

Strong sales growth with improved results during the year

- Growth with almost 50 %* increase for our BPH treatment method, CoreTherm

1 January-31 December

- Net sales reached SEK 17,1 (12,5) million
- Loss after taxes SEK -7,9 (-10,0) million
- Earnings per share were SEK -0,17 (-0,27)
- Cash and equivalents were 13,2 (10,5) million
- The Board of Directors proposes that no dividend will be paid for 2021

Significant events during period

- Agency agreement signed in Finland
- Three clinics are appointed Centre of Excellence

1 October-31 December

- Net sales reached SEK 4,9 (3,7) million
- Loss after taxes SEK -2,2 (-3,7) million
- Earnings per share were SEK -0,04 (-0,09)

Significant events after the end of the period

- Distribution agreement signed for the UK market
- Utility patent was approved in China

* in treatment catheters

Key figures

(SEK MILLION)	Jan-Dec 2021	Jan-Dec 2020	Jan-Dec 2019	Jan-Dec 2018	Jan-Dec 2017
Net sales	17,1	12,5	12,9	13,6	13,5
Gross margin, %	86	77	70	60	66
Operating profit/loss	-7,9	-9,9	-10,4	-13,0	-16,9
Cash flow from operating activities	-5,8	-8,6	-9,2	-11,9	-16,1
Average number of employees	7	6	5	8	11

” During the year, we have shown that our product portfolio and our treatment concept are to be counted on and I am convinced that we will see further success in 2022.”

Johan Wennerholm
CEO, ProstaLund AB (publ)

CEO statement

When I look back on my first year as CEO and summarize what we have achieved, it is with a good feeling. What I promised a year ago has actually been fulfilled in many ways:

- Sales have increased substantially, and we have gained market share.
- Product portfolio has been strengthened and extended.
- Framework agreement with the VG-region, Sweden
- Green light in Norway with *Nye Metoder*.
- New customers in both Sweden and Denmark.

If you look at the key figures table, page 1, I am personally very pleased that we have improved operating profit by SEK 9 million since 2017. If you also look at the graph to the right, it becomes clear what growth we have had since we decided to change our strategy. That decision was crucial to get us where we are today. In Sweden, there are also over 200,000 men who take drugs for benign prostate enlargement. A large number of these men could benefit from our method. The market is large, even at our home market.

But we are not satisfied. Our goal to become a urology company is taking shape, we are no longer a one-product company. We will increase our market shares, with a focus on more private clinics, and we have begun the journey outside the Nordic region, even though it is in its infancy.

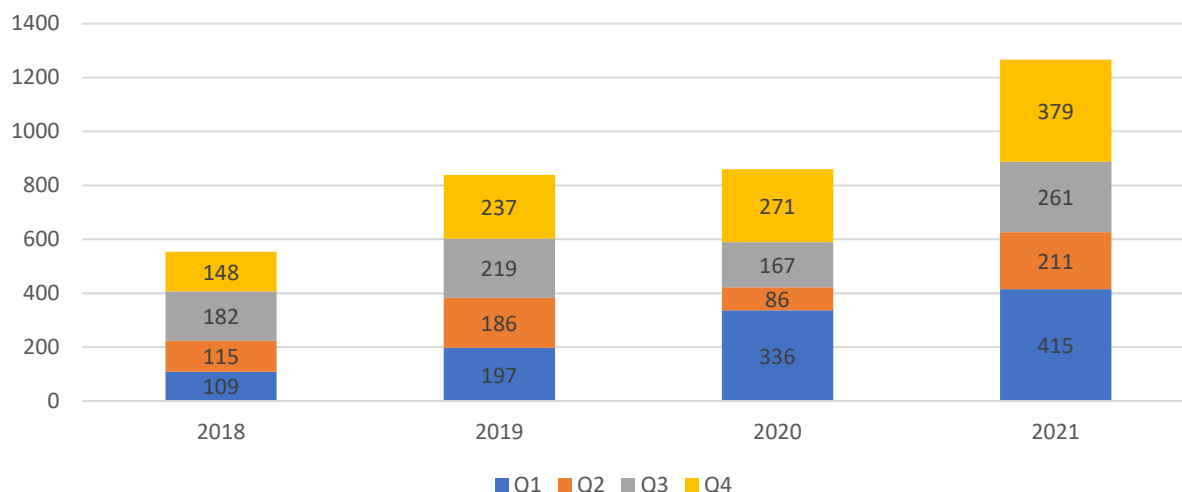
Sales of CoreTherm catheters rolling 12 months



Strong sales for CoreTherm® despite the pandemic

Although the pandemic continued in 2021, we exceeded the 2020 figures by a very good margin. In all quarters in 2021, we beat the corresponding quarter of the previous year. In Q4, we delivered 379 CoreTherm® treatments, which gave us a total of 1,266 for the full year 2021, a 47% increase from the 860 treatments for 2020.

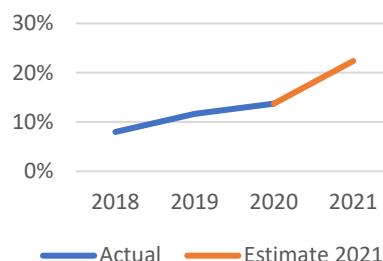
Number of CoreTherm treatments performed in the Nordic region 2018-2021



Marketing positioning

Our changed market positioning has meant that the market share in Sweden from 2018 of 8% has increased to 20–22% according to our assessment for 2021. Based on our assessment, the queues that has increased due to covid-19 cannot be eliminated with surgery (TURP). Our method, CoreTherm®, will therefore be an important tool when the queues have to be shortened. This means that we assume that the market share for CoreTherm® will grow in the next few years.

CoreTherm ratio of all BPH treatments in Sweden



The Nordic region is our focus

The focus for us is still the Nordic region. The strategy is to achieve success at our home market before we invest in geographical expansion. That being said, during the autumn we have carried out some preliminary work for expansion in Europe in the form of interviews, evaluation of individual products such as CoreFlow in some markets. The response has been good and the agreement in the UK in January 2022 is a result of this work. In 2022, we will continue to investigate whether there are more interesting markets in Europe.

Increased communication with more target groups

The third part of the strategy change from 2019 was to change both communication and target groups. Our information campaigns for patients and the general public are important. In addition to those who make direct contact with their local urologists, this year we have received approximately 2,000 calls from patients and relatives who have requested further information about CoreTherm. The goal is for all patients with benign prostate enlargement to be offered the opportunity to choose thermal therapy with CoreTherm®. Another important effort in this communication work is to continue to inform regional politicians and officials and make them aware of CoreTherm® and its benefits. In addition to being a good treatment for prostate enlargement, CoreTherm® is a very effective solution for the regions. It frees up resources and also at a lower cost than the alternatives, both surgery and no treatment at all. The agreement with Capio Örebro is a proof of this.

During the year, we have shown that our product portfolio and our treatment concept are to be counted on and I am convinced that we will see further success in 2022.

Johan Wennerholm,
CEO, ProstaLund AB (publ)

Financial information

Company information

ProstaLund AB (publ), corporate identity 556745-3245, with its registered head office in Lund is the parent company of the ProstaLund Group. The address of the head office is Scheelevägen 19, 223 70 Lund. Wholly owned subsidiaries are Nordisk Medicin & Teknik AB and CoreTherm®Medical Inc (USA).

Shares

ProstaLund is listed on the Nasdaq First North Growth Market. The company is traded under the ticker name PLUN and the ISIN code SE0002372318. Certified Adviser is Västra Hamnen Corporate Finance AB.

The number of shares at the end of the period was 51 525 365 and the quota value was SEK 1.00 per share. All shares are of the same type and have the same voting rights.

Scope of the report

This year-end report covers the period from 1 January 2021 to 31 December 2021. The comparative information in the report refers to the corresponding period in 2020, unless otherwise stated. All information in the report refers to the ProstaLund Group, unless it is explicitly stated that the information refers to the parent company ProstaLund AB (publ).

Impact of the covid-19 pandemic

The pandemic has had a negative effect on the company's sales. The company estimates this at approximately SEK 4 million for the full year.

The company expects that the covid-19 pandemic will have a negative impact on ProstaLund's sales and earnings for a further number of months to come. How large or long-term the effects of covid-19 will be for the Company is currently very difficult to assess.

The company has implemented the authorities' safety regulations to prevent the spread of infection and protect personnel. Travel and conferences are due to the pandemic are limited. Based on new directives from the authorities, this may change.

Sales and earnings

Net sales came in at SEK 17,073 (12,465) thousand, which was a 37 % year-on-year increase. The change is

due to the new private clinics that despite the pandemic, continue to produce healthcare. The operating loss was SEK -7,854 (-9,919) thousand. The improvement in earnings is in large part due to growth and margin improvements in Sweden. Loss after tax came in at SEK -7,884 (-9,980) thousand.

Sales and earnings – fourth quarter

Net sales came in at SEK 4,933 (3,675) KSEK, which was a 34 percent year-on-year increase. The operating loss was SEK -2,228 (-3,731) thousand. Loss after tax came in at SEK -2,223 (-3,745) thousand.

Investments

Investments in property, plant & equipment amounted to SEK 195 (305) thousand. Investments in intangible assets amounted to SEK 8,992 (3,165) thousand. Investments in financial assets amounted to SEK 0 (0) thousand.

Investments - fourth quarter

Investments in property, plant & equipment amounted to SEK 11 (305) thousand. Investments in intangible assets amounted to SEK 3,823 (1,913) thousand. Investments in financial assets amounted to SEK 0 (0) thousand.

Financing

Cash flow from operating activities amounted to SEK -5,804 (-8,626) thousand. Cash and cash equivalents at the end of the period amounted to SEK 13,239 (10,495) thousand. Equity amounted to SEK 35,456 (25,352) thousand and the equity / assets ratio was 82 (82) percent.

Redemption of the warrants received in the 2020 rights issue was carried out during the month of July and provided the company with approximately SEK 18.1 million in new capital after the issue costs were paid.

Financing – fourth quarter

Cash flow from operating activities amounted to SEK 470 (-2,376) thousand. Cash and cash equivalents at the end of the period amounted to SEK 13,239 (10,495) thousand. The company raised a loan from ALMI of SEK 1 million in December 2018. The loan from ALMI runs for 36 months and has a market interest rate.

Installment and interest have been charged to the quarter.

Organisation

The number of people employed was 6 (7) at the end of the period. The employees included 3 (3) women and 3 (4) men. The average number of employees was 7. The number of consultants is 4.

Research and development

Development work is conducted in-house in collaboration with technical consultants and external clinics. The development work is focused on new development and further refinement of the current product portfolio..

Insurance

ProstaLund has a standard corporate insurance which also includes product liability. The insurance is subject to ongoing review. The Board of Directors assesses that the corporate insurance is adapted to the current scope of operations.

Disputes

ProstaLund is not a party in any legal disputes or arbitrations. The Board of Directors is not aware of any circumstances that could lead to any such legal processes being imminent.

Risk factors

ProstaLund is affected by a number of risks whose effects could have a negative impact on its future, earnings or financial position. The latest annual report, which is available on the company's website www.prostalund.se, contains a description of the risk factors. The risk factors that are judged to be of the greatest importance are listed below, in no particular order:

- Depending on financing
- Depending on key personnel
- Regulatory approvals
- Product liability
- Currency risk
- Competition
- Disputes
- Changes in legislation

Prerequisites for continued operation

This financial information has been prepared based on the assumption of continued operations. The company has historically reported losses. In preparing the report, management has based its assumptions on existing cash and cash equivalents, increased sales and the possibility of other financing.

When estimating future expenses, management has taken into account that certain expenses are under management's control and can thus be eliminated or postponed to the future. Management is aware that there are uncertainties in the estimation of future cash flows as well as uncertainties in the financing of operations.

If the Group for some reason can't continue to operate, it may affect the Group's ability to realize the assets carrying amounts, especially related to capitalized expenses for development work, and to pay debts at a normal rate and to the amounts included in the Group's interim report.

Valuation of intangible assets

The reported capitalized expenses for development work are subject to management's impairment test. The most critical assumption, evaluated by management, relates to whether the intangible asset is expected to generate future economic benefits, which at least correspond to the carrying amount of the intangible asset. Management's assessment is that the expected future cash flows are sufficient to justify the carrying amount of the intangible asset, which is why no write-down has been made. However, the valuation is based on and dependent on the conditions for continued operation.

Remuneration policy

The guiding principle is that ProstaLund will offer its management and key personnel competitive remuneration based on the market situation, the company's performance and individual performance. The design of the remuneration policy shall ensure that the management and key personnel and the shareholders have common goals.

Annual report

The annual report for 2020 was published on April 6, 2021. The annual report is available on the company's website www.prostalund.se.

Nomination Committee

In accordance with a decision at the Annual General Meeting, the Chairman of the Board is the convener and co-opted to the Nomination Committee. After consultation with the company's largest owner as of September 30, 2021, the Nomination Committee came to consist of the following three members: Mats Alyhr, William Gunnarsson and Sonny Schelin.

The Nomination Committee prepares proposals for the 2021 Annual General Meeting regarding e.g. board members, auditors, remuneration, etc.

The last day to submit proposals to the Nomination Committee is March 30th, 2022.

Annual General Meeting

The Annual General Meeting for 2021 will be held on May 5th 2022 in Lund.

Proposal for appropriation of profit

The Board of Directors will propose is that no dividend be paid to the company's shareholders.

Upcoming financial information

- 2022-05-11 Interim report Jan-Mar 2022
- 2022-07-14 Interim report Apr-Jun 2022
- 2022-10-21 Interim report Jul-Sep 2022
- 2023-02-16 Year-end report 2022

Accounting policies

This report has been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general advice. Accounting principles and calculation methods applied are in accordance with the accounting principles used in the preparation of the most recent annual report.

Audit

This report has not been subject to review by the company's auditors.

ProstaLund AB (publ)
Lund, February 18, 2022

Styrelsen

FOR QUESTIONS ABOUT THIS REPORT, PLEASE CONTACT:

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PUBLICATION

This information is information that ProstaLund AB is obliged to make public pursuant to the EU Market Abuse Regulation. The information was submitted for publication, through the agency of the contact person set out above, at 08:08 a.m. CET 18 February 2022.

ADRESS

ProstaLund AB

Scheelevägen 19

SE-223 70 Lund

ProstaLund is listed on the Nasdaq First North Growth Market. The Company is traded under the ticker name PLUN and ISIN code SE0002372318.

Certified Advisor is Västra Hamnen Corporate Finance AB.

Consolidated Income Statement in Summary

All amounts in SEK thousand	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Operating income				
Net sales	4 933	3 675	17 073	12 465
Cost of goods sold	-627	-341	-2 390	-2 920
Gross profit	4 306	3 334	14 683	9 545
Sales & Marketing expenses	-2 234	-3 262	-12 217	-9 728
Administrative expenses	-3 313	-2 586	-6 809	-6 200
Research and development costs	-990	-1 043	-3 244	-3 874
Other operating income	101	-180	101	405
Capitalized development expenditure	-99	6	-369	-67
Operating profit/loss	-2 228	-3 731	-7 854	-9 919
Profit/loss from financial items				
Interest income and similar profit/loss items	-	-	5	-
Interest expenses and similar profit/loss items	-5	-14	-35	-61
Profit/loss after financial items	-2 233	-3 745	-7 884	-9 980
Tax expenses	-	-	-	-
Profit/loss for the period	-2 233	-3 745	-7 884	-9 980
Share attributable to parent company shareholders	-2 233	-3 745	-7 884	-9 980

Per share data	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Earnings per share, SEK (basic and diluted)	-0,04	-0,09	-0,17	-0,27
Equity per share, SEK	0,69	0,60	0,69	0,68
Equity-asset ratio, %	82%	82%	82%	82%
Number of outstanding shares	51 525 365	42 156 813	51 525 365	42 156 813
Average number of outstanding shares	51 525 365	42 156 813	46 841 089	37 341 132

Definitions of financial ratios

Earnings per share. Profit/loss for the period divided by average weighted number of shares

Equity-asset ratio. Equity divided by total assets.

Equity per share. Equity divided by number of shares at the end of the period.

Quarterly financial performance

All amounts in SEK thousand	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020
Net sales	4 933	3 690	3 179	5 271	3 675	2 676	1 551	4 563
Gross profit/loss	4 306	3 044	2 942	4 391	3 334	2 170	767	3 274
Gross margin in %	87%	82%	93%	83%	91%	81%	49%	72%
Overhead costs	-6 536	-4 679	-5 669	-5 385	-6 891	-3 818	-4 234	-4 859
Operating profit/loss	-2 228	-1 699	-2 761	-1 166	-3 731	-1 486	-3 110	-1 592
Profit/loss for the period	-2 233	-1 707	-2 771	-1 173	-3 745	-1 502	-3 125	-1 608
Cash flow	-3 464	13 942	-2 805	-4 929	-2 800	10 304	-6 722	-47

Consolidated Balance Sheet in Summary

All amounts in SEK thousand	2021-12-31	2020-12-31
Assets		
Intangible assets	20 420	11 635
Property, plant & equipment	400	305
Inventories	6 570	5 919
Trade receivables	1 355	1 522
Other receivables	1 456	1 005
Cash and cash equivalents	13 239	10 495
Total assets	43 440	30 881
Equity and liabilities		
Equity	35 456	25 352
Interest-bearing liabilities, longterm	0	200
Current interest-bearing liabilities	200	400
Trade payables	6 144	2 808
Other liabilities	1 640	2 121
Total equity and liabilities	43 440	30 881

Consolidated statement of changes in equity

All amounts in SEK thousand	2021-12-31	2020-12-31
Opening balance	25 352	22 232
New share issues	18 737	14 447
Costs of new share issues	-602	-1 461
Profit/loss for the period	-7 884	-9 980
Other comprehensive income for the period	-147	114
Closing balance	35 456	25 352

Cash Flow Analysis in Summary

All amounts in SEK thousand	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Profit/loss after financial items	-2 233	-3 745	-7 884	-9 980
Adjustments for non-cash items	440	622	-260	239
Tax paid		-		-
Cash flow from operating activities before changes in working capital	-1 793	-3 123	-8 144	-9 741
Changes in working capital	2 263	747	2 340	1 115
Cash flow from operating activities	470	-2 376	-5 804	-8 626
Capitalization of development expenditure	-3 823	-19	-8 992	-3 165
Acquisition/disposal of property, plant & equipment	-11	-305	-195	-305
Cash flow from investing activities	-3 834	-324	-9 187	-3 470
New share issue	-	-	18 737	14 447
Transaction costs attributable to new share issue	-	-	-602	-1 416
Change in bank overdraft facilities	-100	-100	-400	-200
Cash flow from financing activities	-100	-100	17 735	12 831
Total cash flow for the period	-3 464	-2 800	2 744	735
Cash and cash equivalents at start of period	16 703	13 295	10 495	9 760
Cash and cash equivalents at end of period	13 239	10 495	13 239	10 495

Income Statement - Parent Company

All amounts in SEK thousand	Oct-Dec 2021	Oct-Dec 2020	Jan-Dec 2021	Jan-Dec 2020
Operating income				
Net sales	4 668	3 673	16 796	12 034
Cost of goods sold	-942	-298	-2 242	-2 654
Gross profit	3 726	3 375	14 554	9 380
Sales & Marketing expenses	-3 571	-3 372	-12 188	-9 649
Administrative expenses	-2 123	-2 585	-6 809	-6 200
Research and development costs	-991	-1 043	-3 244	-3 874
Other operating income	171	-180	843	405
Capitalized development expenditure	-96	8	-363	-63
Operating profit/loss	-2 884	-3 797	-7 206	-10 001
Profit/loss from financial items				
Interest income and similar profit/loss items	-	-	5	-
Interest expenses and similar profit/loss items	-5	-14	-35	-60
Profit/loss after financial items	-2 889	-3 811	-7 236	-10 061
Tax expenses	-	-	-	-
Profit/loss for the period	-2 889	-3 811	-7 236	-10 061

Balance Sheet - Parent Company

All amounts in SEK thousand	2021-12-31	2020-12-31
Assets		
Intangible assets	20 420	11 635
Property, plant & equipment	400	305
Financial assets	464	514
Inventories	6 480	5 814
Trade receivables	1 334	1 336
Receivables from group companies		0
Other receivables	1 519	1 005
Cash and bank balances	13 049	10 301
Total assets	43 666	30 910
Equity and liabilities		
Equity	35 727	24 829
Interest-bearing liabilities, longterm	0	200
Current interest-bearing liabilities	200	400
Liabilities to group companies		721
Trade payables	6 138	2 766
Other liabilities	1 601	1 994
Total equity and liabilities	43 666	30 910