. The acquisition of STAR Teams allows XVIVO to meet these new challenges. It is also important that we continue to secure long-term reimbursement models on our key markets.

... and what opportunities?

The future looks bright for us. We assess that the number of transplants will continue to increase globally. In combination with our growing product portfolio the prospects are very favorable for the future. The research community continues to evaluate and demonstrate the benefits of machine perfusion and I am convinced that the technology will be critical for achieving more organ transplants.

The work associated with expanding our product portfolio is underway in several areas: continued product development, the ongoing heart study and the regulatory work associated with obtaining market approvals. 2022 will be the year when we start our abdominal focus in the US in earnest in connection with the launch of Kidney Assist Transport, while STAR Teams will simultaneously increase its offering to include liver and kidney.

2022 will be a very promising year for XVIVO. Our vision is stronger than ever: "nobody should die waiting for a new organ".

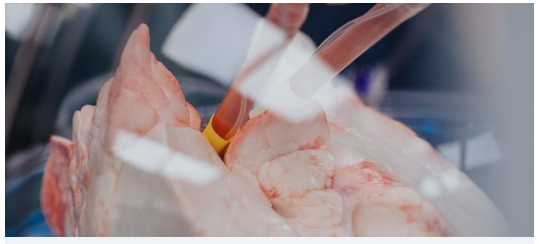
"2022 will be a very promising year for XVIVO. Our vision is stronger than ever: "nobody should die waiting for a new organ".

Operations

Our business is growing and is conducted in three business areas

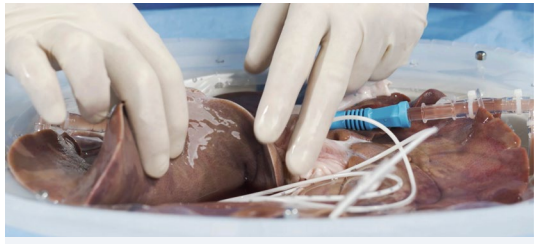
XVIVO's operations are conducted in three business areas: Thoracic (lung and heart transplantation), Abdominal (liver and kidney transplantation) and Services (organ recovery).

Our business areas



Thoracic

The Thoracic business area consists of XVIVO's lung and heart transplantation business. In lung transplantation, the Company has 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 studies. The technology includes a machine, consumables and a solution with supplements.



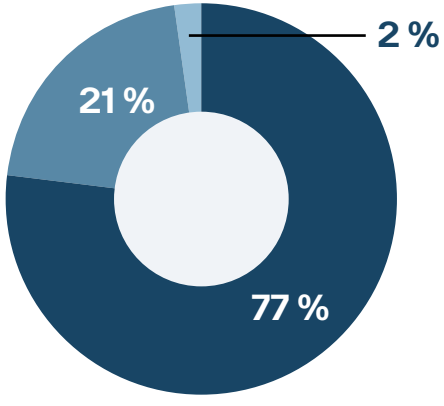
Abdominal

The Abdominal business area consists of XVIVO's operations in liver and kidney transplantation. In liver transplantation, we have Liver Assist for machine perfusion, and in kidney transplantation we have Kidney Assist and Kidney Assist Transport for machine perfusion. Liver Assist and Kidney Assist are used in stationary units installed at recipient hospitals, while Kidney Assist Transport can be used as a stationary unit or during transport between the donor and recipient.

Services

The Services business area comprises STAR Teams' operations in organ recovery of lung and heart on the US market. STAR Teams' surgeons are available around the clock to recover donated hearts and transport them to the recipient's transplantation clinic.

Sales by business area 2021



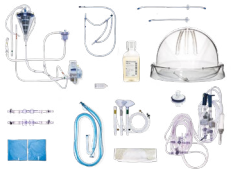
*Services were included in XVIVO Nov-Dec 2021.

Thoracic business area

Products shown in this annual report may not be available in all markets and product indication claim(s) may vary between markets

Lung

XPS™



XPS DISPOSABLE LUNG KIT™

STEEN SOLUTION™

PERFADEX® PLUS

Heart

Undergoing evaluation in clinical trials

XVIVO HEART DEVICE

XVIVO DISPOSABLE, HEART SOLUTION AND SUPPLEMENT

Abdominal business area

Liver

LIVER ASSIST™

DONOR ASSIST™

Kidney

KIDNEY ASSIST TRANSPORT™

KIDNEY ASSIST™

Services business area

STAR Teams®

XVIVO registrered trademarks: PERFADEX® Plus and PrimECC®. XVIVO trademarks: XVIVO™, STEEN Solution™, XPS™, XVIVO LS™, XVIVO Disposable Lung Set™, XVIVO Organ Chamber™, XVIVO Lung Cannula Set™, XVIVO Silicone Tubing Set™

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 evaluating organs outside the body while awaiting transplant.

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 evaluating 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

In 2021, we set a new strategy that will support our goal of becoming the leading operator in preserving organs outside the body. We have defined the following 5 strategic areas for the period 2022 to 2026;

1	**Become the global leader in Abdominal**	We are global leaders in lung, and our goal is to achieve the same position in the abdominal area. A pre-requisite for our success is that we establish a leading position in abdominal in the US, which is the single largest market for transplantation of liver and kidney. **Read more about the US on page 25**
2	**Launch a market leading heart preservation system**	XVIVO's new technology for heart preservation has the potential to transform the field and set a new standard for heart transplantation. **Read more about our heart technology on page 30**
3	**Increase penetration of machine perfusion**	Machine perfusion is an alternative to cold static preservation with numerous advantages, such as more organ transplants, improved results after transplantation and an extended viable period outside the body. **Read more about our offering on page 26**
4	**Secure comprehensive reimbursement systems on important geographical markets**	Stable growth in machine perfusion requires clear and solid reimbursement models and levels. **Read more about reimbursement models on page 38**
5	**Develop China to become XVIVO's second biggest market**	Growth trends indicate that China will eventually become the biggest market in organ transplantation. **Read more about the Chinese market on page 25**

Value model

Owning the entire value chain

Innovation and research

Product development

Clinical development and regulatory work

Manufacture

Marketing and Sales

After-market activities and services

In the Thoracic and Abdominal business areas, the value model is based on owning the entire value chain of the products, from research, development and production, through to marketing and sales, and after market activities and services.

How we create value

Innovation and research

In order to remain at the leading edge of clinical development and challenge the status quo, XVIVO's research mainly takes place in collaboration with leading institutions and researchers around the world. We continuously strive to genuinely understand our customers' needs and ensure customer-focused research and development. By bringing our innovations even closer to our customers and ensure that they meet their needs, we are able to streamline the commercialization of our products and offering.

An important part of our innovation and research work is to protect our products, either by patenting the process itself (method patent) or the product (product patent).

Product development

Product development largely takes place in-house at our head office in Gothenburg (solutions), at the subsidiaries in Lund (heart), in Denver (lung) and Groningen (liver and kidney). Our solid competence and development experience, from initial idea to the approved product, streamline the process and shorten the time to market.

Clinical development and regulatory work

We complete pre-clinical and clinical studies in collaboration with hospitals and universities to document the safety and effectiveness of our products. Clinical trials are of major significance to XVIVO, partly to obtain approval for products and partly to increase the products' areas of use. The results of the clinical studies, which are often presented at large scientific congresses or published in scientific journals, are used to communicate the value of our products.

In order to introduce the products to each market, regulatory approval is required. The regulatory requirements have become more stringent and the approvals processes increasingly complex. Our regulatory work ensures that our innovations reach the market in the shortest possible time.

Manufacture

XVIVO's products are largely manufactured externally, by carefully selected subcontractors. By outsourcing the manufacturing process, we avoid costly investments in production equipment and can focus on our core business. At the same time, it ensures greater flexibility in the event of changes in demand. We have long-term and close cooperation with our subcontractors in order to meet our high quality standards.

How we create value (cont'd.)

Marketing and Sales

XVIVO's products are sold in some 70 countries. In Europe, North America, Australia/New Zeeland and in China, products are sold and marketed by our own staff. The products are mostly distributed directly from Groningen and Denver. On other markets, the Company uses distributors. The commercial organization works closely with transplantation centers to support the use of XVIVO's products. Our customers' experience and opinions are taken into account in our innovation work, product development and marketing.

After-market activities and services

User training and technical training are an important part of our customer and after-market service. XVIVO's in-house organization is responsible for installation, training, service and support. XVIVO provides training locally and at the company's training facilities in Denver, Lund and Groningen. In addition, the company offers advanced training and exchange of experience between clinics.

Patent protection for intellectual property rights

XVIVO invests heavily in research and development. Patent protection is important to XVIVO's business areas, as product cycles are long and investments in product development are significant. XVIVO files applications for patents to protect existing and future products. Currently XVIVO has 13 active families of patents or patent applications at different stages.

XVIVO has two main patents in the field of heart transplantation. One covers the solution used in heart preservation; this patent is valid until 2035. The second includes important parts of the equipment used for heart evaluation after preservation, but before transplantation. This patent is valid until 2036. Together, the patents strengthen XVIVO's position in the heart transplant field in all major markets in the world.

STEEN Solution, our solution for warm perfusion of lungs, is protected by patent in the US which expires at the end of 2022.

PrimECC, XVIVO's solution for use in heart-lung machines, is currently protected by patents in 15 countries, including EP validations. The patents are valid until 2031. The US patent protects the use of a solution similar to PrimECC for use in priming heart-lung machines.

PERFADEX Plus is protected by a patent that has been approved in Europe, China, India, Australia and Russia so far. The patent is valid until 2038.

A container for kidney used in Kidney Assist Transport is protected by patent in the US, Canada and on other important European markets.

XVIVO also has a number of patents/patent applications relating to products and methods that are still in the explorative phase and where use is currently being evaluated.

XVIVO owns all rights to the products it markets.

*STEEN Solution has a regulatory status that cosntitutes as barrier to entry for potental competitor products that will have to go through the same rigorous process for market approval. In the US as an exanple, STEEN Solution is approved under a PMA which is the most costly and time-consuming approval of medical device products in the US.

Revenue model

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

Thoracic and Abdominal – revenue per installed machine

In the Thoracic and Abdominal business areas, XVIVO's revenue model for machine perfusion is based on the razor model for machinery and consumables.

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 machine sale. Instead, the strategy is to offer flexible and attractive financing solutions for the customer to encourage and drive a high rate of utilization of the machines.

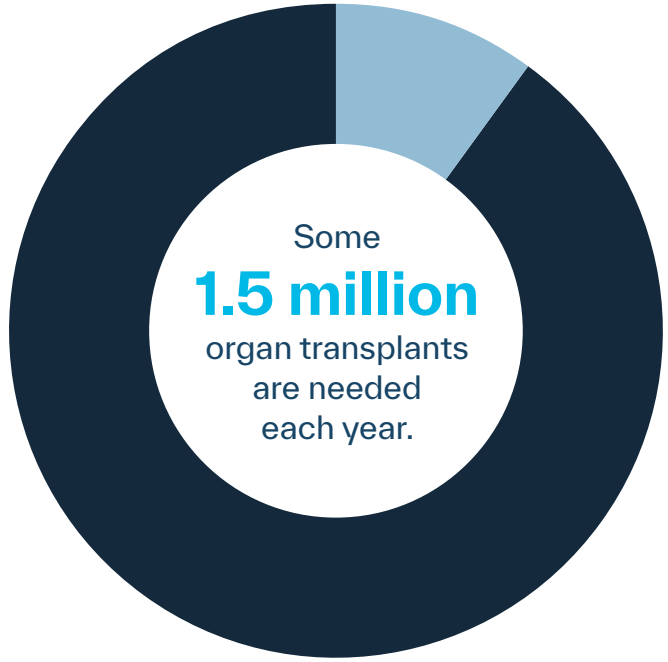
For each installed machine, regardless of whether it is intended for transport or evaluation of organs, consumables are used for each handled organ. These consumables, often disposable items and solutions, comprise the business areas' main source of income and gross margins have historically been high, around 70–80 percent for machine perfusion in Thoracic. 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, supported by strong clinical data, there is significant potential for continued price increases in both business areas.

Services – revenue per recovered organ

The revenue model in the Services business area 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



With only

150,000

organ transplants each year, only

10% of total global demand is met

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.

Globally around 150,000 transplants are performed every year[1]. Although the number of donors has increased, it is not enough - according to 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 represent only a small proportion of patients with organ disease end- 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, 107,000 patients were included on the waiting list for a new organ at the end of 2021. At the same time, only 40,000 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. Reports demonstrate that the health economic benefits of replacing organs on-demand are in line with curing cancer[2].

1. http://www.transplant-observatory.org Global donation and transplantation activity was negatively affected in 2020. Only 130,000 transplantations from 36,000 donors could be completed. Statistics for 2021 are not yet available at global level. | 2. Giwa et al, Nat Biotechnol. 2017

Demand drivers

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.

More people suffer from chronic disease

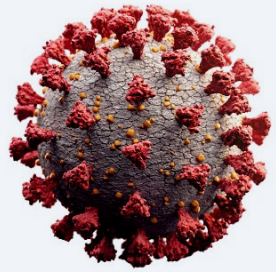
An increasing number of people are affected by chronic disease (or non-communicable diseases, NCD), mainly due to smoking, unhealthy diet, insufficient physical activity and dangerous alcohol use. Chronic disease is the main underlying cause of organ failure which leads to increased demand for transplants.

Increased health care costs

The healthcare sector continues to outgrow the global economy overall. At the same time the financing of healthcare services is undergoing a transition, from privately financed to publicly funded healthcare. This development favors the transplantation market as a high proportion of transplants tends to coincide with increased total healthcare costs and a low proportion of out-of-pocket payments.

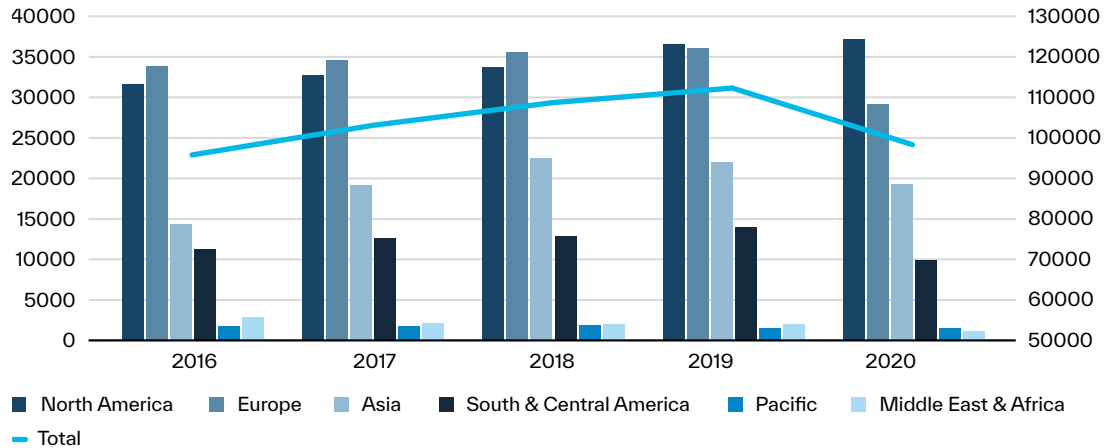
How the Covid-19 pandemic has affected us

The Covid-19 pandemic immediately impacted donations and transplantations globally. Activity slowed significantly during the first three months of the pandemic, and subsequently the effect has varied depending on infection rates and the ensuing burden on healthcare services. Kidney transplants have been the hardest hit, followed by lung, liver and heart. In 2021, transplantation activity returned to more normal levels. Geographically, North America has been less severely affected than other regions.



The Covid-19 pandemic has led to the appearance of a new patient group in lung transplantation. In the US, 1 in 10 lungs are now transplanted to Covid-19 patients, whether at the acute stage or as a result of extensive lung damage that does not heal spontaneously. However, demand is expected to decrease as vaccination rates increase.

Transplantations per region (2016-2020) from deceased donors



Source: http://www.transplant-observatory.org/

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. An individual donor can save up to eight people by transplanting the heart, lungs, kidneys, liver, pancreas and small bowel.

Different kinds of donors

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 and to maintains 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 given 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. Extended criteria 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 a 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 pre-requisite for the organs to be oxygenated and maintain function after death. But many other factors also influence organ supply, see summary below.

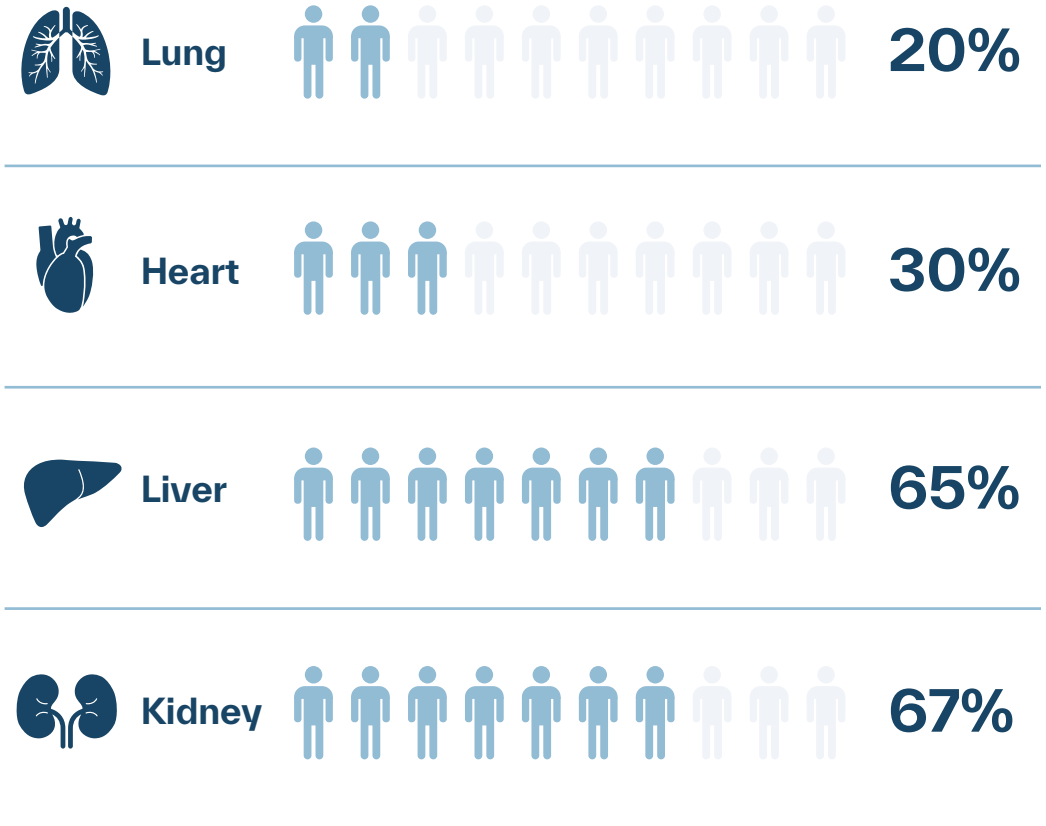
After a donor has been identified and accepted, the organs are offered to transplantation clinics. Unfortunately all donated organs are rarely recovered for use in transplantation. The reasons for refraining from using an organ might include the donor's medical background and age, poor organ function, 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 67 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 recovery, 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

Utilization rate 2019 global averages

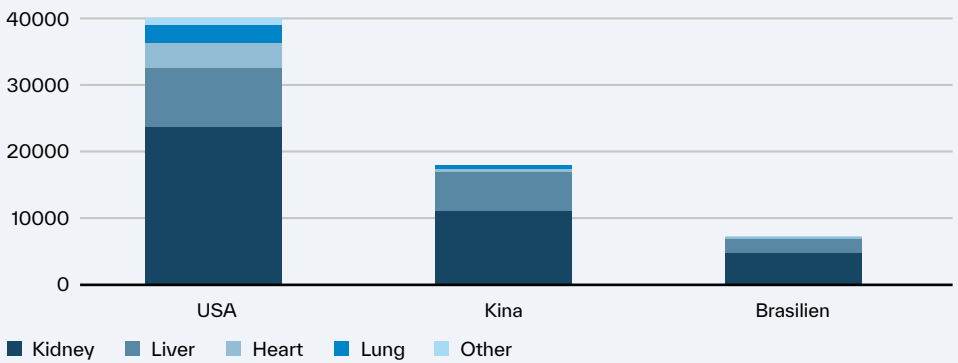


Three countries dominate the transplantation market

The US

The US is the world's single largest market in all organs. The US set a new historical record in 2021, with more than 40,000 transplantations completed in one year. This was an important milestone for the Association of Organ Procurement Organizations (AOPO), whose objective is to reach more than 50,000 transplants a year by 2026. We expect the number of transplants in the US to grow by 6 percent annually in the period 2020 - 2030, almost doubling the market. Increased use of DCD organs will drive market growth. This development requires increased use of machine perfusion for improvements and evaluation of organs.

The US is the world's largest transplantation market followed by China and Brazil. Together they represent approximately 50% of the global market.



Source: Data from WHO-ONT Global Observatory on Donation and Transplantation 2020.

China

China's objective is to become the largest transplantation market. There are only 4 donors per million inhabitants, a relatively low level in an international comparison. However, variations are considerable between different parts of the country, with significantly higher number of donors in major cities and amongst the younger generation. Several important reforms have been introduced in China in recent years to increase the rate of donation and simultaneously safeguard donor rights. These include the establishment of and Organ Procurement Organization (OPO) and several new transplantation clinics. An estimated 300,000 patients in China suffer from end-stage organ disease and require transplantation.

Brazil

Over the last two decades, significant advances in organ donation and transplantation have been made in Brazil. There are 18 donors per million inhabitants, almost on a par with Sweden's figure of 19. However, there are significant regional differences, with relatively high numbers of donors in the southern part of the country, and relatively few in the north.

Brazil has one of the world's strongest reimbursement systems for transplants, where the public healthcare system SUS (Sistema Unico de Saude) covers all costs associated with donation, transplantation and aftercare. An obstacle to an increased number of transplants is the high proportion of relatives objecting to donation, which is mainly due to limited knowledge of the brain death concept.

"China's objective is to become the largest transplantation market."

Our offering

XVIVO's products and services enable utilization of more organs

XVIVO's technology saves 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 solutions and systems for machine perfusion improve organ preservation and allow more organs to be used. The acquisition of STAR Teams in 2021 means that we now also offer a service concept in the US, consisting of surgeons specialized in organ recovery.

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 storage times vary depending on organ. Also, the method does not enable the organs' suitability for transplantation to be evaluated.

Machine perfusion – for preserving, improving and/or evaluating 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, to repair and improve 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

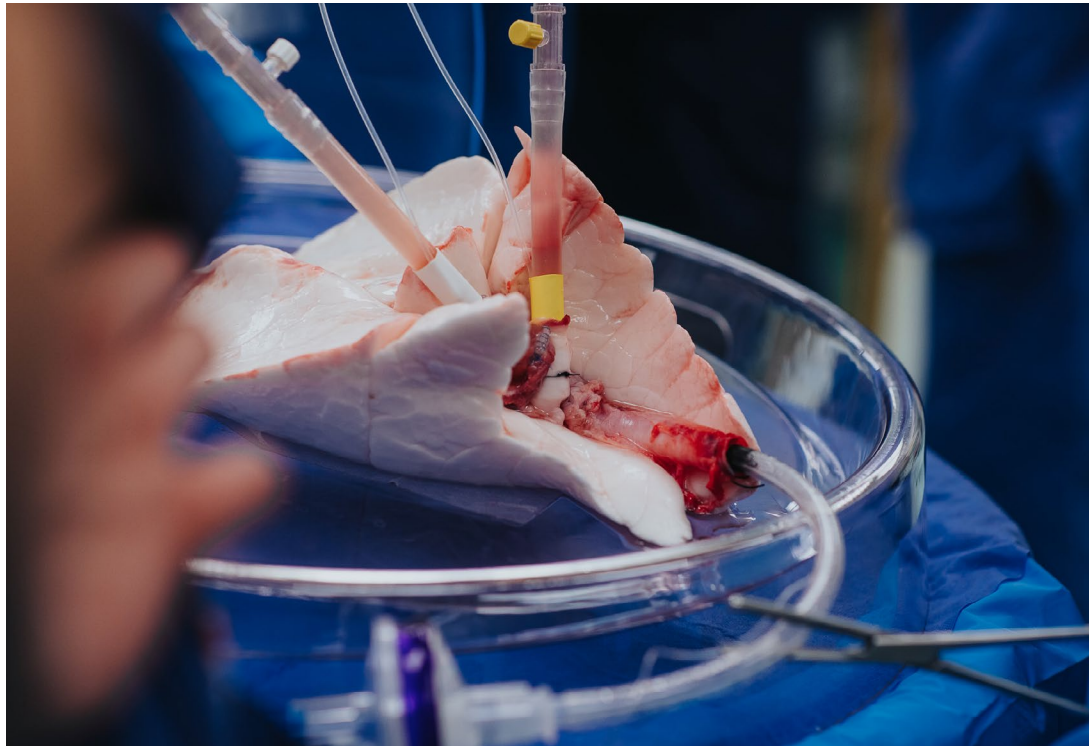
Sub-normothermic perfusion, below normal body temperature; 20–34°C

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 capital 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 emerging for services related to organ transplantation. With the acquisition of STAR Teams, XVIVO is able to offer organ recovery of heart and lung as a service and from 2022 also for kidney and liver (read more about STAR Teams on page 35).



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 20 years and is used by more than 90 percent of transplantation clinics globally. PERFADEX Plus is approved on all major markets.

Cold static preservation means that the lungs are cooled by major blood vessels being perfused 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 12 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 the cooled state. Since lung transplantation is a complicated and life-changing 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 evaluate 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 evaluate lung function using various parameters that can be red 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 together with XVIVO's proprietary and patented 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 method extends the time that lungs can be stored outside the body to approximately 24 hours in many cases, compared to 12 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 transplantation of donated "high-risk" lungs is safe after 4 hours of EVLP and produces equivalent results to conventional transplantation. EVLP also increased the use 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 for 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 with PERFADEX was compared to 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 less 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.

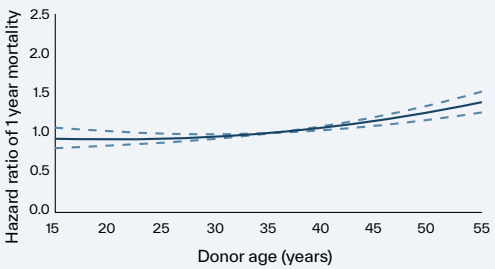
During conventional heart transplants, the lack of circulation and oxygen supply during transport of the donor heart can lead to poorer clinical results. This means that the period a heart is stored using cold static preservation should preferably not exceed four hours. The time outside the body is directly 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 2 hours. See graph below.

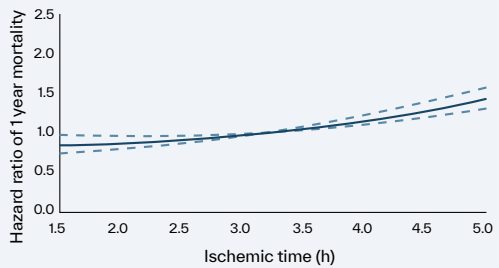
New method coming: for non-ischemic heart preservation (NIHP)

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.

The new heart technology consists of a machine, a disposable item and a base solution with supplement and is currently in clinical trials in Europe, Australia and New Zealand. A multicenter study is planned in the US and is expected to start in the first half of 2022. 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 planned 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 is expected to be completed in 2023. At the end of 2021, just over 50 of 202 patients had been included at seven clinics in five countries.





Source: http://ishltregistries.org

"The new method can potentially improve results after transplantation"

Interest in participating in the study has been extensive and we will continue to add more clinics, which increases inclusion speed and simultaneously spreads the technology and clinical experience of the method.

The study in Australia and New Zeeland 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 Zeeland. In 2021, Melbourne preserved a heart for more than seven hours, which was then successfully transplanted. A total of 36 patients will be included in the study.

A multicenter study is planned and scheduled to start in the US in 2022. Discussions are underway with the FDA ahead of filing an IDE application (Investigational Device Exemption). IDE is an application to use medical device to carry out a clinical trial intended 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 University of Maryland School of Medicine in the US completed the world's first successful pig to human xeno-transplant, 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 cause of death is currently unknown but 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 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 one in three livers still do not make it to 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 biliary 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 livers can be carried out using different methods, including different temperatures. The mapping of the respective methods' advantages and optimal areas of use continues in clinical studies.

Flexible products for machine perfusion of donated livers

XVIVO's offering in liver transplantation consists of the proprietary machine Liver Assist and 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) perfusion and evaluation of donated livers. In addition, the machine can also be used for sub-normothermic perfusion, or a combination of cold and warm perfusion. The temperature and protocol used depends on the organ and clinical preferences. Liver Assist is CE-marked.

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, mainly for the patient's quality of life and survival, but also from a socioeconomic perspective. An estimated 4 million patients receive dialysis globally, of which 800,000 in the US.

Kidney transplants are the most common form, 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 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 improve the quality of donated kidneys, extend the preservation period and enable evaluation 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. The mapping of different temperatures and protocols for perfusion and 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.

Kidney Assist Transport – enables improved kidney function

Kidney Assist Transport is a mobile unit for cold oxygenated machine perfusion of kidney during transport. The machine includes a pump that handles circulation of the organ, an oxygenator and an ice container for cooling. Kidney Assist Transport is available on the market in a version that has had CE-marking since 2010. This will be replaced with a newly developed version which received CE-marking and FDA market approval in early 2022.

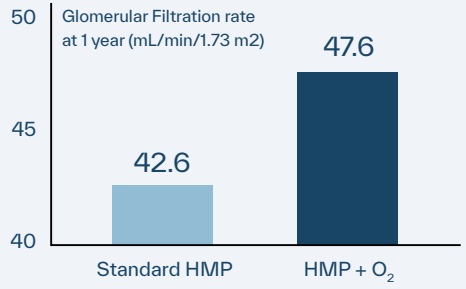
Towards the end of 2020, the results from a randomized study were published that show improved survival rates for transplanted kidneys after cold machine perfusion with added oxygen. The results described in the study confirm that a lack of oxygen during transport causes damage and that this can be reduced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

"Kidney Assist Transport is a mobile unit for cold oxygenated machine perfusion of kidney during transport."

Kidney Assist Transport (previous version)

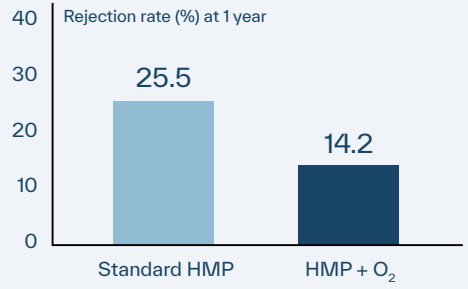
Kidney Assist Transport (new version)

Improved renal function at one year



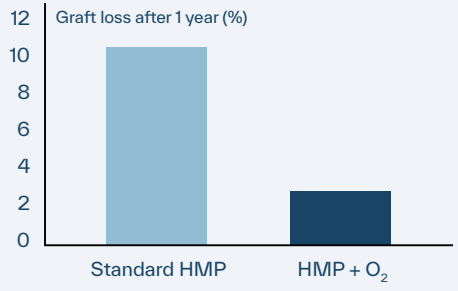
Significantly improved renal function by 11.7%

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

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 organ and clinic preferences. Kidney Assist is CE-marked.

Normothermic Regional Perfusion (NRP)

XVIVO's offering also encompasses Donor Assist, which is used for warm machine perfusion of the donor's abdomen in connection with donation after circulatory death (DCD). The method using normothermic regional perfusion (NRP) enables preservation of kidney and liver before being removed from the donor. Donor Assist is CE-marked.

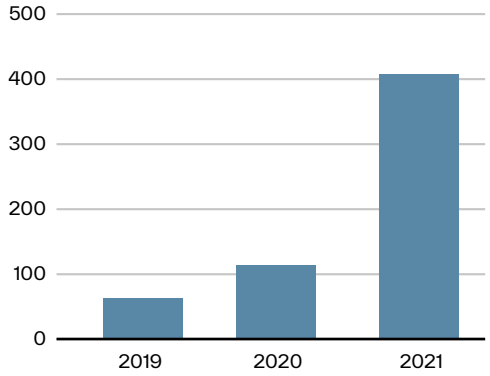
Services business area

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 transplantation clinics where the implantation surgery is performed by the clinic's own surgeons. STAR Teams' surgeons are on call around the clock and have 15 years' experience of more than 1,200 organ recoveries. They cover an area of some 40 states from the Mid West to the East Coast, comprising 70 percent of the US population.

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 also reducing costs and saving time. The number of customers is increasing rapidly in the form of transplantation clinics and OPOs (Organ Procurement Organizations) in the US. The Company's offering currently covers heart and lung, and will also include liver and kidney in 2022.

Number of organ recoveries



STAR Teams process

Referral
Transplant center or OPO makes the initial referral to STAR Teams regarding a potential organ recovery

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

Recover
STAR Teams recovers and preserves donated organs

Deliver
STAR Teams delivers the heart or lungs to the transplant surgeon and the awaiting 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 Organ Care System (OCS) for lung, heart and liver. The products are CE-marked and have FDA approval. The system is used to preserve organs using warm machine perfusion from donor to recipient. TransMedics also has proprietary solutions for machine perfusion of heart, lung and liver.

UK company OrganOx has 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 in the start-up phase. Bridge to Life also has Belzer MPS, a solution for cold machine perfusion of kidney.

French Institut Georges Lopez (IGL) has two machines for cold perfusion of kidney - WAVES and RM4. WAVES is approved for sales 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 transplantation clinics globally. Competing products include Celsior from French Institut Georges Lopez (IGL), Servator P from Italian company S.A.L.F. and LungProtect from Carnamedica of Poland. None of these solutions have been approved for lung on the US market. Some countries also have locally produced solutions, such as China and Japan. In 2021, TransMedics obtained market approval in the US for its OCS Solution for cold static preservation of donated lungs.

US company Paragonix has developed a technology for maintaining a stable temperature of between 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 approval. Paragonix also has a system for kidney and pancreas which is CE-marked and has FDA approval, but which has not yet been commercially launched.

> “XVIVO is the only operator to offer products for all major organs - lung, heart, liver and kidney. ”

An extended offer with large potential for growth

XVIVO - a strong brand with a new identity

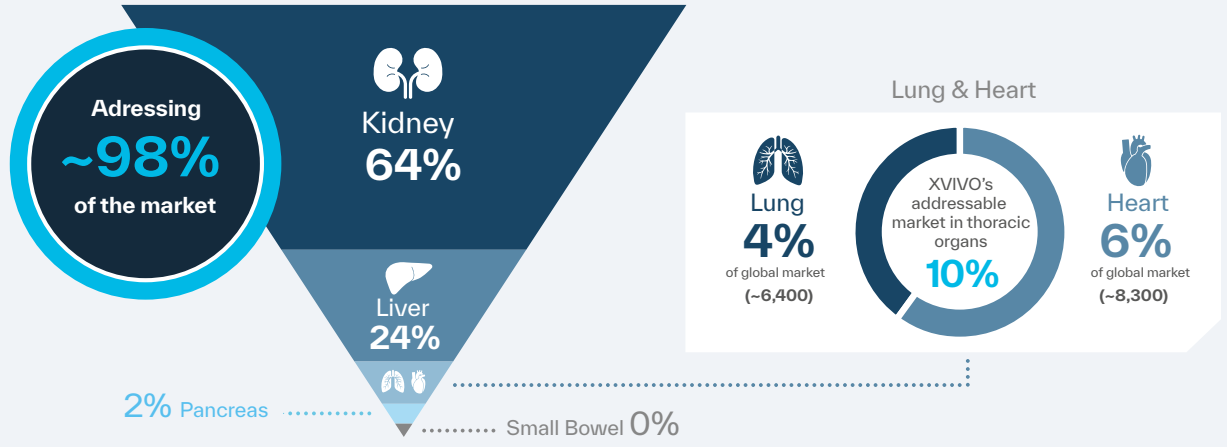
To demonstrate our expanding offering and strategic focus on becoming the global leader in all organs, we launched a new brand identity in 2021, which clarifies who we are, what we do and where we are heading. Our vision that nobody should die waiting for a new organ was complemented with a purpose that 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.

Global focus with local presence

Organ transplantation is carried out at highly specialized clinics focused on the US and Europe, but with strong growth in China and 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 a proprietary sales organization in Europe, North America, Pacific, and most recently in China. We work close to our customers to ensure that we can predict their needs and meet, or even exceed, their expectations. In 2021, XVIVO continued to expand its commercial organization in Europe and North America by adding more Regional Business Managers and Clinical Specialists. At them same time, we also strengthened the part of the organization that works with distributor markets and new market development. This has been an important part of our work related to geographical expansion, and has led to signing agreements with several new distributors, including Contatti Medical in Brazil.

Our offering addresses 98 percent of the market



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.

The market could be expanded by increasing the donation frequency. XVIVO can contribute to market growth by increasing the frequency of use and by expanding on growth markets.

More donations

Organ shortages can be addressed by increasing the number of available organs to improve the frequency of donations. This is possible by introducing presumed consent (i.e. the population is presumed to be in favor of donation unless expressly stating otherwise), improving the infrastructure and logistics surrounding donation and the transplantation process, and raising public awareness.

More donated organs transplanted

However, the greatest potential lies in increasing actual use of donated organs. In practice, this means that organs from older donors and marginal organs will need to be accepted for transplantation. With regard to marginal organs, there is significant potential in DCD donation, i.e. procuring organs from people who have died due to circulatory death (DCD is estimated to be increasing significantly more than DBD; 13 percent annually for DCD against 3–4 percent for DBD. In order to take care of marginal organs, new technologies are needed for preservation, perfusion and evaluation of organs – this is where our big opportunity lies.

Machine perfusion has a higher value

Products for machine perfusion have a higher value than products for cold static storage, and simultaneously yield clear healthcare benefits. The market potential for consumables, including perfusion solutions in connection with machine perfusion, is significant. Consumables are used in connection with every machine perfusion. Annual growth in cold preservation, which comprises PERFADEX Plus, has been at 6–7 percent, which is in line with market growth. Machine perfusion experienced stronger annual growth of 42 percent in the period until 2019, i.e. revenue for machines and consumables, including STEEN Solution.

Right to reimbursement – an important pre-requisite

A clear reimbursement system is a pre-requisite for XVIVO's products and services. An increasing number of countries are strengthening their reimbursement models for transplantations, including machine perfusion, based on health economics. Health benefits are mainly proven with clinical data, and reimbursement systems are decided at national level. Each country, particularly in Europe, therefore carries out 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 open up the possibility of reimbursement for machine perfusion in EU countries. Transplantation is reimbursed throughout the EU, although machine

"The market potential for consumables, including perfusion solutions, in connection with machine perfusion is significant."

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 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 and we anticipate that reimbursement will be approved at the beginning of 2023.

In the US, machine perfusion is covered both by Medicare/Medicaid and private insurance. 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 technology on growth markets. Apart from China, we also see significant potential in Brazil. In 2021 we reached an agreement with Sinopharm, the largest distributor of pharmaceuticals and medical device in China, and signed an agreement with Contatti Medical which has an extensive network of transplantation clinics in Brazil. Through these new collaborations, we expect to increase our presence on both markets, which are the world's second and third largest markets after the US.

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 the provision of surgeons for recovery and transport of organs. This type of service has grown out of 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, and from 2022 also for kidney and liver (read more about STAR Teams on page 35).

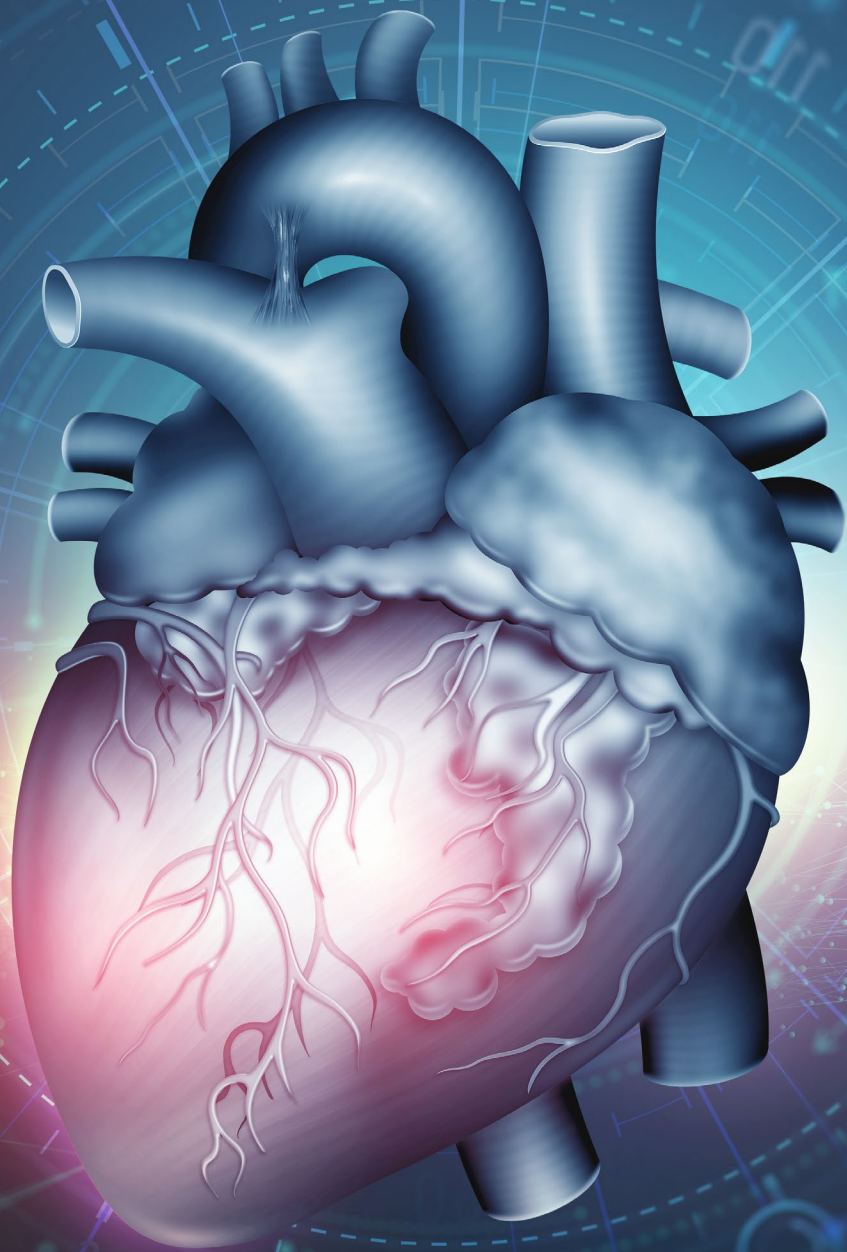
As outlined above, service providers in organ perfusion is another service that has emerged from the logistical challenges. One of XVIVO's largest customers in the US, Lung Bioengineering, provides EVLP (Ex Vivo Lung Perfusion, read more on page 28) in facilities that are staffed around the clock. They provide several lung transplantation clinics with lungs that have undergone EVLP. At the end of 2021, they had 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 during the period outside the body, which leads to improved organ function after transplantation. Some of XVIVO's technologies also enable evaluation of organ function outside the body ahead of potential transplantation.



Collaborations relating to early research and development

Professor Stig Steen's research relating to perfusion solutions and machine perfusion forms the basis 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), 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 underway since 1999 and is focused on the implementation of oxygenated machine perfusion and generating clinical data that supports the innovative technology and methods used.

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

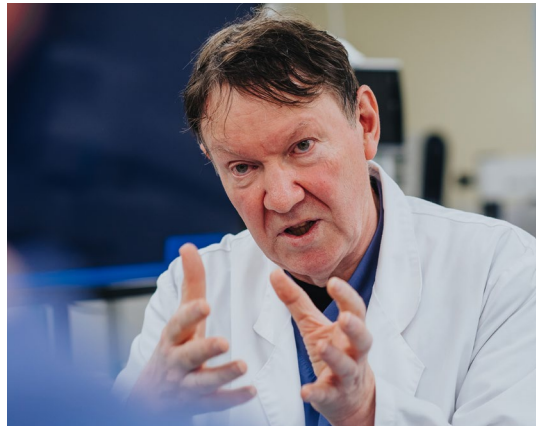
In-house product development

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 preclinical and clinical studies are long. Apart from being curious and creative, this means that we also need to stay the course and be 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 manufacture, and the applicable regulatory demands, we are able to streamline the process and shorten the time to launch.

Clinical evidence

In order to document the safety and efficacy of our products, we carry out preclinical and clinical studies in collaboration with leading researchers and clinics. Clinical data is the foundation for obtaining market approval for the products, but is also critical for demonstrating their value to our target groups.



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

Demanding processes for product approval

In order to introduce the products on each market, regulatory approval is necessary. The regulatory demands have become more stringent, and the approvals processes more complex. We emphasize coordination between the various parts of the organization: research & development, clinical trials and quality assurance & regulatory matters. The approvals procedures vary, not just depending on product, but also which market and associated authorities and regulatory frameworks are affected. The focus is increasing 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 preserve the function of the donated heart during transport, which contributes to improved outcomes after heart transplantation as well as enabling longer transports. 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 multicentre studies. These will form the basis for the application for regulatory approval for the products on all major global markets. In Europe, nine clinics are currently actively enrolling patients in the XVIVO study. A further four clinics are in the start-up phase. In 2021, all activated clinics have received training and preparation. The initial experiences reported by the users of the technology have been positive. A similar multicenter study is at the planning stage in the US, where the company received 'breakthrough device designation' by the FDA. Discussions about the design of the study are underway with the FDA. In addition to the studies that XVIVO conducts, researcher-led studies with XVIVO's technology are underway in Lund and Australia. The latter reported successful transplants after transport times of donated hearts of longer than 7 hours using XVIVO's technology.
Kidney transplantations 	Like for 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 high-quality study published in The Lancet in 2020 illustrates the advantages for the recipient when kidney is transported perfused with an oxygenated solution. This technology is unique to XVIVO. Future organ research will focus on the combination of new perfusion technology and solutions.

R&D Portfolio (cont'd)

Development projects

Project	Description	Status
Liver transplantation 	Like for other organs, there is a shortage of transplantable livers. By preserving and evaluating the function of donated liver optimally, more organs with good function potentially become available for transplant. Studies show that oxygenated perfusion of liver before transplantation reduces the risk of serious complications in many cases.	The results of a study published in the New England Journal of Medicine in 2021 demonstrate significant benefits of oxygenated machine perfusion of liver prior to transplantation in post-cardiac donation (DCD). XVIVO's technology was used in the study. Further investigator-driven studies that use XVIVO's technology are currently underway. 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, usually simple saline solutions. In 2016 and 2017, a randomized clinical trial on 80 patients indicated reduced side effects related to the use of cardiac lung machine 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 results can be demonstrated. The company is awaiting product launch until the results of the current extended study are available. The study is currently underway in Sweden. Planning is in progress for studies to start in Denmark, Norway and Germany in the first half of 2022

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 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 two world-leading research teams.

Sustainability

Our strongest contribution – the opportunity to save more lives

Sustainability is a natural part of our operations. 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.

In 2021, we started more structured sustainability work. We also made improvements, including updating the Code of Conduct which all employees have signed.

Of the UN's sustainability goals, we consider those we are most able to influence to be number 3, 8 and 9.

Our product offering leads to more lives saved and improved health

The health, safety and development of our staff is critical, in parallel with sustainable economic growth

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

A surrounding world with more stakeholders for whom we can create benefits

Our operations are mainly focused on people receiving care – the patients, who are in acute need of new organs. Our operations increase patients' quality of life and reduces the need for healthcare and, in many cases, restores the individual's ability to work.

Other stakeholders and the estimated benefit generated:

- care providers – access to medical equipment and services
- research community – participation in and development of new research findings
- suppliers – technology development and revenue
- distributors - earnings potential
- employees – developing and stimulating work and income
- investors – return on invested capital
- partners – collaboration and earnings potential
- public sector – in addition to health economic benefits also tax
- stakeholder organizations/NGOs – opportunities for more people to access donated organs

Our strongest contribution – the opportunity to save more lives

Our strongest contribution is to create the opportunity to save more lives. 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. Profit is largely reinvested in research and development. In 2021, some 50 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.

Access and affordability

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 pre-requisite for our long-term operations.

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 MOD and Jontefonden. We provide financial support to various research projects carried out by clinics, academic institutions and other external parties.

Environment and climate

Materials and chemicals

We evaluate new materials and chemicals in the product development process to ensure that we satisfy directives and regulations such as REACH – Registration, Evaluation, Authorization 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.

Sterility requirements prevent reuse of products

Our operations have some impact on the environment and climate. Primarily through the use of our disposable products. Due to strict sterility requirements, a pre-requisite for guaranteeing patient safety, the reuse of disposable items is prohibited, which WHO also clearly stipulates.

> "Profit is largely reinvested in our research and development operations."

Climate impact from air transport

Time is a critical factor as organ transplants often need to take place urgently, which means that our life-critical products are sometimes transported by air. When a delivery is not urgent, road transport or sea freight is often used. Internal air travel has decreased during the pandemic, and has largely been replaced by permanent video meetings.

Sustainability work - control and targets

XVIVO has a strong research and development focus, and increasingly also a commercial focus. In line with the expansion of our organization and operations, in 2021 we started more structured sustainability work that will be integrated into the operations. This includes further clarifying our material impact and contribution in order to identify relevant sustainability goals that are measurable, and integrated strategies for achieving them.

XVIVO's sustainability work is led and coordinated by the company's CFO. The company's task force for sustainability includes representatives from key functions such as research and development, purchasing and production, quality control, HR and markets.

A regulated environment for patient safety

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 has a local quality management system and staff responsible for local quality management and compliance.

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. Our certification includes ISO 13485 and MDSAP (Medical Device Single Audit Program) for compliance with standards and legal requirements on markets for medical technology products in Australia, Brazil, Canada and the US.

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

Product development

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 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.

> "The high quality and safety of our products is critical to our operations."

Follow-up

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

The quality management 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.

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 in clinical follow-up, and through risk management and aftermarket review processes. We examine the use of products to determine whether they meet our customers' needs and quality standards. We measure and consider all customer complaints related to our products. Customer satisfaction is measured regularly in surveys to ensure that our products live up to customer expectations. We use this feedback and the lessons learned to continuously adapt and improve our products.

"All our suppliers are evaluated to ensure they meet our quality standards."

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.

How we conduct clinical trials

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.

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. All our primary suppliers are required to follow XVIVO's Code of Conduct which includes a policy on bribes and corruption. We also require suppliers to satisfy our Supplier Standard Checklist which includes demands on quality, environment and sustainability. The manufacturing practice GMP stipulates that the Company shall perform regular inspections to ensure suppliers satisfy pharmaceuticals industry standards and good manufacturing practice.

Policies and guidelines

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.

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.

Whistleblower function

Any breaches of XVIVO's Code of Conduct or other matters can be anonymously and confidentially reported to the Chairman of XVIVO's Board or the Chairman of XVIVO's Audit Committee. Individuals reporting such breaches will not be subject to reprisals.

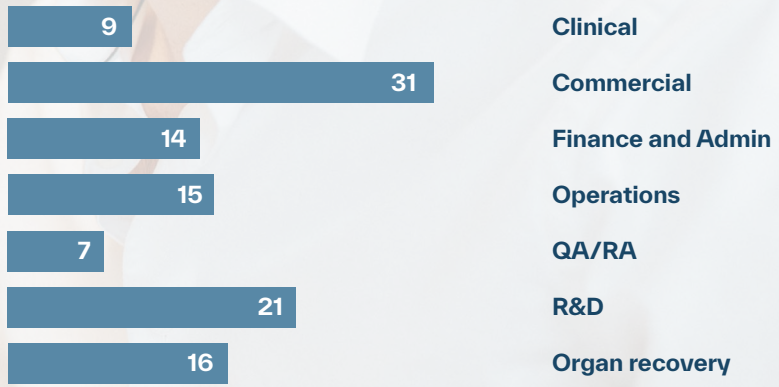
Sustainability – organization and partners

Knowledge-based company with high competence profile

XVIVO is a knowledge-based company with a high competence profile. XVIVO's goal is to extend the life of donated organs and enable more organ transplants. Our employees have a high level of competence and most have an academic degree. A number of employees are also Ph.D.s. Headcount increased by 36 in the year, and there were a total of 113 employees at year end.

New employees 2021

Employee per function by end 2021



Total 113 employees

Recruitment

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.

Purpose-driven international organization characterized by Swedish corporate culture

XVIVO has offices in six cities; Gothenburg (head office) and Lund in Sweden, Groningen in the Netherlands, Denver and Philadelphia in the US and Shanghai in China. Additional staff are based in Australia, Germany, Spain, France and the UK. The operations have an international character with English as the Group language.

The culture is characterized by the vision "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.

In 2022, we will continue to focus on our core values, and their significance to the organization and the individual.

Individual development and remuneration

Structured performance reviews take place twice a year between the manager and staff where goals are formulated and followed up. The Company allocates a budget to employee's competence 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.

In order to attract and retain skilled and competent employees, XVIVO focuses on ensuring efficient work and collaboration processes, competitive performance-based remuneration, programs for variable remuneration for all employees, long-term incentive programs for senior executives and key personnel and an attractive benefits package (remuneration includes insurance benefits, for example). 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's core values

Research-driven	**Drive progress and challenge the status quo**
Customer centric	**Create extraordinary customer experiences**
Collaborative	**Work together to achieve more**
Purposeful	**Make a difference in organ transplantation**

Fundamental rights

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.

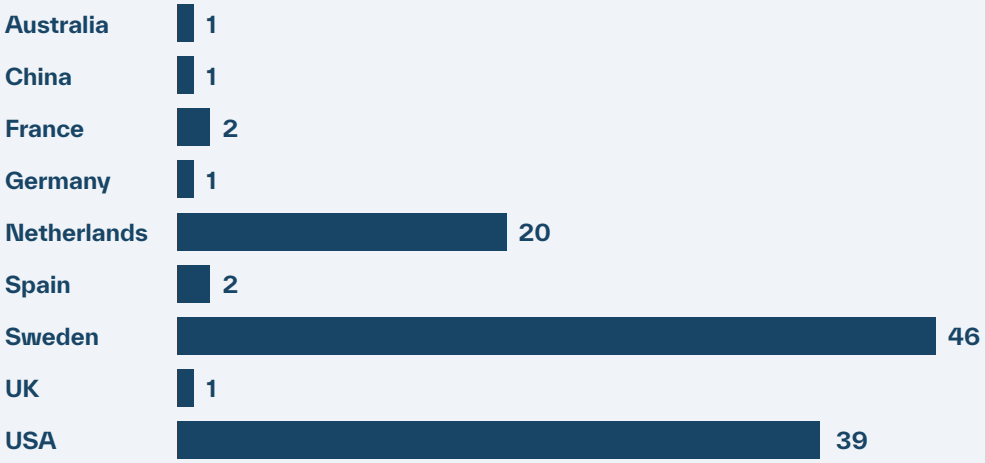
XVIVO's employees are entitled to join or establish any form of association and to organize themselves and negotiate collectively and individually in accordance with local legislation and regulations.

Broad partner network

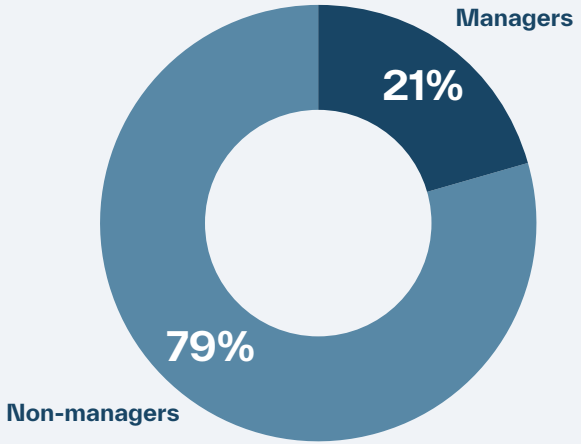
In addition to in-house competencies, we have several collaboration partnerships that strengthen and contribute to our progress.

- Machine manufacturers
- Manufacturers of preservation and perfusion solutions
- CRO – partners in clinical trials and regulatory processes
- Research
- Patient organizations
- Distributors

Employees per country by end 2021



Manager to employee ratio (2021 average)



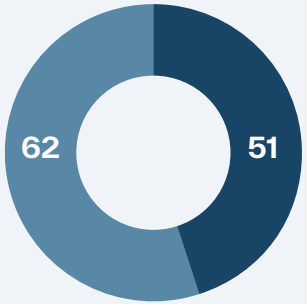
Increase in employees 2021

47%

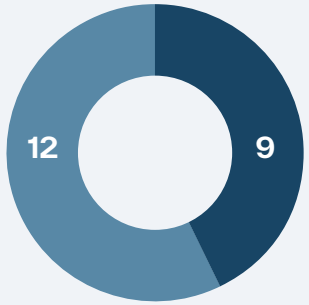
Gender distribution by end 2021, number of employees

Female Male

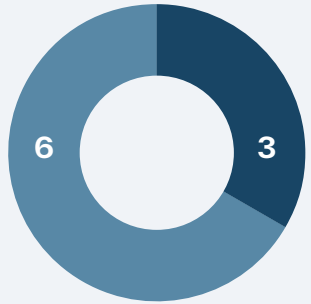
All employees



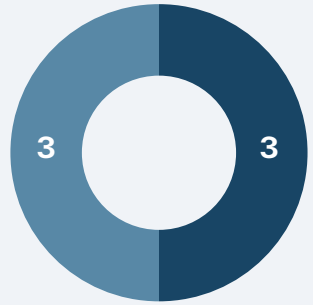
Managers



Executive management



Board of Directors



XVIVO as an investment

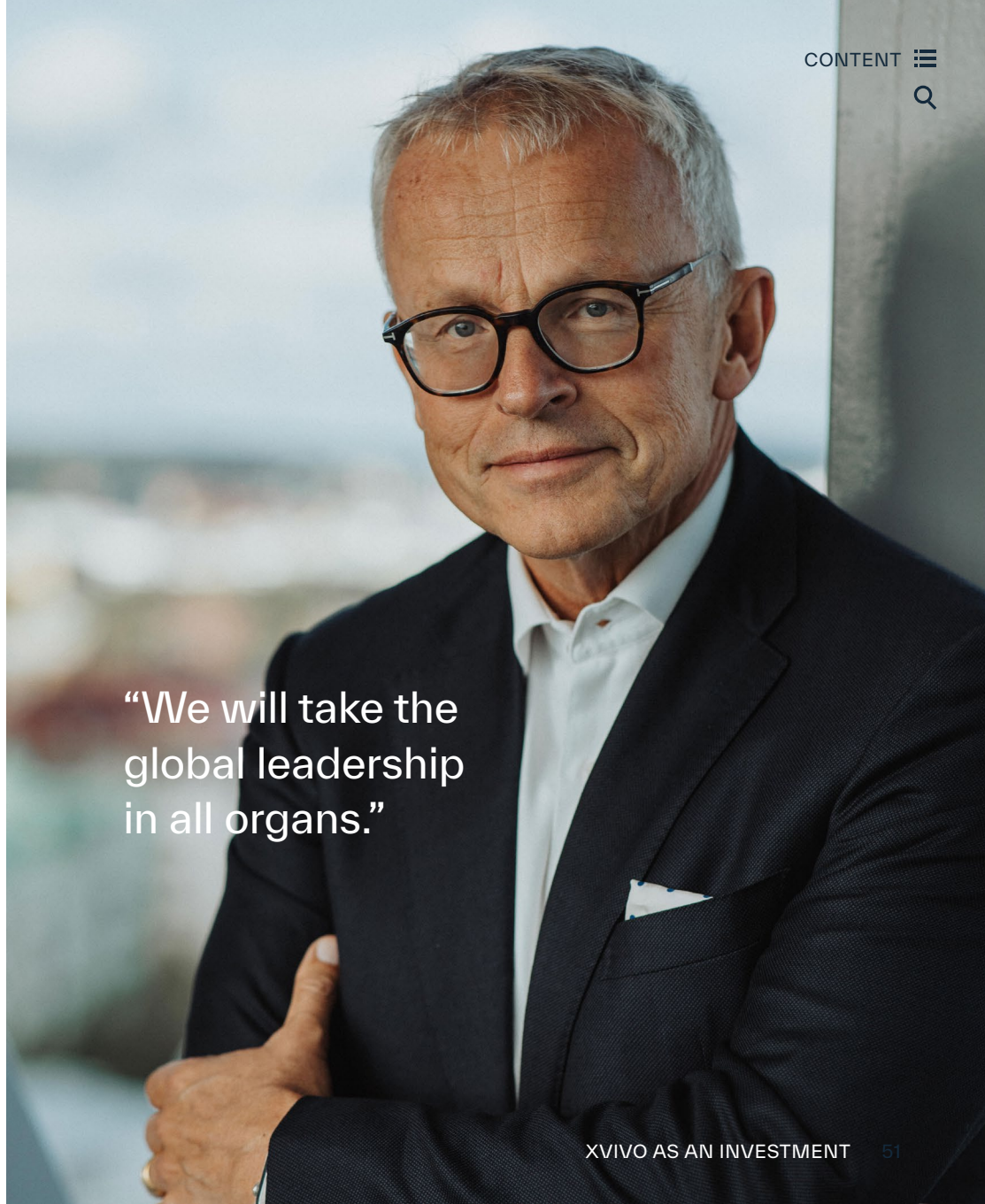
An investment with considerable growth potential – that contributes to saving lives

High demand – XVIVO is the only operator with products for all organs

We will strengthen our role on a sharply expanding market

High growth potential – and we have always been profitable

XVIVO is an investment with a clear sustainability profile



High demand – XVIVO is the only operator with products for all organs

XVIVO is alone in offering proprietary machines and unique solutions for machine perfusion. Our offering includes technology for lung, heart, liver and kidney, and addresses 98 percent of the market. We are already the global leader in lung transplantation and leading in Europe in liver transplantation. The goal is clear: we will take the global leadership in all organs.

Today, limited organ supply means that less than 10 percent of patients that need life-saving transplants receive help. XVIVO is uniquely equipped to improve that figure. In other words, we are starting from the excellent position that the more lives we save, the more our business thrives.

High growth potential – and we have always been profitable

Our average annual growth (until end 2021) is approximately 34 percent and with the exception of the year of the IPO (2012) and the pandemic (2020) we generated positive EBITDA every quarter and year. Our products achieve positive gross profit and sales growth is expected to be strong. The latter is based on the assessment that the global population is growing and aging while more people suffer from chronic disease leading to organ failure. In addition, there is new technology, such as XVIVO's, that improves the preservation of organs between donor and recipient and which enables the evaluation of organ function outside the body (ex vivo). The result is that the number of donated organs used is expected to increase significantly over the coming ten years, which means that more people will receive life-saving transplants.

We will strengthen our role on a sharply expanding market

A new approach is needed in the field of organ transplantation. So far, organs have been preserved on a bed of ice surrounded by fluid, which significantly reduces the life span of the organs as well as the ability to evaluate them. Our technology – machine perfusion – will play a key role in the changes taking place. Simply put, it means that organ function can be better preserved outside the body for longer, while function can also be evaluated. As a result, more organs can be utilized, which increases the number of potential recipients and gives the transplantation teams more time to prepare. Overall, this means that more people will be able to receive new organs and that long-term survival rates will increase. The technology is clinically proven and is supported by national reimbursement models, based on strong health economic evidence.

XVIVO is a strong global brand. We are active on some 70 markets where the US is the largest, but growth markets such as China and Brazil will become increasingly important over the coming years.

We also carry out extensive research alongside leading scientists and KOLs (key opinion leaders) in the industry. This has resulted in the recent xenotransplantation where a human received a genetically modified pig heart, for example. This sensational advance has been enabled by XVIVO's unique technology.

XVIVO is an investment with a clear sustainability profile

XVIVO represents sustainability in its purest form. Simply put, we ensure that organs that would otherwise be discarded can extend the life of patients that risk dying in the immediate future. The human gains from our operations cannot be measured in monetary terms. However, given our strong starting position and bright outlook, there is a significant chance that an investment in XVIVO will generate very attractive returns.

> "XVIVO is sustainability in its purest form."

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 1 share.

Share structure

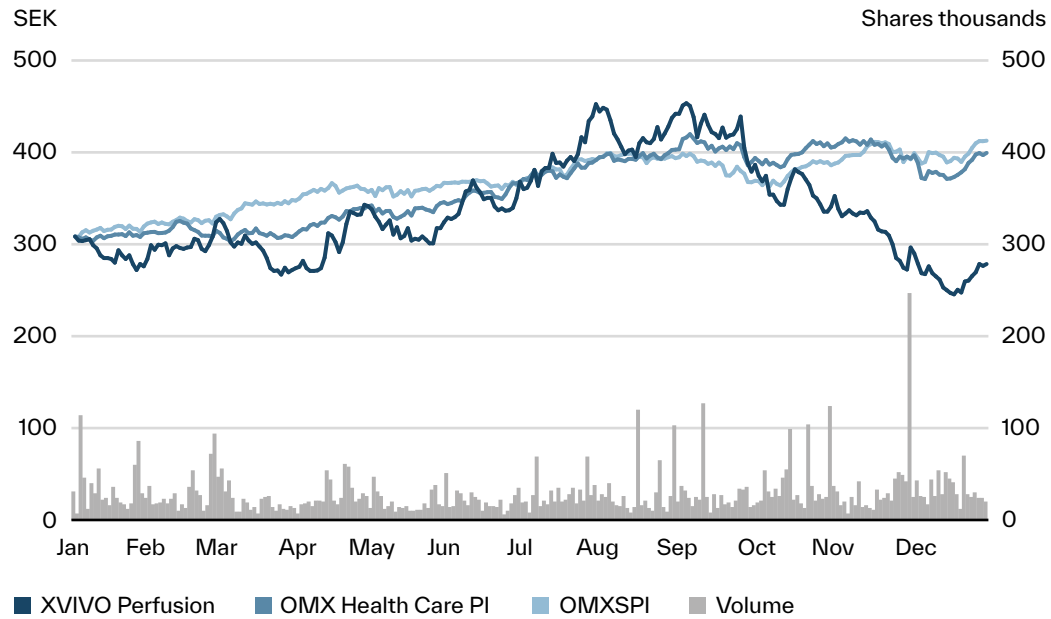
As of December 31, 2021, the share capital of XVIVO Perfusion AB (publ) amounted to SEK 753,949 (734,025) divided into 29,498,666 shares. Trading takes place on Nasdaq Stockholm, Mid Cap. All shares have equal voting rights and have equal rights to a share in XVIVO's assets and earnings.

Share price and turnover

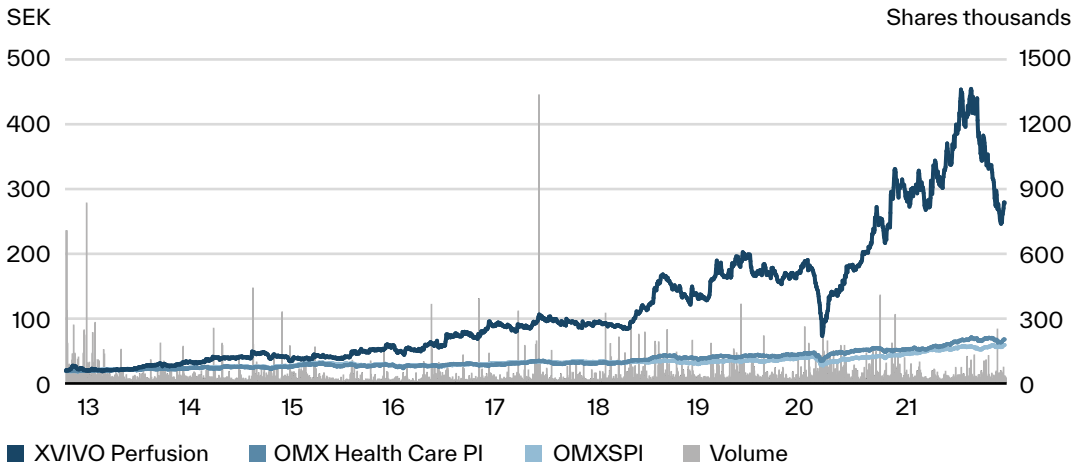
On December 31, 2021, the share price was SEK 278.50 (314.00) per share last paid, which represents an increase of 11 (+85) percent compared to the closing price on December 31, 2020. The OMX Health Care index recorded an increase of 31 (15) percent and the OMX Stockholm index increased by 35 (13) percent over the same period. At the end of 2021, XVIVO's market capitalization was SEK 8,215 M (9,018) based on the latest price paid. The highest price quoted in the year was SEK 459.00 (330.00) and was quoted on August 2. The lowest price quoted in the year was SEK 242.00 (72.80), which was quoted on December 17.

-11% Share price 2021

The XVIVO share in 2021



The XVIVO share since listing in 2012



XVIVO's ten largest shareholders as of December 31, 2021 are listed below

Shareholder	Number of shares	Shares and votes, %
Bure Equity	4,367,504	14.8%
Swedbank Robur Fonder	2,897,103	9.8%
Fourth AP Fund	1,905,855	6.5%
Eccenovo AB	1,775,547	6.0%
Premier Miton Investors	1,143,040	3.9%
Invesco	1,017,026	3.4%
Handelsbanken Funds	1,011,182	3.4%
Lannebo Funds	821,014	2.8%
Fourth AP Fund	443,257	1.5%
Third AP Fund	441,862	1.5%
Other	13,675,276	46.4%
Total	29,498,666	100%

Source: Monitor's figures as of 31 December 2021.

Share turnover in the year amounted to 7,084,250 (11,934,005) at a value of SEK 2,378 M (2,236). The number of trades was 120,462 (96,489). Total share turnover corresponds to 25 (44) percent of the average number of outstanding shares in 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 2021.

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 450,000 outstanding stock options under two programs.

The 2020 Annual General Meeting resolved to issue a maximum of 408,000 stock options (series 2020/2022) with the accompanying right to subscribe for a maximum of 408,000 new shares to employees of the XVIVO Group. Of these stock options, all 374,000 have been subscribed for by employees. The stock option program 2020/2020 gives the holder the right to subscribe for a new share at SEK 205.88 during May 2022.

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 stock options, all 76,000 have been subscribed for by employees. The stock option program 2021/2024 gives the holder the right to subscribe for a new share at SEK 489.26 during May 2024.

In the period January-December 2021, the average share price for the period and the closing rate as of the record date exceeded the exercise price under the stock option program for 2020/2022. Upon exercise, the stock option program is expected to imply a total dilution effect for existing shares of some 1.27 percent.

Analysts

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

Ownership structure

According to Monitor's shareholder register, XVIVO had 6,458 verified shareholders as of December 31, 2021, an increase of 2 percent year-on-year. 11 percent of the shares are held by non-verified shareholders.

Financial calendar and contacts

Financial Reports 2022

Interim Report January-March 2022:	Monday, April 25, 2022
Interim Report January-June 2022:	Wednesday, July 13, 2022
Interim Report January-September 2022:	Thursday, October 27, 2022
Year-end Report 2022:	Thursday, January 26, 2023

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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 2021.

Operations

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 within all major organ areas and consists of three business areas: Thoracic (heart and lung), Abdominal (liver and kidney) and Services (organ recovery).

XVIVO employs around 113 people at its headquarters in Gothenburg, Sweden, its offices in Lund, Sweden, Groningen, Netherlands, Denver in the US and Philadelphia in the US. XVIVO's share is listed on NASDAQ Stockholm since 2016 and trades under the XVIVO ticker. The number of shares and votes were 29,498,666.

Thoracic

XVIVO's operations have their basis in lung transplantation. The Company's product Perfadex® Plus has a market share of approximately 90 percent 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 from 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 for 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 STEEN Solution™ perfusion 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 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 world leading research of Professor Stig Steen and his research group, XVIVO's heart transplantation competence center in Lund (Sweden) has developed a machine and solutions for heart preservation. The products are 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 in the US and Australia trials are in the planning phase. The trials form the basis for applications for regulatory approvals for the products in all major markets.

Abdominal

Like for the thoracic organs lung and heart, there is a shortage of transplantable abdominal organs, liver and kidney. Studies have demonstrated that transport of kidneys with ongoing 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 in an oxygenated solution. Oxygenated machine perfusion is unique to XVIVO, and

the technology was launched on the US market in connection with XVIVO gaining 510(k) FDA approval in January 2022 for its product Kidney Assist Transport.

Ahead of liver transplant too, oxygenated machine perfusion has been shown to outperform traditional, non-oxygenated methods. At the start of 2021, the scientific journal New England Journal of Medicine published a high-quality study that demonstrated significant advantages with 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 warm perfusion of liver is used in both pre-clinical and clinical investigator-initiated studies. The combination of new perfusion technology and solutions will be the Company's focus of future research and development, both within Kidney and liver transplantations.

Services

The Services business area comprises STAR Teams' operations for organ recovery in thoracic. Organ recovery means the recovery 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 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 transplantation results for patients.

Other indications

The company also invests in preclinical and clinical research in xenotransplantation and priming solutions for heart-lung machines. An extended trial for the company's priming solution PrimECC® is taking place in the Nordics and in Germany.

Business concept

To increase survival in patients who need a new organ by supplying effective products and systems that increase the availability of organs with good survival potential during transplantation.

Vision

Nobody should die waiting for a new organ.

Purpose

We believe in an extended life of donated organs.

Target

The company's objective is to establish machine perfusion of organs with STEEN Solution™ and other advanced solutions as the standard treatment in organ transplantation so that more organs become available for 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 and thereby more patients gain access to this lifesaving treatment.

The impact of the Covid-19 pandemic on operations

For 2021, we can conclude that the Covid-19 pandemic continued to affect transplantation activity globally. Available healthcare resources have largely focused on Covid-19 patients, and more patients than ever are now awaiting new organs. However, regional differences have been significant. On XVIVO's main market in the US, the number of transplantations actually increased for all organs with the exception of lung compared to both 2019 and 2020. The number of lung transplants in the US was 7 percent lower in 2021 compared to 2019. In Europe, the rate of recovery has varied between countries and organs. The total number of transplants in Europe did not recover to 2019 levels during 2021. 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.

The rate of inclusion of patients in clinical trials globally was also affected by the impact of the pandemic on health care services. For XVIVO's European multicenter study in heart preservation, the inclusion rate was was low in 2020 and the first half of 2021, to then increase in the second half year. The trend is expected to strengthen further at a pace with the pressure now decreasing on healthcare services around Europe.

Significant events during the year

XVIVO acquired the US organ recovery company Star Teams.

On October 28, XVIVO acquired 100 percent of the shares and votes in the US organ recovery company Star Teams Inc. ("Star Teams") for an initial purchase price of USD 12.3 million with an additional potential earn-out payment of up to USD 13.8 million, paid out earliest in 2024. Star Teams delivers an integrated data-driven approach to organ recovery in which the company's surgeons are on call 24/7, 365 days per year, to retrieve organs and deliver them safely to transplant centers around the US with a mission to save lives. Through the acquisition, XVIVO extends its product portfolio with value-added services within the organ transplantation industry, becoming a transplant powerhouse as the most comprehensive turnkey provider for transplant centers, driving the adoption of machine perfusion. XVIVO took possession of the shares on November 9, 2021 and STAR Teams was included in the Group's financial reporting for the period November-December.

The acquisition of STAR Teams was financed through a new share issue on October 28, through an accelerated book-building procedure. 746,269 shares were issued at a subscription price of SEK 335 per share, through which the Company receives approx. SEK 250 million before transaction costs. The transaction cost totaled some SEK 6 million. In addition to strong support from existing shareholders, several new Swedish and international institutional investors participated in the directed issue, which entails dilution of approximately 2.5 percent of the shares and votes in the Company.

New record for the period a donor heart can be preserved outside the body using XVIVO's technology

XVIVO is setting new standards in heart transplantation. In an ongoing clinical trial in Australia and New Zealand, a donor heart was preserved using XVIVO's Non Ischemic Heart Preservation technology for 7 hours and 18 minutes before successful transplantation into a 55-year-old man. The study investigates whether the new preservation technology can safely extend the transport period for donated hearts beyond the current 4 hour limit. By pushing the ideal time limit from less than 4 hours for traditional storage using ice to more than 7 hours using XVIVO's technology, more lives will be saved. The first patients in the clinical trial received organ transplants in the first quarter 2021.

XVIVO accelerates operations in Brazil through partnership with Contatti Medical

By selling and distributing its products through Contatti Medical's well-established network in Brazil, XVIVO's market access will increase significantly. Contatti Medical is the current market leader in its segment in Brazil. The country is currently the world's third largest abdominal organ transplantation market and strategically important for XVIVO. Every year more than 6,000 kidney transplants are carried out in Brazil, and more than 2,000 liver transplants. XVIVO's systems for machine perfusion of kidney and liver, the products Kidney Assist and Liver Assist, are currently sold and marketed on the Brazilian market.

Organizational changes

The organization in North America was strengthened by the appointment of Fredrik Dalborg as Managing Director North America, and the appointment of Jaya Tiwari as Vice President Clinical and Regulatory Affairs. XVIVO opened a new office in Philadelphia in the US, which will act as a hub in the integration of STAR Teams and form the basis of XVIVO's commercial operations in North America. The office in Denver, USA, will remain the company's competence center for development of innovative lung technology.

National Institute for Health and Care Excellence (NICE) supports EVLP

In the UK, the National Institute for Health and Care Excellence (NICE) has issued interventional procedure guidance recommending the use of Ex Vivo Lung Perfusion (EVLP) for preservation of lungs. The support of EVLP is given as a standard arrangement, which is the highest priority recommendation by NICE. The NICE guidelines are evidence-based recommendations that guide decisions in health, public health and social care in the UK and Wales.

A study published in The New England Journal of Medicine shows significant advantages with oxygenated, cold machine perfusion prior to liver transplantation

An article in The New England Journal of Medicine shows that oxygenated perfusion of donated liver before transplantation has a significant positive impact on post-transplantation outcomes. The article presents the results from a study performed by a large

international consortium of liver transplant centers led by Professor Robert Porte, liver surgeon at the University Medical Center Groningen in the Netherlands. Transplant centers in the Netherlands, Belgium and United Kingdom participated.

Livers from 156 high risk donors (Donation after Circulatory Death) were included in the study and randomized to either the current treatment regime, static cold storage on ice or 2 hours of cold oxygenated machine perfusion after static cold storage. The main purpose of the study was to investigate the presence of biliary complications within six months after transplantation.

This study demonstrated a significant benefit when oxygenated machine perfusion was used. During the follow-up period only 6 percent of patients that received a machine perfused liver developed biliary complications, compared to 18 percent in the static cold storage group. Furthermore, the risk of circulatory instability in these patients and the incidence of early graft dysfunction reduced by nearly half. The machine perfusion technology used in the trial sharply decreases complications after transplant and has the potential to increase the number of transplanted patients. The machine used for oxygenated perfusion in the study, Liver Assist, is CE-marked and is mainly sold in Europe, but also through distributors on other, smaller markets.

Strategic focus areas presented on XVIVO's first capital markets day

In September, XVIVO held its first capital markets day with physical and digital participants, when the Company's strategic focus areas for 2022–2026 were presented. During the strategy period, XVIVO will become the leading operator in the transplantation industry. This will occur by delivering on five strategic focus areas in the: 1) Become the global leader in Abdominal, 2) Launch a market-leading heart preservation system, 3) Increase penetration of machine perfusion for all organs, 4) Secure comprehensive reimbursement systems on important geographical markets, and 5) Develop China as XVIVO's second biggest market.

Pilot project in advanced analytics using liver perfusion data started in partnership with UMC Groningen

XVIVO and University Medical Center Groningen (UMCG) have agreed to conduct a joint pilot project in advanced analysis with the help of liver perfusion data from XVIVO's machine for liver perfusion, Liver Assist. The project, named XCEPT, aims to extract data from perfusion to enable advanced analysis of organs ahead of transplantation. The analysis will help the surgical teams to make more data-driven decisions and increase the number of successful liver transplants.

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 33,261 shares and votes in June 2021 as a result of the utilization of stock options under the company's incentive scheme 2019/2021. The directed new share issue in the fourth quarter increased the number of shares and votes in XVIVO Perfusion AB (publ) by 746,269, and there were 29,498,666 shares in the company as of December 31, 2021. Share capital increased by SEK 19,074 and totaled SEK 753,949 as of December 31, 2021.

Stock option program 2021/2024 final settlement

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 stock options, 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.

Significant events after the end of the year

XVIVO's innovative technology for heart preservation was used in the world's first successful xenotransplant (pig to human)

Xenotransplantation, transplantation between species, presents a potential solution to the critical organ shortage. Groundbreaking research using XVIVO's heart preservation technology has achieved long-term survival after xenotransplants of hearts from genetically modified pigs to primates in recent years. Based on this extensive research, on January 7th, 2022, the world's first ever successful pig to human heart transplant took place, a groundbreaking milestone in the field of transplantation. A team at the University of Maryland School of Medicine, USA, performed the procedure. The recipient was a 57-year-old terminally ill man who received a heart from a genetically modified pig. After retrieval, the pig heart was preserved using

XVIVO's heart perfusion device and proprietary solution until transplanted.

510(k) approval for Kidney Assist Transport received from the FDA in the US

On January 21, 2022, XVIVO obtained regulatory approval(510(k) approval by the FDA for marketing and sales of the product Kidney Assist Transport on the US market.

Kidney Assist Transport is XVIVO's transportable system for kidney preservation. The system enables isolated hypothermic oxygen perfusion of donated kidneys during transport between donor and recipient in connection with kidney transplants. The technology was highlighted in scientific journal The Lancet in November 2020.

Following the announcement of XVIVO's acquisition of XVIVO B.V (Former Organ Assist) on October 1, 2020, the launch of Kidney Assist Transport has been an important milestone in XVIVO's strategy of establishing a commercial presence in abdominal transplantation in the US. This is the largest market by some margin, with approximately 18,700 kidney transplants from deceased donors in 2021.

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 207 million (175), research and development costs accounted for SEK 54 million (67), corresponding to 26 (38) percent. During the year, development expenses of SEK 81 million (60) were capitalized as intangible assets.

Within lung transplantation, there is ongoing development together with our customers to ensure that our products are market leaders. During 2021, the company´s focus has been on further developing machines and solutions to promote the use of EVLP.

Within heart transplantation the Company's technology is being used in clinical multicenter studies. First out was the European multicenter study which started in the fourth quarter 2020. A similar multicentre study is also in the planning phase in the US, where the company has received breakthrough device designation from the FDA, and is currently in talks regarding the conditions for starting the study. In addition to the studies that XVIVO conducts, the Swedish researcher-initiated study in Lund which uses the Company's technology continues to include new patients. Another researcher-initiated study is underway in Australia/New Zealand.

In connection with the acquisition of Organ Assist 2020, XVIVO took over promising developing projects in kidney and liver transplantation. The Company's technical solutions in the respective organ areas are CE-marked and thereby approved for sale in Europe. In the kidney area, in 2021 development focused on upgrading the unique technology for oxygenated kidney perfusion ahead of 510(k) application in the US and ahead of MDR (Medical Device Regulation) certification in Europe. In the area of liver, development focused on refining the current technology and supporting pre-clinical and clinical studies. The combination of new perfusion technology and solutions will be the Company's focus of future research and development, both within kidney and liver transplantations.

In addition to development projects, in the transplantation area, the Company is carrying out an extended clinical study for the CE-marked product PrimECC® - a priming solution whose characteristics are currently being documented in an extended study with participating hospitals in Scandinavia and Germany.

Furthermore, the Company supports research in the pre-clinical phase to potentially expand the use of warm perfusion with STEEN Solution™ to xenotransplantation and to pharmaceuticals administration for isolated organs. In the longer term, it is of interest to treat isolated organs and tissues that remain in the body with adapted methods, to avoid problems with side effects in other parts of the body. Cancer treatment is an example of this.

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

Group's key ratios - 5 year summary

	2021	2020	2019	2018	2017
Net sales, SEK M	258	180	221	188	148
Gross margin non-durable goods, %	76	75	77	77	78
Gross margin, %	73	72	74	72	76
EBITDA, %*	5	-9	13	16	15
EBIT (Operating margin), %*	-7	-25	2	7	5
Net margin, %	3	-24	2	7	4
Total Assets, SEK M	1,543	1,150	634	587	539
Equity/assets ratio, %	83	88	91	92	94
Earnings per share, SEK	0.28	-1.61	0.19	0.48	0.25
Shareholders' Equity per share, SEK	43.58	35.11	21.71	20.47	19.26
Share price on the record date, SEK	279	314	170	132	94
Average number of employees	92	63	46	35	29

*Operating profit before depreciation and amortization (EBITDA), adjusted for costs associated with organizational change, cost reservation for the share-based bonus programs for employees outside Sweden as well as integration and acquisition costs, amounts to SEK 29.5 million (20.2), corresponding to an EBITDA margin of 11 percent (11). Adjusted reported operating profit (EBIT) amounted to SEK -2.7 million (-9.9), corresponding to an adjusted EBIT margin of -1 percent (-5).

Market risk

Lung 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, amongst other things by the signing of agreements with suppliers, collaboration 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, where USD and 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 that there is a currency risk for the business (see Note 26 for further information).

Sustainability and responsibility

The Board of Directors of XVIVO adopted a Code of Conduct which is anchored 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 (including diversity and inclusion), health and safety routines and our information policy.

The high quality and safety of our products is crucial for our business. 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 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 and internal meetings are thus 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 during 2021.

Outlook for 2022

The extent to which the Covid-19 pandemic will affect XVIVO's sales and clinical trials in 2022 remains largely dependent on how the pandemic affects intensive care operations on our main markets in the US and Europe, and on how hospitals prioritize their transplantation programs. There is an express ambition to sharply increase the number of transplants in regions such as the US and we thereby assess that transplantation activity will be prioritized. 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.

There is a great deal of uncertainty in the surrounding world at present. The geopolitical position is tense as a result of the conflict in Eastern Europe. XVIVO currently has very limited sales exposure to Russia and the Ukraine. The purchasing and manufacturing chain is not exposed to these markets either. All XVIVO's manufacture takes place either in Western Europe or the US. Accordingly, we currently do not assess that the conflict is having any direct negative impact on the Company's operations. However, how the conflict will end is difficult to predict at the time of writing.

In 2022, XVIVO will continue to focus sharply on regulatory applications, clinical studies and product development in all major organ areas. In heart transplantation, the goal is to accelerate patient inclusion in the clinical multi-center studies in Europe, the US and Australia. The goal is also to start the clinical heart study in the US in the summer. The PrimECC® study is expected to accelerate as more clinics are now being included. For Liver Assist, the initial objective is to make a decision regarding the regulatory way forward in the US in consultation with the FDA.

Guidelines for remuneration to senior executives

Guidelines for remuneration to senior executives includes 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, Vice President Clinical and Regulatory Affairs (US) and Managing Director North America.

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 within all of the major organ areas; heart, lung, liver and kidney.

The company is currently the market leader in lung transplantation and provides transplant clinics all over the world with high-tech products for storing and evaluating lungs. XVIVO employs around 113 people at its headquarters in Gothenburg, Sweden, its offices in Lund, Sweden, Groningen, Netherlands, and at the office for North and South America in Denver, in the US. For further information about the company's business strategy, see www.xvivoperfusion.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 2022 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.xvivoperfusion.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 that 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-benefit 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 on the criteria of marketability and competitiveness.

For executives stationed in another country then 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.

To which extent 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 the 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. The Board of Directors shall prepare a proposal for new guidelines at least every fourth year and submit it to the Annual General Meeting. 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 within their respective area of competence, 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 45 million (66). In addition, SEK 60 million (54) 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 1,238,836,825
Retained earnings	SEK -245,849,839
Net income for the year	SEK -1,065,819
	SEK 991,921,167

The Board of Directors proposes that the non-restricted equity is allocated as follows: To be carried forward SEK 991,921,167

The financial reports were approved for issuance by the Board of the Parent Company on April 4, 2022.

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. XVIVO has deviated from the code only regarding the design of cash-based incentive programs for participants in countries where allocation of stock options is not appropriate. A cash-based incentive program exists for these participants which, as far as practically possible, has been designed to correspond to the terms of the two outstanding stock option programs. The term of the incentive program is less than three years. The Company has got two stock option programs outstanding and these are further described in the 2021 Annual Report in Note 24. Further information on corporate governance in XVIVO is to be found at www.xvivoperfusion.com.

Ownership

According to Monitor's shareholder register, XVIVO had 6,458 verified shareholders as of December 31, 2021 an increase of 2% compared to the previous year. 11 percent of the shares are held by non-verified shareholders.

Shares

As of December 31, 2021, the share capital of XVIVO Perfusion AB (publ) amounted to SEK 753,949, divided into 29,498,666 shares.

XVIVO's ten largest shareholders as of December 31, 2021 are listed below

Shareholder	Number of shares	Shares and votes, %
Bure Equity	4,367,504	14.8%
Swedbank Robur Fonder	2,897,103	9.8%
Fourth AP Fund	1,905,855	6.5%
Eccenovo AB	1,775,547	6.0%
Premier Miton Investors	1,143,040	3.9%
Invesco	1,017,026	3.4%
Handelsbanken Funds	1,011,182	3.4%
Lannebo Funds	821,014	2.8%
Second AP Fund	443,257	1.5%
Third AP Fund	441,862	1.5%
Other	13,675,276	46.4%
Total	29,498,666	100%

Source: Monitor's figures as of 31 December 2021.

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 22, 2021 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 2,949,866 shares based on the number of shares as of December 31, 2021.

The Annual General Meeting on April 22, 2021 decided to complete the issue of a maximum of 148,000 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, 76,000 have been subscribed for by employees, which upon full subscription of shares implies a dilution effect of 0.3 percent of the total number of shares and votes in the Company and an increase in share capital of SEK 1,943.

The number of shares and votes increased by 33,261 shares and votes in June as a result of the utilization of stock options under the company's incentive scheme 2019/2021. After the new share issue, there were a total of 28,752,397 shares and votes in the company. Share capital increased by SEK 850 and totaled SEK 734,875 after the new share issue. Dilution was approximately 0.1 percent of the number of shares and votes in the Company.

In November, in connection with the acquisition of STAR Teams Inc. the Company completed a directed new issue raising SEK 250,000,000 before issue expenses. Issue expenses totaled SEK 5,886,315. Share capital increased by SEK 19,074 and the surplus, SEK 249,980,926, was posted to the share premium reserve. The number of shares and votes increased by 746,269 shares as a result of the new issue and subsequently amounted to 29,498,666. The new issue implied dilution of approximately 2.5 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 2021

The most recent Annual General Meeting was held on April 22, 2021 in Gothenburg in the form of a hybrid meeting, with shareholders present and permitted postal ballot according to §3 of legislation (2020:198) regarding temporary exemptions to facilitate the completion of shareholders meetings and statutory meetings in associations.

At the Meeting it was decided to re-elect the Board members Gösta Johannesson, Camilla Öberg, Folke Nilsson, Yvonne Mårtensson, Lena Höglund and Lars Henrikson. Gösta Johannesson was elected Chairman of the Board. A resolution was passed to adopt Board fees of a total of SEK 1,710,000 SEK, of which SEK 400,000 to the Chairman, SEK 200,000 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 2020 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 148,000 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 2020.

Annual General Meeting 2022

The Annual General Meeting will be held on Tuesday, April 26, 2022 at 3:00 p.m. CET at the 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 Wednesday, April 14, 2022.

Shareholders who wish to attend the Annual General Meeting shall notify the Company no later than April 16, 2022. Either by writing to XVIVO Perfusion AB (publ), the Annual General Meeting 2022, 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 2021, six Board members were elected, with competence in both medical devices and biotechnology as well as within the areas of finance and strategy. In 2021, the Board held 16 meetings (17), and minutes were kept at all meetings.

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	16/16	3/3	
Folke Nilsson		15/16		5/5
Camilla Öberg		16/16		5/5
Yvonne Mårtensson		15/16		5/5
Lena Höglund		16/16	3/3	
Lars Henriksson		16/16	3/3	

*Dependent in relation to the company's major shareholders

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 2021 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.

In 2021, the Covid 19 pandemic continued and individuals and organizations were required to follow the Public Health Agency of Sweden's recommendations in order to limit the spread of infection. In 2021, as in 2020, physical Board meetings have been kept to a minimum in favor of digital meetings. Travel within the Board assignment has also been reduced. During the year, focus has been on the effects of the pandemic on XVIVO's operations. 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 studies and the impact of the pandemic on these.

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.

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 Board's formal work plan was adopted at the statutory Board meeting on April, 22 2021. The Board's formal work plan is reviewed at least once a year. The plan regulates 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.

During fall 2021, the Board evaluated its work. This took the form of a self-evaluation procedure where each Board member assessed statements about the Board's role and function, the 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 longterm value growth. The responses were compiled by independent 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.

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 2021 Annual Report, "Board of Directors and Auditors" on page 114, and the company's website (www.xvivoperfusion.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 57-66 of the 2021 Annual Report and on the company's website (www. xvivoperfusion.com). The Remuneration Committee consists of 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 an instruction 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 Folke Nilsson.

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"Senior Management" on page 116 of the 2021 Annual Report and the company's website (www.xvivoperfusion.com). XVIVO's management team was increased by two members in the year and consists of seven members, CEO included. 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 instruction for the Board of Directors and the CEO was determined on the statutory Board meeting on April 22, 2021 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 that has been determined by the Board.

Election of auditor

At the Annual General Meeting 2021, 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 2022. Daniel Haglund has reported his observations from the audit to the 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 2022 Annual General Meeting has been appointed in accordance with the principles adopted at the 2018 Annual General Meeting. These stipulate that the Chairman of the Board – no later than the end of the third quarter of 2021 – shall contact the three largest shareholders of XVIVO on the basis of known shareholdings at the end of August 2021 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 terms of size shall be afforded the opportunity of appointing 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 2021 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 formal work plan and the instruction 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 five 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.

Acquisitions and integration of operations

Over the past two years, XVIVO acquired two 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. The additional operations have meant that management and the Board now follow up operations on the basis of three business areas: Thoracic, Abdominal and Services. This has also led to a review of the Company's segment reporting and the introduction of segment reporting in 2022 that reflects the division by business area. Thoracic, Abdominal and Services are the segments now subject to control and follow-up.

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 special internal audit function will be reviewed as the company grows.

Consolidated Income Statement

January 1 – December 31

SEK 000	Note	2021	2020
Net sales	2	258,386	179,861
Costs of goods sold		-70,107	-50,131
Gross income	3	**188,279**	**129,730**
Selling expenses		-97,688	-75,720
Administrative expenses		-55,687	-31,988
Research and Development expenses		-54,039	-66,740
Other operating income	5	1,249	1,468
Other operating expenses	6	-612	-2,425
Operating income	7, 8, 9, 10, 12	**-18,498**	**-45,675**
Financial income		45,368	890
Financial expenses		-20,205	-12,478
Net financial income	11, 12	**25,163**	**-11,588**
Profit before tax		**6,665**	**-57,263**
Tax on income for the year	14	1,487	13,528
Net income for the year		**8,152**	**-43,735**
Net income for the year attributable to:			
Parent Company's shareholders		8,152	-43,735
Earnings per share before dilution, SEK		0.28	-1.61
Earnings per share after dilution, SEK*		0.28	-1.60
Average number of outstanding shares before dilution		28,845,691	27,171,352
Average number of outstanding shares after dilution*		28,936,075	27,354,518
Number of shares on the record date before dilution		29,498,666	28,719,136
Number of shares on the record date after dilution*		29,872,666	29,444,136

*After dilution. See Note 24 for information about stock option programs.

Consolidated Statement of Comprehensive Income

January 1 – December 31

SEK 000	Note	2021	2020
Net income for the year		8,152	-43,735
Other comprehensive income			
Exchange rate differences on foreign operations for the year		22,271	-16,410
Total other comprehensive income for the year	23	**22,271**	**-16,410**
Total comprehensive income for the year		**30,423**	**-60,145**
Total comprehensive income for the year attributable to:			
Parent Company's shareholders		30,423	-60,145

Consolidated Statement of Financial Position

SEK 000	Note	12/31/2021	12/31/2020
ASSETS	26,27		
Non-current assets			
Intangible fixed assets	15		
Capitalized development expenditure		456,551	393,969
Patents, licenses and trademarks		6,231	5,467
Goodwill		460,228	223,938
Computer programs		2,427	1,283
Property, plant and equipment	16		
Machinery, equipment, fixtures and fittings		26,297	21,334
Financial assets			
Deferred tax asset	14	42,171	40,334
Other financial assets		1,159	754
Total non-current assets		**995,064**	**687,079**
Current assets			
Inventories	18	77,590	59,351
Current receivables			
Account receivables	20	52,036	40,183
Tax receivable		4,286	156
Other receivables		7,589	3,361
Prepaid expenses and accrued income	21	7,335	5,943
Cash and cash equivalents	22	398,696	354,236
Total current assets		**547,532**	**463,230**
TOTAL ASSETS		**1,542,596**	**1,150,309**

SEK 000	Note	12/31/2021	12/31/2020
Shareholders' Equity	23, 24		
Equity attributable to Parent Company shareholders			
Share capital		754	734
Other capital contributed		1,253,330	1,006,784
Reserves		22,089	-182
Retained Earnings incl. Net income for the year		9,277	1,125
Total Shareholders' Equity		**1,285,450**	**1,008,461**
LIABILITIES			
Other provisions		1,499	1,311
Deferred tax	14	25,084	24,853
Other non-current liabilities	27	124,522	40,150
Interest-bearing liabilities, non-current	10	1,522	3,286
Total non-current liabilities	26, 27, 28	**152,627**	**69,600**
Interest-bearing liabilities, current	10	4,199	3,926
Accounts payable		21,445	14,468
Current tax liability		301	-
Other liabilities		28,604	1,239
Accrued expenses and deferred income	25	49,970	52,615
Total current liabilities	26, 27, 28	**104,519**	**72,248**
TOTAL LIABILITIES		**257,146**	**141,848**
TOTAL SHAREHOLDERS' EQUITY AND LIABILITIES		**1,542,596**	**1,150,309**

Consolidated Changes in Shareholders' Equity

	Attributable to Parent Company shareholders				
SEK 000	Share capital	Other capital contributed	Reserves	Retained Earnings incl. Net income for the year	Total Share-holder's equity
Opening shareholders' equity at 01/01/2021	**680**	**515,753**	**16,228**	**44,860**	**577,521**
Total comprehensive income for the year					
Net income for the year	-	-	-	-43,735	-43,735
Total other comprehensive income for the year	-	-	-16,410	-	-16,410
Total comprehensive income for the year	-	-	-16,410	-43,735	-60,145
Transactions with Group's shareholders					
Contributions from and value transfers to shareholders					
New share issue minus transaction expenses, net after tax*	54	489,640	-	-	489,694
Premium paid upon issue of stock options	-	1,391	-	-	1,391
Total contributions from and value transfers to shareholders	54	491,031	-	-	491,085
Closing shareholders' equity at 12/31/2020	**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**

* Transaction costs in connection with new share issue amount to SEK 4.674 million (10.286).

Consolidated Cash Flow Statement

January 1 – December 31

SEK 000	Note	2021	2020
Operating activities	30		
Income after financial items		6,665	-57,263
Adjustment for non-cash items		7,195	49,355
Paid taxes		-2,701	142
		11,159	**-7,766**
Increase (-) / decrease (+) in inventories		-13,802	-14,155
Increase (-) / decrease (+) in operating receivables		-8,294	20,584
Increase (+) / decrease (-) in operating liabilities		-1,122	-10,929
Cash flow from operating activities		**-12,059**	**-12,266**
Investing activities			
Acquisition of intangible fixed assets		-83,880	-62,046
Acquisition of property, plant and equipment		-10,194	-2,631
Acquisition of subsidiaries		-93,228	-201,319
Acquisition of other financial assets		-401	-536
Cash flow from investment activities		**-187,703**	**-266,532**
Financing activities			
Stock option program		1,239	1,391
New share issue		244,114	487,044
Loan amortizations		-5,940	-
Part-payment of lease liability		-4,802	-5,667
Cash flow from financing activities		**234,611**	**482,768**
Cash flow for the year		**34,849**	**203,970**
Cash and cash equivalents at beginning of year		354,236	159,946
Exchange rate differences in cash and cash equivalent		9,611	-9,680
Cash and cash equivalents at the end of the year	22	**398,696**	**354,236**

Income Statement for the Parent Company

January 1 – December 31

SEK 000	Note	2021	2020
Net sales	2	161,287	134,122
Costs of goods sold		-30,757	-36,818
Gross income		**130,530**	**97,304**
Selling expenses		-54,003	-44,733
Administrative expenses		-39,907	-27,702
Research and Development expenses		-45,372	-65,619
Other operating income	5	1,935	1,269
Other operating expenses	6	-543	-2,123
Operating income	7, 8, 9, 10, 12	**-7,360**	**-41,604**
Profit from financial items			
Interest income and similar items		27,079	1,581
Interest expenses and similar items		-20,604	-12,190
Income after financial items	11, 12	**-885**	**-52,213**
Year-end dispositions	13	0	4,200
Tax on income for the year	14	-181	9,577
Net income for the year		**-1,066**	**-38,436**

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	12/31/2021	12/31/2020
ASSETS	26, 27		
Non-current assets			
Intangible fixed assets	15		
Capitalized development expenditure		284,522	239,509
Patents, licenses and trademarks		5,659	4,985
Computer programs		2,048	1,283
Property, plant and equipment	16		
Machinery, equipment, fixtures and fittings		8,980	5,902
Financial assets			
Participating interests in Group companies	4, 17	611,702	404,467
Receivables from Group companies	19	95,113	34,550
Deferred tax asset	14	14,953	13,921
Other financial assets		1,061	660
Total non-current assets		**1,024,038**	**705,277**
Current assets			
Inventories	18	21,805	16,561
Current receivables			
Account receivables	20	12,735	17,987
Receivables to Group companies		56	56
Current tax receivables		1,368	1
Other receivables		5,957	2,904
Prepaid expenses and accrued income	21	5,142	4,654
Cash and cash equivalents	22	369,479	333,318
Total current assets		**416,542**	**375,481**
TOTAL ASSETS		**1,440,580**	**1,080,758**

SEK 000	Note	12/31/2021	12/31/2020
Shareholders' Equity	23, 24		
Total equity			
Share capital		754	734
Statutory reserve		20	20
Reserve for development costs		253,622	198,151
Non restricted Equity	29		
Share premium reserve		1,238,837	992,291
Retained earnings		-245,850	-151,943
Net income for the year		-1,066	-38,436
Total Shareholders' Equity		**1,246,317**	**1,000,817**
PROVISIONS			
Other provisions		1,499	1,311
Total provisions		**1,499**	**1,311**
NON-CURRENT LIABILITIES			
Other non-current liabilities	27	124,522	40,150
Total non-current liabilities		**124,522**	**40,150**
CURRENT LIABILITIES	27		
Accounts payable		11,977	8,349
Liabilities to Group companies	19	5,849	3,574
Current tax liability			
Other liabilities		27,323	1,133
Accrued expenses and deferred income	25	23,093	25,424
Total current liabilities	26, 27, 28	**68,242**	**38,480**
TOTAL LIABILITIES		**194,263**	**79,941**
TOTAL SHAREHOLDER'S EQUITY AND LIABILITIES		**1,440,580**	**1,080,758**

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	**680**	**20**	**148,855**	**501,242**	**-102,648**	**1**	**548,150**
Total comprehensive income for the year							
Net income for the year	-	-	-	-	-	-38,436	-38,436
Total other comprehensive income for the year	-	-	-	-	-	-	-
Total comprehensive income for the year	-	-	-	-	-	-38,436	-38,436
Proposed appropriation of profits	-	-	-	-	1	-1	0
New share issue minus transaction expenses, net after tax*	54	-	-	489,659	-	-	489,713
Premium paid upon issue of stock options	-	-	-	1,390	-	-	1,390
Allocation to reserve for development expenditure	-	-	49,296	-	-49,296	-	0
Closing shareholders' equity at 12/31/2020	**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	-	-	-	-	-	-	0
Total comprehensive income for the year	-	-	-	-	-	-1,066	-1,066
Proposed appropriation of profits	-	-	-	-	-38,436	38,436	0
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	-	0
Closing shareholders' equity at 12/31/2021	**754**	**20**	**253,622**	**1,238,837**	**-245,850**	**-1,066**	**1,246,317**

* Transaction costs in connection with new share issue amount to SEK 4.674 million (10.286).

Parent Company Cash Flow Statement

January 1 – December 31

SEK 000	Note	2021	2020
Operating activities	30		
Income after financial items		-885	-52,213
Adjustment for non-cash items		17,617	35,211
Paid taxes		-1,367	1,276
		15,365	**-15,726**
Increase (-) / decrease (+) in inventories		-3,550	-7,321
Increase (-) / decrease (+) in operating receivables		-56,457	-1,735
Increase (+) / decrease (-) in operating liabilities		1,167	-13,525
Cash flow from operating activities		**-43,475**	**-38,307**
Investing activities			
Acquisition of intangible fixed assets		-62,979	-55,848
Acquisition of property, plant and equipment		-5,909	-1,611
Change in loan to Group company		-	-
Acquisition of subsidiaries		-105,029	-201,320
Acquisition of other financial assets		-	-
Cash flow from investment activities		**-173,917**	**-258,779**
Financing activities			
Stock options program		1,239	1,391
New share issue, net after transaction expenses		244,114	487,044
Cash flow from financing activities		**245,353**	**488,435**
Cash flow for the year		**27,961**	**191,349**
Cash and cash equivalents at beginning of year		333,318	150,362
Exchange rate differences in cash and cash equivalent		8,200	-8,393
Cash and cash equivalents at the end of the year	22	**369,479**	**333,318**

Supplementary disclosures and Notes to the Financial Statements

Notes to the financial statements for the full year 2021 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	2021	2020	12/31/2021	12/31/2020
USD	8.5815	9.2037	9.0437	8.1886
EUR	10.1449	10.4867	10.2269	10.0375
AUD	6.4415	6.3380	6.5625	6.2646
BRL	1.5906	-	1.5856	-
CNY	1.3307	-	1.4186	-
AUD	6.3380	6.5724	6.2646	6.5125

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: sales of non-durable goods, revenues from sales and rental of durable goods and finally revenues from freight, services and other sales (see Note 2). An overwhelming majority of XVIVO's sales comprise products, that 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. Two segments are used in internal reporting to the CEO. For further information, see Note 3.

Leasing

Lessees

Lease assets such as rental agreements 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, 2021 XVIVO had entered into 3 (3) leases with customers regarding XPS machines and 0 (1) lease regarding LS machines. Due to the fact that XVIVO is liable for all risk regarding the machines' residual value and service needs, the assessment has been made 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 recognized in the Balance Sheet when an invoice has been sent. Accounts payable are 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 fixed 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 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 impaired, 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.

Depreciation and amortization

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	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 24.

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 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 when they arise. Adjustments of additional purchase considerations reduce the value of shares and participations in the Parent Company. This is recognized as 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	
	2021	2020	2021	2020
Sales of non-durable goods	224,102	161,762	139,860	126,516
Revenues from sales and rental of durable goods	18,365	10,436	1,079	5,511
Revenues from freight, service and other sales	15,919	7,663	20,348	2,095
Total	258,386	179,861	161,287	134,122

Geographical areas

	Group			
	Revenues from external customers		Non-current assets	
	2021	2020	2021	2020
Sweden	2,293	1,306	434,414	608,096
USA	119,638	90,652	245,306	6,076
North and South America, excluding the US	19,027	17,480	-	-
EMEA excluding Sweden	104,045	60,989	272,014	31,819
Asia/Pacific	13,383	9,434	-	-
Total	258,386	179,861	951,734	645,991

In 2021 and 2020, the Group had no customers that constituted more than 10% of total sales.

Of the Group's and the Parent Company's total revenues, SEK 1.501 million (1.866) relates to operating lease income (see Note 10 Leases).

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 non-current assets and property, plant and equipment.

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 segments have been identified, as the various parts have undergone a process that has aimed at combining segments that are similar. This means that segments have been combined when they have similar financial characteristics, such as similar gross margins, agreement types and sales trends.

The following segments have been identified:

- Durable goods: sales and rental revenues from machines used in organ perfusion.
- All operations except durable goods: revenue streams from sales of consumables and services used in preservation and perfusion of organs.
- Services: revenue from sales of services in organ recovery (carried out by subsidiary STAR Teams Inc.)

Group segment - total

	All business except durable goods		Durable goods		Services		Consolidated total	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues from external customers	233,971	169,425	18,365	10,436	6,050	-	258,386	179,861
Costs of goods sold	-56,765	-42,225	-10,493	-7,906	-2,849	-	-70,107	-50,131
Gross income	177,206	127,200	7,872	2,530	3,201	-	188,279	129,730

Note 3. Operating segments (cont'd.)

Group segments - Thoracic business area

	All business except durable goods		Durable goods		Services		Consolidated total	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues from external customers	192,063	155,572	6,565	7,720	-	-	198,628	163,292
Costs of goods sold	-36,963	-35,293	-4,569	-6,291	-	-	-41,532	-41,584
Gross income	155,100	120,279	1,996	1,429	-	-	157,096	121,708

Group segments - Abdominal business area

	All business except durable goods		Durable goods		Services		Consolidated total	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues from external customers	41,908	13,853	11,800	2,716	-	-	53,708	16,569
Costs of goods sold	-19,802	-6,932	-5,924	-1,615	-	-	-25,726	-8,547
Gross income	22,106	6,921	5,876	1,101	-	-	27,982	8,022

Group segments - Services business area

	All business except durable goods		Durable goods		Services		Consolidated total	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues from external customers	-	-	-	-	6,050	-	6,050	-
Costs of goods sold	-	-	-	-	-2,849	-	-2,849	-
Gross income	-	-	-	-	3,201	-	3,201	-

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.

Since 2021, the company's operations have been conducted in three business areas; Thoracic, which includes sales of lung and heart transplant products, Abdominal, which includes sales of liver and kidney transplant products and Services, which includes services in organ recovery. The distribution of the Group's operating segments by business area follows:

Note 4. Business combinations

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 at a cash purchase price of up to USD 26.1 million with an initial purchase consideration of USD 12.3 million and an additional potential earn-out payment of up to USD 13.8 million. The additional purchase consideration is paid out provided that a combination of revenue and gross profit targets are met in 2023. In the event that the targets are not met in 2023, a recovery period begins, where the additional purchase consideration is instead based on a combination of revenue and gross profit targets in 2024.

Costs attributable to the acquisition totaled SEK 10 million and were charged to Administration expenses in the Group Income Statement in the fourth quarter.

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 has successfully recovered more than 1,200 organs in the US states where they are based. At present, STAR Teams are active in lung and heart and plan to expand to kidney and liver in 2022. The expansion is in line with XVIVO's strategy of becoming a global provider of solutions and systems for all major organs.

For administrative reasons, the acquisition date has been set at November 1 and profit and cash flow have been included in the Consolidated Financial Statements as of this date. In the period after the acquisition, STAR Teams contributed SEK 6.1 million to Group revenue and SEK 1.5 million to Group profit in 2021. If the acquisition had taken place on January 1, 2021, this acquisition would have had a total effect on Group revenue of SEK 29.9 million and profit for the year of SEK 2.3 million.

The acquisition analysis was preliminary at the end of the fourth quarter. The following table shows the preliminary acquisition analysis*.

Transferred compensation	**Fair value (SEK 000)**
Cash and cash equivalents	94,618
Retained payment	10,784
Conditional purchase price	112,408
Total	217,810
Acquired Net Assets	
Intangible fixed assets*	-
Property, plant and equipment*	-
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 price, initial cash part	94,618
Less cash and cash equivalents in acquired company	-1,390
Impact on the Group's cash and cash equivalents	93,228

* 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 value of acquired intangible assets has been determined. This valuation will be carried out in 2022.

Note 5. Other operating income

	Group		Parent Company	
	2021	2020	2021	2020
Exchange-rate gains	856	936	849	904
Other Revenue	393	532	1,086	365
Total	1,249	1,468	1,935	1,269

Note 6. Other operating expenses

	Group		Parent Company	
	2021	2020	2021	2020
Exchange rate losses	-571	-2,425	-543	-2,123
Capital loss, sale of non-current asset	-41	-	-	-
Total	-612	-2,425	-543	-2,123

Note 7. Employees, personnel costs and Board fees

Average number of employees

	Total		Of which men	
	2021	2020	2021	2020
Parent Company, Sweden	36	28	13	12
Subsidiary, Sweden	8	10	6	8
Subsidiaries, USA	25	19	16	13
Subsidiary, Netherlands	19	4	15	3
Subsidiary, France	2	1	1	-
Subsidiary, China	1	-	1	-
Subsidiary, Australia	1	1	1	1
Total	92	63	53	37

Percentage of women in senior positions

Group	2021	2020
The Board of Directors	50 %	50 %
Management Team	33 %	29 %

Personnel costs

Group	2021	2020
Salary and other remuneration	91,590	75,793
Pension expenses, defined contribution plans	9,141	7,789
Social security contributions	21,353	16,566
Total	122,084	100,148

Parent Company	2021	2020
Salary and other remuneration	38,320	34,598
Pension expenses, defined contribution plans	6,605	6,247
Social security contributions	13,087	11,832
Total	58,012	52,677

Of the Group's pension expenses, SEK 1,246 million (1,420) relate to the Board and CEO, of which SEK 1,246 million (1,420) to the CEO.

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

	The Board of Directors/CEO		Other employees	
	2021	2020	2021	2020
Parent Company	5,130	4,392	33,190	31,214
- of which bonus payments and similar remuneration	(949)	(-)	(2,234)	(2,140)
Subsidiaries	-	-14	53,270	41,209
- of which bonus payments and similar remuneration	(-)	-14	(2,909)	(22,500)
Total	5,130	4,378	86,460	72,423
- of which bonus payments and similar remuneration	949	(-14)	(5,143)	(24,640)

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

The Board of Directors

Board fees of SEK 1,005,000 (1,180,000) were paid during the year, in accordance with the resolution adopted at the 2020 Annual General Meeting. The decrease was due to changes in the composition of the Board. Fees were unchanged on the previous year. SEK 250,000 (250,000) was paid to Gösta Johannesson and SEK 150,000 (150,000) to each of the other Board members, as well as SEK 40,000 (40,000) to the Chairman of the Audit Committee, SEK 40,000 (40,000) to the Chairman of the Remuneration Committee and SEK 25,000 (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 22, 2021 in Gothenburg a resolution was adopted that Board fees will total SEK 1,710,000 (1,180,000) until the next 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.

CEO

During the financial year 2021, CEO Dag Andersson was paid renumeration totaling SEK 4,475,000 (1,862,000) including vacation allowance and other benefits of which SEK949,000 (-) was variable renumeration. A car allowance and health-insurance benefit of SEK 114,000 (54,000) 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 12,005,000 (10,463,000) was paid during the 2021 financial year to senior executives, the Group's management team of 8 (6) people excluding the CEO, including a vacation allowance, of which SEK 1,539,000 thousand (485,000) 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

	2021	2020
Group	8.434	7,789
Parent Company	5,898	6,247

Endowment insurance

The company has a pension obligation to the previous CEO, Magnus Nilsson, and the current 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 2021 SEK 706,000 was paid for this endowment insurance.

Costs for stock option program for employees abroad

The 2020 and 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 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. The Group's cost amounted to SEK +2,602,000 (18,260,000) (see Note 24) and is included in the item bonus payments/variable remuneration above.

Government support

Government support has been received in the US and Australia of SEK 3.8 million (4.2), which has been reported as reduced personnel costs, mainly within the sales and R&D functions. In Sweden, government support has been received through reduced employer contribution fees. No layoffs or furlough occurred. 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	2021	2020	2021	2020
Auditing	685	650	355	250
Auditing activities in addition to auditing	108	31	108	31
Tax consulting	4	297	4	254
Other services	-	96	-	96
Total	797	1,074	467	631

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	
	2021	2020
Raw materials and consumables	-69,142	-25,897
Change in inventories of finished goods and products in progress	4,650	-8,169
Personnel costs	-117,345	-103,726
Depreciation, amortization and impairment	-32,257	-30,038
Other external expenses	-63,427	-56,911
Other operating expenses	-612	-2,263
Total	-278,133	-227,004

Note 10. Leases

The Group rents office premises and warehouse facilities in Gothenburg. The current rental agreement for office premises expires on December 31, 2023. The rental agreements for warehouse facilities expire on March 31, 2021 and has not been extended. The Group also rents office premises and warehouse facilities in Denver, Colorado in the US. The current rental agreement expires on August 1, 2022 with an option for extension. The Group also rents office premises and warehouse facilities in Lund, Sweden. The current rental agreement expires on October 31, 2022 with an option for extension. The Group also rents office premises and warehouse facilities in Groningen, Holland. The current rental agreement expires on December 31, 2023 with an option for extension. The Group also rents office premises in Philadelphia, in the US, which expires June 30, 2022.

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	
	2021	2020
Depreciation of right-of-use assets	4,842	5,667
- Of which buildings	4,450	5,361
- Of which cars	392	306
Interest expense, lease liability	138	222
Lease expense for short-term leases	340	130
Variable lease expenses	596	282
Total	5,916	6,301

Note 10. Leases (cont'd.)

Cash flow disclosures, leases

	Group	
	2021	2020
Part-payment of lease liability	4,802	5,667
Interest expense, lease liability	138	222
Lease expense for short-term leases	340	130
Variable lease expenses	596	282
Total	5,876	6,301

Additional right-of use assets

	Group	
	2021	2020
Buildings	813	6,869
Cars	-	500
Total	813	7,329

Carrying amount of right-of-use asset

	Group	
	2021	2020
Buildings	6,034	6,550
Cars	222	662
Total	6,256	7,212

Carrying amount of lease liabilities

	Group	
	2021	2020
Leasing liabilities	5,721	7,212
Total	5,721	7,212

A lease analysis for agreed minimum future lease payments payable pursuant to non-reversible contracts is presented in Note 26.

Expensed fees relating to operating leases are as follows:

	Parent Company	
	2021	2020
Minimum lease charges	2,316	2,214
Total lease charges	2,316	2,214

The Group leases machines for lung perfusion under operating leases. Revenue amounted to SEK 1,501 million (1,866). Future non-cancellable lease payments become due as follows:

	Group		Parent Company	
	2021	2020	2021	2020
Year 1	2,024	1,022	1,104	1,022
Year 2	-	-	-	-
Year 3	-	-	-	-
Year 4	-	-	-	-
Year 5	-	-	-	-
Later than year 5	-	-	-	-
Total	2,024	1,022	1,104	1,022

Note 11. Net financial income

	Group		Parent Company	
	2021	2020	2021	2020
Interest income	-	80	1,515	725
Exchange-rate gains	25,621	810	25,564	856
Other financial income*	19,747	-	-	-
Financial income	45,368	890	27,079	1,581
Interest costs	-276	-361	-122	-129
Exchange rate losses	-19,929	-11,916	-19,893	-11,890
Other financial expenses	-	-201	-589	-171
Financial expenses	-20,205	-12,478	-20,604	-12,190
Total	25,163	-11,588	6,475	-10,609

* See note 27 Additonal purchase consideration

Note 12. Exchange rate differences

	Group		Parent Company	
	2021	2020	2021	2020
In operating income, net	285	-1,333	306	-1,219
In financial items, net	5,692	-11,106	5,671	-11,034
Total	5,977	-12,439	5,977	-12,253

Note 13. Year-end adjustments

	Parent Company	
	2021	2020
Change in tax allocation reserve	-	4,200
Group contributions paid	-	-
Total	-	4,200

Note 14. Income taxes

Recognized in Statement of Total Comprehensive Income and Income Statement

	Group		Parent Company	
	2021	2020	2021	2020
Current tax expense (-)				
Tax expense for the year	-222	-782	-	-
Adjustment of tax pertaining to previous years	1,244	561	-	2
Total current tax expense	1,022	-221	-	2
Deferred tax expense (-)				
Deferred tax on temporary differences	-207	1,475	-575	480
Deferred tax in taxable value capitalized/utilized during the year in loss carry-forwards	672	12,680	394	9,448
Effects from changed income tax rates	-	-406	-	-352
Total deferred tax expense	465	13,749	-181	9,575
Total tax expense recognized	**1,487**	**13,528**	**-181**	**9,577**
Reconciliation effective tax rate				
Profit before tax	6,665	-57,263	-885	-48,013
Tax pursuant to current tax rate for Parent Company (20.6%)	-1,373	12,254	182	10,275
Difference in foreign tax rates	-197	-59	-	-
Non-deductible expenses	-745	-1,120	-1,110	-343
Non-taxable income	3,031	2,303	773	1
Non-capitalized losses	-597	-	-	-
Capitalized losses and utilization of previously non-capitalized losses	145	-	-	-
Tax effect of standard interest rate on tax allocation reserve	-	-4	-	-4
Effects from changed income tax rates	-	-406	-	-352
Difference in recorded and paid tax previous year	1,230	561	-26	2
Other	-8	-	-	-
Total tax expense	**1,487**	**13,528**	**-181**	**9,577**

Note 14. Income taxes (cont'd)

Tax attributable to other comprehensive income

	Group					
	2021			2020		
	Before tax	Taxes	After tax	Before tax	Taxes	After tax
Translation differences for the year after translation of foreign businesses	6,312	-	6,312	-8,674	-	-8,674
Translation differences for the year after translation of foreign businesses (extended investment)	15,959	-	15,959	-7,736	-	-7,736
Other comprehensive income	22,271	-	22,271	-16,410	-	-16,410

Recognized directly in Shareholders' Equity

Tax items recognized directly in Shareholders' Equity	Group		Parent Company	
	2021	2020	2021	2020
Tax expense (-)				
Current tax related to transaction expenses for new share issue	-1,213	-2,669	-1,213	-2,669
Total Tax items recognized directly in Shareholders' Equity	-1,213	-2,669	-1,213	-2,669

Recognized in Statement of Financial Position and Balance Sheet

	Group		Parent Company	
Deferred tax asset	2021	2020	2021	2020
Deferred tax related to internal profit on inventories	3,316	2,972	-	-
Deferred tax related to pensions and similar obligations	1,582	2,157	1,582	2,157
Deferred tax related to capitalized loss carry-forwards	37,249	35,205	13,371	11,764
Deferred tax relating to leases	23	-	-	-
Total deferred tax asset	42,171	40,334	14,953	13,921

	Group		Parent Company	
Deferred tax liability	2021	2020	2021	2020
Deferred tax on tax allocation reserve	-	-	-	-
Deferred tax on acquired excess value	25,084	24,853	-	-
Total deferred tax liability	25,084	24,853	-	-

Note 15. Intangible non-current assets

	Group		Parent Company	
Capitalized development expenditure	**2021**	**2020**	**2021**	**2020**
Capitalized expenditure				
Opening acquisition cost	316,559	259,977	312,466	258,167
Capitalized expenditure for the year	60,257	56,582	60,475	54,299
Closing accumulated acquisition cost	376,816	316,559	372,941	312,466
Opening amortization	-72,957	-57,495	-72,957	-57,495
Amortization for the year	-15,462	-15,462	-15,462	-15,462
Closing accumulated amortizations	-88,419	-72,957	-88,419	-72,957
Closing carrying amount	288,397	243,602	284,522	239,509
Acquired development projects				
Opening acquisition cost	163,650	76,163	-	-
Capitalized expenditure for the year	20,771	3,915	-	-
Acquired assets for the year	-	87,367	-	-
Exchange-rate differences for the year	1,650	-3,795	-	-
Closing accumulated acquisition cost	186,071	163,650	-	-
Opening amortization	-13,283	-12,129	-	-
Amortization for the year	-4,576	-1,206	-	-
Exchange-rate differences for the year	-58	52	-	-
Closing accumulated amortizations	-17,917	-13,283	-	-
Closing carrying amount	168,154	150,367	-	-
Total closing balance of recognized value of capitalized expenditure	456,551	393,969	284,522	239,509

	Group		Parent Company	
Patents, licenses and trademarks	**2021**	**2020**	**2021**	**2020**
Opening acquisition cost	11,028	10,038	8,292	7302
Capitalized expenditure for the year	1,619	990	1,425	990
Exchange-rate differences for the year	-10	-	-	-
Closing accumulated acquisition cost	12,637	11,028	9,717	8,292
Opening amortization	-5,561	-4,656	-3,307	-2,606
Amortization for the year	-846	-905	-751	-701
Exchange-rate differences for the year	1	-	-	-
Closing accumulated amortizations	-6,406	-5,561	-4,058	-3,307
Closing carrying amount	6,231	5,467	5,659	4,985

	Group		Parent Company	
Goodwill	**2021**	**2020**	**2021**	**2020**
Opening acquisition cost	223,938	65,773	-	-
Acquired assets for the year	220,331	165,893	-	-
Exchange-rate differences for the year	15,959	-7,728	-	-
Closing accumulated acquisition cost	460,228	223,938	-	-
Closing carrying amount	460,228	223,938	-	-

	Group		Parent Company	
Computer programs	**2021**	**2020**	**2021**	**2020**
Opening acquisition cost	1,441	882	1,441	882
Capitalized expenditure for the year	1,233	559	1,080	559
Reclassification in the year	247			
Closing accumulated acquisition cost	2,921	1,441	2,521	1,441
Opening amortization	-159	-46	-159	-46
Amortization for the year	-335	-113	-315	-113
Closing accumulated amortizations	-494	-159	-474	-159
Closing carrying amount	2,427	1,283	2,048	1,283

Note 15. Intangible non-current assets (cont'd.)

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

	Group		Parent Company	
	2021	2020	2021	2020
Costs of goods sold	-922	-462	-	-
Selling expenses	-4,922	-5,279	-1,504	-2,294
Administrative expenses	-2,993	-3,041	-1,268	-1,338
Research and Development expenses	-2,201	-3,561	-60	-
Total	-11,038	-12,343	-2,832	-3,632

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 within global marketing and regulatory issues in acquired operations. Synergies which could contribute to future net sales is also to be found within 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 9.1 percent before tax for assets in the lung operations, 12.1 percent before tax for the heart operations and 11.1-12.1 percent before tax for assets in abdominal, and 11.1 percent for assets linked to the 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 to 15 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 16. Property, plant and equipment

	Group		Parent Company	
Machinery, equipment, fixtures and fittings	**2021**	**2020**	**2021**	**2020**
Opening acquisition cost	58,772	49,753	21,823	20,213
Acquisitions for the year	11,007	9,944	5,910	1,611
Acquired assets for the year	-	1,480	-	-
Reclassification in the year	4,845			
Sales/disposals for the year	-4,431	-628	-1,753	-1
Exchange-rate differences for the year	1,377	-1,777	-	-
Closing accumulated acquisition cost	71,570	58,772	25,980	21,823
Opening depreciations	-37,438	-26,199	-15,921	-12,290
Sales/disposals for the year	4,060	179	1,753	1
Depreciations for the year	-11,038	-12,343	-2,832	-3,632
Exchange-rate differences for the year	-857	925	-	-
Closing accumulated depreciations	-45,273	-37,438	-17,000	-15,921
Closing carrying amount	26,297	21,334	8,980	5,902

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

	Group		Parent Company	
	2021	**2020**	**2021**	**2020**
Costs of goods sold	-922	-462	-	-
Selling expenses	-4,922	-5,279	-1,504	-2,294
Administrative expenses	-2,993	-3,041	-1,268	-1,338
Research and Development expenses	-2,201	-3,561	-60	-
Total	-11,038	-12,343	-2,832	-3,632

Note 17. Participations in Group companies

	Parent Company	
	2021	2020
Opening acquisition cost	404,467	161,174
Acquisitions for the year	228,221	243,293
Adjustments related to additional purchase consideration in the year	-20,986	-
Closing carrying amount	611,702	404,467

Companies owned by XVIVO Perfusion AB (Publ):

					Book value	
Company	Corp. ID No.	Domicile	No. of shares	Participation in %	2021	2020
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	1035170	100	222,307	243,293
XVIVO B.V.	01135421	Groningen, Netherlands	18,000	100	-	-
Shanghai XVIVO Life Technology Co. Ltd.	91310000MA1 GF1MR9N	Shanghai, China	-	100	340	-
XVIVO Latin America Ltda	40.481.062/0001-87	Sao Paulo, Brazil	320,000	100	504	-
STAR Teams Inc.	83-4562983	Bethesda, USA	5,000	100	227,377	-
Total					611,702	404,467

Note 18. Inventories

	Group		Parent Company	
	2021	2020	2021	2020
Raw materials and consumables	23,654	17,311	7,998	3,558
Work in progress	592	3,055	81	1,647
Finished goods and goods for resale	53,344	38,985	13,726	11,356
Total	77,590	59,351	21,805	16,561

The Group's closing inventories include impairment of SEK 5.301 million (8.879) for obsolescence of inventories. In the Parent Company there is impairment of SEK 3.062 million (7.010).

Note 19. Receivables from and liabilities to Group companies

The Parent Company has net receivables from the subsidiary XVIVO Perfusion Inc. in the amount of SEK 27.670 million (14.375) and receivables on XVIVO Holding B.V. of SEK 53.807 million (20.175) and receivables on STAR Teams Inc. of SEK 13.636(-). The Parent Company has net liabilities to the subsidiary XVIVO Perfusion Lund AB of SEK 1.510 million (2.276), liabilities to the subsidiary XVIVO Perfusion Pacific Pty Ltd of SEK 877,000 (218,000), liabilities to the subsidiary XVIVO Perfusion SAS of SEK 2,036,000 (1,024,000), liabilities to the subsidiary Shanghai Xvivo Life Technology Co. Ltd of SEK 522,000 (-), liabilities to the subsidiary XVIVO Latin America LTDA of SEK 271,000 (-) and liabilities to the subsidiary XVIVO B.V. Of SEK 577,000 (-).

Note 20. 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 2021 amounted to SEK 5,000 (340,000), of which SEK 5,000 (226,000) was in the Parent Company. Bad debt losses in the Group for which provisions were made during the year amount to SEK 568,000 (298,000), of which SEK 568,000 (298,000) was in the Parent Company.

	Group		Parent Company	
	2021	2020	2021	2020
Account receivables	52,984	40,563	13,683	18,367
Minus provisions for doubtful receivables	-948	-380	-948	-380
Total	52,036	40,183	12,735	17,987

	Group		Parent Company	
Age structure – trade accounts receivable	2021	2020	2021	2020
Not due	28,966	22,749	5,885	6,476
Due in 0-30	10,521	4,079	4,273	1,967
Due in 31-90	5,042	7,123	982	4,574
Due in 91-180	6,029	1,004	889	601
Due in > 180	2,426	5,607	1,654	4,749
Total	52,984	40,563	13,683	18,367

Note 21. Prepaid expenses and accrued income

	Group		Parent Company	
	2021	2020	2021	2020
Rent and other property costs	480	460	372	361
Prepaid insurance	3,399	2,953	2,867	2,491
Other prepaid expenses	3,456	2,530	1,903	1,802
Total	7,335	5,943	5,142	4,654

Note 22. Cash and cash equivalents and bank overdraft facility

Cash and cash equivalents in the cash flow statement consist of the following subcomponents:

	Group		Parent Company	
	2021	2020	2021	2020
Cash and cash equivalent	398,696	354,236	369,479	333,318
Total	398,696	354,236	369,479	333,318

There were no short-term investments.

Cash and cash equivalents include bank balances frozen as security for bank guarantees of SEK 0.3 million (0.8) 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 23. Shareholders' Equity

Share capital

There is only one class of shares and all shares carry the same rights. At December 31, 2021 the registered share capital comprised 29,498,666 (28,719,136) shares.

Other capital contributed

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	
	2021	2020
Opening value	-182	16,228
Exchange-rate difference for the year in foreign subsidiaries, net after tax	22,271	-16,410
Total	22,089	-182

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 24. Earnings per share

Earnings per share	2021	2020
Consolidated net income for the year	8,152	-43,735
Weighted average number of shares before dilution	28,845,691	27,171,352
Dilution effect of stock option program	90,383	183,167
Weighted average number of shares after dilution	28,936,075	27,354,518
Earnings per share before dilution, SEK	0.28	-1.61
Earnings per share after dilution, SEK	0.28	-1.60

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 450,000 outstanding stock options in two programs.

The 2020 Annual General Meeting resolved to issue a maximum of 408,000 stock options (series 2020/2022) with the accompanying right to subscribe for a maximum of 408,000 new shares to employees of the XVIVO Group. Of these stock options, all 374,000 have been subscribed for by employees. The stock options program 2020/2022 gives the stock option holder the right to subscribe for a new share at SEK 205.88 during May 2022.

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 stock options, 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.

During the period January–December 2021, both the average share price for the period and the closing share price per December 31 exceeded the strike price of stock option program series 2020/2022. Upon maturity, the stock option program is estimated to entail a total dilution effect for existing shares of approximately 1.27%.

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. The cost is accounted for under "other operating expenses" and is described in Note 6.

Note 25. Accrued expenses and deferred income

	Group		Parent Company	
	2021	2020	2021	2020
Vacation pay	7,182	8,034	4,657	5,788
Accrued social security contributions	4,096	4,317	2,197	2,607
Accrued special employer's contribution for pension expense	3,153	2,530	2,579	1,903
Accrued salary, pension and bonus	23,911	26,587	7,157	10,359
Board fees	1,500	1,378	1,500	1,378
Auditing	200	285	150	210
Other accrued expenses	6,914	5,769	4,341	2,703
Deferred income	3,014	3,715	512	476
Total	49,970	52,615	23,093	25,424

Note 26. 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
12/31/2020							
Interest-bearing liabilities (leases)	3,926	2,356	930	-	-	-	7,212
Other non-current liabilities (non interest-bearing)	-	40,150	-	-	-	-	40,150
Accounts payable	14,468	-	-	-	-	-	14,468
Other liabilities	53,854	-	-	-	-	-	53,854
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

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

Note 26. Financial instruments and financial risk management (cont'd.)

Credit risks

The Group's financial assets are recognized at SEK 470 million (404), of which SEK 399 million (354) is cash and cash equivalents. Historically, the Group has had low credit losses and this was also true for 2021. 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 revaluation 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 2021 was primarily in EUR, 80 percent (81). 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 6 million (2) for the year that ended on December 31, 2021.

Note 27. Fair value and carrying amounts of financial assets and liabilities

Group

Financial assets and liabilities amounted to SEK 470 million (404) and SEK 106 million (76), respectively. There has been no forward cover for the currency components included in the above figures.

Parent Company

Financial assets and liabilities amounted to SEK 395 million (359) and SEK 39 million (37), 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	
	2021	2020	2021	2020
Balance Sheet assets				
Account receivable	52,036	40,183	12,791	18,043
Other current receivables	19,210	9,460	12,467	7,559
Cash and cash equivalents	398,696	354,236	369,479	333,318
Total	469,942	403,879	394,737	358,920

Financial liabilities measured at amortized cost

	Group		Parent Company	
	2021	2020	2021	2020
Balance Sheet liabilities				
Interest-bearing liabilities (leases)	5,721	7,212	-	-
Accounts payable	21445	14,468	11,977	8,349
Other liabilities	78875	53,854	30 111	30 131
Total	106,041	75,534	42 088	38 480

Financial liabilities measured at fair value

	Group		Parent Company	
	2021	2020	2021	2020
Balance Sheet liabilities				
Other liabilities	150,676	40,150	150,676	40,150
Total	150,676	40,150	150,676	40,150

The Group's assets and liabilities in the Balance Sheet are measured at amortized cost except for liabilities for additional purchase price related to acquisition of businesses, which is measured at fair value. 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. Additional purchase consideration is classified under Level 3 and valued at fair value with changes recognized in the Income Statement. The calculation of fair value relating to financial liabilities in level 3 affected the Income Statement by SEK +298,000 in the year (0) and was recognized in financial items. The calculation has taken place in accordance with the Accounting principles indicated in Note 1.

	Group		Parent Company	
	2021	2020	2021	2020
Opening balance	40 150	-	40 150	-
Additional purchase considerations	129 650	41 973	129 650	41 973
Reversal of additional purchase considerations	-20 454	-	-20 454	-
Exchange-rate differences	1 330	-1 823	1 330	-1 823
Closing balance	150 676	40 150	150 676	40 150

Note 27. Fair value and carrying amounts of financial assets and liabilities (cont'd.)

Additional purchase consideration

XVIVO's outstanding commitments for potential additional purchase considerations relating to acquisitions of subsidiaries. In 2020, the Company acquired the subsidiary XVIVO Holding B.V. (formerly Organ Assist BV). Initially, additional purchase consideration of EUR 4 million based on outcome of sales targets and product registration was paid.?? In 2021, the additional purchase consideration linked to the acquisition of XVIVO Holding B.V was reduced by EUR 2 million based on the outcome compared to set sales targets. The value change has been recognized as financial income. The remaining additional purchase consideration of EUR 2 million will become due for payment in the first quarter 2022. 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.

Note 28. Pledged assets for own liabilities

	Group		Parent Company	
	2021	2020	2021	2020
Chattel mortgages	30,000	30,000	27,000	27,000
Blocked funds as collateral Bank guarantees	341	750	341	750
Total	30,341	30,750	27,341	27,750

Note 29. Appropriation of non-restricted equity

Proposed allocation of non-restricted equity

Share premium reserve	1,238,836,825
Retained earnings	-245,849,839
Net income for the year	-1,065,819
Earnings at the disposal of the AGM	991,921,167
To be carried forward	SEK 991,921,167

Note 30. Cash flow statement

	Group		Parent Company	
Interest received and paid	2021	2020	2021	2020
Interest received	-	80	1,515	725
Interest paid	-276	-361	-122	-129
Total	-276	-281	1,393	596

	Group		Parent Company	
Adjustment for non-cash items	2021	2020	2021	2020
Depreciation, amortization and impairment of assets	32,257	30,038	19,360	19,907
Provisions for doubtful trade accounts receivable	568	380	568	380
Inventory obsolescence	-1,425	6,641	-1,694	5,830
Capital gain from sales of fixed assets	142	391	-	-
Changes in provisions	188	-4	188	-4
Reversal of additional purchase consideration	-20,290	-	-	-
Translation differences/exchange-rate differences	-4,245	11,909	-805	9,098
Total	7,195	49,355	17,617	35,211

Note 31. Related party transactions

Related parties

The Parent Company is closely associated with the subsidiaries. Of the Parent Company's total revenues and purchases, SEK 85.839 million (70.329) are revenues from the subsidiaries and SEK 55.556 (56.060) 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 i n senior positions

The Board members of XVIVO did not receive any other remuneration in addition to Board fees during 2020 and 2021, except in one case: The Board member Folke Nilsson invoiced the company SEK 69,000 in 2020 for consultancy services in the field of heart transplantation. Total remuneration paid is presented in the Note "Employees, personnel costs and Board fees" (see Note 7).

Note 32. 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 33. Critical assessments and estimates

Recovery of value of development ependiture

There are no indications of further impairment requirements as at December 31, 2021. 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 15.

Note 34. Reconciliation of alternative performance measures

For definitions of performance measures, see page **120.**

EBITDA

SEK 000	2021	2020
Operating income	**-18,498**	**-45,675**
Amortization and impairment of intangible assets	21,219	17,685
Depreciation and amortization of Property, Plant and Equipment	11,038	12,353
EBITDA (Operating income before depreciation and amortization)	**13,759**	**-15,637**

EBITDA (adjusted)

SEK 000	2021	2020
EBITDA (Operating income before depreciation and amortization)	**13,759**	**-15,637**
Acquisition costs	13,350	2,730
Integration costs	6,334	4,946
Incentive program for foreign employees	-3,902	18,260
	-	9,873
EBITDA (adjusted)	**29,541**	**20,172**

EBIT (adjusted)

SEK 000	2021	2020
EBIT (Operating income)	**-18,498**	**-45,675**
Acquisition costs	13,350	2,730
Integration costs	6,334	4,946
Incentive program for foreign employees	-3,902	18,260
Reorganization costs	-	9,873
EBIT (adjusted)	**-2,716**	**-9,866**

Gross margin

SEK 000	2021	2020
Operating income		
Net sales	258,386	179,861
Operating expenses		
Costs of goods sold	-70,107	-50,131
Gross income	**188,279**	**129,730**
Gross margin, %	**73**	**72**
Gross margin non-Durable goods		
Operating income		
Net Sales, All business except durable goods	233,971	169,425
Operating expenses		
Costs of Goods sold, All business except durable goods	-56,765	-42,225
Gross Income non-Durable Goods	**177,206**	**127,200**
Gross margin non-durable goods %	**76**	**75**

Equity/Asset ratio

SEK 000	211,231	201,231
Shareholders' Equity	1,285,450	1,008,461
Total assets	1,542,596	1,150,309
Equity/Asset ratio, %	**83**	**88**

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 4, 2022. 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 26, 2022.

Gothenburg, April 4, 2022

Gösta Johannesson
Chairman of the Board

Dag Andersson
CEO

Folke Nilsson
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 4, 2022

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 2021, except for the corporate governance statement on pages 67-72. The annual accounts and consolidated accounts of the company are included on pages 57-107 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 2021 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 2021 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 67-72. 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 81 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

Revenue for 2021 in the Group amounted to 258,4 MSEK. 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 15 and accounting principles on page 82 in the annual account and consolidated accounts for detailed information and description of the matter.

Description of key audit matter

As of 31 December 2021, the Group reported goodwill of SEK 460,2 million and capitalized development costs of SEK 456,6 million, representing 59% 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 611,7 MSEK, the value is largely affected by the assess-ment 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 manage-ment'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 1-55. 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 2021 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 2021.

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

In our opinion, the Esef report #9x+zxrT+7bQANPw= 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 technical validation of the Esef report, i.e. if the file containing the Esef report meets the technical specification set out in the Commission's Delegated Regulation (EU) 2019/815 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 Esef report has been marked with iXBRL which enables a fair and complete machine-readable version of the consolidated statement of financial performance, financial position, changes in equity and cash flow.

The auditor's examination of the corporate governance statement

The Board of Directors is responsible for that the corporate governance statement on pages 67-72 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, P.O.Box 11908, SE-404 39 Göteborg, Sweden, was appointed auditor of Xvivo Perfusion AB (publ) by the general meeting of the shareholders on the 26 April 2017. KPMG AB or auditors operating at KPMG AB have been the company's auditor since 2013.

Göteborg 2022-04-04

KPMG AB

(Signature on the original document)

Daniel Haglund
Authorized Public Accountant

Board of Directors and Auditors

Gösta Johannesson
Chairman of the Board

Folke Nilsson

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 Venture Partners, before that in leading positions within Öhman Fondkommission and Handelsbanken Markets. Gösta Johannesson is dependent on the company's major owners. Gösta Johannesson has been a Board member of the company since 2013.

Shareholding in XVIVO: 2,000 shares

Folke Nilsson

Born 1950, trained doctor and Thoracic surgeon. Previously responsible for the Heart and Lung Transplant operations at Sahlgrenska University Hospital and is currently working as a general practitioner. No other Board assignments. Folke Nilsson is independent of the company and the company's major owners. Folke Nilsson has been a Board member of the company since 2013.

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 owners. Camilla Öberg has been a Board member of the company since 2016.

Shareholding in XVIVO: 1,076 shares

Yvonne Mårtensson

Born 1953, MSc in Industrial Economics from University of Technology at Linköping University. Independent Board member and Business Advisor.

Other assignments: Board member of Boule Diagnostics AB and Chairman of the Board of Elos Medtech AB until December 2021. Former CEO of CellaVision AB during the years 1998–2014. Yvonne Mårtensson is independent in relation to the company and the company's larger owners. Yvonne Mårtensson is 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. Chairman of Elekta's customer association Leksell Gamma Knife Society. Thirty years' experience from leading commercial positions with 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 owners. 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 at AddBio. Lars Henriksson is independent in relation to the company and the company's major owners. Lars Henriksson has been a Board member of the company since 2020.

Shareholding in XVIVO: 900 shares

Auditors

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

KPMG AB

Visiting Address: Norra Hamngatan 22
404 39 Gothenburg
Tel no. +46 31 614800

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

Senior Management

Dag Andersson
CEO

Born 1961, MBA from INSEAD and a B.A. (Hons) in Business and Commerce from Stockholm School of Economics. Long experience from the MedTech and life science industry, most recently from the role as CEO for Diaverum AB 2008-2018, and before that leading positions at Mölnlycke Health Care AB 1993 - 2007.

Other assignments: Board member of GHP Diabetes Care AB (publ) and Terveystalo Oy (publ).

Shareholding in XVIVO: 26,414 shares and 47,000 stock options

Christoffer Rosenblad
COO (Chief Operating Officer) and Deputy CEO

Born 1975. M.Sc. (Mech. Eng.) Chalmers Institute of Technology and B.Sc. (Econ.) Gothenburg School of Economics. Formerly Business Controller at Ciba Vision Nordic AB and various financial positions at LG Electronics.

Other assignments: Board member of Sedana Medical AB

Shareholding in XVIVO: 52,915 shares and 23,500 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.

Shareholding in XVIVO: 1,311 shares and 13,000 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.

Shareholding in XVIVO: 1,000 shares and 21,000 stock options

Charlotte Walldal
Global research and 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 within development and innovation.

Shareholding in XVIVO: 0 shares and 16,000 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.

Shareholding in XVIVO: 500 shares and 16,000 stock options

Katrin Gisselfält
Global Quality Assurance and 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 studies at Artimplant AB.

Shareholding in XVIVO: 0 shares and 16,000 stock options

Fredrik Dalborg
Managing Director North America

Born 1972. B.Sc. (Econ.), Stockholm School of Economics. Formerly CEO and President of Etac Group and CEO of Boule Diagnostics, and leading positions in sales, marketing and business development in Terumo. Fredrik is also a Reserve Officer and has served for four years with the Swedish marines.

Shareholding in XVIVO: 500 shares and 0 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.

Shareholding in XVIVO: 0 shares and 2500 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. "Opposite" of in vivo.
EVLP or (Ex Vivo Lung Perfusion)	Perfusion of a lung outside the body. The procedure is normally done 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 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 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.
Durable goods	Revenues from the sale or rental 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.
Preclinical 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 includes Perfadex® Plus as well as other products and services related to the use of that product.
Xeno-transplantation	Transplantation of living cells, tissues or organs from one species to another.
Other sales	In terms of product category, Other sales refers to income relating to freight, service and training.

Definitions

Key ratio	Definition	Justification to use of key ratio
Gross margin non-durable goods, %	Gross income segment non-durable goods as a percentage of the net sales of segment non-durable goods.	The Company believes that the key ratio provides an in-depth understanding of the company's profitability for operations for non-durable goods. Since the pricing strategy for durable goods differs from the pricing strategy from all other operations, the gross margin is presented separately from durable goods.
Gross margin, %	Gross income as a percentage of net sales for the period.	The Company believes that the key ratio provides an in-depth understanding of the company's profitability.
EBITDA margin, %	Operating income before depreciation and amortization as a percentage of 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) 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 EBITDA provides a more accurate 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 accurate view of the Company's EBIT for the core operations.

Key ratio	Definition	Justification to use of key ratio
Operating margin, %	Operating income as a percentage of 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 as a percentage of 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 and non-controlling interests as a percentage of total assets.	The Company believes that the equity/asset ratio provides 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 record 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.

Extending horizons

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