

ANNUAL REPORT 2021

S2Medical AB (publ)



S2MEDICAL IN BRIEF

S2Medical is an innovative medical technology group founded in 2013, with the vision of replacing wound care with a holistic concept for wound healing, the Company intends to become a market-leading player in wound healing for burns and chronic wounds.

The Group offers a holistic concept in wound healing based on the three essential steps of debridement, granulation, and re-epithelialization. In addition to proprietary products, S2Medical AB is also a reseller of a broad portfolio of medical devices in wound healing. During the third quarter of 2021, the Company completed the acquisition of Curenc AB, a technology platform for antibacterial peptides, which the Company believes will mean a major advance in the treatment of multi-resistant bacteria. The subsidiary Instagraft AB is already part of the Company group.

S2Medical AB operates in an attractive market undergoing growth, the global wound care market is expected to amount to USD 27.3 billion in 2028, with an average annual growth (CAGR) of 4.1% during the period 2020-2028. Growth is driven, among other things, by an aging population and an increased incidence of chronic diseases.

S2Medical AB has its head office and production facility in Linköping, Sweden. Since 2019, the Company has also been established in the Middle East through a sales office based in Dubai. The Company has also had its own wound healing center in Linköping since 2018, under the name S2Clinic.

Sales of the Companies' products take place via direct sales in the Nordic region, and via a strategic network of distributors in the Company's other main markets; Europe, the Middle East, Africa and Asia.



INSTAQRETT®
EPIPTECT® Safestop®
NexoBrid



ivaq®



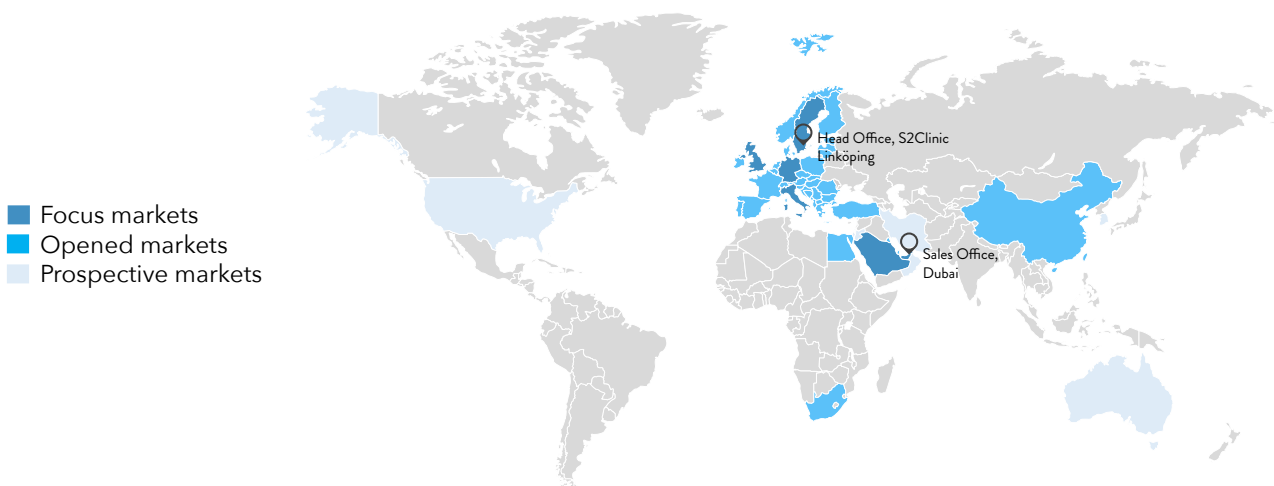
EPIPTECT® 2117
EPIPTECT® ULCER
Instagraft®

7,7 MSEK
Net revenues 2021

24,8 MdUSD
Wound care market 2024P

21
Employees

Geographic expansion



- Highway to healing.®

Annual report 2021 | S2MEDICAL



A FEW WORDS FROM OUR CEO

In 2021, as the pandemic subsided, S2Medical finally had the opportunity to return to its core business. In terms of sales, the wound healing segment increased by more than 250% compared to 2020. This increase was planned even before the start of the pandemic in 2020, but came to fruition as the pandemic gained ground. We are therefore extremely grateful to have now reached the point where we once again receive acknowledgement that the hard work put in by our sales team actually gives results. S2Medical is now ready to increase its sales significantly. In Sweden, this is supported by the fact that we have secured a major procurement in one of Sweden's largest regions, and that one of our existing procurements was extended. We have also seen great progress in sales in the Middle East. In the United Arab Emirates, our increased sales volumes led to a full registration as the quantities of products we imported were too large to use temporary import permits. Looking ahead, we also expect an increase in sales from the Company's branch in the Middle East, which not only expects increased sales from the UAE but also from the market introduction that's already underway in Saudi Arabia.

During the year, several evaluations, as well as studies, were carried out using the Company's technologies. Overall, our way of working with wounds has had an increasing impact internationally, and we continue to prove that we are the best in the world at healing wounds. This further confirms that what we offer our customers is strong and appreciated. Timely wound healing! Furthermore, our production facility has taken the step from certification according to ISO9001 to certification according to ISO13485, which increases our credibility on a global scale.

In the year ahead, S2Medical will continue its transatlantic expansion in the United States. The greatest principled factor in the choice to move into the United States right now is the fact that it has been decided on a political level to introduce a results-driven payment model for wound care. The caregivers will consequently make money from healing chronic wounds and, together with the insurance companies, will also be able to share an extra pot if they can heal the wounds quickly. This is what we have predicted, but also what we have waited for since the formation of S2Medical. From now on, using S2Medical's products and working methods will financially reward the care providers in the United States who choose to work according to our model. Healing wounds has always been what gives caregivers the greatest ethical gain, but now it will also be rewarded financially.

One of the activities we see ahead of us that will create a lot of value in the Company in the coming years is the acquisition of the technology based on antimicrobial peptides. As a result of the acquisition, we applied for an additional patent at the end of October, and have also initiated a collaboration with the Research Institute of Sweden (RISE) to map the regulatory path to market approval for one or more products based on the technology.

Thanks to the fact that the effects of the pandemic are now beginning to subside, we can start returning to regular operations at the S2Clinic. In addition to the regular visits from our own patients, our personnel also help to train other health centers in wound healing. We are so incredibly proud of our staff at the clinic, who, in addition to giving their all for our wound healing business, without compromise, are always warmly appreciated by our patients. Thanks to the fact that we can now welcome patients to our own clinic, we can also begin our own evaluation of ivaQ to ensure a smooth roll-out of the system to our customers around the world.

PETTER SIVLÉR,
CEO

SALES & MARKETING



Epiprotect is procured in five Swedish regions to a value of MSEK 13

In December, the Company won a procurement for Epiprotect in Region Femklövern. The procurement is estimated to have a value of approximately MSEK 13 and runs until the end of 2023. The products previously won a slot in an supplementary procurement in the regions, but has now taken a slot in the regular procurement.



The Company receives full market approval in the United Arab Emirates

As sales volumes of Epiprotect increased in the UAE, it was no longer been possible to rely on temporary import permits. This led to full registration of Epiprotect in the country, which will facilitate the import of bandages to the country, which will ultimately have a positive effect on sales.



The Company signs an exclusive distribution agreement for the Saudi Arabian market

During the year, the Company signed an exclusive distribution agreement with Arabian Trade House for the Saudi Arabian market. Saudi Arabia is one of the most important markets in the Middle East, and will shape the Company's operations in the coming year. The agreement entails initial orders of SEK 250 000, as well as obligations for orders of MSEK 14 over the next three years.



Record orders from the United Arab Emirates

The Company received a number of record orders during the year from the Company's distributor in the United Arab Emirates. The orders are the result of several successful evaluations and signed framework agreements with the largest hospitals in the country.

RESEARCH & DEVELOPMENT



CE marking of ivaQ and Epiprotect

During the year, the Company has received approval for CE marking in class IIIb and IIa of the products Epiprotect and ivaQ, respectively, in accordance with the Medicines Directive 93/42/EEC. The new type of Epiprotect opens up opportunities for extended use on a wider range of wounds. The CE marking of ivaQ means approval to market the product, both for the treatment of surgical incisions and chronic wounds.



The Company is certified in accordance with ISO13485

The Company has successfully undergone a certification audit for the quality management system ISO13485:2016. The approval means increased credibility for the Company and its products globally, and will facilitate registration of the products in many different markets.

BUSINESS DESCRIPTION

PRODUCT AREAS

S2Medical offers products covering the entire wound healing process, from debridement and granulation to re-epithelialization. That is to say, products for the initial phase of the wound healing process through to the end, when the wound is completely healed.

Debridement

In the product area debridement, the Company offers products that are used in the surgical cleaning and removal of dead tissue to facilitate healing. Products in S2Medical's portfolio in debridement are:

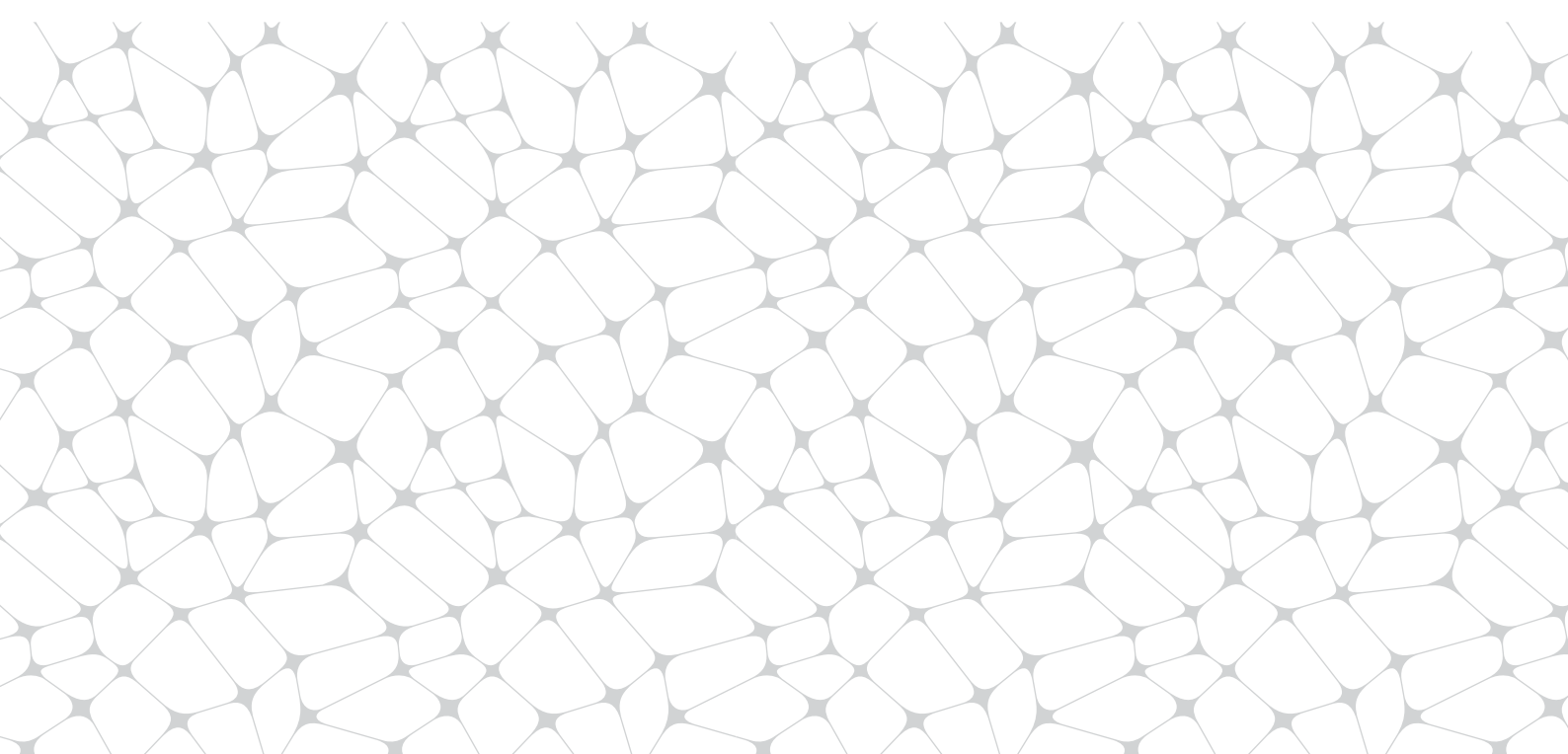
- INSTAQRETT®, a sterile single-use mechanical debridement tool that enables rapid and cost-effective wound debridement. The product is a good tool for surgical cleaning and removal of dead tissue to facilitate healing.
- EPIPTECT® Safestop®, which quells bleeding in tissues without the use of drugs. The product can be used in the case of skin grafts, removal of the outer layer of dead tissue, and in most cases of capillary bleeding. Safestop also acts as a substitute when adrenaline-treated gauze bandages are not preferable.
- NexoBrid, which enzymatically removes burnt tissue without affecting healthy tissue. The Company is a reseller of this product in Sweden for the German company Mediowound GmbH.

Granulation

In the product area granulation, the Company offers products for the build up of a blood vessel-rich tissue. S2Medical also intends to offer the product ivaQ® in granulation, the product was CE-marked in 2021 and is intended to be launched in the coming years. IvaQ is the world's smallest and quietest Negative Pressure Wound Therapy (NPWT). The product can be used entirely free of canisters or absorbent dressings. The NPWT unit is equipped with a hose that absorbs fluid, which enables patients with heavily secreting wounds to experience the freedom of a small, flexible and portable unit. These properties are what distinguish ivaQ from the competition, as competing products are usually large, loud, and relatively cumbersome for patients to carry.

Re- epithelialization

In the product area re-epithelialization, S2Medical offers products for the restoration of the epithelium, i.e. products that promote the growth of a type of tissue, which covers the body's surfaces, over an area that has been burned or is a wound.



- **Epiprotect.** Epiprotect is based on the Company's proprietary and cellulose-based material, eiratex, which has the property of resembling human skin. In studies and through the treatment of thousands of patients between the ages of 0 - 92, Epiprotect has shown significant advantages compared to standard treatment, such as ease of use, pain relief, and shortened healing time. About 90 percent of difficult-to-heal wounds actually heal when treated with Epiprotect.¹ Since 2021, Epiprotect has been the standard treatment for both diabetic foot ulcers (DFU) and burns at a number of hospitals in the Middle East.

In June 2021, Epiprotect's CE marking was upgraded to class IIb, which in turn means that Epiprotect may be used in the treatment of a greater number and more advanced types of wounds. This also means that Epiprotect can be marketed with claims, for example, that the microenvironment and wound healing ability are improved.

¹ Giancarlo delli Santi, Alessandro Borgognone, The use of Epiprotect®, an advanced wound dressing, to heal pediatric patients with burn: a pilot study, 2019-05-14.

Antimicrobial peptides

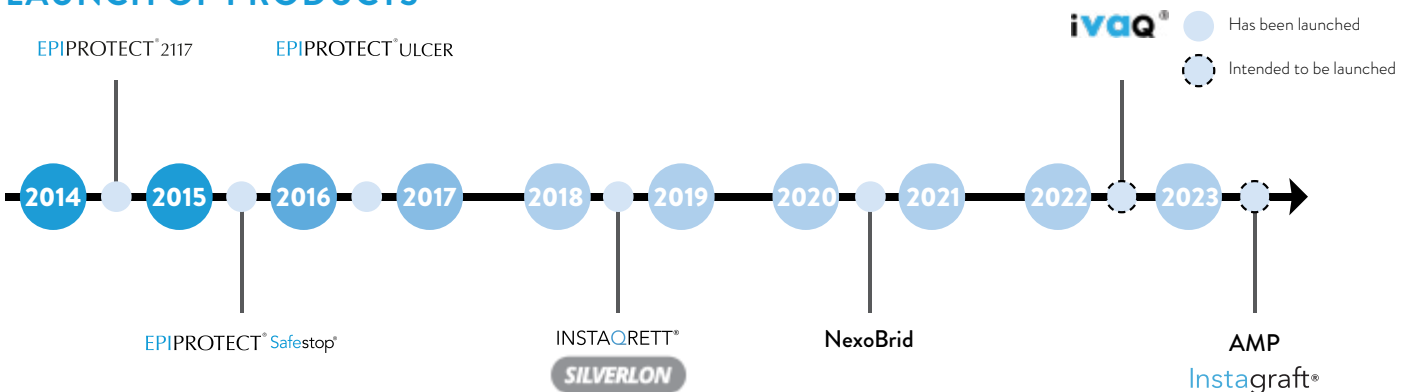
AMP technology based on antimicrobial peptides has the potential to be used during all phases of wound healing. In both in vitro and in vivo studies, the molecule has been shown to be effective in treating infections with several different types of bacteria, including multi-resistant staphylococci.

Other

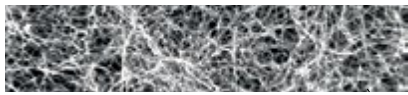
S2Medical also offers the products NoSmell for odor removal and Silverlon®, which is a registered product owned by the company Argentum Medical, in its portfolio. Silverlon® can, like AMP technology, be used in all of the product areas below. The Company's products within the various product areas, and a timeline containing the previous and upcoming launch dates of the products, are presented below.



LAUNCH OF PRODUCTS



HOW EIPROTECT® WORKS

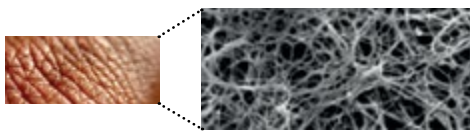


<eiratex®

EIPROTECT® with its eiratex® membrane has a nanostructure similar to collagen, which gives the product an extremely high biocompatibility and full functionality as a cell-free biosynthetic epithelium. The nano size of the network of fibers in EIPROTECT® also stops bacteria from reaching the wound.



eiratex® shares the nanostructure of human skin but is a biosynthetic epithelium which does not originate from animals or human tissue.



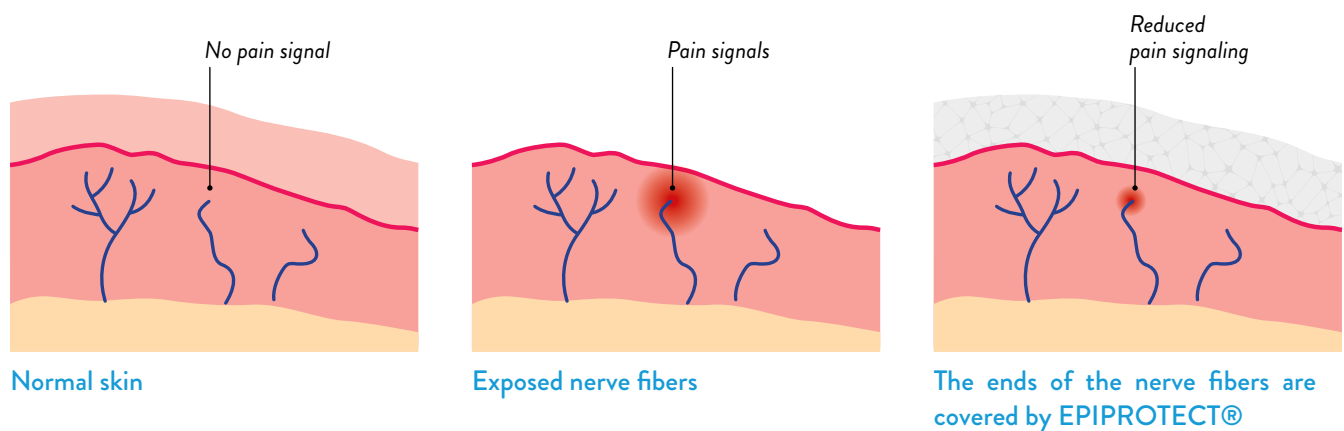
Human skin

The image to the left above shows an image of human skin.
The image to the right above shows the nanostructure of human skin.

The membrane is gas permeable at the same time as buffering moisture, which enables a perfect environment and the right conditions during the entire wound healing process.

Unparalleled pain reduction

Being severely burned is both painful and traumatic. One of the most important properties of EIPROTECT® is therefore its pain-reducing effect, especially in the treatment of children. Through its malleability, EIPROTECT® can adapt to the topography of the wound and ensure that all exposed nerve endings will be covered, which provides immediate pain relief. For that reason, patients treated with EIPROTECT® rarely feel the need for painkillers.



BUSINESS CONCEPT

S2Medical's business concept is to offer efficient and easily accessible medical devices and other solutions to the wound healing market, and to develop the newly acquired peptides into complementary medical devices and drugs. S2Medical's products are intended to optimize both people's wound healing ability and create cost efficiencies for healthcare. By focusing entirely on healing the wounds rather than caring for them, the market can be offered products and services with a high level of competitiveness that can provide significant market advantages for a long time.

GOALS AND VISION

S2Medical's goal is, through dedicated work, to enter products into procurements on a global scale in order to increase sales volume in the coming years.

The vision is to become the market leader in wound healing for burns and chronic wounds, thereby raising patients' quality of life and minimizing costs for society and healthcare.

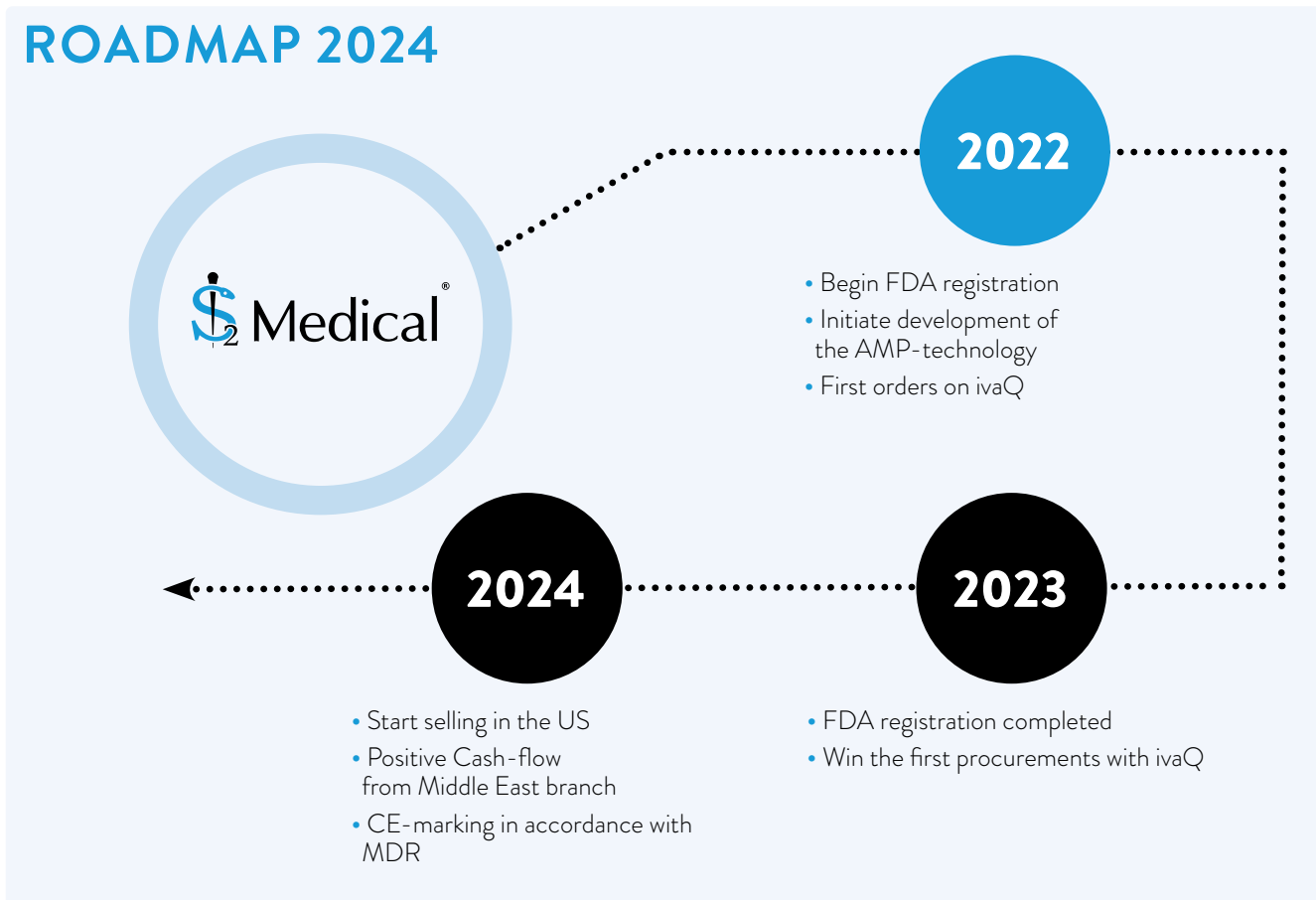
To achieve the goal and vision, S2Medical will continuously strengthen its position in the market through ongoing

contact with leading physicians in the industry in order to make the Group's products standard treatment globally. Our "Roadmap 2024" is presented below, which illustrates S2Medical's goals and vision up to and including the year 2024.

STRATEGY

S2Medical's strategy is in part to expand its own sales and marketing processing of the Nordic market by increasing its own sales force, among other things, but also to expand the cultivation of markets in the rest of Europe and the Middle East with the help of distributors. S2Medical's strategy is to, together with the distributors, recruit product specialists who work dedicatedly with S2Medical's products in order to inform and train doctors, nurses and surgeons.

The Company intends to cover the cost of these resources to the extent necessary for a period of 6–12 months to ensure that S2Medical's products and brand can be established on the markets as quickly as possible. The Company's experience is that sales of medical technology usually take place through procurements that are handled in 2-3 year cycles. This means it is very important to provide extensive information on S2Medical, and create a demand for the Company's products.



ADMINISTRATION REPORT

The Board of Directors and the CEO of S2Medical AB (publ), Corp. ID No. 556934-8344, hereby present the annual report and consolidated financial statements for the financial year January 1 to December 31, 2021.

S2Medical AB (publ) was registered in June 2013, and has since been manufacturing, marketing, and selling products for wound care etc., as well as conducting a certain amount of research in the field. In addition to the operating Parent Company, S2Medical AB, the Group consists of the subsidiaries Instagraft AB and Curenc AB.

S2Medical has its registered office in Linköping.

BOARD OF DIRECTORS

Fredrik Skog (Chair)

Miles Wright (Member)

Chadi Asaad (Member)

Patrick Sheehan (Member)

Mårten Skog (Member)

ORGANISATION

Petter Sivilér (CEO)

Mårten Skog (COO)

SIGNIFICANT EVENTS DURING THE FINANCIAL YEAR

Sales and marketing

In 2021, S2Medical secured a number of strategically important procurements; Products in the Epiprotect® series won a procurement in Region Femklövern to a value of MSEK 13, and during the year Ynolens won a procurement in the Stockholm Region. During the year, extensions of existing framework agreements were also signed, such as in the Halland Region for wound healing materials.

Distribution agreements were signed during the year in South Africa, Saudi Arabia and Japan.

An important breakthrough for the sale of Epiprotect® in the United Arab Emirates took place during the fourth quarter of 2021, when the Company received full market approval for the products within the Epiprotect series, something that facilitates sales and imports of larger volumes to the country.

Epiprotect® also received market approval in China during the year.

S2Clinic

During the year, the clinic continued to adapt to the prevailing pandemic. The business gradually switched to regular operations during the year.

Research and development

The system for the negative pressure system, ivaQ, and the units in the Epiprotect series have undergone an updated CE marking process during the year, under the supervision of a notified body. The CE marking was carried out in accordance with MDD. Adaptation to the new regulatory framework (MDR) will be initiated in 2022, and is expected to be completed in 2024.

COVID-19

In 2021, as in 2020, S2Medical has been able to provide healthcare with medical consumables intended to counteract the spread of COVID-19 via previously established business relationships. The market for medical consumables during the year became more competitive than at the outbreak of the pandemic in 2020, which led to a decrease in revenue from COVID-19 related sales. As the impact of the COVID-19 outbreak on the business's ordinary wound healing products has diminished, the focus has once again shifted to the core business. The sales channels and new contacts established during the pandemic may also be favorable in the marketing of the Company's wound healing products going forward.

SIGNIFICANT EVENTS AFTER THE END OF THE YEAR

On February 16, S2Medical AB received confirmation from the Saudi authorities that the products in the new Epiprotect series are registered and approved for sale in the country as Class IIb. Shortly afterwards, on February 24, the first order for Epiprotect® was placed by the Saudi distributor, Arabian Trade House. The order marks the start of the venture initiated in Saudi Arabia in 2022.

On 4 March, S2Medical AB (publ) received its largest order to date for the Swedish market. The order amounted to circa MSEK 0.5, and was a call-off from the procurement within Region Femklövern that came into force on March 1, 2022.

On March 15, S2Medical AB decided on a rights issue of units for approximately MSEK 30.1, which was secured up to 70% through subscription commitments and guarantee obligations. The rights issue takes place through the issuance of unit rights, which will strengthen S2Medical's financial situation and enable continued focus on sales growth within the regular wound healing portfolio, and continued development of the product portfolio.

DEVELOPMENT OF RESULTS DURING THE YEAR

Turnover for the full year amounted to MSEK 7.7 (25.6). The change is attributable to extraordinary sales of medical consumables intended to counteract the spread of COVID-19 during the comparison year. Sales of regular wound healing products amounted to MSEK 4.6 (1.3), and show a growth of 261% compared with the previous year. The COVID-19 pandemic has had a negative impact on elective healthcare, which has affected sales of regular wound healing products in 2021, but demand has increased gradually during the year.

The Group's operating result for the full year amounted to MSEK -19.8 (-15.1). Compared with the previous year, the result for the full year is negatively affected by sales of medical consumables that, to a greater extent, took place in connection with the COVID-19 outbreak in 2020. Continued investments have been made in sales and marketing, as well as product development, in order to ensure increased revenue from regular wound healing products in the long term, which has contributed to increased personnel costs and other external costs compared with the previous year. The average number of employees has increased to 17 (15) compared with the previous year, which has contributed to increased personnel costs. Other external costs have increased as a result of increased consulting fees and overheads linked to S2Medical's CE marking processes for ivaQ® and Epiprotect®, which were completed during the year, and as a result of the work with ISO certification of the business in accordance with ISO13485.

Cash flow and financial position

Cash flow from operating activities for 2021 amounted to MSEK

-19.7 (-13.0). Cash flow from investing activities amounted to MSEK -3.0 (-2.0). Cash flow from financing activities during the year amounted to MSEK +6.8 (+24.4). Total cash flow in 2021 amounted to MSEK -15.8 (+9.4). Cash flow from operating activities decreased compared with the previous year, which is attributable to the sales of medical consumables that took place to a greater extent in 2020. Cash flow during the comparison year was also strengthened by the new share issue carried out during Q4 2020.

The Group's cash and cash equivalents on the balance sheet date amounted to MSEK 9.5, compared with MSEK 25.3 at the beginning of the year. Equity amounted to MSEK 14.7, compared with MSEK 33.0 at the beginning of the year. The equity/assets ratio at the end of the period was 49 percent.

RISKS AND UNCERTAINTIES

S2Medical AB is exposed to different types of risks in its business. These can generally be divided into market-related risks, business-related risks, and financial risks.

Market-related risks

Customers' willingness to buy goods and services is affected, among other things, by the general financial situation, the desire to try new methods, and their ability to increase efficiency. Furthermore, regulatory approvals may be required to be able to sell the products.

Business-related risks

Failures in R&D projects due to lack of effect, incorrect method choices or assumptions, production disruptions, delays in deliveries and launches, as well as misjudgments of demand and growth rate, patent infringement, and unauthorized patent applications. The Group has only 17 employees, and should one or more of them leave S2Medical, it could have a negative impact on its operations, results, and financial position. To counteract this, subscription warrants, for example, are issued to employees. In addition, the Company works with a network of contractors with verified expertise in various matters.

Financial risks

The Group has a negative operating cash flow and may be in need of capital to be able to follow the existing business plan. The Group's financing takes place in the long-term, and with respect for shareholders' desire to see steady value growth. It cannot be taken for granted that the Group can raise the necessary capital if the need arises. If the Group, for any reason, cannot continue to operate, it may affect the S2Medicals' opportunities to realize the assets' reported values, especially related to capitalized expenses for development work and patents, which are based on, and dependent on, conditions for continued operations. S2Medicals assessment is that the business can be adapted, and that the current financial situation is sufficient for the coming 12-month period. An investment in S2Medical is a risk, but also an opportunity for a good return.

STOCK AND OWNERS

The share has been listed on Nasdaq First North Growth Market, Stockholm, since November 2018, and trading takes place under the ticker S2M. Vator Securities AB is the Company's Certified Adviser. Further information on the stock is available at www.s2m.se.

FINANCIAL CALENDAR

Interim Report Q1, 2022	May 17, 2022
Annual General Meeting 2022	June 1, 2022
Interim Report Q2, 2022	August 23, 2022
Interim Report Q3, 2022	November 5, 2022
Year-end Report 2022	February 17, 2023

SHAREHOLDERS AND KEY FIGURES

SHAREHOLDERS

Below is a list of the 10 largest owners as of December 31, 2021

Name	No. of A shares	No. of B shares	Capital %	Votes %
SivlerSkog Group AB	2 000 000	2 280 667	31,76	63,18
Arbona AB (publ)	625 000	910 784	10,20	16,58
BigState International Investment Ltd		1 335 400	8,87	3,09
Avanza Pension		742 390	4,93	1,72
Nordnet Pensionsförsäkring (Nordnet Pension)		291 632	1,94	0,68
Curenc Holding AB		266 666	1,77	0,62
Johan Grevelius		239 535	1,59	0,55
Thomas Håkansson		154 200	1,02	0,36
Fadi Barakat		118 730	0,79	0,27
Ludvig Strigéus		110 128	0,73	0,26
Other		5 476 951	36,39	12,68
Total	3 125 000	11 927 083	100	100

MULTI-YEAR OVERVIEW

Group		2021	2020
Net turnover	TSEK	7 700	25 616
Result before tax	TSEK	-20 079	-15 135
Balance sheet total	TSEK	29 676	41 464
Number of employees	No.	17	15
Equity/assets ratio	%	49	79
Return on total assets	%	neg	neg
Return on equity	%	neg	neg
Earnings/share	TSEK	-1,33	-1,02

Ket figure definitions can be found under Accounting and valuation principles, note 1

SHAREHOLDERS AND KEY FIGURES

Parent Company		2021	2020	2019	2018	2017
Net turnover	TSEK	7 700	25 616	3 098	1 496	844
Result before tax	TSEK	-19 851	-15 009	-18 436	-10 731	-5 377
Balance sheet total	TSEK	29 561	41 243	30 711	49 080	11 172
Number of employees	No.	17	15	12	9	6
Equity/assets ratio	%	50	79	82	89	66
Return on total assets	%	neg	neg	neg	neg	neg
Return on equity	%	neg	neg	neg	neg	neg
Number of shares at the end of the period	No.	15 052 083	14 785 417	11 295 000	11 295 000	3 750
Average number of shares	No.	14 829 861	11 731 302	11 295 000	5 649 375	3 438
Earnings/share	TSEK	-1,32	-1,02	-1,63	0,95	-1 434

CHANGE IN EQUITY

Group	Share capital	Other contributed capital	Retained earnings incl. result for the year	Total equity
Amount as of 2021-01-01	866 062	81 782 491	-49 675 515	32 973 038
New issue	15 620	1 875 042	-	1 890 662
Issue costs	-	-103 382	-	-103 382
Result for the year	-	-	-20 079 249	-20 079 249
Amount as of 2021-12-31	881 682	83 554 151	-69 754 764	14 681 069

Parent Company	Aktiekapital	Fond för utvecklingsutgifter	Övrigt tillskjutet kapital	Balanserade vinstmedel ink. årets resultat	Summa Eget kapital
Amount as of 2021-01-01	866 062	6 797 616	40 111 188	-15 009 039	32 765 827
New issue	15 620	-	1 875 042	-	1 890 662
Issue costs	-	-	-103 382	-	-103 382
Provision	-	2 548 582	-2 548 582	-	0
Disposition according to resolution at the Annual General Meeting	-	-	-15 009 039	15 009 039	0
Result for the year	-	-	-	-19 851 417	-19 851 417
Amount as of 2021-12-31	881 682	9 346 198	24 325 227	-19 851 417	14 701 690

The Board of Directors and the CEO propose that

Share premium fund 24 325 227

Retained earnings 0

Result for the year -19 851 417

4 473 810

are thus disposed of, to be balanced in a new account 4 473 810

4 473 810

CONSOLIDATED INCOME STATEMENT

FOR THE PERIOD JAN. 1- DEC. 31

	Note	2021	2020
Net turnover		7 699 786	25 615 611
Change of stock items during manufacture and finished goods		541 202	728 841
Capitalized production		2 933 924	1 916 205
Other operating revenue		325 984	436 238
		11 500 896	28 696 895
Operating expenses			
Raw materials and consumables		-4 077 922	-18 212 752
Other external costs	3	-12 205 750	-11 234 269
Personnel costs	4	-13 334 255	-11 829 217
Depreciation and impairment of tangible and intangible fixed assets	5	-1 493 888	-1 306 077
Other operating expenses		-224 924	-1 176 369
		-31 336 739	-43 758 684
Operating result		-19 835 843	-15 061 789
Result from financial items			
Other interest income and similar profit or loss items		0	45
Interest expenses and similar profit or loss items		-243 406	-73 046
		-243 406	-73 001
Result before tax		-20 079 249	-15 134 790
Tax on the result for the year		0	0
Result for the year		-20 079 249	-15 134 790
Attributable to the Parent Company's shareholders		-20 079 249	-15 134 790

CONSOLIDATED BALANCE SHEET

AS OF DEC. 31

ASSETS	Note	2021	2020
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenses for development work	6	9 346 198	6 797 616
Patents	7	623 323	934 987
Goodwill	8	1 701 596	0
		11 671 117	7 732 603
<i>Tangible fixed assets</i>			
Machinery and other technical equipment	9	897 134	1 121 934
Equipment, tools and fittings	10	846 646	1 096 169
		1 743 780	2 218 103
Total fixed assets		13 414 897	9 950 706
Current assets			
<i>Inventory etc.</i>			
Raw materials and consumables		2 337 824	1 275 920
Finished goods and merchandise		1 328 412	1 814 278
Advances to suppliers		957 260	1 438 847
		4 623 496	4 529 045
<i>Short-term receivables</i>			
Accounts receivable		753 311	559 895
Current tax receivables		0	0
Other receivables		510 508	267 760
Prepaid expenses and accrued income	12	895 317	836 393
		2 159 136	1 664 048
Cash and bank balances	16	9 478 952	25 320 214
Total current assets		16 261 584	31 513 307
TOTAL ASSETS		29 676 481	41 464 013

CONSOLIDATED BALANCE SHEET CONT.

AS OF DEC. 31

EQUITY AND LIABILITIES	Note	2021	2020
Equity	13		
Share capital		881 682	866 062
Other contributed capital		83 554 152	81 782 491
Other equity incl. result for the year		-69 754 765	-49 675 515
Total equity		14 681 069	32 973 038
Long-term liabilities			
Liabilities to credit institutions	14	0	207 693
Total long-term liabilities		0	207 693
Short-term liabilities			
Liabilities to credit institutions	14	207 692	623 076
Advances from customers		113 938	129 960
Accounts payable		988 188	3 606 298
Current tax liabilities		73 118	36 147
Other liabilities		10 654 624	830 865
Accrued expenses and prepaid income	15	2 957 852	3 056 936
Total short-term liabilities		14 995 412	8 283 282
TOTAL EQUITY AND LIABILITIES		29 676 481	41 464 013

CONSOLIDATED CASH FLOW STATEMENT

FOR THE PERIOD JAN. 1- DEC. 31

	Note	2021	2020
OPERATING ACTIVITIES			
Operating result		-19 835 843	-15 061 789
Depreciation	5	1 493 888	1 306 077
Paid interest		-32 356	-73 001
Tax paid		36 971	31 357
Adjustments for items not included in the cash flow		-18 467	0
Cash flow from operating activities before changes in working capital		-18 355 807	-13 797 356
Cash flow from changes in working capital			
Change in inventory		-94 451	-2 134 666
Change in current receivables		-495 090	1 937 076
Changes in short-term liabilities		-719 837	1 013 318
Cash flow from operating activities		-19 665 185	-12 981 628
INVESTMENT ACTIVITIES			
Acquisition of intangible fixed assets	6, 7	-2 908 924	-1 916 205
Acquisition of tangible fixed assets	9, 10	-187 526	-62 196
Sale of tangible fixed assets	9, 10	72 500	0
Cash flow from investment activities		-3 023 950	-1 978 401
FINANCING ACTIVITIES			
Loans taken		10 000 000	0
Amortization of loans		-623 077	-678 221
Subscription warrants		0	-15 368
New Issue		0	26 178 128
Issue costs		-2 529 050	-1 090 000
Cash flow from financing activities		6 847 873	24 394 539
Cash flow for the period		-15 841 262	9 434 510
Cash and cash equivalents at the beginning of the period		25 320 214	15 885 704
Cash and cash equivalents at the end of the period	16	9 478 952	25 320 214

INCOME STATEMENT, PARENT COMPANY

FOR THE PERIOD JAN. 1- DEC. 31

	Note	2021	2020
Net turnover		7 699 786	25 615 612
Change of stock items during manufacture and finished goods		541 202	728 841
Capitalized production		2 933 924	1 916 205
Other operating revenue		325 984	436 238
		11 500 896	28 696 896
Operating expenses			
Raw materials and consumables		-4 077 922	-18 212 752
Other external costs	3	-12 181 972	-11 123 507
Personnel costs	4	-13 334 255	-11 829 217
Depreciation and impairment of tangible and intangible fixed assets	5	-1 289 834	-1 291 089
Other operating expenses		-224 924	-1 176 369
		-31 108 907	-43 632 934
Operating result		-19 608 011	-14 936 038
Result from financial items			
Other interest income and similar profit or loss items		0	45
Interest expenses and similar profit or loss items		-243 406	-73 046
		-243 406	-73 001
Result before tax		-19 851 417	-15 009 039
Tax on the result for the year			
Result for the year		-19 851 417	-15 009 039

BALANCE SHEET, PARENT COMPANY

AS OF DEC. 31

ASSETS	Note	2021	2020
Fixed assets			
<i>Intangible fixed assets</i>			
Capitalized expenses for development work	6	9 346 198	6 797 616
Patents	7	623 323	934 987
		9 969 521	7 732 603
<i>Tangible fixed assets</i>			
Machinery and other technical equipment	9	897 134	1 121 934
Equipment, tools and fittings	10	824 825	1 059 360
		1 721 959	2 181 294
<i>Financial fixed assets</i>			
Shares in Group companies	11	1 915 663	1
		1 915 663	1
Total fixed assets		13 607 143	9 913 898
Current assets			
<i>Inventory etc.</i>			
Raw materials and consumables		2 337 824	1 275 920
Finished goods and merchandise		1 328 412	1 814 278
Advances to suppliers		957 260	1 438 847
		4 623 496	4 529 045
<i>Short-term receivables</i>			
Accounts receivable		753 311	559 895
Receivables from Group companies		29 157	168 196
Current tax receivables		0	0
Other receivables		358 788	91 801
Prepaid expenses and accrued income	12	895 317	836 392
		2 036 573	1 656 284
<i>Cash and bank balances</i>	16	9 294 148	25 143 389
Total current assets		15 954 217	31 328 718
TOTAL ASSETS		29 561 360	41 242 616

BALANCE SHEET, PARENT COMPANY

CONT.

AS OF DEC. 31

EQUITY AND LIABILITIES	Note	2021	2020
Equity	13		
Restricted equity			
Share capital		881 682	866 062
Development expenditure fund		9 346 198	6 797 616
		10 227 880	7 663 678
Unrestricted equity			
Share premium fund		83 611 895	81 840 235
Retained earnings or loss		-59 286 670	-41 729 048
Result for the year		-19 851 417	-15 009 039
		4 473 810	25 102 149
Total equity		14 701 690	32 765 827
Long-term liabilities			
Liabilities to credit institutions	14	0	207 693
Total long-term liabilities		0	207 693
Short-term liabilities			
Liabilities to credit institutions	14	207 692	623 076
Advances from customers		113 938	129 960
Accounts payable		966 991	3 596 253
Liabilities to Group companies		0	0
Current tax liabilities		73 118	36 147
Other liabilities		10 550 079	725 494
Accrued expenses and prepaid income	15	2 947 852	3 158 166
Total short-term liabilities		14 859 670	8 269 096
TOTAL EQUITY AND LIABILITIES		29 561 360	41 242 616

CASH FLOW STATEMENT, PARENT COMPANY

FOR THE PERIOD JAN. 1- DEC. 31

	Note	2021	2020
OPERATING ACTIVITIES			
Operating result		-19 608 011	-14 936 038
Depreciation	5	1 289 834	1 291 089
Paid interest		-32 356	-73 001
Tax paid		36 971	31 357
Adjustments for items not included in the cash flow		-18 467	0
Cash flow from operating activities before changes in working capital		-18 332 029	-13 686 593
<i>Cash flow from changes in working capital</i>			
Change in inventory		-94 451	-2 134 666
Change in current receivables		-380 288	1 972 964
Changes in short-term liabilities		-841 395	1 099 135
Cash flow from operating activities		-19 648 163	-12 749 160
INVESTMENT ACTIVITIES			
Acquisition of intangible fixed assets	6, 7	-2 933 924	-1 916 205
Acquisition of tangible fixed assets	9, 10	-187 526	-62 196
Sale of tangible fixed assets	9, 10	72 500	0
Cash flow from investment activities		-3 048 950	-1 978 401
FINANCING ACTIVITIES			
Loans taken		10 000 000	0
Amortization of loans		-623 077	-678 221
New issue		0	26 178 128
Issue costs		-2 529 050	-1 090 000
Cash flow from financing activities		6 847 873	24 409 907
<i>Cash flow for the period</i>		-15 849 240	9 682 346
Cash and cash equivalents at the beginning of the period		25 143 389	15 461 043
Cash and cash equivalents at the end of the period	16	9 294 148	25 143 389

NOTES

NOTE 1. ACCOUNTING PRINCIPLES

S2Medical AB's (Publ) annual report and consolidated financial statements have been prepared in accordance with the Swedish Annual Accounts Act and the Swedish Accounting Standards Board's general advice BFNAR 2012:1 Annual report and consolidated financial statements (K3). Applied accounting and valuation principles are in line with the previous year.

Consolidated financial statements

Companies in which S2Medical AB (Publ) directly or indirectly holds more than 50% of the votes, or otherwise has a controlling influence, are classified as subsidiaries and consolidated in the consolidated financial statements. Information on Group companies can be found in Note 11. The subsidiaries are included in the consolidated financial statements from the date on which the controlling influence is transferred to the Group.

The Group's annual accounts been prepared in accordance with the acquisition method. The time of acquisition is the time when the controlling influence is received. Identifiable assets and liabilities are initially valued at fair values at the time of acquisition. Balances between Group companies are eliminated in their entirety.

Translation of foreign currency

Receivables and liabilities in a foreign currency have been valued at the exchange rate on the balance sheet date. Exchange rate gains and losses on operating receivables and operating liabilities are reported in the operating result, while exchange rate gains and losses on financial receivables and liabilities are reported as financial items.

Revenue

Revenue from the sale of goods is reported in accordance with Chapter 23, when the Company has transferred significant risks and rewards associated with the goods to the buyer. Revenues from state subsidies are reported in accordance with Chapter 24.

Income taxes

Reported income taxes include tax to be paid or received for the current year, adjustments for previous years' current tax, and changes in deferred tax. Since the companies within the Group make a loss, there is neither current nor deferred tax.

Materiella anläggningstillgångar

Tangible fixed assets

Machinery and other technical equipment 5-10 years

Equipment, tools and fittings 5-10 years

Intangible fixed assets

Intangible assets are reported at acquisition value less accumulated depreciation and any impairments. The assets are amortized on a straight-line basis over the assets' estimated useful life. The useful life is reviewed on each balance sheet date. The following depreciation periods are applied:

Patents 5 years

Capitalized expenses for development work 5 years

Goodwill 5 years

Activation of internally generated intangible fixed assets

Internally generated intangible assets are capitalized when the criteria for assets are met in accordance with BFNAR 2012:1 ch. 18.12.

Goodwill

Goodwill is the difference that arises if the acquisition value of the acquired unit is higher than the value of the acquired unit's net assets. At the time of acquisition, the goodwill incurred is reported as an asset in the balance sheet.

Goodwill for the Group that arose in connection with the acquisition of Curenc AB is amortized on a straight-line basis during the useful life, and undergoes an impairment test at least once a year.

Pensions

In the Group, there are currently only defined contribution pension plans. The Company's results are charged as the employees' pensionable services are performed.

Leasing agreements

All leasing agreements, both operational and financial, are reported as operating leasing agreements. Leasing fees, including any initial increased rent, are reported as an expense on a straight-line basis over the leasing period.

Inventory

Inventory is valued according to the lowest value principle to the lower of acquisition value and replacement value, according to the first-in first-out method.

Financial instruments

Financial fixed assets have been valued at the lower of acquisition value and replacement value, according to Chapters 11 and 27.

Definitions of key figures

The equity/assets ratio is calculated by setting equity, together with 79.4% of the Company's untaxed reserves, in relation to the balance sheet total.

Return on total capital is calculated by setting the profit, before deductions for interest expenses, in relation to the balance sheet total.

Return on equity is calculated by setting the result, after financial items, in relation to equity and untaxed reserves (with a deduction for deferred tax).

Cash flow statement

The cash flow statement has been prepared according to the indirect method.

NOTE 2. ESTIMATES AND ASSESSMENTS

In the period 2016 - 2021, the Company assessed that product development should be capitalized, as the economic value is justified by future revenues. In connection with the acquisition of Curenc AB in 2021, Goodwill for the Group accrued, which is tested for impairment annually. In other respects, S2Medical AB (publ) has no significant valuation and assessment items that materially affect the Group's accounts.

NOTE 3. LEASING

Group	2021	2020
Future minimum leasing agreements	2 593 821	2 708 788
Due within 1 year	1 492 503	1 408 777
Later than 1 years	1 101 318	1 300 011
Later than 5 years	0	0
Expensed leasing fees for the year	1 777 137	1 455 833

The Group's leasing agreements relate to cars, premises and small equipment.

Parent Company	2021	2020
Future minimum leasing agreements	2 593 821	2 708 788
Due within 1 year	1 492 503	1 408 777
Later than 1 years	1 101 318	1 300 011
Later than 5 years	0	0
Expensed leasing fees for the year	1 777 137	1 455 833

The Group's leasing agreements relate to cars, premises and small equipment.

NOTE 4. AVERAGE NUMBER OF EMPLOYEES AND THE COST FOR THESE

Koncernen	2021	2020
No. of employees	17	15
Of which are women	5	6
Senior executives	7	7
Of which are women	1	0
Board of Directors & CEO		
Salary costs	1 880 006	1 839 267
Fees	308 819	241 500
Pension costs	0	0
Total Board of Directors & CEO	2 188 825	2 080 767
Salary costs	7 838 700	7 281 512
Pension costs	239 794	180 974
Total other	8 078 494	7 462 459
Other social security costs, all	2 367 056	1 835 491

Remuneration is paid to the Board of Directors and the Chair of the Board in accordance with the decision of the Annual General Meeting. The CEO and Deputy CEO have received salaries totaling TSEK 1 880. In addition, the CEO has access to a company car.

Parent Company	2021	2020
No. of employees	17	15
Of which are women	5	6
Senior executives	7	7
Of which are women	1	0
Board of Directors & CEO		
Salary costs	1 880 006	1 839 267
Fees	308 819	241 500
Pension costs	0	0
Total Board of Directors & CEO	2 188 825	2 080 767
Salary costs	7 838 700	7 281 512
Pension costs	239 794	180 974
Total other	8 078 494	7 462 459
Other social security costs, all	2 367 056	1 835 491

All personnel employed within the Group are employed through the Parent Company S2Medical AB (Publ).

NOTE 5. DEPRECIATION AND IMPAIRMENT

Group	2021	2020
Goodwill	189 066	0
Development work	385 342	383 738
Patents	311 664	311 664
Machinery and equipment	607 816	610 675
Depreciation according to plan	1 493 888	1 306 077
Impairment	-	-
Reversal of impairment	-	-

Parent Company	2021	2020
Development work	385 342	383 738
Patents	311 664	311 664
Machinery and equipment	592 828	595 687
Depreciation according to plan	1 289 834	1 291 089
Impairment	-	-
Reversal of impairment	-	-

NOTE 6. CAPITALIZED EXPENDITURE FOR DEVELOPMENT WORK

Group	2021	2020
Opening acquisition value	8 332 568	6 416 363
Purchases	2 933 924	1 916 205
Sales/disposals	0	0
Closing accumulated acquisition value	11 266 492	8 332 568
Opening depreciation	-1 534 952	-1 151 214
Sales/disposals	0	0
Depreciation for the year	-385 342	-383 738
Closing accumulated depreciation	-1 920 294	-1 534 952
Book value	9 346 198	6 797 616

Parent Company	2021	2020
Opening acquisition value	8 332 568	6 416 363
Purchases	2 933 924	1 916 205
Sales/disposals	0	0
Closing accumulated acquisition value	11 266 492	8 332 568
Opening depreciation	-1 534 952	-1 151 214
Sales/disposals	0	0
Depreciation for the year	-385 342	-383 738
Closing accumulated depreciation	-1 920 294	-1 534 952
Book value	9 346 198	6 797 616

NOTE 7. PATENTS

Group	2021	2020
Opening acquisition value	1 558 315	1 558 315
Purchases	0	0
Sales/disposals	0	0
Closing accumulated acquisition value	1 558 315	1 558 315
Opening depreciation	-623 328	-311 664
Sales/disposals	0	0
Depreciation for the year	-311 664	-311 664
Closing accumulated depreciation	-934 992	-623 328
Book value	623 323	934 987

Parent Company	2021	2020
Opening acquisition value	1 558 315	1 558 315
Purchases	0	0
Sales/disposals	0	0
Closing accumulated acquisition value	1 558 315	1 558 315
Opening depreciation	-623 328	-311 664
Sales/disposals	0	0
Depreciation for the year	-311 664	-311 664
Closing accumulated depreciation	-934 992	-623 328
Book value	623 323	934 987

NOTE 8. GOODWILL

Group	2021	2020
Opening acquisition value	0	0
Purchases	1 890 662	0
Sales/disposals	0	0
Closing accumulated acquisition value	1 890 662	0
Opening depreciation	0	0
Sales/disposals	0	0
Depreciation for the year	-189 066	0
Closing accumulated depreciation	-189 066	0
Book value	1 701 596	0

NOTE 9. MACHINERY AND OTHER FIXED ASSETS

Group	2021	2020
Opening acquisition value	2 350 687	2 350 687
Purchases	88 040	0
Sales/disposals	0	0
Closing accumulated acquisition value	2 438 727	2 350 687
Opening depreciation	-1 228 753	-921 895
Sales/disposals	0	0
Depreciation for the year	-312 840	-306 858
Closing accumulated depreciation	-1 541 593	-1 228 753
Book value	897 134	1 121 934

Parent Company	2021	2020
Opening acquisition value	2 350 687	2 350 687
Purchases	88 040	0
Sales/disposals	0	0
Closing accumulated acquisition value	2 438 727	2 350 687
Opening depreciation	-1 228 753	-921 895
Sales/disposals	0	0
Depreciation for the year	-312 840	-306 858
Closing accumulated depreciation	-1 541 593	-1 228 753
Book value	897 134	1 121 934

NOTE 10. EQUIPMENT

Group	2021	2020
Opening acquisition value	2 103 766	2 041 570
Purchases	99 486	62 196
Sales/disposals	-95 000	0
Closing accumulated acquisition value	2 108 252	2 103 766
Opening depreciation	-1 007 597	-703 780
Sales/disposals	40 967	0
Depreciation for the year	-294 976	-303 817
Closing accumulated depreciation	-1 261 606	-1 007 597
Book value	846 646	1 096 169

Parent Company	2021	2020
Opening acquisition value	2 028 825	1 966 629
Purchases	99 486	62 196
Sales/disposals	-95 000	0
Closing accumulated acquisition value	2 033 311	2 028 825
Opening depreciation	-969 465	-680 636
Sales/disposals	40 967	0
Depreciation for the year	-279 988	-288 829
Closing accumulated depreciation	-1 208 486	-969 465
Book value	824 825	1 059 360

NOTE 11. INTERESTS IN GROUP COMPANIES

Company	No. of shares	Prop. of share capital.	Reported value
Instagraft AB 559049-5817 Linköping, Sverige	1000	100%	1 kr
Curenc AB 559273-5137 Linköping, Sverige	250	100%	1 915 662
Reported value			1 915 663

NOT 12. PREPAID EXPENSES AND ACCRUED INCOME

Group	2021	2020
Prepaid rents	637 181	655 747
Prepaid leasing costs	76 674	100 438
Other interim receivables	181 463	80 208
Book value	895 317	836 393

Parent Company	2021	2020
Prepaid rents	637 181	655 747
Prepaid leasing costs	76 674	100 438
Other interim receivables	181 463	80 208
Book value	895 317	836 393

NOTE 13. DEVELOPMENT OF SHARE CAPITAL

The table below shows the changes in S2Medical AB's share capital since the Company was formed in 2013 and until the balance sheet date. The changes for the year are specified in the report on changes in equity.

Year	Transaction	Changes No. of shares	Change in share capital (SEK)	Total No. of shares	Total share capital (SEK)	Quota value (SEK)
2013	New formation	1 000	50 000	1 000	50 000	50
2015	New issue	20	1 000	1 020	51 000	50
2016	New issue	1 480	74 000	2 500	125 000	50
2016	New issue	625	31 250	3 125	156 250	50
2017	New issue	625	31 250	3 750	187 500	50
2018	New issue	518	25 900	4 268	213 400	50
2018	Fund issue	0	286 600	4 268	500 000	117
2018	Split	8 531 732	0	8 536 000	500 000	0,06
2018	New issue	2 759 000	161 610	11 295 000	661 610	0,06
2020	New issue	3 490 417	204 452	14 785 417	866 062	0,06
2021	New issue	266 666	15 620	15 052 083	881 682	0,06

NOTE 14. LONG-TERM LIABILITIES

Group	2021	2020
Due within 1 year	207 692	623 076
Later than 1 years	0	207 693
Later than 5 years	0	0
Long-term liabilities	207 692	830 769

Parent Company	2021	2020
Due within 1 year	207 692	623 076
Later than 1 years	0	207 693
Later than 5 years	0	0
Long-term liabilities	207 692	830 769

**NOTE 15.
ACCRUED EXPENSES AND
PREPAID INCOME**

Group	2021	2020
Accrued salaries	1 483 286	1 855 255
Accrued social security costs	466 047	582 921
Accrued interest	211 050	0
Other interim liabilities	797 469	618 760
Book value	2 957 852	3 056 936

Parent Company	2021	2020
Accrued salaries	1 483 286	1 855 255
Accrued social security costs	466 047	582 921
Accrued interest	211 050	0
Other interim liabilities	787 469	719 990
Book value	2 947 852	3 158 166

**NOTE 16.
CASH AND BANK EQUIVALENTS**

Group	2021	2020
Bank deposits	9 478 952	25 320 214
Book value	9 478 952	25 320 214

Parent Company	2021	2020
Bank deposits	9 294 148	25 143 389
Book value	9 294 148	25 143 389

Linköping, April 26, 2022

Petter Sivlér

CEO

Fredrik Skog

Chair of the Board

Miles Wright

Board member

Chadi Asaad

Board member

Patrick Sheehan

Board member

Mårten Skog

Board member

My Audit Report has been submitted April 26, 2022

Carl-Johan Sandberg

Authorized Public Accountant

