Annual Report 2024

The future of targeted therapies

SmartCella

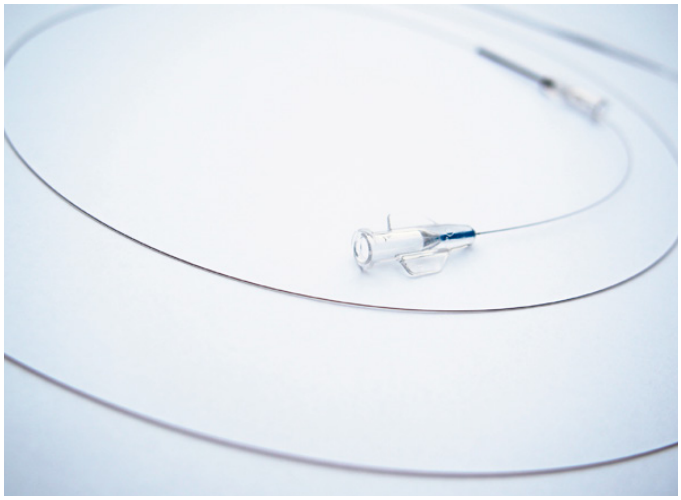
This is SmartCella

SmartCella is a global biotech company pioneering the future of targeted therapies through delivery solutions and advanced therapy development. Founded in 2014, the company is built on globally renowned science and research from Karolinska Institutet in Sweden.

SmartCella combines novel delivery platforms, such as the Extroducer®, an endovascular delivery device that enables direct injection to hard-to-reach organs and tissues, with state-of-the-art development and manufacturing of cell therapies. The company operates in two business segments: Targeted Delivery and Regenerative Medicines. SmartCella's overarching strategy is to partner with global biotech and pharma companies across all development phases, serving as a partner in bridging the translational gap from early scientific discovery to clinical application. In parallel, SmartCella aims to drive innovation through its proprietary scientific research, addressing critical disease areas such as heart failure, Osteoarthritis and Parkinson's disease.

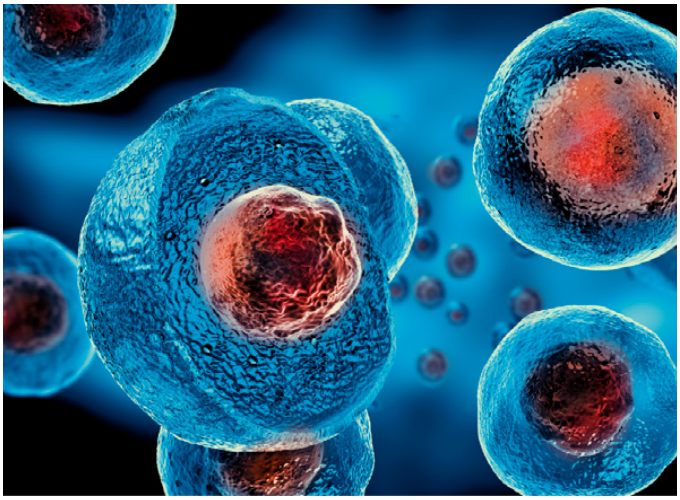
The international team consists of scientists, visionary innovators, and experienced business leaders, all dedicated to shaping the future of targeted therapies and delivering life-changing treatments to patients. By the end of 2024, SmartCella had 79 employees representing 27 different nationalities.

OUR BUSINESS SEGMENTS



Targeted Delivery

Extroducer®, a novel endovascular delivery device for direct injection of therapies to hard-to-reach tissues, organs and tumors.



Regenerative Medicines

Regenerative Medicines is divided into two areas: modified cell therapies and cell therapies covering stem/progenitor cell therapies.

OUR PURPOSE, MISSION AND VISION

SmartCella's purpose, mission, and vision form the cornerstone of our strategy, driving the company's commitment to creating long-term value for a diverse range of stakeholders.

Purpose

To bring cures and transform lives for patients in need.

Mission

To provide first-in-class delivery platforms, supported by cutting-edge development and manufacturing of therapies.

Vision

To unlock the full potential of targeted therapies for every patient in need.

Year in brief

Strong additions to the organization

- World-class team in place with proven track records recruited – new CFO, CBO and CTO.

Strengthened Board of Directors

- Three highly experienced Directors appointed to the Board representing strong life science and medical expertise.

EUR 50 million new share issue secured at a pre-money company valuation of EUR 500 million

- Funding to accelerate growth and support commercialization of the Extroducer, as well as to bring our key programs into clinical trials and further develop our pipeline.
- New investors in AstraZeneca, SHB Funds and RoosGruppen, alongside strong support from existing shareholder base.
- SmartCella regained full ownership of heart failure research program SMART01.

Strong commercial development across all divisions

- First commercial license agreement for the Extroducer signed with US-based XyloCor Therapeutics (total deal value around USD 130 million).
- Growing pipeline for additional Extroducer license partnerships.

Scientific progress

- Heart failure research program SMART01 passing GLP tox (large animal studies) and ready for Phase I/II.
- First proof-of-concept in animal model of SMART03, program using stem cells carrying mRNA as a disease-modifying strategy to regenerate cartilage for Osteoarthritis.

Significant progress in building company infrastructure

- GMP manufacturing authorization for production of pluripotent stem cell therapies received by the Swedish Medical Products Agency.
- IPO readiness in terms of corporate governance and operations, and ERP system implementation finalized during 2024 with key workstreams completed.

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About this report

The Board of Directors' report and the financial statements and notes are a translation of the company's official Annual Report for 2024, originally in Swedish. This report is not reviewed by the company's auditors and in the event of any inconsistency or discrepancy, the Swedish version of the Annual Report 2024 shall prevail.

STATEMENT FROM THE CHAIRPERSON

Entrepreneurship, science and innovation at its best

It is with great pride that I present this Chairperson's statement in SmartCella Holding AB's first formal Annual Report. 2024 has been a year of significant progress, which will be highlighted in more detail by Niklas Prager in his CEO statement.

A delegation trip to China

More than a decade has passed since our inception in 2014. Our journey began with a delegation trip to China, where I accompanied Göran Hägglund, then the Swedish Minister of Health. During this trip, I met Professor Kenneth Chien, a leading scientist and physician renowned for his work in cardiovascular biology and regenerative medicine. Building on Professor Chien's research on regenerating muscle in damaged hearts, we founded Procella. Today, the Procella team is fully integrated into SmartCella, and their groundbreaking work led to a collaboration agreement with AstraZeneca in 2018. Our research has continued to advance, and our lead stem cell program, SMART01 – a cell therapy for patients with heart failure – is set to enter human trials in 2025. It is remarkable to think that we are on the verge of being able to mend a broken heart after a heart attack – without surgery. But equally exciting is SmartCella's broader work in regenerative medicine. Alongside our advancements in heart failure treatment, we are developing therapies targeting diseases such as pancreatic cancer and Parkinson's.

> **"Having multiple groundbreaking innovations under one roof is a testament to our commitment to truly transforming critical aspects of healthcare.**
>
> **Christian Kinch**
> Founder and Chairperson, SmartCella

Another pivotal moment in our history was meeting Professor Staffan Holmin – now SmartCella's Chief Medical Officer – who invented the targeted delivery technology, the Extroducer. This endovascular device allows for the direct injection of therapies into hard-to-reach organs and tissues, using arteries and veins as internal pathways. To develop and commercialize this revolutionary technology, we founded SmartWise in 2015. Now fully integrated into SmartCella, the Extroducer technology is FDA-cleared, and our first commercial license agreement has already been signed. Having multiple groundbreaking innovations under one roof is a testament to our commitment to truly transforming critical aspects of healthcare.

A crucial part of the SmartCella story is the unwavering support and commitment of our shareholders, including highly professional blue-chip investors with both financial and strategic profiles. Your dedication, and as most recently demonstrated in the EUR 50 million capital raise, has been instrumental in driving the commercialization of the Extroducer and advancing our regenerative medicine programs. Notably, AstraZeneca, our collaboration partner in the heart failure cell therapy program, participated in this capital raise and has now become an investor and shareholder, with representation on SmartCella's Board of Directors.

An ongoing journey with immense potential

Reflecting on our journey, I feel both humbled and proud of our achievements so far and the immense potential ahead. We are driven by a powerful mission: to bring cutting-edge delivery solutions and life-changing treatments to patients in need. We put patients first, offering hope by tackling some of the world's most pressing health challenges. At the same time, we put science first, because true medical breakthroughs are born from innovation. By embracing entrepreneurship and visionary thinking, we are building SmartCella into a company that delivers both transformative healthcare solutions and long-term value for our shareholders. This unique combination – world-class science, business expertise, and entrepreneurial spirit – forms the foundation of our success.

At the heart of it all are our people. We have an exceptional Board of Directors, a brilliant Management Team led by CEO Niklas Prager, and dedicated colleagues across SmartCella. Their combined expertise, passion, and commitment drive our progress forward. SmartCella is a true example of entrepreneurship, science, and innovation at its best.

And most importantly, this is just the beginning of our journey!

Christian Kinch
Founder and Chairperson, SmartCella

STATEMENT FROM THE CEO

Milestones laying the foundation for future growth

2024 was a year of remarkable progress. We strengthened our Management Team and Board of Directors, solidified our financial position, and signed our first commercial license agreement for the Extroducer®. Our research programs are either moving into clinical trials in 2025 or passing significant pre-clinical development milestones. These milestones lay a solid foundation for our future growth with several value inflection points over the next 12–24 months.

With the enhanced experiences and skills of our Management Team, we have raised our operational standards. In Finance, we have built a team and processes that meet the demands of a listed company. Additionally, we have implemented an ERP system and enacted a comprehensive suite of policies, ensuring robust governance, control and structure.

We also strengthened our technical, quality, and manufacturing capabilities and initiated full-scale GMP-production of heart cells in our Tullinge facility. This infrastructure will also provide scale-up and production for our other clinical assets in the future.

In July, we signed our first commercial license agreement for the Extroducer with XyloCor Therapeutics, a US-based biotech company (deal value approximately USD 130 million, mid-single-digit royalties). XyloCor Therapeutics is starting a Phase IIb study in 2025, using the Extroducer to deliver their lead gene therapy candidate for the treatment of refractory angina. The interest in the Extroducer remains high as awareness grows of the potential for this unique delivery technology to transform how promising treatments can be delivered to otherwise hard-to-reach organs and tumors.

> We see great value creation ahead, both for shareholders and in delivering on our purpose: to bring cures and transform lives for patients in need.

Niklas Prager
CEO, SmartCella

Advancing the clinical pipeline

Our pipeline of programs nearing their final stages before entering clinical trials in humans is strong. This includes SMART01, a cell therapy for patients suffering from heart failure, with a Phase I/II trial programed to start in 2025, and SMART02, a dopamine cell replacement therapy for Parkinson's disease. We are also in the final stages of preparing a Phase I/II clinical trial for patients with inoperable pancreatic cancer. This trial will utilize the Extroducer to deliver chemotherapy directly into pancreatic tumors and is being conducted in close collaboration with Karolinska University Hospital.

In addition, our platform for delivery of mRNA therapies inside of stem cells yielded promising pre-clinical results in 2024, with both pain relief and regeneration of cartilage in animal models of Osteoarthritis (SMART03). This is a significant result as Osteoarthritis affects a growing group of patients globally due to an aging and increasingly sedentary population. Osteoarthritis is a major cause of disability without curative treatments, and the potential for a disease modifying therapy is very significant.

A strong Board of Directors combining science and entrepreneurship

With new Board Members Anna Martling (Professor of Surgery and Scientific Director Life Science at Karolinska Institutet), Claude Dartiguelongue (previously executive positions with Lonza, Thermo Fisher Scientific and Becton Dickinson), and Regina Fritsche-Danielson (PhD in Cardiovascular Physiology/Pharmacology and Senior Vice President at AstraZeneca), we have access to unique expertise both in life sciences and medicine. Combined with the entrepreneurial drive of our founder and Chairperson Christian Kinch and Magnus Tornling's equity capital markets knowledge, the SmartCella Board has the perfect skill set combination to support and help advance the business.

Capitalized to accelerate growth

In July 2024, we raised EUR 50 million in a new share issue (pre-money valuation EUR 500 million) supported by existing investors, such as Fjärde AP-fonden, AMF Pension and SEB-Stiftelsen, and a new long-term strategic investor in AstraZeneca, as well as new additions Handelsbanken Fonder and RoosGruppen AB. As we enter 2025, we have a solid financial position to accelerate growth and commercialization of the Extroducer, while also advancing our key clinical trials and development programs.

Finally, I would like to thank all SmartCella colleagues for your hard work, the Board of Directors for your engagement and support, and all investors for your trust. We are excited to work together to realize the full potential of SmartCella. We see great value creation ahead, both for shareholders and in delivering on our purpose: to bring cures and transform lives for patients in need.

Niklas Prager
CEO, SmartCella

Addressing some of the most prevalent global disease areas

An aging population, the increased burdens of diseases, and the need for more advanced healthcare are driving global interest in biotech fields like cell therapy, central nervous system disorders, oncology, and cardiovascular diseases. These areas have high unmet medical needs, and innovation in these fields is accelerating. SmartCella operates in several of these therapeutic areas, which represent strong market potential.

SmartCella's diverse technology platforms across the Targeted Delivery and Regenerative Medicines business segments drive innovation both in treatments and in the delivery of therapeutics tackling some of the world's most prevalent diseases, including cardiovascular disease, cancer, Parkinson's disease and Osteoarthritis. Read more about our pipeline of programs from page 13.

Our strategy centers on bridging the translational gap from early discoveries to the clinic and ultimately bringing cures and transforming lives for patients in need. Our activities span from early research, pre-clinical and clinical development, to partnerships and manufacturing delivery platforms for clinical and commercial use. The overview below provides details on the diseases addressed by SmartCella's technology platforms.

Cardiovascular diseases

Cardiovascular diseases (CVDs) are the leading cause of death globally. According to the World Health Organization, CVDs are responsible for an estimated 17.9 million deaths annually, accounting for 32 percent of all global deaths. Of these, 85 percent are caused by heart attacks and strokes, and one-third of these deaths occur prematurely in individuals under 70 years of age. The total global costs of CVDs, comprising healthcare expenditures and lost productivity, were estimated at USD 863 billion in 2010, with projections suggesting this figure will reach USD 1 trillion by 2030.

CVDs encompass a range of disorders affecting the heart and blood vessels, including coronary heart disease, cerebrovascular disease, and rheumatic heart disease. Major risk factors include high blood pressure, high cholesterol, smoking, diabetes, obesity, unhealthy diets, physical inactivity, and excessive alcohol consumption. These factors contribute to the development of atherosclerosis and other cardiovascular conditions.

In the European Region alone, CVDs represent over 40 percent of all deaths annually, equating to a staggering 10,000 deaths every day.

With the ongoing SMART01 heart failure research program, developed in close collaboration with AstraZeneca (now a key investor in SmartCella), the potential of mending a broken heart can become a reality in a not-too-distant future.

The Extroducer is particularly well-suited for these disease areas, enabling minimally invasive therapeutic delivery to fragile patient populations. Within the license partnership with XyloCor Therapeutics, they have access to the Extroducer for its XC001 clinical trial, which focuses on treating refractory angina, a chronic heart condition.

SMART01
SmartCella's proprietary research program on heart failure using the Extroducer

Cancer

Cancer is a group of diseases that can start in any organ or tissue of the body when abnormal cells grow uncontrollably, go beyond their usual boundaries to invade adjoining parts of the body and/or spread to other organs. Cancer is the second leading cause of death globally, according to the World Health Organization. In 2020, cancer was responsible for approximately 10 million deaths worldwide, with over 19 million new cases reported. This number is projected to rise to 35 million cases by 2050. In the US alone, medical costs related to cancer were estimated at USD 183 billion in 2015, with projections indicating an increase to USD 246 billion by 2030. The global cancer burden continues to rise, placing immense physical, emotional, and financial strain on individuals, families, communities, and health care systems.

With its ability to target hard-to-reach organs or tumors, for instance in the pancreas, the Extroducer can be used to deliver targeted cancer therapies directly into a tumor, with the potential for improved efficacy and reduced systemic side-effects.

SmartCella has a proof-of-concept program for treatment of pancreatic cancer, using the Extroducer for direct-to-tumor delivery of chemotherapy

Parkinson's disease

Parkinson's disease (PD) is a chronic, progressive neurodegenerative movement disorder affecting over ten million people worldwide. PD is caused by the selective degeneration and death of nerve cells producing dopamine, a neurotransmitter important for the regulation of movement and coordination. Common symptoms include tremors, muscle stiffness, and slowness of movement, as well as problems with balance and coordination. As dopamine-producing neurons are progressively lost, the symptoms of the disease gradually worsen, and existing symptomatic treatments lose their effectiveness. According to the Parkinson's Foundation, PD affected over 10 million people worldwide in 2024, making it the second most common neurodegenerative disorder after Alzheimer's disease. The prevalence has more than doubled in the past 25 years.

In February 2025, SmartCella acquired the exclusive rights to advance Karolinska Institutet's Professor Johan Ericson's cell replacement therapies for PD into clinical development and commercialization. Johan Ericson, from the Department of Cell and Molecular Biology, together with Dr. Zjanna Alekseenko, has developed a novel and innovative human pluripotent stem cell (PSC)-based technology for treatment of PD.

SMART02
SmartCella's proprietary dopamine cell replacement therapy for treatment of Parkinson's disease

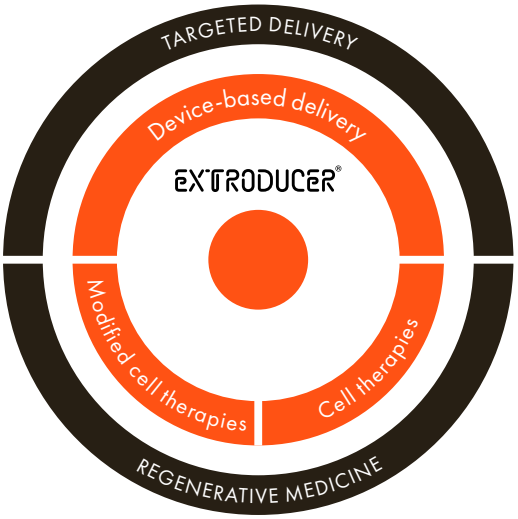
Osteoarthritis

Osteoarthritis is the most common form of arthritis, affecting almost eight percent of the population worldwide, with a higher prevalence in women than men. It is a progressive degenerative joint disease characterized by the breakdown of cartilage, the protective tissue at the ends of bones. This results in pain, stiffness, swelling, and decreased range of motion in the affected joints, culminating in disability. The knees and hands are the most frequently effected areas. Cartilage naturally deteriorates with age, but it is also highly susceptible to injury with no ability to repair itself. Obesity and being overweight are additional risk factors. According to the World Health Organization, in 2019 almost 530 million people worldwide were living with Osteoarthritis and the majority are above age of 55. With an ageing population and increasing rates of obesity, the prevalence of Osteoarthritis is expected to increase. There is currently no cure for Osteoarthritis, merely various strategies to help manage symptoms and temporarily improve the quality of life. Thus, there is a need for safe and effective treatment which not only alleviates the symptoms but can also stop or reverse the disease progression.

SMART03
SmartCella's proprietary program on using stem cells carrying mRNA as a disease-modifying strategy to regenerate cartilage for Osteoarthritis

Business segments

SmartCella operates in two business segments: Targeted Delivery and Regenerative Medicines. Targeted Delivery includes the Extroducer, a novel endovascular delivery device for direct injection of therapeutics to hard-to-reach reach tissues, organs and tumors. Regenerative Medicines is divided into two areas. The first area is modified cell therapies which includes cell-mediated delivery of mRNA and development of novel mRNA therapies, with a focus on cartilage regeneration for Osteoarthritis. The second area includes cell therapies covering stem/progenitor cell therapies derived from human pluripotent stem cells, targeting multiple therapeutic areas including heart failure and Parkinson's disease.



Targeted Delivery

In general terms, targeted delivery of different payloads to a desired organ or tissue can increase efficacy, reduce first-passage metabolism and reduce unwanted side effects from systemic delivery. In addition, the total administered dose of different payloads can be reduced if it is delivered in a targeted fashion. There are therefore several important applications for the Extroducer's targeted delivery technique in regenerative medicine, cardiovascular medicine and oncology.

Certain organs, such as the heart, pancreas, or kidney are difficult or risky to reach with conventional methods. For targeted administration and for such organs there is a need for improved methods for local delivery of payloads. Endovascular technique, which has revolutionized many areas of health care, uses the arteries and veins as internal routes to reach any part of the body for different interventions inside the vessels. The Extroducer builds on this established technology and by penetrating the vessel wall enables delivery of any payload directly to an organ.

The first commercial license agreement for the Extroducer was signed in July 2024 with XyloCor Therapeutics, a US biotech company.

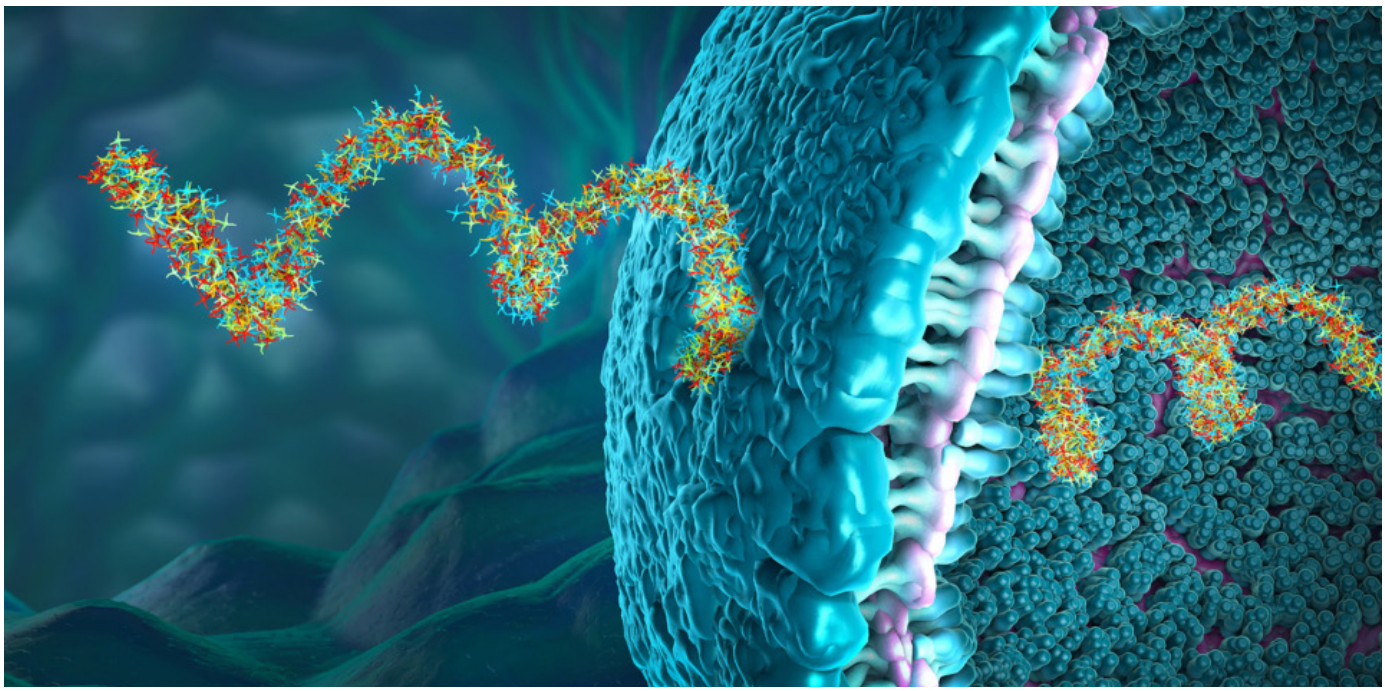
The Extroducer

Thanks to the unique mechanical properties and design, multiple injections into extravascular tissue, including myocardial tissue and solid tumors, can be performed reliably as shown in animal studies. This opens the door for future research and clinical imple-

THE EXTRODUCER IS DESIGNED WITH THE FOLLOWING FEATURES

- Access tissue and organs difficult or risky to reach with conventional methods.
- Passes through the vascular wall directly into the tissue/organ.
- Precise, easily navigable with high injection accuracy in combination with guide/microcatheter and standard imaging equipment.
- No clinically significant bleeding or trauma to blood vessels and/or organs.
- Increased retention – injected payloads stay in the target tissue.
- Repeated access easy to achieve.
- Easy to use – minimal training needed.

The Extroducer is FDA-cleared for use in the abdomen. All other indications are investigational.



mentation of precise cell- and gene therapy as well as other modalities like mRNA and biologics. In addition, the technology offers an opportunity to overcome unacceptable toxicity or low efficacy of small molecules such as chemotherapies. Large animal proof of concept and functional studies have been performed at Karolinska Institutet in Stockholm in tissues, including the heart, kidney, pancreas, brain, and liver.

The Extroducer has been designed to combined with most off-the-shelf microcatheters to navigate into the microvasculature to access different tissues. It has also been designed to be used with guide catheters for injection of different payloads into myocardial tissue.

The Extroducer delivery platform has strong patent and intellectual property protection. In November 2024, an additional patent was granted by the European patent office on the next generation of patents. This specific patent covers the design of the distal part of the Extroducer, which penetrates the vessel wall and moves smoothly towards the target location. The patent provides protection in 39 relevant countries and remains valid until 2041. The Extroducer has been 510K cleared by the FDA for abdominal usage. It is currently under investigation for other applications.

Technology and innovation

SmartCella has been developing the Extroducer technology, invented in the laboratory of Professor Staffan Holmin, MD, PhD, at Karolinska Institutet, since 2015. Staffan Holmin is also Chief Medical Officer of SmartCella and part of the Executive Management Team.

In 1953, Sven-Ivar Seldinger developed a technique to safely insert catheters into blood vessels, leading to the development of the Introducer. This was the foundation of endovascular techniques which have revolutionized many aspects of health care. Using this as inspiration, Staffan Holmin's team developed the Extroducer, a novel device that makes it possible to exit blood vessels and reach adjacent tissues, thus an "inverted" Seldinger technique.

FOR A LIST OF RESEARCH AND PUBLICATION RELATED TO THE EXTRODUCER, VISIT SMARTCELLA.COM

Regenerative Medicines

The Regenerative Medicines business segment includes two main areas within novel mRNA therapies and stem-cell therapy development: Modified Cell Therapies and Cell Therapies. Modified Cell Therapies include research into cell-mediated delivery of mRNA and development of novel mRNA therapies, with a focus on cartilage regeneration for Osteoarthritis. Cell therapies encompass a pipeline of stem/progenitor cell therapies derived from human pluripotent stem cells (PSCs), targeting multiple therapeutic areas such as heart failure and Parkinson's disease.

Cell Therapies

SmartCella's current allogeneic stem cell therapy pipeline consists of stem/progenitor cells obtained from the differentiation of PSCs as regenerative medicines to address conditions including heart failure (SMART01) and Parkinson's disease (SMART02).

Modified Cell Therapies

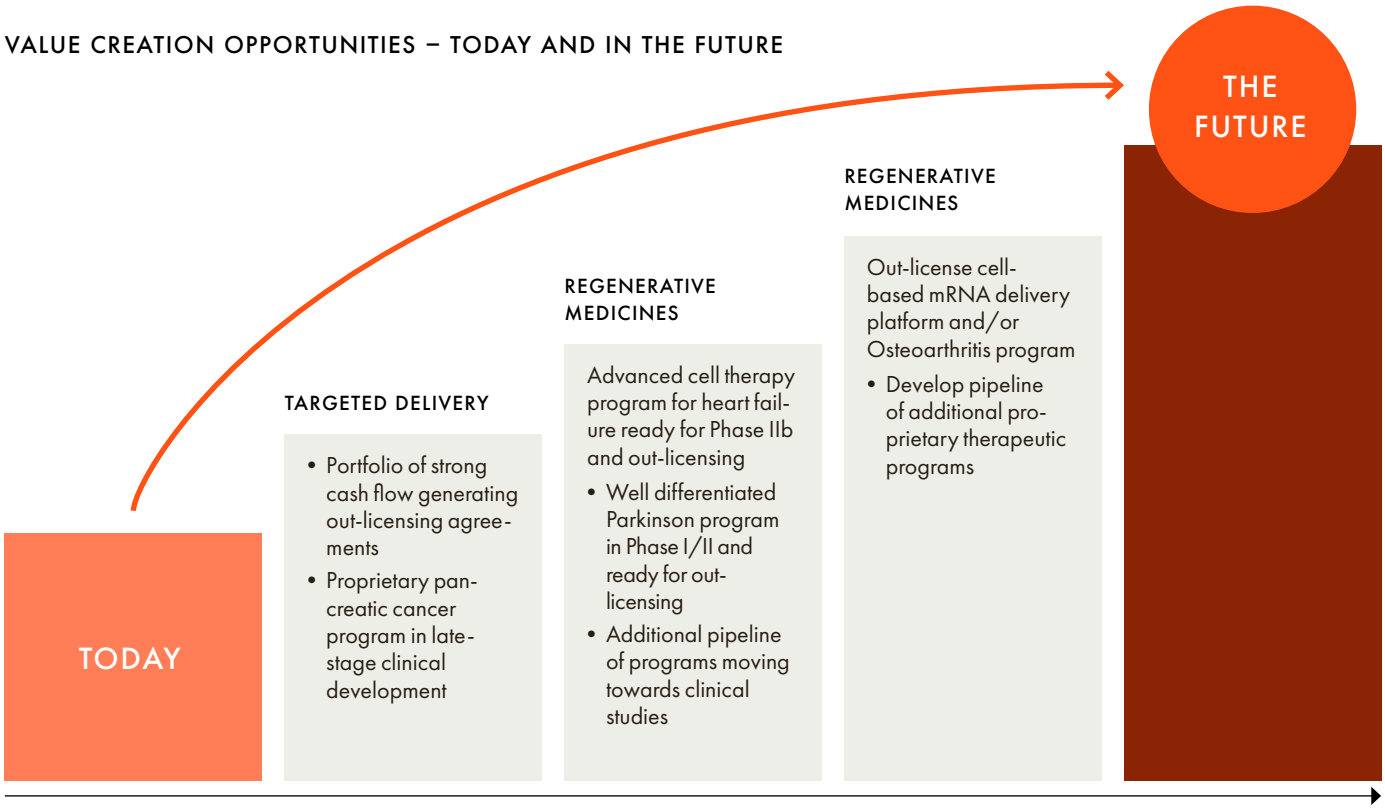
Our modified cell therapy program leverages a first-in-class approach that combines our stem cell know-how with a novel protein expression payload. We are currently developing SMART03, our proprietary induced mesenchymal stem cell (iMSC) delivery platform, which builds on the paracrine anti-inflammatory properties of mesenchymal stem cells, paired with the localized expression of regenerative factors for cartilage regeneration in Osteoarthritis.

Strategy and business model

SmartCella's strategy is driven by our vision to unlock the full potential of targeted therapies for every patient in need. Our mission is to provide first-in-class delivery platforms, supported by cutting-edge development and manufacturing of cell therapies. We aim to be a trusted partner at any stage of the journey, from early research to commercialization.

Our overarching strategy is to leverage Targeted Delivery and Regenerative Medicines in developing innovative delivery and therapies addressing unmet medical needs. Through our different technology platforms, we partner with biotech and pharmaceutical companies of all sizes and across any development phases. Our role is to bridge the translational gap from early scientific discoveries to clinical application, keeping the commercial product and patient outcomes in mind from the start.

VALUE CREATION OPPORTUNITIES – TODAY AND IN THE FUTURE



OUR GUIDING PRINCIPLES

SmartCella operates according to a set of guiding principles that are deeply embedded throughout the organization. These core principles, centered on patients, science, and entrepreneurship.

We put our patients first

To improve outcomes and bring cures for longer, healthier lives is at the heart of everything we do.

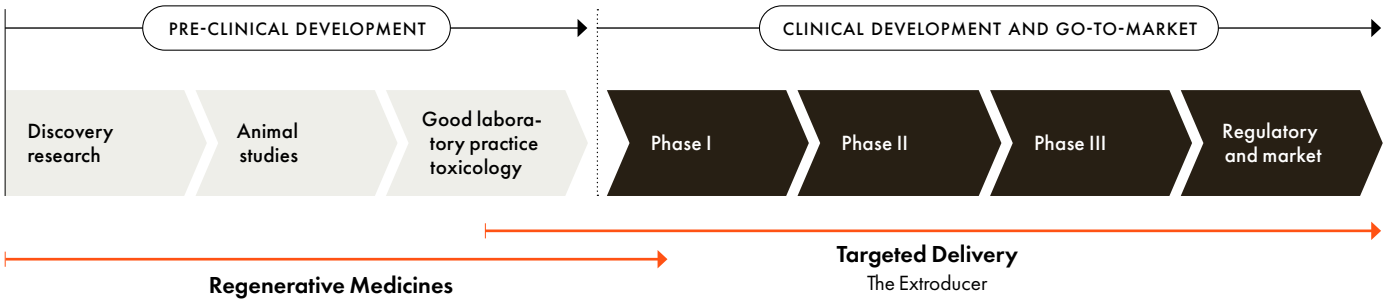
We pioneer new treatment paradigms through world-class science

Our decisions are based on solid data and research to ensure the highest ethical standards.

We are curious, innovative, and visionary

We embrace change, thrive on challenges, and relentlessly strive to achieve more with less. And importantly, we bridge the translational gap from early discovery to the clinic.

SMARTCELLA IN THE BIOTECH VALUE CHAIN



SmartCella also drives innovation through proprietary scientific research, developing novel delivery methods and therapies for critical global diseases. These efforts showcase efficacy and support commercialization.

Our efforts span the entire biotech value chain, from early research and pre-clinical development to clinical advancement and scalable manufacturing compliant with Good Manufacturing Practices (GMP). SmartCella is unique in having both the Extroducer in the commercial phase, and a portfolio of proprietary therapeutic programs.

SmartCella's scalable platform and business model are distinguished by diversification, early revenue generation, high margins, and significant future earnings potential. From an investment standpoint, we offer a unique value proposition through a de-risked delivery platform with non-exclusive license agreements for the Extroducer technology, while providing substantial upside potential in proprietary therapeutic programs.

Targeted Delivery

Non-exclusive partnerships with global biotech and pharmaceutical companies

The strategy for our Targeted Delivery business segment is to collaborate with global biotech and pharmaceutical companies through non-exclusive license agreements, granting our partners the right to use the Extroducer technology for their respective therapies as a combination therapy. These partnerships can commence at any stage of pre-clinical or clinical development and provide our partners with a differentiated path to commercialization. SmartCella provides the Extroducer, and the collaborating company conducts and funds clinical studies and executes their go-to-market strategies, while maintaining a biotech financial upside for SmartCella through milestone payments, royalties on the sales of the combination therapies, as well as high margin product sales.

In some cases, SmartCella conducts proprietary clinical studies using the Extroducer to demonstrate its efficacy and facilitate commercialization in new application areas. The Extroducer is also used in clinical trials with our own Cell Therapies, for example in SMART01 moving into Phase I/II clinical trials in 2025.

Our non-exclusive license approach allows us to generate revenue from multiple licensees while maintaining full ownership of the Extroducer technology. Revenue streams include access fees, milestone payments through clinical development, regulatory approvals and commercialization, a price per unit, and royalties once the therapies are launched in the market. As we build a portfolio of non-exclusive licensing deals with big pharma and biotech partners in different stages of development, indications and modalities, the Extroducer provides a high value opportunity with low investments, diversified risk and attractive upside through a high margin license portfolio.

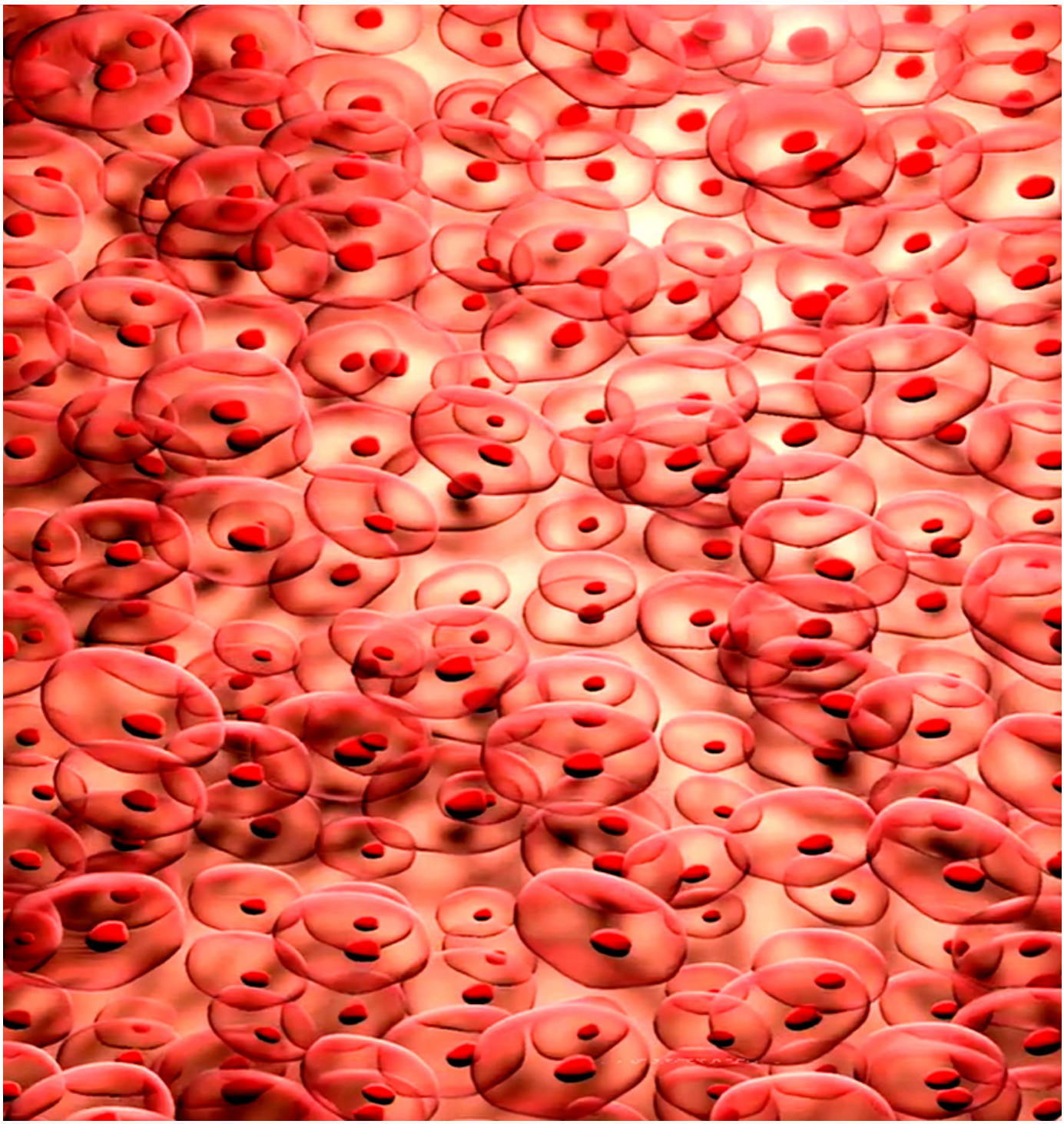
In July 2024, we signed our first commercial license agreement for the Extroducer with XyloCor Therapeutics, a US-based biotech company. The total deal value of approximately USD 130 million also includes mid-single-digit royalties and high margin product sales. The partnership is a concrete proof of our distinct Extroducer offering and significant scaling opportunities at attractive financial terms.

Regenerative Medicines

Scaling manufacturing for cell therapies

Our strategy for the Regenerative Medicines business segment is to scale SmartCella's manufacturing and process development capabilities to develop and produce cell therapies across various pre-clinical and clinical development phases. This effort is supported by our GMP-approved, state-of-the-art facilities in Tullinge, near Stockholm.

This business segment conducts discovery, pre-clinical and clinical development of our programs, including the development of ventricular progenitor cells (SMART01), progenitor dopamine-producing cells (SMART02) and regeneration of cartilage (SMART03). The goal is to enable future commercialization and revenue generation through licensing partnerships with major pharmaceutical companies, which will handle the late stage clinical development and go-to-market efforts. Revenue streams will come from milestone payments and royalties after the therapies are launched. These pipeline programs, combined with the Extroducer technology, align with our mission to provide first-in-class delivery platforms, supported by cutting-edge development and manufacturing of therapies.



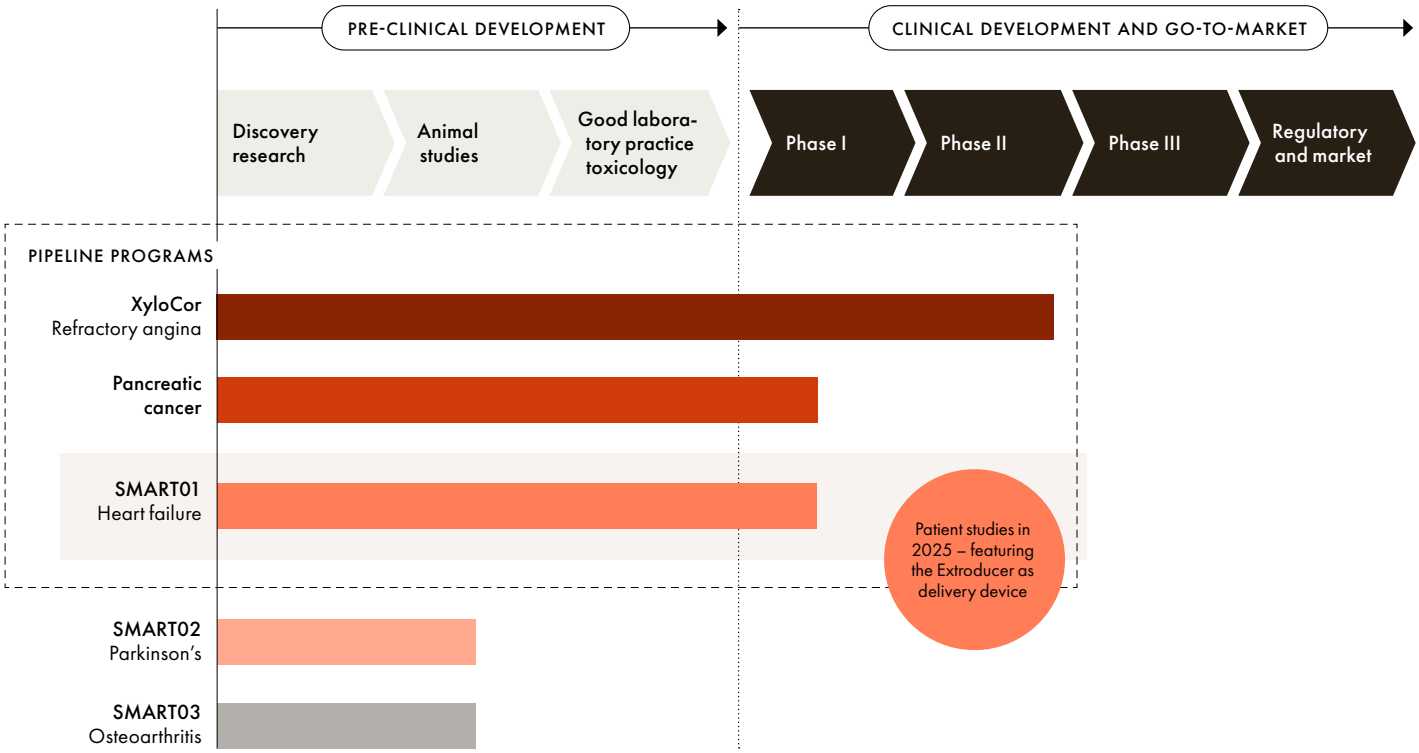
Heart progenitor cells in the form of early-stage "baby heart cells".

Pipeline of programs

SmartCella's has a pipeline of programs across both business segments. Within Targeted Delivery, there are two proof-of-concept programs ongoing: firstly, the partnership with XyloCor Therapeutics using the Extroducer to deliver XyloCor Therapeutics therapy for refractory angina and secondly, using the Extroducer to deliver chemotherapy in pancreatic tumors. Within Regenerative Medicines, our current allogeneic stem cell therapy program pipeline consists of stem/progenitor cells obtained from the differentiation of PSCs as regenerative medicines to address conditions including heart failure, Parkinson's disease, and Osteoarthritis.

The illustration gives an overview of the total pipeline and phases of the different programs.

OVERVIEW OF PROGRAMS



Programs: Targeted Delivery

The XyloCor Therapeutics partnership and XC001 program

SmartCella and XyloCor Therapeutics signed a license agreement in July 2024, which grants XyloCor Therapeutics access to the Extroducer as a delivery technology for their clinical asset. We are working together in submitting clinical trial applications and performing trials in the US and Europe in the XC001 program, which relates to treatment of refractory angina, a chronic heart condition, in a double-blinded Phase IIb study.

KEY POINTS OF XC001

- Administration of a viral vector gene therapy designed to promote new blood vessels in the heart to improve blood flow.
- SmartCella will participate in the study as the supplier of the Extroducer eliminating the need for surgical administration.
- Direct injection into the heart also achieves higher gene expression locally, while minimizing systemic vector circulation and associated side effects.
- Phase I/IIa data has demonstrated the disease-modifying potential to relieve chest pain and an overall improvement of quality of life.

Delivering therapeutic payloads to pancreatic tumors

In order to generate proof-of-concept data on the clinical validity of delivering therapeutic payloads directly to solid tumors, SmartCella is preparing for an investigator-led study, EXT-GemP, in partnership with Karolinska Institutet to treat late-stage pancreatic cancer patients.

KEY POINTS OF EXT-GEMP

- Pancreatic cancer has seen a notable increase in incidence over the past decades. Every year in Sweden alone, roughly 1,900 patients are diagnosed with cancer stemming from the pancreas or the periampullary region, a trend mirrored worldwide. Despite the increasing numbers, the prognosis for pancreatic cancer remains grim.
- Treatment of in-operable locally advanced Pancreatic cancer in a Phase I/IIa study.
- Administration of a standard of care chemotherapy, gemcitabine, that is typically delivered systemically with significant side effects and low survival rates.
- The aim is to investigate whether direct administration to the tumor can safely improve clinical outcomes, such as allowing for surgical removal of the tumor, or overall tumor shrinkage.

Programs: Regenerative Medicines

Within Regenerative Medicines, we specialize in SMART cell therapies. With our proprietary and highly efficient differentiation protocols using human pluripotent stem cells (PSCs), we are developing first- or best-in-class allogeneic regenerative medicines with clinical indications including advanced heart failure and Parkinson's disease. Leveraging our extensive expertise in PSC differentiation, we have expanded our cell therapy pipeline to include novel mRNA-modified cell therapies to tackle an even broader range of potential disease indications with enhanced half-life and targeted delivery of mRNA payloads via induced mesenchymal stem cells (iMSCs).

Having the commercial product, and patient outcomes, in mind, we leverage our bioprocessing and analytical platform capabilities and develop robust and scalable manufacturing processes, which are then implemented in our GMP-certified facility in Tullinge for the production of our SMART cell therapies for clinical use.

Regenerating failing hearts

SmartCella's lead stem cell program, SMART01, is allogeneic cryopreserved human ventricular progenitor cells (HVPs) derived from PSCs to regenerate cardiac tissue in patients with advanced heart failure with reduced ejection fraction (HFrEF).

KEY POINTS OF SMART01

- Human pluripotent stem cells are differentiated in vitro to HVPs with a proprietary differentiation protocol before cryopreservation.
- Human ventricular progenitor cells are delivered as single cells directly to the heart using the Extroducer.
- Following delivery, the HVPs engraft in the host tissue and further differentiate to cardiomyocytes and integrate into the heart to form new functional heart tissue.
- In pre-clinical studies, SMART01 HVPs re-muscularized the myocardium three months after injection in post-myocardial infarction (MI) minipigs.
- The SMART01 human ventricular progenitor cells reduced the infarct size and improved cardiac function three months after injection in post-MI minipigs.

Cell replacement therapies for Parkinson's disease

Our SMART02 program is cryopreserved allogeneic human ventral midbrain progenitor dopamine producing cells (mDAs) derived from PSCs. Grafted cell preparations have shown exceptional therapeutic performance in preclinical transplantation studies in the Parkinsonian rat model, suggesting potential to become a best-in-class cell product. Parkinson's disease (PD) is a chronic, progressive neurodegenerative movement disorder affecting over ten million people worldwide. Cell therapies offer a potential restorative treatment for PD by replacing lost midbrain dopaminergic (mDA) neurons with neurons derived from PSCs. The field has reached the stage of human clinical trials in Japan, Europe and US, but one limitation is the low proportional yield of mDA neurons after transplantation, and most cells in grafts contain undesired non-therapeutic cell types.

Professor Johan Ericson from Karolinska Institutet and his team have developed a novel method to differentiate PSCs into progenitor mDA neurons with improved efficiency and yield in therapeutic mDA neurons after transplantation (Nat Comm. 2022). We have built upon Ericson's work to develop our SMART02 program.

KEY POINTS OF SMART02

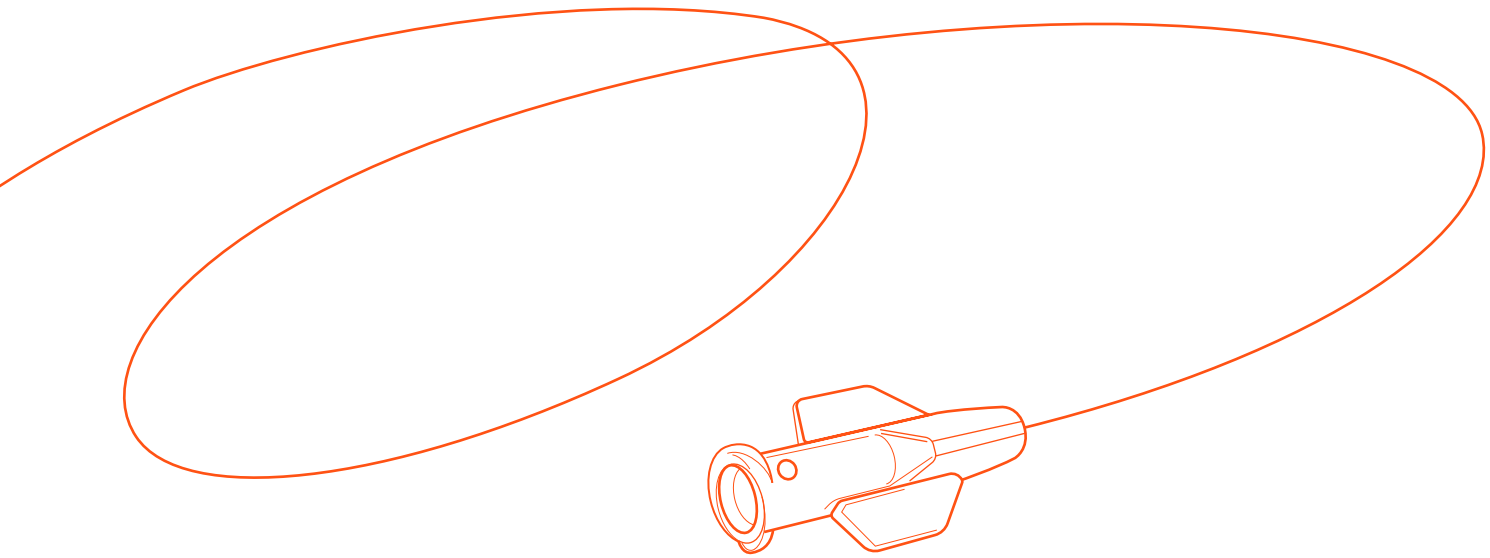
- The novel xeno-free protocol for the in vitro differentiation of PSCs substantially increases the yield of therapeutic mDA neurons after transplantation and concomitantly reduces undesired cell impurities, resulting in small transplants that are highly enriched for mDA neurons exhibiting identity of endogenous neurons.
- SMART02 will be delivered as single cells injected directly into the brain.
- Functional recovery is observed four months after injection in a Parkinsonian rat model (6-OHDA rats), which is faster than the time reported in other preclinical studies.

Cell carrier as a disease modifying strategy for Osteoarthritis

We are currently developing SMART03, our proprietary induced mesenchymal stem cells (iMSC) delivery platform, which builds on the paracrine anti-inflammatory properties of mesenchymal stem cells, paired with the localized expression of regenerative factors for targeted delivery and improved half-life of mRNA payload for cartilage regeneration in Osteoarthritis. Osteoarthritis is the most common form of arthritis, affecting eight percent of the population worldwide, with a higher prevalence in women than men. It is a progressive degenerative joint disease characterized by the breakdown of cartilage which is the protective t issue at the ends of bones. This results in pain, stiffness, swelling, and decreased range of motion in the affected joints, and ultimately disability.

WHY COMBINING mRNA WITH CELL THERAPY?

- mRNA is considered an efficient and cost-effective way of delivering and inducing protein expression.
- SmartCella's iMSC delivery platform extends protein expression to up to one week in the body, enabling new treatment options for various diseases.
- The iMSCs themselves exhibit well documented anti-inflammatory effects through paracrine mechanisms, thus further enhancing the regenerative potential of our therapy.
- The anti-inflammatory profile of iMSCs provides an ideal carrier for the mRNA, while the stealth property of iMSC evades the immune system and thus prevents mRNA degradation and avoids the immunogenic side effects of lipid nanoparticles.
- In our pre-clinical small animal study, a single administration of regenerative mRNA encapsulated in iMSCs provides pain relief while promoting significant structural improvements in the knee joints of an Osteoarthritic model.
- We demonstrate the powerful combination of our therapeutic regenerative factors with iMSC's paracrine activity as a disease modifying strategy for Osteoarthritis.



About the organization

SmartCella's international team consists of scientists, visionary innovators, and experienced business leaders, all dedicated to shaping the future of targeted therapies and delivering life-changing treatments to patients.

By the end of 2024, our team had grown to 79 employees, representing 27 nationalities, with ages ranging from 19 to 64 years. Women make up 55 percent of our workforce, while men account for 45 percent.

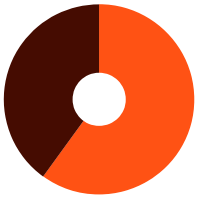
In addition to our guiding principles, centered on patients, science, and entrepreneurship, our workplace and corporate culture are built on four core values: transparency, creativity, trust, and collaboration. We are committed to open and transparent communication, which is essential for fostering a diverse and inclusive culture. By breaking down barriers and ensuring a free flow of information, we build trust and create a more cohesive, aligned workplace where collaboration and accountability thrive. Openness and transparency are key indicators of an inclusive and healthy work environment.

Collaboration and a sense of belonging are critical for motivation and growth. At SmartCella, collaboration goes beyond everyday teamwork, it is about creating an environment where everyone feels valued, respected, and fully integrated into the company's strategy and success.

Empowerment and growth are at the core of SmartCella's corporate culture. We believe that when individuals reach their full potential, they contribute more and find greater fulfillment in their roles. SmartCella fosters a culture of creativity, ownership, and continuous development, ensuring that every employee thrives in a diverse and dynamic environment.

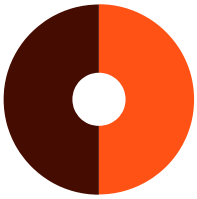
SMARTCELLA'S DIVERSITY AND INCLUSION KPIS

Board of Directors



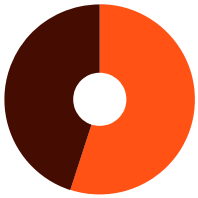
Women **60%**
Men **40%**

EMT



Women **50%**
Men **50%**

All employees



Women **55%**
Men **45%**

NUMBER OF NATIONALITIES

27

AGE RANGES

19–64 years

SMARTCELLA'S EMPLOYEE VALUE PROPOSITION

Empowerment & Growth

- Be part of an innovative journey pioneering new treatment paradigms based on world-class science.
- A purpose driven organization, being part of transforming lives for patients in need.
- Access to tools, opportunities, and support to grow professionally and personally.

Collaboration & Belonging

- A diverse, and dynamic environment with talented international colleagues.
- Opportunities to work together, beyond ordinary teamwork leveraging your unique skills and experiences.
- A workplace where everyone are valued, respected, and integral to the company's success.

Communication & Transparency

- Clear, honest, and ongoing dialogue across the organization.
- Openness to build trust and create a cohesive and aligned workplace where collaboration and accountability are strengthened.
- A transparent culture where vital information is shared across the organization.

Compensation & Benefits

- Competitive salary.
- Generous pension scheme.
- Health insurance.
- Life insurance.
- 24/7 accident insurance.
- Private health care insurance.
- Generous wellness contribution.
- Incentive programs with a share in the company's success.

The SmartCella headquarters in Tullinge.

The SmartCella facilities

SmartCella has two facilities located in the greater Stockholm area. SmartCella's headquarters are located in Tullinge near Karolinska University Hospital and the Flemingsberg Life Science cluster, and a facility for early discovery and translational research at the Karolinska Intitutet campus in Solna, in central Stockholm. By having the commercial product in mind from the start, we leverage our bioprocessing and analytical platform capabilities to develop robust and scalable manufacturing processes, which are then transferred and implemented in our GMP-certified facility for the production of our SMART advanced therapies and medicinal products (ATMP) for clinical use.

SmartCella headquarters
A 2000-square-meter facility with state-of-the-art Bioprocess and Assay development laboratories (250 square-meter) and a Good Manufacturing Practice (GMP) certified facility of 400-square-meter. Early 2024, the facility was granted manufacturing authorization and GMP certification by the Swedish Medicinal Product Agency and made SmartCella fully equipped for clinical production of Pluripotent Stem Cell (PSC)-derived therapies for clinical studies. The GMP facility, built in 2022, features two large grade B cleanrooms and a Laboratory for Quality Control and quality testing of our products. Over the past year, the team has conducted comprehensive validation activities for both the facility and its equipment, ensuring compliance with GMP. A robust quality system has been implemented to support the manufacturing of PSC-derived therapy products for clinical trials.

SmartCella early discovery and translational research
A 90-square-meter laboratory with capabilities for stem cell culture and molecular biology analytics for early reseach and development of our first-in-class therapeutic approaches that combine our know how in stem cell biology and modified RNA-based protein expression payload.

Overall, SmartCella possesses end-to-end capabilities across the entire product development lifecycle. From early research and development to proof-of-concept and process development, SmartCella is well-positioned to transition technologies seamlessly into future production. Combined with a stringent quality control system, SmartCella stands out as a competitive force in the field of ATMP product development.

SmartCella's Scientific Advisory Board

SmartCella has a Scientific Advisory Board (SAB), chaired by Professor Anna Martling, who also serves on the Board of Directors of SmartCella Holding AB. The SAB's purpose is to provide scientific and clinical insights into SmartCella's strategic direction and research programs while also anticipating future developments from both scientific and clinical perspectives.

SmartCella's SAB brings together leading scientists, researchers, and medical specialists to discuss key topics, including innovation, efficiency, healthcare economics, sustainability, and, most importantly, improved patient outcomes across the entire healthcare system. These discussions are global in scope, grounded in scientific and clinical aspects, and take a critical, analytical approach to evaluating innovative technologies and therapies and their potential in the future of health and healthcare. At the core of the SAB's agenda is always the well-being of patients, closely aligning with SmartCella's overarching mission – to develop cures and transform the lives of patients in need.

The SAB consists of a core group of members with global scientific profiles and invites additional specialists based on specific thematic medical issues addressed in the agenda. The inaugural SAB roundtable, held in March 2025, focused on the need for efficient and safe delivery solutions for advanced therapies within regeneration, immunomodulation and oncology highlighting the Extroducer's role as an innovative delivery platform.

Looking ahead, the SAB will explore other therapeutic areas, applications, and indications – delving deeper into which organs and conditions could benefit from the Extroducer's use, as well as areas for advancing therapy development.

MEMBERS OF THE SCIENTIFIC ADVISORY BOARD

Professor Anna Martling

Chairperson of the Scientific Advisory Board and Member of the SmartCella Board of Directors

Professor Anna Martling is a globally recognized Swedish scientist and surgeon specializing in oncology. She is a Professor of Surgery and the former Dean at Karolinska Institutet in Stockholm, Sweden. Her research focuses on developing new therapeutic strategies, biomarkers, and understanding the molecular mechanisms of colorectal cancer.

Anna has also served as the Coordinating Chair of The Task Force for Implementing Precision Medicine into Healthcare at Karolinska Institutet. She holds an MD and PhD in Surgery from Karolinska Institutet, with her thesis specializing in rectal cancer. Her contributions to medical science have earned her multiple prestigious awards, including the Swedish Surgical Society's Great Research Prize (2013) and Cancer Researcher of the Year (2021) from the Swedish Cancer Society.

Dr. A. M. James Shapiro

Professor of Surgery, Medicine, and Surgical Oncology, University of Alberta

Dr. James Shapiro is a British-Canadian surgeon globally recognized for developing the Edmonton Protocol, a groundbreaking islet transplant procedure for type 1 diabetes. He is a Professor of Surgery, Medicine, and Surgical Oncology at the University of Alberta and directs both the Clinical Islet Transplant Program and the Living Donor Liver Transplant Program with Alberta Health Services.

James revolutionized islet transplantation by optimizing engraftment, using multiple donors, and implementing a novel steroid-free antirejection strategy. In 1999, he led the first successful clinical trial, with all seven patients achieving insulin independence for over a year. His landmark 2000 study led to the protocol's global adoption, with over 2,000 patients worldwide receiving transplants based on his research.

Beyond islet transplantation, he has spearheaded international clinical trials, led the first-in-human stem cell transplant trials in 2014, and developed the Deviceless Technique for skin-based islet transplants. His research spans 30+ programs and 15 clinical trials, including an immune reset trial aimed at repairing the pancreas in newly diagnosed type 1 diabetes patients.

Professor Rolf Kiessling

Senior Professor of Experimental Oncology, Karolinska Institutet and Senior Consultant, Karolinska University Hospital

Professor Rolf Kiessling is a distinguished Swedish oncologist and immunologist renowned for his pioneering work in cancer immunotherapy. He is a Senior professor at Karolinska Institutet, where his research focuses on harnessing the immune system to develop innovative treatments for cancer and a Senior Consultant at Theme Cancer, Karolinska University hospital where he is developing and conducting cell therapy trials for advanced cancers.

He is particularly recognized for his groundbreaking studies on natural killer (NK) cells and their role in tumor immunity, providing critical insights into how these cells identify and eliminate malignant cells. His work has led to the development of new therapeutic strategies in oncology.

Throughout his career, Rolf has received numerous awards and honors, including prestigious grants and fellowships. His contributions continue to shape the field of immunotherapy and inspire researchers and clinicians worldwide.

Dr. Regina Fritsche-Danielson

Senior Vice President, Global Head of Research & Early Development, AstraZeneca

Dr. Regina Fritsche-Danielson is a globally recognized scientist and Senior Vice President & Global Head of Research and Early Development for Cardiovascular, Renal, and Metabolic Diseases at AstraZeneca. She is also a Member of the SmartCella Board of Directors.

Regina holds a PhD in Cardiovascular Physiology/Pharmacology from the University of Gothenburg. After her postdoctoral work, she was awarded a prestigious grant from the Swedish Natural Research Foundation (NFR) and led research teams at multiple international institutions, including the University of Gothenburg, University of Ottawa, University of Queensland, and University of Nevada.

Since joining AstraZeneca in 2001, she has contributed to the development of multiple candidate drugs, many of which have progressed into late-stage clinical trials. Her expertise lies in translational science, bridging the gap between laboratory research and clinical applications by identifying and validating new therapeutic targets.

Professor Matti Sällberg

Dean of KI Campus South & Professor of Biomedical Analysis, Karolinska Institutet

Professor Matti Sällberg is a distinguished Swedish researcher specializing in vaccines, chronic viral hepatitis, cancer, and severe viral infections. Since 2024, he has served as Dean of the KI Campus South at Karolinska Institutet in Stockholm, Sweden. Previously, he was Head of the Department of Laboratory Medicine. He was one of the driving forces behind the establishment the ANA Futura research facility at KI Campus South in 2019 now housing almost 300 researchers, clinicians and teachers, and the establishment of Karolinska ATMP Center, initiated in January 2024.

His research focuses on developing gene and cell-based therapies (GTMPs and ATMPs) to advance treatment options for viral diseases and cancer. Over his career, he has played a significant role in translational research, in particular taking three in-house developed novel genetic vaccines all the way to clinical testing.

Professor Staffan Holmin

Professor of Clinical Neuroimaging, Karolinska Institutet & Head of R&D for Medical Diagnostics, Karolinska University Hospital

Professor Staffan Holmin is the inventor of the Extroducer delivery platform technology, co-founder of SmartCella and a globally recognized expert in clinical neuroimaging and endovascular techniques. He is a Professor in Clinical Neuroimaging at Karolinska Institutet, senior consultant in Neuroradiology and head of R&D at Medical Diagnostics at the Karolinska University Hospital.

Staffan leads a research group in neuroradiology and vascular radiology, working on clinical and experimental programs in stroke management and endovascular technique development for the central nervous system and other organ systems. He has been responsible for coordination of the imaging research facilities leading to the Center for Imaging Research (CIR) at Karolinska Institutet and Hospital.

His contributions to medical science have earned him prestigious honors, including the Seldinger Honorary Lecture at the European Congress of Radiology (2016), the Hans Wigzell Foundation Science Prize (2020), and the Karolinska Institutet Prize for Innovation and Utilization (2022).

Our approach to sustainability

Sustainability is a prioritized area with high importance within our organization. Our primary focus is on social sustainability, to promote health and well-being for our employees, which also includes respect for human rights, to create innovative solutions to reduce suffering and deaths, and to strengthen global collaboration. Additionally, we strive to reduce our carbon footprint, ensure strong governance practices, meet increasing demands and expectations, and ensure long-term value for the company, its stakeholders, and society at large. We have zero tolerance for corruption and bribery.

During 2024, we conducted a materiality analysis based on an evaluation of the 17 UN Sustainable Development Goals (SDGs). The analysis was carried out with consideration to SmartCella's industry and geographical presence. The 17 SDGs were reviewed and ranked based on our capacity to contribute to them. In addition to the review, we conducted a stakeholder analysis where we identified key expectations from our most important stakeholders, including employees, shareholders, partners and customers, authorities and government agencies and most importantly, patients. Based on the findings from these two steps, we determined that SDG 3 (Good health and well-being), SDG 9 (Industry, innovation and infrastructure), SDG 13 (Climate action) and SDG 17 (Partnerships for the goals) are the most material for SmartCella to focus on and will guide our sustainability initiatives going forward.

SDG 3 aims to ensure healthy lives and promote well-being for all at all ages by ensuring access to high-quality healthcare, medicines and vaccines for everyone. SmartCella can make a real impact within pharmaceutical development. SmartCella's contribution includes development of curative treatments for diseases such as heart failure and Parkinson's disease as well as new and more effective delivery methods for advanced therapies resulting in reduced negative side effects and better treatment results.

SDG 9 aims to build resilient infrastructure, promote inclusive and sustainable industrialization, and foster innovation and sustainable business. SmartCella can contribute by providing treatments with the potential to revolutionize healthcare.

SDG 13 aims to take urgent action to combat climate change and its impacts. SmartCella can contribute by reducing carbon emissions through sustainable transportation and business travel.

SDG 17 aims to strengthen global partnerships by facilitating the sharing of knowledge, technology, and financial resources to support the achievement of the SDGs in all countries. SmartCella can contribute by serving as a bridge between academic basic research, such as collaborations with Royal Institute of Technology (KTH) and Karolinska Institutet (KI) and major international pharmaceutical companies.

Additionally, we will focus on enhancing competencies and advancing in the areas of environmental sustainability, social sustainability and governance.

Environmental sustainability

SmartCella is committed to promoting sustainable transportation among our employees. To encourage our employees to drive electric or hybrid cars, we offer free charging in the parking lot at our headquarters in Tullinge, where over 90 percent of our employees work. Additionally, for business trips within Sweden, our policy is to travel by train, which significantly lowers our environmental impact compared to air travel. Furthermore, we maximize the use of digital meetings to minimize the need for travel.

Air travel is the largest isolated contributor to SmartCella's environmental and climate impact. This presents challenges, as we regularly need to attend international conferences for both scientific and financial market purposes. Even with digital options, certain physical meetings are crucial for building relationships and driving innovation. It may be difficult to replace air travel with alternative modes of transportation like trains due to distances, geographical limitations, and the reliance on global actors.

Social sustainability and governance

SmartCella conducts research and development benefiting society at large by bringing cures and transforming lives for patients in need. We develop curative treatments for critical diseases and more effective delivery methods for advanced therapies resulting in reduced negative side effects, better treatment results and patient outcomes. Our operations are focused on areas where viable alternatives are currently scarce.

We offer our employees benefits comparable to those in collective agreements, ensuring competitive compensation and support. To continuously improve SmartCella's work environment, we conduct annual employee surveys that provide valuable insights into our team's satisfaction and areas for improvement. The areas covered in the employee survey include alignment, collaboration, development, leadership, pride, recognition, and well-being. All employees are encouraged to participate in the surveys and in 2024, the response rate was 87 percent. Additionally, we perform an annual salary review to maintain fair and equitable compensation across all roles.

SmartCella's commitment to transparency and integrity is demonstrated through our whistleblower function, an external third-party service that allows employees to report concerns confidentially and without fear of retaliation. We also prioritize the safety and well-being of our employees with rigorous safety protocols in place for across our two facilites, including laboratories and cleanrooms, always ensuring a secure and compliant working environment.

Performance indicators

Climate footprint (energy, travel and consumption)

Year	Tons CO_2e per employee
2024	1,26

Displays climate footprint per employee (calculated based on 80 employees in 2024) per year. The calculation is done using Climate Hero's digital calculator, which is based on the GHG Protocol and considers the categories of energy, travel, and consumption (e.g. food, electronics and office consumables).

ENPS

Year	Total number of respondents	ENPS
2024	63	25

Shows the total number of respondents and the number of employees who would recommend SmartCella as an employer to a friend. ENPS seeks to describe employee engagement.

Reported concerns

Year	Reported cases
2024	None

Shows the number of reported cases of corruption or other irregularities reported through the whistleblower function.

Board of Directors' report[1)]

Group and the Parent Company

The Board of Directors and Chief Executive Officer of SmartCella Holding AB (corporate registration number 559171-6393), with its registered office in Stockholm, Sweden, hereby present the Annual Report for the 2024 financial year for the Group and the Parent Company. The results of the year's operations and the financial position of the Parent Company and the Group are presented in this report and in the subsequent income statement, balance sheet, statement of comprehensive income, cash flow statement, statement of changes in equity, and accompanying notes and disclosures, which together constitute the Annual Report.

About SmartCella

SmartCella is a global biotechnology company pioneering the future of targeted therapies through delivery solutions and advanced therapy development, primarily in areas related to the heart (heart failure), the brain (Parkinson's disease), and cartilage regeneration (Osteoarthritis). The company was founded in 2014 and is built on globally recognized science and research originating from Karolinska Institutet in Sweden.

SmartCella combines novel delivery platforms—such as the Extroducer®, an endovascular delivery device enabling direct infusion to hard-to-reach organs and tumors—with state-of-the-art development and manufacturing of cell therapies. The company operates in two business segments: Targeted Delivery and Regenerative Medicines.

SmartCella's overarching strategy is to collaborate with global biotech and pharmaceutical companies across various clinical and development stages. Through the Extroducer and its cell therapy manufacturing capabilities, the company aims to bridge the translational gap between early-stage scientific discovery and clinical application. In parallel, SmartCella seeks to drive innovation through proprietary scientific research in order to address critical disease areas such as heart failure and Parkinson's disease.

The international team at SmartCella consists of scientists, visionary innovators, and experienced business leaders—all committed to shaping the future of targeted therapies and delivering life-changing treatments to patients.

Sustainability is a prioritized area of great importance within SmartCella's organization. The company's primary focus is on social sustainability—promoting health and well-being for employees. This also includes respect for human rights, the development of innovative solutions to reduce suffering and mortality, and efforts to strengthen global collaboration and lower treatment costs through new and more efficient therapeutic and delivery methods. In addition, the company strives to reduce its carbon footprint, ensure strong corporate governance, meet rising expectations and regulatory requirements, and ensure long-term value creation for the company, its stakeholders, and society at large. SmartCella has zero tolerance for corruption and bribery.

Material risks, uncertainties, and future outlook

SmartCella's risk management process is designed to ensure that the company's decisions take into account its key risks, including how such risks are proactively managed. Risk management is an integrated part of SmartCella's corporate strategy, long-term planning, annual budget, quarterly forecasts, and overall business operations.

SmartCella has a process in which the company's risks are identified and assessed based on two parameters: (i) the likelihood of a risk occurring and (ii) the consequences of such a risk materializing. For the most relevant identified risks, an action plan is established with a focus on proactive risk mitigation measures.

SmartCella conducts an annual assessment of the company's key risks. The plan is discussed within the company's management team and the Board of Directors on an annual basis, with ongoing reporting to the Board throughout the year.

Outlined below are SmartCella's most significant risks and uncertainties related to strategic, operational, compliance, and financial aspects.

Strategic risks

- **Collaborations and partnerships:** Product and technology collaborations are key components of SmartCella's strategy, both within the Targeted Deliveries and Regenerative Medicines segments, aimed at expanding the company's development capacity, increasing its commercial reach, and achieving profitability. SmartCella faces the following key risks in this area:
  - One or more of the company's existing collaboration agreements may be terminated
  - Failure to enter into additional such agreements in the future, whereby SmartCella's ability to realize the value of its product candidates could be delayed or hindered due to the absence of partnership agreements
  - Differences of opinion may arise between SmartCella and its partners
  - The inability of SmartCella's partners to fulfill their contractual obligations or a decision to prioritize the development of alternative opportunities

Furthermore, it may be difficult to predict certain timelines within collaboration programs, as the schedules developed when partnerships are formed are indicative in nature. Lastly, approvals from regulatory authorities are not fully within SmartCella's control.

Operational risks

- **Product manufacturing:** SmartCella has a complex manufacturing process across both the Targeted Delivery and Regenerative Medicines segments. As a result, there may be instances where established timelines and quality standards related to production are not met, which could affect the timing of future revenue streams.

[1)] This report is a translation of the swedish report. In the event of any discrepancies between the language versions, the Swedish version shall prevail.

- **Research and product development:** SmartCella conducts advanced R&D within the field of cell therapy, including proof-of-concept studies in animals and clinical trials in humans. The outcome of this type of research and development is inherently uncertain. The company continuously works to manage and mitigate R&D-related risks through ongoing program evaluations and by running parallel programs across different development stages.
- **Suppliers:** SmartCella is dependent on a few key suppliers for its manufacturing operations related to the Extroducer as well as for programs within Regenerative Medicines. As such, delays and the quality of input materials may impact SmartCella's ability to produce materials on time and at the required quality level.
- **IT and cyber risks, as well as the risk of data breaches:** A breach of the company's IT security could result in unauthorized access to critical data and/or the loss of sensitive data, potentially exposing business secrets and/or personal and patient information to unauthorized parties. These risks are managed continuously through regular IT security reviews, clear policies and procedures, perimeter protection, as well as internal controls and employee training.

Compliance-related risks

- In order to initiate and conduct clinical trials for a product candidate, and to manufacture and distribute the Extroducer, a license or regulatory approval must be obtained from the relevant authorities in each applicable country or region. SmartCella is dependent on the procedures, interpretations, and requirements of these authorities to obtain such approvals, which may impact expected timelines or associated costs.

Financial risks

- **Financing risk:** As SmartCella's operations expand, the company is dependent on securing sufficient funding to operate its business. Both the scale and timing of SmartCella's future capital needs depend on several factors, such as operational costs, the potential success of research and development programs, and the company's ability to enter into partnership and licensing agreements for the Extroducer. This also includes the timing and amounts of milestone payments and royalties, as well as the market reception of potential products. Access to and the terms of additional financing are influenced by a number of factors, including overall market conditions and general sentiment in the financial markets.
- **Exchange-rate risks:** SmartCella is exposed to currency risks in the form of transaction exposure. SmartCella's headquarters are located in Sweden, and the company reports its financial position and performance in SEK. Transaction exposure arises from the purchase and sale of goods and services in currencies other than SEK, as well as the revaluation of the company's cash positions held in foreign currencies. A significant share of SmartCella's future revenues is expected to be denominated in foreign currencies, primarily USD and EUR.
- **Partner credit risks:** SmartCella's partners may be unable to fulfill their payment obligations, which could result in a financial loss for SmartCella. If SmartCella fails to adequately manage credit risk, the company's financial position and profitability could be negatively impacted.

Future Development

- **Revenue from partners and licensees**: A significant share of SmartCella's future revenue is expected to come from partners and licensees (mainly milestone payments and sales-based royalties). All such revenue depends on the successful development of the partner's product, as well as the achievement of agreed-upon development and regulatory milestones, followed by product launch and market sales — factors over which SmartCella has no direct control.

Multi-year overview

Amounts in TSEK	2024	2023	2022
Revenue	86,856	144,221	91,314
Operating profit, EBIT	–126,472	–38,728	–58,850
Total assets	779,139	377,091	443,972
Cash and cash equivalents	560,296	168,162	247,327
Average number of employees	68	58	38

Financial information

Revenue from contracts with customers for 2024 amounted to 86,856 TSEK (144,221 TSEK), representing a decrease of 57,365 TSEK compared to the corresponding period last year. The decline was primarily due to lower revenue from historical milestone payments.

EBIT for 2024 amounted to –126,472 TSEK (–38,728 TSEK), a decrease of 87,744 TSEK compared to the previous year. Lower revenue during the period, combined with expected increases in costs—mainly related to personnel expenses—were the main drivers of the lower EBIT.

The financial net, including foreign exchange effects, for 2024 amounted to 12,285 TSEK (2,863 TSEK), mainly driven by interest income on bank balances and favorable foreign exchange movements during the period.

Profit for the year 2024 amounted to –114,180 TSEK (–35,864 TSEK), a decrease of 78,315 TSEK compared to the same period last year.

SmartCella operated with a negative cash flow during 2024, which was in line with expectations. As the business continues to develop—with new license agreements for the Extroducer and the commercialization of the SMART01-03 programs—this is expected to change.

Cash flow from operating activities for 2024 amounted to –126,684 TSEK (–35,259 TSEK). Key contributing factors

included the negative EBIT of –126,472 TSEK (–38,728 TSEK) and a negative net working capital (NWC) effect of –32,319 TSEK (–25,440 TSEK).

Investments during 2024 amounted to –256,573 TSEK (–17,655 TSEK), primarily related to capitalized development expenses and changes in short-term investments.

Cash flow from financing activities for 2024 totaled 561,608 TSEK (–5,002 TSEK). SmartCella's share issue during the third quarter of 2024 was a key contributor, providing a net positive cash inflow of 567,327 TSEK after fees.

As of December 2024, SmartCella held a strong liquidity position of 560,296 TSEK in available funds, consisting of cash and cash equivalents and short-term investments in 6- and 12-month interest-bearing accounts (168,162 TSEK). SmartCella enters 2025 with a solid financial position to accelerate the growth and commercialization of the Extroducer while continuing to advance key clinical trials and development programs.

Key events of the year

Significant progress was made during 2024. SmartCella strengthened its Executive Management Team and Board of Directors, reinforced its financial position, and signed its first commercial license agreement for the Extroducer. The programs within Regenerative Medicines are either progressing toward clinical trials in 2025 or are in the final stages before entering human clinical studies. These milestones form a solid foundation for SmartCella's future growth, with several important inflection points expected over the next 12–24 months.

Key events during the year include:

- Strengthening of the Executive Management Team. The company raised its operational standards and has built a team and infrastructure that meets the requirements of a listed company.
- Strengthening of the Board of Directors. New board members include Anna Martling, Professor of Surgery and Scientific Director of Life Science at Karolinska Institutet; Claude Dartiguelongue, who previously held senior positions at Lonza, Thermo Fisher Scientific, and Becton Dickinson; and Regina Fritsche-Danielson, PhD in Cardiovascular Physiology/Pharmacology and Senior Vice President at AstraZeneca.
- Operational progress across both business segments, including the signing of SmartCella's first commercial license agreement for the Extroducer with XyloCor Therapeutics, a US-based biotechnology company, in a deal valued at approximately USD 130 million, with substantial royalty potential. The Regenerative Medicines pipeline also advanced, with several programs approaching the final stages before human clinical trials.
- A capital raise of EUR 50 million in July 2024 through a new share issue at a pre-money valuation of EUR 500 million. The new issue was supported by existing investors such as Fjärde AP-fonden, AMF Pension, and the SEB Foundation, along with a new long-term strategic investor in AstraZeneca and two new investors: Handelsbanken Fonder and RoosGruppen AB.

Other information

Share capital and ownership structure

As of December 31, 2024, SmartCella's share capital amounted to SEK 677 thousand, divided into 135,320 shares, each carrying one vote. The largest shareholder was Swib Holding AB with a total of 74,350 shares, corresponding to 54.9 percent of the votes and share capital.

Proposed disposition of profit for the financial year 2024

The Board of Directors proposes that the retained earnings of SEK 1,095,481,125 be carried forward (see table below). The Board proposes that no dividend be distributed for the financial year 2024.

The Board of Directors proposes that the available retained earnings (SEK):	
Free share premium reserve	1,132,274,867
Retained loss	–8,234,352
Loss for the year	–28,559,389
Total	**1,095,481,125**
Allocated as follows:	
Balance to be carried forward	1,095,481,125
	1,095,481,125

For further information on the company's financial performance and position, refer to the following income statement and balance sheet with accompanying notes.

Corporate Governance

In preparation for a potential IPO, SmartCella has implemented significant parts of the corporate governance and internal controls that are required for companies listed on the main list of Nasdaq Stockholm. This section describes the current corporate governance structure of the company and following an IPO, it will be developed into a formal Corporate Governance Report.

Governance structure
SmartCella has during 2024 implemented a corporate governance structure in accordance with company law and accounting-related legislation, the Articles of Association, the Swedish Corporate Governance Code (the "Code").

Annual General Meeting
The Annual General Meeting is the highest decision-making body in a limited liability company and the shareholders exercise their influence over SmartCella at the general meeting. The general meeting resolves among others, on the Articles of Association and appoints SmartCella's Board of Directors and Chairperson of the Board.

According to the Swedish Companies Act, notice of the Annual General Meeting (AGM) shall be issued no earlier than six weeks and no later than four weeks before the AGM.

Annual General Meeting 2024
SmartCella's Annual General Meeting was held on June 10, 2024, at the company's headquarters in Tullinge outside Stockholm. Magnus Lindstedt at Nord Advokater was elected Chairperson.

The AGM adopted, inter alia, the following resolutions in line with the proposals of the Board of Directors:

- Adoption of the income statements and balance sheets for 2023 and a resolution that no dividend be paid.
- The Board and the CEO were granted discharge from liability for 2023.
- Agreement on the remuneration for the next mandate period for the Board of Directors.
- Christian Kinch and Magnus Tornling were re-elected Board Members and Anna Martling, Claude Dartiguelongue and Regina Fritsche-Danielson were elected as new Board Members. Thomas von Koch declined re-election.
- Christian Kinch was elected as the Chairperson of the Board.
- Öhrlings PricewaterhouseCoopers AB was elected as the auditing company until the end of the next AGM and a resolution was taken for fees to the auditor.
- In accordance with the proposal from the Board, the Annual General Meeting adopted the proposed changes to the Articles of Association.
- Authorization for the Board to resolve to issue new shares, warrants and/or convertible bonds, with or without deviation from the shareholders' pre-emptive rights.

Extraordinary General Meeting 2024
In conjunction with the execution of the new share issue of EUR 50 million, an Extraordinary General Meeting was held on July 24, 2024, to approve the change of status from private to public company.

Annual General Meeting 2025
SmartCella's 2025 Annual General Meeting will be held on May 14, 2025, at 14:00 CET at Miss Clara by Nobis, Sveavägen 48, 111 34, Stockholm.

Board of Directors
According to the Articles of Association, the Board of Directors ("Board") shall consist of at least three (3) and a maximum of eight (8) members appointed by the AGM. The members of the Board are elected for a period of one year and currently consist of five members. Five of whom are independent in relation to the company and management. Of those, three are also independent in relation to major shareholders. For further details see table The Board's attendance and independence 2024.

The tasks and responsibilities of the Board follow from the Swedish Company Act and the Swedish Corporate Governance Code and are reflected in the rules of procedures adopted by the Board.

The Board's work in 2024
In 2024 the Board held seven minuted meetings, including the statutory meeting in conjunction with the Annual General Meeting. At these meetings the Board discussed regular items, including the commercial and market situation, financial reporting, budgets and programs. General strategic issues were also analysed, including market issues, growth opportunities and sustainability.

Chairperson of the Board
The Chairperson of the Board is appointed by the AGM. The Chairperson of the Board represents the Board externally and internally. The Chairperson leads the Board's work, monitors the work and assumes responsibility for the Board completing its duties according to applicable legislation, the Articles of Association, the Code, and the Board of Director's rules of procedure.

The Chairperson shall monitor SmartCella's progress through contact with the CEO, consult with the CEO on strategic matters and ensure that strategic considerations are recorded and addressed by the Board of Directors. The Chairperson shall also ensure that the Board of Directors, through the CEO, receives relevant and adequate information on an ongoing basis.

Board Committees
Members of the committees and its Chairperson are appointed at the statutory Board meeting for a period of one year at a time. Work in the committees is carried out based on the instructions that are adopted for each committee. The work of these committees is primarily preparatory and advisory in each area. However, the Board can delegate the decision-making authority to the committees for certain issues.

Audit Committee

The members of the Audit Committee (AC) are appointed by SmartCella's Board of Directors at the Board meeting following election at the AGM. The majority of the AC members must be independent of the company and its management (at least one of those should also be independent in relation to major shareholders). The members of the AC may not be employees of SmartCella. At least one member must possess expertise in accounting or auditing. SmartCella's Board of Directors also appoints the Chairperson of the AC, who can be the Chairperson of the Board.

The AC is established to facilitate the Board of Directors' supervisory responsibility. As a committee of the Board of Directors, the AC has limited decision-making powers. The Board of Directors shall annually adopt the Rules of procedure for the Committee at the Board meeting following election at the AGM. Minutes from the AC meetings shall be distributed to the Board.

The AC shall contribute to sound financial reporting that maintains confidence in SmartCella by specifically monitoring and controlling SmartCella's accounting principles, financial administration, resources, risk management, internal control and financial reporting.

Remuneration Committee

The members of the Remuneration Committee (RC) are appointed by SmartCella's Board of Directors at the board meeting following election at the AGM. SmartCella's Board of Directors also appoints the Chairperson of the Remuneration Committee RC, which can be the Chairperson of the Board. The RC shall have at least two members.

The Chairperson needs not be independent in relation to SmartCella and management. However, the other members must be independent in relation to SmartCella and management. The RC shall support the Board in salary and remuneration-related matters such as:

- Preparing the Board's decisions on matters concerning remuneration principles, remuneration and other terms of employment for management, and
- Monitoring and evaluating any ongoing programs for variable remuneration for senior management and any programs concluded during the year.
- In a listed environment, the RC will monitor and evaluate application of the guidelines for determining remuneration to senior management as adopted by the AGM according to law, and applicable remuneration structures and levels in the company.

Chief Executive Officer

Niklas Prager is the Chief Executive Officer (CEO) of SmartCella Group Holding AB. The CEO is appointed by the Board of Directors and is responsible for the daily administration of the company operations in accordance with the instructions and regulations of the Board. The most recent Instructions for the CEO were adopted by the Board on August 21, 2024. The instructions for the CEO state what is included in the daily administration and what decisions should be referred to the Board. The CEO keeps the Board and Chairperson continually informed of the company's financial position and development and provides essential information and decision-making material for Board meetings. The CEO also functions as the Head of the Executive Management and makes decisions in consultation with other members of Executive Management. The Board evaluates the CEO's work and performance on an annual basis.

External auditors

For the purpose of reviewing SmartCella's annual report, accounting and the administration of the Board of Directors and the CEO, an auditor, or a registered accounting firm, shall be appointed at the AGM. The term of office of the current auditor is one year. Öhrlings PricewaterhouseCoopers AB has been SmartCella's auditor since June 2024. As auditor in charge, authorized public accountant Johan Engstam has been appointed.

Executive management team

The Executive management team consists of:

- Chief Executive Officer
- Chief Financial Officer
- Chief Operating Officer
- Chief Medical Officer
- Chief Commercial Officer & Head of Business Development
- Chief Technology Officer & Head of Cell Therapies
- Head of Early Research
- Head of HR
- Head of Marketing
- Head of Communication

Internal control

Within the company, internal control shall be based on the COSO framework (Committee of Sponsoring Organizations of the Treadway Commission).

COSO defines internal control as:

"Internal control is a process that is influenced by the company's board, management and other personnel, which aims to provide reasonable assurance regarding the fulfillment of goals for the business, reporting and compliance in accordance with regulations"

The company's internal control work is led by the Internal control function. The Internal control function is responsible for implementing the COSO framework within the organization. Further the function is responsible for coordinating, monitoring and reporting the internal control activities throughout the Group as well as for initiating training and updates of steering documents related to ICFR (Internal Control over Financial Reporting).

Governing documents

The governing documents in SmartCella are defined by one of the following steering document types:

- **Regulatory documents:** A regulatory document aims to ensure that the company fulfils its obligations according to applicable law.
- **Board policies**: A Board policy is a set of rules, principles or guidelines for the organization to follow to achieve a specific objective. An effective policy should outline what employees must do or not do, directions, limits, principles, and guidance for decision making.
- **Management policies:** A management policy has the same structure and objective as a Board policy but generally refers to a more detailed and/or specific area/subject and explains the requirements set by SmartCella for the respective subject/area to be respected by all. Management policies are approved by a specific role within the management team, e.g. CEO, CFO etc.
- **Procedures:** Provides descriptions intended to facilitate, quality assure or ensure correct implementation of specific tasks/processes e.g. Standard Operating Procedures and Work instructions.

The Board has adopted the following governing documents during 2024:

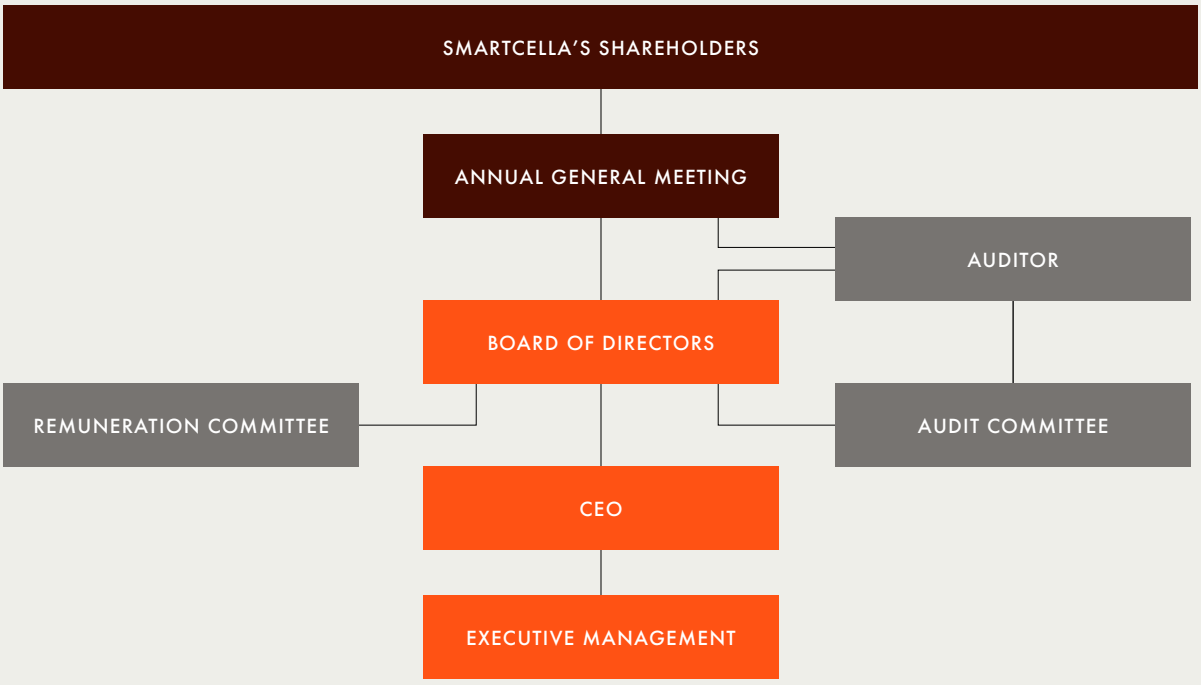
- Instructions for the CEO
- The Board of Directors' rules of procedure
- Instructions for financial reporting
- Instructions for Audit Committee
- Instructions for Remuneration Committee
- Remuneration principles for senior management
- Approval and Authorization instruction
- Corporate Governance Policy
- Finance Policy
- Related Party Transactions Policy
- Insider Policy[1)]
- Instructions for handling insider information[1)]
- Information Policy
- Risk Management Policy
- Whistle blowing Policy
- Diversity, Equity and Inclusion Policy
- Internal control Policy
- Sustainability Policy
- IT Policy

The governing documents are reviewed as relevant and at least annually to ensure they are compliant and up to date.

[1)] Not applicable until in a listed environment.

ORGANIZATION AND GOVERNANCE

The shareholders exercise their influence on SmartCella at the Annual General Meeting and other General Meetings. The General Meeting is the company's highest decisionmaking body. The Board of Directors and the CEO are responsible for the company's organization and administration in accordance with the Swedish Annual Accounts Act, other laws and ordinances the articles of association and the Board's internal steering instruments.



Board of Directors

Christian Kinch

Founder and Chairperson

Christian founded SmartCella together with Professor Staffan Holmin and Professor Kenneth Chien in 2014 and is one of the main shareholders. Christian is the founder and former CEO of Bactiguard and is a serial entrepreneur within pharmaceuticals and medtech, and has previously founded Netpharma AB and Kinchard AB. He is a Board Member of Swecare, an organization connecting public and private healthcare and promoting Swedish life science globally. Christian studied at Stockholm School of Economics.

Independence
Independent in relation to the company and management.
Not independent in relation to major shareholders.

Claude Dartiguelongue

Board member

Claude is an experienced top-level executive with a distinguished career in blue-chip companies across the Healthcare and Life Sciences industry. She is the former President of the Capsules and Health Ingredients division at Lonza where she was a member of the Executive Committee. She also led global business units at Thermo Fischer Scientific (Microbiology Division) and Becton Dickinson (BD Pharmaceutical Systems and BD Biosciences). Claude holds an MSc in Medical Management from ESCP Business School and an MSc in Biotechnology from the University of Grenoble.

Independence
Independent in relation to the company and management.
Independent in relation to major shareholders.

Regina Fritsche Danielson

Board member

Regina is Senior Vice President and Globaland Head of Research and Early Development, Cardiovascular, Renal and Metabolic Diseases. She is responsible for Metabolism, Biopharmaceuticals at AstraZeneca R&D with accountability for global research and early clinical development up to Ph3 in cardiovascular, renal and metabolic diseases. Regina has a broad scientific background in human and animal physiology and received her PhD in Cardio-vascular Physiology/Pharmacology at the University of Göteborg in 1993. After her postdoc, Regina was awarded a prestigious grant from the Swedish Natural Research Foundation (NFR) and lead a research group working at the University of Göteborg, University of Ottawa, University of Queensland and University of Nevada. Regina joined AstraZeneca in 2001 and has held various leadership positions and she has delivered several candidate drugs many of which has progressed into late-stage development.

Independence
Independent in relation to the company and management.
Independent in relation to major shareholders.

Magnus Tornling

Board member

Magnus joined EQT Partners in Oslo in 2016 and is a Partner and Global Head of Equity Capital Markets at private equity firm EQT. Prior to joining EQT, Magnus spent twelve years in the Corporate Finance department of ABG Sundal Collier in Oslo, lastly as the Co-Head of Investment Banking and Head of Equity Capital Markets. Magnus holds an MSc in Finance from the Norwegian School of Managemen

Independence
Independent in relation to the company and management.
Not independent in relation to major shareholders.

Anna Martling

Board member

Anna is a globally recognized and awarded scientist and surgeon with a focus on oncology. She is Professor of surgery and the former Dean at Karolinska Institutet where she currently serves as the Scientific Director Life Science. Additionally, Anna chaired The Task Force for Precision Medicine at Karolinska Institutet/Region Stockholm. She holds an MD and PhD in Surgery from Karolinska Institutet, with her thesis specializing in rectal cancer.

Independence
Independent in relation to the company and management.
Independent in relation to major shareholders.

Executive Management Team

Niklas Prager

CEO

Niklas has extensive experience from the global biotech and pharma industry and has held leadership positions in research-focused pharmaceutical companies such as Merck/MSD and Pfizer, both in Sweden and the US. He has also been CEO and board member/chairperson of several medtech and biotech companies such as Medivir and CellaVision, and has experience from both private and public ownership. Niklas holds an MSc in Economics and Business Administration from Stockholm School of Economics, including studies at the University of Michigan.

Oskar Steneryd

CFO

Oskar is a seasoned financial professional with extensive expertise in the Healthcare field stemming from his background in Private Equity and Investment Banking, focusing on Healthcare investments. He holds a MSc in Business and Economics from Stockholm School of Economics and HEC Paris, with a focus on Accounting and Finance. Oskar's prior experiences includes roles at Morgan Stanley Healthcare. Altor Private Equity, Novo Holdings and Impilo Private Equity.

Ricardo Baptista

Eng, PhD, CTO and Head of Procella

Ricardo is a biotech engineer bringing extensive global experience in Cell and Gene Therapy. He has managed technical teams at CCRM, Cell Gene Therapy Catapult, Cellectis, ProCella, and Alder, focusing on scalable bioprocess and analytical solutions. He was involved in the generation of induced pluripotent stem cell lines in GMP, and on the design of GMP facilities for the large-scale manufacturing of cell and gene therapies. Ricardo has a PhD in Bioengineering from Instituto Superior Técnico and post-doctoral training at Peter Zandstra's Stem Cell Bioengineering Lab.

Kylie Foo

PhD, Head of SmartCella Solutions

Kylie is a neuroscientist by training with a strong background in translational stem cell research. She holds a PhD in Neuroscience from Karolinska Institutet and was a research fellow at Columbia University, focusing on diabetes. Her discovery at Karolinska Institutet on cardiac stem cell therapy for treatment of heart disease formed the scientific foundation of ProCella. She was an Assistant Professor at Karolinska Institutet prior to joining SmartCella.

Ann Fredriksson

Head of HR & Internal Communication

Ann has extensive experience of senior HR and management positions from fast growing international businesses within Medtech, Biotech, IT and Software, companies such as Vironova AB and Jeeves Information Systems AB. She is a business-oriented HR professional with a sales & marketing background and has broad experience of working with organizations in change. Ann has held leadership positions at a strategic and operational level for more than 20 years and her competence covers the entire HR area with an emphasis on development and change management.

Staffan Holmin

MD, PhD, Scientific Advisor, CMO

Staffan is one of the founders of SmartCella and Professor in Clinical Neuroimaging at the department of Clinical Neuroscience, Karolinska Institutet. He is also Senior physician/Consultant in endovascular neurointerventional procedures in the department of Neuroradiology, University Hospital, as well as research group leader who has published widely on novel neuroimaging and interventional techniques. In 2016, he gave the Seldinger Honorary Lecture at the European Congress of Radiology. In 2020, he received the Hans Wigzell Foundation Science Prize and in 2022 he received the Karolinska Institutet prize for Innovation and Utilization.

Nina Nornholm

Head of Communication

Nina has over 25 years of experience in the global financial industry, specifically in private equity and investment banking, with a focus on strategic communication, branding, and investor relations. She spent 15 years at the private equity firm EQT, leading their global communication, media, and branding efforts. Prior to that, Nina held communication specialist roles at SEB Asset Management and the investment bank Alfred Berg. She studied Business Administration (Marketing and Communication) at Stockholm University.

Johan Rugfelt

COO

Johan has a broad experience in both executive and advisory roles across a variety of industries. He has served as COO and CEO of Bactiguard and was Head of Business Sweden in Japan. His background also includes investment banking at SEB and consulting at McKinsey and Bain. Johan holds an MSc in Business and Economics and Stockholm School of Economics.

Veena Rao-Mirmira

PhD,Head of Marketing

Veena is an experienced commercial and technical leader with over 25 years of experience in the areas of drug development, med tech, medical devices, and digital health having held a number of roles in both large and small company environments. She has a background in technology innovation, market strategy, licensing, and corporate business development in addition to having led launch and go-to-market teams for novel drug and medical device products. She comes most recently from a role as President and Chief Business Officer of Portal Instruments, a clinical-stage, needle-free drug delivery company. Prior to Portal, Veena served as the Chief Commercial Officer and Head of Corporate Development & Strategy at Beta Bionics. Before Beta Bionics, she spent over a decade at Eli Lilly and Company with various commercial and technical roles including Vice President of External Innovation for the Lilly Device and Drug Delivery teams. Veena currently serves on the Board of Directors of Predictive Oncology (Nasdaq; POAI), and as an advisor to Digbi Health PharmStars digital health accelerator.

Veena has a B.S. in Chemical Engineering from the University of Minnesota, a PhD in Chemical Engineering from Stanford University and an MBA from the University of Virginia Darden School of Business.

Sabine Ott

PhD, CCO and Head of Business Development

Sabine is an experienced commercialization executive bringing more than 20 years of Cell and Gene (CGT) and Oncology business development and licensing experience to SmartCella. During her career, she has delivered numerous strategic partnerships and license deals encompassing technology and collaboration deals with both biotechs and pharmaceutical companies. Recently, she built and spearheaded Sirion Biotech's licensing division and managed, following the acquisition by Revvity, the commercialization of broader Revvity's CGT technology assets. Prior to this, Sabine held various BD and commercial positions at biotech companies specializing in oncology, regeneration, and molecular diagnostics. Sabine holds a PhD in molecular genetics from the University Konstanz and a Diploma in molecular biology from the University Konstanz and Ludwig-Maximilians University Munich.

STATEMENT FROM THE CFO

Strong cash position enabling future growth

Total revenues for 2024 reached 87 MSEK (2023: 144 MSEK). EBIT came in at –127 MSEK (2023: –39 MSEK). This was a decrease compared to last year, mainly impacted by a decrease in periodization of historical milestone revenues and an increase in personnel expenses, all in line with expectations. SmartCella is well capitalized with a cash position at the end of December 2024 of 560 MSEK.

Milestone capital raise
In July 2024, we raised EUR 50 million in a new share issue (at a pre-money valuation of EUR 500 million) which was supported by existing investors, such as Fjärde AP-fonden, AMF Pension and SEB-Stiftelsen, and a new long-term strategic investor in AstraZeneca and two new investors in Handelsbanken Fonder and RoosGruppen AB. As we enter 2025, SmartCella has a solid financial position to accelerate growth and commercialization of the Extroducer, while also advancing our key proprietary research programs.

Enhancing company infrastructure
We further strengthened our infrastructure in key areas, notably through the implementation of a new ERP system. This upgrade enables us to scale more efficiently as we continue to grow, while also meeting current and potential future requirements of being a listed company.

During the year, we brought the accounting function in-house, establishing a strong Finance function. Key workstreams related to IPO readiness have been defined and successfully completed.

Attractive financial profile ahead
With the signing of our first commercial license agreement for the Extroducer with XyloCor Therapeutics, we have proven that our unique Targeted Delivery offering can be materialized into tangible partnerships, with significant scaling opportunities and attractive financial terms. On the Regenerative Medicines side, we are either moving into clinical trials in 2025 or nearing the final stages before clinical trials in humans.

Overall, we have made significant achievements in 2024 and look forward to 2025 as SmartCella continues to develop. The ambition is to achieve a positive cash-flow profile within the next few years, building on the investments already made across all areas of the business.

Oskar Steneryd
CFO, SmartCella

> “This upgrade enables us to scale more efficiently as we continue to grow, while also meeting current and potential future requirements of being a listed company.

Oskar Steneryd
CFO, SmartCella

Consolidated income statement

TSEK	Note	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Revenue	4, 5	86,856	144,221	91,314
Capitalized work for own use	16	38,251	21,769	11,366
Other operating income	6	408	139	1,499
Total operating income		**125,515**	**166,129**	**104,179**
Material and development costs		–60,552	–55,172	–71,182
Other external expenses	7	–71,188	–59,087	–34,866
Personnel expenses	8	–94,468	–66,323	–37,124
Depreciation and amortization	16, 17, 18	–23,590	–24,223	–18,705
Other operating expenses	9	–2,189	–52	–1,153
Operating profit, EBIT		**–126,472**	**–38,728**	**–58,850**
Financial income	10	13,863	6,286	16,838
Financial expenses	11	–1,578	–3,422	–7,841
Profit before tax		**–114,188**	**–35,864**	**–49,854**
Income tax	12	8	–	–
Profit for the year		**–114,180**	**–35,864**	**–49,854**
Profit attributable to:				
Equity holders of the Parent Company		–114,180	–35,034	–48,851
Non-controlling interests		–	–830	–1,002
Earnings per share (based on the weighted average number of shares outstanding during the year)				
Earnings per share before dilution (SEK)	13	–897	–292	–406
Earnings per share after dilution (SEK)	13	–897	–292	–406

Consolidated statement of comprehensive income

TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Profit for the year	**–114,180**	**–35,864**	**–49,854**
Other comprehensive income			
Items that will be reclassified to profit or loss (net of tax)			
Translation differences	–268	–107	–
Total other comprehensive income for the year, net of tax	**–268**	**–107**	**0**
Total comprehensive income for the year, net of tax	**–114,447**	**–35,971**	**–49,854**
Total comprehensive income attributable to:			
Equity holders of the Parent Company	–114,447	–35,141	–48,851
Non-controlling interests	–	–830	–1,002

Consolidated statement of financial position

TSEK	Note	31-12-2024	31-12-2023	31-12-2022	01-01-2022
ASSETS					
Non-current assets					
Goodwill	15	5,993	5,993	5,993	5,993
Intangible assets	16	101,387	63,844	46,571	32,384
Property, plant, and equipment	17	45,232	52,433	51,325	15,899
Right-of-use assets	18	35,780	37,767	38,170	18,240
Total non-current assets		**188,391**	**160,037**	**142,059**	**72,516**
Current assets					
Trade receivables	19, 20	–	7	1,259	226,093
Contract assets	5	–	31,934	36,981	–
Current tax assets		1,643	210	–	–
Prepaid expenses	21	15,742	10,242	–	1,290
Other receivables		13,066	6,500	16,346	1,246
Short-term investments	19, 20	287,139	80,000	100,000	–
Cash and cash equivalents	19, 20, 22	273,157	88,162	147,327	313,945
Total current assets		**590,747**	**217,055**	**301,913**	**542,573**
TOTAL ASSETS		**779,139**	**377,091**	**443,972**	**615,089**
EQUITY AND LIABILITIES					
Equity	23				
Share capital		677	61	61	61
Other contributed capital		1,132,275	565,563	565,563	565,563
Reserves		–374	–107	–	–
Retained earnings including net profit for the year		–440,774	–327,893	–293,012	–198,697
Total equity attributable to to equity holders of the Parent Company		**691,803**	**237,624**	**272,612**	**366,928**
Non-controlling interests		–	–	982	2
Total equity		**691,803**	**237,624**	**273,594**	**366,929**
Non-current liabilities					
Lease liabilities	18, 20	29,426	30,819	31,286	15,269
Deferred tax liability	12	–	–	–	2,032
Total non-current liabilities		**29,426**	**30,819**	**31,286**	**17,301**
Current liabilities					
Accounts payable	19, 20	19,855	16,407	11,838	7,328
Lease liabilities	18, 20	6,415	6,393	5,702	2,377
Contract liabilities	5	–	69,734	113,165	159,016
Current tax liabilities		–	–	982	857
Accrued expenses	19, 20, 24	25,014	9,239	5,734	15,804
Other liabilities	19, 20	6,625	6,875	1,669	45,478
Total current liabilities		**57,910**	**108,649**	**139,091**	**230,859**
TOTAL EQUITY AND LIABILITIES		**779,139**	**377,091**	**443,972**	**615,089**

Consolidated statement of changes in equity

	Total equity attributable to equity holders of the Parent Company						
TSEK	Share capital	Other contributed capital	Translation reserve	Retained earnings including net profit for the year	Total equity attributable to Parent Company shareholders	Non-controlling interests	Total equity
Opening equity 01-01-2022	**61**	**565,563**	**–**	**–198,697**	**366,928**	**2**	**366,929**
Profit for the year 2022	–	–	–	–48,851	–48,851	–1,002	–49,854
Other comprehensive income for the year	–	–	–	–	–	–	–
Total comprehensive income for the year	**0**	**0**	**0**	**–48,851**	**–48,851**	**–1,002**	**–49,854**
Transactions with owners of the Group							
Repayment of shareholder contribution	–	–	–	–44,000	–44,000	–	–44,000
Acquisition of non-controlling interests	–	–	–	–1,983	–1,983	1,983	–
Reclassification	–		–	519	519	–	519
Total	**0**	**0**	**0**	**–45,464**	**–45,464**	**1,983**	**–43,481**
Closing equity 31-12-2022	**61**	**565,563**	**–**	**–293,012**	**272,613**	**982**	**273,594**
Opening equity 01-01-2023	**61**	**565,563**	**–**	**–293,012**	**272,613**	**982**	**273,594**
Profit for the year	–	–		–35,034	–35,034	–830	–35,864
Other comprehensive income for the year	–	–	–107	–	–107	–	–107
Total comprehensive income for the year	**0**	**0**	**–107**	**–35,034**	**–35,141**	**–830**	**– 35,971**
Transactions with owners of the Group							
Acquisition of non-controlling interests	–	–	–	152	152	–152	–
Total	**0**	**0**	**0**	**152**	**152**	**–152**	**0**
Closing equity 31-12-2023	**61**	**565,563**	**–107**	**–327,894**	**237,624**	**0**	**237,624**
Opening equity 01-01-2024	**61**	**565,563**	**–107**	**–327,894**	**237,624**	**0**	**237,624**
Profit for the year	–	–	–	–114,180	–114,180	–	–114,180
Other comprehensive income for the year	–	–	–268	–	–268	–	–268
Total comprehensive income for the year	**–**	**–**	**–268**	**–114,180**	**–114,447**	**0**	**–114,447**
Transactions with owners of the Group							
Bonus issue	615	–615	–	–	–	–	–
New share issue	–	567,327	–	–	567,327	–	567,327
Reclassification[1)]	–	–	–	1,299	1,299	–	1,299
Total	**615**	**566,712**	**0**	**1,299**	**568,626**	**0**	**568,626**
Closing equity 31-12-2024	**677**	**1,132,275**	**–374**	**–440,774**	**691,803**	**0**	**691,803**

[1)] The reclassification in 2024 primarily relates to 1,395 TSEK, which was recorded as of 31-12-2023 during the migration to a new consolidation system.

Consolidated statement of cash flows

TSEK	Note	01-01-2024–31-12-2024	01-01-2023–31-12-2023	01-01-2022–31-12-2022
Operating Activities				
Operating profit, EBIT		–126,472	–38,728	–58,850
Adjustments for non-cash items	25	26,035	24,621	19,092
Interest received		7,650	5,861	1,095
Interest paid		–1,578	–1,574	–910
Income tax paid		–	–	–
Cash flow from operating activities before changes in working capital		**–94,365**	**–9,820**	**–39,573**
Cash flow from changes in working capital				
Change in trade and other receivables		18,441	5,694	174,042
Change in trade and other payables		–50,760	–31,134	–95,094
Cash flow from changes in working capital		**–32,319**	**–25,440**	**78,948**
Cash flow from operating activities after changes in working capital		**–126,684**	**–35,259**	**39,375**
Investing Activities				
Change in short-term investments		–207,139	20,000	–100,000
Acquisition of intangible assets	16	–41,773	–24,345	–25,360
Acquisition of property, plant, and equipment	17	–7,662	–13,310	–40,983
Cash flow from investing activities		**–256,573**	**–17,655**	**–166,342**
Financing Activities	23			
New share issue		567,327	–	–
Repayment of shareholder contributions		–	–	–44,000
Disposal of non-controlling interests		–	–	–1
Acquisition of non-controlling interests		–	–	1
Repayment of lease liabilities	18	–5,719	–5,002	–3,127
Cash flow from financing activities		**561,608**	**–5,002**	**–47,127**
Cash flow for the year		**178,351**	**–57,916**	**–174,095**
Cash and cash equivalents at the beginning of the year		88,162	147,327	313,945
Exchange rate differences in cash and cash equivalents		6,644	–1,248	7,477
Cash and cash equivalents at the end of the year	22	**273,157**	**88,162**	**147,327**

Parent Company's income statement

TSEK	Note	01-01-2024–31-12-2024	01-01-2023–31-12-2023	01-01-2022–31-12-2022
Net sales	3	27,629	18972	1,007
Other operating income		59	9	–
Total operating income		**27,687**	**18,982**	**1,007**
Operating expenses				
Raw materials and consumables		–163	–1,862	–1,440
Other external expenses	4	–35,304	–11,353	–8,451
Personnel expenses	5	–32,765	–18,730	–6,869
Depreciation of property, plant, and equipment	9	–58	–15	–
Other operating expenses		–302	–16	–1
Operating profit, EBIT		**–40,905**	**–12,994**	**–15,754**
Finance income and expenses				
Financial income	6	9,775	3,504	453
Financial expenses	7	–15	–3	–
Profit after financial items		**–31,145**	**–9,493**	**–15,301**
Appropriations				
Group contributions received		2,585	–	–
Income tax	8	–	–	–
Profit for the year		**–28,559**	**–9,493**	**–15,301**

Parent Company's statement of comprehensive income

TSEK	01-01-2024–31-12-2024	01-01-2023–31-12-2023	01-01-2022–31-12-2022
Profit for the year	**–28,559**	**–9,493**	**–15,301**
Other comprehensive income	–	–	–
Total comprehensive income for the year	**–28,559**	**–9,493**	**–15,301**

Parent Company's statement of financial position

TSEK	Note	31-12-2024	31-12-2023	31-12-2022	01-01-2022
ASSETS					
Non-current assets					
Property, plant and equipment	9	136	247	–	–
Investments in group companies	11	465,243	430,139	393,639	348,539
Total non-current assets		**465,379**	**430,386**	**393,639**	**348,539**
Current assets					
Accounts receivable	10	–	–	1,259	–
Receivables from group companies	10	124,253	46,126	5,002	–
Contract assets	10	2,470	2,342	20	–
Current tax receivables		300	–	–	–
Prepaid expenses	12	1,427	579	15	–
Other receivables		1,204	93	2,268	587
Other short-term investments	10	287,139	80,000	100,000	–
Cash and cash equivalents	10, 13	233,221	18,031	73,609	309,575
Total current receivables		**650,014**	**147,172**	**182,173**	**310,162**
TOTAL ASSETS		**1,115,393**	**577,558**	**575,812**	**658,700**
EQUITY AND LIABILITIES					
Equity	14				
Share capital		677	61	61	61
Free share premium reserve		1,132,275	565,563	565,563	565,563
Retained earnings including profit for the year		–36,794	–8,234	1,259	60,559
Total equity		**1,096,158**	**557,390**	**566,883**	**626,184**
Current liabilities					
Accounts payable	10	4,648	4,716	950	190
Liabilities to group companies	10	4,887	9,088	6,221	21,625
Current tax liabilities		–	62	288	112
Accrued expenses	10, 15	7,162	3,618	874	10,323
Other liabilities		2,538	2,684	596	266
Total current liabilities		**19,235**	**20,168**	**8,929**	**32,517**
TOTAL EQUITY AND LIABILITIES		**1,115,393**	**577,558**	**575,812**	**658,700**

Parent Company's statement of changes in equity

	Restricted equity	Non-restricted equity		
TSEK	Share capital	Free share premium reserve	Retained earnings incl. profit for the year	Total equity
Opening equity 01-01-2022	**61**	**565,563**	**60,559**	**626,184**
Appropriation of previous year's profit/loss	–	–	–	–
Profit for the year	–	–	–15,301	–15,301
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	**0**	**0**	**–15,301**	**–15,301**
Transactions with owners of the Parent Company				
Repayment of shareholder contribution	–	–	–44,000	–44,000
Total	**0**	**0**	**–44,000**	**–44,000**
Closing equity 31-12-2022	**61**	**565,563**	**1,259**	**566,883**
Opening equity 01-01-2023	**61**	**565,563**	**1,259**	**566,883**
Appropriation of previous year's profit/loss	–	–	–	–
Profit for the year	–	–	–9,493	–9,493
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	**0**	**0**	**–9,493**	**–9,493**
Transactions with owners of the Parent Company				
Reclassification of unrestricted equity	–	–	–	–
Total	**0**	**0**	**0**	**0**
Closing equity 31-12-2023	**61**	**565,563**	**–8,234**	**557,390**
Opening equity 01-01-2024	**61**	**565,563**	**–8,234**	**557,390**
Appropriation of previous year's profit/loss	–	–	–	–
Profit for the year	–	–	–28,559	–28,559
Other comprehensive income for the year	–	–	–	–
Total comprehensive income for the year	**0**	**0**	**–28,559**	**–28,559**
Transactions with owners of the Parent Company				
Bonus issue	615	–615	–	–
New share issue		567,327	–	567,327
Translation reserve	–	–	–	–
Total	**615**	**566,712**	**0**	**567,327**
Closing equity 31-12-2024	**677**	**1,132,275**	**–36,794**	**1,096,158**

Parent Company's statement of cash flows

TSEK	Note	01-01-2024–31-12-2024	01-01-2023–31-12-2023	01-01-2022–31-12-2022
Operating activities				
Operating profit		–40,905	–12,994	–15,754
Adjustments for non-cash items	16	–	15	–
Interest received	6	6,233	3,504	453
Interest paid		–15	–3	–
Cash flow from operating activities before changes in working capital		**–34,688**	**–9,478**	**–15,301**
Cash flow from changes in working capital				
Change in trade and other receivables[1)]		–80,514	–63,076	–7,978
Change in trade and other payables		–933	11,239	–23,588
Cash flow from operating activities		**–81,447**	**–51,837**	**–31,565**
Cash flow from operating activities after changes in working capital		**–116,135**	**–61,315**	**–46,866**
Investing activities				
Change in short-term investments		–207,139	20,000	–100,000
Acquisition of property, plant, and equipment	9	–249	–262	–
Disposal of property, plant and equipment	9	341	–	–
Cash flow from investing activities		**–207,046**	**19,738**	**–100,000**
Financing activities				
New share issue		567,327	–	–
Disposal of non-controlling interests		–	–	–1
Acquisition of non-controlling interests		–	–	1
Acquired shares in subsidiaries		–104	–	–
Received shareholder contributions		2,585	–	–
Repayment of shareholder contributions		–35,000	–14,000	–45,100
Repayment of shareholder contributions		–	–	–44,000
Cash flow from financing activities		**534,808**	**–14,000**	**–89,100**
Cash flow for the year		**211,627**	**–55,577**	**–235,966**
Cash and cash equivalents at the beginning of the year		18,031	73,609	309,575
Exchange rate differences in cash and cash equivalents		3,563	–	–
Cash and cash equivalents at the end of the year	13	**233,221**	**18,031**	**73,609**

[1)] The change in operating receivables in 2023 includes an amount of –22,500 TSEK related to a shareholder contribution to the subsidiary SmartCella Solutions AB, which had not been disbursed as of 31-12-2023.

Notes to the consolidated financial statements

1 Corporate information

These annual and consolidated financial statements comprise the Swedish Parent Company SmartCella Holding AB ("SmartCella"), corporate identity number 559171-6393, and its subsidiaries.

SmartCella is a global biotechnology company pioneering the future of targeted therapies through delivery solutions and advanced therapy development, primarily in areas related to the heart (heart failure), the brain (Parkinson's disease), and cartilage regeneration (Osteoarthritis). The company was founded in 2014 and is built on globally recognized science and research originating from Karolinska Institutet in Sweden.

The Parent Company is a limited liability company registered in Stockholm, Sweden. The registered office address is Alfred Nobels Allé 150, 141 52 Huddinge.

The Board of Directors approved these annual and consolidated financial statements on April 9, 2025 for presentation at the Annual General Meeting on May 14, 2025.

2 Accounting policies

Basis of consolidated financial statements

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS®) as issued by the International Accounting Standards Board (IASB) and as adopted by the European Union (EU). In addition, the Group applies the Swedish Annual Accounts Act (1995:1554) and RFR 1 Supplementary Accounting Rules for Groups, issued by the Swedish Corporate Reporting Board.

The consolidated financial statements have been prepared based on the going concern assumption. Assets and liabilities are measured at historical cost. All amounts are presented in thousands of Swedish kronor ("TSEK"), unless otherwise stated.

These are SmartCella's first financial statements prepared in accordance with IFRS. In preparing these financial statements, SmartCella has applied IFRS 1 First-time Adoption of International Financial Reporting Standards. The transition to IFRS is described in more detail in Note 28 Transition to IFRS.

Consolidation of subsidiaries

Subsidiaries are accounted for using the acquisition method and include all entities over which SmartCella has control. The subsidiaries included in the consolidated financial statements are presented in Note 14 Investments in subsidiaries.

Currency

Functional and presentation currency

Items included in the financial statements of each entity within the Group are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). For the Group, this corresponds to the local currency of each entity's primary operations. The functional currency of the Parent Company is Swedish kronor, which is also the presentation currency of the consolidated financial statements.

Foreign currency transactions

Foreign exchange differences arising from the translation of transactions in foreign currencies into the functional currency are recognized in the Group's consolidated income statement. Exchange gains and losses on operating receivables and operating liabilities are partly recognized in operating profit, where exchange gains are presented as Other operating income and exchange losses as Financial expenses. Exchange gains and losses on other receivables and liabilities are fully classified as financial items, where exchange differences from receivables are recognized as Financial income and those from liabilities as Financial expenses.

Translation of foreign subsidiaries

Assets and liabilities of foreign operations are translated from the foreign operation's functional currency into the Group's presentation currency, Swedish kronor, at the exchange rate published by the Swedish Central Bank (Riksbanken) on the balance sheet date. Income and expenses are translated using the average exchange rate published by the Swedish Central Bank, which approximates the exchange rates prevailing at the dates of the respective transactions.

Translation differences arising from the conversion of foreign operations are recognized in Other comprehensive income and accumulated in the Translation reserve within equity.

Revenue from contracts with customers

The Group's significant customer agreements consist of License and product sales agreements, License and research collaboration agreements, and Research services.

License and product sales agreement

The agreement comprises two performance obligations: a license for an intangible right in its existing condition and product sales of Extroducer. The transaction price includes a fixed initial payment upon contract inception, variable compensation based on the customer's usage, and consideration for products (a fixed price per unit).

The license grants the customer the right to use SmartCella's intellectual property in its existing condition at the time the license is granted and is recognized as revenue at the point in time when the contract is entered into and the customer obtains access to the license. Subsequent variable compensation related to the license, based on the customer's usage, is recognized as revenue at the point in time when the uncertainty regarding the outcome has been resolved.

Revenue from product sales is recognized at the point in time when the customer obtains control of the products, which occurs upon delivery in accordance with the agreed delivery terms.

License and research collaboration agreement

The agreement includes two performance obligations: the licensing of an intangible right in its existing condition (Extroducer) and the licensing of an intangible right (cell technology) together with the provision of related research and development services. The research and development services are not distinct within the context of the agreement, as they are performed during the preclinical phase and involve activities that are considered to significantly modify and customize the related intangible right (the cell technology).

The transaction price consists of a fixed initial payment, variable consideration based on the customer's usage, and fixed annual research fees. SmartCella uses the most likely amount method to estimate the variable consideration. Variable consideration based on the customer's usage is included in the transaction price only when the uncertainty regarding the outcome has been resolved.

The license for the Extroducer technology grants the customer the right to use SmartCella's intellectual property in its existing condition at the time the license is granted and was therefore recognized as revenue at the point in time when the contract was entered into and the customer obtained access to the license. The license for the cell technology, together with the

Note 2 Accounting policies, continued

performance of the related research and development services, provides the customer with access to the technology over the license period. As a result, the related revenue is recognized on a straight-line basis over the term of the contract. The agreement with the customer was concluded in July 2024, and as of August 2024, no further performance obligations remained for the Group. Consequently, the previously recognized deferred revenue (contract liabilities) was recognized as revenue.

Research services

The Group provides development and production activities that include the supply of both goods, consisting of specifically specified cells, and services. A contract consists of a framework agreement combined with a statement of work describing the activities planned to be carried out within the scope of the specific assignment, as well as a purchase order from the customer. SmartCella's performance obligation is to perform development and production activities, which in certain assignments also includes delivering specifically specified cells. The transaction price consists of variable consideration for services performed and material costs. SmartCella uses the most likely amount method to estimate the variable consideration. Variable consideration amounts are included in the transaction price only to the extent that it is highly probable that a significant reversal of accumulated revenue will not occur. Therefore, SmartCella assesses the risk of significant revenue reversal for each individual contract; see also Note 3 Significant estimates and judgments. For services, the customer simultaneously receives and consumes the benefits provided as SmartCella performs the development and production activities, since the customer benefits from each hour of work performed. The specifically specified cells delivered are customer-specific and therefore have no alternative use for the Group. Furthermore, under the contract, the Group has the right to receive compensation for completed performance. SmartCella therefore recognizes revenue from development and production activities over time. The Group applies a method based on costs incurred relative to budgeted costs. This method best reflects the company's performance, as program progress is represented by the proportion of costs incurred, which strongly correlates with hours worked. The agreement with the customer was concluded in July 2024, and as of August 2024, no further performance obligations remained for the Group.

Contract assets

A contract asset is initially recognized for revenue from SmartCella's contracts with customers when the at payment. Upon completion of the performance obligation and the customer's approval, the amount recognized as a contract asset is reclassified to trade receivables.

Contract liabilities

A contract liability is recognized when consideration from contracts with customers has been invoiced but revenue has not yet been earned.

Employee benefits

Defined contribution pension plans

SmartCella's pension obligations consist solely of defined contribution plans. The Group's obligations for contributions to defined contribution plans are recognized as an expense in the consolidated income statement as they are earned through employees providing services to the Group during the period.

Goodwill

Goodwill is recognized at cost less any accumulated impairment losses. Goodwill is considered to have an indefinite useful life and is therefore tested for impairment at least annually at the end of the financial year. For detailed information on the Group's impairment testing, see Note 15 Goodwill and internally generated intangible assets under development.

Intangible assets

The Group's intangible assets consist of internally generated intangible assets and acquired intangible rights, patents, and licenses. The Group's intangible assets have a determinable useful life and are recognized at cost, net of accumulated amortization and any accumulated impairment losses.

SmartCella recognizes development expenditures as an internally generated intangible asset when the criteria for recognition in the Group's statement of financial position are met. When regulatory conditions or other uncertainties indicate that the criteria for recognizing an internally generated intangible asset are not fulfilled, the expenditure is expensed in the consolidated income statement. This is typically the case prior to obtaining approval for a product from the relevant regulatory authority. When the recognition criteria are met, development expenditures are capitalized as an internally generated intangible asset in the Group's statement of financial position. In the Group, internally generated intangible assets relate to the development of Extroducer. The capitalized expenditures include development costs for employees and consultants working on the development of Extroducer, as well as amortization of patents and material costs associated with the development work. Expenditures that do not meet the criteria for recognition as an intangible asset (such as research and maintenance costs) are recognized as an expense in the consolidated income statement as incurred.

Depreciation and amortization policies

Amortization is applied on a straight-line basis over the estimated useful life of the asset. The applicable useful lives are:

Internally generated intangible assets	10 years
Intangible rights, patents, and licenses	5–10 years

The Group performs an impairment test if there are indications of impairment of intangible assets. Internally generated intangible assets under development are tested for impairment annually at the end of the financial year. For detailed information on the Group's impairment testing, see Note 15 Goodwill and internally generated intangible assets under development.

Property, plant, and equipment

The Group's property, plant, and equipment consist of machinery and other technical installations, as well as equipment, tools, and fixtures. Property, plant, and equipment are recognized at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation policies

Depreciation is applied on a straight-line basis over the estimated useful life of the asset. The applicable useful lives are:

Machinery and other technical installations	5 years
Equipment, tools, and fixtures	5 years
Leasehold improvements	5 years

The Group performs an impairment test if there are indications of impairment of tangible assets.

Note 2 Accounting policies, continued

Lease agreements

At the commencement date of a lease agreement, i.e., when SmartCella gains access to the leased asset, the Group recognizes a lease liability corresponding to the present value of the fixed lease payments to be made over the lease term. The lease term is determined as the non-cancellable period of the lease, together with any periods covered by options to extend or terminate the lease if the Group is reasonably certain to exercise such options. Costs for variable lease payments are recognized under Other external expenses. Right-of-use assets are measured at cost, less accumulated depreciation and any impairment losses, and are adjusted for remeasurements of the lease liability. The cost of the right-of-use asset includes the initial amount of the lease liability recognized, initial direct costs, and any advance payments made on or before the commencement date, less any lease incentives received. SmartCella's lease agreements for premises typically include extension options, and SmartCella assesses, on a case-by-case basis, whether the Group is reasonably certain to exercise the option.

Application of practical expedients

SmartCella applies the practical expedients for short-term leases and leases of low-value assets. Short-term leases are defined as lease agreements with an initial lease term of no more than 12 months, taking into account any options to extend the lease. Leases in which the underlying asset is of low value are defined by the Group as agreements where the underlying asset could be purchased for no more than 100 TSEK. These primarily consist of office equipment within the Group. The amount is based on the value of the asset when new. Costs related to short-term leases and leases of low-value assets are recognized under Other external expenses.

Inventories

Inventories are measured at the lower of cost and net realizable value. The Group determines cost using the first-in, first-out (FIFO) method/ a method based on weighted average cost.

Financial instruments

Classification and measurement

The Group's financial instruments are measured at amortized cost. SmartCella's financial instruments are presented in Note 19 Financial Instruments.

Impairment of expected credit losses

The Group's financial assets are subject to impairment for expected credit losses. Expected credit losses related to trade receivables and contract assets are recognized using the simplified approach. This means that expected credit losses are reserved for the full remaining lifetime, which is expected to be less than one year for all receivables. The Group applies a credit rating-based method to calculate expected credit losses based on probability of default, expected loss, and exposure at default. For the Group's receivables, an individual assessment is performed, taking into account historical, current, and forward-looking information. Cash and cash equivalents are subject to impairment under the general approach (three-stage impairment model). The Group applies a credit rating-based method for assessing expected credit losses related to cash and cash equivalents. Changes in the loss allowance are recognized under Other external expenses.

New or amended standards after 2024

A number of new and amended accounting standards have not yet come into effect and have not been early adopted in the preparation of the Group's and Parent Company's financial statements. The Group intends to apply these new and amended standards when they become effective.

IFRS 18 Presentation and disclosures in financial statements

In April 2024, the IASB published the new standard IFRS 18 Presentation and disclosures in financial statements, which will replace IAS 1 Presentation of financial statements. IFRS 18 will become effective on 1 January 2027 (subject to EU endorsement) and shall be applied retrospectively in both annual financial statements and interim reports.

The new standard introduces three key areas of requirements intended to enhance the comparability, transparency, and usefulness of financial reporting. The first area introduces new structural requirements for the consolidated income statement by implementing defined categories and mandating the presentation of two new subtotals ("Operating profit" and "Profit before financing and income taxes"). The second area introduces new disclosure requirements for certain key performance measures used by the company in its external financial communications, referred to as management-defined performance measures (MPMs). The third area introduced by IFRS 18 provides enhanced guidance on aggregation and disaggregation of information in the financial statements and notes. The standard also includes guidance on determining whether information should be presented in the primary financial statements or in the notes. As a result of the implementation of IFRS 18, there will also be consequential amendments to other standards, including IAS 7 Statement of cash flows, IAS 34 Interim financial reporting, and IAS 33 Earnings per share.

SmartCella has initiated a preliminary assessment of the effects of IFRS 18 and will continue to evaluate its impact throughout 2025. The implementation of IFRS 18 may require changes in the structure of the consolidated income statement and a reassessment of the classification of items in both the financial statements and the notes. The format of the statement of cash flows will also be affected. Furthermore, adoption of IFRS 18 will require the identification of relevant MPMs for the Group and the preparation of related note disclosures.

Amendments to IFRS 9 Financial instruments and IFRS 7 Financial instruments: Disclosures

In May 2024, the IASB published amendments to IFRS 9 and IFRS 7 regarding the classification and measurement of financial instruments. The amendments clarify, among other things, the timing of derecognition of financial liabilities and provide additional guidance related to electronic payments. They also clarify the assessment of the contractual cash flow characteristics of financial assets with specific features, including those linked to sustainability-related terms. The amendments, subject to EU endorsement, are set to apply for periods beginning on or after 1 January 2026 and shall be applied retrospectively through an adjustment to the opening balance of retained earnings.

SmartCella has initiated a preliminary assessment of the impact of the amendments to IFRS 9 and IFRS 7 and will continue to evaluate them throughout 2025. The amendments are not expected to have a material impact on SmartCella.

No other new or amended standards are expected to have a material effect on the Group's financial statements.

3 Significant estimates and judgments

The preparation of financial statements in accordance with IFRS requires management to make judgments and estimates as well as assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. Estimates and assumptions are based on historical experience and a number of other factors that are considered reasonable under the prevailing circumstances.

Below is a summary of the key accounting policies whose application is based on significant judgments, as well as the primary sources of estimation uncertainty that SmartCella considers may have the most significant impact on reported profit and financial position. This section is divided into Judgments made by management in the application of SmartCella's accounting policies and Sources of estimation uncertainty and assumptions.

Judgments and estimates are continuously evaluated and are based on historical experience and expectations of future events that are considered reasonable in light of the current circumstances.

Judgments made by management in the application of SmartCella's accounting policies

In applying the Group's accounting policies, management has made the following judgments that have the most significant impact on the reported values in the financial statements:

Internally generated intangible assets

Development expenditures are recognized as an intangible asset in SmartCella's balance sheet, provided that the definition of an intangible asset is met and the criteria for recognizing an internally generated intangible asset can be demonstrated. This means that SmartCella makes judgments regarding, among other things, the success of the programs, their technical feasibility, and the expected market for the final product or service. Changes in the assumptions underlying these judgments could have a significant effect on the carrying value of internally generated intangible assets.

Judgments regarding the inclusion of extension options in the calculation of lease liabilities

SmartCella considers the presence of any significant improvements made to a leased property during the lease term that are expected to provide the Group with substantial economic benefits when assessing whether SmartCella is reasonably certain to exercise any extension options in lease agreements.

Sources of estimation uncertainty and assumptions

The key assumptions about the future and other sources of estimation uncertainty that exist as of the balance sheet date and that have a significant risk of resulting in a material adjustment to assets and liabilities in the next financial year are described below. Assumptions and estimates are based on the information available when the financial statements were prepared. Conditions and assumptions regarding future developments may change due to market fluctuations or other circumstances beyond the Group's control. Such changes are considered in the assumptions when they occur.

Impairment testing of goodwill and intangible assets

To determine whether the value of goodwill or internally generated intangible assets under development has decreased, the cash-generating unit to which the asset is allocated is valued by discounting the unit's future cash flows. In applying this method, SmartCella relies on several historical data points and other assumptions, including historical cash flows, future estimated cash flows, and the company's Weighted Average Cost of Capital (WACC). Changes in the assumptions and estimates underlying these calculations could significantly affect the valuation of goodwill and intangible assets. See Note 15 Goodwill and internally generated intangible assets under development for further details on the assumptions used in the impairment tests.

4 Operating segments

The Group has, for reporting and monitoring purposes, divided its operations into two segments based on how the chief operating decision-maker reviews the business for resource allocation and performance assessment. The CEO of SmartCella is identified as the chief operating decision-maker. The segment classification is based on the product and service areas offered by SmartCella. The group's operations are divided into the following reportable segments:

Targeted Delivery

The Targeted Delivery segment includes revenue from partnerships related to the FDA-approved Extroducer, an endovascular device that enables direct tissue or organ infusion to hard-to-reach organs and tumors.

Regenerative Medicines

The Regenerative Medicines segment includes the Group's offerings in new mRNA therapies and the development of stem cell therapy. Key areas include building a pipeline of stem cell-based therapies across multiple therapeutic areas, focusing on heart failure, Parkinson's disease, and Osteoarthritis.

The chief operating decision-maker primarily uses revenue and the performance measure operating profit, EBIT to assess segment results.

The same accounting principles apply to the segments as to the Group, and no operating segments have been aggregated.

Group-wide items include the Group's central functions and IFRS adjustments.

01-01-2024–31-12-2024, TSEK	Targeted Delivery	Regenerative Medicines	Group-wide items	Total Group
Revenue from external customers	10,524	76,332	–	86,856
Revenue from other segments	152	198	59	408
Total revenue excluding capitalized work for own use	**10,676**	**76,530**	**59**	**87,264**
Other expenses, including capitalized work for own use	–13,716	–109,335	–67,095	–190,146
Depreciation	–543	–17,269	–5,777	–23,590
Operating profit, EBIT	**–3,584**	**–50,075**	**–72,814**	**–126,472**

01-01-2023–31-12-2023, TSEK	Targeted Delivery	Regenerative Medicines	Group-wide items	Total Group
Revenue from external customers	–	142,360	1,862	144,221
Revenue from other segments	83	46	10	139
Total revenue excluding capitalized work for own use	**83**	**142,406**	**1,871**	**144,361**
Other expenses, including capitalized work for own use	263	–128,108	–31,019	–158,865
Depreciation	–2,421	–16,786	–5,017	–24,223
Operating profit, EBIT	**–2,075**	**–2,488**	**–34,165**	**–38,728**

01-01-2022–31-12-2022, TSEK	Targeted Delivery	Regenerative Medicines	Group-wide items	Total Group
Revenue from external customers	–	90,307	1,007	91,314
Revenue from other segments	49	1,450	–	1,499
Total revenue excluding capitalized work for own use	**49**	**91,757**	**1,007**	**92,813**
Other expenses, including capitalized work for own use	–4,665	–111,534	–16,760	–132,959
Depreciation	–7,041	–11,664	–	–18,705
Operating profit, EBIT	**–11,657**	**–31,441**	**–15,753**	**–58,850**

Revenue from a single customer amounted to 76,332 TSEK (142,360 TSEK in 2023 and 80,007 TSEK in 2022) from sales within the regenerative medicines segment. Revenue from a single customer amounted to 10,524 TSEK (0 TSEK in 2023 and 0 TSEK in 2022) from sales within the targeted delivery segment.

Revenue from external customers by country, TSEK	01-01-2024–31-12-2024	01-01-2023–31-12-2023	01-01-2022–31-12-2022
Sweden	76,332	144,221	91,314
USA	10,524	–	–
Total	**86,856**	**144,221**	**91,314**

The reported values of external revenue are based on customer location.

5 Revenue

The group's significant customer agreements consist of license and product sales agreements, license and research collaboration agreements, and research services. For further details, refer to Note 2 Accounting policies.

01-01-2024–31-12-2024, TSEK	Targeted Delivery	Regenerative Medicines	Group-wide items	Total Group
Type of goods/services				
License revenue	10,524	58,927	–	69,451
Sales of development-related goods and services	–	17,405	–	17,405
Revenue	**10,524**	**76,332**	**0**	**86,856**

01-01-2023–31-12-2023, TSEK	Targeted Delivery	Regenerative Medicines	Group-wide items	Total Group
Type of goods/services				
License revenue	–	43,942	1,862	45,804
Sales of development-related goods and services	–	98,418	–	98,418
Revenue	**0**	**142,360**	**1,862**	**144,221**

01-01-2022–31-12-2022, TSEK	Targeted Delivery	Regenerative Medicines	Group-wide items	Total Group
Type of goods/services				
License revenue	–	55,895	1,007	56,902
Sales of development-related goods and services	–	34,412	–	34,412
Revenue	**0**	**90,307**	**1,007**	**91,314**

01-01-2024–31-12-2024, TSEK	Targeted Delivery	Regenerative Medicines	Group-wide items	Total Group
Geographical region				
Sweden	–	76,332	–	76,332
USA	10,524	–	–	10,524
Revenue	**10,524**	**76,332**	**0**	**86,856**

01-01-2023–31-12-2023, TSEK	Targeted Delivery	Regenerative Medicines	Group-wide items	Total Group
Geographical region				
Sweden	–	142,360	1,862	144,221
USA	–	–	–	–
Revenue	**0**	**142,360**	**1,862**	**144,221**

01-01-2022–31-12-2022, TSEK	Targeted Delivery	Regenerative Medicines	Group-wide items	Total Group
Geographical region				
Sweden	–	90,307	1,007	91,314
USA	–	–	–	–
Revenue	**0**	**90,307**	**1,007**	**91,314**

Contract balances, TSEK	31-12-2024	31-12-2023	31-12-2022	01-01-2022
Accounts receivable	–	7	1,259	226,093
– of which unbilled accounts receivable	–	–	–	–
Contract assets	–	31,934	36,981	–
Contract liabilities	–	69,734	113,165	159,016

A contract asset is initially recognized for revenue from SmartCella's customer agreements at payment. Upon completion of the performance obligation and customer approval, the amount previously recognized as contract assets is reclassified to trade receivables.
A contract liability is recognized when compensation from customer agreements has been invoiced, but revenue has not yet been earned.

6 Other operating income

TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Other operating income			
Foreign exchange gains on trade receivables and trade payables	408	110	1,352
Other items	–	29	147
Total	**408**	**139**	**1,499**

7 Auditor's fees

TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Öhrlings PricewaterhouseCoopers AB			
Statutory audit	1,500	–	–
Other audit-related services	–	–	–
Total	**1,500**	**0**	**0**
R3 Revisionsbyrå AB			
Statutory audit	48	414	176
Total	**48**	**414**	**176**

Statutory audit refer to the audit of the annual report and accounting, as well as the management of the Board of Directors and the CEO. Other audit-related services refer to additional tasks that the company's auditor is responsible for performing, as well as advisory services or other assistance arising from observations during the audit or execution of such tasks.

8 Employees and personnel expenses

	01-01-2024–31-12-2024			01-01-2023–31-12-2023			01-01-2022–31-12-2022		
Average number of employees	Average number of employees	Of which women	Of which men	Average number of employees	Of which women	Of which men	Average number of employees	Of which women	Of which men
Parent Company	11	41%	59%	8	40%	60%	4	75%	25%
Subsidiaries in:									
Sweden	56	56%	44%	49	48%	52%	34	41%	59%
USA	2	100%	0%	0	0%	0%	0	0%	0%
Total in the Group	**68**	**45%**	**55%**	**58**	**48%**	**52%**	**38**	**37%**	**53%**

	01-01-2024–31-12-2024			01-01-2023–31-12-2023			01-01-2022–31-12-2022		
Gender distribution, Board of Directors, and Executive Management	Number at reporting date	Of which women	Of which men	Number at reporting date	Of which women	Of which men	Number at reporting date	Of which women	Of which men
Board members	5	60%	40%	3	0%	100%	3	0%	100%
Cheif Executive Officer and other senior executives	9	44%	56%	6	33%	67%	5	40%	60%
Total in the Group	**14**	**50%**	**50%**	**9**	**22%**	**78%**	**8**	**25%**	**75%**

Note 8 Employees and personnel expenses, continued

Personnel expenses, TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Parent Company			
Board of Directors, Chief Executive Officer, and equivalent senior executives			
Salaries and other compensation	13,634	3,450	1,870
Social security contributions	3,363	1,177	669
Pension costs	2,159	383	335
Total	**19,156**	**5,010**	**2,873**
Other employees			
Salaries and other compensation	5,920	8,125	2,197
Social security contributions	4,516	2,947	784
Pension costs	1,583	1,583	388
Total	**12,019**	**12,654**	**3,369**
Subsidiaries			
Board of Directors, Chief Executive Officer, and equivalent senior executives			
Salaries and other compensation	4,614	1,173	1,964
Social security contributions	1,225	369	695
Pension costs	648	–	321
Total	**6,487**	**1,542**	**2,980**
Other employees			
Salaries and other compensation	41,405	36,869	22,537
Social security contributions	6,277	3,663	460
Pension costs	6,113	4,595	3,040
Total	**53,795**	**45,128**	**26,037**
Total in the Group	**91,457**	**64,333**	**35,260**

Remuneration to other employees includes fixed and variable salary, pension contributions, and other benefits.
The Group has no defined benefit pension plans, only defined contribution plans.

Renemeration to the Chief Executive Officer and other senior executives

01-01-2024–31-12-2024, TSEK	Base salary and board fees	Variable remuneration	Pension cost	Other benefits	Total
Chairman of the Board					
Christian Kinch	1,433	–	–	–	1,433
Board member					
Magnus Tornling	308	–	–	–	308
Regina Fritsche Danielson	–	–	–	–	–
Claude Dartiguelongue	225	–	–	–	225
Anna Martling	225	–	–	180	405
Thomas von Koch	62	–	–	–	62
Cheif Executive Officer					
Niklas Prager	3,027	500	600	180	4,307
Other members of Executive Management (8 individuals)	9,760	364	2,207	4,417	16,748
Total	**15,040**	**864**	**2,807**	**4,777**	**23,488**

01-01-2023–31-12-2023, TSEK	Base salary and board fees	Variable remuneration	Pension cost	Other benefits	Total
Chairman of the Board					
Christian Kinch	1,200	_	_	_	1,200
Board member					
Thomas von Koch	167	–	–	–	167
Magnus Tornling	167	–	–	–	167
Cheif Executive Officer					
Niklas Prager, appointed on 1 June 2023	1,750	–	350	105	2,205
Johan Rugfelt	1,302	300	325	–	1,927
Other members of Executive Management (4 individuals)	6,499	–	1,625	554	8,677
Total	**11,084**	**300**	**2,300**	**659**	**14,342**

Note 8 Employees and personnel expenses, continued

01-01-2022–31-12-2022	Base salary and board fees	Variable remuneration	Pension cost	Other benefits	Total
Chairman of the Board					
Christian Kinch	900	–	–	–	900
Board member					
Thomas von Koch	–	–	–	–	0
Magnus Tornling	–	–	–	–	0
Chief Executive Officer					
Johan Rugfelt	800	–	200	1,634	2,634
Other members of Executive Management (4 individuals)	4,377	–	1,094	–	5,471
Total	**6,077**	**0**	**1,294**	**1,634**	**9,005**

Remuneration and terms for senior executives

Remuneration to the CEO and other senior executives consists of fixed and variable salary, pension, and other benefits. Other senior executives refer to individuals who are part of the management team. Other compensation includes consultancy fees and other benefits.

The CEO has a notice period of 12 months in the event of termination by the Group, with severance pay corresponding to 12 months' fixed base salary. If the CEO terminates the employment, the notice period is six months with no severance pay.

Share-based payments

During the period from 2022 to 2024, call options were issued by SmartCella Holding AB's principal shareholder, Swib Holding AB. The call option program is based on the market value of the options in accordance with the Black-Scholes model, taking into account factors such as duration, volatility, and strike price to ensure fair value. The program provides a limited number of employees within the Group, through Swib Holding AB, the opportunity to acquire shares in SmartCella Holding AB from Swib Holding AB under certain conditions and within a specified timeframe. The table below shows the number of issued options. It should be noted that these options do not result in any dilution, as they are solely related to the acquisition of shares from Swib Holding AB.

Number of shares in stock option program subject to vesting conditions, TSEK	2024	2023	2022
Outstanding as of January 1	**9,147**	**3,371**	**–**
Granted	5,457	5,776	3,371
Exercised	–	–	–
Outstanding as of December 31	**14,604**	**9,147**	**3,371**

9 Other operating expenses

TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Other operating expenses			
Impairment of inventory or related materials	–1,101	–	–
Net loss on disposal of intangible assets	–196	–	–
Net loss on disposal of property, plant, and equipment	–892	–52	–1,153
Total	**–2,189**	**–52**	**–1,153**

10 Financial Income

TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Other financial expenses			
Interest income	7,650	5,861	1,095
Foreign exchange gain on cash and cash equivalents	6,213	425	15,743
Total	**13,863**	**6,286**	**16,838**
Total financial income	**13,863**	**6,286**	**16,838**

11 Financial expenses

TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Other financial expenses			
Interest expenses	–57	–12	–11
Foreign exchange loss on cash and cash equivalents	–	–1,849	–6,921
Interest expenses on lease liabilities	–1,521	–1,562	–910
Total	**–1,578**	**–3,422**	**–7,841**

12 Tax

Current tax, TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Current tax on profit for the year	–98	–	–
Adjustments related to previous years	–	–	–
Total current tax	**–98**	**0**	**0**
Deferred tax			
Deferred tax on temporary differences	106	–	–
Deferred tax on tax loss carryforwards	–	–	–
Total deferred tax	**106**	**0**	**0**
Reported tax in the income statement	**8**	**0**	**0**

Reconciliation of effective tax rate, TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Profit before tax	**–114,188**	**–35,864**	**-49,854**
Tax at applicable tax rate for the Parent Company (20.6%)	23,523	7,388	10,270
Tax effects of:			
Different tax rates for foreign subsidiaries	572	–	–
Non-taxable income	–7,902	5	–
Non-deductible expenses	–149	–485	–430
Increase in tax loss carryforwards without recognition of deferred tax	–16,035	–6,908	–9,841
Reported tax	**8**	**0**	**0**
Effective tax rate	0.0%	0.0%	0.0%

There are tax loss carryforwards for which deferred tax assets have not been recognized in the statement of financial position, amounting to 195,976 TSEK, 117,894 TSEK as of December 31, 2023, 93,837 TSEK as of December 31, 2022, and 53,469 TSEK as of January 1, 2022. These have no expiration date. Deferred tax assets have not been recognized for these items as it is not probable that the Group will utilize them for offsetting against future taxable profits.

13 Earnings per share[1)]

Earnings per share, SEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Profit for the year	–114,179,501	–35,864,345	–49,853,815
Weighted average number of ordinary shares outstanding	127,357	122,877	122,877
Earnings per share before dilution (SEK)	–897	–292	–406
Earnings per share after dilution (SEK)	–897	–292	–406

[1)] No dilution of the number of shares exists as options from the incentive program do not generate any dilution, which means that earnings per share refer to both before and after dilution.

14 Investments in group companies

The Parent Company, SmartCella Holding AB, holds direct and indirect subsidiaries that are included in the consolidated financial statements, as shown in the table below.

			Ownership/voting rights			
Company	Registration number	Domicile	31-12-2024	31-12-2023	31-12-2022	01-01-2022
SmartCella Holding AB	559171-6393	Stockholm, Sweden	Parent Company	Parent Company	Parent Company	Parent Company
SmartCella Solutions AB	559352-0330	Stockholm, Sweden	94%	94%	93%	93%
Procella Therapeutics AB	559036-4609	Stockholm, Sweden	100%	100%	100%	100%
Smartwise Sweden AB	556991-4210	Stockholm, Sweden	100%	100%	100%	100%
SmartCella Inc	320758850	New Castle County, Delaware	100%	–	–	–

			Carrying amount (TSEK)			
Company	Registration number	Domicile	31-12-2024	31-12-2023	31-12-2022	01-01-2022
SmartCella Holding AB	559171-6393	Stockholm, Sweden	Parent Company	Parent Company	Parent Company	Parent Company
SmartCella Solutions AB	559352-0330	Stockholm, Sweden	86,623	51,623	29,123	23
Procella Therapeutics AB	559036-4609	Stockholm, Sweden	245,793	245,793	245,793	245,793
Smartwise Sweden AB	556991-4210	Stockholm, Sweden	132,722	132,722	118,722	102,722
SmartCella Inc	320758850	New Castle County, Delaware	104	–	–	–
			465,243	**430,139**	**393,639**	**348,539**

15 Goodwill

Accumulated acquisition values, TSEK	31-12-2024	31-12-2023	31-12-2022
Opening accumulated acquisition value	**5,993**	**5,993**	**5,993**
Business combinations	–	–	–
Closing accumulated acquisition values	**5,993**	**5,993**	**5,993**
Closing carrying amount	**5,993**	**5,993**	**5,993**

Goodwill by segment

TSEK	Targeted Deliveries	Regenerative Medicines	Total Group
31-12-2024	2,397	3,596	5,993
31-12-2023	2,397	3,596	5,993
31-12-2022	2,397	3,596	5,993
Key assumptions: Discount rate (WACC)			
31-12-2024	12.6%	12.6%	
31-12-2023	12.3%	12.3%	
31-12-2022	12.5%	12.5%	
Key assumptions: Terminal growth beyond forecast period			
31-12-2024	2.0%	2.0%	
31-12-2023	2.0%	2.0%	
31-12-2022	2.0%	2.0%	

The group's total goodwill of 5,993 TSEK (5,993) arose from the acquisition of subsidiaries. Goodwill is monitored and allocated per segment, namely Targeted Delivery and Regenerative Medicines. Within these segments, it is possible to identify separate cash flows, upon which the impairment testing is conducted for the subsidiaries associated with the respective segments (cash-generating units and their respective carrying amounts). The impairment test assesses whether the cash-generating unit's recoverable amount is higher than its carrying amount. The recoverable amount has been calculated based on the unit's value in use, which represents the present value of the unit's expected future cash flows. These calculations are based on estimated cash flows derived from financial budgets covering a five-year period. The historical impairment tests for the years 2021 to 2023 are based on actual historical figures and then the unit's expected future cash flows. Cash flows beyond the five-year period are extrapolated using an assessed growth rate. The calculations do not indicate any impairment requirement, and a sensitivity analysis shows that changes in key assumptions would not result in an impairment requirement for any of the years 2021 to 2024. The key assumptions are the pre-tax discount rate and growth projections.

Sensitivity analysis

A comprehensive sensitivity analysis of the variables used in the valuation model has been conducted for each cash-generating unit. The analysis considers an increase in the discount rate and a reduction in the growth assumption. The following assumptions have been tested separately for the period 2022–2024:

- A decrease in the growth rate beyond the explicit forecast period by –1 percentage point.
- An increase in the discount rate by +1 percentage point.

The results of the sensitivity analysis indicate that no impairment requirement exists for the surplus values associated with each cash-generating unit (segment).

16 Intangible assets

Intangible non-current assets in the Group consist of internally generated intangible assets as well as acquired intangible rights, patents, and licenses.

TSEK	Intangible rights, patents, and licenses	Internally generated intangible assets	Total intangible assets
Acquisition cost			
Opening balance January 1, 2022	**53,444**	**13,886**	**67,330**
Internally generated	–	11,366	11,366
Investments for the year	13,994	–	13,994
Closing balance December 31, 2022	**67,438**	**25,251**	**92,690**
Internally generated	–	21,769	21,769
Investments for the year	2,577	–	2,577
Closing balance December 31, 2023	**70,015**	**47,020**	**117,035**
Internally generated	0	38,251	38,251
Investments for the year	3,522	–	3,522
Closing balance December 31, 2024	**73,537**	**85,271**	**158,808**
Accumulated amortization			
Opening balance January 1, 2022	**–34,946**	**0**	**–34,946**
Amortization for the year	– 11,173	–	– 11,173
Closing balance December 31, 2022	**–46,119**	**0**	**–46,119**
Amortization for the year	–7,072	–	–7,072
Closing balance December 31, 2023	**–53,191**	**0**	**–53,191**
Amortization for the year	–4,229	–	–4,229
Closing balance December 31, 2024	**–57,421**	**0**	**–57,421**
Net carrying amount			
As of January 1, 2022	18,498	13,886	32,384
As of December 31, 2022	21,319	25,251	46,571
As of December 31, 2023	16,824	47,020	63,844
As of December 31, 2024	16,116	85,271	101,387

Research and development expenses

Research and development expenses that do not meet the criteria for recognition as an intangible asset are expensed in the period they are incurred. Total research and development expenses for the year amount to 22,944 TSEK (2023: 4,820 TSEK and 2022: 7,848 TSEK), which have been reported under Material and development costs and Other external expenses in the Group's income statement.

17 Property, plant, and equipment

Property, plant, and equipment in the Group consist of leasehold improvements, machinery, and equipment, which are recognized at cost less accumulated depreciation and have an estimated useful life of 5 years.

TSEK	Leasehold improvements	Machinery and other technical equipment	Fixtures, tools, and installations	Total property, plant, and equipment
Acquisition cost				
Opening balance January 1, 2022	**1,382**	**16,848**	**3,382**	**21,612**
Investments for the year	743	10,333	29,907	40,983
Reclassifications	–	–	–	–
Disposals	–	–2,147	–157	–2,305
Closing balance December 31, 2022	**2,125**	**25,033**	**33,132**	**60,290**
Investments for the year	2,089	10,426	795	13,310
Reclassifications	31,364	–	–31,364	–
Disposals	–	–34	–101	–134
Closing balance December 31, 2023	**35,577**	**35,425**	**2,463**	**73,465**
Investments for the year	–	6,200	1,462	7,662
Reclassifications	–35,577	–	35,476	–102
Disposals	–	–572	–1,092	–1,663
Closing balance December 31, 2024	**0**	**41,053**	**38,308**	**79,362**
Accumulated depreciation				
Ingående balans 1 januari 2022	**–345**	**–5,135**	**–232**	**–5,712**
Depreciation for the year	–326	–3,824	–255	–4,405
Reclassifications	–	–	–	–
Disposals	–	1,062	90	1,152
Closing balance December 31, 2022	**–671**	**–7,897**	**–397**	**–8,965**
Depreciation for the year	–5,441	–6,285	–423	–12,149
Reclassifications	–	–	–	–
Disposals	–	26	56	83
Closing balance December 31, 2023	**–6,112**	**–14,156**	**–764**	**–21,032**
Depreciation for the year	–	–3,665	–9,976	–13,642
Reclassifications	6,112	–6,112	–2,563	–2,563
Disposals	–	3,009	97	3,107
Closing balance December 31, 2024	**0**	**–20,924**	**–13,206**	**–34,130**
Net carrying amount				
As of January 1, 2022	1,037	11,713	3,150	15,899
As of December 31, 2022	1,453	17,136	32,735	51,325
As of December 31, 2023	29,465	21,269	1,699	52,433
As of December 31, 2024	–	20,129	25,103	45,232

18 Leases of premises

The group's right-of-use assets relate entirely to rental leases.The table below presents the Group's closing balances for right-of-use assets and lease liabilities, as well as changes during the year.

Right-of-use assets, TSEK	31-12-2024	31-12-2023	31-12-2022	01-01-2022
Opening acquisition cost	45,896	41,297	18,240	18,240
New agreements for the year	3,732	4,598	23,058	–
Closing acquisition cost	**49,628**	**45,896**	**41,297**	**18,240**
Opening depreciation	–8,129	–3,127	–	–
Depreciation for the year	–5,719	–5,002	–3,127	–
Closing depreciation	**–13,848**	**–8,129**	**–3,127**	**0**
Closing carrying amount	**35,780**	**37,767**	**38,170**	**18,240**

Lease liabilities, TSEK	31-12-2024	31-12-2023	31-12-2022	01-01-2022
Current	6,415	6,393	5,702	2,377
Non-current	29,426	30,819	31,286	15,269
Total	**35,841**	**37,212**	**36,989**	**17,645**

Amounts related to lease operations recognized in the Group's statement of profit or loss, TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Depreciation of right-of-use assets	5,719	5,002	3,127
Interest expenses on lease liabilities	1,524	1,562	910
Total expenses related to lease operations	**7,243**	**6,564**	**4,037**

SmartCella reports a cash outflow related to lease agreements amounting to 7,243 TSEK, 6,564 TSEK in 2023, and 4,037 TSEK in 2022. For a maturity analysis of the Group's lease liabilities, see Note 20 Financial risks.

19 Financial instruments

The tables below present the Group's financial assets and liabilities per year, classified according to the categories in IFRS 9.

Measurement of financial assets and liabilities as of 31-12-2024

TSEK	Note	Financial instruments measured at amortised cost	Total carrying amount
Financial assets			
Trade receivables		–	–
Prepaid expenses		15,742	15,742
Other receivables		13,066	13,066
Short-term investments		287,139	287,139
Cash and cash equivalents	22	273,157	273,157
Total		**589,104**	**589,104**
Financial liabilities			
Trade payables		19,855	19,855
Accrued expenses[1)]	24	12,866	12,866
Other liabilities		6,625	6,625
Total		**39,347**	**39,347**

[1)] Refers to accrued expenses, excluding accrued personnel costs.

Measurement of financial assets and liabilities as of 31-12-2022

TSEK	Note	Financial instruments measured at amortised cost	Total carrying amount
Financial assets			
Trade receivables		1,259	1,259
Prepaid expenses		–	–
Other receivables		16,346	16,346
Short-term investments		100,000	100,000
Cash and cash equivalents	22	147,327	147,327
Total		**264,932**	**264,932**
Financial liabilities			
Trade payables		11,838	11,838
Accrued expenses[1)]	24	2,599	2,599
Other liabilities		1,669	1,669
Total		**16,107**	**16,107**

[1)] Refers to accrued expenses, excluding accrued personnel costs.

Measurement of financial assets and liabilities as of 31-12-2023

TSEK	Note	Financial instruments measured at amortised cost	Total carrying amount
Financial assets			
Trade receivables		7	7
Prepaid expenses		10,242	10,242
Other receivables		6,500	6,500
Short-term investments		80,000	80,000
Cash and cash equivalents	22	88,162	88,162
Total		**184,910**	**184,910**
Financial liabilities			
Trade payables		16,407	16,407
Accrued expenses[1)]	24	4,713	4,713
Other liabilities		6,875	6,875
Total		**27,996**	**27,996**

[1)] Refers to accrued expenses, excluding accrued personnel costs.

Measurement of financial assets and liabilities as of 01-01-2022

TSEK	Note	Financial instruments measured at amortised cost	Total carrying amount
Financial assets			
Trade receivables		226,093	226,093
Prepaid expenses		1,290	1,290
Other receivables		1,246	1,246
Short-term investments		–	–
Cash and cash equivalents	22	313,945	313,945
Total		**542,573**	**542,573**
Financial liabilities			
Trade payables		7,328	7,328
Accrued expenses[1)]	24	13,689	13,689
Other liabilities		45,478	45,478
Total		**66,495**	**66,495**

[1)] Refers to accrued expenses, excluding accrued personnel costs.

The Group has no financial assets or liabilities that have been offset in the financial statements or that are subject to a legally binding netting agreement. The maximum credit risk of the assets corresponds to the net amounts of the recognized values in the tables above. The Group has not received any pledged collateral for the financial net assets.

Disclosure of fair value

Current receivables and liabilities

For current receivables and liabilities, such as accounts receivable and accounts payable, the carrying amount is considered a reasonable approximation of fair value.

20 Financial risks

The Group's results, financial position, and cash flow are affected by both changes in the external environment and the Group's own actions. The risk management process aims to clarify and analyze the risks the company faces and, as far as possible, prevent and mitigate potential negative effects.

The Group is exposed to various types of financial risks through its operations, including credit risk, market risks, liquidity risk, and refinancing risk. The CEO and CFO have overall responsibility for the Group's risk management, including financial risks. Risk management involves identifying, assessing, and evaluating the risks the Group is exposed to. Priority is given to risks that, based on an overall assessment of potential impact, probability, and consequences, are deemed to have the most negative effect on the Group. The Group's overarching goal for financial risk management is to always maintain an updated overview of key risks, including a proactive action plan.

Credit risk

Credit risk is the risk that the Group's counterparty in a financial instrument is unable to fulfill its obligation, thereby causing the Group a financial loss. The company currently has no material trade receivables, but looking forward, the Group's credit risk is primarily associated with trade receivables. The Group assesses credit risk exposure at each reporting date, taking into account forward-looking factors.

Trade receivables (simplified method for credit loss reserves)

The Group has a high concentration of credit risk, as trade receivables and contract assets have historically been attributable to a limited number of customers, all of whom have a very strong credit rating. The Group has established guidelines to ensure that agreements are made with customers with an appropriate credit background. Payment terms are generally 30 days. Historical credit losses have been marginal in relation to the Group's revenue.

Maturity analysis of liabilities, <1 år, TSEK	31-12-2024	31-12-2023	31-12-2022
Lease liabilities	6,415	6,393	5,702
Other current liabilities	31,640	16,114	7,403
Trade payables	19,855	16,407	11,838
Contract liabilities	–	69,733	113,165

Maturity analysis of liabilities, 1–5 år, TSEK	31-12-2024	31-12-2023	31-12-2022
Lease liabilities	29,426	30,819	31,286
Other current liabilities	–	–	–
Trade payables	–	–	–
Contract liabilities	–	–	–

Cash and cash equivalents (general method for credit risk reserve)

Cash and cash equivalents amounting to 560,296 TSEK (168,162 TSEK in 2023, 247,327 TSEK in 2022) are placed with well-reputed Swedish financial institutions (SEB) and consist of cash deposits as well as a minor portion in 6- and 12-month fixed-interest accounts. The Group's analysis indicates that the credit risk associated with cash and cash equivalents is insignificant, and therefore, no credit risk reserve is recognized.

Credit risk exposure and credit risk concentration

The group's credit risk exposure consists of trade receivables and cash and cash equivalents. As of the end of 2024, the Group has no trade receivables. Going forward, trade receivables are expected to be concentrated among a few large customers.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market prices. Market risks are divided into three types: currency risk, interest rate risk, and other price risks. The market risks affecting the Group mainly consist of currency risk, which overall is assessed to be low.

Currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. Currency risks arise from the translation of foreign operations' assets and liabilities into the Parent Company's functional currency, known as translation exposure. A significant portion of the Group's sales and purchases are also conducted in foreign currencies, known as transaction exposure. The company currently has no material trade receivables, and the majority of its cost base is in SEK, which is why this risk is generally assessed as low.

Sensitivity analysis, impact in TSEK from currency positions in EUR

	Delta EUR (%)	Equity
2022	–5%	0
	0%	0
	5%	0
2023	–5%	–819
	0%	0
	5%	819
2024	–5%	–567
	0%	0
	5%	567

Sensitivity analysis, impact in TSEK from currency positions in USD

	Delta USD (%)	Equity
2022	–5%	–3,195
	0%	0
	5%	3,195
2023	–5%	–2,580
	0%	0
	5%	2,580
2024	–5%	–343
	0%	0
	5%	343

Liquidity risk and refinancing risk

Liquidity risk is the risk that a company will encounter difficulty in fulfilling obligations related to financial liabilities that are settled with cash or other financial assets. The Group's operations are primarily financed through equity. The Group manages liquidity risk through continuous monitoring of operations, where it regularly forecasts future cash flows based on various scenarios to ensure that financing is secured in a timely manner. Available liquid assets and rolling cash flow forecasts for 12 months and up to 3 years are key parameters that the CFO and CEO continuously assess. As of year-end 2024, SmartCella is well-capitalized with 560,296 TSEK in available liquid assets and short-term investments.

The company currently has no external financial debt with credit institutions, and refinancing risk is linked to the potential future need to raise liquid funds through new share issues. The company has demonstrated the ability to execute this under favorable conditions and raised 567,327 TSEK in liquid funds through a new share issue during 2024.

Capital management

The Group's objective regarding capital structure is to safeguard its ability to continue operations so that it can generate returns for shareholders and benefits for other stakeholders while maintaining an optimal capital structure to keep the cost of capital low. To maintain or adjust the capital structure, the Group may issue new shares or sell assets to reduce debt. The business has been financed through generated earnings from future successful research and development activities, product sales, and new share issuances. Equity is therefore considered the Group's capital.

21 Prepaid expenses and accrued incomer

TSEK	31-12-2024	31-12-2023	31-12-2022	01-01-2022
Prepaid expense for research study	6,332	–	–	–
Prepaid goods	4,898	–	–	–
Accrued interest income	1,704	1,064	–	–
Other prepaid expenses[1)]	2,809	9,177	–	1,290
Carrying amount	**15,742**	**10,242**	**0**	**1,290**

[1)] Inventory reclassified to other prepaid expenses as of 31-12-2023.

22 Cash and cash equivalents

Composition of cash and cash equivalents, TSEK	31-12-2024	31-12-2023	31-12-2022	01-01-2022
Cash and cash equivalents	273,157	88,162	147,327	313,945
Carrying amount	**273,157**	**88,162**	**147,327**	**313,945**

23 Equity

Share capital

The registered share capital of 677 TSEK consists of 135,320 shares. SmartCella Holding AB has only one share class, where all shares have equal voting rights. The quota value of the shares is 5 SEK.

In 2024, a new share issue was carried out, adding 567,327 TSEK in new capital to SmartCella through the issuance of 12,443 new shares. Translation reserves consist of exchange rate differences from foreign operations that prepare their financial statements in a functional currency different from the currency in which the Group's financial statements are presented. Other equity including profit for the year consists of retained earnings and profit for the year.

TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Number of outstanding shares at the beginning of the year	**122,877**	**122,877**	**122,877**
New share issue	12,443	–	–
Number of outstanding shares at the end of the year	**135,320**	**122,877**	**122,877**

24 Accrued expenses

TSEK	31-12-2024	31-12-2023	31-12-2022	01-01-2022
Accrued personnel expenses	12,148	4,525	3,134	2,115
Accrued consulting expenses	3,826	2,432	360	592
Other items	9,041	2,281	2,240	13,097
Total accrued expenses	**25,014**	**9,239**	**5,734**	**15,804**

25 Cash flow statement

Adjustments for differences between profit before tax and net cash flow, TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Depreciation and amortization	23,590	24,223	18,705
Other adjustments	2,445	398	387
Total	**26,035**	**24,621**	**19,092**

Other adjustments refer to items related to disposals of non-current assets as well as items of a financial nature.

26 Related parties

SmartCella Holding AB is 54.9% owned by SWIB Holding AB. Until the financial year-end 2021-12-31, the existing SmartCella companies were part of the SWIB Holding AB group. From the financial year-end 31-12-2022, SmartCella Holding AB reports its own consolidated financial statements. Other adjustments refer to items related to disposals of non-current assets as well as items of a financial nature.

A list of the Group's subsidiaries, which are also related parties to the Parent Company, is provided in Note 14 Investments in group companies. All transactions between SmartCella Holding AB and its subsidiaries have been eliminated in the consolidated financial statements. For further information on related parties of the Parent Company, refer to Note 17 Related parties.

For information on remuneration to key management personnel, see Note 8 Employees and personnel expenses.

SmartCella's other transactions with related parties primarily consist of companies owned by the principal shareholders of the Group's Parent Company. All transactions are conducted on market terms and at arm's length.

TSEK	01-01-2024 –31-12-2024	01-01-2023 31-12-2023	01-01-2022 31-12-2022
Companies within the Parent Company's group or owned by its principal shareholders			
Purchase of goods/services	8,309	6,731	7,244
Liability at the balance sheet date	626	80	4,514
	8,935	**6,811**	**11,758**
Companies owned by board members or key management personnel			
Purchase of goods/services	6,272	1,110	2,030
Liability at the balance sheet date	585	331	–
Total purchases	**14,581**	**7,841**	**9,274**
Total liabilities	**1,211**	**411**	**4,514**

27 Events after the balance sheet date

SmartCella finalized the agreement to support Professor Johan Ericson's research on cell replacement therapies for Parkinson's disease, including the establishment of a new subsidiary within the Group related to this. This is an important step for SmartCella to be able to continue the development of its SMART02 program (Parkinson's disease).

28 Transition to IFRS

As of January 1, 2024, SmartCella Holding AB prepares its consolidated financial statements in accordance with International Financial Reporting Standards (IFRS® accounting principles) issued by the International Accounting Standards Board (IASB) as adopted by the European Union (EU). Additionally, the Group applies the Swedish Annual Accounts Act (1995:1554) and RFR 1 Supplementary Accounting Rules for Groups issued by the Swedish Corporate Reporting Board. The transition date to IFRS for the Group is January 1, 2022. Until the financial year 2023, the Group prepared its consolidated financial statements in accordance with the Annual Accounts Act and BFNAR 2012:1 (K3). The transition to IFRS is reported in accordance with IFRS 1 First-time Adoption of IFRS.

The effect of the transition to IFRS is recognized directly in opening balance of equity. Previously published financial information for the financial years 2023 and 2022, prepared in accordance with the Annual Accounts Act and BFNAR 2012:1 (K3), has been restated to IFRS. The general rule is that all applicable IFRS standards that have come into force and been approved by the EU must be applied retrospectively. The Group has applied the following exemptions from the general rule in accordance with IFRS 1:

Lease agreements

Lease liabilities are recognized at the present value of all outstanding lease payments discounted using the Group's borrowing rate as of January 1, 2022. Right-of-use assets are measured at the same value as the lease liability, adjusted for any prepaid or accrued lease payments for lease agreements recognized in the statement of financial position immediately before January 1, 2022. Lease payments for contracts that expire within 12 months from the transition to IFRS and for leases where the underlying asset is of low value have been recognized as expenses on a straight-line basis.

Business combinations

SmartCella has elected not to restate business combinations that were completed before December 1, 2022.

The following summary presents the effects of the Group's transition to IFRS on the consolidated statement of profit or loss, statement of cash flows for the financial years 2023 and 2022, as well as the consolidated statement of financial position as of December 31, 2023, December 31, 2022, and January 1, 2022.

The following five areas have impacted SmartCella's transition to IFRS and are detailed in the tables below:

A: Goodwill – IFRS 3
B: Lease agreements – IFRS 16
C: Revenue – IFRS 15
D: Income tax – IAS 12
E: Other reclassifications

Consolidated statement of profit or loss for the financial year 2023

TSEK	According to previous principles (K3)	A. Goodwill, IFRS 3	B. Lease agreements, IFRS 16	C. Revenue, IFRS 15	D. Income tax, IAS 12	E. Other reclassifications	According to IFRS
Revenue	150,713	–	–	–6,492	–	–	144,221
Capitalized work for own use	21,769	–	–	–	–	–	21,769
Other operating income	564	–	–	–	–	–425	139
Total operating income	**173,046**	**0**	**0**	**–6,492**	**0**	**–425**	**166,129**
Material and development costs	–	–	–	–	–	–55,172	–55,172
Raw materials and consumables	–54,171	–	–	–	–	54,171	0
Other external costs	–66,007	–	5,919	–	–	1,001	–59,087
Personnel expenses	–66,323	–	–	–	–	–	–66,323
Depreciation and impairment losses	–21,066	1,845	–5,002	–	–	–	–24,223
Operating profit, EBIT	**–35,174**	**1,845**	**918**	**–6,492**	**0**	**175**	**–38,728**
Financial income	–	–	–	–	–	6,286	6,286
Other interest income and similar financial income	4,612	–	–	–	–	–4,612	0
Financial expenses	–	–	–1,562	–	–	–1,861	–3,422
Interest expenses and similar financial costs	–12	–	–	–	–	12	0
Profit before tax	**–30,573**	**1,845**	**–644**	**–6,492**	**0**	**0**	**–35,864**
Income taxes	–	–	133	1,337	–1,470	–	0
Tax on profit for the year	–	–	–	–	–	–	0
Profit for the year	**–30,573**	**1,845**	**–511**	**–5,154**	**–1,470**	**0**	**–35,864**
Profit for the year attributable to:							
Equity holders of the Parent Company							
Controlling interests	–29,743	1,845	–511	–5,154	–1,470	–	–35,034
Non-controlling interests	–830	–	–	–	–	–	–830

Note 28 Transition to IFRS, continued

Consolidated statement of comprehensive income

TSEK	According to previous principles (K3)	A. Goodwill	B. Lease agreements, IFRS 16	C. Revenue, IFRS 15	D. Income tax, IAS 12	E. Other reclassifications	According to IFRS
Profit for the year	**–30,573**	**1,845**	**–511**	**–5,154**	**–1,470**	**0**	**–35,864**
Other comprehensive income							
Items that will be reclassified to profit or loss (net of tax)							
Translation differences	–	–	–	–	–	–107	–107
Total other comprehensive income for the year, net of tax	**0**	**0**	**0**	**0**	**0**	**–107**	**–107**
Total comprehensive income for the year, net of tax	**–30,573**	**1,845**	**–511**	**–5,154**	**–1,470**	**–107**	**–35,971**
Total comprehensive income attributable to:							
Equity holders of the Parent Company	–29,743	1,845	–511	–5,154	–1,470	–107	–35,141
Non-controlling interests	–830	–	–	–	–	–	–830

Consolidated statement of profit or loss for the financial year 2022

TSEK	According to previous principles (K3)	A. Goodwill, IFRS 3	B. Lease agreements, IFRS 16	C. Revenue, IFRS 15	D. Income tax, IAS 12	E. Other reclassifications	According to IFRS
Revenue[1)]	99,382	–	–	–8,068	_	–	91,314
Capitalized work for own use	11,366	–	–	–	–	–	11,366
Other operating income	17,242	–	–	–	–	–15,743	1,499
Total operating income	**127,990**	**0**	**0**	**–8,068**	**0**	**–15,743**	**104,179**
Materials and development costs	–	–	–	–	–	–71,182	–71,182
Raw materials and consumables	–71,182	–	–	–	–	71,182	–
Other external costs	–38,484	–	3,618	–	–	–	–34,866
Employee benefit expenses	–37,124	–	–	–	–	–	–37,124
Depreciation, amortization, and impairment losses	–17,422	1 ,844	–3,127	–	–	_	–18,705
Other operating expenses	–8,074	–	–	–	–	6,921	–1,153
Operating profit, EBIT	**–44,295**	**1,844**	**490**	**–8,068**	**0**	**–8,822**	**–58,850**
Financial income	–	–	–	–	–	16,838	16,838
Other interest income and similar financial income	1,095	–	–	–	–	–1,095	–
Financial expenses	–	–	–910	–	–	–6,931	–7,841
Interest expenses and similar financial costs	–11	–	–	–	–	11	–
Profit before tax	**–43,210**	**1,844**	**–419**	**–8,068**	**0**	**0**	**–49,854**
Income taxes	–	–	86	1,662	–1,748	–	–
Tax on profit for the year	–	–	–	–	–	–	–
Profit for the year	**–43,210**	**1,844**	**–333**	**–6,406**	**–1,748**	**0**	**–49,854**
Total comprehensive income attributable to:							
Equity holders of the Parent Company	–42,208	1,844	–333	–6,406	–1,748	–	–48,851
Non-controlling interests	–1,002	–	–	–	–	–	–1,002

[1)] A correction of an error related to 2022 amounting to 10,300 TSEK was made as of 31 December 2024. This correction pertains to 2022 and has been adjusted in the Revenue IFRS 15 column.

Consolidated statement of comprehensive income

TSEK	According to previous principles (K3)	A. Goodwill	B. Lease agreements, IFRS 16	C. Revenue, IFRS 15	D. Income tax, IAS 12	E. Other reclassifications	According to IFRS
Profit for the year	**–43,210**	**1,844**	**–333**	**–6,406**	**–1,748**	**–**	**–49,854**
Other comprehensive income							
Items that will be reclassified to profit or loss (net of tax)							
Translation differences	–	–	–	–	–	–	–
Total other comprehensive income for the year, net of tax	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total comprehensive income for the year, net of tax	**–43,210**	**1,844**	**–333**	**–6,406**	**–1,748**	**0**	**–49,854**
Total comprehensive income attributable to:							
Equity holders of the Parent Company							
Controlling interests	–42,208	1,844	–333	–6,406	–1,748	–	–49,851
Non-controlling interests	–1,002	–	–	–	–	–	–1,002

Note 28 Transition to IFRS, continued

Consolidated statement of financial position as of 31 December 2023

TSEK	According to approved Annual report for 2023 (K3)	Accumulated IFRS adjustments 31-12-2022	A. Goodwill, IFRS 3	B. Lease agreements, IFRS 16	C. Revenue, IFRS 15	D. Income tax, IAS 12	E. Other reclassifications	According to IFRS
ASSETS								
Non-current assets								
Goodwill	2,304	1,844	1,845	–	–	–	–	5,993
Intangible assets	–	–	–	–	–	–	63,844	63,844
Capitalized development costs	47,020	–	–	–	–	–	–47,020	–
Concessions, patents, licenses, trademarks, and similar rights	16,824	–	–	–	–	–	–16,824	–
Property, plant, and equipment	52,433	–	–	–	–	–	–	52,433
Right-of-use assets	–	38,170	–	–403	–	–	–	37,767
Deferred tax asset	–	–	–	31	–	–31	–	–
Total non-current assets	**118,582**	**40,014**	**1,845**	**–373**	**0**	**–31**	**0**	**160,037**
Current assets								
Raw materials and supplies[1)]	8,199	–	–	–	–	–	–8,199	–
Trade receivables	7	–	–	–	–	–	–	7
Contract assets	–	–	–	–	–	–	31,934	31,934
Current tax assets	348	–	–	–	–	–	–138	210
Prepaid expenses	–	–	–	–93	–	–	10,334	10,242
Prepaid expenses and accrued income[1)]	35,678	–1,609	–	–	–	–	–34,069	0
Other receivables	6,500	–	–	–	–	–	–	6,500
Short-term investments	80,000	–	–	–	–	–	–	80,000
Cash and cash equivalents	–	–	–	–	–	–	88,162	88,162
Cash and bank balances	88,162	–	–	–	–	–	–88,162	–
Total current assets	**218,894**	**–1,609**	**0**	**–93**	**0**	**0**	**–138**	**217,055**
TOTAL ASSETS	**337,475**	**38,405**	**1,845**	**–465**	**0**	**–31**	**–138**	**377,091**

[1)] Inventory was reclassified to other prepaid expenses as of 31-12-2023.

EQUITY AND LIABILITIES								
Equity								
Share capital	–61	–	–	–	–	–	–	–61
Other contributed capital	–574,135	–	–	–	–	–	8,572	–565,563
Reserves	–	–	–	–	–	–	107	107
Retained earnings including profit for the year	–	–	–	–	–	–	327,893	327,893
Other equity including profit for the year	377,564	–46,389	–1,845	511		–9,914	–336,572	0
Total equity attributable to equity holders of the Parent Company	**–196,632**	**–46,389**	**–1,845**	**511**	**16,644**	**–9,914**	**0**	**–237,625**
Non-controlling interests	–		–	–	–	–	–	0
Total equity	**–196,632**	**–46,389**	**–1,845**	**511**	**16,644**	**–9,914**	**0**	**–237,625**
Non-current liabilities								
Lease liabilities	–	–31,286	–	467	–		–	–30,819,
Deferred tax liabilities	–	–	–	102	–10,047	9,945	–	0
Total non-current liabilities	**0**	**–31,286**	**0**	**569**	**–10,047**	**9,945**	**0**	**–30,819**
Current liabilities								
Trade payables	–16,407	–	–	–	–	–	–	–16,407
Liabilities to group companies	–	–	–	–	–	–	–	0
Lease liabilities	–	–5,702	–	–690	–	–	–	–6,393
Contract liabilities	–	44,964	–	–	–6,597	–	–108,101	–69,734
Current tax liabilities	–138	–	–	–	–	–	138	0
Accrued expenses	–	8	–	75	–	–	–9,322	–9,239
Accrued expenses and deferred income	–117,423	–	–	–	–	–	117,423	0
Other liabilities	–6,875	–	–	–	–	–	–	–6,875
Total current liabilities	**–140,843**	**39,270**	**0**	**–615**	**–6,597**	**0**	**138**	**–108,647**
TOTAL EQUITY AND LIABILITIES	**–337,475**	**–38,405**	**–1,845**	**465**	**0**	**31**	**138**	**–377,091**

Note 28 Transition to IFRS, continued

Consolidated statement of financial position as of 31 December 2022

TSEK	According to approved Annual report for 2022 (K3)	Accumulated IFRS adjustments 01-01-2022	A. Goodwill, IFRS3	B. Lease agreements, IFRS 16	C. Revenue, IFRS 15	D. Income tax, IAS 12	E. Other reclassifications	According to IFRS
ASSETS								
Non-current assets								
Goodwill	4,149	–	1,844	–	–	–	–	5,993
Intangible assets	–	–	–	–	–	–	46,571	46,571
Capitalized development costs	25,251	–	–	–	–	–	–25,251	–
Concessions, patents, licenses, trademarks, and similar rights	21,320	–	–	–	–	–	–21,320	–
Property, plant, and equipment	51,325	–	–	–	–	–	–	51,325
Right-of-use assets	–	18,240	–	19,930	–	–	–	38,170
Deferred tax asset	–	–	–	3,983	–	–3,983	–	0
Total non-current assets	**102,045**	**18,240**	**1,844**	**23,913**	**0**	**–3,983**	**0**	**142,059**
Current assets								
Raw materials and supplies	–	–	–	–	–	–	–	–
Trade receivables	1,259	–	–	–	–	–	–	1,259
Contract assets	–	–	–	–	–	–	36,981	36,981
Current tax assets	–	–	–	–	–	–	–	–
Prepaid expenses	–	–	–	–	–	–	–	–
Prepaid expenses and accrued income	37,637	–594	–	–1,015	–	–	–36,029	–
Other receivables	16,346	–	–	–	–	–	–	16,346
Short-term investments	100,000							100,000
Cash and cash equivalents	–	–	–	–	–	–	147,327	147,327
Cash and bank balances	147,327	–	–	–	–	–	–147,327	0
Total current assets	**302,569**	**–594**	**0**	**–1,015**	**0**	**0**	**953**	**301,913**
TOTAL ASSETS	**404,614**	**17,645**	**1,844**	**22,899**	**0**	**–3,983**	**953**	**443,972**
EQUITY AND LIABILITIES								
Equity								
Share capital	–61	–	–	–	–	–	–	–61
Other contributed capital[1)]	–583,820	–	–	–	–	–	18,257	–565,563
Reserves	–	–	–	–	–	–	–	–
Retained earnings including profit for the year[1)]	–	–	–	–	–	–	293,012	293,012
Other equity including profit for the year	357,658	–51,000	–1,844	333	17,421	–11,298	–311,269	0
Total equity attributable to equity holders of the Parent Company	**–226,223**	**–51,000**	**–1,844**	**333**	**17,421**	**–11,298**	**0**	**–272,612**
Non-controlling interests	–982		–	–	–	–	–	–982
Total equity	**–227,206**	**–51,000**	**–1,844**	**333**	**17,421**	**–11,298**	**0**	**–273,594**
Non-current liabilities								
Lease liabilities	–	–15,269	–	–16,017	–		–	–31,286
Deferred tax liabilities	–	–2,032	–	–3,897	–11,384	17,313	–	–
Total non-current liabilities	**0**	**–17,301**	**0**	**–19,914**	**–11,384**	**17,313**	**0**	**–31,286**
Current liabilities								
Trade payables	–11,838	–	–	–	–	–	–	–11,838
Liabilities to group companies	–	–	–	–	–	–	–	0
Lease liabilities	–	–2,377	–	–3,326	–	–	–	–5,702
Contract liabilities	–	53,032	–	–	–8,068	–	–158,129	–113,165
Current tax liabilities	–982	–	–	–	–	–	–	–982
Accrued expenses	–974	–	–	8	–	–	–4,768	–5,734
Accrued expenses and deferred income	–161,944	–	–	–	–	–	161,944	0
Other liabilities	–1,669	–	–	–	–	–	–	–1,669
Total current liabilities	**–177,408**	**50,655**	**0**	**–3,318**	**–8,068**	**0**	**–953**	**–139,091**
TOTAL EQUITY AND LIABILITIES	**–404,614**	**–17,645**	**–1,844**	**–22,899**	**–2,032**	**6,015**	**–953**	**–443,972**

[1)] An item of 9,859 TSEK related to a share issue cost that was initially expensed in 2021 but reclassified to Equity and restated as of 31-12-2023, has been adjusted in the reconciliation from 01-01-2022 under Equity.

Note 28 Transition to IFRS, continued

Consolidated statement of financial position as of 1 January 2022

	According to previous principles (K3)								
TSEK	According to approved Annual report for 2021 (K3)	Correction of errors 2018–2021[1]	Total reported amount under previous principles	A. Goodwill, IFRS3	B. Lease agreements, IFRS 16	C. Revenue, IFRS 15	D. Income tax, IAS 12	E. Other reclassifications	According to IFRS
ASSETS									
Non-current assets									
Goodwill	5,993	–	5,993	–	–	–	–	–	5,993
Intangible assets	–	–	–	–	–	–	–	32,384	32,384
Capitalized development costs	17,751	–3,865	13,885	–	–	–	–	–13,885	0
Concessions, patents, licenses, trademarks, and similar rights	18,498	–	18,498	–	–	–	–	–18,498	0
Property, plant, and equipment	15,899	–	15,899	–	–	–	–	–	15,899
Right-of-use assets	–	–	–	–	18,240	–	–	–	18,240
Deferred tax asset	–	–	–	–	3,635	–	–3,635	–	0
Total non-current assets	**58,142**	**–3,865**	**54,276**	**0**	**21,875**	**0**	**–3,635**	**0**	**72,516**
Current assets									
Inventories	–	–	–	–	–	–	–	–	0
Raw materials and supplies	–	–	–	–	–	–	–	–	0
Trade receivables	226,093	–	226,093	–	–	–	–	–	226,093
Contract assets	–	–	–	–	–	–	–	–	0
Current tax assets	–	–	–	–	–	–	–	–	0
Prepaid expenses	–	–	–	–	–	–	–	1,290	1,290
Prepaid expenses and accrued income	1,884	–	1,884	–	–594	–	–	–1,290	0
Other receivables	1,246	–	1,246	–	–	–	–	–	1,246
Short-term investments	–	–	–	–	–	–	–	–	0
Cash and cash equivalents	–	–	–	–	–	–	–	313,945	313,945
Cash and bank balances	313,945	–	313,945	–	–	–	–	–313,945	0
Total current assets	**543,168**	**0**	**543,168**	**0**	**–594**	**0**	**0**	**0**	**542,573**
TOTAL ASSETS	**601,309**	**–3,865**	**597,444**	**0**	**21,280**	**0**	**–3,635**	**0**	**615,089**
EQUITY AND LIABILITIES									
Equity									
Share capital	–61	–	–61	–	–	–		–	–61
Other contributed capital[3]	–575,422	–	–575,422	–	–	–		9,859	–565,563
Reserves	–17,751	–	–17,751	–	–	–		17,751	0
Retained earnings including profit for the year[3]	–	–	–	–	–	–		198,697	198,697
Other equity including profit for the year [2]	305,764	–18,157	287,607	–	–	–50,285	–11,015	–226,307	0
Total equity attributable to equity holders of the Parent Company	**–287,470**	**–18,157**	**–305,628**	**0**	**0**	**–50,285**	**–11,015**	**0**	**–366,928**
Non-controlling interests	–2	–0	–2	–	–	–		–	–2
Total equity	**–287,472**	**–18,158**	**–305,630**	**0**	**0**	**–50,286**	**–11,015**	**0**	**–366,929**
Non-current liabilities									
Lease liabilities	–	–	–	–	–15,269	–	–	–	–15,269
Deferred tax liabilities	–	–	–	–	–3,635	–13,046	14,650	–	–2,032
Total non-current liabilities	**0**	**0**	**0**	**0**	**–18,904**	**–13,046**	**14,650**	**0**	**–17,301**
Current liabilities									
Trade payables	–7,328	–	–7,328	–	–	–		–	–7,328
Liabilities to group companies		–	–	–	–	–		–	0
Lease liabilities	–	–	–	–	–2,377	–		–	–2,377
Contract liabilities	–	–		–	–	63,332		–222,347	–159,016
Current tax liabilities	–857	–	–857	–	–	–		–	–857
Accrued expenses	–3,073	–	–3,073	–	–	–		–12,731	–15,804
Accrued expenses and deferred income [2]	–257,101	22,023	–235,078	–	–	–		235,078	0
Other liabilities	–45,478	–	–45,478	–	–	–	–	–	–45,478
Total current liabilities	**–313,837**	**22,023**	**–291,814**	**0**	**–2,377**	**63,332**	**0**	**0**	**–230,859**
TOTAL EQUITY AND LIABILITIES	**–601,309**	**3,865**	**–597,444**	**0**	**–21,280**	**0**	**3,635**	**0**	**–615,089**

[1] Correction of errors with full retrospective application has been considered and described in the approved annual report for 2023. However, in the 2023 annual report, the balance sheet as of 01-01-2022has not been presented, which is why the correction of errors as of 01-01-2022 is clarified in the table above.

[2] A correction of an error amounting to 10,300 TSEK relating to 2022 was made as of 31-12-2024. This correction pertains to 2022, as clarified in the table above.

[3] An item of 9,859 TSEK related to a share issue cost that was initially expensed in 2021 but reclassified to Equity and restated as of 31-12-2023, has been adjusted in the reconciliation from 01-01-2022 under Equity.

Note 28 Transition to IFRS, continued

Consolidated statement of cash flows for the year ended 2023

TSEK	According to approved Annual report for 2023 (K3)	A. Goodwill, IFRS3	B. Lease agreements, IFRS 16	C. Revenue, IFRS 15	D. Income tax, IAS 12	E. Other reclassifications	According to IFRS
Operating activities							
Profit before tax	–30,573	1,845	–644	–6,492	–	35,864	0
Operating profit / EBIT	–	–	–	–	–	–38,728	–38,728
Profit after financial items	–	–	–	–	–	–	0
Adjustments for non-cash items	21,731	–1,845	7,208	–	–	–2,473	24,621
Interest received	–	–	–	–	–	5,861	5,861
Interest paid	–	–	–1,562	–	–	–12	–1,574
Taxes paid	–1,193	–	–	–	–	1,193	0
Cash flow from operating activities before changes in working capital	**–10,035**	**0**	**5,002**	**–6,492**	**0**	**1,705**	**–9,820**
Cash flow from changes in working capital							
Change in inventories[1)]	–8,199	–	–	–	–	8,199	0
Change in inventories and work in progress	–	–	–	–	–	–	0
Changes in trade and other receivables[1)]	13,694	–	–	–	–	–7,999	5,695
Change in trade receivables	–	–	–	–	–	–	0
Change in current receivables	–	–	–	–	–	–	0
Changes in trade and other payables	–35,721	–		6,492	–	–1,905	–31,134
Change in trade payables	–	–	–	–	–	–	0
Change in current liabilities	–	–	–	–	–	–	0
Cash flow from operating activities	**–40,261**	**0**	**5,002**	**0**	**0**	**0**	**–35,259**
Investing activities							
Change in short-term investments	–	–	–	–	–	20,000	20,000
Acquisition of intangible assets	–24,345	–	–	–	–	–	–24,345
Investments in intangible assets	–	–	–	–	–	–	0
Acquisition of property, plant and equipment	–13,310	–	–	–	–	–	–13,310
Investments in property, plant and equipment	–	–	–	–	–	–	0
Acquisition of short-term investments	–	–	–	–	–	–	0
Cash flow from investing activities	**–37,655**	**0**	**0**	**0**	**0**	**20,000**	**–17,655**
Financing activities							
Change in short-term investments	20,000	–	–	–	–	–20,000	0
Repayment of shareholder contributions	–	–	–	–	–	–	0
Acquisition of non-controlling interests	–	–	–	–	–	–	0
Transactions with non-controlling interests	–	–	–	–	–	–	0
Repayment of lease liabilities	–	–	–5,002	–	–	–	–5,002
Cash flow from financing activities	**20,000**	**0**	**–5,002**	**0**	**0**	**–20,000**	**–5,002**
Cash flow for the year	**–57,916**	**–**	0	0	0	0	**–57,915**
Cash and cash equivalents at beginning of year	147,327	–	–	–	–	–	147,327
Exchange rate differences in cash and cash equivalents	–1,248	–	–	–		–	–1,248
Cash and cash equivalents at end of year	**88,162**	**0**	**0**	**0**	**0**	**0**	**88,162**

[1)] Inventory was reclassified to other prepaid expenses as of 31-12-2023.

Note 28 Transition to IFRS, continued

Consolidated statement of cash flows for the year ended 2022

TSEK	According to approved Annual report for 2021 (K3)	A. Goodwill, IFRS3	B. Lease agreements, IFRS 16	C. Revenue, IFRS 15	D. Income tax, IAS 12	E. Other reclassifications	According to IFRS
Operating activities							
Profit before tax	–43,210	1,844	–419	–8,068	–	49,854	0
Operating profit / EBIT	–	–	–	–	–	–58,850	–58,850
Profit after financial items	–	–	–	–	–	–	0
Adjustments for non-cash items	2,829	–1,844	4,456	–	–	13,651	19,092
Interest received	–	–	–	–	–	1,095	1,095
Interest paid	–	–	–910	–	–	–	–910
Taxes paid	125	–	–	–	–	–125	0
Cash flow from operating activities before changes in working capital	**–40,256**	**0**	**3,127**	**–8,068**	**0**	**5,624**	**–39,573**
Cash flow from changes in working capital							
Change in inventories	–	–	–	–	–	–	0
Change in inventories and work in progress	–	–	–	–	–	–	0
Changes in trade and other receivables	175,798	–	–	–	–	–1,756	174,042
Change in trade receivables	–	–	–	–	–	–	0
Change in current receivables	–	–	–	–	–	–	0
Changes in trade and other payables	–103,958	–	–	8,068	–	796	–95,094
Change in trade payables	–	–	–	–	–	–	0
Change in current liabilities	–	–	–	–	–	–	0
Cash flow from operating activities	**31,584**	**0**	**3,127**	**0**	**0**	**4,664**	**39,375**
Investing activities							
Change in short-term investments	–	–	–	–	–	–100,000	–100,000
Acquisition of intangible assets	–27,412	–	–	–	–	2,052	–25,360
Investments in intangible assets	–	–	–	–	–	–	0
Acquisition of property, plant and equipment	–40,983	–	–	–	–	–	–40,983
Investments in property, plant and equipment	–	–	–	–	–	–	0
Acquisition of short-term investments	–	–	–	–	–	–	0
Cash flow from investing activities	**–68,395**	**0**	**0**	**0**	**0**	**–97,948**	**–166,342**
Financing activities							
Change in short-term investments	–100,000	–	–	–	–	100,000	0
Repayment of shareholder contributions	–44,000	–	–	–	–	–	–44,000
Disposal of non-controlling interests	–	–	–	–	–	–1	–1
Acquisition of non-controlling interests						1	1
Transactions with non-controlling interests	–	–	–	–	–	–	0
Repayment of lease liabilities	–	–	–3,127	–	–	–	–3,127
Cash flow from financing activities	**–144,000**	**0**	**–3,127**	**0**	**0**	**100,000**	**–47,127**
Cash flow for the year	**–180,811**	0	0	0	0	**6,716**	**–174,095**
Cash and cash equivalents at beginning of year	313,945	–	–	–	–	–	313,945
Exchange rate differences in cash and cash equivalents	14,192	–	–	–	–	–6,716	*7,477*
Cash and cash equivalents at end of year	**147,327**	**0**	**0**	**0**	**0**	**0**	**147,327**

Note 28 Transition to IFRS, continued

Notes

A. Business combinations

According to previous accounting principles, goodwill was amortized over the estimated useful life. Under IFRS, goodwill is not amortized but instead subjected to annual impairment tests. In connection with the transition to IFRS, amortization of goodwill made since January 1, 2022, has been reversed. The corresponding increase in goodwill value is recognized in the statement of financial position. At the IFRS transition date, January 1, 2022, the value of goodwill was tested for impairment. Impairment tests were also conducted for the closing balances in 2022, 2023, and 2024, and all assessments have concluded that no impairment is required. This means that the closing balance of SEK 5,993 thousand remains unchanged. No deferred tax has been recognized for this item.

B. Lease agreements

Under previously applied accounting principles, the Group classified lease agreements as either operating or finance leases. In connection with the transition to IFRS, the Group's lease agreements (except for short-term leases and leases where the underlying asset is of low value) will be recognized in the statement of financial position. The obligation to make lease payments is discounted and recognized as lease liabilities, divided into short- and long-term portions, in the statement of financial position.

Right-of-use assets for leases are included on a separate line. Prepaid lease payments that were previously included in the statement of financial position have been reclassified and included in the initial measurement of right-of-use assets. Deferred tax is recognized for the temporary differences that arise. In the statement of profit or loss, the operating lease expense previously reported under other external expenses is eliminated. Additional costs arise from the depreciation of right-of-use assets and interest expenses on lease liabilities. Finally, the reclassification also affects the presentation of the Group's cash flows. Under previous accounting principles, cash flows related to operating leases were reported as part of operating activities. Under IFRS 16, payments are allocated between a portion for the amortization of lease liabilities (financing activities) and a portion for interest payments (operating activities).

C. Revenue

As part of the transition to IFRS, the Group's customer contracts have been analyzed in accordance with IFRS 15 Revenue from Contracts with Customers. This analysis has resulted in a change in the Group's revenue recognition principles. In 2018, the Group entered into a license and research collaboration agreement, which under K3 was recognized over the contract period based on a percentage-of-completion method using incurred expenses. IFRS 15 includes specific rules for the recognition of license revenue, which led to the assessment that the license constitutes a right-to-access license, meaning that revenue from this contract is instead recognized on a straight-line basis over the contract period. In applying both K3 and IFRS, the Group has considered the uncertainty related to milestone payments and has not recognized any revenue until a decision on milestone achievement has been made by the contract counterparty. Under IFRS 15, milestone payments are included in the transaction price only to the extent that it is highly probable that a significant reversal of accumulated revenue will not occur. Deferred tax is recognized in relation to the temporary differences that arise.

D. Income taxes

Considering that the Group has unused tax loss carryforwards that were not previously recognized, a deferred tax asset has been recognized to the extent that a deferred tax liability has been recognized. The deferred tax liability arose in connection with the IFRS transition—see column B Lease agreements or column C Revenue.

SmartCella Holding AB and its wholly owned Swedish subsidiaries can, through the possibility of group contributions, offset deferred tax assets against deferred tax liabilities. As a result, deferred tax assets and deferred tax liabilities for these entities are offset in the consolidated financial statements. The offsetting of deferred tax assets against deferred tax liabilities is presented in column E Other reclassifications.

E. Other reclassifications

The transition to IFRS has resulted in a changed structure and classification of the financial statements compared to previous reporting.

In the Group's statement of profit or loss, costs that were previously reported under Raw materials and consumables are now included under Material costs.

In the Group's statement of financial position, items within Intangible assets and Property, plant, and equipment are no longer presented on separate lines.

Additionally, Prepaid expenses, Contract assets, Accrued expenses, and Contract liabilities are now presented on separate lines. Accrued revenue has been allocated between Contract assets and Trade receivables based on the definitions provided in IFRS 15. Unbilled trade receivables that were previously presented as accrued revenue are now classified under Trade receivables. Contract liabilities include amounts that were previously presented as Deferred revenue.

Transactions with non-controlling interests are presented on a gross basis as Acquisition of non-controlling interests under Financing activities.

Parent Company notes

1 Accounting policies

The Parent Company prepares its financial statements in accordance with the Swedish Annual Accounts Act (1995:1554) and the recommendation RFR 2 Accounting for Legal Entities, issued by the Swedish Corporate Reporting Board. The Parent Company applies the same accounting policies as the Group, with the exceptions and additions specified in RFR 2. This means that IFRS is applied with the deviations stated below. The accounting policies specified below have been applied consistently to all periods presented in the Parent Company's financial statements unless otherwise stated.

This is the Parent Company's first financial statements prepared in accordance with RFR 2, and the transition is described in more detail in Note 19 Transition to RFR 2.

Presentation

The income statement and balance sheet for the Parent Company are presented in accordance with the format required by the Swedish Annual Accounts Act, while the statement of comprehensive income, statement of changes in equity, and statement of cash flows are based on IAS 1 Presentation of Financial Statements and IAS 7 Statement of Cash Flows.

Leases

The rules for accounting for lease agreements under IFRS 16 are not applied in the Parent Company, in accordance with the exemption in RFR 2. This means that lease payments are recognized as an expense on a straight-line basis over the lease term, and that right-of-use assets and lease liabilities are not included in the Parent Company's balance sheet. The identification of a lease agreement is performed in accordance with IFRS 16, meaning that an agreement is, or contains, a lease if it conveys the right to control the use of an identified asset for a specified period in exchange for consideration.

Investments in group companies

Investments in group companies are recognized in the Parent Company in accordance with the cost method. This means that transaction costs are included in the recognized value of the investment.

If the carrying amount exceeds the Group's consolidated value, an impairment is recognized in the income statement. An impairment review is performed at the end of each reporting period. If a previously recognized impairment is no longer justified, it is reversed. Assumptions are made about future conditions to estimate future cash flows that determine the recoverable amount. The recoverable amount is compared to the carrying amount of these assets and serves as a basis for possible impairments or reversals. The key assumptions affecting recoverable amount are future financial performance, discount rate, and useful life. If future market conditions or circumstances change, these assumptions may be adjusted, impacting the recognized values of the Parent Company's assets.

Shareholder contributions and group contributions

The Parent Company recognizes both received and paid group contributions as appropriations in accordance with the alternative rule. Paid shareholder contributions are recognized directly against equity in the recipient's accounts and recorded as shares and investments in the Parent Company. Received shareholder contributions are recognized as an increase in unrestricted equity.

Financial instruments

The Parent Company applies the exemption from IFRS 9 Financial Instruments for legal entities and instead applies the cost method in accordance with the Swedish Annual Accounts Act (ÅRL). Consequently, financial non-current assets in the Parent Company are measured at cost, while financial current assets are measured at the lower of cost or market value, with impairment for expected credit losses applied in accordance with IFRS 9 for assets classified as debt instruments.

Impairment of financial assets

Financial assets, including intra-group receivables, shall be written down for expected credit losses. For methods related to impairment of expected credit losses, see Note 20 Financial risks in the consolidated financial statements. Expected credit losses for intra-group receivables are estimated using a rating-based method where the creditworthiness of group companies is assessed.

2 Significant estimates and judgments

No significant estimates or judgments have been made in the preparation of the Parent Company's financial statements.

The valuation of shares in subsidiaries is an area that involves judgments and/or uncertainties for the Parent Company, in addition to the applicable critical accounting policies and key sources of estimation uncertainty presented by the Group.

3 Revenue

The Parent Company's revenue primarily relates to intragroup services based on contracts within the Group, in accordance with the arm's length principle.

Type of goods/service, TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Management fee, intra-group service	27,629	17,111	–
Research services	–	1,862	1,007
Revenue	**27,629**	**18,972**	**1,007**

Geographical region, TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Sweden	27,629	18,972	1,007
Revenue	**27,629**	**18,972**	**1,007**

4 Auditor's fees

TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Öhrlings Pricewaterhouse Coopers AB			
Statutory audit	1,257	–	–
Other audit-related services	–	–	–
Total	**1,257**	**0**	**0**
R3 Revisionsbyrå AB			
Statutory audit	48	108	35
Total	**48**	**108**	**35**

Statutory audit refer to the audit of the annual report and accounting, as well as the management of the Board of Directors and the CEO. Other audit-related services refer to additional tasks that the company's auditor is responsible for performing, as well as advisory services or other assistance arising from observations during the audit or execution of such tasks.

5 Employees and personnel expenses

For salaries and remuneration to employees and senior executives, as well as information on the number of employees, see the Group's Note 8 Employees and personnel expenses.

6 Financial income

TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Other financial income			
Interest income	6,233	3,504	453
Foreign exchange gain on cash and cash equivalents	3,543	–	–
Total	**9,775**	**3,504**	**453**
Total financial income	**9,775**	**3,504**	**453**

7 Financial expenses

TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Other financial expenses			
Interest expenses	–15	–3	–
Total	**–15**	**–3**	**–**
Total financial expenses	**–15**	**–3**	**–**

8 Tax

TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Current tax	–	–	–
Change in deferred tax related to temporary differences	–	–	–
Reported tax	**0**	**0**	**0**

Reconciliation of effective tax rate	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Profit before tax	**–28,559**	**–9,493**	**–15,301**
Tax according to the applicable tax rate for the Parent Company 20.6%	5,883	1,956	3,152
Tax effect of:			
Non-taxable income	–	1	–
Non-deductible expenses	–128	–72	–24
Increase in tax loss carryforwards without recognition of deferred tax	–5,755	–1,885	–3,128
Reported tax	**0**	**0**	**0**
Effective tax rate	0%	0%	0%

9 Property, plant and equipment

Property, plant and equipment consist of equipment, tools, and installations, which are recognized at cost less accumulated depreciation and have an estimated useful life of 5 years.

TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Acquisition cost			
Opening balance	**262**	**0**	**0**
Investments for the year	249	262	–
Disposals	–341	–	–
Closing balance	**169**	**262**	**0**
Accumulated depreciation			
Opening balance	**–15**	**0**	**0**
Depreciation for the year	–58	–15	–
Disposals	40	–	–
Closing balance	**–34**	**–15**	**0**
Closing carrying amount	**136**	**247**	**0**

10 Financial instruments

TSEK	Note	31-12-2024	31-12-2023	31-12-2022	01-01-2022
Financial assets					
Accounts receivable		–	–	1,259	–
Receivables from group companies		124,253	46,126	5,002	–
Other short-term investments		287,139	80,000	100,000	–
Cash and cash equivalents		233,221	18,031	73,609	309,575
Accrued income	12	–	1,862	–	–
Total		**644,613**	**146,019**	**179,870**	**309,575**
Financial liabilities					
Accounts payable		4,648	4,716	950	190
Liabilities to group companies		4,887	9,088	6,221	21,625
Accrued expenses	15	–	–	–	–
Total		**9,535**	**13,804**	**7,171**	**21,815**

Fair value disclosures

Short-term receivables and liabilities

For current receivables and liabilities, such as accounts receivable and accounts payable, the carrying amount is considered a reasonable approximation of fair value.

Financial risks

See the Group's Note 20 Financial risks regarding disclosures on the Group's exposure and management of financial risks.

Receivables from group companies (general method for loss allowance)

SmartCella's analysis indicates that the loss allowance for receivables from group companies is insignificant, and therefore no credit risk provision is recognized.

11 Investments in group companies

TSEK	31-12-2024	31-12-2023	31-12-2022	01-01-2022
Opening acquisition cost	**430,139**	**393,639**	**348,539**	**214,876**
Acquisitions/shareholder contributions	35,104	36,500	45,101	133,665
Other	–	–	–1	–2
Closing acquisition cost	**465,243**	**430,139**	**393,639**	**348,539**

The following list includes shares and participations directly owned by the Parent Company.

Company	Registration number	Domicile	Ownership/voting rights	Number of shares
SmartCella Solutions AB	559352-0330	Stockholm, Sweden	94%	94%
Procella Therapeutics AB	559036-4609	Stockholm, Sweden	100%	100%
Smartwise Sweden AB	556991-4210	Stockholm, Sweden	100%	100%
SmartCella Inc	320758850	New Castle County, Delaware	100%	100%

	Reported equity			
Company, TSEK	31-12-2024	31-12-2023	31-12-2022	01-01-2022
SmartCella Solutions AB	34,225	20,708	13,041	28,977
Procella Therapeutics AB	26,168	34,175	34,827	3,622
Smartwise Sweden AB	2,489	34,875	23,357	36,488
SmartCella Inc	564	–	–	–
Closing carrying amount	**63,447**	**89,758**	**71,226**	**69,086**

	Reported profit			
Company, TSEK	31-12-2024	31-12-2023	31-12-2022	01-01-2022
SmartCella Solutions AB	–21,483	–14,833	–16,084	–
Procella Therapeutics AB	–18,335	–653	396	–15,421
Smartwise Sweden AB	–9,705	–3,750	–10,378	–12,773
SmartCella Inc	650	–	–	–
Closing carrying amount	**–48,873**	**–19,236**	**–26,066**	**–28,193**

Note 11 *Investments in group companies, continued*

	Carrying amount, investments in subsidiaries			
Company, TSEK	**31-12-2024**	**31-12-2023**	**31-12-2022**	**01-01-2022**
SmartCella Solutions AB	86,623	51,623	29,123	23
Procella Therapeutics AB	245,793	245,793	245,793	245,793
Smartwise Sweden AB	132,722	132,722	118,722	102,722
SmartCella Inc	104	–	–	–
Closing carrying amount	**465,243**	**430,139**	**393,639**	**348,539**

12 Prepaid expenses and accrued income

TSEK	31-12-2024	31-12-2023	31-12-2022	01-01-2022
Accrued interest	2,470	480	20	–
Accrued income	–	1,862	–	–
Prepaid expenses	1,427	579	15	–
Carrying amount	**3,897**	**2,921**	**35**	**0**

13 Cash and cash equivalents

Composition of cash and cash equivalents, TSEK	31-12-2024	31-12-2023	31-12-2022	01-01-2022
Cash and cash equivalents	233,221	18,031	73,609	309,575
Carrying amount	**233,221**	**18,031**	**73,609**	**309,575**

14 Equity

For information on equity, see the Group's Note 23 Equity.

15 Accrued expenses and deferred income

TSEK	31-12-2024	31-12-2023	31-12-2022	01-01-2022
Accrued personnel expenses	5,186	1,771	638	264
Accrued consulting expenses	1,306	1,477	–	10,007
Other items	670	370	236	52
Reported value	**7,162**	**3,618**	**874**	**10,323**

16 Cash flow information

Adjustments for differences between profit before tax and net cash flow, TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Depreciation and impairment	58	15	–
Unrealized foreign exchange differences	–59	–	–
Total	**0**	**15**	**–**

17 Related parties

SmartCella Holding AB is 54.9% owned by SWIB Holding AB. Until the financial year-end 2021-12-31, the existing SmartCella companies were part of the SWIB Holding AB group. From the financial year-end 31-12-2022, SmartCella Holding AB reports its own consolidated financial statements.

A list of subsidiaries, which are also related parties to the parent company, is provided in Note 11 Investments in group companies. All outstanding receivables and liabilities between SmartCella Holding AB and its subsidiaries are presented in Note 10 Financial instruments.

For information on remuneration to senior executives, see Note 8 Employees and personnel expenses.

SmartCella's other related party transactions primarily consist of transactions with entities owned by the principals of the Group's Parent Company. All transactions are conducted on an arm's length basis and under market conditions.

Group companies, TSEK	01-01-2024 –31-12-2024	01-01-2023 –31-12-2023	01-01-2022 –31-12-2022
Sales of goods/services	16,583	17,111	–
Purchase of goods/services	1,439	925	160
Receivables at balance sheet date	124,253	46,126	5,002
Liabilities at balance sheet date	4,887	9,088	6,221
Companies within the Parent Company's group or owned by its principal shareholders			
Purchase of goods/services	991	217	788
Liabilities at balance sheet date	331	–	83
Companies owned by board members or key management personnel			
Purchase of goods/services	3,031	734	1,634
Liabilities at balance sheet date	585	198	–

18 Proposal for disposition of profit for the financial year

The Annual General Meeting has the following funds at its disposal, TSEK	31-12-2024
Free share premium reserve	1,132,275
Accumulated loss	–8,234
Profit for the year	–28,559
	1,095,481
To be allocated as follows:	
Balance to be carried forward	1,095,481
	1,095,481

19 Transition to RFR 2

These financial statements for the Parent Company are the first to be prepared in accordance with RFR 2. Previously, the Parent Company's annual reports were prepared in accordance with BFNAR 2012:1 Annual Reporting and Consolidated Reporting (K3). The transition date to RFR 2 for the Parent Company is January 1, 2022.

The accounting principles outlined in Note 1 have been applied in the preparation of the 2024 annual report and for the comparative information presented for the years 2023, 2022, and 2021.

Effects on result and financial position

The transition from previous accounting principles has not had any effect on the Parent Company's statement of comprehensive income for 2024 or on the Parent Company's statement of financial position for the years 2023, 2022, or 2021. Furthermore, the transition to RFR 2 has had no impact on the Parent Company's cash flows.

SmartCella has previously applied an impairment model for credit losses based on an incurred loss event, in accordance with its prior accounting principles. Under RFR 2, entities are required to apply an expected credit loss model, meaning that a credit loss is recognized when the entity becomes a party to the financial instrument. The application of the expected credit loss model has not had any effect on the Parent Company's financial statements, as SmartCella's analysis indicates that the loss allowance for receivables from group companies is insignificant. Consequently, no credit loss reserve has been recognized.

20 Events after the balance sheet date

For information on events after the balance sheet date, refer to the Group's Note 27 Events after the balance sheet date.

Stockholm, April 9, 2025

Niklas Prager
Chief Executive Officer

Christian Kinch
Chairperson of the Board

Magnus Tornling
Board Member

Anna Martling
Board Member

Claude Dartiguelongue
Board Member

Regina Fritsche Danielson
Board Member

Stockholm, the date stated in the electronic signature

Öhrlings PricewaterhouseCoopers AB

Johan Engstam
Authorized Public Accountant

SmartCella

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